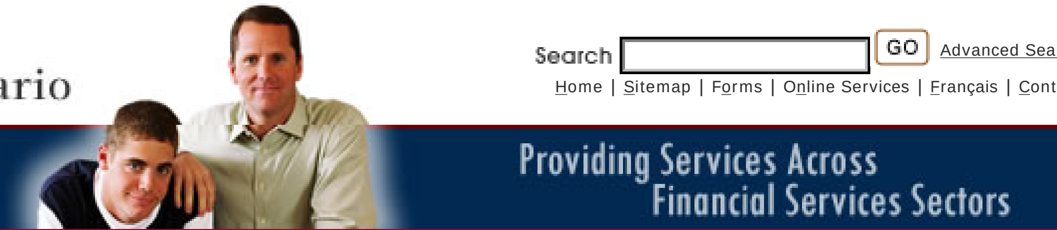

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Bulletin

No. L & H-01/05

– Life & Health

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

To the attention of all Insurers licensed to transact insurance business in the Province of Ontario, Course Providers and Insurance Associations

This Bulletin addresses the following topics:

1. Level II life insurance examination to be discontinued
2. New policy on rewriting the Life Licensing Qualification Program (LLQP) examination
3. Clarification to Ontario’s mailing address requirement
4. Reminder to use FSCO’s Internet Application System

1. Level II life insurance examination to be discontinued

Advocis, the industry association of financial advisors which provides the Level II life insurance examination for agents in Ontario, has announced that it will no longer offer the examination after December 31, 2005. Advocis announced that it was no longer economically feasible to offer this service due to significantly reduced enrollment in the Level II self study course and declining interest in writing the Level II exam. Advocis has also introduced a new schedule of fees for their 2005 program.

Those Level I agents who intend to complete the Level II examination must do so before the end of 2005. There is still sufficient time for Level I agents to prepare and take the examination. More information is available on the Advocis website at: www.advocis.ca.

This is also a reminder that Level I agents must complete the Level II examination or its equivalent after four years of becoming licensed, in order to continue working as life insurance agents. All Level I agents have now received their final renewal. Equivalencies to the Level II examination include the following designations:

- Fellow of Life Management Institute (FLMI),
- Fraternal Insurance Counsellor (FIC),
- Canadian Chartered Life Underwriter (CLU),
- Insurance and Financial Advisor Training Course (IFATC), and
- Quebec Assureur-Vie-Agree (AVA) designation.

FSCO has written to the licensing co-ordinators at life insurance companies carrying on business in Ontario to advise them of this change. The letter asked companies to remind their Level I agents that they must provide FSCO with proof of successful completion of either the Level II examination, or its equivalent, either by the fourth year of obtaining their Level I licence or by December 31, 2006, whichever comes first. By law, agents who successfully complete the Level II exam are deemed to meet the LLQP standard. However, Level I agents are encouraged to complete the LLQP, as an alternative to completing the Level II examination, as the LLQP has become the national proficiency standard.

2. New policy on rewriting the Life Licensing Qualification Program (LLQP) examination

Ontario has adopted a new policy on the number of times candidates can rewrite the LLQP examination for life and accident and sickness insurance licences.

Starting September 1, 2005, after three unsuccessful attempts at passing the LLQP exam, candidates will be required to wait six months before writing it again. Each subsequent unsuccessful attempt will also require a further six month waiting period.

This rewrite policy is being introduced to harmonize Ontario’s policy with that in other jurisdictions in Canada. It will also help to promote preparedness for the exam and ensure the most suitable candidates are entering the insurance industry.

The new policy will come into effect on September 1, 2005, to allow candidates and course providers sufficient time to prepare for this change.

3. Clarification to Ontario's mailing address requirement

Bulletins No. G- 09/04 and G- 10/04 advised agents and insurers that Regulation 347/04 requires that agents and agencies licenced in Ontario provide the Superintendent with an address in Ontario that is suitable for service of documents by registered mail.

This Regulation was introduced to enable FSCO to initiate any necessary enforcement action and to facilitate service of legal documents such as those related to lawsuits brought against agents. It requires all agents to immediately inform FSCO of their Ontario mailing address.

Agents who reside in Ontario may use their home address as their Ontario mailing address for this purpose. Agents outside Ontario must arrange for an Ontario address for legal service and advise FSCO of the address.

Please note the address for service information will be published by FSCO and is therefore considered public information.

Agents can quickly and easily update this information online by using the **Internet Application System**.

Step 1. Access the FSCO website at: www.fsco.gov.on.ca, and click on *Licensing*, then *Internet Application System*, then *Internet Application System* again.

Step 2. The agent inputs their licence number or last name.

Step 3. Once the Agent Licence Information is on the screen, the agent clicks on *Address Change* and follows the instructions which will lead to the section titled *Ontario Mailing Address*.

Step 4. The agent completes this section and the information is updated.

Agents can also send their Ontario mailing address by fax to: (416) 590-8472, by e-mail to: elicence@fsco.gov.on.ca, or via regular mail to:

Licensing and Market Conduct Division

Financial Services Commission of Ontario

5160 Yonge Street, Box 85, 4th Floor

Toronto, Ontario

M2N 6L9

4. Reminder to use FSCO's Internet Application System

Recognizing the economic benefits derived from the use of technology in the licensing process, FSCO, in consultation with the industry, developed and implemented an online licensing system. The Internet Application System (IAS) is faster for agents and companies, reduces paperwork and is accessible anywhere there is Internet access. Since the IAS was introduced, approximately 25,000 applications have been submitted via the Internet and almost half of all life agent renewals are done via the IAS.

We are encouraged by the number of transactions occurring via the IAS. However, a significant number of routine transactions are still dealt with through paper-based processes. Use of the IAS for all routine transactions must become the standard, **in order to control licensing transaction costs**. FSCO will continue to contact insurers concerning their IAS usage and is committed to ensuring the system addresses the needs of the industry.

The IAS increases efficiency by providing company licensing staff with easy access to information and more control over the licensing process. Agents are able to renew their licence in 15 minutes and new applications are processed within 48 hours. The IAS immediately updates agent information on FSCO's website.

Information regarding the functioning of FSCO's IAS can be obtained by contacting FSCO's licensing hotline at: (416) 250-9209, Toll-free: 1-800-263-0541.

Bryan P. Davies

Chief Executive Officer

Financial Services Commission of Ontario

June 13, 2005

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