

FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO
NOTICE OF RULE UNDER THE *FINANCIAL SERVICES REGULATORY AUTHORITY*
OF ONTARIO ACT, 2016

PROPOSED AMENDMENTS – RULE 2022-001 ASSESSMENTS AND FEES

October 20, 2025

Introduction

Pursuant to subsection 22(1) of the *Financial Services Regulatory Authority of Ontario Act, 2016*, SO 2016, c 37, Sched 8 (the **FSRA Act**), the Financial Services Regulatory Authority of Ontario (**FSRA**) is publishing for comment proposed amendments (“**Proposed Fee Rule Amendments**”) to Rule 2022-001 – *Assessments and Fees* (the “**FSRA Fee Rule**”) ¹.

With this Notice of Rule and Request for Comment (the “**Notice**”), FSRA is proposing changes to the FSRA Fee Rule to support the new licensing framework for Life and Health Managing General Agents (“**L&H MGAs**”).

This Notice introduces Phase 1 of a two-phased implementation plan. Phase 1 sets out amendments to establish a licensing application fee for new L&H MGAs under Proposed Rule 2025-001– *Life and Health Managing General Agents* (“**Proposed L&H MGA Rule**”).

For details on the phased approach, see *Substance and Purpose of the Proposed Fee Rule Amendments - Fee Rule Implementation Plan and Timeline*, below.

For the text of the Proposed Fee Rule Amendments, please see **Appendix A** to this Notice. Interested persons are invited to make written representations to FSRA with respect to the Proposed Fee Rule Amendments by December 19, 2025.

Please see the questions included in the Consultation Questions section of this Notice for consideration and comment.

Authority for Proposed Fee Rule Amendments

Subsection 21(2) of the *FSRA Act* gives FSRA the authority to make rules governing fees, levies, sector assessments, and other charges that it may impose. This includes, but is not limited to, establishing charges for applications related to approvals, licences, or registrations.

¹ Approved by the Minister of Finance on September 13, 2023, and came into force December 1, 2023.

Section 21(2)(d) also gives FSRA the authority to impose fees in connection with its regulatory work described in sections 4 and 6, as well as in connection with other activities that align with its statutory objects under sections 3 and 3.1. These objects include regulating and supervising Ontario's financial services sectors, monitoring and evaluating developments and trends in the regulated sectors and contributing to public confidence in the regulated sectors.

Background

In November 2024, [Bill 216 - Building Ontario For You Act \(Budget Measures\), 2024](#) (the "**Amendments**") received royal assent, creating a new licensing framework for L&H MGAs under part XIV.1 of the *Insurance Act*, RSO 1990, c I.8. Consistent with the government's announcement included in the [2025 Ontario Budget: A Plan to Protect Ontario](#), the new licensing framework is being targeted for implementation by June 1, 2026. This would be subject to the approval of the revised Proposed L&H MGA Rule by the Minister of Finance.

In response to these legislative changes, FSRA released the Proposed L&H MGA Rule for [public consultation](#) in January 2025. FSRA has released the revised Proposed L&H MGA Rule for a second consultation on [October 20, 2025](#).

Budget

FSRA designed the Proposed Fee Rule Amendments based on the estimated resources required to fulfill its regulatory requirements under the *FSRA Act*.

Each year, FSRA projects its financial activities in the [Proposed Statement of Priorities and Budget](#). Each Fall, FSRA consults on the proposed priorities and budget with members of FSRA's Stakeholder Advisory Committees, who have the opportunity to meet with FSRA management and provide feedback. FSRA also posts the document for public consultation. After reviewing feedback, FSRA finalizes its priorities and budget in [FSRA's Annual Business Plan](#), provides it to the Minister and makes it available to the public.

L&H MGA sector fees can be broken down into two types of costs: direct costs and common costs.

Direct costs are directly tied to FSRA's regulatory activities specific to the L&H MGA sector. These include expenses for different divisions within FSRA (e.g. Market Conduct, Legal, and Policy) that carry out activities relating to, but not limited to, the

licensing, monitoring and supervision of L&H MGAs and insurers², and complaints handling.

Common costs include shared services that support the delivery of regulatory oversight of the L&H MGA sector. FSRA only recovers fees related to common costs that are demonstrably linked to FSRA's supervision of the sector's regulatory activities (e.g., corporate services).

A full listing of direct and common costs is available as part of the [FSRA budget](#) consultation process.

