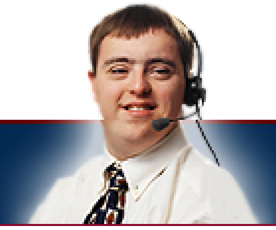

Property and Casualty - Auto Bulletins
Pension Bulletins
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Licensing Changes Bulletins
Bulletins by Sector

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Bulletin

No. G-04/02

-General

Life Licence Qualification Program Equivalency Period Commences June 1, 2002

Canadian regulators have been working together, along with the various stakeholders in the life insurance industry, to harmonize and update the standards for life insurance agent proficiency. The new standards that have been developed are known as the Life Licence Qualification Program (LLQP), and involve the completion of a mandatory pre-licensing course, an examination and a one-step licensing system.

In most provinces and territories, regulators have agreed to introduce the LLQP course and examination to the market on an optional basis to start.

The Financial Services Commission of Ontario (FSCO) will accept the completion of the LLQP course and examination as an optional equivalency for the existing Level I and Level II examinations effective June 1, 2002.

During this Optional Equivalency Period, regulators will offer individuals who are looking to obtain a life licence the choice of completing either the LLQP course and examination or the existing Level I and Level II examinations. Regulators agreed that the LLQP would be optional for a period of not less than 90 days. Regulators are currently working to have regulations or bylaws put into place where they are required.

Governments will decide whether and when to make the regulation or bylaw changes needed to make the LLQP mandatory.

This Optional Equivalency Period will provide the insurance industry an opportunity to gain experience with the LLQP course and examination and to share those experiences with regulators.

In addition, this period also provides current Level I agents and prospective agents the choice of taking either the existing Level I and II examinations or the LLQP course and examination.

The LLQP includes a practical course component based on the real life experiences of life insurance practitioners.

Agents taking the LLQP option must become knowledgeable in the products and services relevant to the current marketplace.

The names of course providers will be published on the FSCO website (www.fsco.gov.on.ca), as their courses become available.

The courses are provided commercially, and course fees will be set by the course providers. The LLQP examination will be made available for people successfully completing these courses. FSCO will publish examination arrangements on its Website.

The examination requirements will be responsive to the demand for the optional equivalency.

Industry associations are currently advising us of their estimates of the locations and numbers of examination candidates.

During the Optional Equivalency Period, the role of the Committee to Co-ordinate Implementation of the LLQP (Co-ordinating Committee) will come to an end and a transition will occur to a new committee to be known as the LLQP Integrity Committee.

This committee will be responsible for the ongoing development and maintenance of the examination questions database and will advise on operational matters related to the examination process.

The committee will be comprised of industry representatives selected by regulators for their knowledge and background, and will be requested to maintain confidentiality of the examination.

The regulators extend an invitation to the Canadian insurance industry to form a committee to provide advice on the impacts of the LLQP and any operational concerns related to the LLQP.

Individuals, companies, or associations who wish to be part of an industry advisory committee should notify Grant Swanson, FSCO's Director of Licensing & Compliance and Chair of the Co-ordinating Committee, who will put them into contact with each other so that they can form a committee.

This committee will provide its advice to the Canadian Insurance Services Regulatory Organizations and the Canadian Council of Insurance Regulators for their consideration.

A series of answers to typically asked questions about the LLQP Optional equivalency Period are attached. Further details describing the LLQP will be provided on the CCIR website (www.ccir-ccrra.org).

Questions can be posed by email to the CCIR at the following address LLQP@fsco.gov.on.ca and the questions and answers will be posted on the CCIR website.

We are confident that this program will serve to enhance the training and proficiency standards of life insurance agents across the province.

Philip Howell

Chief Executive Officer and

Superintendent of Financial Services (Acting)

May 17, 2002

Attachment (PDF):

- Questions and Answers on the LLQP Optional Equivalency Period in Ontario

To view PDF files, you will require Adobe Acrobat® Reader version 7.0. You can download this free software from Adobe's Web site.

