



Advocis
390 Queens Quay West, Suite

Toronto, ON M5V 3A2
T 416.444.5251
1.800.563.5822
F 416.444.8031
www.advocis.ca

January 30, 2008

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

Dear Mr. Matier,

Re. Proposed Changes to Continuing Education for Life Insurance Agents

Advocis appreciates the opportunity to provide comments on the Insurance Council of British Columbia's proposed changes to its continuing education (CE) program requirements for life and accident & sickness insurance agents as outlined in the November 2007 consultation paper.

Advocis, the Financial Advisors Association of Canada, is Canada's oldest and largest voluntary professional membership association of financial advisors. Advocis represents life and health insurance licensees and mutual fund and securities registrants across the country, with over 2,000 members in the Province of British Columbia.

Current and relevant continuing education is at the core of professionalism for financial advisors and assists in keeping advisors fully informed of key market and regulatory developments in the consumer interest, which is why Advocis allocates considerable resources towards developing and maintaining its own CE program. As a condition of membership, all Advocis members must maintain a minimum of 30 CE credits annually. In addition, we recognize that the financial services landscape is changing at a considerable pace, and bringing the financial advisor up to speed with new and emerging developments is essential. This is why Advocis has undertaken to clarify our CE definition.

We agree with intent of Council's proposed changes, namely to encourage participation in professional designation programs and a focus towards insurance-related education as a means of providing consumers of life and health insurance with competent and timely advice. We have some specific comments to the recommendations which are provided below.

With respect to *Recommendation #1* regarding the nature of continuing education credits that will qualify, BC's move to align CE with a 'modified' LLQP design document appears to be very much in line with Advocis' CE definition that requires learning programs to deliver competency-based learning with the following characteristics:

- Links to core competencies with clearly stated learning objectives;
- Required skill levels to identify the level/depth of learning; and
- Completion requirements that fit a practical way to confirm what has been learned.

Our approach is holistic for financial advisors and we do not have restrictions on specific products, however, underlying product knowledge is eligible for General Credits under our definition. While our programs cover knowledge that goes beyond the scope of insurance, we believe that the majority of our programs will meet the insurance-focused requirements for BC. We would be pleased to review the modified LLQP design document and provide you with our input once it is fully developed.

Narrowing what counts as CE for licensed agents to education that is directly related to developing insurance knowledge while reducing the annual CE credit requirement will help meet your focus. However, there may be a public perception risk that BC advisors now have to do less CE to maintain his or her license. It is important then to ensure that the intent and the outcome of the program changes are clearly communicated to agents and the public alike.

While agents are responsible for seeking out and taking CE that qualifies to maintain their license, we believe there needs to be supporting mechanisms in place to help them determine what will count for CE. There will inevitably be situations where there is some uncertainty as to whether a specific course qualifies under Council's proposed definition. To ensure that licensees have clarity around what is considered acceptable, it would be helpful to receive a guideline from Council that will assist agents in determining the status of the CE they wish to take. This will also assist in avoiding any future disputes in the event that some CE courses fall outside of what Council considers as CE directly related to developing insurance knowledge. As a membership association that specializes in providing CE to financial advisors, such a guideline will assist us in communicating to our members.

Generally, the purpose of continuing education in all fields is to keep professional knowledge current and relevant. Under Council's *Recommendation #2*, the minimum annual CE requirement will be reduced to 15 credits per year from the current 30 credit requirement. We believe that attaining 15 CE credits annually is not particularly onerous, even when combined with the proposed requirement that credits be focused on insurance-related knowledge. In our view there is no need to reduce this requirement further based on the number of years of experience in the industry as suggested in the proposed graduated CE program.

Recommendation #3 calls for the introduction of a graduated CE program, where the number of years of experience or the attainment of a recognized insurance designation reduces the number of CE credits required for licensing purposes. Advocis fails to understand why Council has opted for a graduated system where the number CE credits declines based on an arbitrary number of years of experience as an insurance licensee and would like some further clarification as to the rationale of this approach. We have given this aspect of the proposal careful consideration and have come to the conclusion that the number of years of experience in the industry should not be used as a trigger for reduced CE requirements. In our view, there should in fact be a consistent CE requirement for all licensed advisors, regardless of years licensed. Experience in the field should not reduce the requirement for agents to keep knowledge current and relevant. In the fast-paced financial services sector, it only seems reasonable that all agents meet the same basic requirements. It has been our experience that years under license does not necessarily ensure that an advisor has kept current with industry changes. This was precisely the reason Advocis added a minimum of 30 CE Credits (20 of which must be technical) to membership. We would therefore be remiss if we did not caution Council about the consumer risk inherent in CE of less than 15 hours annually as well as the ensuing detrimental impact to the professional integrity of the life insurance agent. A requirement of 15 CE credits annually is not particularly onerous and we believe all agents should be held to that standard. We strongly recommend that Council reconsider this approach.

Advocis is, however, strongly in favor of Council's goal of encouraging advisors to work toward a designation. Consistent with annual CE requirements, earning a designation also raises professional standards which will greatly benefit consumers. We also understand the rationale of providing regulatory relief from Council's CE requirements for CLU designated advisors, since they are already meeting a high standard of professionalism, which includes CE as a condition of maintaining membership in good standing. As such we are in favour of Council's approach to recognize the CLU and, in so doing, relieve those licensees holding the designation from the CE requirements as long as they can demonstrate that their designation is in good standing. This in our view will encourage advisors entering the industry to seek a designation. It is important then to ensure that the differential in the number of CE credits for non-designated advisors and advisors holding a recognized designation is not unacceptably wide, since this may be perceived as a disincentive for obtaining and maintaining a designation, and could negatively impact the number of agents in BC seeking the CLU designation in the future. This would be counter to the objective of encouraging professional designations.

While Council has already identified the designations it recognizes, we believe it is also necessary to explicitly identify the baseline criterion for future applications for consideration by other designations. When the time is right, Advocis is also willing to offer further consultation around this to help Council ensure consistency among the standard for designations.

Under *Recommendation #4*, the maximum number of CE credits earned in a day will be increased to seven from the current six. We understand that this will assist some

advisors in remote geographic locations to obtain CE credits in a more efficient and cost effective manner. As long as the BC's CE definition is upheld, we believe this will reinforce the intent of Council's requirements.

Advocis is in favor of *Recommendation #5* which limits the number of CE credits to 15 as long as it is based on completion of a course where there is an exam. An exam helps to confirm that learning has occurred and is consistent with our definition of appropriate completion requirements for such programs. We should also note that while BC currently allows CE for attendance even if the rest of the program has not been completed or a test passed, Advocis does not.

Given the nature of the proposed changes and scope, we recommend an implementation period of at least six months from the time the new CE program is released publicly in order to allow education providers ample opportunity to respond and meet the needs of the changes. Also, since most programs have already been developed for delivery in 2008, the implementation window should be fair to allow time to make adjustments to meet BC's new requirements. We also recommend that the CE program changes be reviewed within a two-year period following full implementation to ensure that the new system is meeting Council's objectives.

In closing, we look forward to working with the Insurance Council of British Columbia on this important initiative. Please do not hesitate to contact us if you have any questions or comments.

Sincerely,

A handwritten signature in blue ink, appearing to read 'T. Hughes', with a long horizontal flourish extending to the right.

Teresa Black Hughes
Chair, Advocis