

Proposed Regulatory Framework for Life and Health Managing General Agents (L&H MGAs)

Webinar

The logo for the Financial Services Regulatory Authority of Ontario (FSRA) features the letters 'FSRA' in a large, bold, blue sans-serif font.

Financial Services Regulatory
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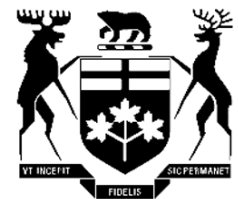
Date: November 5, 2025

Speakers:

Tim Miflin, Director (A) Policy – Market Conduct

Yovanka McBean, Director – Licensing

Andrea Foy, Senior Manager – Licensing and Title Protection Policy



Ontario

Agenda

1. Public Consultation on Revised L&H MGA Rule
2. Public Consultation on Proposed FSRA Fee Rule Amendments
3. Consultation Timeline and Next Steps
4. Questions

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Land Acknowledgement

We acknowledge the land we are on is the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit and the Williams Treaties signed with multiple Mississaugas and Chippewa bands.

Introduction to Speakers

Tim Miflin, *Director (A), Policy – Market Conduct*

Yovanka McBean, *Director – Licensing*

Andrea Foy, *Senior Manager – Licensing and Title Protection Policy*

- **January 2025:**
 - FSRA published the Proposed L&H MGA Rule for public consultation, which closed on April 30, 2025.
- **October 2025:**
 - FSRA published the Revised Proposed L&H MGA Rule for a 30-day public consultation. The consultation closes on November 19, 2025.
 - FSRA published amendments to the FSRA Fee Rule (“**Proposed Fee Rule Amendments**”) for a 60-day public consultation. The consultation closes on December 19, 2025.
- **June 1, 2026:**
 - Targeted launch of the regulatory framework for L&H MGAs.
 - FSRA to begin accepting applications for L&H MGA licences.

Revised L&H MGA Rule

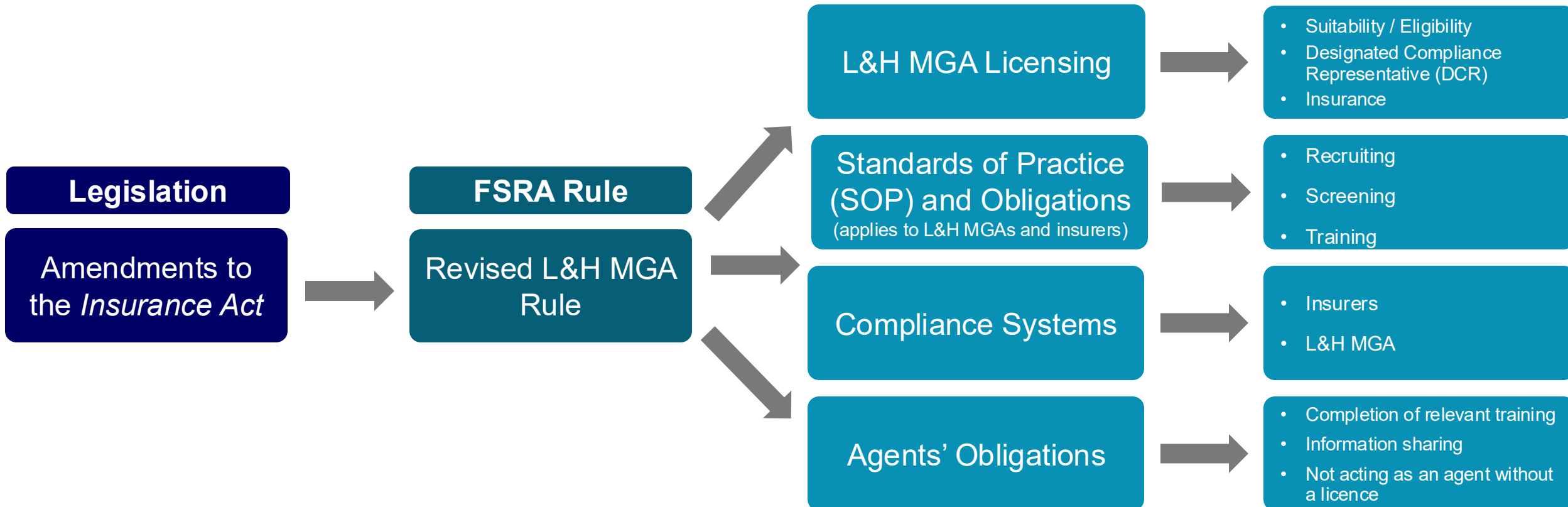
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Regulatory Framework for L&H MGAs



What are the key outcomes FSRA aims to achieve with the Rule?



