

Overview of LLQP Harmonization Project Frequently Asked Questions

Overview of FAQ structure

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A) Contextualization of the LLQP Harmonization Project

▪ What are the current licensing standards?

In 2002, Canadian insurance regulators introduced the current Life Licence Qualification Program (LLQP). The program consisted of a common Curriculum Design Document (CDD), as well as a common qualification exam. It also included a requirement to complete a course of study through certified Course Providers prior to challenging the LLQP exam. Each provider developed its own course material, using the CDD.

Quebec had developed its own qualification program and continues to maintain it. It employs a group of educational specialists that manage separate licensing exams based on the evaluation tables (equivalent of the CDD) and standardized study material they publish.

Several years after the introduction of the LLQP, British Columbia determined it would prefer to develop its own exams, while continuing to use the common CDD, as well as the same list of certified Course Providers.

As such, licensing exams are currently generated by Ontario for all provinces other than Quebec and British Columbia, who manage their own exams.

▪ Why is it necessary to update the current licensing standards?

The qualification programs mentioned above have now been in place for more than 10 years. Input from industry stakeholders indicated that improvements were required with the current Life Licence Qualification Program (LLQP) and Quebec qualification program.

While the LLQP is considered to be a high quality course and examination program, its governance model does not provide for the ongoing maintenance and enhancement of the program through regular reviews of the Curriculum Design Document (CDD), and the regular creation of new exam questions.

As for the Quebec program, it had undergone regular maintenance, but a broader review was required to ensure it remained relevant to current professional practice, which has evolved over the past decade.

▪ How did the LLQP review become a national harmonization project?

From the onset of discussions regarding a full review of the Life Licence Qualification Program (LLQP) and its governance model, regulators aimed to develop a truly national program. Circumstances favored the selection of such a harmonized solution because current licensing standards had been in place for over 10 years and stakeholder feedback supported the need for an in-depth review. Indeed, as CISRO began its examination of the changes required to the LLQP, the following initiatives were being considered:

- Quebec had announced that it would be completing a full review of its current program;
- British Columbia had announced plans to do an independent review of the LLQP Curriculum Design Document (CDD);

- The Life Insurance Council of Saskatchewan had discussed possible changes to its current Segregated Fund requirement, which could have included a separate examination for Segregated Funds.

In the absence of a joint effort to address this situation, there would have been multiple review projects undertaken by various jurisdictions. A national harmonization project, rather than several jurisdictional initiatives, is the preferred solution because:

- It will create one consistent national standard;
- It supports the intent of the internal trade agreements aiming to facilitate labour mobility in various Canadian economic sectors, including insurance;
- It is more cost-efficient to carry-out a single review;
- It is more efficient to focus all resources on maintaining the high quality of a single national program.

B) Scope of the LLQP Harmonization Project

▪ What are the objectives of the LLQP Harmonization Project?

As CISRO examined the possible scope of a Life Licence Qualification Program (LLQP) review, it determined that there were systemic issues that needed to be addressed as part of the LLQP Harmonization Project. Those issues included the following:

- Lack of access to educational expertise to implement formal, transparent processes to:
 - Review problem exam questions in the databank;
 - Add new exam questions in the databank;
 - Refresh the Curriculum Design Document (CDD);
- Current exams slowly being compromised due to the length of time that questions have been in use;
- Conflicting terminology between the LLQP exam and the course material which has been developed by Course Providers;
- Inability to test mastery of each subject area, as originally intended:
 - The combination of the pass score of 60%, with a non-modular exam that includes multiple subject areas creates a potential gap where a student could fail a key subject area but still pass the exam and receive a licence;
 - As a complication to that problem, students are being prompted by some Course Providers to ignore certain subject matters because there are not enough questions on the exam to make a difference.

Simply stated, CISRO's current goal is to close the above gaps with solutions that will work on a long term, sustainable basis, at a national, harmonized level. The resulting program will integrate features of both existing programs in order to uphold best practices in developing and maintaining relevant qualification standards. It will be up-to-date and relevant to current professional practice.

▪ **What are the expected benefits of the Harmonized LLQP?**

An updated, sustainable, harmonized, national Life Licence Qualification Program (LLQP) will benefit all stakeholders of the Insurance industry.

