



31 August 2018

Mr. Ron Fullan
Chair, Canadian Insurance Services Regulatory Organizations (CISRO)
5160 Yonge St
North York, ON M2N 6L9

cisro-ocra@fsco.gov.on.ca

Dear Mr. Fullan,

Re: CISRO General Insurance Licensing Qualification Review (GILQR)

Introduction

The Canadian Association of Direct Relationship Insurers (CADRI) is the voice of insurance enterprises that offer automobile, home and commercial insurance directly to Canadians. We advocate for flexible and evolving regulatory and legislative frameworks governing automobile, property and commercial insurance to enable product and service innovation so that Canadians can easily choose insurance that serves their needs through the delivery channels of their choice.

CADRI appreciates the opportunity to contribute to CISRO's review of qualifications for general insurance agents. As we discussed with the GILQR Committee at a meeting earlier this year in Toronto, we have in the past and continue to call for a wider review of agent licence categories. In our experience, the varying levels of licences among the provinces and territories add administrative layers without necessarily contributing significantly to enhanced consumer protection.

We would welcome consultations with the objective of a single set of licensing criteria and a single renewal for insurers who operate in more than one jurisdiction. We believe CISRO could take steps toward this goal by focusing on the common elements of a licence across jurisdictions. Once a satisfactory curriculum and regime is put in place, modules could be developed to accommodate jurisdictional specifics or depth of knowledge required for specialties, including commercial.

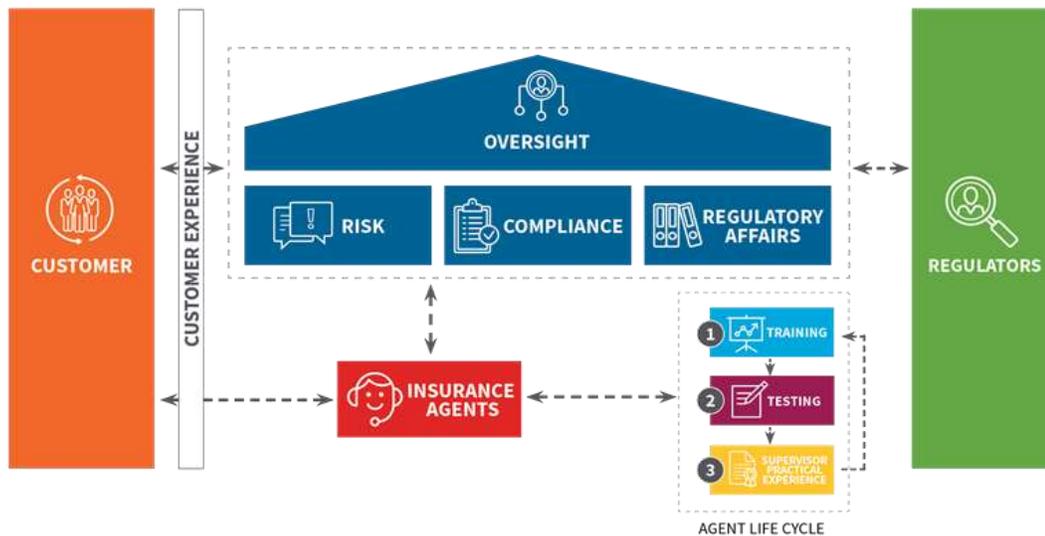
Value of the direct-relationship model

CADRI members have structured, tiered staffing models to ensure adequate supervision of all employees – regardless of their levels of experience. Prior to making contact with customers, agents undergo thorough background checks, and rigorous training to ensure compliance with regulations, company policies and delivery on customer service commitments. Thus, the very nature of direct-relationship insurers’ corporate structures provides layers of internal controls such as regulatory compliance, risk mitigation, internal audits and the necessity to provide an excellent customer experience. In all, these ensure that licensed agents comply with regulatory frameworks and protect consumers’ interests.

