



General Insurance Licensing Qualification Review (GILQR)

Stakeholder Information Session

June 20, 2019

Toronto, ON

Objectives

- To provide an update on developments relating to the review of licensing qualification requirements for general insurance;
- To answer stakeholder questions and address any concerns regarding the initiative;
- To seek input from stakeholders on the potential approaches identified and next steps.

Background

- GILQR Committee started its work - Early 2018
 - Chair: Anthonet Maramieri (Alberta Insurance Council)
 - Membership from 8 other CISRO organizations
- Mandate:
 - Review licensing education requirements for general insurance agents and brokers across Canada and make recommendations regarding a harmonized approach.

Project Scope

- Review of the educational requirements for general insurance licensing in each Canadian jurisdiction;
 - Recommendations to facilitate harmonization of these requirements;
 - Recommendations for common curricula and examinations for general insurance licensing at the entry level; and
 - Consideration of the impact existing licensing frameworks might have on such recommendations.
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- Out of scope:
 - Any other educational pre-requisites in a jurisdiction, such as a high school or college diploma;
 - Recommendations regarding changes to requirements for claims adjuster licensing qualifications.

Work Completed

- Early stakeholder consultations (Summer/Fall 2018)
 - Written submissions
 - Regional meetings
- Input from all CISRO members (2019)
 - Survey of licensing requirements across Canada
 - Agreement on the definition of “entry level”
 - CISRO confirmation of proposed direction and next steps

CISRO Definition: Entry Level

The level at which an individual is first authorized to act as an insurance intermediary without being in a supervisory position.

High Level Principles

- The foremost goal of a CISRO program is consumer protection, ensuring that consumers receive services from highly qualified general insurance agents, brokers and representatives, regardless of their province or territory.
- Initiative should seek to harmonize entry level licensing qualifications where appropriate and possible, while recognizing that entry level licensing differences may remain.
- A harmonized program should attain a high level of qualification standards in all jurisdictions.
- Any program should be self-funded.
- Any program should incorporate regular maintenance to keep up with changes in the industry and marketplace.

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High Level Principles (continued)

- Any program should have strong ethics and professional practice components.
- There should be a method for testing or assessing knowledge, i.e., an examination. Licensing examinations should be developed by regulators where feasible.
- Agents and brokers should be properly educated for the products they are authorized to sell; the roles and responsibilities of a licence should correspond with the educational training it requires.
- Any program should align with the labour mobility provisions of the Canadian Free Trade Agreement.

High Level Principles (continued)

- ▶ Continued stakeholder engagement will be integral to the program as it is designed and developed.

Harmonization

- ▶ The action or process of making something consistent or compatible
- ▶ The process of minimizing redundant or conflicting standards which may have evolved independently

Current Regulatory Frameworks

- Licence levels or no levels.
- If levels, the number of levels and what they are based on (e.g., type of product sold, agent or broker experience, supervision) differs.
- Licensing distinction between agents and brokers.
- Existence of restricted product licenses (e.g., some provinces offer licences to sell only certain products such as travel or hail insurance).
- Use of third-party course providers or provincially administered examinations based on regulators' own curriculum.
- Whether equivalencies such as designations are permitted.
- Whether exams may be challenged without a pre-exam certification course.

Stakeholder Input

- Most see value in further harmonization of licensing qualifications, both for the industry and for their own organizations.
 - Potential reductions in training time and costs
 - Increased labour mobility for licensees
 - More consistent consumer experience
 - Easier integration of the new Fair Treatment of Customers principles.
 - Course providers may be able to expand their offerings beyond one jurisdiction, while those that are already national in scope may be able to adapt their programs to a harmonized model.
- Common theme: importance of a focus on consumer protection and the upholding of a professional and competent workforce when developing qualification standards.

Stakeholder Input (continued)

- Some concerns:
 - Will there be a lowering of the minimum educational levels and qualifications to practice?
 - Who will develop the program?
 - What will be the potential impact?

CISRO Direction for GILQR

- CISRO mandate: “to collaborate on initiatives that support a consistent approach to consumer protection through the regulation of insurance intermediaries.”
- CISRO members support stakeholder consultation.
- Harmonize to the extent possible.
- CISRO members have agreed to work towards a common curriculum and examination(s).
- No decisions have been made on how those would best be achieved.
- Jurisdictional differences could impact the feasibility of full harmonization e.g., Québec Civil Code; automobile insurance.