FSRA has prepared a four-year budget forecast (FY2025-26, FY2026-27, FY2027-28 and FY2028-29) to support implementation of the Proposed L&H MGA Rule. This forecast includes two types of costs:

1. **Start-up costs:** These costs address the design and setup of the regulatory framework, including the development of the application review process, other operational processes and supervisory procedures and communication / engagement to support awareness and education of the sector. Costs have already been accrued in FY2025-2026 and will continue to be accrued in FY2026-27 and FY2027-28. These costs will be recovered from the sector once regulation begins after the prescribed transition period as outlined in the Proposed L&H MGA Rule (proposed transition period ends in FY2028-29)³.
 - a. FSRA forecasts accruing approximately **\$9-10M** in start-up costs.

Note: The [FY2025-2026 budget](#) for MGA is currently \$1.4M, consisting of \$1.0M in direct costs and \$0.4M in common costs. At the time of budget preparation, FSRA did not have all the information required to determine the resources required for this fiscal year. This total has increased to \$2.4M for FY2025-26.

2. **Ongoing costs:** These costs support ongoing oversight of the regulatory framework starting in FY2028-29, including supervisory activities. Like start-up costs, these costs will be recovered from the sector once regulation commences following the proposed transition period (beginning FY2028-29)³.
 - a. FSRA forecasts ongoing regulatory costs at approximately **\$3-4M** per annum.

² Only insurers who are associated with L&H MGAs (“**insurers**”) will be subject to the fees associated with the L&H MGA regulatory framework

³ For more information on the transition period, please see [Notice – Rule 2025-001 – Life and Health Insurance Managing General Agents \(the “Proposed L&H MGA Rule”\)](#)

Substance and Purpose of the Proposed Fee Rule Amendments

To enable implementation of the Proposed L&H MGA Rule, FSRA must establish a fee structure that supports its mandate to operate as an independent, self-funded regulator.

FSRA designed the Proposed Fee Rule Amendments using guiding principles to ensure the approach to fees and assessments in the L&H MGA sector is simple, consistent and fair.

The Proposed Fee Rule Amendments align with following principles:

Principle	Description
1. Fairness and Effectiveness	<ul style="list-style-type: none">• The proposed fee structure should reflect the level of regulatory oversight FSRA provides to the sector. Fees must not be used to subsidize the costs of supervising other regulated sectors.• Costs to regulate L&H MGAs should be borne by L&H MGAs and the insurers who distribute insurance through them, and not by others.
2. Future Focused	<ul style="list-style-type: none">• The proposed fee structure should be based on forward-looking estimates within which FSRA manages its budget.
3. Consistency	<ul style="list-style-type: none">• The proposed fee structure should be predictable year-over-year.• The proposed fee structure should not disadvantage or cause unintended barriers for insurers and/or L&H MGAs.
4. Transparency and Clarity	<ul style="list-style-type: none">• Insurers and/or L&H MGAs should be able to easily access information about their fees to understand the calculations that drive their assessments and fees.

Fee Rule Implementation Plan and Timeline

FSRA proposes implementing the L&H MGA fee structure in two phases:

Phase 1 – Propose amending the FSRA Fee Rule to introduce a licensing application fee for new L&H MGAs, effective June 1, 2026.

Phase 2 – Propose amending the FSRA Fee Rule to define how FSRA will recover start-up and ongoing costs.

A two-phased approach would allow FSRA additional time to gather more information through its licensing activities on the size and sophistication of the sector to inform a fair and reasonable fee structure.

This Notice outlines the proposed Phase 1 amendments, which enable FSRA to collect a fee associated with processing new L&H MGA licensing applications.

FSRA is intending to communicate proposed fees relating to Phase 2 before the end of the proposed transition period.

Proposed L&H MGA Fee Structure (Phase 1)

FSRA proposes a non-refundable, fixed licensing application fee for new L&H MGAs under the new L&H MGA regulatory framework.

Proposed Licensing Application Fee: \$1000

This proposed fee would be paid when new L&H MGAs submit a licensing application under the Proposed L&H MGA Rule. The proposed fee will cover a portion of the direct costs associated with reviewing an application (e.g., the estimated amount of time FSRA staff would spend reviewing the application). Application fees collected will be used to offset start-up costs.

In determining the proposed application fee, FSRA considered fees charged to other licensees in Ontario’s insurance sector (see examples below). FSRA aimed to balance affordability with recovering the necessary costs to review an application.