Figure 1. Value of the direct-relationship model

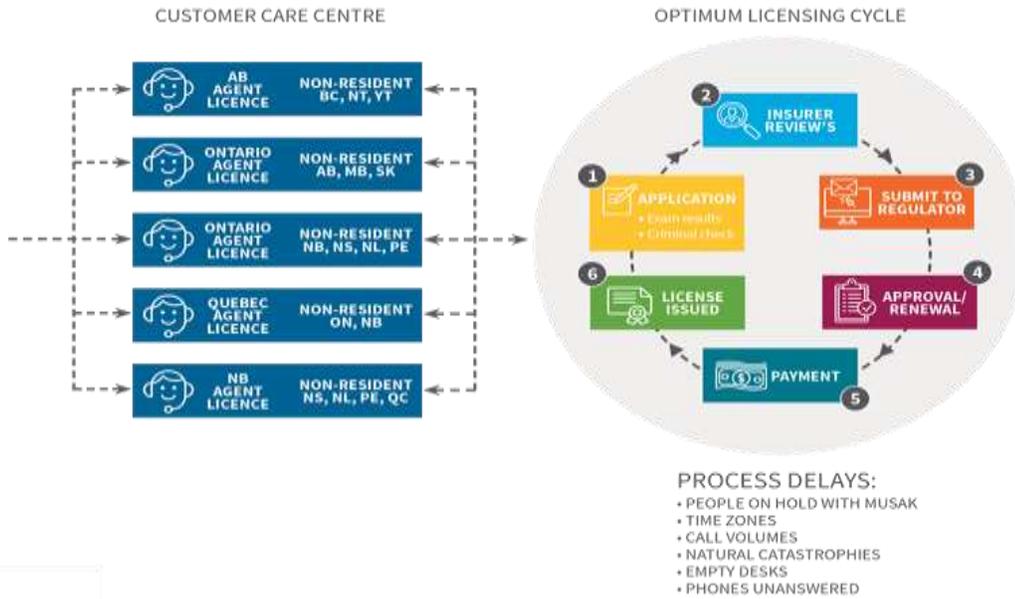


Figure 2. Ensuring Consumer Protection



Because a direct-insurer’s agents frequently work onsite in customer care centres which serve several provinces, the current approach to licensing means an agent may need to secure a number of different provincial and territorial licences. If qualifications, applications for, or renewals of, any one of these licences is out of sync with the others, an agent may sit idle, unable to answer calls and serve customers as the inquiries coming in may be from any part of the country.

Figure 3. Impact of licensing process on customer experience



Reducing red-tape across Canada

The intricacy of the various provinces' approaches is set out in Figure 4. Pan-Canadian Complexity.

Figure 4. Pan-Canadian Complexity



	BC	AB	SK	MB	ON (FSCO)	ON (RIBO)	QC	PEI	NS	NL	NB	NU	NT	YT
LICENSING LEVELS	Three	Three	Three	Three	One	Four	One	One	Three	Three	Three	One	One	One
ONLINE APPLICATIONS	-	✓	✓	✓	✓	-	✓	-	-	-	✓	-	-	-
PAPER APPLICATIONS	✓	-	✓	-	-	✓	✓	✓	✓	✓	-	✓	✓	✓
INDIVIDUAL ADJUSTER LICENSING	-	✓	-	-	-	-	✓	✓	-	✓	✓	-	-	-
PROCESSING TIME	-	-	-	-	-	-	-	>30 days	-	>30 days	-	>30 days	>30 days	>30 days
PAYMENT OPTIONS	Cheque & Credit Card	Cheque & Credit Card	Cheque & Credit Card	Cheque	Cheque, Money Order, Credit Card	Cheque	Cheque & Credit Card	Cheque	Cheque & Credit Card	Cheque	Cheque & Credit Card	Cheque	Cheque	Cheque

* Levels are not harmonized between jurisdictions and equivalencies vary

In this context, CADRI recommends that CISRO's discussions and planning focus on changes to the educational curricula which would provide one base licence which would be recognized across Canada. Modules covering jurisdictional specifics, or deeper, specialty knowledge like commercial issues for instance, would be available for agents as required by their insurer employers.

Specific answers to CISRO's 10 questions are set out in Appendix 1.

Yours sincerely,



Alain Thibault
Chairman and CEO

cc: CADRI Board of Directors
CADRI Licensing Task Force
Anthonet Maramieri, CISRO GILQR Working Group Chair, amaramieri@abcouncil.ab.ca
Joanna Reading, Joanna.Reading@fSCO.gov.on.ca

Encl.

Appendix 1

1. As noted in the Appendix, jurisdictions have taken different approaches to licensing education. In your opinion, what should the educational requirements for general insurance licensing look like?

