

INSURANCE COUNCIL OF BRITISH COLUMBIA

PROPOSED CHANGES TO CONTINUING EDUCATION FOR LIFE INSURANCE AGENTS

Background

The continuing education program for life insurance and accident & sickness insurance agents (“Life C/E Program”) was originally introduced by the Insurance Council of British Columbia (“Council”) in 1998 and has remained unchanged since then.

The Life C/E Program was developed in conjunction with other regulatory jurisdictions and industry organizations. The minimum number of credits (30 credits) was determined based on existing C/E programs established by industry associations.

The current requirements call for every life insurance agent and accident & sickness insurance agent (“life agent”) to complete 30 hours of continuing education per year. Currently, the basic qualification for a C/E credit is any course, seminar or program that relates to the financial services sector or the operation of a financial services business.

Review

In 2005, Council undertook a review of the Life C/E Program in response to suggestions from the industry that the program had become outdated and did not reflect the current realities of today’s marketplace.

In developing new criteria for the Life C/E Program, Council took the opportunity to obtain industry feedback through questionnaires, town hall meetings and industry forums. In revising the Life C/E Program, Council sought to create a program that is practical and cost effective while continuing to ensure life agents keep their insurance knowledge current.

Proposal

Based on industry feedback reviewed at length by a Council committee of industry representatives, a number of recommendations were developed to improve the Life C/E Program and address industry concerns. After considering these recommendations, Council is proposing the following changes to the Life C/E Program, which will come into effect on June 1, 2008.

Recommendation #1 - Continuing Education Credits

Life C/E credits will be defined narrowly, using a “modified” LLQP design document. Only those measurable objectives covered by the design document that directly relate to insurance will qualify for C/E credit.

Council has concluded the purpose of the Life C/E Program is to develop and maintain a life agent's knowledge of life insurance products and business. While the non-insurance areas of continuing education are useful to the overall development of a life agent, the C/E program will now focus on education directly related to developing insurance knowledge.

Recommendation #2 - Annual Minimum Number of C/E Credits

The minimum annual C/E requirement will be reduced to 15 credits per year.

The Life C/E program was originally developed with the "full service" life agent in mind. While this approach may be practical for a new life agent, it is common for life agents to specialize in specific areas of insurance as careers develop. For these life agents, finding quality C/E relevant to their specialized field is challenging.

With the recommendation that C/E credits be more narrowly defined to insurance specific topics, the current number of C/E credits (30) required annually should be reduced.

Recommendation #3 - Introduction of a Graduated Program

A graduated Life C/E program will be introduced which will require that a new life agent (a new life agent is one with five years or less licensed experience or someone who has been out of the industry for more than three years), obtain a minimum of 15 C/E credits per annum.

After a period of five years continuous licence experience, the requirement is reduced to a minimum of 10 C/E credits per annum and, if a recognized insurance designation is obtained, the C/E requirement drops to 5 credits per annum. (Recognized insurance designations are CFP, CLU, RHU and CEBS.)

The introduction of the LLQP program, with its mandatory training program, has significantly improved the insurance knowledge of new life agents. While the LLQP provides a solid base of knowledge for new life agents, there is still a significant learning curve for new agents.

The revised Life C/E program will be based on a graduated program where the C/E requirement for a new life agent is higher than the requirements for an "experienced" agent.

A graduated program is designed to encourage life agents to work toward a designation. A life agent who attains a recognized designation prior to gaining a minimum five years' experience will only be required to complete a minimum five credits per annum.

Note: some designations (CLU and CFP) require the holder to keep their designation in good standing by completing continuing education each year. For those designations that have such a requirement, the holder would be "exempted" from Council's C/E program as long as they can demonstrate their designation is in good standing.

Recommendation #4 - Maximum C/E Credits Permitted Per Day

The maximum C/E credits that can be earned in a day will be increased to seven.

The current requirement allows for a maximum of six credits per day. This requirement has caused some complaints, especially from licensees in rural areas.

Recommendation #5 - Miscellaneous

The maximum C/E credits that can be earned for any one course is 15 hours (which matches the proposed annual C/E requirement), so long as it is based on successful completion of the course (i.e., there is an exam).

Where a course or program involves an examination, credits will only be granted when the exam is successfully passed. This is a change from current practice where it is possible to earn partial credits if a life agent does not successfully pass the course.

Because of the changes set out above, the Life C/E Program will no longer permit the carryover of credits from one licence period to the next.

Except for the changes set out above, all other aspects of the existing Life C/E Program would remain unchanged. This includes requirements to maintain proof of attendance; the need for qualified instructors and the requirement that a seminar/course be a minimum of one hour in length.

Request for Comment

Council is proposing to introduce these changes effective June 1, 2008, to coincide with the move to a continuous licensing process. Before implementing these changes, Council is seeking feedback from the life insurance industry on the proposed changes.

Council welcomes written feedback before **January 31, 2008**. Comments should be made to the attention of Gerald Matier, Executive Director, at:

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