CURRICULUM

Life License Qualification Program (LLQP)

March 2014

LLQP
Presentation of the Curriculum

As part of the initiative of the Canadian Insurance Services Regulatory Organizations (CISRO) to harmonize the Canadian life insurance qualification process (including group insurance), a Competency Profile was drafted in order to list, as competencies, the compiled tasks and operations that a life insurance agent can accomplish upon career entry. Following its publication, committees of subject matter experts (SMEs) were formed in order to derive an evaluation program from the Profile. As such the Life License Qualification Program (LLQP) Curriculum is a collection of evaluation tables targeting the elements that are to be evaluated in the course of the licensing process.

The committees brought together agents and trainers from many provinces and included candidates having participated in the occupational analysis workshops (OAWs) held in 2012. By filling out questionnaires and participating in teleconferences, these SMEs were given the opportunity to analyze, evaluate and improve the evaluated competencies' relevance, structure and scope. Contents relating to each competency were also determined.

Following these consultations, the Curriculum's contents were further analyzed in order to group them logically and the Curriculum's modules were set. Each module was then reviewed and reworked by SMEs in order to confirm that the scope and structure of the contents it presented were appropriate.

Because this document constitutes the cornerstone of the LLQP, a survey was drawn up to evaluate global appreciation for its scope and relevance. Consultation occurred in French and English and was open to all from October 11 to November 15, 2013 by way of a link posted on the CISRO website.

Changes to the Curriculum were made based on identifiable trends among respondents' feedback. Modifications were limited to minor adjustments to content lists and weightings, except for the Law, ethics and taxation modules, where more important reorganizations have served to better contextualize the importance of taxation for new life insurance agents. Product-specific tax concepts have been integrated into the three product-related modules and the remaining modules now cover only ethics and professional practice. Their titles have been adjusted accordingly.

The competencies presented in the Curriculum stem from the Competency Profile but they are not reproduced integrally and textually. In fact, only those competencies that relate to CISRO's mandate have been selected for evaluation through licensing exams, as opposed to the Profile, that includes competencies illustrating the full scope of tasks and operations that can be accomplished by an agent upon career entry. As such, the Curriculum includes every aspect that must be mastered to practice ethically, in accordance with consumer rights. It also takes into consideration the fact that many competencies are perfected over time, with practical experience.

Each evaluated competency corresponds to a module and all modules are equally weighted in the licensing process – i.e. all competencies must be mastered in order to obtain a license to practice. Consequently, CISRO will impose a modular licensing exam and will publish standardized study material for each of the Curriculum's modules.

To reflect the structure of the Competency Profile, individual and group insurance (including group annuities) have been addressed together. Therefore, there is no module specifically devoted to group insurance. This structure stems from the information gathered during the OAWs regarding the similarities in the skills required to practice in both those sectors. Accordingly, the editing team has defined the term "client" in an inclusive manner; it may refer to an individual, a group or an employer.

The Curriculum's competencies are integrated groups of skills, knowledge, and strategies. They allow candidates to develop their professional practice in accordance with regulators' requirements for the life agent occupation.

Every competency is split into components and then further, into sub-components, in order for its nature and scope as well as the underlying evaluation objective to be explicit. Competency components are weighted to quantify their relative importance in the exam. Many factors influence weighting, namely the component's importance for consumer protection as well as the complexity and scope of its underlying concepts and contents.

Moreover, the components and sub-components refer to processes or results. They may be formulated identically for different competencies, yet each one is contextualized based on the competency to which it refers.

To provide further specifications, a list of related contents is included with each competency sub-component. The contents offer indications on the products, knowledge, behaviors or attitudes required to master the competency sub-component. These indications delimit the scope of evaluation and will be developed in the study material that will be published by CISRO for each module. Additional contents may be addressed by trainers wishing to increase their candidates' employability and ability to advance professionally.

And so, each of the Curriculum's modules is divided into three main parts:

- The **weighting** indicates an element's relative importance in the exam, which will translate into a corresponding number of questions (orange column).
- The **competency components** and **competency sub-components** define the competency's nature and scope (blue columns).
- The **related contents** specify the object of the evaluation and will be addressed in the study material (green columns).

Due to the information it provides, the Curriculum is at once:

- An internal tool that will provide the framework for the development of study material, exam questions and licensing exams;
- A pedagogical planning tool that will guide trainers in their course development;
- An exam preparation tool that will instruct candidates on the nature and scope of the evaluated competencies.

CURRICULUM – LLQP

MODULE: Ethics and professional practice

Competency: Develop an ethical professional practice, in compliance with the rules governing the life insurance[1] sector

%	COMPETENCY COMPONENTS
60	**1. Integrate into practice the legal aspects of insurance and annuity contracts**
	1.1. Delimit the legal framework governing life insurance
	1.2. Characterize the parties involved in the contract
	1.3. Contextualize the rules relating to the contract's formation, taking effect, reinstatement and termination
	1.4. Explain the main provisions and clauses of an insurance or annuity contract
	1.5. Integrate into practice the rules relating to beneficiary designation and exemption from seizure of benefits
	1.6. Contextualize the rules relating to claims and the payment of benefits
40	**2. Integrate into practice the rules governing the activities of life insurance agents**
	2.1. Explain the role of the organizations that protect consumers
	2.2. Integrate into practice the obligations and responsibilities of life insurance agents

[1] In the context of the ethics and professional practice module of the Curriculum, the term « life insurance » is used to refer broadly to all categories of individual and group insurance of persons, namely: life insurance, accident and sickness insurance (living benefits), individual variable insurance contracts (IVICs) (segregated funds), and annuities.

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
60	1. Integrate into practice the legal aspects of insurance and annuity contracts	1.1 Delimit the legal framework governing life insurance	

Overview of major legal principles

- Sources of law
- Persons, family and estate
  - Natural persons, partnerships and corporations
  - Capacity, age of majority and the 16 years old rule in life and accident and sickness insurance
  - Marriage and marriage contract
  - Family property
  - Divorce and separation
  - Common-law spouse
  - Succession (estate) wills, certificate of estate trustee with a will (probate), certificate of estate trustee without a will (administration)
  - Trust
- Contracts
  - Contracts in general
  - Conditions required for the validity of the contract
  - Agency, power of attorney, living will (enduring or continuing power of attorney)
  - Property and casualty vs. life and accident and sickness insurance contracts
  - Annuity contract
- Torts
- Limitation periods

Public insurance and pension plans

- Social and tax legislation and economic and social aspects of insurance
- Federal public plans
  - Employment Insurance (EI)
  - Old Age Security Program (Old Age Security (OAS), Guaranteed Income Supplement (GIS), Allowance)
  - Canada Pension Plan (CPP) (pension and disability benefits)
- Provincial public plans
  - No-fault automobile insurance plan
  - Worker's compensation plan
  - Public health, hospital and drugs plans
- Coordination of benefits between public and private insurance and pension plans

Other important statutes

- Personal Information Protection and Electronic Documents Act (PIPEDA)
- Human rights codes
- Criminal Code
  - Forgery and fraud
- Proceeds of crime (Money laundering) and Terrorist Financing Act and Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)
- National Do Not Call List (DNCL)
- An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act (anti-spam)

COMPETENCY SUB-COMPONENTS	CONTENTS
1.2 Characterize the parties involved in the contract	Parties involved in the contract • Insurer, policyholder (individual insurance) or member (group insurance), insured, beneficiary, contingent policyholder and contingent beneficiary • Types of beneficiaries - Revocable - Irrevocable • Rights of parties under the contract • Special cases - Minors (guardians) - Trustee - Authorized representative

Life insurance	Accident and sickness insurance	Segregated funds and annuities
	Beneficiary's specific features in critical illness (CI) insurance • Beneficiary (critical illness)	Some parties' specific features in annuity contracts • Annuitant (life insured) • Insurer • Payee (annuity grantee)

