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Bulletin

No. LH-01/01

- Life and Health

Update on Regulatory and Administrative Matters Affecting Ontario's Life Agents

To the attention of Province of Ontario Level I and Level II agents

This bulletin provides a general update on various topics that are of interest to insurance agents licensed to transact the business of insurance in Ontario.

To distribute this bulletin to all Level I agents in Ontario, we will be sending an appropriate number of copies to the attention of chief executive officers/chief agents or marketing managers of life insurance companies with a written request to distribute the bulletin to their Level I agents. To reach Level II agents, we will be mailing a copy to each agent.

The information in this bulletin is organized under the following headings:

- CISRO Life Agent Education Committee;
- Proficiency Requirements for Financial Planners;
- Accommodation for Disability;
- Enforcement actions;
- Fee Listing;

- Website Information;
- Licensing Reference Guide.

CISRO Life Agent Education Committee

In the FSCO Bulletin released in December, 1999, a status report was provided on the work that had been undertaken by the Canadian Insurance Services Regulatory Organizations (CISRO) to develop a pre-licensing training course for new life agents. This work continues to move forward.

The curriculum design document was endorsed by both CISRO and the Canadian Council of Insurance Regulators (CCIR). The curriculum design document has been distributed to industry stakeholders for comment and a number of responses have been received supporting the approach and the content of the document.

There is a two phase approval process for providers to develop and deliver the Life License Qualifying Program.

A successful meeting was held in Toronto on October 5, 2000, for those parties interested in becoming accredited as a course provider. There were more than 50 people in attendance with a wide range of experience and knowledge in the design and delivery of education. At this meeting the Life Agent Education Committee outlined the provider selection process.

The CISRO Life Agent Education Committee received 13 Requests for Certification. The next step in the accreditation process is the interviews with the selection committee. These interviews began on December 13, 2000. It is expected that the provider approval process will be completed by January 15, 2001.

Once the approved providers have been chosen and notified, Phase Two - Program Approval will commence.

The CISRO Life Education Committee anticipates a transition to the new system commencing in the later part of 2001.

FSCO will continue to provide status updates on this project as they become available.

Information, questions and answers are posted regularly to both the FSCO website at www.fsco.gov.on.ca and the Alberta Insurance Council website at www.abcouncil.ab.ca

Proficiency Requirements for Financial Planners

At the same time as the national consultation on a Life Agent Proficiency Model was underway, FSCO, the Ontario Securities Commission (OSC), and other securities and insurance regulators in Canada were working on Proficiency Requirements for Financial Planners, striving towards a goal of consistency and harmonization in the marketplace. Since FSCO's last bulletin on the topic (G-10/99), there have been a number of new developments.

The proposed rule requires that persons wanting to hold themselves out as financial planners pass the Financial Planner Proficiency Examination (FPPE); have two years of financial services industry experience; and commit to an approved continuing education program. Based on the feedback received during the consultation period, recommendations to grandfather graduates of pre-1995 Chartered Life Underwriter (CLU) courses and clarification of the meaning of who is covered by the expression "provides" a financial plan, were added to the rule.

A pilot test for the FPPE was held October 2, 2000, across participating jurisdictions. 178 volunteers, 78 of whom were from Ontario, tested two different versions of the exam. Comments were generally positive. Statistical methods will be used to analyse the results of the practice exam in conjunction with the volunteer comments.

In Ontario, simultaneous implementation of the standard for people registered by the OSC and FSCO requires that a rule be made under the *Securities Act* and a Regulation be filed under the *Insurance Act*. Both regulators are attempting to coordinate the rule and regulation. Government needs to approve both in order for change the to come into effect. At such time as approval may be given, an announcement will be made on FSCO's website and a bulletin issued to agents.

When the rule and regulation are in place, the exam will be provided through a joint industry group. Details of how one can take the exam will be announced at that time. As stated earlier, the rule provides for some grandfathering of persons who have successfully completed certain defined courses. This information is available in the consultation paper or the draft rule. Those persons not grandfathered will need two years licensed experience in the financial services business in the last five years, and will have to write and pass the exam. It is anticipated that the finalized rule will be available shortly. Once available, the rule will be accessible via both FSCO's website and the OSC's website.