- Consumers
 - Updated qualification standards will ensure that new life insurance agents are proficient with recently introduced products and current economic, regulatory and ethical considerations.
 - A modular exam will guarantee that new life insurance agents are competent to sell all products their licence entitles them too.
- Future Life Insurance Agents
 - Updated qualification standards will ensure future agents are tested on contents and concepts that will be relevant to their practice.
 - An open-book exam will mirror the realities of professional practice more closely.
 - Standardized Course Material will help students acquire the required competencies and demonstrate their proficiency on the licensing exam.
 - Consistent terminology in course material and exam questions will support comprehension and outcomes.
 - A Modular Exam will focus study efforts for the initial exam as well as potential modular rewrites.
 - A Modular Exam will break the exam content into more manageable components, thereby easing the possible impact on pass rates of fatigue and anxiety associated with a longer, single exam.
 - A Modular Exam will provide feedback on areas of weakness and guide the selection of appropriate Continuing Education (CE) credits.
- Insurers and Carriers
 - An LLQP Licence will guarantee proficiency of new recruits in all areas of professional practice.
 - National qualification standards will help simplify training programs by facilitating the implementation of nation-wide solutions.
 - Harmonized exam administration guidelines will help streamline the qualification process.

Another important benefit of the Harmonized LLQP will be inter-jurisdictional trade mobility – obtaining an LLQP Licence will increase the portability of insurance credentials from one province or territory to the next. This can only be beneficial to all stakeholders.

▪ **What major undertakings are included in the LLQP Harmonization Project?**

The harmonized Life Licence Qualification Program (LLQP) project includes the following:

- Complete review of the LLQP occupational analysis (skills required to perform the job):
 - This has not been completed since the LLQP was designed, over 10 years ago;
 - This includes the publication of a Competency Profile to summarize the knowledge and competencies required of entry-level life insurance licensees;

- Complete review of LLQP's Curriculum Design Document (CDD), which has not been carried out since LLQP was first introduced:
 - This includes harmonizing the program with Quebec, who's evaluation tables were confirmed to be 90% similar to the LLQP CDD;
 - The updated Curriculum will integrate the results of the current occupational analysis with the CDDs from the existing programs;
- Publication of a common course of study material based on the updated Curriculum;
- Creation of an updated exam question databank;
- Creation of an updated exam to be delivered on a modular basis (which is a return to LLQP's original design);
- Creation of documented procedures to regularly:
 - Review the LLQP's Curriculum;
 - Create new exam questions;
- Development and management of accreditation standards to recognize Course Providers;
- Establishment of a transparent process to review ongoing issues raised by stakeholders.

▪ **What are the key steps of the Harmonized LLQP development process?**

The following outlines the phases of the project which have been completed to date by CISRO's team of educational specialists, with an indication of stakeholder involvement in the consultation process. It also lays out the steps that will be completed before the program is implemented.

- Occupational Analysis Workshops – April-November 2012
 - Workshops were held across the country to review and update the profile of the knowledge and skills required for entry-level life insurance licensees;
 - More than 80 licensees representing 5 provinces participated in the discussions.
- Creation of a Competency Profile – Winter 2013
 - The data gathered in the workshops was used to create a Competency Profile, which summarizes the knowledge and skills required for entry-level life insurance licensees.
- Stakeholder Review of Competency Profile – Spring 2013
 - At the request of stakeholders, an online stakeholder consultation survey was opened to validate the Competency Profile;
 - Responses were received from more than 750 industry stakeholders representing 9 provinces;
 - More than 90% indicated that the profile was complete and 98% answered that all of the competencies and components were relevant;
 - Based on the feedback received, an updated Competence Profile was published in June 2013.
- Creation of the Curriculum– June 2013-October 2013
 - Industry Subject Matter Experts (SMEs) were recruited to assist with the drafting of the Curriculum;