COMPETENCY SUB-COMPONENTS	CONTENTS
1.3 Contextualize the rules relating to the contract's formation, taking effect, reinstatement and termination	Rules relating to the formation, taking effect, reinstatement and termination of individual contracts • Rules relating to the formation of contracts - Insurance application and its acceptance - Insurance policy - Payment of first premium - Covering note and temporary insurance • Insurable interest • Duty to disclose (change in insurability and consequences for client and his/her assigns in case of fraud, misrepresentation or concealment) • Effective date and continuation in force of contract • Absolute assignment and collateral assignment • Cancellation and termination (grace period) • Reinstatement Group insurance contracts • Determination of the group and eligibility • Representation of group • Types of group insurance - Workplace group insurance - Insurance offered through professional corporations and associations - Group creditor insurance • Rules relating to the formation of contracts - Insurance application and its acceptance - Certificate or booklet and distribution of certificates by the policyholder • Enrolment process and coverage of dependents • Laws applicable to member (residence) • Term of group insurance contract - Renewal of master policy - Termination of master policy - Conversion rights upon end of life insurance protection (CLHIA Guideline G3) - Incidence of change of insurer • Termination

Life insurance	Accident and sickness insurance	Segregated funds and annuities
	Some specific features in accident and sickness insurance • Effective date • Termination notice	Some specific features in annuity contracts • Immediate or deferred annuity (payment and accumulation) • Life or term annuity deemed to be life insurance

COMPETENCY SUB-COMPONENTS	CONTENTS

1.4 Explain the main provisions and clauses of an insurance or annuity contract	**Major provisions and terms of individual insurance contracts**
	• General provisions
	• Statutory conditions
	• Exclusion, limitations and reduction provisions
	  - Distinction between reduction and exclusion
	  - Legal and contractual exclusions
	  - Pre-existing conditions
	  - Suicide clause
	• Contract amendments (riders)
	• Cash surrender value (CSV)
	• Policy loans
	
	Specific provisions concerning group insurance
	• Content of the certificate or other document given to members
	• Statutory conditions

Life insurance	Accident and sickness insurance	Segregated funds and annuities

	Specific provisions concerning accident and sickness insurance
	• Statutory conditions
	• Nature of coverage
	  - Disability insurance
	  - Drug insurance multijurisdiction
	  - Critical illness (CI) insurance (premium refund) and long term care(LTC)
	  - Accidental death and dismemberment (AD&D)
		Specific provisions concerning segregated funds and annuities
		• Withdrawal and surrender rights
		• Various accumulation annuity products such as:
		  - Annuity contracts backed by segregated funds (individual variable insurance contracts (IVICs) and CLHIA Guidelines)
		  - Guaranteed investment account (GIA)-type contracts (insurance company general funds)
		  - Registered annuity contracts: registered retirement savings plan (RRSP), tax-free savings account (TFSA), registered retirement income fund (RRIF) and life income fund (LIF), locked-in retirement account (LIRA) and non-registered contracts
		• Specific provisions concerning group annuity contracts
		  - Defined benefit pension plan (DBPP)
		  - Defined contribution pension plan (DCPP)
		  - Specific types of defined contribution pension plans: pooled registered pension plan (PRPP)
		  - Group RRSP, deferred profit-sharing plan (DPSP), group tax-free savings account (TFSA)
		  - CLHIA Guidelines for Capital Accumulation Plans
		  - Transfer instruments: locked-in retirement account (LIRA), life income fund (LIF) and annuity contract

COMPETENCY SUB-COMPONENTS	CONTENTS

1.5 Integrate into practice the rules relating to beneficiary designation and exemption from seizure of benefits	Beneficiary designation, succession and exemption from seizure
	• Authority to designate (power of attorney)
	• Means of designating a beneficiary and filing with insurer
	• Contingent beneficiary or multiple beneficiaries
	• Effects of designation
	• Consequences of conjugal breakdown for a spousal beneficiary (separation, divorce, annulment of marriage)
	• Minor as a beneficiary
	  - Trustee for minors
	  - Beneficiary under disability
	• Revocation of beneficiary
	• Exemption from seizure resulting from beneficiary designation

Life insurance	Accident and sickness insurance	Segregated funds and annuities
	Specific features in accident and sickness insurance • Beneficiary (right to designate)	Specific provisions concerning annuity contracts • Bankruptcy and Insolvency Act (exemption from seizure) – RRSP, RRIF, DPSP • Division of family property Specific features in supplemental pension plans • Supplemental pension plan exemption from seizure • Death benefit and exemption from seizure of locked-in retirement account (LIRA) and life income fund (LIF)

COMPETENCY SUB-COMPONENTS	CONTENTS
1.6 Contextualize the rules relating to claims and the payment of benefits	Rules pertaining to claims and payment of benefits • Notice of claim • Other documents required (e.g. death certificate, medical records) • Delay to pay benefits • Specific case: attempt on insured's life

Life insurance	Accident and sickness insurance	Segregated funds and annuities
	Specific features of health and accident insurance • Specific features of health/accident insurance (timelines) • Documents required (e.g.: physician's statement for disability claims)	Payout annuities • Annuity with a guarantee period Supplemental pension plans • Death benefit before retirement • Death benefit after retirement

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
40	2 Integrate into practice the rules governing the activities of life insurance agents	2.1 Explain the role of the organizations that protect consumers	Regulatory, disciplinary and consumer protection agencies for life insurance • Provincial and territorial insurance regulators • Canadian Insurance Services Regulatory Organizations (CISRO) • Canadian Council of Insurance Regulators (CCIR) • Canadian Life and Health Insurance Association (CLHIA) • Assuris • Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) • Ombudsman for Life and Health Insurance

		2.2 Integrate into practice the obligations and responsibilities of life insurance agents	Distinctions between banking, securities and insurance products: regulators and licensing rules
			• Difference with banking and securities
			• Practice within scope of licence
			• Financial planners in some provinces
			
			Agent's responsibilities
			• Contract delivery
			  - Ensure no change in health status since the application was signed
			  - Extra premium
			  - Reduced insurer's commitments and discrepancies
			• Canadian Council of Insurance Regulators (CCIR) 3 principles
			• Understanding client needs
			• Duty to act in good faith
			• Conducting business with integrity
			• Avoiding conflict of interest
			• Practicing within scope of abilities; explain illustration
			• Commission sharing rules
			• Replacement disclosure
			• Documenting the file
			• Liability insurance, errors and omissions and embezzlement
			
			Registration of agent and agencies
			• Agent certification
			• Agency certification
			• Managing General Agent (MGA)
			
			Deceptive practices
			• Tied selling
			• Churning
			• Policy rebates
			• Traffiking of insurance
			• Twisting
			• Inducing
			• Fronting
			• Misrepresentations
			• Coercing
			• Forgery
			• Fraud
			• Holding out
			• Incomplete comparisons

CISRO / OCRA

CURRICULUM – PQAP

MODULE: Ethics and professional practice (Québec)

Competency: Develop an ethical professional practice, in compliance with the rules governing the insurance of persons [1] sector

%	COMPETENCY COMPONENTS
20	**1. Understand the legal framework governing insurance of persons**
	1.1 Define the provisions of the Civil Code of Québec applicable to insurance of persons
	1.2 Define the other sources of law applicable to insurance of persons
40	**2. Integrate into practice the legal aspects of insurance and annuity contracts**
	2.1 Characterize the parties involved in the contract
	2.2 Contextualize the rules relating to the contract's formation, taking effect, reinstatement and termination
	2.3 Explain the main provisions and clauses of an insurance or annuity contract
	2.4 Integrate into practice the rules relating to beneficiary designation and exemption from seizure of benefits
	2.5 Contextualize the rules relating to claims and the payment of benefits
40	**3. Integrate into practice the rules governing the activities of representatives in insurance of persons**
	3.1 Explain the role of the organizations that protect consumers
	3.2 Integrate into practice the duties and obligations set out in the Code of ethics of the Chambre de la sécurité financière
	3.3 Integrate into practice the obligations and responsibilities of representatives in insurance of persons

[1] In the context of the ethics and professional practice module of the Curriculum, the term "insurance of persons" is used to refer broadly to all categories of individual and group insurance of persons products, namely : life insurance, accident and sickness insurance (living benefits), individual variable insurance contracts (IVICs) (segregated funds), and annuities.