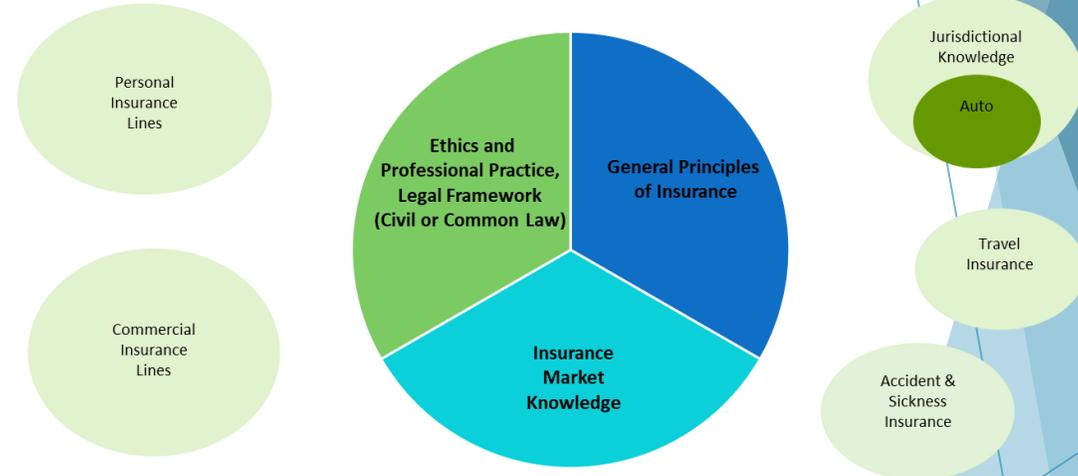
Approach #1



*Subject areas to be confirmed - for illustrative purposes only

Approach #1 (continued)

- Actual knowledge areas to be covered will be finalized as part of the development process.
- Modular approach with a common core.
- Content of modules would be based on analysis of the different products (commonalities and material differences across jurisdictions, etc.).
- Regulators in each jurisdiction would use the basic core program but could pick and choose the other pieces to add on for their specific licensing requirements.
- This option would allow significant customization.
- This approach would require agents and brokers to complete jurisdictional modules in order to be eligible for a license in those jurisdictions.

