

CONSUMER ADVISORY PANEL

June 23, 2023

Delivered electronically

Financial Services Regulatory Authority of Ontario
25 Sheppard Ave W, Suite 100
Toronto, ON
M2N 6S6

Re: Consultation on updated proposed amendments to the Unfair or Deceptive Acts or Practices Rule

The Consumer Advisory Panel (the Panel) welcomes this opportunity to comment on the updated proposed amendments to the Unfair or Deceptive Acts or Practices (UDAP) Rule related to deferred sales charges on segregated fund contracts.

The Panel provides a consumer perspective on proposed Financial Services Regulatory Authority of Ontario (FSRA) policy changes. More information about the Panel, its terms of reference and its members are available on the FSRA website.

The Panel appreciates FSRA's interest in both receiving and responding to input from a consumer perspective, particularly regarding these proposed amendments. As noted in our February 21, 2023 letter (Initial Letter) regarding the earlier version of these proposed amendments, FSRA staff has proactively engaged with members of the Panel to discuss the proposed amendments, as well as related projects regarding upfront compensation in segregated fund contracts currently being undertaken through national coordination bodies.

This letter expresses the Panel's:

- support for the elimination of Deferred Sales Charges (DSCs) on segregated fund sales,
- acknowledgement, based on the updates to the proposed amendments, of FSRA's meaningful response to the concerns that were expressed in the Panel's Initial Letter on the proposed amendments, and;
- encouragement for FSRA to continue to work with the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) to promote better experiences and outcomes for consumers by strengthening the regulation of upfront compensation and improving the regulation of compensation arrangements in segregated fund contracts.

In terms of the Panel's specific comments on the updated proposed amendments, we welcome the introduction of the "unequivocally better" requirement to avoid detailed disclosure for alternative sales charges that insurers offer to replace DSC's on previously

contracted deposits. We particularly appreciate that the updated proposed amendments explicitly state that “the advisor chargeback sales charge option is not unequivocally better than the deferred sales charge”. We urge FSRA to retain these provisions in the finalized rule.

Thank you for the opportunity to comment. The Panel looks forward to continuing to engage with, and support, FSRA in its work to protect the rights and interests of consumers in this area.

Sincerely,
Consumer Advisory Panel