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Bulletin

No. G-12/02

- General

Life Licence Qualification Program (LLQP) Mandatory Implementation

For several years, Canadian regulators of life insurance agents have worked together with the stakeholders in the life insurance industry to harmonize and update the standards for life insurance agent proficiency. The new standard that has been developed is known as the Life Licence Qualification Program (LLQP). It provides a one-step licensing system that requires completion of a mandatory pre-licensing course, and passing a qualifying examination.

Beginning June 1, 2002 the Financial Services Commission of Ontario (FSCO) approved the LLQP for the purpose of qualifying as a life insurance agent, and treated the completion of the LLQP course and examination as equivalent to the existing Level I and Level II examinations.

During this optional equivalency period, regulators gave life insurance applicants the choice of completing either the LLQP course and examination or the existing Level I and Level II examinations. Regulators committed to implementing the LLQP on an optional basis for a period of not less than 90 days to allow regulators and stakeholders an opportunity to monitor the progress and effectiveness of the LLQP, and make adjustments. As a result, the regulators are now in a position to proceed with mandatory implementation, beginning January 1, 2003.

Mandatory LLQP Implementation effective January 1, 2003

Beginning January 1, 2003, the Level I examination will no longer be recognized in Ontario for the purpose of qualifying as a new life insurance agent unless the agent has requested to write the examination with the Canadian Association of Insurance and Financial Advisors prior to that date, and passes the examination by January 31, 2003. With this exception, completion of the LLQP course and examination – full or restricted – will be the only recognized way for entry level agents to obtain a licence.

New applicants contemplating taking the Level I examination, or purchasing course materials toobtain a Level I licence, should be aware that they have until December 31, 2002 to register for the Level I exam. Level I Life insurance agent licences will not be issued to new applicants unless they have registered for the Level I examination prior to December 31, 2002 and passed the examination by January 31, 2003. Note that applying on-line using the Internet Application System (IAS), available through the *Licensing* section of FSCO's website, expedites the licensing process and is secure and convenient.

FSCO and other provincial and territorial regulators have been and will continue to monitor the performance of agents and course providers as the LLQP is introduced. We intend to ensure that the objective of modernizing the proficiency standard to enhance the ability of new agents to meet consumer needs is achieved. Consumer confidence is the fundamental underpinning of the entire system of financial services.

FSCO and other regulators have introduced some temporary measures to ease the transition from the existing standard to the LLQP. These temporary measures are described in this bulletin.

Existing Level I agents and Level II agents

A licensed agent with Level I qualifications obtained prior to January 1, 2003 will not be affected by this change. He or she continues to be required to complete the requirements for a Level II licence within four years from the date that the licence was first issued, provided he or she remains licensed over that period. The Level II examination, modified as required, will continue to be recognized for this purpose.

A licensed agent with Level II qualifications obtained prior to January 1, 2003 will not be affected by this change. He or she will continue to qualify for a licence upon renewal, based on his or her Level II qualifications.

Transitional Restricted Licence

While all new agents are required to complete the full LLQP course and examination, for a limited period of time the

Superintendent of Financial Services is prepared to permit applicants to use a two-step approach to completing the LLQP. The Superintendent will grant a life agent licence, referred to as a *Transitional Restricted Licence*, to individuals who have not met the requirements for the full LLQP, but who have completed a designated portion of the LLQP course and a designated portion of the LLQP exam, and who apply for the *Transitional Restricted Licence* option.

To obtain a *Transitional Restricted License,* the agent must sign an undertaking in which he or she agrees to the following conditions and asks the Superintendent to grant a licence notwithstanding that all LLQP requirements have not been met:

i. enroll within 180 days of being licensed in a course offered by a course provider acceptable to the Superintendent to complete the LLQP;
ii. complete the remaining portion of the LLQP course and pass the remaining portion of the LLQP examination within two years of the date licensed;
iii. prepare a written needs analysis of the client for all life insurance applications; and
iv. have all policy applications and needs analyses co-signed by an agent who has aminimum of two years licence experience and completion of either Level II or the full LLQP.

A copy of the request for a *Transitional Restricted Licence* that the agent must submit is attached to this application. The form can also be completed using FSCO's Internet Application System.

Companies that intend to sponsor or contract with agents who have *Transitional Restricted Licences* must provide an undertaking in the form attached to this bulletin acknowledging that they will maintain records and a system satisfactory to ensure that such agents comply with the restrictions on their licences.