- SMEs were drawn from current licensees, company representatives, industry associations and course providers in 5 provinces across the country;
 - A committee of SMEs and educational specialists was created for each projected course module. These committees were asked to define the competency components and sub-components stemming from the Competency Profile that need to be tested as part of the licensing process, as well as their underlying contents.
- Stakeholder Review of Curriculum – November 2013
 - CISRO published a draft Curriculum, and again completed an online stakeholder consultation survey specific to this Curriculum;
 - More than 650 industry representatives from 9 provinces responded;
 - More than 86% of respondents were supportive of the scope of the course competencies and contents for every proposed module.
- Determination of Course Modules – Winter 2014
 - CISRO has determined the licensing exam will be composed of the following modules:
 - Life Insurance
 - Accident and Sickness Insurance
 - Segregated Funds and Annuities
 - Ethics and Professional Practice
 - The layout of course modules considered input from industry stakeholders, including survey feedback;
 - Each module includes individual and group products;
 - Modules pertaining to products also include product-specific tax concepts;
 - The Curriculum revised according to survey results and the above modular structure was published in March 2014.
- Creation of Exam Preparation Material – Spring 2014-Winter 2015
 - A committee of SMEs and educational specialists has been created for each module;
 - These committees will be asked to create the study material based on the competency components and sub-components and the contents of the Curriculum;
 - Again, SMEs are drawn from current licensees, company representatives, industry associations and course providers, representing 7 provinces;
 - Detailed plans outlining the contents covered in each manual are available on request since March 2014.
- Creation of Exam Questions – 2015
 - A committee of SMEs and educational team representatives will be created to develop a databank of exam questions for each module;
 - As for the previous steps of the project, CISRO will seek representation from as many provinces as possible to complete this work.
- Development of a Transition Plan – 2014-2015
 - Stakeholders have expressed concerns that the changes proposed could have a negative impact on candidate success rates;

- CISRO has undertaken to define a transition plan to the new exam structure to mitigate any unintended negative impact.
- Development of Exam Administration Guidelines – 2014-2015
 - While examination administration will remain the responsibility of each jurisdiction, stakeholder feedback has indicated concerns with jurisdictional differences in the way that current LLQP examinations are administered (i.e. frequency of exam sittings, wait times when booking exams, etc.);
 - CISRO has undertaken to create Exam Administration guidelines to be distributed to all jurisdictions to help address these concerns;
 - Among others, the guidelines will include a procedure to contest and review an exam question.
- **Who are the experts mandated by CISRO to develop and implement the Harmonized LLQP?**

Both educational specialists and subject matter experts (SMEs) will be acting under the direction of CISRO to carry out the harmonization and review of the Life Licence Qualification Program (LLQP).

Due to the educational expertise it has developed internally, Quebec, through the Autorité des marchés financiers (AMF) Training and Qualification team, has been selected by CISRO to develop, implement and monitor:

- The Competency Profile;
- The Curriculum;
- Standardized Course Material;
- Exams and exam questions;
- Performance measures;
- Policies and procedures around all aspects of exam design, maintenance and security.

In the capacity of Service Provider, the AMF's educational specialists take direction from CISRO, through the LLQP Governance Committee. The role of the Service Provider is laid out in the Service Agreement entered upon between participating jurisdictions and the AMF; this agreement is published on the CISRO website.

The AMF's Training and Qualification team consists of seven educational specialists as well as the LLQP Project Manager. Each of these professionals has specialized university training (in some cases at a Master's or PhD level), and has developed sound expertise in one or more of the following areas:

- Measurement and evaluation (docimology);
- Educational technology;
- Didactic practices;
- Desktop publishing;
- Distance training;
- Andragogy (techniques for adult learning);

- Teaching;
- Educational administration.

These professionals also have basic training in insurance or securities through the successful completion of industry courses. However, their role is not to act as content experts, but rather to oversee the work of industry SMEs to develop tools that are both anchored in professional practice and compliant with the best practices for developing qualification standards.

SMEs are selected to represent the diversity of professional experience and expertise. They are active agents and trainers from different provinces who work for large-scale carriers or small firms and have strong knowledge and expertise of the life insurance sector and the responsibilities of life insurance agents. Their work is governed by clear guidelines and supervised closely by AMF educational specialists. SME participation ensures that the LLQP material will remain up-to-date and relevant to professional practice.

▪ **What are the expected costs of the LLQP Harmonization Project?**

The Life Licence Qualification Program (LLQP) Harmonization Project will result in development and implementation costs approximating \$3,775,000, and not exceeding \$4,000,000. These expenses constitute the Initial Investment required to put in place the Harmonized LLQP.

The Initial Investment includes:

- The costs of developing, designing and reviewing all program deliverables;
- The salaries and benefits related to the program development;
- All other costs and expenditures required to implement the program.

These expenses have been forecasted annually, in a budget that has been approved by the Board.

With the exception of resources devoted exclusively to the project (Project Manager and Exam Development Coordinator), the costs related to the team of educational specialists assigned to the LLQP Harmonization Project are incurred and will be covered by the AMF until the program is implemented. These costs are not included in the Initial Investment.

