

Summary of Feedback

Consultation on proposed Rule 2025-001 – Life and Health Insurance Managing General Agents

The submissions and FSRA's responses are available on [FSRA's website](#). The following stakeholders submitted comments on FSRA's Proposed L&H MGA Rule:

| | Organization | Stakeholder Representative | Sector Participation |
|---|--|----------------------------|---------------------------------|
| 1 | Advocis | Kelly Gorman | Life and Health Insurance |
| 2 | Canada Life | David Stewart | Life and Health Insurance |
| 3 | Canadian Association of Independent Life Brokerage Agencies (CAILBA) | Phil Marsillo | Life and Health Insurance |
| 4 | Canadian Life and Health Insurance Association (CLHIA) | Lyne Duhaime | Life and Health Insurance |
| 5 | Co-operators | Paul Gobeil | Financial Planners and Advisors |
| 6 | Desjardins | Giuseppina Marra | Life and Health Insurance |
| 7 | Individual Contributor | Ekamdeep Singh | Life and Health Insurance |

| | Organization | Stakeholder Representative | Sector Participation |
|----|---|----------------------------|---------------------------------|
| 8 | Experior Financial Group Inc. | Shelden Smollan | Life and Health Insurance |
| 9 | Financial Horizons | Nick Pszeniczny | Life and Health Insurance |
| 10 | FSRA Consumer Advisory Panel (CAP) | N/A | N/A |
| 11 | Greatway Financial Inc. | Matthew Hallet | Life and Health Insurance |
| 12 | Group Force Benefits | Sally Hagan | Life and Health Insurance |
| 13 | HUB Financial Inc. | Andrew Fink | Life and Health Insurance |
| 14 | IDC Worldsource (IDC) | Phil Marsillo | Life and Health Insurance |
| 15 | Individual Contributor | Shadi Rangrizian | Financial Planners and Advisors |
| 16 | Individual Contributor | William Sadler | Life and Health Insurance |
| 17 | Independent Financial Brokers of Canada (IFB) | Nancy Allen | Financial Planners and Advisors |
| 18 | Individual Contributor | Jocelyn Balendrez | Life and Health Insurance |

| | Organization | Stakeholder Representative | Sector Participation |
|----|--|----------------------------|---------------------------|
| 19 | Individual Contributor | Kirclin McKay | Life and Health Insurance |
| 20 | Individual Contributor | Leo Chow Bello | Life and Health Insurance |
| 21 | Peoplecorp/GroupQuest | Mario Malatesta | Life and Health Insurance |
| 22 | Individual Contributor | Myrose Tayamen | Life and Health Insurance |
| 23 | PPI | Cathy Hiscott | Life and Health Insurance |
| 24 | Global Insurance Solutions Inc. | Pricilla Kugathasan | Life and Health Insurance |
| 25 | Primerica | John A. Adams | Life and Health Insurance |
| 26 | The Advisor Group | Nicola Acocella | Life and Health Insurance |
| 27 | The Travel Health Insurance Association of Canada (THIA) | Elliot Draga | Life and Health Insurance |
| 28 | Third Party Administrators Association of Canada (TPAAC) | Carole Yari | Life and Health Insurance |

| | Organization | Stakeholder Representative | Sector Participation |
|----|---|----------------------------|---------------------------|
| 29 | <u>TruStone Financial Inc</u> | Godfrey Kiu | Life and Health Insurance |
| 30 | <u>World Financial Group Insurance Agency (WFG)</u> | Rick Williams | Life and Health Insurance |

| Topic | Stakeholder | Summary of Feedback | FSRA's Response |
|-----------------------|--|--|---|
| Scope and Application | <ul style="list-style-type: none"> ● Group Force Benefits ● CLHIA ● HUB ● Canada Life ● TPAAC ● Primerica ● Advocis ● Co-operators ● PPI ● Experior ● Financial Horizons ● Global Insurance Solutions Inc. ● THIA ● WFG ● CAILBA ● Desjardins ● PeopleCorp/GroupQuest Benefits ● The Advisor Group | <p>A number of stakeholders recommended limiting the scope of MGA licencing and other requirements in the Proposed L&H MGA Rule. A couple of stakeholders were of the view that the scope should be limited to MGAs that contract directly between an insurer and an agent in the distribution of individual insurance.</p> <p>Some stakeholders recommended that the Proposed L&H MGA Rule exclude Group Insurance, TPAs, corporate/partnership agencies that act solely as agents, travel insurance, educational providers and captive agents from the Proposed L&H MGA Rule.</p> <p>Stakeholders noted concerns that applying all obligations under the Proposed L&H MGA Rule across a wide range of entities of diverse sizes, markets</p> | <p>FSRA is proposing amendments to the Proposed Life & Health MGA Rule (Revised L&H MGA Rule) to strengthen consumer protection while establishing a clear, proportionate, and effective regulatory framework for individual L&H insurance distribution in Ontario.</p> <p>Under the <i>Insurance Act</i>, and therefore under the Revised L&H MGA Rule, all entities that perform a “regulated activity” under s.407.2 of the <i>Insurance Act</i> are required to be licenced. However, FSRA agrees it has more evidence regarding risks to consumers associated with the distribution of individual insurance through L&H MGAs than group or creditors’ group insurance.</p> <p>Therefore, to minimize regulatory burden while maintaining robust consumer protection standards,</p> |