Requirements and compliance expectations can easily be understood and are feasible/achievable for regulated entities, including both large and small businesses.



Proportionate burden and trying to ensure the costs of compliance do not outweigh the consumer protection benefits.

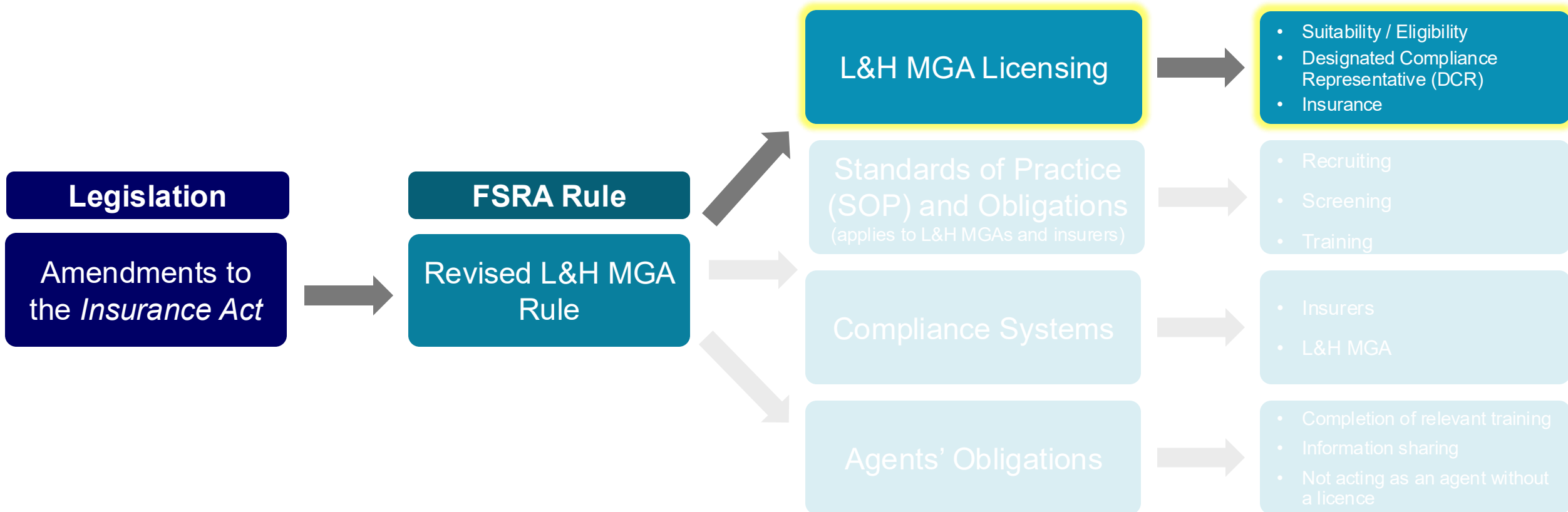


Avoid, as much as possible, creating a disproportionate competitive advantage with other distribution channels.



Minimize potential for unintended market disruptions and resulting consumer access issues.