The Initial Investment is divided into the major steps of the development process. The following costs were forecasted in 2012:

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| ▫ Occupational analysis workshops (OAW): | \$190,000; |
| ▫ Curriculum development: | \$50,000; |
| ▫ Study material development: | \$2,060,000; |
| ▫ eBooks costs: | \$150,000; |
| ▫ Licensing Agreement costs: | \$10,000; |
| ▫ Exam development: | \$570,000; |
| ▫ Project-specific resources: | \$745,000. |

A single national qualification program for all jurisdictions will greatly increase the cost efficiency of the qualification process, compared to trying to develop and maintain separate programs.

- **What is the Governance Model for managing the Harmonized LLQP?**

Key decisions on maintaining and safeguarding the integrity of the program will be determined jointly by all participating CISRO jurisdictions acting as the program's Board of Directors. Every CISRO jurisdiction will have an equal vote in all decisions that are made regarding the Life Licence Qualification Program (LLQP).

A newly-created LLQP Governance Committee will be the single point of contact for issues raised by stakeholders. It will report and make recommendations to CISRO about the program and provide direction to the Service Provider. The membership guidelines for the LLQP Governance Committee mandate broad representation both on a geographic basis, as well as jurisdictional size.

- **How are stakeholders involved in the LLQP Harmonization Project?**

CISRO is committed to keeping stakeholders informed of the progress of the Life Licence Qualification Program (LLQP) Harmonization Project through quarterly stakeholder meetings as well as individual meetings organized on request. It also publishes regular updates on its website.

CISRO is interested in receiving feedback on its project. Stakeholder comments and suggestions communicated through official submissions and public consultations have been taken into consideration in determining the structure of the Harmonized LLQP.

Moreover, the very nature of the Harmonized LLQP development process requires direct involvement of industry members through recruitment of Subject Matter Experts (SMEs) that work hand-in-hand with educational specialists to develop essential LLQP documents, namely the:

- Competency Profile (based on Occupational Analysis Workshops);
- Curriculum;
- Standardized Study Material;
- Exam questions.

C) Characteristics of the Harmonized LLQP

▪ How does the Harmonized LLQP compare to the current qualification programs?

The Harmonized Life Licence Qualification Program (LLQP) will integrate and update features of both the current LLQP and Quebec program in order to uphold best practices in developing and maintaining relevant qualification standards. These best practices aim to heighten the validity of the evaluation process. A passing grade on the licensing exam needs to guarantee that an appropriate level of mastery of the relevant competencies has been achieved.

The Harmonized LLQP will integrate the following features:

Program characteristics		Current LLQP	Current Quebec Program	Harmonized LLQP
Pre-requisites	Minimum level of education		x	
	Specialized training offered by recognized Course Provider	x		x
Exam Preparation	Standardized material		x	x
	Course Provider-specific material	x		
Exam structure	Modular exam and modular pass rate		x	x
	Single exam and single pass rate	x		
	Open-book		x	x
	Closed book	x		
	Specific Group exams		x	
	Individual and Group merged in one exam	x		x
Exam administration	Multiple days		x	
	Single day	x		x

In short, the Harmonized LLQP will include the following features, stemming from each of the existing qualification programs:

- Specialized training offered by a recognized Course Provider to qualify for the licensing exam;
- Standardized course material to prepare for the licensing exam;
- Modular open-book exam covering both individual and group products that could be challenged in one day.

Moreover, the Harmonized LLQP will be based on multiple-choice questions, as is the case with the current licensing exams.

▪ **What is the expected outcome of implementing a modular exam?**

Most jurisdictions in Canada have a Life and Accident & Sickness Licence that allows the licensee to do the following:

- Sell individual and group life insurance products;
- Sell individual and group accident and sickness products;
- Sell investment-type insurance products like annuities and segregated funds;
- Have their clients enter into legal contracts with insurance companies covering the above products.

Even if an agent's career path does not offer him the opportunity to work with all the above products, his licence gives him the right to and they should be included in a complete needs analysis. Consequently, it is fundamental that a new licensee should have some level of proficiency in each of those areas in order for consumers to be adequately served and protected.

This central concept was part of the original Life Licence Qualification Program (LLQP) design. The current single-module exam cannot meet this objective, however, because strengths in one or more areas may compensate for significant weaknesses in others.

The implementation of a modular LLQP exam will evaluate each of the above competencies specifically and distinctly. It will require future life insurance agents to demonstrate they are competent to sell all the products their licence entitles them to.

Although the transition to a modular approach can be seen as an important change in the licensing process, the level of difficulty of exam questions should not increase. As such, candidates who are prepared and understand the full scope of the course material will not be penalized by this change.