Examples of fees charged to other entities in the insurance sector under the FSRA Fee Rule that were used to inform the application fee for new L&H MGAs:

Licensing application fee for a new Ontario incorporated Insurer	\$4000
Corporation agent licence fee	\$400 upon initial application and thereafter every two years
Individual agent licence fees (e.g., Property and Casualty, Life and Accident & Sickness, Adjustor)	\$75-200 upon initial application and thereafter every two years)

Proposed L&H MGA Fee Structure (Phase 2)

FSRA is contemplating how start-up and ongoing costs could be recovered from the sector:

(a) *Start-up Costs*

FSRA suggests that both insurers and L&H MGAs should contribute to the recovery of start-up costs associated with implementing the L&H MGA regulatory framework. Both insurers and L&H MGAs will benefit from the framework (e.g., insurers will receive benefit from being able to delegate activities with respect to their responsibilities under the framework).

The allocation of start-up cost recovery between insurers and L&H MGAs would be proportionate to the benefit received from the regulatory framework and the sector's ability to pay, given variability in size and sophistication across entities. Only insurers who use MGAs would be considered in the fee structure.

The fees associated with start-up cost recovery will be determined once FSRA has gathered more information through its licensing activities on the size and sophistication of the sector.

(b) *Ongoing Costs*

FSRA also suggests that both insurers and L&H MGAs should contribute to the recovery of budgeted costs associated with maintaining the L&H MGA regulatory framework. Only insurers who use MGAs would be considered in the fee structure.

To recover ongoing costs, FSRA is considering a licensing renewal fee (to be paid every two years) and a regulatory fee.

The licensing renewal fee would recover costs associated with the renewal application review, while the regulatory fee would cover costs pertaining to supervision. Fees would be determined proportionate to the level of supervisory work required to maintain the L&H MGA regulatory framework. Larger, more sophisticated organizations would require more time and resources for supervision and smaller would require less. The fee would also be balanced against what entities can be expected to cover and reasonably afford.

To establish a fee structure that is fair and reasonable, it will be important for FSRA to understand the number of entities that could be captured under the licensing framework, and under which tier they would operate.

The fees related to recovering ongoing costs will be determined once FSRA has gathered more information through its licensing activities on the size and sophistication of the sector.

Summary of the Proposed Fee Rule Amendments

FSRA proposes that the FSRA Fee Rule be amended by:

- (a) adding a new Part 10 that prescribes the application fee for new L&H MGA licensing; and

- (b) Re-numbering certain parts and sections of the FSRA Fee Rule

The license application fee is proposed to be **\$1000** per application.

See Appendix A for the Proposed Fee Rule Amendments.

Alternatives Considered

FSRA considered several alternatives with respect to developing the proposed application fee:

1. *Implementing Phase 1 and Phase 2 of the L&H MGA fee structure at the same time*

Phase 1 of the L&H MGA fee structure allows L&H MGAs to apply for licensure following the implementation date of the licensing framework (June 1, 2026)⁴.

FSRA considered implementing Phase 1 and Phase 2 of the fee structure congruently through this Notice and consultation. However, the phased approach was chosen because, without the relevant licensing information, FSRA cannot currently present a fair and proportionate fee structure to recover start-up and ongoing costs. This is due to limited data on the sector's size and business models, which prevents alignment with the principles of fairness and effectiveness.

Therefore, FSRA is proposing implementing the L&H MGA fee structure in a phased approach. FSRA will use the time between phases to gather the information necessary to draft the Phase 2 fee structure. Phase 2 is anticipated to be communicated in FY 2027-28.

2. *Imposing different application fees for different L&H MGA tiers*

The proposed licensing application fee is fixed for all L&H MGAs, regardless of tier. FSRA considered implementing different application fees for different L&H MGA tiers in alignment with the regulatory requirements outlined for each tier in the Proposed L&H MGA Rule. FSRA also considered the varying complexity across the tiers and what each tier could reasonably afford.

However, FSRA could not currently present a fair and proportionate application fee for each tier, in alignment with the principles of fairness and effectiveness, given this is a new sector. Although it is likely the intake review process for Tier 1 MGAs will be more extensive, FSRA proceeded with a common application fee to balance the work with what the sector can reasonably afford.