Regulatory Framework for L&H MGAs



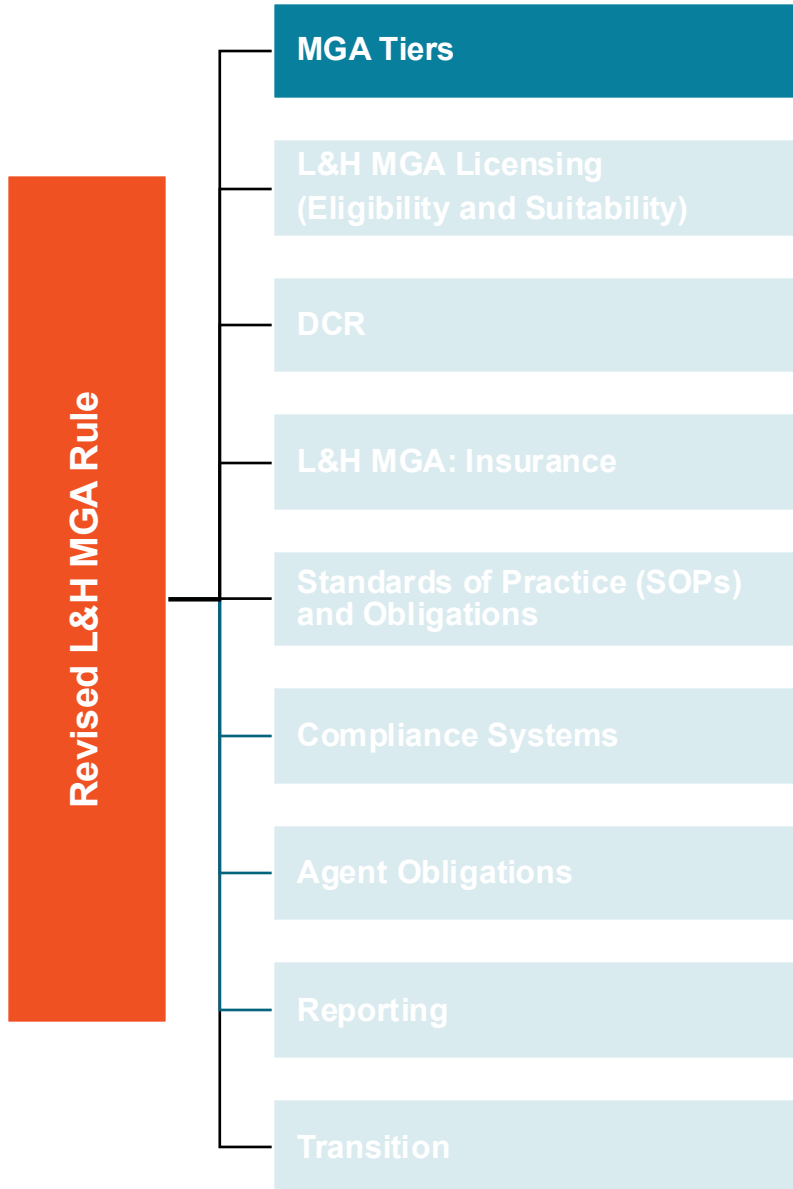
Who needs to be licensed?

- Under the *Insurance Act*, all entities that perform a “regulated activity” outlined in **s.407.2 of the Insurance Act** will be required to be licenced.

For the purposes of this Act, a person or entity is acting as a managing general agent in Ontario when, pursuant to an agreement, the person or entity facilitates the sale of life or accident and sickness insurance by engaging in any of the following activities, or holds themselves out as doing so:

1. *Recruiting agents or prospective agents.*
2. *Screening agents or prospective agents to confirm the agent is suitable to carry on business as an agent.*
3. *Providing training to agents.*
4. *Supervising or monitoring the activities of agents.*
5. *Entering into written agreements with agents who sell or solicit life insurance or accident and sickness insurance.*
6. *Recommending agents to insurers to sell or solicit life or accident and sickness insurance.*
7. *Transmitting an insurance application or a policy of insurance between an insurer licensed for classes of life or accident and sickness insurance and an agent.*
8. *Such other activities and functions as may be prescribed by Authority rule. 2024, c. 20, Sched. 10, s. 21.*