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| | | <p>and business models could result in unintended consequences and create undue regulatory burden which would not be commensurate with the level of consumer protection required.</p> <p>One stakeholder suggested that MGAs be considered as separate and independent entities from insurers. They commented that MGAs operate and maintain separate and distinct responsibilities from insurers in the business of screening, recruiting and supporting agents to distribute insurance products.</p> <p>Some stakeholders recommended that FSRA implement a "Primary MGA Model" which would prevent agents from being contracted with more than two MGAs.</p> | <p>FSRA is proposing a tiered approach with corresponding regulatory requirements. The Revised L&H MGA Rule focuses compliance requirements for regulated entities on scenarios where more evidence of a risk to consumer harm has been identified. For example, under the Revised L&H MGA Rule, higher obligations will apply to L&H MGAs who, on behalf of an insurer, recruit, screen, train, or monitor agents who will be authorized to sell individual insurance.</p> <p>Lower obligations will apply with respect to scenarios where there is less evidence of potential consumer harm, such as group or creditors' group insurance, or where corporate agencies sell individual insurance but do not recruit, screen, train or monitor agents on behalf of insurers. This approach ensures that the</p> |

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| | | | <p>framework remains responsive and appropriate to the diversity of business models and market participants, while avoiding undue regulatory burden.</p> <p>The establishment of a “primary MGA model” is outside the scope of FSRA’s mandate and the Revised L&H MGA Rule.</p> |

MGA Licencing Eligibility and Suitability

- Experior
- Financial Horizons
- CLHIA

Several stakeholders expressed concerns regarding how the MGA suitability requirements would apply in practice.

One stakeholder expressed concerns about the broad discretion the suitability requirements grant FSRA in assessing whether an applicant for a L&H MGA licence is suitable, even if licensing, compliance, and other regulatory requirements have been met. This stakeholder requested

FSRA will be assessing an applicant’s eligibility and suitability for a L&H MGA licence. Sections 4 and 5 of the Revised L&H MGA Rule outline the licensing eligibility and suitability criteria FSRA will and may consider as part of the licensing process. L&H MGAs will be evaluated during the licensing process to determine whether they meet the requirements outlined in the Revised L&H MGA Rule. FSRA will provide industry with

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| | | <p>clarification on how an MGA's "associations" may be assessed by FSRA when determining MGA licence suitability.</p> <p>One stakeholder recommended that MGAs have a "Specific Minimum Criteria" that would include requirements for the DCR, a compliance department, E&O insurance requirements, and cyber insurance requirements.</p> <p>Another stakeholder suggested FSRA should assess an MGA's suitability, including their compliance system, before issuing an MGA licence.</p> | <p>additional information on the licensing and application process in due course.</p> <p>In determining an applicant's suitability for a L&H MGA licence, FSRA may, amongst other factors, consider past conduct of entities associated with the L&H MGA. While all entities who wish to obtain a L&H MGA licence will be required to meet certain minimum requirements prescribed in the <i>Insurance Act</i>, the tiered approach in the Revised L&H MGA Rule outlines in detail which regulatory requirements apply to which type of tier.</p> |
| MGA Licence Expiry and Renewal | <ul style="list-style-type: none"> • CLHIA • IDC | Stakeholders suggested providing clearer direction on the date an MGA's licence expires. | FSRA is including amendments in the Revised L&H MGA Rule to clarify that a L&H MGA licence |

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| | | <p>They recommended attaching a specific expiry date to each MGA licence to avoid confusion and reduce the burden. Additionally, they proposed eliminating multiple expiry/renewal dates for MGA licences to address operational difficulties and minimize confusion.</p> | <p>will expire on the date specified on the licence, if any, or two years from the date of issue.</p> |

Designated Compliance Representative (DCR)

- TPAAC
- TruStone Financial
- IDC
- Financial Horizons
- CAILBA
- CLHIA

Several stakeholders recommended that the DCR of an MGA not be an officer of the company as it would be too challenging and costly for many MGAs.

