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Submitted via email to: Tim.Mifflin@fsrao.ca**Re: Proposed Guidance on Life Insurance Agent and MGA Licensing Suitability**

Primerica Financial Services (Canada) Ltd. ("Primerica" or "we") is pleased to offer our views on the Financial Services Regulatory Authority of Ontario ("FSRA") proposed guidance on Life Insurance Agent and Managing General Agency ("MGA") Licensing Suitability. Our comments on the proposed guidance are outlined below.

We commend the collaborative and principles-based approach to regulation that FSRA has embraced to date to enhance consumer protection in the distribution of insurance. We firmly believe that the life insurance industry, including Primerica, and FSRA are aligned in the goal of consumer protection and positive customer outcomes. While we support the goals of FSRA in issuing the Guidance on Life Insurance Agent and MGA Licensing Suitability, we believe that greater clarity of roles and responsibilities of insurers and MGAs is required. We recommend that FSRA further delineate agent suitability and supervision responsibilities as well as the controls required by insurers versus MGAs. To ensure that MGAs can be tasked with the appropriate responsibilities, a regulatory and possibly legislative change may be required, and this should be examined in the context of the goals of the Guidance.

We look forward to working with you and the industry on achieving these goals, while minimizing unintended consequences of any new or revised regulatory regime. It is essential that life insurance remains affordable and accessible to middle income Canadians, including the financial guidance that is offered through life insurance agents.

About Primerica

Primerica Financial Services (Canada) Ltd. is a leading distributor of basic financial savings and protection products to middle-income households throughout Canada, serving the Canadian public since 1986. Our Canadian corporate group includes our life insurance company, Primerica Life Insurance Company of Canada ("PLICC") and is represented by 10,000 licensed life insurance agents across the country, 5,700 of whom conduct business in Ontario where we insure over 270,000 lives. Almost 70% (3,900) of our Ontario life insurance agents are dually licensed as mutual fund representatives through PFSL Investments Canada Ltd. ("PFSL").

Our products and personal advice help middle-income Canadians establish long-term financial goals. Our representatives guide their clients at life's critical points, helping them avoid common pitfalls to gaining financial independence: higher cost and lower face value insurance that does not protect adequately, starting to save too late, not saving enough and neglecting tax-advantaged savings opportunities, to name a few. Our representatives take a holistic approach with their clients and offer our digital FNA (Financial Needs Assessment), which provides them with a snapshot of their financial situation and a road map to achieve their goals.

We have an exclusive sales force of representatives, which allows us to put supervision, monitoring, controls, and restrictions in place based on trends and risks we identify.

FSRA's Role as a Principle's Based Regulator

FSRA was established as a principles-based regulator and that model has served consumers and its regulated stakeholders well. This model allows FSRA to remain agile in addressing consumer harm by staying up to speed with industry developments, new practices and products. In addition to the life insurance agent and MGA licensing suitability guidance, we do believe that the government should establish a regulatory framework specific to MGAs for the protection of consumers with respect to matters that cannot be effectively supervised by insurers.

Establish A Regulatory Framework That Regulates the Activities and Obligations of MGAs

While distribution models have evolved, regulations have not been updated to address the change, creating gaps in the current framework, most notably with MGAs. Primerica understands from FSRA's January 17, 2024 webinar that FSRA plans to release a proposed rule for Life and Health MGAs, and we support this initiative. We believe that creating a framework that regulates the activities and obligations specific to MGAs is essential to ensuring accountability and mitigating consumer harm. There is immense variability amongst MGA market conduct practices, which should be standardized through a rule or regulation to ensure fair treatment of customers. If this requires a legislative change, we are supportive of such a legislative amendment to recognize the role of MGA's in distributing life insurance products.

Life insurance companies operate under regulatory requirements amongst the various levels of government and play a crucial role in safeguarding consumers' interests. At the federal level, OSFI regulation requires life insurance companies to have Board oversight, adopt risk management strategies and robust capital requirements. In Ontario, FSRA relies on Board oversight of life insurance companies as part of the consumer protection continuum. For example, FTC guidance assumes and expects Board oversight and involvement in establishing company policies and practices. The robust regulatory framework which life insurance companies operate under enables a high degree of accountability and better cultivates consumer protection and trust in the industry.

MGAs require a similarly robust regulatory framework given their extensive role in distributing life insurance products. The framework should clearly define oversight responsibilities of life insurers and its distributors, being mindful of the diversity of distribution models and target markets. To that end, any legislative and regulatory changes should be flexible enough to allow FSRA to respond to market conduct issues as they arise and, on a principles-based approach.

Life Insurers Require More Oversight of MGA Agents

Primerica's exclusive sales force model enables us to have greater control and oversight of the sales force's conduct and sales practices. Our model allows us to take responsibility for consumer outcomes and resolve concerns our clients may have. However, we recognize that the MGA distribution network is by far the fastest growing distribution channel. We also acknowledge the challenges for life insurers to supervise MGA agent conduct from end to end as they cannot be expected to oversee the books of an agent who may be dealing with multiple life insurers. It is also important to recognize that having stricter self-imposed requirements by

some life insurers may lead to a competitive disadvantage and uneven consumer outcomes. In addition to adding MGAs into the formal life insurance regulatory framework, issuing guidance on FSRA's expectations of sponsoring companies and extending the timeframe for sponsoring new agents would positively contribute to oversight of agent conduct.

Conclusion

Primerica appreciates the opportunity to share our insights with the FSRA on the proposed guidance on Life Insurance Agent and MGA Licensing Suitability. We remain committed to working collaboratively with FSRA on these proposed changes and are available to address any questions you may have about our submission.

Sincerely,

[Original Signed By]

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Chief Executive Officer