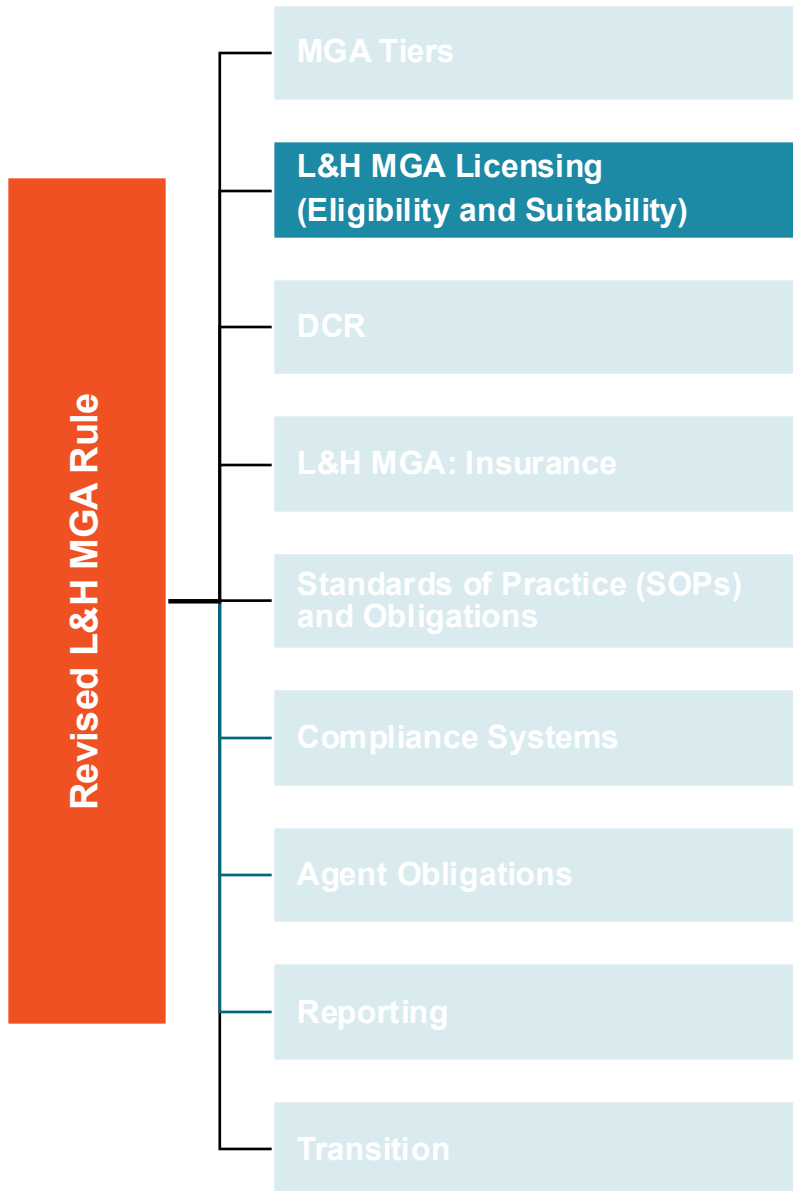
Key Elements of the Revised L&H MGA Rule: MGA Tiers



- There is **only one type of licence** available for all L&H MGAs.
- However, FSRA is proposing **three (3) categories of L&H MGAs**, each with distinct obligations under the Proposed L&H MGA Rule.

Tier 1 MGA	Tier 2 MGA	Tier 3 MGA
<ul style="list-style-type: none"> • Facilitates the sale of individual life or accident and sickness (A&S) insurance; • Operates under an agreement with an insurer; and • Recruits, screens, trains and/or monitors / supervises agents. 	<ul style="list-style-type: none"> • Facilitates the sale of individual life or A&S insurance; • Is not a Tier 1 MGA (i.e. not operating under an agreement with an insurer); and • recruits, screens, trains, and/or monitors / supervises agents. 	<ul style="list-style-type: none"> • Any L&H MGA that is not a Tier 1 MGA or Tier 2 MGA

Key Elements of the Revised L&H MGA Rule: Licensing



Eligibility

- To be eligible for a L&H MGA licence, an applicant must meet the following criteria:
 - be suitable (see Suitability below);
 - have a DCR;
 - have a compliance system;
 - provide proof of insurance (see *L&H MGA Insurance* slide); and
 - have an Ontario mailing address for service by registered mail.

Suitability

- To determine if an applicant is suitable, FSRA **must consider** certain relevant factors. For example, the past conduct of the applicant.
- FSRA **may also consider** other factors such as, for example, the past conduct of anyone who may have a beneficial interest in, exercise control over, or provide financing to the applicant.

Expiry

- Each L&H MGA licence will expire on:
 - the date specified on the licence and, if no date is specified,
 - two years from the date the licence took effect