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
20	1. Understand the legal framework governing insurance of persons	1.1 Define the provisions of the Civil Code of Québec applicable to insurance of persons	Overview of important Civil Code of Québec provisions for insurance of persons representatives • Sources of law • Persons, family and successions - Legal and natural persons - Capacity - Marriage and civil union - Matrimonial regimes - Family patrimony - Divorce and separation from bed and board - *De facto* spouses - Successions • Contracts - Contract in general - Conditions required for the validity of the contract - Contract of adhesion and external clause - Mandate (including the mandate in anticipation of incapacity) - Insurance of persons and damage insurance contracts - Annuity contract • Civil liability • Prescription
		1.2 Define the other sources of law applicable to insurance of persons	Other important legislation for the insurance representative • An Act respecting the distribution of financial products and services (LDPSF) • An Act respecting the Protection of personal information in the private sector • Canadian and Québec Charter of human rights and freedoms • Proceeds of Crime (Money Laundering) and Terrorist Financing Act and FINTRAC - Criminal Code: fraud and forged signature • National Do Not Call List (DNCL) • An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act (anti-spam) Public insurance and pension plans • Social and tax legislation and economic and social aspects of insurance • Federal public plans - Employment insurance - Old Age Security Program (Old Age Security (OAS), Guaranteed Income Supplement (GIS), the Allowance) • Québec public plans - Société de l'assurance automobile du Québec (SAAQ) - Régie des rentes du Québec (RRQ) - Commission de la santé et de la sécurité du travail (CSST) - Indemnisation des victimes d'actes criminels (IVAQ) - Québec Parental Insurance Plan (QPIP) - Régie de l'assurance maladie du Québec (RAMQ) (Drug insurance, Health insurance, Hospital insurance) • Coordination of benefits between public and private insurance and pension plans

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
40	2. Integrate into practice the legal aspects of insurance and annuity contracts	2.1 Characterize the parties involved in the contract	Parties to the contract • Insurer, policyholder (individual insurance) or member or participant (group insurance), insured, beneficiary, contingent policyholder and contingent beneficiary • Types of beneficiaries - Revocable - Irrevocable • Rights of parties under the contract • Policyholders – specific cases - Minors (guardians) - Trustee - Authorized representative

Life insurance	Accident and sickness insurance	Segregated funds and annuities
	Beneficiary's specific features in critical illness (CI) insurance • Beneficiary (critical illness)	Some parties' specific features in annuity contracts • Annuitant (life insured) • Debtor (insurer) • Annuitant

COMPETENCY SUB-COMPONENTS	CONTENTS

2.2 Contextualize the rules relating to the contract's formation, taking effect, reinstatement and termination	**Rules relating to the formation, entry into force, reinstatement and termination of individual contracts**
	• Rules relating to the formation of contracts
	  - Insurance application and its acceptance
	  - Insurance policy
	  - Payment of first premium
	  - Covering note and interim insurance
	• Insurance interest
	• Initial declaration of risk by client and consequences for client and his/her assigns in case of fraud, misrepresentation or concealment
	• Change in insurability
	• Entry into force and continuation in force of contract
	• Assignment and hypothecation
	• Cancellation and termination (grace period)
	• Reinstatement
	
	Group insurance contract
	• Determination of group and eligibility (Civil Code of Québec, RARI, Act respecting Prescription drug insurance and the Quebec Charter of human rights and freedoms)
	• Representation of group (representation of client, rules of agency in respect of client, client's duty to disclose)
	• Types of group insurance
	  - Workplace group insurance
	  - Insurance offered through professional corporations and associations
	  - Group insurance without a representative offered to consumers on savings and credit via distribution guide (life and health/accident insurance offered by non-licensed distributors: banks and credit unions (mortgages), automobile dealerships)
	• Rules relating to the formation of group insurance contracts
	  - Insurance application and its acceptance
	  - Insurance policy, certificate and distribution of certificates by policyholder
	• Enrolment process and coverage of dependents
	• Laws applicable to participant (residence)
	• Term of group insurance contract
	  - Renewal of the master policy
	  - Termination of the master policy (RARI)
	  - Rights upon end of life insurance protection (RARI)
	  - Incidence of change of insurer
	• Termination

Life insurance	Accident and sickness insurance	Segregated funds and annuities
	Some specific features in accident and sickness insurance • Entry into force • Termination notice • An Act respecting Prescription drug insurance	Some specific features in annuity contracts • Immediate or deferred annuity (payment and accumulation) • Life or term annuity deemed to be life insurance

COMPETENCY SUB-COMPONENTS	CONTENTS

2.3 Explain the main provisions and clauses of an insurance or annuity contract	**Major provisions and terms of individual insurance contract**
	• General provisions
	• Provisions of public order
	• Divergences between policy and application
	• Exclusion and coverage reduction provisions
	  - Distinction between reduction, limitation and exclusion
	  - Legal and contractual exclusions
	  - Pre-existing conditions
	  - Suicide clause
	• Contract amendments (riders)
	• Cash value
	• Advances
	
	Specific provisions concerning group insurance
	• Policy and certificates: divergences

Life insurance	Accident and sickness insurance	Segregated funds and annuities

	Specific provisions concerning accident and sickness insurance
	• Nature of coverage
	  - Disability insurance
	  - Drug insurance: An Act respecting Prescription drug insurance
	  - Critical illness insurance (premium refund) and long term care
	  - Accidental death and dismemberment (AD&D)
		Specific provisions concerning segregated funds and annuities
		• Specific provisions concerning the annuity contract (Civil Code and an Act respecting Insurance)
		• Redemption rights
		• Various accumulated annuity products such as:
		  - Annuity contracts backed by segregated funds (individual variable insurance contracts (IVICs) and AMF guidelines
		  - Guaranteed Investment Account (GIA)-type contracts (insurance company general funds)
		  - Registered annuity contracts: RRSP, TFSA, RRIF and LIF, LIRA and the non-registered contracts
		• Specific provisions concerning group annuity contracts
		  - Defined benefit pension plans (DBPP)
		  - Defined contribution pension plans (DCPP)
		  - Specific types of defined contribution pension plans: simplified pension plan (SIPP) and voluntary retirement savings plan (VRSP) (also pooled registered pension plan (PRPP))
		  - Group registered retirement savings plan (RRSP), deferred profit-sharing plan (DPSP), group tax-free savings account (TFSA)
		  - CLHIA Guidelines for Capital Accumulation Plans
		  - Transfer instruments: locked-in retirement account (LIRA), life income fund (LIF) and annuity contract

COMPETENCY SUB-COMPONENTS	CONTENTS
2.4 Integrate into practice the rules relating to beneficiary designation and exemption from seizure of benefits	Beneficiary designation, succession and exemption from seizure • Authority to designate and mandatary's authority • Contingent beneficiary or multiple beneficiaries • Rules concerning designation of beneficiary: presumption in favour of the spouse, whether married or in a civil union • Means of designating a beneficiary (designation in insurance contract, designation in a written instrument other than a will, communication to insurer for the purpose of setting up) • Consequences of conjugal breakdown for a spousal beneficiary (separation from bed and board, divorce after 1982, annulment of marriage) • Minor as a beneficiary / incapable • Revocation of beneficiary • Exemption from seizure resulting from beneficiary designation (relationship with policyholder or participant in group insurance)

Life insurance	Accident and sickness insurance	Segregated funds and annuities
	Specific features in accident and sickness insurance • Beneficiary (right to designate) • Exemption from seizure of benefits (disability insurance)	Specific provisions concerning annuity contracts • Bankruptcy and Insolvency Act (exemption from seizure) – RRSP, RRIF, DPSP • Effects of partition of family patrimony Specific features in supplemental pension plans • Supplemental pension plan exemption from seizure • Death benefit and exemption from seizure of locked-in retirement account (LIRA), and life income fund (LIF)

COMPETENCY SUB-COMPONENTS	CONTENTS
2.5 Contextualize the rules relating to claims and the payment of benefits	Rules pertaining to claims and payment of benefits • Notice of claim • Other documents required (e.g., death certificate, medical records) • Time the insurer has to pay benefits • Specific case: attempt on insured's life

Life insurance	Accident and sickness insurance	Segregated funds and annuities
	Specific features of health/accident insurance • Specific features of health/accident insurance (timelines, documents required as evidence) • Other documents required (e.g., physician's statement for disability claims)	Supplemental pension plans • Death benefit before retirement • Death benefit after retirement Immediate annuities • Guaranteed period annuity