LLQP Course and Examination Requirements

Pre-licensing Course

Applicants enrolling in the LLQP must become knowledgeable in the products and services relevant to the current marketplace. The LLQP is designed as a practical standard based on the real life experience of life insurance agents.

The names of approved course providers are published on the FSCO website (www.fsco.gov.on.ca) The courses are provided commercially, and course fees are set by the individual course providers. Course providers are accountable for providing instruction and documents based on the course curriculum, and the courses will be monitored by FSCO.

Courses provided by different course providers are designed to cover the same material and are developed using the same curriculum, but they can take different formats, such as a classroom course, correspondence, or Internet. Agents are encouraged to research the various course options to ensure the course selected is appropriate for their needs.

Examination

Durham College has been selected as the examination administrator for the LLQP in Ontario. The LLQP examination is only available for applicants who have successfully completed the course. All inquiries regarding locations, times and examination details should be directed to

Monitoring

A committee to be known as the LLQP Integrity Committee is responsible for the ongoing development and maintenance of the LLQP examination questions database and will advise regulators on operational matters related to the examination process.

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

Questions can also be posed by email to the Canadian Council of Insurance Regulators (CCIR) at the following address LLQP@fsco.gov.on.ca All questions will be responded to and answers of general applicability, will be posted on the CCIR website.

Questions about LLQP implementation in Ontario should be directed to:

FSCO's LLQP Licensing Hotline: 416-250-9209 or 1-800-263-0541

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

Bryan P. Davies

Chief Executive Officer and

Superintendent of Financial Services

December 20, 2002

Attachments (PDF):

- Request to the Superintendent of Financial Services to Consider Issuing a Transitional Restricted Licence
- Insurer's Acknowledgement Respecting Life Insurance Agents Holding Transitional Restricted Life Insurance Agent Licences
- Questions and Answers About Implementation of the Life Licence Qualification Program (LLQP) in Ontario

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Financial Services Commission of Ontario
5160 Yonge Street
Toronto, ON M2N 6L9
1-800-668-0128
(416) 250-7250

Financial Services Commission of Ontario
5160 Yonge Street
Box 85
North York ON M2N 6L9

Request to the Superintendent of Financial Services to Consider Issuing a Transitional Restricted Licence

As an applicant for a Life Agent licence, I request that the Superintendent issue a Transitional Restricted Licence (the licence) in my name, and impose the following terms and conditions, as I have not completed the full Life Licence Qualification Program (LLQP), but have completed the transitional component of the program. I understand that the Licence is a temporary, optional, two-step process permitted by the Superintendent in order to provide for a period of transition from the current proficiency standard to the LLQP, for those who wish to use it.

Conditions:

I understand that the licence is issued subject to the following conditions:

- I will enroll in the remainder of the LLQP course, which leads to completion of the full LLQP, with a course provider acceptable to the Superintendent, within 180 days from the date on which my Transitional Restricted Licence is issued;
- I will complete the remainder of the course and pass the Residual Exam (Part “B”) within 2 years of the date my Transitional Restricted Licence was issued;
- I understand that failure to meet these requirements will result in the expiry of my Transitional Restricted Licence and my ability to act as an insurance agent.
- I understand that, as an agent with a Transitional Restricted Licence, I must, at all times:

  - have a Supervisor that meets the following qualifications:
    - holds a current Life Insurance Agent Licence;
    - has successfully completed the full LLQP course and LLQP examination, or holds a Level II agent Licence;
    - has held a life insurance licence for at least two (2) years;
  - prepare a Needs Analysis with every application presented to an insurer;
  - arrange to have every Needs Analysis and application co-signed by my Supervisor prior to submitting an application to an insurer.

- My Supervisor is ______________________ ______________________
  Name Licence Number

I acknowledge that I have read and understand the Conditions, as set out in this form, under which my Transitional Restricted Licence may be issued and that by signing this Agreement, I agree to abide by all Conditions. In addition, I acknowledge that I was advised by my sponsor that agents can apply for either an unrestricted licence or, for a limited period of time, a Transitional Restricted Agent Licence.

______________________ ______________________ ______________________
Name Signature Date

Ce formulaire est également disponible en français.