A number of stakeholders requested that more detail be provided regarding the qualifications of a DCR.

One stakeholder requested that the MGA be responsible and accountable for the actions of the

FSRA is proposing amendments to the duties and eligibility criteria of the DCR to address stakeholder concerns about potential operational challenges particularly for smaller L&H MGAs.

Under the Revised L&H MGA Rule, there will be no requirement for the DCR to be an officer or partner of the L&H MGA.

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| | | <p>DCR. On the other hand, another stakeholder suggested the MGA, as the licensee, should remain ultimately responsible for compliance, not just the DCR.</p> <p>A stakeholder questioned whether dual roles are permissible in smaller firms and sought guidance on the DCR's interactions with FSRA and insurers.</p> | <p>FSRA will consider how best to share further detail and information to stakeholders on how the DCR can satisfy the eligibility and suitability requirements outlined in the Revised L&H MGA Rule.</p> |
| MGA – Insurance | <ul style="list-style-type: none"> • Financial Horizons • IFB • IDC • CLHIA | <p>Several stakeholders have recommended that FSRA eliminate the surety bond requirement, citing its lack of alignment with industry standards and the absence of a clear consumer protection benefit. Instead, they proposed that FSRA mandate only Errors and Omissions (E&O) insurance for MGAs. A couple of stakeholders suggested FSRA should consider mandating a</p> | <p>FSRA is proposing amendments to the Proposed L&H MGA Rule by removing the option for a L&H MGA to maintain a surety bond as an alternate to E&O insurance.</p> <p>FSRA carefully considered stakeholder feedback regarding cyber insurance. To provide L&H MGAs with the flexibility to determine the types of insurance most appropriate for their</p> |

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| | | <p>minimum amount of E&O for MGAs.</p> <p>Some stakeholders requested that FSRA require MGAs to have cyber insurance.</p> | <p>business models, FSRA has not mandated cyber insurance in the Revised L&H MGA Rule. This is consistent with FSRA's approach for other regulated entities / sectors.</p> |

Standards of Practice- Recruiting

- Ekamdeep Singh
- Experior
- CAP
- Greatway
- TPAAC

Some stakeholders recommended that the Proposed L&H MGA Rule address and monitor multi-level marketing (MLM) recruiting MGAs.

A couple of stakeholders expressed concern that the Proposed L&H MGA Rule could limit “agent-driven recruitment” / “recruitment-based organization” by MGAs and one of the stakeholders urged FSRA to issue specialized guidance for agent-driven recruitment MGAs that supports growth, clarifies supervision of new agents, and aligns compensation with oversight.

The Revised L&H MGA Rule is designed to address findings from FSRA's supervisory reviews, which identified potential consumer harm due to inadequate screening, training, and monitoring of agents by L&H MGAs. The Revised L&H MGA Rule outlines compliance requirements and updated standards of practice related to recruiting, screening and training for both insurers and L&H MGAs. In addition, the proposed licensing framework promotes consumer protection by setting minimum requirements and standards for entities performing regulated activities captured

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under s.407.2 of the *Insurance Act*.

FSRA considered stakeholder feedback in relation to how requirements in the Proposed L&H MGA Rule could impact L&H MGAs that primarily engage in “agent-driven recruitment”. Section 407.3(1) of the *Insurance Act* prohibits a person or entity from acting as a L&H MGA without a L&H MGA licence. Section 407.4(1) of the *Insurance Act* states that only corporations or partnerships or certain other entities can apply for a L&H MGA licence; it does not allow individuals to apply to be licensed. Consistent with the provisions outlined in the *Insurance Act*, Section 4(2) of the Revised L&H MGA Rule further clarifies that individuals are not eligible for a L&H MGA licence. Therefore, individuals can only perform L&H MGA

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licensed activities where they are doing so as part of their jobs, where they are employed by a L&H MGA that holds the licence, or where they are partners in a licensed partnership.

As noted above, all entities that perform a “regulated activity” under s.407.2 of the *Insurance Act* will need to be licenced. However, the tiered approach in the Revised L&H MGA Rule outlines in detail which regulatory requirements apply to which type of tier. For example, entities such as corporate agents that recruit, screen, train and/or monitor agents who will be authorized to sell individual insurance would be categorized as Tier 2 MGAs if the corporate agents do not perform these activities pursuant to an agreement with an insurer.