Key Elements of the Revised L&H MGA Rule: DCR

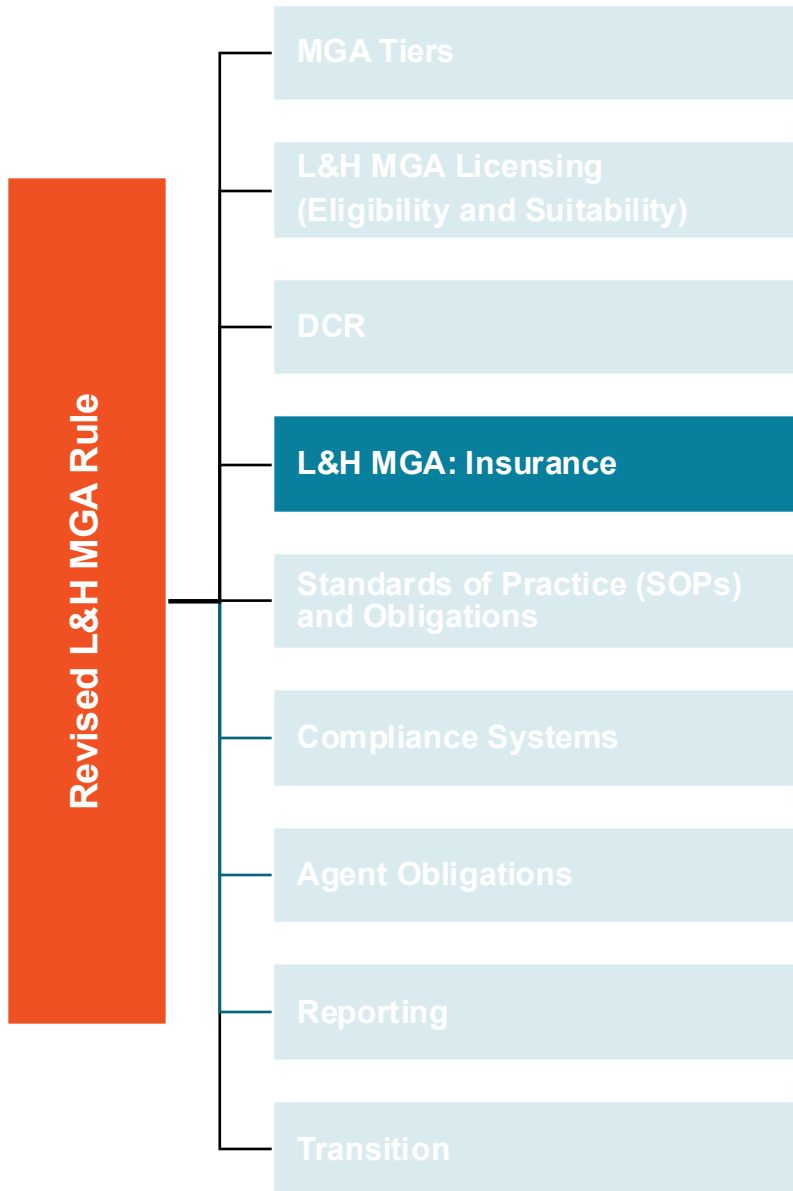
Revised L&H MGA Rule



All tiers of MGAs will be required to have a Designated Compliance Representative (DCR)

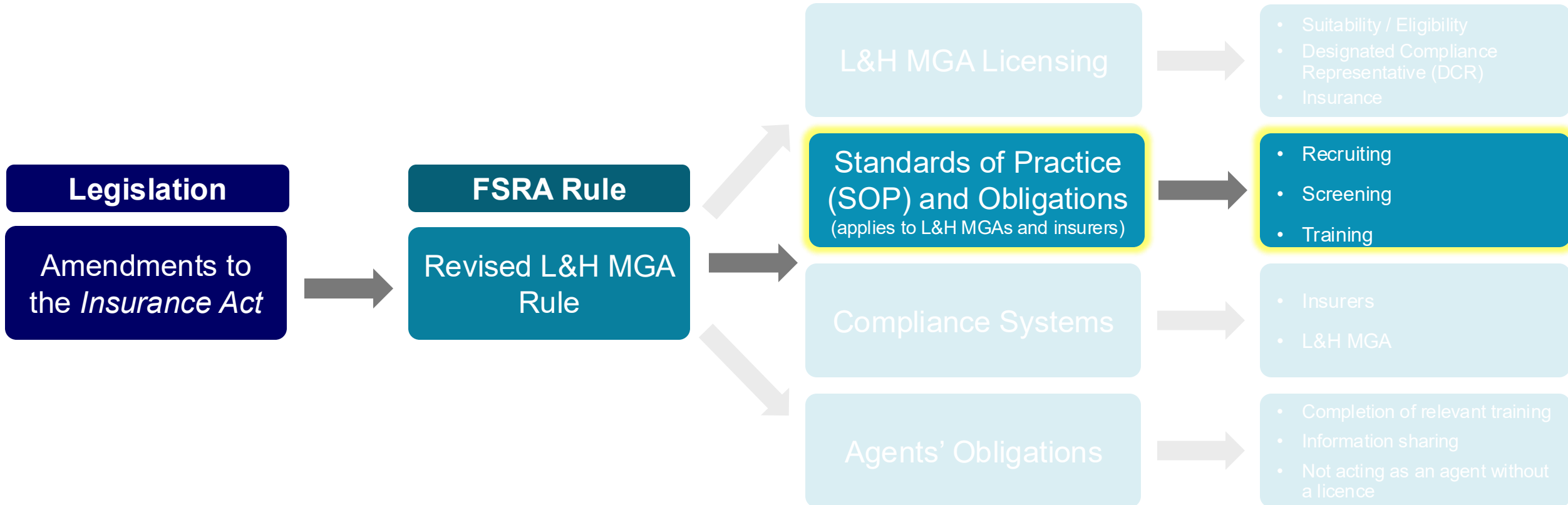
Tier 1 MGA	Tier 2 MGA	Tier 3 MGA
Eligibility		
<ul style="list-style-type: none"> To be a DCR for a Tier 1 or Tier 2 MGA, an individual must meet certain criteria. <ul style="list-style-type: none"> For example, the individual must have the knowledge to be able to perform their duties as a DCR. 	<ul style="list-style-type: none"> An individual is eligible to be a Tier 3 MGA DCR unless there are reasonable grounds to believe they won't carry on their duties with honesty, integrity and in accord with applicable laws. 	
Duties		
<ul style="list-style-type: none"> The duties of a Tier 1 or Tier 2 MGA include, but are not limited to, implementing, monitoring, and periodically updating the L&H MGA's compliance system. 	<ul style="list-style-type: none"> Act as a contact person for FSRA. 	
Departure of DCR		
<ul style="list-style-type: none"> If a Tier 1 or Tier 2 MGA no longer has a DCR, it must appoint a qualified replacement within five business days or assign a director / officer to act as interim DCR. 	N/A	