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
40	3. Integrate into practice the rules governing the activities of representatives in insurance of persons	3.1 Explain the role of the organizations that protect consumers	Regulatory, disciplinary and consumer protection agencies for insurance of persons • Canadian Insurance Services Regulatory Organizations (CISRO) • Canadian Council of Insurance Regulators (CCIR) • Canadian Association of Pension Supervisory Authorities (CAPSA) • Joint forum • Canadian Life and Health Insurance Association (CLHIA) (guidelines) • Office of the Privacy Commissioner of Canada • Autorité des marchés financiers • Chambre de la sécurité financière • Fonds d'indemnisation des services financiers • Institut québécois de planification financière • Assuris • Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) • Ombudsman for Life and Health Insurance • Commission d'accès à l'information (CAI)

		3.2 Integrate into practice the duties and obligations set out in the Code of ethics of the Chambre de la sécurité financière	General
			• Restricted occupations
			• Availability requirement
			• Titles /representation / client soliciting
			• Tied selling
			• Remuneration, commission sharing and other benefits: competitions / promotions
			• Collection of payments: distinct account
			• Liability insurance
			
			Representative in insurance of persons
			• Needs analysis
			• Information notice on products
			• Contract delivery
			  - Ensure no change in health status since the application was signed
			  - Extra premium
			  - Reduced insurer's commitments and divergences
			• Policy replacement
			
			Firm
			• Definition
			• General obligations
			• Titles
			• Advertising and representations
			• Responsibility
			• Client file management
			• Records management
			• Complaint settlement
			• Commission sharing
			• Liability insurance
			
			Registration of insurance representatives and insurance firms
			• Representative's certification (including distinction between licenses)
			• Firm, independent representative and independent partnership registration
			
			Representative's responsibility
			
			Representative in group insurance
			• Mandate
			• Needs analysis
			• Recommendation
			
			Financial planner
			• Definition of financial planner
			• Disclosure of remuneration
			• Titles
			• Mandate and reporting

Independent partnership
- Definition
- General obligations
- Titles
- Advertising and representations
- Client file management
- Records management
- Complaint settlement
- Commission sharing
- Liability insurance

Independent representative
- Definition
- General obligations
- Titles
- Advertising and representations
- Client file management
- Records management
- Complaint settlement
- Commission sharing
- Liability insurance

Distinction between bank products, securities and insurance, regulating agencies and licensing rules
- Difference with bank products and securities
- Respect of the limits of registration

COMPETENCY SUB-COMPONENTS	CONTENTS
3.3 Integrate into practice the obligations and responsibilities of representatives in insurance of persons	Ethics and conduct of representatives in insurance of persons, group insurance of persons and health/accident insurance • Code of ethics of the Chambre de la sécurité financière (CSF) - Duties and obligations towards the public - Duties and obligations towards clients - Duties and obligations towards other representatives - Duties and obligations towards firms and financial institutions - Duties and obligations towards insurers - Duties and obligations towards the profession

CURRICULUM – LLQP
MODULE: Life insurance

Competency: Recommend individual and group life insurance products adapted to the client's needs and situation

%	COMPETENCY COMPONENTS
35	**1. Assess the client's needs and situation**
	1.1 Determine the client's situation
	1.2 Assess the appropriateness of the client's existing coverage in regards to his or her situation
	1.3 Articulate the client's needs based on the risks that could affect his or her financial situation
30	**2. Analyze the available products that meet the client's needs**
	2.1 Analyze the types of contracts that meet the client's needs
	2.2 Analyze the riders that meet the client's needs
25	**3. Implement a recommendation adapted to the client's needs and situation**
	3.1 Consider the impact of underwriting criteria as they apply to the client's situation
	3.2 Propose a recommendation adapted on the client's needs and situation
	3.3 Confirm the requirements that must be met to implement the recommendation
10	**4. Provide customer service during the validity period of the coverage**
	4.1 Validate the appropriateness of contract amendment, renewal and termination applications in regards to the client's situation
	4.2 Inform the claimant of the claims process

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
35	1 Assess the client's needs and situation	1.1 Determine the client's situation	See below

Personal situation

- Family dynamics, particularly on-going dependency relationships
  - Spouse or common-law partner
  - Support obligations to ex-spouse or common-law partner (or multiple ex-spouses)
  - Minor children
  - Adult dependents
  - Stay-at-home parent or caregiver
  - Blended family
- Lifestyle risks
  - Dangerous hobbies
- Occupation
  - Regular employment vs. self-employed
  - Job stability
  - Current income and future income potential
  - Time to retirement
- Tax exposure of client, spouse and other beneficiaries

Financial situation

- Current and future income
- Current and future expenses
- Assets (liquid and fixed assets)
- Liabilities (including payment terms)
- Capital expenses arising upon death
  - Funeral expenses
  - Income taxes
  - Debt repayment
  - Setting up education or legacy funds
  - Charitable donations
- Additional resources available upon death
  - Existing life insurance policies
  - Lump-sum payment from an employment pension or guaranteed annuity

Group client's situation

- Types of group plans (employer, association)
- Conditions of membership
- Vulnerability to termination

COMPETENCY SUB-COMPONENTS	CONTENTS
1.2 Assess the appropriateness of the client's existing coverage in regards to his or her situation	**Individual life insurance** • Coverage details - Type of policy - Policyholder - Life/ lives insured - Beneficiary - Face amount - Supplementary benefits and/or riders - Renewability and convertibility - Premiums (amount, monthly vs. yearly pay) - Limitations or exclusions **Group life coverage (non-government)** • Coverage details - End date - Face amount - Beneficiary - Additional benefits • Limitations of group insurance coverage - When it expires - Convertibility upon termination from group - Security (employer could terminate or change the plan without notice) - Limits on face amount **Benefits that might be lost or reduced upon death** • Group or individual health insurance coverage • Group or individual disability insurance benefits • Retirement pension income from employer **Tax implications of existing policies** • Consumer value of 1982 and 2015 grandfathering rules • Cash value relative to adjusted cost basis (ACB) as the policy matures • Partial or full policy surrender vs. policy loan vs. collateral loan taxation • Tax considerations of replacements and other dispositions **Government death and survivor benefits** • Eligibility and method for receiving Canada Pension Plan (CPP) death benefit • CPP survivors' benefits for spouse and dependent children • Old Age Security (OAS), Allowance for surviving spouse • Provincial Workers' Compensation benefits related to death • Quebec Pension Plan (QPP)

COMPETENCY SUB-COMPONENTS	CONTENTS

1.3 Articulate the client's needs based on the risks that could affect his or her financial situation	**Needs analysis process**
	• Principles, concepts and techniques involved in needs analysis and fact-finding
	• The math behind insurance needs analysis
	  - Human capital approach
	  - Capital needs approach
	  - General discussion of the impacts of inflation, investment returns and income taxes
	• Benefits of using life insurance proceeds to defray the tax on capital gains that may be triggered at death
	• Current coverage assessment
	• Short term and/or permanent insurance needs
	• Coverage shortfall
	• Available cash flow to pay for additional coverage
	• Suitable beneficiaries
	• Impact of potential job advancement or job loss
	
	Risk
	• Severity of risk (i.e., what will be the financial impact of death on the survivors)
	• Probability of risk
	• Client's risk tolerance
	
	Business life insurance needs
	• Why a business might buy life insurance
	  - Funding a buy-sell cross-purchase agreement
	  - Funding a share redemption plan
	  - Key person insurance
	• Why a buy-sell agreement might be an important part of a business continuation plan

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
30	2. Analyze the available products that meet the client's needs	2.1 Analyze the types of contracts that meet the client's needs	

Term life insurance

- How term life insurance works
- Advantages/disadvantages, and limitations of term life insurance for the policyholder
- Level term, increasing term, and decreasing term life insurance
- Renewable and non-renewable term insurance
- Convertible term insurance
- Common situations when term insurance may be appropriate (short-term risks, limited funds for premiums, etc.)

Permanent life insurance

- Primary characteristics that distinguish permanent life insurance from term life insurance
- Three types of permanent insurance
  - Whole life
  - Term-100
  - Universal life

Whole life insurance

- How whole life insurance works
  - Premium options
- Policy reserve
  - Potential for policy loans
  - Guaranteed or adjustable whole life
- Non-participating whole life policies
  - Identifying the difference between participating and non-participating policy
- Participating whole life policies and their dividend payment options
  - Cash
  - Premium reduction / Offset
  - Accumulation
  - Paid-up additions
  - Term insurance
- Non-forfeiture benefits
  - Cash surrender value (CSV)
  - Automatic premium loans
  - Reduced paid-up insurance
  - Extended term insurance
- Limited payment whole life
- Impact of a changing dividend scale on the completion of a premium offset policy
- Advantages/disadvantages of whole life insurance
- Common situations when whole insurance may be appropriate (e.g., longer term risks, savings component, etc.)