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| Standards of Practice-Screening | <ul style="list-style-type: none"> • Experior • IDC • CLHIA • Desjardins | <p>Stakeholders have requested more clarity on how they can comply with requirements regarding screening agents to ensure they are suitable.</p> <p>Several stakeholders recommended that insurers could rely on MGA screening of agents to fulfill their own screening requirements to reduce duplication. Insurers would continue to have reasonable controls in place to ensure MGAs are meeting their obligations to recruit and recommend suitable agents.</p> <p>On the other hand, some stakeholders support robust agent screening by insurers.</p> <p>In relation to the meaning of “sufficient information” noted in section 1(9) of the Proposed L&H MGA Rule, a stakeholder recommended that FSRA require</p> | <p>FSRA is proposing amendments to the Proposed L&H MGA Rule to provide greater detail about the division of agent screening activities, enabling insurers and L&H MGAs to better understand and comply with requirements related to screening.</p> <p>Among other things, FSRA has updated the Proposed L&H MGA Rule to explain how and when an insurer can rely on a Tier 1 MGA to screen agents. The insurer must make the decision about agent suitability itself when it is sponsoring the agent. However, in all other cases it may delegate the suitability decision to a Tier 1 MGA if the insurer is satisfied that the Tier 1 MGA's compliance system can reasonably be expected to achieve the outcomes outlined in the Revised L&H MGA Rule. This approach is intended to support operational</p> |

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| | | <p>MGAs to provide proof of a recent credit check, information on:</p> <ul style="list-style-type: none"> - a history of insolvencies, in addition to a criminal record check for the agents they recruit on an ad hoc/as needed basis to support agent suitability and - FSRA impose specific continuing education standards, ethics, and business conduct requirements (like Quebec) for each reference period. <p>A stakeholder suggested insurers should be able to assess the MGA's compliance system and if the insurer, acting reasonably, is satisfied, they should be able to rely on the MGA's assessment of an agent's suitability.</p> | <p>efficiency and reduce duplication of effort.</p> <p>The reference to "sufficient information" in section 1(9) of the Proposed L&H MGA Rule clarifies the factors that insurers and Tier 1 MGAs must consider when assessing an individual's suitability to be licensed as an agent. Specifically, subsection 1(9)(i)(a)(iii) requires consideration of an individual's history of criminal charges and convictions. Additionally, subsection 1(9)(i)(e) points to the criteria outlined in the Agents Regulation, which include, among other things, continuing education requirements to maintain an agent's licence.</p> <p>FSRA recognizes it is important to avoid unnecessary duplication of effort. FSRA has therefore structured the Revised L&H MGA Rule to allow insurers to delegate</p> |

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| | | | <p>duties to Tier 1 MGAs if the insurer has a compliance system reasonably designed to ensure the Tier 1 MGA will ensure distribution complies with applicable insurance laws, including the Revised L&H MGA Rule. Where the insurer and Tier 1 MGA agree to this approach, the insurer can focus their oversight on the Tier 1 MGAs, while the Tier 1 MGAs will oversee the sub-MGAs and agents associated with them.</p> <p>Similarly, the Revised L&H MGA Rule clarifies that when a Tier 1 MGA delegates screening activities to a Tier 2 MGA, that Tier 2 MGA can only further delegates these activities to another Tier 2 or Tier 3 MGAs, if the Tier 2 MGAs and Tier 3 MGAs have screening process reasonably designed ensure the delegated activities are carried out in accordance with applicable</p> |

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| | | | <p>insurance laws, including the Tier 1 MGA's and the delegating Tier 2 MGA's responsibilities outlined in the Section 11 of the Rule.</p> |

Standards of Practice-
Training

- IDC
- CLHIA
- CAILBA
- TPAAC
- IFB
- Ekamdeep Singh
- Desjardins
- The Advisor Group

One stakeholder recommended that when prospective agents receive training and education through the MGA, the MGA should ensure that the content is reasonably appropriate for its intended purpose and that the prospective agents are not engaging in any licensed activities on behalf of the MGA during this period.

Several stakeholders expressed that they found the training requirements on insurers lacked detail and shared that MGAs are better suited to deliver training to agents, while insurers are better

The Revised L&H MGA Rule provides additional detail to clearly delineate the responsibilities of insurers and L&H MGAs related to training. More specifically, the amendments establish requirements on insurers and Tier 1 MGAs, including ensuring they implement and manage processes reasonably designed to achieve the requirements set out in the Revised L&H MGA Rule.

