

Life Licence Qualification Program (LLQP)

Frequently Asked Questions

1. *What is the harmonized LLQP?*

- The harmonized LLQP is a licensing qualification standard that will apply across Canada for individuals who want to become licensed as life insurance agents.
- It will remain an entry level program.
- It will protect consumers by helping ensure agents are financially literate about life insurance products.
- To obtain a life insurance agent licence, a person will complete the course updated to reflect today's marketplace and pass a licensing examination.
- It is being developed by Canada's insurance regulators working together through the Canadian Insurance Regulatory Services Organizations (CISRO).

2. *What are the current licensing standards?*

- Introduced in 2002 by regulators in all provinces except Quebec, the current LLQP consists of a common Curriculum Design Document (CDD), a course and a licensing examination.
- Candidates complete a course from a course provider before challenging the examination. Course providers developed their own courses based on the CDD.
- Quebec developed its own qualification program. Quebec's educational specialists manage its licensing examination which is based on their evaluation tables (equivalent of the CDD) and the standardized study material they developed.

3. *Why is a review being done?*

- The existing standards are more than 10 years old and are due for a review to ensure standards remain relevant and protect consumers in a changing marketplace.
- The existing quality of training by course providers varies widely -- as demonstrated by pass rates on the licensing examination.
- Industry stakeholders indicated improvements were needed to the current LLQP and Quebec program.
- There is no professional education staff or system to sustain the LLQP.

4. What systemic issues will the harmonized LLQP address?

- It will provide long-term solutions to systemic issues such as:
 - Lack of processes and funding to review problem examination questions, add new questions and refresh the curriculum;
 - Need for a refreshed question data bank to ensure the ongoing integrity of the examination.
 - Conflicting terminology between the LLQP examination and the course material developed by course providers;
 - Inability to test candidates' competence in each subject area. The current non-modular examination enabled candidates to fail one area but pass the examination. In consultations with agents, regulators heard that some course providers told students to ignore certain subjects as there weren't enough questions on the examination to make a difference.

5. Why did regulators enter an agreement among themselves to do this work?

- The law makes provincial regulators responsible for establishing the entry level proficiency standards for insurance agents.
- Educational professionals are on staff at the Quebec regulator. The other provinces do not have educational experts on staff. It makes sense to use existing resources.

6. Why is the cost being charged to people taking LLQP training?

- People seeking to enter the industry should pay the cost of the program. It would not be appropriate to charge the cost to currently licensed agents or taxpayers.
- The harmonized LLQP will be operated on a not-for-profit cost recovery basis with controls to ensure charges are appropriate

Benefits

7. What are the benefits of establishing a common standard in Canada?

- Developing and maintaining one standard is less costly than multiple standards.
- The Agreement on Internal Trade obligates provinces to accept qualifications of persons trained in other provinces to facilitate labour mobility and business.
- The insurance industry has asked for standardization in regulatory matters.

8. How will the harmonized LLQP benefit consumers?

- The harmonized LLQP will help ensure insurance agents are financially literate about life insurance products and able to provide consumers with the advice they need in today's marketplace.
- It will also help ensure insurance agents understand their legal and ethical obligations.

9. How will the harmonized LLQP benefit future life agents?

- Updated standards will ensure candidates are tested on relevant knowledge and skills.
- An open-book examination will more closely mirror the realities of professional practice.
- Consistent terminology in the examination preparation material and examination questions will help candidates succeed in the examination.
- A modular examination will help candidates focus their study efforts by enabling them to challenge the modules over a period of time if they choose.
- It will allow applicants to demonstrate their knowledge in key areas and provide valuable feedback if an applicant is unsuccessful on a particular topic.

10. How will the harmonized LLQP benefit insurers?

- The modular examination will help ensure new recruits are financially literate about the life insurance products their licence enables them to sell.
- A common proficiency standard across Canada means that companies will only have to manage one instead of two programs to get agents licenced in all provinces.

