

# **General Insurance Level 3**

Alberta Insurance Council

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**NEW EXAM DATE March 6, 2017**

# Alberta Insurance Council

## Curriculum Design Document for General Insurance Brokers

### License Levels

The Alberta Insurance Council is proposing three levels of general insurance broker license.

**Level 1 Broker:** In an average Canadian brokerage and/or agency, this person would primarily work in the office in the role of front counter customer service representative. Other duties would be to work in a support role for Level 2 and Level 3 brokers in the office. This person would be supervised by a Level 2 or Level 3 broker.

**Level 2 Broker:** In an average Canadian brokerage and/or agency, this person would work as a producer of new business and manage existing business. In addition to personal lines insurance, this person would be involved in commercial or specialty lines of insurance or both. While a Level 3 is ultimately responsible for the overall management and supervision of a brokerage, a Level 2 broker may undertake various management and supervisory responsibilities and can act without supervision.

**Level 3 Broker:** In an average Canadian brokerage and/or agency, this person would have the technical insurance knowledge of a Level 2 broker and has full authority to act in the capacity of a manager or operator of a brokerage firm.

### Skills Levels

Throughout the Curriculum Design Document there will be references to skill levels as either Basic, Intermediate or Advanced. To ensure consistency with established learning principles, “Blooms Taxonomy of Educational Objectives” was referenced in developing definitions for each skill as follows:

#### Bloom’s Levels 1 and 2 - Basic Skills

A basic skill level in a particular area would require the broker to have **Knowledge and Comprehension** of that particular area.

**Definition of Knowledge:** The broker recalls or recognized information, ideas, and principles in the approximate form in which they were learned.

**Definition of Comprehension:** The broker understands, translates, or interprets (explains or summarizes) information based on prior learning.

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### Bloom Levels 3 and 4 - Intermediate Skills

An intermediate skill level in a particular area would require the broker to be able to **Apply and Analyze** the knowledge and comprehension of that particular area.

**Definition of Application:** The broker selects transfers, and uses data and principles to complete a problem or task with a minimum of direction.

**Definition of Analysis:** The broker distinguishes, classifies, and relates the assumptions, hypotheses, evidence, or structure of a statement or question.

### Bloom Levels 5 and 6 - Advanced Skills

A broker with an advanced skill level in a particular area must be able to **Synthesize and Evaluate** the knowledge and comprehension of that particular area.

**Definition of Synthesis:** The broker originates, integrates, and combines ideas into a product, plan or proposal that is new to him or her.

**Definition of Evaluation:** The broker appraises, assesses, or critiques on a basis of specific standards or criteria.

# General Insurance Level 3 – National Skills Profiles

## Industry Knowledge & Skills

Level III		
Basic	Intermediate	Advanced
		<b>Legislation &amp; Implementing Regulation</b> <b>Market Trends</b> <b>Role of Underwriter</b> <b>Role of Adjuster</b> <b>Concept of Reinsurance</b> <b>Concept of Facility</b> <b>Role and Benefits of Insurance in Society</b> <b>Role of Insurer</b> <b>Role of Regulatory Body</b> <b>Industry Associations</b>

## General Insurance Level 3 – National Skills Profiles

### Brokerage Management

Level III		
Basic	Intermediate	Advanced
	<b>Insurance Policy Maintenance</b> <b>Employment Legislation</b> <b>Termination of Employment</b>	<b>Privacy Standards</b> <b>Communication Standards</b> <b>Errors &amp; Omissions</b> <b>Financial Management</b> <b>Operations Management</b> <b>Licensing Requirements</b> <b>Broker Management System Operations</b> <b>Selection of Insurers to Represent</b>

## General Insurance Level 3 – National Skills Profiles

<b>Module</b>	<b>Page</b>	<b>Level 3</b>
<b>Module 1. Industry Knowledge and Skills</b>	6 - 7	9.10 – 9.19
<b>Module 2. Brokerage Management</b>	8 - 9	10.1 – 10.11