Term-100 insurance

- How term-100 (T-100) life insurance works
- Level cost of insurance (LCOI)
- Advantages/disadvantages of T-100 life insurance
- Common situations when term-100 may be appropriate (e.g., needs are long term but non-forfeiture benefits are not required)

Universal life insurance

- How universal life (UL) works, including the flexibility to change
  - Face amount
  - Live(s) insured
  - Timing and amount of deposits
  - Impact of modal factor
- How the three separate parts of a UL policy are unbundled (insurance, investments and expenses)
  - Deposit Tax
- Difference between yearly renewable term (YRT) and LCOI /T-100 mortality costing in a universal life product
- Impact of investment choices on the viability of a UL policy
- Implications of early withdrawals, loans, and leveraging of a UL insurance policy
- Limitations on deposits to meet exemption test
- Advantages/disadvantages of UL insurance
- Common situations when UL insurance may be appropriate (e.g., wealth transfer to children, variable financial means and insurance need, an alternative for experienced investors)
- Differences between whole life policies and universal life policies

Business insurance

- Nature of business continuation insurance
- Buy-sell insurance
  - Purpose of buy-sell agreements
  - Cross-purchase agreements
  - Share redemption plans
  - Using life insurance to fund buy-sell agreements
- Key person insurance
- Role of the capital dividend account
- Split-dollar arrangements for employer/key employee
- Contract analysis
  - Current contract offerings
  - Client needs vs. products available in marketplace

Group life insurance specificities

- How group life insurance works, including
  - Who is the policyholder
  - Master contract
  - How a group is defined
  - Who is a member
  - Membership classes
  - Who pays the premiums
- Types of group life insurance, including
  - Term life
  - Dependent life
  - Survivor income benefit
  - Optional group life
  - Accidental death and dismemberment (AD&D)
- Basic vs. voluntary AD&D plans, including their
  - Qualification requirements
  - Exclusions
- Favourable tax treatment of group life insurance for both the employer and the employee
- Understand Canadian commodity tax system as it applies to employee benefits (federal and provincial)

Tax implications of the contracts that meet the client's needs

- Policy values
  - Collateralization
  - Policy loans
  - Dividends and benefits purchased via dividends
  - Gain calculations
  - Accrual calculations
  - Exempt test concepts and calculations
  - Situations and corrective actions where a tax-exempt policy fails the exempt test
- Corporately-owned policies
  - Tax treatment of co-owned corporate and personal insurance products - shared ownership
  - Crediting of "mortality gain" to Capital Dividend Account (CDA)
  - Using cash value personally from a corporately owned policy – collateral loan strategy at prescribed interest rate

COMPETENCY SUB-COMPONENTS	CONTENTS

2.2 Analyze the riders that meet the client's needs	**Supplementary benefits and riders**
	• Difference between a policy benefit and a rider
	• Accidental death (AD)
	• Accidental death and dismemberment (AD&D)
	• Monthly disability benefit
	• Waiver of premium benefit
	  - Waiting period
	• Purpose and key provisions of accelerated death benefit riders
	  - Terminal illness (TI) benefit
	  - Dread disease (DD) benefit
	  - Long-term care (LTC) benefit
	• Term insurance riders on term or permanent life insurance policies
	  - Additional term insurance coverage for the primary insured
	  - Coverage for additional insured persons, including family coverage riders
	• Guaranteed insurability benefit (GIB) rider
	• Paid-up additions rider
	• Critical illness rider
	• Parent/payor waiver
	
	Rider analysis
	• Customization and enhancement of coverage
	• Meaning and value of coverage in spite of limitations, modifications and exclusions
	• Difference between each carrier's equivalent riders
	• Advantages and disadvantages of policy options

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
25	3. Implement a recommendation adapted to the client's needs and situation	3.1 Consider the impact of underwriting criteria as they apply to the client's situation	

Underwriting concepts and criteria

- Underwriting and factors considered
- Eligibility requirements (e.g., newly landed immigrant, international students or frequent travelers)
- Key components of the life insurance application
  - Agent comments section
  - Accurate completion of medical questions
  - Financial information
  - Product selection
- Material misrepresentation vs. fraud vs. mistake
- Insurable interest
- Impact of incomplete or inaccurate information in the application
- Temporary insurance agreements (TIAs)
- Factors at the client level that may increase or decrease premium rates
  - Age
  - Health
  - Gender
  - Occupation
  - Family history
  - Life style
- Substandard risks and rated policies
- No underwriting required for basic and minimum amounts of group life insurance (underwriting only for additional coverage)

Reinsurance

- How reinsurance works
- Reasons why insurance companies use reinsurance

Underwriting process

- How head office processes an application for life insurance when it is received from the field, including
  - Medical exam
  - Attending Physician's Statement (APS)
  - Role of the Medical Information Bureau (MIB) and ramifications for the applicant
  - Motor vehicle report (MVR)
  - Inspection reports
  - Hazardous sports and occupations
  - Financial underwriting
  - Multiple applications
- Factors at the company level that may affect the pricing of a life insurance product, including
  - Mortality costs
  - Administration costs and expenses
  - Investment returns
- Company's underwriting guidelines
- Client's need to understand what underwriting is, its importance, and its implications for future applications

COMPETENCY SUB-COMPONENTS	CONTENTS

3.2 Propose a recommendation adapted on the client's needs and situation	**Recommendation process**
	• How to present the findings from the needs analysis
	• Needs that can suitably be met with life insurance, such as:
	  - Income replacement
	  - Estate liquidity (final expenses, tax liabilities, debt elimination, etc.)
	  - Charitable bequests
	  - Estate equalization
	  - Support for children, including education funding
	  - Lifetime support of a spouse or special needs dependent
	  - Funding a buy-sell agreement or meeting other business needs
	• How to choose the most appropriate life insurance category
	• How to identify specific products within that category that would address the client's needs
	• Purpose and limitations of using scenarios or illustrations to help the client compare products
	
	Characteristics of recommendation
	• Selected product(s)
	• Amount of coverage
	• Term (if applicable)
	• Premium
	• Recommended riders
	• Beneficiaries (primary and contingent)
	• Exclusions
	• Important clauses
	
	Strategies for tax efficiency
	• General strategies
	  - Leveraging or borrowing to invest
	  - Income splitting
	  - Gift strategies
	• Credits and deductions
	  - Charitable donations or tax credit
	  - Tax-advantaged returns in investing
	• Insurance-specific strategies
	  - Using insurance contracts claim benefit to minimize estate taxes
	  - Using insurance contracts contingent owner change to minimize estate tax liabilities
	  - Using insurance contracts to minimize or offset capital gains
	  - Using insurance contracts to defer tax on earnings
	  - Management of probate fees

COMPETENCY SUB-COMPONENTS	CONTENTS
3.3 Confirm the requirements that must be met to implement the recommendation	Implementation process • Application and delivery process, including - Application - Signed illustration - Interim or temporary insurance - Underwriting - Acceptance

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
10	4. Provide customer service during the validity period of the coverage	4.1 Validate the appropriateness of contract amendment, renewal and termination applications in regards to the client's situation	Review/update process • Role of an effective financial planning process to address a client's ongoing needs, including - Factors that could impact insurance needs (e.g., change in dependents, marital status, employment or income, mortgage or new business owner, leaving Canada) - Updated needs analysis - New recommendations, including recommended policy changes - Periodic review cycle • How to make changes as a result of the review, including - Procedures for amending, renewing, terminating or cancelling an existing policy - Replacement rules and non-compliance penalties - How to handle minor amendments such as name changes or a change in address • Absolute and partial policy assignments
		4.2 Inform the claimant of the claims process	Claims process • Company requirements for a death claim - Completed claim form - Proof of death - Proof of age - Attending Physician's Statement (APS) - Confirmation of beneficiaries • Factors that could result in a lower payment • Time requirements • Tax treatment of death benefit (individual and group plans) Agent's role in claims process • How to assist the executor or beneficiary with completing a claims form • Role of the estate's executor or professional advisors

CISRO / OCRA

CURRICULUM – LLQP
MODULE: Accident and sickness insurance

Competency: Recommend individual and group accident and sickness insurance products adapted to the client's needs and situation