Key steps

11. What does the LLQP harmonization Project involve?

- Reviewing the skills required to be an agent (Occupational Analysis) -- April-November 2012 – 80 working agents representing 5 provinces involved in workshops;
- Creating a Competency Profile – Winter 2013-- Reviewed by stakeholders – Spring 2013 – More than 750 respondents from 9 provinces, 90 per cent said profile was complete;
- Creating the curriculum – June 2013-October 2013 -- Industry Subject Matter Experts (SMEs) current licensees representing 9 provinces were recruited to work with the educational professionals;
- Stakeholder review of curriculum – November 2013 -- More than 650 respondents from 9 provinces, 86 per cent supported scope of course competencies and module contents;
- Determining modules – Winter 2014 --Life Insurance; Accident and Sickness Insurance; Segregated Funds and Annuities and Ethics and Professional Practice;
- Developing common examination preparation material from which the course providers will develop their courses; Spring 2014-Winter 2015 – Committee of SMEs representing 7 provinces and educational specialists has been created for each module;
- Creating an updated examination question databank and modular examination – 2015 – SMEs and educational specialists will develop databank;
- Creating procedures to regularly review the curriculum, develop new examination questions and review issues raised by stakeholders;
- Developing and managing accreditation standards for course providers.
- Developing Transition Plan – 2014-2015
- Developing Examination Administration Guidelines – 2014-2015

12. What is the role of the industry Subject Matter Experts?

- To ensure the harmonized LLQP is up-to date and relevant to industry practice, industry Subject Matter Experts (SMEs) were recruited to work with the educational specialists to develop the competency profile, curriculum, standardized examination preparation material and the examination questions.
- Selected to represent the diversity of professional experience, SMEs are active agents and trainers from different provinces working for large or small firms and experts in life insurance and an agent's responsibilities. Others are leaders in industry associations.

13. What is the Governance Model for managing the harmonized LLQP?

- Key decisions on maintaining and safeguarding the integrity of the LLQP will be made by all participating regulators acting as the program's Board of Directors.
- Every regulator will have an equal vote in decisions regarding the LLQP.
- A LLQP Governance Committee will deal with issues raised by stakeholders.
- Regulators will monitor performance of the LLQP with assistance of the educational professionals.

14. How are stakeholders involved in the LLQP harmonization Project?

- Hundreds of agents were involved in developing and verifying the CDD which sets out the subjects that people working in the industry believe new agents need to know.
- Regulators hold quarterly meetings with stakeholders. Individual meetings are organized on request.
- Regulators publish regular updates on the CISRO website.
- The harmonized LLQP model has been modified based on stakeholder input.

Structure

15. Why have a modular examination?

- The examination modules are: Life Insurance; Accident and Sickness Insurance; Segregated Funds and Annuities; and Ethics and Professional Practice;
- Requiring candidates to pass the four modules will help ensure new agents have the entry level proficiency needed for basic financial literacy in life insurance products.
- The current examination cannot meet this objective as a candidate's strengths in one or more areas of the examination may compensate for significant weaknesses in others.

16. Why have an open-book examination?

- By mirroring the realities of professional practice, an open-book examination will help ensure candidates focus on their understanding of the course material rather than relying on rote knowledge to answer examination questions.

17. How will the modular examination compare to the current LLQP examination?

- The current LLQP examination is 4 hours and written in one sitting with no breaks. The 4 one-hour long modules of the harmonized LLQP may be written in one day with breaks or spread out over several weeks or months.
- Both examinations are multiple choice. The harmonized LLQP will have 4 modules each with 20-25 questions. The current LLQP examination is 140 questions.
- Candidates who fail the current examination are required to re-write the full examination. With the harmonized LLQP, candidates only need re-write the failed module.

18. Why have standardized examination preparation material?

- Regulators will be developing common examination preparation material to ensure that all course providers are delivering training that is consistent in quality.
- It will address problems in the quality of training. For example, in 2013, the percentage of each course provider's students that passed the licensing examination on their first try ranged from 62 to 98 per cent. A 62 per cent pass rate means that of 100 people the course provider certified as ready to take the examination, 38 were not ready and failed.
- Course providers will be able to offer students added value with instructional aids such as case studies and supplemental exercises.

19. What is the role of course providers in the harmonized LLQP?

- Candidates will continue to be required to successfully complete a course offered by a course provider before attempting the licensing examination.
- Course providers will be required to meet updated criteria.
- Course providers will use the common examination preparation materials to create their course content. Regulators are not developing a course
- The harmonized LLQP will expand the market for courses by 20 to 25 per cent as candidates in Quebec will be required to complete a course. Quebec does not currently require candidates complete a course before attempting the examination.

20. What is the role of publishers in the harmonized LLQP?

- Publishers may wish to develop and sell classroom or on-line courses to accredited course providers. Regulators will not be developing or delivering courses.
- Regulators have not currently and do not intend to enter into agreements with publishers.

21. What is the targeted implementation date of the Harmonized LLQP?

- The original target implementation date was September, 2015. Based on stakeholder feedback, regulators moved the implementation date to January 1, 2016.
- Examination preparation material is scheduled for release in winter 2015.