Financial Services Commission of Ontario
5160 Yonge Street
Box 85
North York ON M2N 6L9

Insurer's Acknowledgement Respecting Life Insurance Agents Holding Transitional Restricted Life Insurance Agent Licences

______________________________ **(the Company) acknowledges and**

Name of the Insurer

agrees to the following terms and conditions with respect to accepting business from a life insurance agent (the Agent) who holds a Transitional Restricted Agent Licence (the Licence).

The Company will ensure that:

- the Agent holds a valid Transitional Restricted Agent Licence;
- the Agent is enrolled in an LLQP course within 180 days of the date on which his/her Licence was issued which will prepare him/her to obtain a Life Insurance Agent Licence;
- it advises the proposed Agent that he/she is required to complete the full LLQP course and pass the full LLQP examination within two years of the date first licensed;
- the insurance activities of the Agent are supervised, at all times, by a qualified Supervisor;
- all Supervisors:
  - hold a current Life Insurance Agent Licence;
  - have successfully completed the full LLQP course and LLQP examination, or hold a Level II agent Licence;
  - have held a life insurance licence for at least two (2) years;
- all applications presented by the Agent contain a completed, written needs analysis and that the application and needs analysis are co-signed by a qualified Supervisor;
- it maintains records that document:
  - the expiry date of the Agent's Licence;
  - whether all applications and accompanying needs analyses presented to the company are co-signed by a qualified Supervisor;
- copies of the documents referred to above are supplied to the Superintendent upon request.

____

Name and Title of Officer of the Company

______________________________ ______________________________

Signature **Date Signed**

Ce formulaire est également disponible en français.

Questions and Answers About Implementation of the Life Licence Qualification Program (LLQP) in Ontario

This document is provided to answer general questions related to the introduction of the LLQP pre-licensing course and qualifying examination effective January 1, 2003. While the LLQP is designed as a harmonized standard, each province and territory may have unique transition requirements in moving from the current standards to the LLQP. The following comments relate to Ontario.

1. What is the LLQP?

    - The LLQP is an entry level proficiency standard for new life agents and a one-step system of licensing.
    - The LLQP course and examination have been carefully developed over a three year period by people in the life insurance industry, assisted by education experts.
    - It has been developed as a harmonisation initiative to reduce barriers to interprovincial trade and enhance labour mobility.
    - Agents who want to increase their knowledge beyond the entry level, should check with industry associations and educators about additional courses.

2. How does the mandatory implementation of LLQP on January 1, 2003 affect someone already holding a Level II licence?

    - You are not affected by the change. You will continue to be licensed to sell life insurance products in Ontario and will qualify for renewal licences based on your Level II qualifications.

3. How does the implementation of LLQP on January 1, 2003 affect someone already holding a Level I licence?

    - A licensed agent with Level I qualifications obtained prior to January 1, 2003 is not affected by this change.
    - A person who has registered for the Level I examination prior to January 1, 2003, and who has passed the examination by January 31, 2003 and has obtained a licence by June 30, 2003, is not affected by this change.

- He or she continues to be required to complete the requirements for a Level II licence within four years from the date that the licence was first issued, provided he or she remains licensed over that period. The Level II examination, modified as required, will continue to be recognized for this purpose.

- If you have a Level I licence and you have passed your Level II examination, you still must complete the required two years of experience before being licensed to sell life insurance products in Ontario without the sponsorship and sole occupation in financial services restrictions.

4. How does implementation of the LLQP affect someone who acquired a licence by taking the restricted LLQP course and who passed the restricted part of the LLQP examination during the Optional Equivalency period (June 1, 2002 to December 31, 2002) but did not complete the full LLQP?

   - If you took the restricted part of the LLQP course and passed the restricted part of the LLQP examination you have completed the equivalent of the Level I exam, and all the other existing requirements with respect to Level I licence continue to apply to you. In particular, you must pass the Level II examination or its equivalent within a four year period from the date of initial licensing, presuming that you remain licensed over that period. The full LLQP course and examination is an equivalent to the Level II exam; therefore, if you have completed part of the LLQP course and exam you can, if you wish, complete it. Because this is a continuation of Level I, the requirements to be supervised that apply to the *Transitional Restricted Licence* do not apply to people who have acquired a licence by writing the restricted LLQP examination prior to January 1, 2003.

   - If you have a licence acquired by taking the full LLQP course and full LLQP examination during the Optional Equivalency period, you must still complete the required two years of experience before being licensed to sell life insurance products in Ontario without a sponsorship or financial services occupation restriction. You do not need to write the Level II examination.

