Insurance Council
BRITISH COLUMBIA

Life and/or Accident and Sickness Insurance Agents

Becoming an Insurance Agent: What You Need to Know



About the Insurance Council of BC

The Insurance Council of BC (Insurance Council) is the body appointed by the BC provincial government that regulates and licenses life and/or accident and sickness insurance agents (life insurance agent), general insurance agents, salespersons, and adjusters. The Insurance Council protects the public by ensuring that licensees act ethically, with integrity and competence.

About this Guide

As you prepare for work as a life insurance agent in British Columbia, this document provides information you need to be aware of:

- What is a life insurance agent?
- What professional obligations does a life insurance agent have?
- What's expected when working as a life insurance agent?
- What are the mandatory supervision requirements for a new life insurance agent?
- How do I become a life insurance agent?
- Where can I find more information?
- Important terms and definitions



What is a Life Insurance Agent?

A life insurance agent (also known as a life agent) is an intermediary (a middle person) who has a contract with at least one insurance company and is authorized to sell life and/or accident and sickness insurance products and services to clients.

In British Columbia, life insurance licensees are authorized to sell life and accident and sickness insurance products, whereas accident and sickness insurance licensees are authorized to sell accident and sickness insurance only.

A new life insurance agent is a licensee who has either not completed the mandatory 24-month supervision period or has not been approved for unsupervised practice.

Professional Obligations

To become a life insurance agent, you are required to write an exam and obtain a life and/or accident and sickness insurance licence; however, this is only the first step in becoming a life insurance agent. Upon receiving your insurance licence, you are responsible for meeting the ongoing professional obligations of being a licensee with the Insurance Council. This includes:

- Completing your Continuing Education (CE) requirements annually
- Maintaining your Errors and Omissions (E&O) insurance
- Submitting your annual filing (licence renewal)
- Providing Mandatory Notifications to the Insurance Council
- Fulfilling the requirements set out in the Insurance Council Rules and Code of Conduct.

Failure to meet your professional obligations may lead to disciplinary action and/or fines.

Licensees have a responsiblity to be aware of and comply with regulatory requirements.

Practice advisories about important changes or requirements for insurance licensees are published in the Notices section of the Insurance Council website:

INSURANCECOUNCILOFBC.COM/NOTICES

Working as a Life Insurance Agent: What's Expected of Me?

Life insurance is a fast-paced, competitive industry that requires licensees to demonstrate commitment and competence. As a life insurance agent, you will be expected to demonstrate the following attributes in your day-to-day activities.

This includes:

Protection of Client's Interests: You are committed to your professional and ethical obligation to put the clients' best interests first at all times.

Resilience: You are capable of handling the stress and client rejection that you may experience from cold-calling or knocking on doors to gain prospects.

Adaptability and Flexibility: You work outside 9-5 hours and assist your clients during evenings and weekends outside the office to cater to their availability.

Compliance with Regulatory Obligations: You are compliant with your professional responsibilities as an Insurance Council licensee, staying up-to-date with the Insurance Council's Rules, Code of Conduct, and insurance legislation.

Commitment to Continuous Learning: You have an in-depth knowledge of insurance products and services to ensure that you are making the best recommendation for your client's needs. You are well-informed about current insurance trends and help consumers understand the current market conditions.

Self-Motivation: You understand that time and effort are required to build your reputation and a client base in order to attain a steady income. Compensation varies depending on your contracting agreement with insurers or insurance agencies. If you are an independent contractor, you are likely to be paid based on commission. As such, you ensure you have sufficient funds to support yourself, taking into account potentially unstable income while you establish your practice.

Financial Capability: You are aware of the costs you may incur to obtain a licence and expenses to do business. While costs vary, the opposite page provides an approximate estimate of how much licensure costs.

For example:

Licence fees and other related costs may exceed $1,000 before you begin working. These fees can include, but are not limited to, the LLQP prequalification course and exam, the licence application fee, and the Insurance Council Rules course. For a detailed list of Insurance Council licensing fees, refer to the fee schedule on our website.

This does not include the following:

Ongoing costs of maintaining an insurance licence

- Annual licence renewal
- Continuing education courses
- Errors and omissions insurance

Costs of doing business

- Overhead expenditure
- Training
- Potential commission chargebacks (if a client cancels their policy within the first two policy years)

Note: Expenses may vary depending on your contractual agreement with an agency or insurer.

Mandatory Supervision

The mandatory supervision requirement is outlined in the Insurance Council Rules. A new life insurance agent can only conduct insurance activities under the supervision of a life agent supervisor. The mandatory supervision period is a minimum of 24 months, some exceptions apply, please see the *Guidelines for Supervision of New Life and/or Accident & Sickness Agents*.



How Do I Become a Life Insurance Agent?

Before you can apply for a life insurance agent licence, you'll need to complete the prequalification requirements:

- Complete the Life Licence Qualification Program (LLQP) prerequisite course through an Insurance Council-approved course provider.
- Successfully pass the required LLQP exam modules for your licence within one year of completing the LLQP course:
  - For a **life insurance agent licence**, you'll need to complete all four exam modules: Life Insurance, Accident and Sickness, Ethics and Professional Practice - Common Law, and Segregated Funds and Annuities.
  - For an **accident and sickness insurance agent licence**, you'll need to pass two qualification exam modules: Accident and Sickness, Ethics and Professional Practice - Common Law.

For more information about the LLQP exams, see the LLQP section of our website.