For each Tier 1 MGAs that train agent or prospective agents, the training processes must be designed taking into consideration the size,

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| | | <p>suitable to create training materials.</p> <p>One stakeholder noted that relying on MGAs to deliver training could lead to inconsistencies and recommended a standardized curriculum and clearer accountability framework.</p> | <p>complexity and risk profile of the Tier 1 MGA, including any sub-MGAs under the Tier 1 MGA, and their agents, to ensure, among other things:</p> <ul style="list-style-type: none"> - training is clear, accurate, and aligned with the prescribed outcomes - appropriate notification is given to insurers when the training materials the insurers create are modified - the Tier 1 MGA reports on agent training when requested by an insurer - agents understand their legal responsibilities and key elements of the insurer's insurance <p>For insurers, the training processes must be reasonably designed to ensure, among other things:</p> <ul style="list-style-type: none"> - the training materials the insurers create on their |

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individual insurance are clear, accurate and include certain minimum information

- insurers make their training materials available to L&H MGAs and agents
- insurers ensure agents complete training

The Revised L&H MGA Rule also give insurers the option to delegate certain training responsibilities to Tier 1 MGAs if the insurers take certain required steps to ensure the training is provided properly.

Similarly, the Revised L&H MGA Rule clarifies that when a Tier 1 MGA delegates training activities to a Tier 2 MGA, that Tier 2 MGA can only further delegate these activities to another Tier 2 or Tier 3 MGA, if the Tier 2 and Tier 3 MGA has training processes

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| | | | <p>reasonably designed to ensure the delegated activities are carried out in accordance with applicable insurance laws, including the Tier 1 MGA's and the delegating Tier 2 MGA's responsibilities outlined in the Section 11 of the Rule.</p> <p>Mandating a standardized curriculum for training in the L&H MGA distribution network is outside the scope of the Revised L&H MGA Rule.</p> |
| Agents' Obligations | <ul style="list-style-type: none"> • Global Insurance Solutions Inc. • Leo Chow Bello • Desjardins • Kirclin McKay | <p>One stakeholder requested that agents only be contracted with one MGA for all carriers.</p> <p>One stakeholder recommended that FSRA mandate that agents must provide documented financial needs analysis and written rationale approved by their supervisor or compliance</p> | <p>The Revised L&H MGA Rule does not contemplate limiting agents to a single L&H MGA. FSRA's proposed approach to designing the regulatory framework for L&H MGAs is intended to minimize disruption to industry participants within the L&H MGA distribution channel while strengthening consumer protection through clear,</p> |

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| | | <p>officer before issuing any permanent life insurance product to a low-income or vulnerable client.</p> <p>The same stakeholder also recommended that FSRA require insurers and MGAs to flag applications where an applicant receives Ontario Disability Support Program (ODSP), Ontario Works, Canada Pension Plan disability benefit (CPP-D), or other income-tested public support.</p> <p>One stakeholder recommended that FSRA amend the insurance agent licensing requirements to include reporting of certain events.</p> <p>A stakeholder requested that FSRA require agents to provide clear timelines to consumers and ensure communication is not just</p> | <p>proportionate and effective regulatory requirements.</p> <p>Amendments related to insurance agents' licensing requirements are outside the scope of the Revised L&H MGA Rule.</p> <p>Specific reporting requirements for insurers and L&H MGAs related to insurance applications where the individual is receiving income from various public support programs in outside the scope of the Proposed L&H MGA Rule.</p> <p>The Revised L&H MGA Rule builds on the legislative amendments, which create a licensing framework for L&H MGAs. Explicit market conduct-related requirements for agents are out of scope for the Revised L&H MGA Rule.</p> |

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| | | <p>in plain language, but also understandable—using visuals, confirming numeracy, and clearly explaining policy impacts.</p> <p>One stakeholder expressed concern that the Proposed L&H MGA Rule will place too much burden on licensees as there are already stringent existing licensing requirements, such as additional continuing education and fees to an already highly regulated system.</p> | <p>The amendments in the Revised L&H MGA Rule are intended to ensure agents and prospective agents in the L&H MGA are properly trained and authorized before engaging in sales. These changes align with existing legal requirements with respect to continuing education requirements for agents and FSRA's expectations that agents understand the individual insurance products they sell.</p> |

Insurer- Compliance System

- CAP
- HUB
- Canada Life
- CLHIA
- TruStone Financial
- Co-operators
- Financial Horizons

Multiple stakeholders emphasized that insurers should retain ultimate accountability for supervising the conduct of their contracted agents and MGAs.

FSRA agrees with regulators across Canada that insurers are accountable for distribution strategies and ultimately responsible for oversight aspects pertaining to distribution of their products.¹ Therefore, where an

¹ [Guidance: Conduct of Insurance Business and Fair Treatment of Customers](#), Canadian Council of Insurance Regulators and Canadian Insurance Services Regulatory Organizations, September 2018, s. 6.5.