Key Elements of the Revised L&H MGA Rule: Insurance

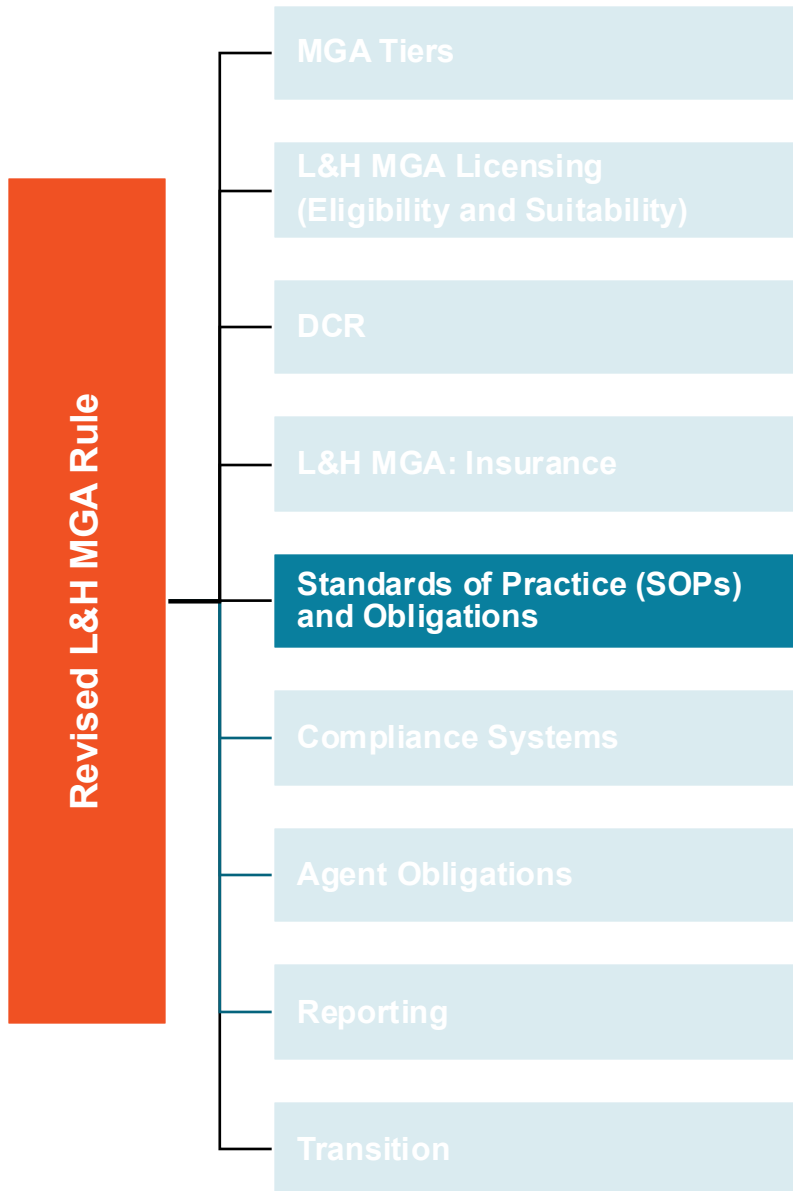


Tier 1 MGA	Tier 2 MGA	Tier 3 MGA
<ul style="list-style-type: none">Each L&H MGA must maintain, in an amount reasonable with regards to size, complexity, operations and risk profile of the L&H MGA, sub-MGA, and associated agents:<ul style="list-style-type: none">– general liability insurance; and– Errors and Omissions insurance.		

Regulatory Framework for L&H MGAs



- The Revised L&H MGA Rule ensures insurers remain accountable for maintaining reasonable compliance systems for overseeing agents throughout the distribution chain.
- Provided certain requirements are met, the Revised L&H MGA Rule allows insurers to delegate certain responsibilities or activities to Tier 1 MGAs, who can further delegate to sub-MGAs.
- At the same time, the Revised L&H MGA Rule prohibits certain responsibilities from being delegated down.
- The Revised L&H MGA Rule ensures that **the entity delegating activities remains accountable** for any responsibilities under “applicable insurance law” (a defined term in the L&H MGA Rule).



Insurers and L&H MGAs

- The Revised L&H MGA Rule outlines updated standards of practice and obligations related to recruiting, screening and training for both L&H MGAs and insurers respectively.

Insurer – Screening

- Insurers must maintain a system to assess each agent's suitability before authorizing them to act as agents.
- **Delegation:**
 - **Insurers may** delegate screening for suitability to Tier 1 MGAs if they have an adequate screening process (except when sponsoring an agent application)
 - **Insurers cannot** delegate screening responsibilities to Tier 2 or Tier 3 MGAs.

Insurers – Training

- In terms of training, insurers associated with Tier 1 or Tier 2 MGAs must:
 - develop clear, accurate, and non-misleading training materials;
 - provide training materials to all associated L&H MGAs and agents; and
 - ensure agents complete training to understand the products.
- **Delegation:** Insurers **cannot** delegate the creation of training materials described above to any L&H MGA and training activities to Tier 2 or Tier 3 MGAs.

L&H MGA – Recruiting Agents

- A L&H MGA that recruits agents or prospective agents to sell individual insurance must have a recruiting process in place to ensure those agents or prospective agents do not engage in any licensed activities unless they are:
 - licensed as an agent;
 - authorized by an insurer(s);
 - trained, and
 - operating in compliance with all applicable laws.