Last Modified: 4/5/2006 2:09:18 PM

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Bulletin

Financial Services
Commission of Ontario

Commission des services
financiers de l'Ontario

**No. G- 04/02
– General**

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In most provinces and territories, regulators have agreed to introduce the LLQP course and examination to the market on an optional basis to start. The Financial Services Commission of Ontario (FSCO) will accept the completion of the LLQP course and examination as an optional equivalency for the existing Level I and Level II examinations effective June 1, 2002. During this Optional Equivalency Period, regulators will offer individuals who are looking to obtain a life licence the choice of completing either the LLQP course and examination or the existing Level I and Level II examinations. Regulators agreed that the LLQP would be optional for a period of not less than 90 days. Regulators are currently working to have regulations or bylaws put into place where they are required. Governments will decide whether and when to make the regulation or bylaw changes needed to make the LLQP mandatory.

This Optional Equivalency Period will provide the insurance industry an opportunity to gain experience with the LLQP course and examination and to share those experiences with regulators. In addition, this period also provides current Level I agents and prospective agents the choice of taking either the existing Level I and II examinations or the LLQP course and examination.

The LLQP includes a practical course component based on the real life experiences of life insurance practitioners. Agents taking the LLQP option must become knowledgeable in the products and services relevant to the current marketplace. The names of course providers will be published on the FSCO website (www.fsco.gov.on.ca), as their courses become available. The courses are provided commercially, and course fees will be set by the course providers. The LLQP examination will be made available for people successfully completing these courses. FSCO will publish examination arrangements on its website. The examination requirements will be responsive to the demand for the optional equivalency. Industry associations are currently advising us of their estimates of the locations and numbers of examination candidates.

During the Optional Equivalency Period, the role of the Committee to Co-ordinate Implementation of the LLQP (Co-ordinating Committee) will come to an end and a transition will occur to a new committee to be known as the LLQP Integrity Committee. This committee will be responsible for the ongoing development and maintenance of the examination questions database and will advise on operational matters related to the examination process. The committee will be comprised of industry representatives selected by regulators for their knowledge and background, and will be requested to maintain confidentiality of the examination. The regulators extend an invitation to the Canadian insurance industry to form a committee to provide advice on the impacts of the LLQP and any operational concerns related to the LLQP. Individuals, companies, or associations who wish to be part of an industry advisory committee should notify Grant Swanson, FSCO's Director of Licensing & Compliance and Chair of the Co-ordinating Committee, who will put them into contact with each other so that they can form a committee. This committee will provide its advice to the Canadian Insurance Services Regulatory Organizations and the Canadian Council of Insurance Regulators for their consideration.

A series of answers to typically asked questions about the LLQP Optional Equivalency Period are attached. Further details describing the LLQP will be provided on the CCIR website (www.ccir-ccrra.org). Questions can be posed by email to the CCIR at the following address LLQP@fsco.gov.on.ca and the questions and answers will be posted on the CCIR website.

We are confident that this program will serve to enhance the training and proficiency standards of life insurance agents across the province.

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services (Acting)

May 17, 2002

Attachment

Questions and Answers on the
LLQP Optional Equivalency Period in Ontario

This document is provided to answer general questions related to the introduction of the LLQP examination and course as an optional equivalency to existing examination requirements.

1. What is the optional equivalency?

- Equivalency is a way for regulators to give those seeking a licence, recognition for a course or courses already taken.

- During the Optional Equivalency Period, starting June 1, 2002, FSCO will offer individuals who are looking to obtain a life licence, the choice of completing either the LLQP course and examination or the existing Level I and Level II examinations. FSCO will accept the LLQP course and examination as equivalent to the Level I and Level II examinations. The following jurisdictions have indicated an intention to accept the LLQP course as an equivalency: Newfoundland, Prince Edward Island, Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Northwest Territories and Nunavut. New Brunswick will accept a restricted LLQP course at such time that one is available in both English and French.

- In those jurisdictions where there is one level of licence, regulators will advise stakeholders on the effect of completing the LLQP course and exam.

- FSCO will accept the *restricted* LLQP course and examination as an equivalency to Level I. The following jurisdictions have indicated an intention to accept the restricted LLQP course as an equivalency - Newfoundland, Prince Edward Island, Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta, Northwest Territories and Nunavut. New Brunswick will accept a restricted LLQP course at such time that one is available in both English and French.

2. What is the LLQP?

- The LLQP is an entry level proficiency standard for new life agents and a one-step system of licensing.

- Agents who want to increase their knowledge beyond the entry level, should check with industry associations and educators about other additional courses.

3. What is the restricted LLQP course and examination?

- The restricted LLQP course and examination is a transition option, that will apply for the first four years once the LLQP becomes mandatory, for those agents who wish to complete the LLQP in a two-stage process.