Accommodation for Disability

Agents should be aware that FSCO endeavours to accommodate those persons with an ongoing disability that prevents them from completing continuing education or examination requirements in the same fashion as people without disabilities. Accommodation can mean providing additional time to complete the requirement, or some modification in the way the requirement is met.

Disabilities are not grounds for a waiver of a requirement. Accommodations for persons with disabilities is a requirement of Ontario law, and such accommodations for persons with disabilities does not establish a new standard for persons without disabilities. Persons seeking accommodation have an obligation to advise FSCO as early as it is known that an accommodation is necessary. Further information can be obtained by calling any of the following people:

Gil Boeckler	(416) 226-7893
Lesley Lesch	(416) 590-7183
Sylvia Als	(416) 590-7552
Michèle Dandelé	(416) 590-7255

Please note that a telephone discussion does not represent notice of a request for accommodation. Requests must be made in writing to the attention of the Senior Manager, Licensing and Analysis. Each case will be assessed on its individual merits. As in all other communication with FSCO, any false statements are subject to prosecution or disciplinary actions.

Enforcement Actions

Over the past 12 months (Oct 1/99 - Sept 30/00), FSCO has taken 196 enforcement actions. This represents a significant amount of enforcement activity. The chart below details the type of activity taken.

Type of Enforcement Action	Number of Cases
Letters of censure	93
Licence conditions via Minutes of Settlement	11
Provincial Offences Court convictions and fines	28
Cease and Desist orders	2
Revocation of sponsorship	14

Licence surrenders	6
Licence suspensions	15
Licence revocations	27
Total:	196

In addition to enforcement actions, FSCO conducts ongoing enforcement monitoring throughout the year. Over the past 12 months, there have been 5,497 instances of enforcement monitoring. The chart below details the types of monitoring that were undertaken.

Monitoring Activities	**Number of Occurrences**
Continuing education audits	753
Police criminal record checks	4,571
Complaint reviews	173
Total:	5,497

Full details concerning FSCO's enforcement actions can be found in FSCO's quarterly monitoring and enforcement bulletin. The bulletins are available on the FSCO website.

Fee listing

Individual insurance agent's licence (including accident & sickness for life, new or renewal) (2 year licence)	$150.00
Corporate insurance agent's licence (new or renewal) (2 year licence)	$400.00
Change in status to Level II licence (mid term *)	no charge
Change in status to Level II licence (at time of licence renewal) (2 year licence)	$150.00
Renewal Fee - All individual insurance agent licences (2 year licence)	$150.00

Renewal Fee - All corporate insurance agent licences (2 year licence)	$400.00
Transfer of sponsorship within licensing period	$ 50.00
Duplicate Licence	$ 25.00
Name Change	$ 25.00
Certificate of Authority	$ 25.00

Most of these fees have not increased in the last 10 years.

Website information

Agents should be aware that FSCO's website, www.fsco.gov.on.ca , contains a comprehensive range of information about licensing and new initiatives.

While the website contains a large amount of information relevant to the many kinds of financial services FSCO regulates, agents will likely be especially interested in the following sections of the licensing portion of our website dealing with:

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* no extension of licence term

A full list of agents licensed in Ontario,

Listing of agents who have been disciplined – see "Enforcement Action",

Listing of corporate agencies,

Rules of Practice and Procedure for hearings before an Advisory Board,

Licensing reference guide,

Licensed insurance companies in Ontario,

Life agent proficiency model, and

Proficiency requirements for financial planners.

If agents wish to obtain copies of any forms for the licensing process, they can visit FSCO's website and download as many as are needed.

Licensing Reference Guide

Some updates have been made to the Licensing Reference Guide. Revised information will be reflected on the FSCO website in the next few weeks. Updated pages may be printed by accessing the link provided via the website.

Dina Palozzi

Chief Executive Officer and

Superintendent of Financial Services

January 17, 2001

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