%	COMPETENCY COMPONENTS
35	**1. Assess the client's needs and situation**
	1.1. Determine the client's situation
	1.2. Assess the appropriateness of the client's existing coverage in regards to his or her situation
	1.3. Articulate the client's needs based on the risks that could affect his or her financial situation
30	**2. Analyze the available products that meet the client's needs**
	2.1. Analyze the types of contracts that meet the client's needs
	2.2. Analyze the riders that meet the client's needs
25	**3. Implement a recommendation adapted to the client's needs and situation**
	3.1. Consider the impact of underwriting criteria as they apply to the client's situation
	3.2. Propose a recommendation adapted to the client's needs and situation
	3.3. Confirm the requirements that must be met to implement the recommendation
10	**4. Provide customer service during the validity period of the coverage**
	4.1. Validate the appropriateness of contract amendment, renewal and termination applications in regards to the client's situation
	4.2. Inform the claimant of the claims process

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
35	1. Assess the client's needs and situation	1.1 Determine the client's situation	**Individual client's personal situation** • Family - Past and present marital status - Financial responsibilities and commitments between family members - Family generations • Occupation - Type of job, profession or business - Daily job duties - Length of time in current role - Training and education • Health and medical situation - Past and present health and personal care issues - List of past and present medications used **Group client's situation** • Two years of claims experience • Nature of business • Employee data sheet **Individual client's financial situation** • Sources of income - Earned income - Investment income - Unearned income - Pension income - Employee benefits - Insurance coverage benefits • Net income • Assets and liabilities - Types of ownership of assets - Beneficiaries for assets - Tax consequences related to liquidation of assets - Details of all debt (type, amount, purpose, interest rate, repayment schedule, management by client) • Participation in employer-sponsored registered and non-registered savings plans • Monthly and yearly cash-flow for family and business • Amount of savings available for emergencies • Prior years' tax returns and notices of assessment (at least past two years)

COMPETENCY SUB-COMPONENTS	CONTENTS
1.2 Assess the appropriateness of the client's existing coverage in regards to his or her situation	**Individual client's existing coverage** • Personal coverage - Type of coverage (disability income replacement, accident and dismemberment, critical illness, long-term care) - Characteristics of coverage (benefit amount, waiting and benefit periods, main features, premium) • Group coverage - Type of coverage, including extended health benefits - Characteristics of coverage, such as basis of coverage (salary, bonuses, non-evidence maximum) • Government coverage - Employment Insurance (EI) - Canada Pension Plan (CPP) - Workers' Compensation - Provincial health and disability plans - Tax characteristics of government benefits (non-deductibility, taxation of benefits, eligibility and contribution criteria, calculation of benefit amounts, integration with privately-funded employment benefits) • Lending institution coverage • Other resources (community and family resources, income, savings and post-retirement benefits) **Group client's existing coverage** • Plan design and premium rates • Funding mechanisms • Claims administration **Appropriateness of existing coverage** • Comparison of available coverage and resources against anticipated expenses and need for liquidity and income, in cases of disability and sickness and during retirement • Advantages and disadvantages of existing coverage

COMPETENCY SUB-COMPONENTS	CONTENTS

1.3 Articulate the client's needs based on the risks that could affect his or her financial situation	**Needs analysis process**
	• Determining needs and goals
	• Documenting the client's current financial position, obligations and risks
	• Comparing needs against existing resources (surplus, overlap, gaps)
	• Identifying suitable coverage or changes to existing coverage
	• Identifying the implications of changes to insurance coverage
	
	Client needs
	• Liquidity to achieve financial goals
	  - Time horizon and source of funds
	• Income during retirement based on objectives
	  - Retirement duration vs. longevity of family
	  - Desired budget considering inflation
	• Additional capital required after a disability
	  - Expenses to be covered
	  - Impact of disability on family, wealth accumulation goals, retirement and estate plan
	• Additional capital required after a critical illness diagnosis
	  - Medical treatments and time off work
	• Additional capital required after a long-term care diagnosis
	  - Loss of independence and daily care
	
	Risks
	• Financial risks associated with a loss of livelihood, or standard of living, including impact on estate planning initiatives, survivors' needs and tax consequences at death
	  - Client's exposure to financial risk
	  - Client's risk tolerance

COMPETENCY: RECOMMEND INDIVIDUAL AND GROUP ACCIDENT AND SICKNESS INSURANCE PRODUCTS ADAPTED TO THE CLIENT'S NEEDS AND SITUATION

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
30	2. Analyze the available products that meet the client's needs	2.1 Analyze the types of contracts that meet the client's needs	

Individual disability insurance (DI)

- Types of contracts
- Specific provisions and their potential impact
- Application in meeting client needs
- Definitions of disability
- Definitions: non-cancellable and guaranteed renewable
- Benefit periods
- Short-term and long-term disability insurance (STD and LTD)
- Meaning and purpose of a waiting period
- Limitations and possible modifications
- Exclusions
- Impact of offsets and integration of benefits

Long-term care insurance (LTC)

- Description of how policy benefits work
- Definition of Activities of Daily Living (ADLs)
- Comparison between home care and facility care benefits
- Guaranteed and non-guaranteed benefits

Group disability insurance (DI)

- Types of contracts
- Definitions of disability as used by short-term and long-term income replacement plans
- Rationale for the use of waiting periods in pricing plans
- Qualification period
- Coverage amounts
  - Non-evidence maximum amounts
  - Maximum amounts
- Benefit amounts and benefit period requirements of an STD plan to qualify for registration under the Employment Insurance Act for premium reduction purposes
- Advantages to employers of having an STD plan that is registered with Human Resources Canada for premium reduction purposes
- Rationale for having an employee pay the premiums for group LTD
- Impact of coordination of benefits and subrogation on a group policy

Critical illness insurance (CI)

- Types of contracts
- Application in meeting client needs
- Conditions that are generally covered
- Circumstances that will result in a payment of benefit
- Medical definitions
- Role of critical illness insurance in financial planning

Characteristics of specialized types of accident and sickness (A&S) and disability coverage

- Types and characteristics of business insurance
  - Disability business overhead expense insurance
  - Disability buyout coverage
  - Business loan protection
  - Key person coverage
- Types and characteristics of corporately-owned policies
  - Health and welfare trusts
  - Employee health trusts
  - Personal health spending plans
  - Private health Services Plans (PHSPs) for business owners
  - Grouped policies
  - Tax implications of a personal insurance policy being corporately held
- Mortgage DI and CI insurance
- Options for clients unable to qualify for traditional DI, such as special risk DI
- Clients whose needs cannot be fully met by traditional DI
- Underwritten and guaranteed plans

Other individual accident and sickness (A&S) insurance products

- Types of contracts, including accidental death and dismemberment (AD&D)
- Specific provisions and their potential impact
- Application in meeting client needs
- Rationale to supplement provincial and territorial coverage

Other group accident and sickness (A&S) insurance products

- Types of contracts, including AD&D
- Types of medical services usually included
- Rationale for the inclusion of deductibles and co-payments
- Typical limitations and exclusions
- Coverage and coordination of benefits
- Coverage offered by group extended health plans
- Primary features of a typical Employee Assistance Program (EAP)

Contract analysis

- Current contract offerings
- Client needs vs. products available in marketplace
- Implications of statutory provisions for the administration of A&S contracts
- Taxation of A&S premiums and benefits
  - Tax-free return of premium benefit on critical illness (CI) or disability
  - Sales tax applicable to employee benefits (federal and provincial)
- Policy guidelines

Group insurer's services

- Claims adjudication
- Member enrolment
- Premium billing

COMPETENCY SUB-COMPONENTS	CONTENTS
2.2 Analyze the riders that meet the client's needs	**Types of riders** • Future Purchase Option (FPO) • Cost-of-Living Adjustment (COLA) • Accidental death and dismemberment (AD&D) • 24-hour injury and sickness protection • Long-term injury protection • Specific injury benefits • Rehabilitation program benefit • Hospitalization benefit • Homecare • Recurrent disability • Partial and residual disability • Presumptive disability • Waiver of premium • Return of premium • Definitions of occupation (regular, own or any) **Rider analysis** • Customization and enhancement of coverage • Meaning and value of coverage in spite of limitations, modifications and exclusions • Differences between each carrier's equivalent riders • Advantages and disadvantages of policy options

