



Frank Swedlove
President and CEO

October 15, 2015

Brett Thibault
Chairperson
Insurance Council of British Columbia
Suite 300 - 1040 West Georgia Street
Vancouver, BC V6E 4H1

Dear Mr. Thibault:

I am writing regarding the Council's decision to only recognize independent educational institutions as course providers for the Life Licence Qualification Program (LLQP). CLHIA has serious concerns about both the stated rationale for this decision as well as the practical effect that the timing of this decision will have for insurers who planned to act as LLQP course providers.

By way of background, four life insurance companies currently act as LLQP course providers in British Columbia. These companies have been training prospective advisors since the LLQP was introduced in January 2003 and their performance during this period is a matter of public record. With the introduction of the new LLQP, a fifth insurance company plans to begin acting as an LLQP course provider. At the time the Council's decision was announced, all five companies had successfully applied for national accreditation and were in the process of seeking provincial recognition.

In its explanation for its decision, the Council suggests that, since an educational institution's reputation is linked to the performance of the candidates it trains, it has an interest in placing the interests of its students and the Council first. It is difficult to see how the same reasoning does not apply to insurance companies. If anything, insurance companies have even more at stake than these independent organizations. In the vast majority of situations, individuals trained by an insurance company will continue to represent that company as a licenced agent after they have passed the LLQP exam. The reputation of insurance companies, therefore, is linked not just in the short term with how well their students perform on the exam but also over the longer term in how they continue to perform as professional advisors.

The Council also notes that the practice of life insurance companies training potential advisors for the purposes of licensing or registration is unique within the financial services industry. While this may be true, the position of life insurance companies vis-à-vis their advisors is also unique. At least in the common law provinces, it is generally understood that an advisor carrying out duties assigned to him or her by an insurer to, among other things, solicit applications for insurance and give advice about that insurance is deemed to be acting as an agent of the insurer.

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Finally, the Council notes that there are obstacles to auditing the training programs of life insurance companies that do not arise with independent, educational institutions. While enrolling students in the program of a life insurance company may not be feasible, CLHIA submits that Council has a variety of equally effective options for ensuring the quality of an insurer's program. Beginning with the LLQP course provider accreditation process, each course provider is required to document how its program covers the full scope of the LLQP curriculum. It is our understanding that the Council would have access to this by virtue of its participation in CISRO and the LLQP Governance Committee. We note further that section 2.16 of the LLQP licensing agreement requires that a "LICENSEE shall provide its Derivative Works to LICENSOR on request." As well, detailed statistical analysis of how well LLQP candidates do in each of the competency areas assessed in the LLQP exam provides empirical evidence of the effectiveness of the course provider's instructional practices.

For all these reasons, we respectfully submit that the Council's concerns about potential conflicts of interest associated with life insurance companies acting as LLQP course providers are unfounded. Accordingly, we strongly encourage the Council to reverse its decision to not recognize life insurance companies as LLQP course providers.

With respect to the timing of the decision, life insurance companies seeking recognition were only advised of the Council's decision at the end of September. The LLQP National Accreditation Criteria for course providers was finalized and published in January 2015. It is our understanding that the Council would have been involved developing and approving these criteria. Life insurance companies intending to act as LLQP course providers would have relied on these criteria, and the licensing agreement that was published at the same time, when they developed their business plans and finalized decisions to act as course providers. If the Council decides to continue this policy about life insurance companies, CLHIA respectfully submits that there should be appropriate grandfathering for companies that initiated requests for recognition before the decision was announced.

Yours sincerely,

Original signed by

Frank Swedlove