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August 1, 2012

Mr. Ron Fullan  
Executive Director  
Life Insurance Council of Saskatchewan  
310 – 2631 28<sup>th</sup> Ave.  
Regina, SK  
S4S 6X3

[info@skcouncil.sk.ca](mailto:info@skcouncil.sk.ca)

Dear Mr. Fullan:

**Re: Request for Comment: Life Insurance Continuing Education Requirements**

Advocis appreciates the opportunity to provide comments on the Life Insurance Council of Saskatchewan's ("the Council's") proposal to amend its continuing education requirements. Please note that in the following when reference is made to continuing education programs in general, the acronym "CE" is used. In contrast, when the text makes reference to continuing education understood as the Council's revised definition of the term, it always appears in "Title Case" – that is, as "Continuing Education."

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 members in Saskatchewan provide financial advice and services to thousands of families and small businesses in the province. They operate in accordance with the requirements of Saskatchewan's financial services legislation, and Council's own rules. 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.

Our comments are as follows:

Advocis welcomes the Council's proposed amendments to the CE requirements. We welcome the proposal to make CE requirements more substantive, structured and focused. We believe that this will lead to improved educational outcomes and will contribute to increased proficiency and professionalism on the part of life licensees in Saskatchewan.

### **Two-Year Reporting Cycle**

We welcome the change from a two-year to a one-year reporting cycle. We believe the shorter cycle, in conjunction with the new definition of the term "Continuing Education" and the proposed new requirements regarding structure and instruction time, will lead life licensees to take their commitment to ongoing education very seriously and to make the most of the time they devote to CE. An unfortunate consequence of the longer cycle has been that some licensees seemed inclined to put off the fulfillment of their CE requirements to the end of the second year; the shorter cycle will ensure that CE is undertaken each year.

### **No Excess Credit Carry Over**

Advocis agrees with the Council's decision not to permit the carry over of excess credit hours to the next year. This is in keeping with our view of the value of engaging in eligible CE activities each year.

### **Definition of the Term "Continuing Education"**

We believe the goal of CE should be to ensure that licensees maintain and expand their knowledge and proficiency, so that they will be able to apply their knowledge and provide advice and service to clients in a competent and ethical manner.

We believe the new definition of "Continuing Education," which requires that CE be based on technical material that directly relates to specified subject areas, as set out in clauses (a) through (e) of subsection 2(1), is broadly consistent with the goal of ensuring that licensees possess, and continue to acquire and possess, the knowledge and competencies they need in order to provide advice and service to clients in a competent and ethical manner.

### **Practice Guidelines for Financial Advisors and Planners**

We believe CE should enable licensees to maintain and expand their knowledge and proficiency so that they can apply their knowledge and provide advice and service to clients in a competent and ethical manner.

In order to provide the level of financial advice that today's consumers need, licensees must have access to CE that is directly aligned with key competencies and practice behaviors.

We accordingly urge the Council to consider the adoption of a more precisely targeted approach to identifying curriculum that is sufficiently aligned with key competencies and practice behaviors. We believe that the appended document, *Practice Guidelines for Financial Advisors and Planners*, developed by The Institute for Advanced Financial Education (a subsidiary of Advocis), takes the identification of qualifying curriculum to a new level. (Please see Appendix A, "The *Practice Guidelines*"). The *Practice Guidelines* include a practice competency framework and a practice behavior framework which delineate the knowledge, abilities and behaviors that are necessary for financial advisors and planners to perform their job duties and associated tasks competently.

### **Education Related To Management of a Financial Services Business**

We note that the new definition of "Continuing Education" will no longer expressly include education related to the management of a financial services business.

We believe that some CE concerning the management of a financial services business could be relevant to a financial advisor's ability to provide advice and service to clients in a competent and ethical manner. To the extent that courses related to the management of a financial services business directly relate to the subject matter set out in the proposed new definition of "Continuing Education" in Section 2, it should be possible for such courses to qualify for CE. For example, a course that focuses on management of a financial services business could include sufficient content concerning compliance with insurance legislation, privacy legislation and anti-terrorism / money-laundering legislation so that it qualifies as CE.

### **Confirming CE Eligibility**

The Council may also wish to recommend the utilization of impartial third party accreditation of CE to ensure alignment with the *Practice Guidelines*. Demand for this form of accreditation is growing, with more education providers seeing the value it brings to their programs by offering the assurance of the imprimatur of impartial third-party CE accreditation.<sup>1</sup> The process provides:

- assurance for the life insurance licensee that it is education time well spent,
- confidence for CE Auditors that the education meets their requirement(s) and, most importantly,
- protection for consumers that their financial advisor is maintaining a standard level of practice competence in order to meet their needs.

### **Recognition of Professionalism**

Since the Council is considering amendments to CE requirements for Life and Accident and Sickness licensees, the Council may also wish to consider the benefit of recognizing professional designations in good standing as a way of meeting its CE requirements, provided that the CE requirement for the designation is at least 15 hours annually.

As a starting point, the Council would need to identify a minimum standard for a recognized industry designation that would exempt the licensee from the Saskatchewan requirement. Such a minimum standard could mandate that the designation:

- be comprised of three or more courses requiring a minimum of 30 study hours each with successful completion confirmed through an impartial assessment;
- require a score of at least 60% for successful completion, an annual CE requirement at or above the Saskatchewan minimum requirement to maintain one's designation status in good standing, and adherence to a published code of professional conduct;
- have a published disciplinary policy for enforcement purposes in the event of a breach of its code of professional conduct; and that
- the designation's governing body be required to apply to the province for exemption recognition of its designation and be willing to provide confirmation as requested to the province of designee standing.

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<sup>1</sup> Impartial third-party accreditation of CE programs developed for financial advisors and planners is a service offered independent from the course provider. It utilizes a review and approval process to confirm that the program has: met a clear standard of educational quality, been reviewed against published practice guidelines for financial advisors and planners, and been shown to be relevant to today's financial services industry. Appropriate documentation of the accreditation decision would include at a minimum a summary of the specific competencies that have been confirmed. Example: Accreditation Services provided by The Institute for Advanced Financial Education, a subsidiary of Advocis.

Further, the successful completion of any individual course leading to an exempt designation would be considered an eligible credit for the purposes of fulfilling the annual Saskatchewan CE requirement.

With respect to Section 3, Structure, Advocis seeks clarification that a “structure dedicated to learning” would include a variety of formats such as in-class, seminar, online, and self-study. Advocis suggests that the Council may wish to identify acceptable methods for confirming learning for each format.

With respect to Section 4, Time, Advocis suggests that exam time should not be considered as being eligible learning time.

Advocis is pleased to have had this opportunity to comment on the proposed amendments to the Council’s CE requirements. We would welcome the opportunity to discuss any of the issues that we have raised and look forward to working with you.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'G. Pollock', with a long horizontal flourish extending to the right.

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

A handwritten signature in black ink, appearing to be 'Dean Owen', with a long horizontal flourish extending to the right.

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