COMPETENCY: RECOMMEND INDIVIDUAL AND GROUP ACCIDENT AND SICKNESS INSURANCE PRODUCTS ADAPTED TO THE CLIENT'S NEEDS AND SITUATION

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS

25	3. Implement a recommendation adapted to the client's needs and situation	3.1 Consider the impact of underwriting criteria as they apply to the client's situation	**Underwriting concepts and criteria**
			• Standards, coverage limits, premium rates and underwriting requirements relating to client characteristics
			  - Income
			  - Employment
			  - Lifestyle
			  - Health
			  - Family history
			• Basic underwriting criteria for disability insurance (DI), critical illness insurance (CI) and long-term care insurance (LTC)
			• Resulting exclusions and modifications
			• Circumstances under which benefits might not be payable or when the coverage might be rescinded
			
			Underwriting process
			• Factors that are relevant in the development and pricing of an accident and sickness insurance product
			  - Morbidity rates
			  - Administrative costs
			  - Expenses
			  - Cost drivers for group products
			• Key components of the policy application
			  - Agent comments section
			  - Medical questions
			  - Financial information
			  - Product selection
			  - Additional requirements
			• Impact of incomplete or inaccurate information in the application
			• Steps head office undertakes in processing an application received from the field
			  - Medical exam
			  - Attending Physician's Statement (APS)
			  - Medical Information Bureau (MIB)
			  - Inspection reports
			  - Hazardous sports and occupations
			  - Financial underwriting
			  - Potential additional questionnaires or client interview

COMPETENCY SUB-COMPONENTS	CONTENTS

3.2 Propose a recommendation adapted to the client's needs and situation.	**Recommendation process**
	• Quotes for appropriate coverage options based on needs
	  - Group brokerage services
	• Adjustments to recommendation based on client input
	• Management of client expectations regarding underwriting
	
	Factors that impact the recommendation
	• Client situation
	  - Age
	  - Occupation
	• Investments
	• Family structure and dynamics
	• Health, disability and potential exclusions
	• Risk management
	• Retirement planning
	• Taxation
	  - Strategies to maximize taxation efficiency (medical expense tax credit, health and welfare trust or PHSP for business owners)
	• Risk tolerance
	• Time horizon
	
	Characteristics of the recommendation
	• Selected product(s)
	• Amount of coverage
	• Premium
	• Recommended riders
	• Beneficiaries
	• Exclusions
	• Important clauses

COMPETENCY SUB-COMPONENTS	CONTENTS
3.3 Confirm the requirements that must be met to implement the recommendation	**Requirements** • Requirements to issue the product, according to product type • Required documents (physician's report, income tax report, financial statements, identification) **Implementation process** • Ratings (medical or risk ratings) and exclusion riders under which a contract is issued • Full disclosure in case of modification • Identification of timelines to review or remove exclusions, limitations and ratings

COMPETENCY: RECOMMEND INDIVIDUAL AND GROUP ACCIDENT AND SICKNESS INSURANCE PRODUCTS ADAPTED TO THE CLIENT'S NEEDS AND SITUATION

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS

10	4. Provide customer service during the validity period of the coverage	4.1 Validate the appropriateness of contract amendment, renewal and termination applications in regards to the client's situation	**Client services**
			• Policy feature opportunities and options
			  - Future purchase
			  - Guaranteed insurability
			  - Conversion
			  - Timed modifications
			  - Timed ratings
			• Review or removal of exclusions, limitations and ratings based on policy timelines
			• Policy service forms
			• Basic form processing rules
			
			Review process
			• Determining suitability or changes needed
			• Providing full disclosure and taking notes
			• Providing the client with a rationale for recommended action
			• Assessing the implications of changes to insurance coverage
			• Developing a client service strategy to remain aware of client's needs and situation
			• Re-setting client expectations

		4.2 Inform the claimant of the claims process	**Claims process** • Requirements for a claim • Factors that could result in lower benefits • Time requirements • Tax treatment of benefits **Agent's role in the claims process** • Describing the claims process • Knowing where to access and send forms and how they should be completed • Communicating with the benefit's adjudicator • Understanding the carriers' expectations of the agent's role

CISRO / OCRA

CURRICULUM – LLQP
MODULE: Segregated funds and annuities

Competency: Recommend segregated funds, individual annuities and group pension plans adapted to the client's needs and situation

%	COMPETENCY COMPONENTS
35	**1. Assess the client's needs and situation**
	1.1. Determine the client's situation, investment objectives, and investor profile
	1.2. Assess the appropriateness of the client's existing coverage in regards to his or her situation
	1.3. Articulate the client's needs based on the risks that could affect his or her financial situation
30	**2. Analyze the available segregated funds and annuities that meet the client's needs**
	2.1. Analyse the types of investments that can constitute a segregated fund and that meet the client's needs
	2.2. Analyze the advantages of segregated funds in comparison to other types of investments in regards to the client's needs
	2.3. Analyze the types of annuities that meet the client's needs
25	**3. Implement a recommendation adapted to the client's needs and situation**
	3.1. Propose a recommendation adapted to the client's needs and situation
	3.2. Confirm the requirements that must be met to implement the recommendation
10	**4. Provide customer service during the validity period of the coverage**
	4.1. Validate the appropriateness of contract amendment, renewal and termination applications in regards to the client's situation
	4.2. Inform the claimant of the claims process

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
35	1. Assess the client's needs and situation	1.1 Determine the client's situation, investment objectives, and investor profile	

Individual client's personal situation

- Health concerns
- Longevity of the client
- Power of attorney
- Will

Individual client's financial situation

- Documents for review
  - Income tax return (for the individual and his or her spouse, and business for the small business owner)
  - Mortgage statement
  - Statement of registered retirement savings plan (RRSP) contributions
  - Pension plan statements
  - Credit card statements
  - Bank statements
  - Line of credit or Home Equity Line of Credit (HELOC) statement
  - Other sources of income and debt,such as investment real estate, royalties, family support obligations, personal loans
  - Non-registered investment account statements
- Preparation and analysis
  - Basic balance sheet (assets and liabilities, including creditor liabilities)
  - Budget
  - Net worth statement
  - Cash flow statement

Investor investment objectives

- Account purpose
- Financial goals
- Need for guaranteed investments
- Time horizon

Investor profile

- Current savings
- Risk tolerance
- Knowledge of investments
- Investment experience
- Tolerance of volatility
- Results of financial review
- Results of needs review
- Results of income survey

Group plan intention

- Funding commitment and payroll contributions
- Timing of plan implementation

COMPETENCY SUB-COMPONENTS	CONTENTS
1.2 Assess the appropriateness of the client's existing coverage in regards to his or her situation	**Government retirement pensions** • Eligibility, contributions, and benefits – Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) – Old Age Security (OAS) – Guaranteed Income Supplement (GIS) – Allowance – Veterans' benefits – Provincial retirement benefits • Tax characteristics – Non-deductibility of mandatory government plans – Taxation of benefits **Group pensions** • Registered pension plan (RPP) eligibility, contributions and benefits – Defined benefit pension (DBP) – Defined contribution pension (DCP) – Deferred profit-sharing plan (DPSP) – Group registered retirement savings plan (GRRSP) • Locked-in plan restrictions and benefits – Life income fund (LIF) – Locked-in retirement account (LIRA) – Locked-in retirement savings plan (LRSP) – Locked-in retirement income fund (LRIF) – Prescribed retirement income fund (PRIF) – Restricted life income fund (RLIF) **Individual or group registered plans** • Pooled registered pension plan (PRPP) • Tax-free savings account (TFSA) **Individual registered plans** • Registered retirement savings plan (RRSP) – Spousal RRSP • Registered retirement income fund (RRIF) – Income splitting • Registered disability savings plan (RDSP) • Registered education savings plan (RESP) **Individual non-registered plans** • Non-registered accounts – Savings – Investments • Life insurance – Insurance policies – Annuities **Group plan coverage** • Plans available • Form of existing plan

COMPETENCY SUB-COMPONENTS	CONTENTS

1.3 Articulate the client's needs based on the risks that could affect his or her financial situation	**Risks facing the individual investor**
	• Economy as a whole
	• Investment risks
	  – Inflation risk
	  – Interest rate risk
	  – Market risk
	  – Liquidity risk
	  – Foreign exchange risk
	  – Credit risk
	  – Industry risk
	• Client-specific financial risks
	  – Low level of financial literacy
	  – Risk of job loss
	  – Risk of outliving money (longevity)
	  – Risk of bankruptcy
	  – Liquidity issues
	