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| | <ul style="list-style-type: none"> • WFG • CAILBA • Desjardins • Leo Chow Bello | <p>One stakeholder recommended that insurers be responsible for product design, promotion, underwriting, claims payment, and maintaining policyholder obligations as well as providing product training information to agents.</p> <p>One stakeholder shared that the yearly audit requirement for insurers to check MGAs is too burdensome.</p> <p>One stakeholder recommended that insurers should be responsible for ensuring the following are met by an MGA: suitability, appropriate licensing, and robust compliance program including the monitoring/supervision of agents.</p> <p>Several stakeholders noted that insurers lack visibility into the activities of prospective agents,</p> | <p>insurer chooses to distribute insurance through a L&H MGA Rule, the insurer remains responsible for ensuring there are reasonable systems of compliance throughout the distribution chain.</p> <p>The proposed amendments align with the need for insurers to remain accountable for ensuring there are reasonable systems of compliance throughout the distribution chain.</p> <p>Amongst other requirements, the Revised L&H MGA Rule notes that an insurer is responsible for maintaining a compliance system reasonably designed to ensure associated agents and Tier 1 MGAs comply with all applicable law. The Revised L&H MGA Rule also includes greater clarity on circumstances where an insurer may rely on a L&H MGA's</p> |

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| | | <p>and that gaining such insight is a significant challenge.</p> <p>One stakeholder recommended that FSRA audit each MGA yearly or create an Audit Compliance Checklist for insurers so that MGAs know what material to provide to insurers, since an MGA contracted with multiple insurers could be subject to multiple annual reviews by different insurers.</p> <p>One stakeholder recommended that the Proposed L&H MGA Rule introduce a self-regulatory organization (SRO) to reduce costs and burdens for insurers.</p> | <p>compliance system for agent-related activities, provided the insurer is satisfied that the L&H MGA's compliance system can reasonably be expected to achieve the outcomes outlined in the Revised L&H MGA Rule.</p> <p>Instead of yearly audits, the Revised L&H MGA Rule would require insurers to, on an ongoing basis, identify unsuitable Tier 1 MGAs they are associated with.</p> <p>The Revised L&H MGA Rule requires insurers to have a screening and training process reasonably designed to ensure agents and prospective agents comply with all applicable insurance law. However, insurers will have the option to delegate the oversight responsibilities to Tier 1 MGAs under specific conditions.</p> |

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| | | | <p>FSRA will consider its supervisory approach for L&H MGAs as part of the implementation of the framework and communicate this to stakeholders at the appropriate time.</p> <p>The Revised L&H MGA Rule builds on the legislative amendments, which create a licensing framework for L&H MGAs.</p> <p>The establishment of a self-regulatory organization (SRO) is outside the scope of the Proposed L&H MGA Rule.</p> |
| MGA- Compliance System | <ul style="list-style-type: none"> ● IFB ● HUB ● CAP ● CLHIA ● Canada Life | Several stakeholders called for more clarity regarding the MGA's compliance system to avoid inconsistent implementation and duplicative or inefficient | One of the main objectives of the proposed amendments to the Proposed L&H MGA Rule is to clearly delineate the roles and responsibilities of insurers and |

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| | <ul style="list-style-type: none"> • TPAAC • TruStone Financial • Co-operators • PPI • Experior • IDC • Financial Horizons • CAILBA • Desjardins • Greatway • Lee Chow Bello • The Advisor Group | <p>compliance programs across insurers and MGAs. These stakeholders also noted that clearly defined roles will avoid duplication of effort between insurers and MGAs.</p> <p>One stakeholder recommended that FSRA allow MGAs to determine how they will achieve the intended outcomes for each compliance activity.</p> <p>One stakeholder recommended that the Proposed L&H MGA Rule establish minimum standards for an MGA's compliance system and that MGAs may choose to elevate their programs beyond the minimum standards.</p> <p>One stakeholder requested that MGAs should be allowed to request information from insurers regarding agents to fulfill compliance obligations.</p> | <p>L&H MGAs. The Revised L&H MGA Rule achieves this by providing greater detail on the regulatory obligations that insurers and Tier 1 MGAs must meet through their respective compliance systems.</p> <p>The Revised L&H MGA Rule sets out minimum compliance system requirements for Tier 1 MGAs. FSRA has also amended the Rule to require insurers to provide Tier 1 MGAs with relevant information needed to fulfill their compliance responsibilities.</p> <p>Consistent with the approach taken for insurers, the Revised L&H MGA Rule removes the requirement for L&H MGAs to conduct annual assessments of each associated sub-MGA. Instead, Tier 1 MGAs must maintain a compliance system reasonably designed to identify</p> |

