



Advocis
390 Queens Quay West, Suite 209
Toronto, ON M5V 3A2
T 416.444.5251
1.800.563.5822
F 416.444.8031
www.advocis.ca

January 13, 2012

Mr. Gerald Matier
Executive Director
Insurance Council of British Columbia
PO Box 7, Suite 300 – 1040 West Georgia Street
Vancouver, British Columbia
V6E 4H1

Dear Mr. Matier:

Re: Request for Comment: Proposal for Rule Changes relating to supervision of new agents

Advocis appreciates the opportunity to provide comments on the Insurance Council of British Columbia's ("Council") proposal to amend its Rules to require new life insurance agents to be supervised by an experienced life insurance agent for a two year period.

Advocis is the association of choice for financial advisors and planners. With more than 11,000 members across the country, Advocis is the definitive voice of the profession, advocating for professionalism and consumer protection. Our members are provincially licensed to sell life and health insurance, mutual funds and other securities, and are primarily owners and operators of their own small businesses who create thousands of jobs across Canada. Many of our members are dually licensed to sell both life and health insurance, and mutual funds and other securities.

Professional financial advisors and planners are critical to the economy, helping consumers make sound financial decisions that ultimately lead to greater financial stability and independence. Advocis works with decision-makers and the public, stressing the value of financial advice and striving for an environment in which all Canadians have access to the advice they need.

Our nearly 2,000 members in the province of British Columbia provide financial advice and services to hundreds of thousands of British Columbians. They operate in accordance with the requirements of British Columbia's *Financial Institutions Act* and its associated regulations, in accordance with Council's Rules and Code of Conduct, and those that are licensed for securities purposes also operate in accordance with the requirements of the *Securities Act* and its regulations. Advocis looks forward to working with the Council in order to facilitate and promote an efficient, effective and competitive insurance regulatory system in Canada that serves the public interest.

Advocis welcomes the Council's proposed changes to Council Rules (the Proposal) that will require a new agent be under the direct supervision of a "qualified" life insurance agent for a minimum two year period. In particular we welcome the recognition by the Council, of the value

of recognized designations, including CFP, CLU and RFP in preparing new life agents to serve clients, by providing a reduced supervision period for new life agents who obtain those designations.

When we commented last year in response to the Council's Consultation Paper, we urged the Council to also consider providing for the reduction of the supervision period for life agents who are members in good standing of a professional association such as Advocis.

We repeat our earlier suggestion, and would ask the Council to consider reducing the supervision period by six months, for new life agents who have been members in good standing of a professional association such as Advocis for at least nine months after they are licensed. Life agents who are members of a professional association such as Advocis, are subject to high professional and ethical standards and continuing education requirements, and are accountable to the Association for complying with a Code of Conduct. We submit that membership in a professional association such as Advocis evidences a commitment to professionalism and offers a basis for concluding that a shorter period of supervision is appropriate.

We also would submit that it would serve the interests of consumers and the goals of the Council, to promote high professional standards and accountability of life insurance agents through membership in professional associations. Providing for a reduced period of supervision for new life agents who belong to a professional association, will serve as an incentive to life insurance agents to enhance their professionalism through Association membership.

We note that the new definitions and new sections that were appended to the Proposal for Rule Changes document, do not specifically address the matter of reduced supervision periods for new agents who have obtained a recognized designation (e.g., CFP, CLU or RFP). We presume that this will be addressed in due course. We urge Council, when drafting rule amendments and guidelines to permit reduction of supervision periods, to make it possible for the Council to recognize other relevant factors, such as membership in a professional association, as a basis for reducing the supervision period.

We note that the original Discussion Paper proposed that the supervising agent would be expected to accept responsibility for "the insurance (and any related) activities of the new agent". In our comments regarding the Discussion Paper we noted that it was not clear to us what was meant by "any related activities", and that we would like to discuss "how broad the supervision is meant to be and how it would be applied in the situation of the dual-licensed advisor." The current Rule Change Proposal does not refer to supervision of related activities. We believe additional clarification as to the scope of supervision would be helpful.

Advocis is pleased to have had this opportunity to comment on the proposed new Rules. We would welcome the opportunity to discuss any of the issues that we have raised and look forward to working with you.

Yours sincerely,



Greg Pollock, M.Ed., LL.M., C.Dir., CFP
President and CEO



Dean Owen, CLU, CH.F.C.
Chair, National Board of Directors