



**Independent Financial Brokers of Canada**

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Financial Services Regulatory Authority of Ontario (FSRA)

25 Yonge St., Suite 100

Toronto ON M2N 6S6

Submitted to the FSRA [website](#)

### **Subject: Draft Fee Rule: Rule 2022 – 001 ASSESSMENTS AND FEES**

Independent Financial Brokers of Canada (IFB) appreciates the opportunity to comment on FSRA's proposed [2022 Fee rule](#).

IFB is a not for profit, national association with approximately 3,000 members. IFB members are licensed financial professionals, who have chosen to operate as independent businesspeople. The majority are provincially licensed life/health insurance licensees and/or are securities registrants. To meet the holistic needs of today's client, many IFB members have earned other accreditations or credentials to better advise their clients – whether businesses, individuals, or families.

IFB supports its members, and the financial community more generally, by offering accredited education, a professional liability program for individuals and firms, compliance resources and regulatory updates. An important part of our role is to represent and advocate on behalf of our members.

#### *Our comments*

IFB's comments focus on the sections of the draft Fee Rule most relevant to IFB members. These are Part 4, the Insurance Sector and Part 8, the Financial Professionals Sector.

FSRA has set out its Vision and Principles (V&P) in the Notice of the draft Rule. We agree that it is important that the Rule be "simple, consistent, fair, transparent, future-focused, and efficient and effective" for the sectors it applies to. We note that some Principles contained in the 2019 Fee Rule have been amended or deleted to reflect FSRA's actual regulatory experience. IFB has reviewed Part 4 and Part 8 with the updated Vision and Principles (V&P) in mind.

#### Part 4: Insurance Sector Assessments and Fees

FSRA is proposing to increase the 2-year fee for an individual life and/or health insurance licence, from the current \$150 to \$170, or approximately 13%. We understand that the fee increase is to better reflect the cost of oversight of the life/health insurance sector. IFB agrees that reasonable costs FSRA incurs to regulate any of its sectors, should be borne by that sector. This is consistent with FSRA's principle of fairness and its risk-based approach to regulation. We note, however, that there is no change proposed to the 2-year fee charged for a corporate or partnership licence. This suggests that FSRA's cost of oversight of these entities is being met by the current fee structure.



IFB appreciates that the cost to obtain an individual life/health insurance licence in Ontario compares favourably to that in some other provincial jurisdictions. We also appreciate that FSRA has proposed a relatively modest increase, given that the licence fee has not increased in many years. It would be our hope, however, that in keeping with FSRA's V&P to set a consistent and future-focused approach to Fees, FSRA has evaluated its regulatory costs in such a way that any further increase is not expected to be required for some time.

Independent life insurance agents/brokers are not immune to the increased costs associated with running a business in today's challenging economic climate of high inflation. In addition, licensees experience higher costs associated with meeting their ongoing regulatory requirements, which include licensing fees, continuing education courses, E&O insurance, privacy/business interruption insurance, and so on. As independent businesspeople, life insurance agents and firms need to be able to rely on a consistent Rule to be able to effectively budget and plan.

#### Part 8: Financial Professionals Sector Assessments and Fees

IFB previously recommended, in our November 2020 response to FSRA's consultation on the *Financial Professionals Title Protection Act* draft Fee Rule, that FSRA should be responsible for collecting the fee from credential holders, not each credentialing body (CB). It's important that FPs and FAs have some confidence and consistency in the amount they will pay to keep their credential in good standing. High costs for the credential holder could discourage advisors and planners from pursuing these credentials, which undermines the underlying consumer protection intent of the Act.

In addition, wide discrepancies in the ongoing fees that individual FPs and/or FAs will need to pay to a CB, could result in these individuals "shopping" for the lowest fee rather than the best program. Alternatively, and more troubling, it may cause these FPs and FAs to drop their life licence and/or securities registration to avoid paying the associated costs of maintaining these licenses, on top of their FP/FA fee. The unintended consequences of such action will be to increase the number of individuals holding out to the public with no oversight by a financial regulator in Ontario, no access to the consumer complaint mechanisms in place for consumers of insurance and securities products, and no recourse to the E&O insurance benefits that clients of licensed life insurance and securities registrants have.

In keeping with its risk-based mandate, IFB recommends that FSRA take steps to be able to identify, monitor and plan for these possible outcomes, so it can respond appropriately when needed.

IFB thanks FSRA for the opportunity to comment on the draft 2022 Fee Rule. Please contact the undersigned, or Susan Allemang, Director Policy & Regulatory Affairs ([sallemang@ifbc.ca](mailto:sallemang@ifbc.ca)) should you have questions or wish to discuss our comments further.

Yours truly,

A handwritten signature in black ink that reads 'Nancy Allan'. The signature is written in a cursive, flowing style.

Nancy Allan

Executive Director

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