⁴ For more information on the transition period caveats and regulatory requirements outlined in the Proposed L&H MGA Rule, please see [Notice – Rule 2025-001 – Life and Health Insurance Managing General Agents \(the “Proposed L&H MGA Rule”\)](#)

Setting a higher or lower application fee for new L&H MGAs

FSRA is proposing a non-refundable, fixed licensing application fee of **\$1000** for new L&H MGAs under the regulatory framework. This fee is proposed with consideration to reasonable affordability for new L&H MGAs, fees associated with other entities within the insurance sector and recovery of costs associated with reviewing the application.

FSRA considered a lower application fee (i.e. \$400), like the fee charged to corporate agencies (see above table under *Proposed L&H MGA Fee Structure (Phase 1)*). While some L&H MGAs are also licensed as corporate agencies, the application review process for a new L&H MGA is more complex relative to a corporate agency or an individual agent / adjuster. Therefore, a fee lower than **\$1000** does not adequately offset the costs associated with the application review process.

FSRA also considered a higher application fee (i.e. \$2000+), more similar to a new incorporated insurer (see above table under *Proposed L&H MGA Fee Structure (Phase 1)*). While a fee of \$2000+ would adequately cover the costs associated with reviewing a new L&H MGA application, it may not be fair given the variability in size and sophistication of L&H MGAs across the sector.

Regulations to be Revoked

FSRA is not currently making any recommendations with respect to the amendment or revocation of a regulation or provision in a regulation that relates to the implementation of the Proposed Fee Rule Amendments.

Anticipated Cost and Benefits

As this is a new initiative, the L&H MGA regulatory framework would result in new costs for sector participants.

In terms of quantitative cost, the L&H MGA fee structure (Phase 1 and Phase 2) would result in new fees for insurers who contract L&H MGAs and for L&H MGAs wishing to apply for licensure under the *Insurance Act*. It will also result in additional fees to fund the recovery of start-up costs incurred to design and implement the L&H MGA framework.

In terms of quantitative benefits, collecting licence application fees from L&H MGAs supports FSRA's mandate as a cost recovery-based regulator.

In terms of qualitative benefits, a more inclusive regime that incorporates L&H MGAs enhances consumer protection and adds credibility to the L&H insurance sector. The

implementation of the L&H MGA licensing framework, supported through the proposed fee structure, would result in the following benefits:

- Ensures the recovery of budgeted expenses in a fair and equitable manner.
- Flat rate application fee is simple and predictable for all entities, regardless of size and/or sophistication.
- Stakeholders will have an opportunity to comment on the proposed budget during the public consultation process.

For anticipated costs and benefits of the Proposed L&H MGA Rule, please see the [Notice of Rule 2025-001 – Life and Health Insurance Managing General Agents](#).

Unpublished Material

FSRA has not relied on any significant unpublished study, report, decision or other written materials to support the Proposed Fee Rule Amendments.

Text of Revised Rule

For the text of the Proposed Fee Rule Amendments to the FSRA Fee Rule, please see Appendix A.

Consultation Questions

1. What are factors FSRA should consider when determining the allocation of start-up costs between insurers and L&H MGAs given the variation in size, operations and complexity across entities?
2. What factors should FSRA consider when allocating ongoing costs associated with maintaining the regulatory framework (e.g., based on the size and sophistication, number of agents)?
 - a. What factors should FSRA consider when determining how many L&H MGA entities would be captured under the framework and / or per tier (as outlined in the revised Proposed L&H MGA Rule)?
 - b. If applicable, please indicate if there is a suitable method or proxy to determine the number of entities in the MGA sector, including by each tier as categorized as under the revised Proposed L&H MGA Rule.
3. Are there additional factors FSRA should consider with respect to the potential impacts on increased burden and/or competition for L&H MGAs / insurers while balancing cost recovery and consumer protection?

Appendix A

FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO

NOTICE OF RULE

PROPOSED AMENDMENTS – RULE 2022-001 ASSESSMENTS AND FEES

AMENDMENT 2

1. The Financial Services Regulatory Authority of Ontario Rule 2022 – 001 Assessments and Fees (the “FSRA Fee Rule”) is amended by this Amendment 2
2. The FSRA Fee Rule is amended by adding the following part:

PART 10 LIFE AND HEALTH MANAGING GENERAL AGENT FEES

10.1 Fees (General)

- (1) The fees payable with respect to matters under the *Insurance Act* are listed opposite the description in the following table.

DESCRIPTION	FEES
Licence application fee for a new Life and Health Managing General Agent – <i>Insurance Act</i> , subsection 407.5(1)	\$1000 per application

- (2) Fees not refundable – A fee paid by person or entity under this section 10.1 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.