▪ **What is the expected outcome of implementing an open-book exam?**

The Harmonized Life Licence Qualification Program (LLQP) relies on a competency-based approach, as do the current LLQP and Quebec qualification program. This approach implies that candidates demonstrate their ability to reason, synthesize and draw conclusions rather than simply rely on rote knowledge to answer exam questions.

Implementing an open-book exam will ensure that candidates focus on their understanding of the course material. It will give them the opportunity to verify certain facts, numbers or details during their exam rather than "cram" that information before the exam and forget about it once it's been passed. Having access to course material can reassure candidates who suffer from testing anxiety. It sends the clear message that they will be tested on their ability to apply course content rather than on their ability to memorize it.

Moreover, the open-book approach mirrors the realities of professional practice more closely than a closed-book exam. In real life situations, life insurance agents will have access to various types of resources (manuals, websites, mentors, etc.) to respond to client questions for which they do not readily have the answer.

▪ **What are the expected outcomes of developing Standardized Course Material?**

CISRO is confident the development of standardized exam preparation material will help students achieve the full scope of evaluated competencies and demonstrate their proficiency more confidently in the course of the licensing exam.

Standardized Course Material will resolve the following issues:

- Lack of harmonization in the development of courses and the exam:
 - Students encounter terminology on the exam that is not used in the certification course they completed. This issue is particularly challenging for any English or French Second Language students;
 - The Standardized Course Material will do more than help candidates recognize terms used in the exam; it will also ensure candidates have a common understanding of the concepts that are being evaluated.
- Variations in the scope of knowledge and skills covered by certification courses:
 - A common base course of study fills an important consumer protection need, as it defines the minimum breadth of knowledge required for a new licensee, rather than leaving that minimum standard to how various Course Providers interpret the Curriculum;
 - Access to the Standardized Course Material will give every student an equal chance to successfully pass the licensing exam, no matter what certification course they completed.
- Difficulty of updating course material uniformly:
 - As for the above issue, updates to the Curriculum will be seamlessly integrated to the Standardized Course Material rather than leaving Course Providers to interpret the intended modifications.

In this framework, Course Providers will retain the opportunity to offer students an added-value by enhancing the study material with various pedagogical tools such as case studies and supplemental exercises.

Publishing the Standardized Course Material goes hand-in-hand with the implementation of an open-book exam. This type of exam requires that the information to which candidates have access during the exam is controlled and identical for everyone so that all candidates have equal chances of passing the exam. Without the Standardized Course Material, some candidates could bring to the exam session supplemental material that would increase their chances of success compared to others who would not have access to this material.

- **How will the Harmonized LLQP be funded?**

Following its implementation, the Harmonized Life Licence Qualification Program (LLQP) will be self-funded and allow for resources to be regularly devoted to its upkeep. This will guarantee the program's long term integrity.

The Harmonized LLQP will include a user fee mechanism to fund ongoing maintenance of the program. The development costs relating to the Harmonization Project will be incurred by all future applicants taking an accredited LLQP course and using the Standardized Course Material. This approach differs from the original implementation of the LLQP in 2002, where costs were borne by the licensees in three jurisdictions only. User fees will be reasonable compared to costs incurred by candidates in other financial industries in Canada. While the exact amount is not yet known, it will not exceed \$140 per candidate. When the initial investment required to implement the Harmonized LLQP will be reimbursed, the amount required from candidates will drop significantly in order to cover strictly program maintenance costs.

- **What will be the role of Course Providers in the Harmonized LLQP?**

As is presently the case with the current Life Licence Qualification Program (LLQP), candidates wishing to write the licensing exam through the Harmonized LLQP will first have to complete mandatory specialized training offered by a recognized Course Provider. This requirement is not part of the current Quebec program but will be integrated and implemented as part of the harmonization of qualification standards. This should open up a significant market for French language courses.

Current Course Providers wishing to pursue their activities will have to demonstrate that they meet the updated criteria. These are currently being developed and will take into consideration the variety of existing Providers' approaches.

As part of the recognition process, Course Providers will have to sign a Licensing Agreement in order to obtain the rights to use the Standardized Course Material. This agreement is being finalized. It will allow Course Providers to enhance the base material to offer added value to their students if they wish. However, students will only have access to the Standardized Course Material during exam sessions so that all candidates have equal chances of passing the exam by relying on the same material during the exam session.

- **What is the targeted implementation date of the Harmonized LLQP?**

The original target implementation date was September, 2015. Based on stakeholder feedback, CISRO has agreed to move the implementation date to January 1, 2016.

Standardized Course Material is set to be released in winter 2015.