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| | | <p>One stakeholder expressed that it is unrealistic for an MGA to audit their sub-MGAs yearly.</p> <p>Several stakeholders recommended that MGAs be allowed to utilize existing formats for compliance including APEXA.</p> | <p>unsuitable sub-MGAs on an ongoing basis.</p> <p>The compliance system requirements for Tier 1 MGAs are designed to be principles-based and outcomes-focused, allowing Tier 1 MGAs flexibility in how they meet these expectations, including through the use of established monitoring and compliance tools.</p> |

Shared Responsibility

- TruStone
- Primerica
- Canada Life
- Experior
- IDC
- WFG
- CAILBA
- IFB
- Co-operators
- Greatway Financial Inc.
- IDC
- Desjardins

A number of stakeholders requested clearly defined boundaries for each party's oversight obligations to avoid duplication and confusion.

Several stakeholders recommended that MGA oversight be a shared responsibility between MGAs and insurers.

One of the main objectives of the proposed amendments to the Proposed L&H MGA Rule is to delineate the roles and responsibilities applicable to insurers and L&H MGAs. The Revised L&H MGA Rule aims to achieve this by outlining in greater detail the different outcomes that insurers and Tier 1 MGAs need to meet through their respective compliance systems as well as requirements

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| | | <p>One stakeholder recommended that FSRA ensure that insurers do not abdicate their supervisory responsibilities.</p> <p>Multiple stakeholders suggested the Proposed L&H MGA Rule be less duplicative and offer more clarification with respect to delineation of roles and responsibilities among insurers and MGAs.</p> <p>One stakeholder recommended that FSRA create guidance that acknowledges that insurers and MGAs can agree with the other to carry out certain supervision and/or oversight activities otherwise prescribed to each other under applicable law or regulation.</p> | <p>for agent-related activities with respect to recruiting, screening, training and monitoring.</p> <p>The Revised L&H MGA Rule, includes greater clarity on circumstances where an insurer may rely on a Tier 1 MGA's compliance system for agent-related activities. The insurer can rely on a Tier 1 MGA to perform certain activities if the insurer is satisfied that the Tier 1 MGA's compliance system can reasonably be expected to achieve the outcomes outlined in the Revised Proposed L&H MGA Rule.</p> |
| Reporting Obligations | <ul style="list-style-type: none"> • Desjardins • CLHIA | Some stakeholders recommended that the Proposed L&H MGA Rule have clear | The Revised L&H MGA Rule requires insurers and Tier 1 MGAs to maintain compliance |

| Topic | Stakeholder | Summary of Feedback | FSRA's Response |
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| | <ul style="list-style-type: none"> <li data-bbox="474 396 793 427">The Advisor Group | <p data-bbox="999 396 1451 500">reporting requirements to make insurers, MGAs, and agents report misconduct.</p> <p data-bbox="999 550 1478 800">One stakeholder expressed concern that the reporting requirements could result in neither party making a report and that reporting requirements will lead to duplication which would increase burden.</p> <p data-bbox="999 850 1472 1029">The same stakeholder recommended that FSRA have a reporting requirement framework that is aligned with international standards.</p> <p data-bbox="999 1079 1461 1258">One stakeholder expressed concern that the reporting requirement for L&H MGAs in s.407.4(12) of the <i>Insurance Act</i> is too short.</p> | <p data-bbox="1503 396 1976 646">systems reasonably designed to ensure they report to FSRA instances where they believe there are reasonable grounds an agent is unsuitable, including rectifying the unsuitability in a timely and effective manner.</p> <p data-bbox="1503 654 1976 979">FSRA is designing the regulatory framework for L&H MGAs within the scope of its mandate and within the authority set out in the amendments of the <i>Insurance Act</i>. Amending reporting requirements outlined in the <i>Insurance Act</i> are outside the scope of FSRA's authority.</p> |