# Industry Knowledge and Skills: Broker

## Level 3, Module 1

**ID number and ability objective:**

**9. Industry Knowledge and Skills**

Demonstrate knowledge of the different components and structure of the insurance industry, regulatory requirements, and market trends and issues that will impact the insurance market

Measurable objective and skill level		
Basic	Intermediate	Advanced
		<p><b>9. Industry Knowledge &amp; Skills</b></p> <p><b>9.10 Legislation &amp; Implementing Regulation</b> – demonstrate awareness of role and the disciplinary procedures/processes of the Regulatory body as outlined on the Alberta Insurance Council’s website and amended from time to time e.g. review office procedures to ensure they comply with the Act, the Regulations, to monitor regulatory environment, to maintain currency, understand the role of the Superintendent of Insurance and the Office of the Superintendent of Financial Institutions, knowledge of the property and casualty industry insolvency protection.</p> <p><b>9.11 Market Trends</b> – Identify and understand the impact of new products (such as cyber liability) and the impact that changes in the marketplace will have on product availability and insurance company capacity; understand market trends, industry cycles, trends in the marketplace and what impact this has on a brokerage business.</p> <p><b>9.12 Role of Underwriter</b> - Define the role of the underwriter, risk election using tools such as loss ratios, broker knowledge of risk, and the development of good working relationships with the brokers.</p> <p><b>9.13 Role of Adjuster</b> – Define the role of an adjuster, e.g. the requirement for an adjuster to investigate, evaluate, quantify, negotiate and settle claims, distinguishing between staff and independent adjusters.</p> <p><b>9.14 Concept of Reinsurance</b> – Understand reinsurance, e.g. why an underwriter would use reinsurance on a specific risk; reinsurance capacity; facultative and treaty reinsurance; retention limits; self-insurance.</p> <p><b>9.15 Concept of Facility</b> – Understand the concept of facility, e.g. residual market, facility manual, risks required to be placed in facility and the need to explain it to a consumer.</p>

## Industry Knowledge and Skills: Broker Level 3, Module 1

**ID number and ability objective:**

**9. Industry Knowledge and Skills**

Demonstrate knowledge of the different components and structure of the insurance industry, regulatory requirements, and market trends and issues that will impact the insurance market

Measurable objective and skill level		
Basic	Intermediate	Advanced
		<p><b>9. Industry Knowledge &amp; Skills</b></p> <p><b>9.16 Role and Benefits of Insurance in Society</b> - Understand the value and benefits of pooling of risks, understanding that the global impact of insurance disasters, the requirements that banks have to require insurance on homes, what is economic stimulation, insurance industry education and co-operation to minimize claims (fire prevention, hail suppression, fraud detection).</p> <p><b>9.17 Role of Insurer</b> – Understand the role of an insurer and keeping brokers informed e.g. agency &amp; direct bill, premium financing; keeping their product offering current with market needs; providing a financially stable marketplace; indemnify the insured subject to the contract; fulfilling contractual obligations.</p> <p><b>9.18 Role of Regulatory Body</b> – Understand the role of the Superintendent of Insurance as the regulator of insurance companies, the role of the General Insurance Council to administer the Insurance Act and Regulations, and the role of the Superintendent of Financial Institutions (OSFI).</p> <p><b>9.19 Industry Associations</b> – Define the roles of different industry trade associations in providing consumer protection.</p>