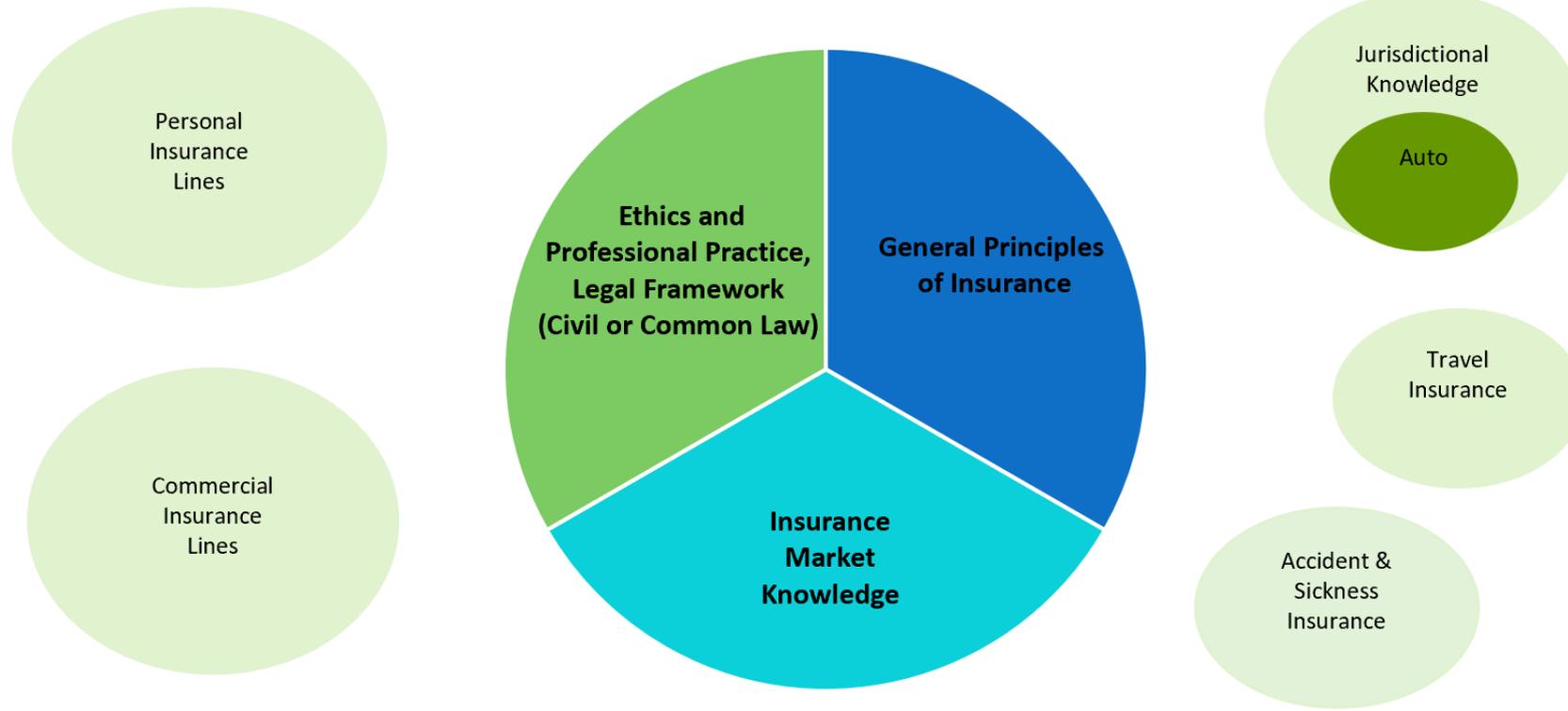


Approach #1 Example (QC - Personal Lines)



