

CO-OPERATIVE MEMORANDUM OF UNDERSTANDING TARGETING THE IMPLEMENTATION OF A CANADA-WIDE INSURANCE OF PERSONS (LIFE AND HEALTH) QUALIFICATION PROGRAM

The signatories of this co-operative Memorandum of Understanding will hereafter be referred to collectively as the "Participants".

PREAMBLE

WHEREAS the mission of Canadian insurance regulators is to establish the requirements for obtaining the educational requirements for individuals to act as agent or representative in the area of insurance ("insurance intermediaries");

WHEREAS these regulators, to adhere to their responsibilities and their mission, are willing to coordinate their efforts and collaborate in implementing a Canada-wide insurance of persons (life and health) educational qualification program (the "Program");

WHEREAS such a Program would allow the Participants to standardize their career entry requirements in insurance of persons (life and health) and more specifically those related to training and exams;

WHEREAS the Participants wish to demonstrate their willingness to help implement the Program and establish the principles that will regulate the Program, its governance and the mandate given to the *Autorité des marchés financiers* (the "AMF") to offer certain services in relation to this Program;

IN CONSIDERATION THEREOF, THE PARTICIPANTS AGREE TO THE FOLLOWING:

SECTION 1 – SCOPE OF THE MEMORANDUM OF UNDERSTANDING

- 1.1 The present Memorandum of Understanding (the "MoU") expresses the Participants' will to work together in developing the Program and participation agreement that will eventually create binding obligations between them.
- 1.2 Signing the MoU shall be an expression of the Participant's intent to participate in the development and implementation of the Program and shall not be construed as a binding agreement.
- 1.3 The Participants acknowledge that the conditions set out in the present MoU do not prevent any Participant from exercising its powers under applicable law.

SECTION 2 – PROGRAM DESCRIPTION AND IMPLEMENTATION

- 2.1 The Program's objective is to modify the Life Licence Qualification Program, which is in effect in all Canadian provinces and territories other than Québec, and the qualification process in effect in Québec, for the targeted insurance intermediaries.
- 2.2 Program implementation would include four phases, beginning in June 2012 through to September 2015. The proposed phases are as follows:

Phase 1: Development of targeted competencies – June 2012 to September 2013
Phase 2: Dissemination of established qualification criteria – October 2013 to July 2014
Phase 3: Program pre-implementation – July 2014 to August 2015
Phase 4: Program implementation – September 2015
- 2.3 The first phase aims to gather and analyze information on targeted insurance intermediaries to paint an accurate portrait and establish a competency level to attain in the curriculum.
- 2.4 The development and update of the study materials for the preparation of exams, as well as the exams, would be performed by the AMF. It would also ensure statistical follow-up of the exam results in order to maintain their validity.

- 2.5 The Program would not limit the Participants' current examination delivery practices since the qualification process would provide for the following:
- Applicants will achieve specialized training before registering for a Canada-wide exam;
 - Participants having entered into service contracts for exam administration will be allowed to continue to use external suppliers;
 - Participants that administered the exams themselves will be allowed to continue this practice, using the exams that will be created by the AMF.

SECTION 3 – PARTICIPATION AGREEMENT

- 3.1 The Participants acknowledge that, for the purpose of Program implementation, a participation agreement should be entered into as soon as possible and no later than 90 days after the present MoU takes effect, and they agree to make reasonable efforts necessary to do so. The purpose of the participation agreement will be particularly to develop and establish the Program's operating and governance rules.
- 3.2 To establish the participation agreement as quickly as possible, each Participant will assign a representative to take part in developing the Program's participation agreement and governance structure. These representatives will have to agree on the terms of a communication plan for the Program.
- 3.3 Financial terms and any other terms and obligations governing the relationship between Participants will be outlined in the participation agreement. In particular, the participation agreement should make provisions for:
- 3.3.1 The AMF assuming the project's financial administration and management as well as initial costs for Program development. The participation agreement will ensure that, once the Program is implemented, the costs assumed by the AMF will be reimbursed to it through the sale of exam manuals across Canada and that, provided the AMF is reimbursed in this way, no financial contribution will be required from Participants that adhere to the present MoU. It is assumed that the costs incurred by AMF will be reimbursed by 2018. In the event that it is not, Participants agree to work together and re-examine the scope and strategy of the Program in accordance with the terms to be set out in the participation agreement.
- 3.3.2 The AMF's offer of services by a team of educational development specialists who will act as educational experts for the Program and will be responsible for, among other things, developing the curriculum, establishing recognition criteria of specialized training, developing manuals for exam preparation, creating all exams and for updating the Program as recommended by Participants.
- 3.3.3 The withdrawal at any time by any Participant that wishes to stop participating in the Program, by issuing a written notice to the other Participants. Once Participants enter into the participation agreement, it is expected that they will remain in the Program for a set period of time to ensure that the initial development costs incurred by the AMF can be fully reimbursed through the sale of the exam manuals. By withdrawing from the Program, a Participant can no longer use the material developed for Participants, including all exams and exam content.

SECTION 4 – GENERAL AND FINAL PROVISIONS

- 4.1 Any modification to the present MoU should be performed in writing and accepted by all Participants which are signatories to this MoU as at June 15, 2012. The addition of a new Participant after the MoU's effective date will be considered a modification.
- 4.2 The Participants acknowledge that information relating to the Program's implementation and its content should be treated as confidential information and they agree only to disclose it according to the communication plan that will be established by the Participants' representatives. The treatment of confidentiality is to the extent permitted by law.
- 4.3 Multiple copies of the MoU can be executed, each of which will be deemed to be an original and that together will form one and the same document.

- 4.4 Notwithstanding each Participant's signature date, the present MoU is deemed to take effect on June 15, 2012.
- 4.5 The Participants acknowledge that signing the present MoU only grants them the right to participate in developing the Program and the participation agreement, and to benefit from the Program in compliance with the governing rules and the service contract which will be set out by the participation agreement.