# Brokerage Management: Broker

## Level 3, Module 2

**ID number and ability objective:**

**10. Brokerage Management**

Define the principles in successful Brokerage Management

Measurable objective and skill level		
Basic	Intermediate	Advanced
	<p><b>10. Brokerage Management</b></p> <p><b>10.1 Insurance Policy Maintenance</b> – demonstrate a solid understanding of what is required to provide appropriate insurance policy maintenance e.g. annual reviews, suggesting new products when there is a material change in circumstances, managing payment problems, reviewing for accuracy in insurance company documents for coverages, ratings and discounts</p> <p><b>10.2 Employment Legislation</b> - demonstrate a foundation level of understanding of skills and awareness of Employment Legislation e.g. human resources law; policies and regulations (Canadian Charter of Freedom and Rights); Employment Standards Code; Multiculturalism Act; Canada Revenue Agency requirements</p> <p><b>10.3 Termination of Employment</b> - demonstrate a solid level of understanding and awareness of protocol for dismissal and potential risks; file documentation prior to termination; compliance with Employment Standards Code, grounds for termination, compensation upon termination</p>	<p><b>10. Brokerage Management</b></p> <p><b>10.4 Privacy Standards</b> – Personal Information Protection and Electronic Document Act (PIPEDA) or Personal Information Protection Act (PIPA) in Alberta</p> <p><b>10.5 Communication Standards</b> – requirements of Canadian Anti-Spam Legislation (CASL) &amp; national do not call list</p> <p><b>10.6 Errors &amp; Omissions</b> – Understand the regulatory requirements for E&amp;O; understand the situations that would impact a brokerage’s E&amp;O policy and what steps would be necessary to address the identified situations e.g. establishing procedures, systems, standards, monitoring, auditing; understand when you need to give notice to an E&amp;O insurer of potential claims/losses; fiduciary responsibilities</p> <p><b>10.7 Financial Management</b> – the ability to read and analyze financial statements; cash flow analysis and management; budgeting principles, financial and year end audits</p>

## Brokerage Management: Broker Level 3, Module 2

**ID number and ability objective:**

**10. Brokerage Management**

Define the principles in successful Brokerage Management

Measurable objective and skill level		
Basic	Intermediate	Advanced
		<p><b>10. Brokerage Management</b></p> <p><b>10.8 Operations Management</b> - knowledge of the insurer/broker contracts and the agreements; negotiating and implementing the roll-over or transfer of a book of business upon contract termination; the importance of properly documented policies and procedures to ensure efficient agency operations and to minimize E&amp;O exposure; development and implementation of procedural audits; customer service management; monitoring of license renewals; quality assurance reviews; tracking of loss ratios, closing ratios, retention, cross selling; establishment and monitoring of a claims protocol</p> <p><b>10.9 Licensing Requirements</b> – different levels of licensing and what those licenses permit an individual to do; probationary; Designated Representative (DR) and their responsibilities in maintaining compliance with the Insurance Act and Regulations; supervisory responsibilities of a DR; continuing education and errors and omissions requirements.</p> <p><b>10.10 Broker Management System Operations</b> - familiarization and understanding of the brokerage’s IT systems; development and implementation of audit procedures; developing and implementing systems control and administration for email, internet, telephone protocol, website maintenance, intranet management, financial management.</p> <p><b>10.11 Selection of Insurers to Represent</b> – demonstrate the most appropriate selection of insurers, e.g. researching new markets; monitoring markets/insurers for financial stability; tracking service levels; product analysis and selection; confirm insurer has met licensing requirements in a jurisdiction; support and training offered by the insurer; technology interfaces; appetite for business of the broker’s market; ease of doing business with the insurer; quality and expertise of underwriters; understand the differences between independent agents/brokers and direct writers.</p>

## Broker: Curriculum Design Document Learning Requirements Level 3 License

Module	Measurable Objective and Skill Level				
	Bloom Levels 1 & 2 Basic Level	Bloom Levels 3 & 4 Intermediate Level	Bloom Levels 5 & 6 Advanced Level	Totals by Module	% of Learning Requirements by Module
<b>1. Industry Knowledge</b>	0	0	15	15	30%
<b>2. Brokerage Management</b>	0	10	25	35	70%
<b>Totals</b>	0	10	40	50	100%

## Broker – Level 3 Structure of the General Insurance Examination

<b>Module &amp; topic</b>	<b>Number of questions from this Module or topic</b>	<b>% of learning requirement and of exam</b>	<b>Learning level(s) of questions</b>
<b>1. Industry Knowledge &amp; Skills Module</b>	15	30% of exam	15 questions at advanced level
<b>2. Brokerage Management Module</b>	35	70% of exam	10 questions at intermediate level 25 questions at advanced level