	Needs
	• Need for income
	  – Individual
	  – Spouse
	  – Couple
	• Need for retirement income
	  – Individual
	  – Spouse
	  – Couple
	• Need for estate planning
	• Need for emergency fund
	• Need for creditor proofing
	• Need for lump-sum savings
	• Return on investment
	  – Capital preservation
	  – Growth
	  – Inflation protection
	• Diversification
	• Investment management

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS

30	2. Analyze the available segregated funds and annuities that meet the client's needs	2.1 Analyze the types of investments that can constitute a segregated fund and that meet the client's needs	Types of segregated funds
			• Money market funds
			• Bond funds
			• Income funds
			• Mortgage funds
			• Equity funds
			• Dividend funds
			• Real estate funds
			• Balanced funds
			• Index funds
			• Fund of funds
			• Specialty funds
			
			Fund analysis
			• Current offerings
			• Client needs vs. products available
			• Application of basic taxation principles
			  – Investment allocations and dispositions triggering capital gains or losses
			  – Withholding tax on income and fund surrenders

COMPETENCY SUB-COMPONENTS	CONTENTS

2.2 Analyze the advantages of segregated funds in comparison to other types of investments in regards to the client's needs	**Other types of investments**
	• Stocks
	• Bonds
	• Real estate
	• Mutual funds
	• Exchange-Traded Funds (ETFs)
	• Guaranteed Investment Certificates (GICs)
	• Canada Premium Bonds (CPBs)
	• Canada Savings Bonds (CSBs)
	
	Advantages of segregated funds for individual investors
	• Issue as individual variable insurance contract (IVIC)
	• Guarantees
	  - On maturity
	  - On death
	• Creditor protection
	• Reset option
	• Exemption from probate
	• Income benefit
	  - Guaranteed Minimum Withdrawal Benefit (GMWB)
	  - Guaranteed Lifetime Withdrawal Benefit (GLWB)
	• Managed volatility
	• Professional management
	• No requirement for ongoing decisions
	• Valuation
	• Allocations
	• Switches between funds
	• Ability to transfer and withdraw
	• Diversification
	• Assuris coverage
	• Right to cancel
	• Ongoing deposits
	
	Advantages of segregated funds for groups
	• Lower management expense ratio
	• Forced savings
	• Professional management
	• No requirement for ongoing decisions
	• Allocations
	• Member participation
	  - Fund switches
	  - Rebalancing of assets
	  - Withdrawals
	
	Tax implications
	• Capital gains or loss on redemption of non-registered annuity contracts (segregated funds only)
	• Tax treatment of death guarantee and maturity guarantee top ups of segregated fund annuity contracts
	• Tax treatment of GMWB and GLWB plans

COMPETENCY SUB-COMPONENTS	CONTENTS
2.3 Analyze the types of annuities that meet the client's needs	Types of annuities • By type of contract – Single-life – Joint first and joint last to die – Registered and non-registered annuities • By duration – Term certain annuity – Straight life annuity (guarantees, e.g., number of payments, instalment refund, cash refund) – Impaired life annuity • By need for income – Immediate annuity – Indexed life annuity – Deferred annuity – Variable annuity • By form of taxation – Prescribed rate – Accrued rate • By capitalization – Accumulation annuity – Defined contribution pension (DCP) and locked-in retirement account (LIRA) transfer – Registered retirement savings plan (RRSP) maturity transfer • By need for estate planning – Insured annuity Advantages of annuities for individual investors • Income security • Ease of understanding • Creditor protection Tax implications • Accrual reporting vs. prescribed annuity contract reporting • Income tax on registered annuity contracts Factors affecting annuity payments • Withdrawal rights and market value adjustment • Guarantees • Annuity rate • Length of benefit period

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
25	3. Implement a recommendation adapted to the client's needs and situation	3.1 Propose a recommendation adapted to the client's needs and situation	

Recommendation for segregated fund for the individual investor

- Minimum deposit and funding
- Type of fund and its specific characteristics
  - Total value
  - Date of inception
  - Portfolio turnover rate
  - Portfolio manager
  - Minimum investment
  - Performance data (average return, year-over-year returns)
  - Fund facts
  - Adjusted cost base
  - Notional units
  - Financial statement
  - Taxation
  - Net asset value and market value
- Value of guarantees
  - Death guarantee
  - Maturity guarantee
  - Enhanced death benefits
  - Guaranteed Minimum Withdrawal Benefit (GMWB) and Guaranteed Lifetime Withdrawal Benefit (GLWB) riders and withdrawals
- Time value of money
- Reset rules
- Tax considerations
  - Tax treatment of maturity guarantee
  - Tax treatment of death benefits
- Riders
- Fund options
- Maturity date

Limitations of segregated funds for the individual investor

- Specific sales charge applied
- Management expense ratio (MER) of fund
- Trailing commission of fund
- Principal risks of fund
- Age restrictions
- Penalties applied
  - Early termination and surrender
  - Withdrawals

Recommendation for segregated fund for the group

- Selection of appropriate plan for the group
- Presentation of alternatives

Recommendation for annuity for the individual investor

- Timing: immediate or deferred
- Value of guarantees
  - Life annuity
  - Riders
- Annuity rate
  - Variable
  - Fixed
- Taxation
- Benefit payment
- Type of annuity and its specific characteristics
- Creditor protection

Strategies for tax efficiency

- General strategies
  - Leveraging or borrowing to invest
  - Income splitting
  - Gift strategies
- Credits and deductions
  - Charitable donations or tax credit
  - Using tax credits in higher or lower income spouse's name
  - Tax-advantaged returns in investing
  - Tax deductibility of interest on leveraging for non-registered plans
- Insurance-specific strategies
  - Prescribed annuities
- Tax deferral plans
  - Tax Free Savings Account, Registered Retirement Savings Plan (RRSP), spousal RRSP
  - Home Buyers' Plan and Lifelong learning Plan as RRSP strategies

Limitations of segregated funds for groups

- Absence of guarantees
- Mandatory contributions
- Vesting period

Limitations of annuities for the individual investor

- Interest rate risk
- Inflation risk
- Risk of loss of capital at death
- Penalties
  - Early termination and surrender
  - Withdrawals

COMPETENCY SUB-COMPONENTS	CONTENTS

3.2 Confirm the requirements that must be met to implement the recommendation	**Individual investor**
	• Application form
	• Rider election form
	• Beneficiary form
	• Correct form of account
	  – Proper client identification for account opening purposes
	  – Ascertaining owner, annuitant and beneficiary
	• Consideration (payment) to accompany application or specifying the source of funding, i.e. transfer of registered retirement savings plan (RRSP) or locked-in retirement account (LIRA)
	• Delivery of information folder and fund facts
	• Determining fund value
	• Notice of confirmation with signatures and date
	
	Group
	• Role of group administrator
	• Data from group administrator
	• Documentation to group members
	• Application form
	• Payroll contributions
	• Eligibility of members
	• Need for annual review

%	COMPETENCY COMPONENTS	COMPETENCY SUB-COMPONENTS	CONTENTS
10	4. Provide customer service during the validity period of the coverage	4.1 Validate the appropriateness of contract amendment, renewal and termination applications in regards to the client's situation	**Service needs of individual investors** • Follow-up • Monitor and review – Scheduled review – Annual review – Change in client circumstances – Change in product • Deposits • Fund switches • Change of beneficiary • Reset • Renewal • Withdrawals • Surrender **Service needs of group plan members** • Follow-up • Monitor and review – Annual review – Change in client circumstances – Change in product • Locked-in account transfer • Change of beneficiary • Withdrawals • Purchase of annuity • Termination of employment – Transfer to another group plan – Transfer to individual locked-in account
		4.2 Inform the claimant of the claims process	**Agent's role in the claims process** • Describing the claims process • Knowing where to access and send forms and how they should be completed • Understanding the carrier's expectations of the agent's role **Claims information for individual investors** • Death • Withdrawals • Surrender • Maturity • Power of attorney **Claims information for group members** • Notice of change • Death • Withdrawal by member **Factors affecting claim** • Maturity guarantee • Death benefit guarantee • Market value adjustment • Allocations • Sales charge