5. How does implementation of the LLQP affect someone who has or wants to apply for an Accident & Sickness licence?

   - If you have an A & S licence you continue to be licensed to sell accident and sickness insurance products based on your qualifications.

- If you are applying for a new accident & sickness licence, you must pass the LLQP A & S course and examination, at which point you are able to sell A & S insurance under the rules that currently exist.

6. How does the implementation of LLQP on January 1, 2003 affect someone who wants to apply for a new licence to sell insurance?

   - All new agents are required to complete the full LLQP course and examination. However, for a limited period of time the Superintendent of Financial Services is prepared to permit applicants to use a two-step approach to completing the LLQP. The Superintendent will grant a life insurance agent licence, referred to as a *Transitional Restricted Licence*, to individuals who have not met the requirements for the full LLQP, but who have completed a designated portion of the course and a designated portion of the LLQP exam, and who apply for the *Transitional Restricted Licence* option.

7. What requirements are associated with a *Transitional Restricted Licence*?

   - To obtain a *Transitional Restricted Licence*, the agent must sign an undertaking in which he or she agrees to the following conditions and asks the Superintendent to grant a licence notwithstanding that all LLQP requirements have not been met:
     i. enroll within 180 days of being licensed in a course offered by a course provider acceptable to the Superintendent to complete the LLQP;
     ii. complete the restricted portion of the LLQP course and pass the remaining portions of the LLQP examination within two years of the date licensed;
     iii. prepare a written needs analysis of the client for all life insurance applications; and
     iv. have all policy applications and needs analyses co-signed by an agent who has a minium of two years licence experience and completion of either Level II or the full LLQP.

   - A copy of the request for a *Transitional Restricted Licence* that the agent must submit is attached to this application. The form can also be completed using FSCO's Internet Application System.

   - Companies that intend to sponsor or contract with agents who have *Transitional Restricted Licences* must provide an undertaking in the form attached to this bulletin acknowledging that they will maintain records and a system satisfactory to ensure that such agents comply with the restrictions on their licences.

Correction — The response to Question No. 7, "What requirements are associated with a *Transitional Restricted Licence*?" contains an error. The final two points in the response should read thus:

- The Superintendent intends to consider applications for a *Transitional Restricted Licence* for the four year period ending January 1, 2007, for those agents who wish to complete the LLQP in a two stage process.

- All *Transitional Restricted Licences* will expire on the earlier of two years from the date of issue or January 31, 2007, unless the agent has completed the LLQP prior to either of those dates.

December 2, 2005

- Agents who have obtained a *Transitional Restricted Licence* or a full life insurance agent licence must also meet the following requirements:
  - You must be sponsored by an insurer for the first two years;
  - You must be solely engaged in the business of products of financial services;

  After being licensed for two years, the sponsorship and employment restrictions are lifted.

- The Superintendent intends to consider applications for a *Transitional Restricted Licence* for the four year period ending on December 31, 2007 for those agents who wish to complete the LLQP in a two stage process.

- All *Transitional Restricted Licences* will expire on the earlier of two years from the date of issue or December 31, 2007, unless the agent has completed the LLQP prior to either of those dates.

8. How do I find out about the LLQP courses?

- A description of the course curriculum for both the LLQP and restricted LLQP is posted on the Canadian Council of Insurance Regulators (CCIR) website (www.ccir-ccrra.org)

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

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

9. What are the benefits of the LLQP?

- 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 for those provinces.

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

    - Agents and company staff assisted in the development of the course subject matter.

    - Education and statistics 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.

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 completing 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 skills identified by industry and regulators as required for new agents.

12. What is the format and pass score of the LLQP examinations?

    - Effective January 1, 2003:

        - The examination consists of multiple-choice questions.

        - The initial pass score will be set at 50%, until March 31, 2003, when the pass score will be reassessed.

        - Following the reassessment, the pass score will be consistent with the requirements of other financial services regulatory regimes.

13. How do I find additional details about the LLQP examination?

- Sample questions are posted on the CCIR website (www.ccir-ccrra.org).

- All inquiries regarding locations, times and examination details should be directed to Durham College. Please contact:
  Leigh Marriott,
  Business and Industry Development Services,
  Durham College
  1-800-816-3615
  FSCO does not make these arrangements and is not involved in the administration of the examinations.

14. 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).

- Questions specific to Ontario licensing matters should be directed to:

  FSCO's LLQP Licensing Hotline: 416-250-9209 or 1-800-263-0541