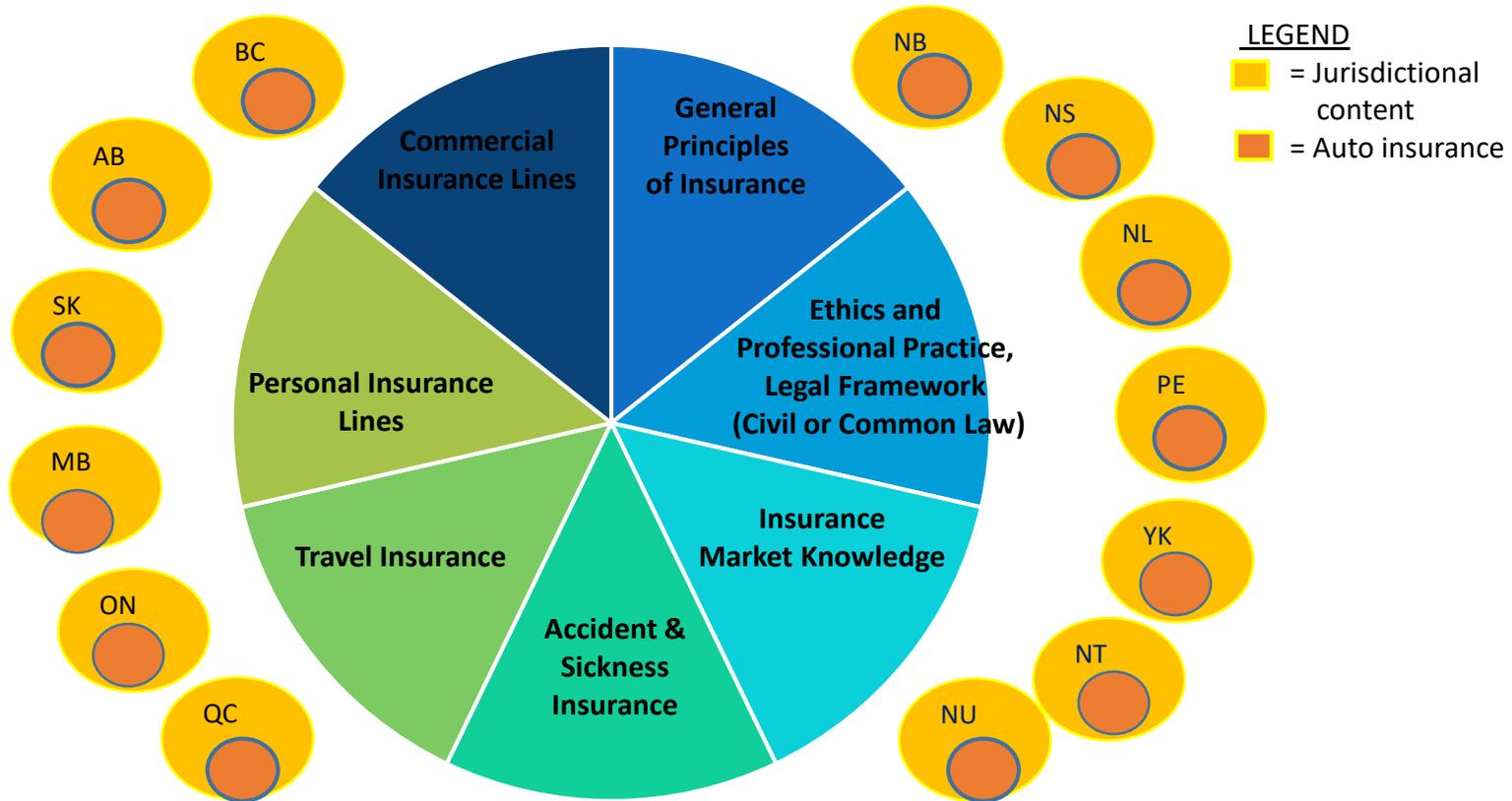
*For illustrative purposes only

Approach #1 Example (AB)



*For illustrative purposes only

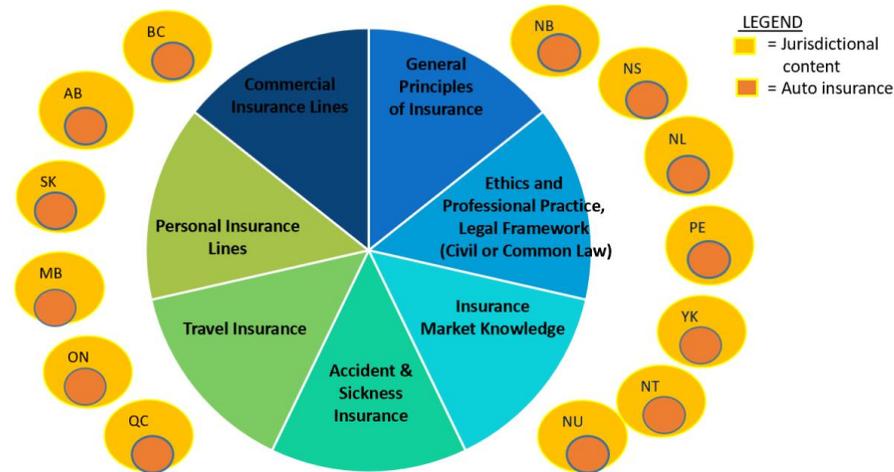
Approach #2



*Subject areas to be confirmed - for illustrative purposes only

Approach #2 (continued)

- Actual knowledge areas to be covered will be finalized as part of the development process.
- Modular approach with entire knowledge areas' alignment between jurisdictions with exceptions only for jurisdictional differences in content such as jurisdictional regulation, auto insurance and Québec Civil Code.
- This approach would require agents and brokers to learn about and be examined on products they might not be permitted to sell, or typically would not sell under their licence(s).
- This approach is less customizable.



For Discussion

1. What are your thoughts on the high-level principles? Are there any other principles that should guide the development of an entry level general insurance licensing qualification program?
2. How could a harmonized curriculum best be achieved, given that currently multiple providers create their own curricula?
3. A potential program could have common study materials, based on a common curriculum, developed by one party and used by all providers with regulator-administered exams. What advantages and disadvantages might there be for students, course providers and regulators?
4. Conversely, a potential program could allow for multiple providers creating their own materials based on a common curriculum with regulator-administered exams. What are your thoughts on the advantages and disadvantages of this approach for students, course providers and regulators?

For Discussion (continued)

5. Currently, some licensees may be authorized to sell products for which they have not acquired technical knowledge. Conversely, licensees may have technical knowledge of products that they are not permitted to sell under the authority of their licence (e.g., A&S insurance, travel insurance, commercial insurance, etc.). What issues may arise from this? How do you recommend the CISRO initiative might address these? Are there other issues that arise from the current licensing qualification framework?
6. What are your thoughts on the two approaches identified by CISRO? Are there other approaches that CISRO should consider?
7. To what extent do you believe that auto insurance content could be harmonized?
8. To what extent should travel insurance be included in a program (given that this may include components of accident & sickness insurance)?

Next Steps

- ✓ Presentation sent out to all stakeholders
- Available on the CISRO website
- Send your written feedback to the CISRO Secretariat (Email: cisro-ocra@fsrao.ca) by July 31, 2019
- If difficulties are anticipated, please contact the CISRO Secretariat
- In-person meetings are available in conjunction with written submissions
- GILQR Committee will review and present feedback at Fall CISRO meeting
- Feedback may be published to the CISRO website

Questions?