| Topic | Stakeholder | Summary of Feedback | FSRA's Response |
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| Rule Clarity and Guidance | <ul style="list-style-type: none"> • IDC • Co-operators • CAP • Greatway • Experior • WFG • PPI • HUB | <p>Some stakeholders expressed concern over the lack of definitions and clarity over key terms, phrases, and sections of the Proposed L&H MGA Rule.</p> <p>One stakeholder recommended FSRA create guidance that addresses how agents and sub-MGAs conduct business on behalf of the MGA.</p> | <p>FSRA has amended the Proposed L&H MGA Rule, where necessary, to provide additional clarity to support the sector in achieving the regulatory requirements of the framework.</p> <p>After the framework is implemented and FSRA has gained sufficient experience in supervising the sector, FSRA may consider if there is a need to provide additional clarity to industry by creating guidance specific for agents and sub-MGAs on how they conduct business on behalf of L&H MGAs.</p> |
| FSRA Registry | <ul style="list-style-type: none"> • TPAAC • CLHIA | <p>A stakeholder requested that FSRA play a larger role in compliance by creating a registry of business relationships between insurers and MGAs as well as FSRA playing a larger</p> | <p>FSRA is currently not contemplating a registry of business relationships between insurers and L&H MGAs. FSRA will consider options as part of its broader business</p> |

| Topic | Stakeholder | Summary of Feedback | FSRA's Response |
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| | | <p>role in overseeing agents and MGAs.</p> <p>A stakeholder requested the Proposed L&H MGA Rule address transparency for consumers, so they are well-informed and can readily access a searchable FSRA registry to validate the licence status for both an agent and an MGA.</p> | <p>transformation initiative on how to make information available to consumers and industry related to the status of a L&H MGA's licence.</p> |
| Harmonization | <ul style="list-style-type: none"> • TruStone | <p>One stakeholder requested that FSRA work with other national regulators and the Canadian Council of Insurance Regulators (CCIR) to ensure the Proposed L&H MGA Rule aligns with emerging standards in other provinces.</p> | <p>FSRA acknowledges the importance of regulatory alignment and will continue to collaborate, where applicable, with national regulators and the CCIR to help ensure the Revised L&H MGA Rule remains consistent with emerging standards across jurisdictions. FSRA's mandate is limited to establishing the Proposed L&H MGA Rule and licensing requirements for L&H MGAs</p> |

| Topic | Stakeholder | Summary of Feedback | FSRA's Response |
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| | | | within the current legislative framework. |

Consumer Protection • PPI

One stakeholder expressed concern that the Proposed L&H MGA Rule does not protect all consumers equally and adequately as MGAs and carriers do not have effective oversight.

One of the key outcomes of the Proposed L&H MGA Rule is to ensure consumers purchasing products from an agent contracted with a L&H MGA are afforded the same level of compliance as those who deal with an agent directly contracted with an insurer. To achieve this outcome, the Revised L&H MGA Rule includes specific requirements for a Tier 1 MGA's compliance system and minimum standards of practice with respect to agent-related activities such as recruiting, screening and training.

The Revised L&H MGA Rule also outlines requirements for insurers and Tier 1 MGAs to have compliance systems

| Topic | Stakeholder | Summary of Feedback | FSRA's Response |
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| Legislative Amendments | <ul style="list-style-type: none"> CLHIA | <ul style="list-style-type: none"> One stakeholder recommended that the Agents Regulation be amended, for example: <ul style="list-style-type: none"> amending Section 12 of Ontario Regulation 347/04 (Agents Regulation) or using the Proposed L&H MGA Rule to clarify when an agent is contracted with an MGA that they have different application of agent obligations compared to insurers with captive agents Section 3 of the Agents Regulation be repealed or amended to indicate that the new licensee must be sponsored by an MGA or an insurer | <p>reasonably designed to ensure effective monitoring and oversight of associated agents.</p> <p>The Revised L&H MGA Rule builds on the legislative amendments, which create a licensing framework for L&H MGAs. Amendments to the <i>Insurance Act</i> and Regulations under the <i>Insurance Act</i> are outside of FSRA authority and purview. As noted earlier, FSRA is in agreement with other regulators across Canada that insurers are accountable for distribution strategies and ultimately responsible for oversight aspects pertaining to distribution of their products. This view is consistent with the requirements outlined in Section 12 of the Agents Regulation.</p> |

| Topic | Stakeholder | Summary of Feedback | FSRA's Response |
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| | | <ul style="list-style-type: none"> - the Proposed L&H MGA Rule address agent sponsorship to allow MGAs to sponsor the agents they recruit and screen as Saskatchewan allows MGAs to sponsor agents | <p>As per s. 3(1) of Ontario Regulation 347/04, life insurance agents must be sponsored by a licensed insurer for the first two years of obtaining their agent licence.</p> |

Transition Period

- HUB
- Canada Life
- TruStone Financial
- Experior
- IDC
- WFG
- CAILBA
- CLHIA

Stakeholders expressed varied preferences for the transition period, ranging from 12 to 24 months, with some suggesting an iterative approach.

FSRA has updated the Proposed L&H MGA Rule to include a 24-month transitional period following the coming into force date (expected to be June 1, 2026).