- At such time as the LLQP becomes mandatory, the restricted LLQP course and examination would result in the issuance of a restricted licence for an agent who completes a designated portion of the LLQP course and an associated examination, but who has not completed the full LLQP. There will be restrictions placed on the agent's licence. The restrictions do not apply to Level I licences.

- FSCO and certain other regulators are prepared to accept this limited course content and examination as an optional equivalency to the Level I examination.

4. How does the optional equivalency differ from the LLQP?

- The optional equivalency provides agents with the voluntary choice of the LLQP examination and course as options to the existing Level I and Level II examinations. It does not replace the current system of licensing.

- As noted in point 3, the LLQP includes an option for a restricted licence during a four year transition period. The optional equivalency does not involve the issuance of restricted licences.

5. How do I find out about these courses?

- A description of the course curriculum for both the LLQP and restricted LLQP will be posted on the CCIR website.

- Information about course providers can be obtained from FSCO website (www.fsco.gov.on.ca).

- The cost of courses is set by the course providers and such cost information can be obtained from the course providers.

6. Will the LLQP course and examination or restricted LLQP course and examination replace the existing requirements?

- FSCO and other regulators are working towards replacing the existing requirements by way of the LLQP course and examination. Regulation or bylaw changes are required in many jurisdictions for these changes to occur. Governments will decide whether and when to make these changes.

- FSCO and other regulators intend to make a restricted LLQP course and examination available during a transitional period.

7. Why are regulators providing this option now?

- Introducing the LLQP on an optional basis will give the industry an opportunity to obtain experience with the course materials and the exam and permit, if necessary, fine tuning of the program.

- By granting optional equivalency, regulators are enabling prospective agents to obtain the benefits of the LLQP as soon as the LLQP is available.

8. What are the benefits of taking the LLQP option?

- The LLQP is a practical course based on the real life experience of life insurance practitioners.

- Agents taking the LLQP option will be knowledgeable in the products and services relevant to the current marketplace.

- The LLQP is designed as a common standard in all provinces, except Quebec, and will make it easier for agents who work in more than one province and need non-resident licences.

9. How was the LLQP curriculum designed and examination developed?

- Agents and company staff assisted in the development of the course subject matter.
- Educational and statistical consultants were involved in various aspects of course design and exam validation.
- There was extensive consultation with the industry and modifications were made as a result.
- There was pilot testing of the examination with approximately 300 volunteers.

10. When will the LLQP program become mandatory?

- This is not an announcement about mandatory implementation of the LLQP. Each jurisdiction will make announcements at such time that regulations and bylaws are in place. A mandatory date has not been finalized.
- Regulators have co-ordinated and harmonized the implementation of the optional equivalency component. However, the decision to adopt the program is made provincially and territorially and may require bylaw and regulation changes.
- Regulators have agreed with the industry that there be an optional period of not less than 90 days before the LLQP becomes mandatory for new agents.

11. How does the LLQP differ from the existing requirement to qualify for a life agent's licence?

The LLQP differs in the following ways:

- The LLQP requires taking a course and passing an examination.
- The exam is focussed on demonstrating that the new agent is able to apply knowledge rather than simply recall facts.
- The LLQP material is based on current products and services and on the skills identified by industry and regulators as required for new agents.

12. Is there sponsorship in the LLQP optional equivalency?

- There is no change in the current sponsorship requirements.

13. How will I find details about the LLQP examination?

- Sample questions are posted on the CCIR website (www.ccir-ccrra.org).
- The initial pass score will be set at 60%.
- FSCO will publish details of the examination arrangements on its website (www.fsco.gov.on.ca). Industry associations are currently advising FSCO of the estimates of the locations and numbers of examination candidates.

14. Will the LLQP affect currently licensed agents when it is implemented?

- The LLQP course, examination and one-step licence are components of the entry level standard for new agents starting after the date of implementation in a jurisdiction.
- There will be grandfather arrangements for existing agents. Each jurisdiction will provide details on grandfather provisions when they make the program mandatory.
- When the LLQP is implemented, existing Level I agents who are required to progress to Level II will still be required to meet this Level II requirement.

15. How can I find out more about the LLQP program?

- Information will be posted to the CCIR website (www.ccir-ccrra.org) and the FSCO website (www.fsco.gov.on.ca).