Within one year of successfully completing the LLQP exams, you can apply for an insurance licence. Before applying, you will need to:

- Complete the Council Rules Course;
- Obtain a contract to represent an insurance company;
- Ensure you have a qualified life agent supervisor who will supervise you for your first two years of licensing (see *Guidelines for Supervision of New Life and/or Accident & Sickness Agents*);
- Ensure you have the minimum required Errors and Omissions Insurance coverage;
- Determine if you will be an independent contractor (unaffiliated with any agency) or employed by an insurance agency; and
- Ensure you have reviewed and met all requirements for suitability and conflict of interest as stated in the licence application.

Submit your completed licence application and supporting documentation to the Insurance Council.

Once your application has been reviewed and approved, you will receive confirmation from the Insurance Council that you have successfully achieved your life insurance agent licence.

Where can I find more information?

Contact the Insurance Council of BC for more on licensing application requirements for life insurance agents, at 604-688-0321 or *licensing@insurancecouncilofbc.com*.

Becoming a Life Insurance Agent: An Overview

Prequalification

1. **Complete LLQP Prerequisite Course**

2. **Pass the LLQP Provincial Exams**
(Within one year of LLQP course completion)

3. **Complete Council Rules Course**
(Before applying for licence, within one year of application)

Licence Application

4. **Review and ensure you meet the application requirements:**

- ☐ You have a contract with at least one insurance company.
- ☐ You have a supervisor who meets the requirements of the New Life Agent Supervision Guidelines.
- ☐ You have the minimum required Errors and Omissions Insurance coverage.
- ☐ You have completed a criminal record check within 90 days of application.
- ☐ You meet all other requirements listed in the licence application, including suitability and conflict of interest.

5. **Submit a completed licence application to the Insurance Council of BC**

Maintaining Licensure

6. **Meet ongoing licence requirements:**
- Hold current Errors and Omissions Insurance
- Provide mandatory notifications to Council
- Comply with the Insurance Council Rules and Code of Conduct

7. **By May 31 annually:**
- Complete your CE Program requirements
- Complete your annual licence renewal

Glossary of Terms

Annual Licence Renewal: Annual licence renewal process that consists of completing a declaration to confirm that the licensee meets their professional licensing requirements and submitting a filing fee.

Code of Conduct: This document establishes standards of conduct for the business of insurance to be followed by licensees. Council Rule 7(8) requires all licensees to comply with the Code of Conduct in addition to Council Rules.

Continuing Education (CE) Program: Insurance Council of BC licensees are required to complete continuing education annually to develop and maintain their knowledge of practice and insurance legislation requirements, and insurance products related to their class of licence.

As a part of the Insurance Council's CE Program, life insurance agents must complete continuing education that is directly related to:

- Life insurance products;
- Financial planning, provided the education is focused on life insurance and not non-insurance sector, such as securities and mutual funds;
- Compliance with insurance legislation and requirements such as the Insurance Council's Rules, Code of Conduct, the *Insurance Act*, privacy legislation, and anti-terrorism/money laundering legislation;
- Ethics; and
- Errors and omissions.

More information about the Insurance Council's CE Program, is available on our website.

Council Rules: A set of rules that sets out licence conditions and requirements for all insurance licensees in BC, in addition to requirements already set out under the provincial *Financial Institutions Act* and other legislation.

Council Rules Course: A mandatory course that must be completed to qualify for insurance licensure in BC, and which provides instruction on a licensee's responsibilities under Council Rules, provincial legislation, and other regulatory responsibilities.

Errors and Omissions (E&O) Insurance: Professional liability insurance that protects the insured person against claims of error or negligence. All insurance licensees are required to maintain or be covered by Errors and Omissions insurance that includes minimum coverage of $1,000,000 per claim and $2,000,000 in the aggregate that extends to all insurance activities.

Financial Institutions Act: A provincial statute that provides the regulatory framework to govern how insurance companies and intermediaries (which includes insurance agents, salespersons, and adjusters licensed by Insurance Council), credit unions, and trust companies operate in British Columbia.

Insurance Act: A provincial statute that sets out the statutory requirements of insurance contracts made or deemed to be made in British Columbia.

Insurance Agent: Defined in the *Financial Institutions Act* as a person "who solicits, obtains or takes an application for insurance, or negotiates for or procures insurance, or signs or delivers a policy, or collects or receives a premium."

Insurance Council of BC: Insurance regulatory body appointed by the BC provincial government for the licensing and oversight of insurance agents, salespersons, and independent adjusters.

Life Agent: Also known as a Life and/or Accident & Sickness insurance agent. A life agent is authorized to act as an insurance agent for both life and accident and sickness insurance.

Life Agent Supervisor: A licensed individual who directly supervises a new life agent and who is qualified to do so under the Insurance Council guidelines for the supervision of new life agents.

Life Licence Qualification Program (LLQP): The LLQP course and exam is a licensing qualification standard that applies to all individuals who want to become licensed as life insurance agents in Canada.

Mandatory Notifications: Licensees have an obligation to provide notification to Council of certain changes or decisions that are related to their insurance licence. These may be related to personal or business-related changes, or disciplinary or legal decisions. For a list of all required notifications, please visit our website.

New Life Insurance Agent: an individual who obtains a life and/or accident & sickness insurance agent licence on or after September 1, 2012, and has not been licensed as an active life and/or accident & sickness insurance agent for a minimum of 24 months.

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