Canada is a large country with world-renown geography. That said, insurance agents working for direct-relationship insurers provide similar service to customers whether they are situated in the west, the east or the centre. These agents sell or service auto insurance, and while there may be jurisdictional variations in the products offered or regulatory requirements, their core function is fairly similar no matter where they live or work. It makes sense to CADRI that core requirements for these employees should be the same as well. Where there are true jurisdictional differences, or the necessity to take on a specialty like commercial insurance, a good approach would be to design modules that reflect this truly specialized subject matter.

Ideally, CADRI would like to see every province align their curriculum so that agents only had to secure one licence level.

We suggest CISRO focus on the commonalities among the various provincial curricula with a goal of creating one licence that is acceptable to all jurisdictions. In our members' experience the Ontario general license could serve as a starting point for the highest level licence.

2. What works well within the current frameworks?

Currently, direct-relationship insurers must manoeuvre through a maze of rules and varying continuing education requirements across the country. This amounts to a significant administrative burden for a role where there are a lot of common needs from province to province.

Beyond the cost and the complexity, the current licensing environment can create capacity challenges in customer care centres. (See Figure 3. *Impact of licensing process on customer experience*). For instance, if a company chooses to allow an agent to take customer calls before they have received licences for all the jurisdictions, they may not be able to serve some customers who contact them. Conversely, if the direct-relationship insurer chooses not to allow the agent to take calls until they are licensed in all the jurisdictions served by their office, it means fewer agents are available to serve the phone queue, which increases customer wait times. These challenges are amplified if a customer is seeking to purchase insurance or make a transaction which requires more than one call. Each time they reach out, behind the scenes, any number of agents are juggling licensing and renewal challenges.

If we had to choose one, Ontario's approach to licensing would be the model CADRI prefers. It offers agents one program and one exam.

3. How could the current frameworks be improved?

CADRI can envision a uniform licence available across Canada with standardized entry requirements: separating out specialized and commercial coverage to modules so that people working for an insurer who works in one or the other doesn't have to learn course materials and take exams that aren't required for their jobs. This streamlined structure functions well in Ontario.

4. Should there be minimum education and/or experience requirements before individuals enter the insurance industry (e.g., high school/CEGEP, work experience, etc.)?

In CADRI's experience the minimum standard for pursuing a career as an insurance agent is a high school education and a criminal background check.

5. What skills, knowledge and/or competencies should a broker or agent have?

CADRI suggests that it may make sense to eliminate the multiple-level licensing approach and have a Level 1 licence that works across jurisdictions. This may mean that the requirements to obtain a Level 1 licence increase apropos to current Level 1 standards. From there modules could be developed that are jurisdiction- or specialty-specific.

6. How much value would there be to your organization and/or to the industry in harmonizing educational qualifications between jurisdictions? Please elaborate.

There would be significant value in harmonizing the qualifications among the jurisdictions. This would represent a dramatic reduction in administrative costs and time spent navigating the complexities of the system as it exists today. Reorienting the training from jurisdictional differences would open increased opportunities to focus on increasingly important areas such as financial literacy and product suitability.

7. What challenges do you see in harmonizing educational qualifications?

We are confident that harmonization efforts coordinated by CISRO could be implemented fairly easily and look forward to working with all provincial and territorial regulators to support this effort.

8. In 2016, CISRO members introduced an updated version of the Life Licence Qualification Program for life insurance licensees (LLQP). The program included the following features:

- Completion of a uniform Competency Profile,
- A common Curriculum,
- Standardized course material,
- The use of Accredited Course Providers to deliver the course material
- Certification of successful completion of the study course by Accredited Course Providers.
- A uniform regulator-delivered examination.
- A modular approach to the course material and examination
- An open-book examination

Are there aspects of this licensing qualification regime that could be applied to general insurance education? Which would or would not be applicable?

All of these elements would be welcome in a refreshed approach to general insurance education. Building on the LLQP approach, the modular structure could be used to separate requirements for agents serving specialties including commercial clients, as well as to address any jurisdictional variations that are not covered in the primary module.

9. How would you suggest that the Committee engage with general insurance stakeholders as this review progresses (e.g., frequency, touchpoints, means of engagement)?

CADRI notes that the LLQP engagement module was very good. We would be pleased to use it as a model.

10. Please provide any other comments you wish to share with the Committee that you believe are relevant to this review.

Certain provinces have unique processes which can impose unintended impediments to efficient service to customers. The requirement of a designated representative to review agents' work in Alberta and Level 3 accreditation requirements in Newfoundland are two such examples. The more regulators can move to standardize requirements, the more time and energy an insurer can focus on service to consumers.