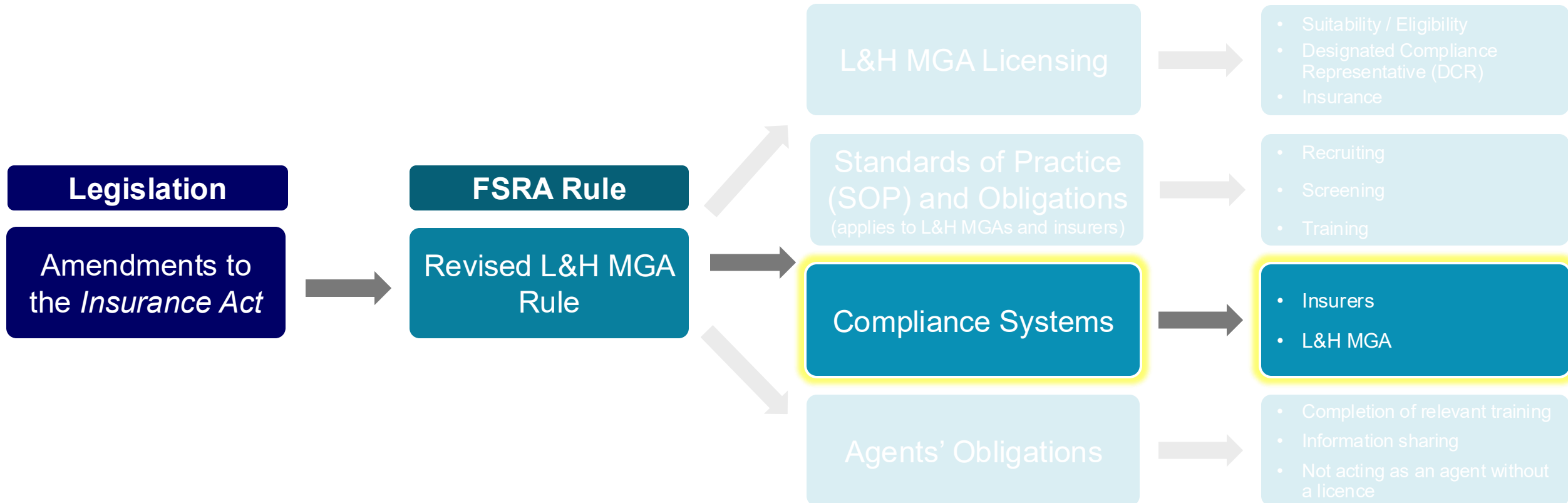
L&H MGA – Screening Agents

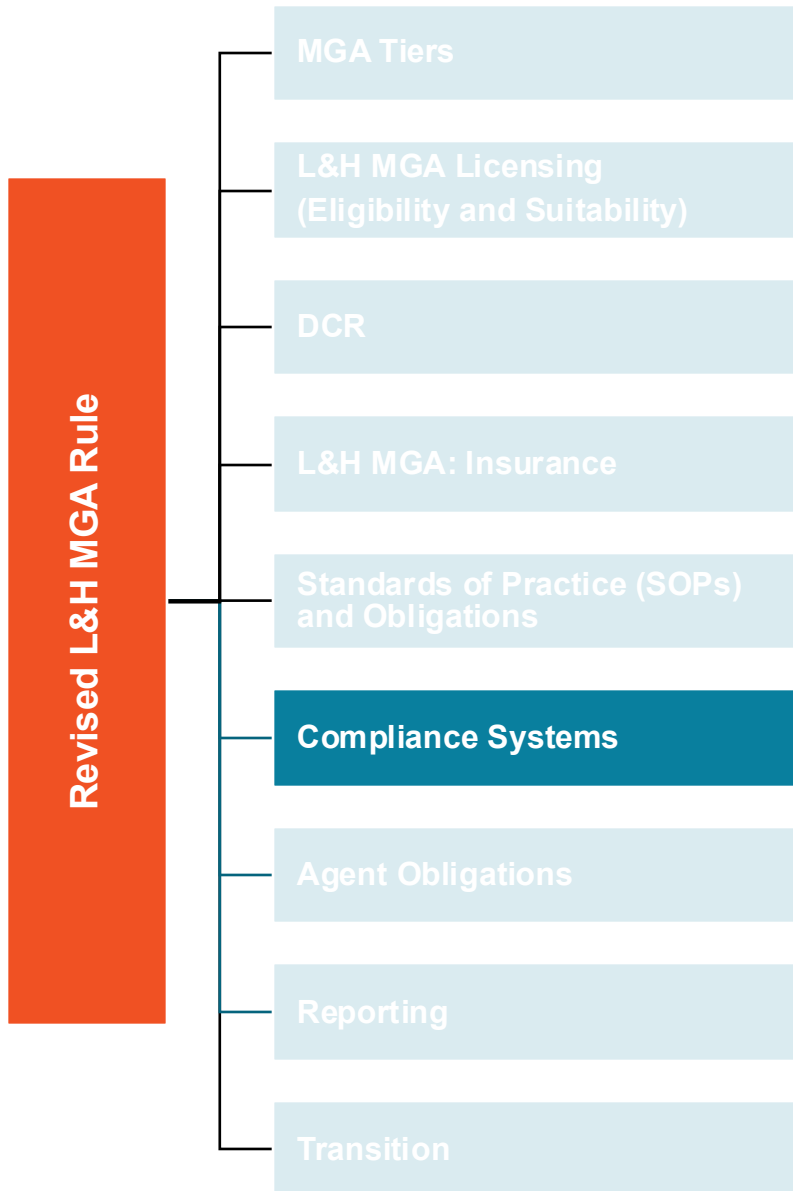
- Tier 1 and Tier 2 MGAs with delegated screening responsibilities must maintain a screening process to ensure:
 - agents have been assessed for suitability;
 - individuals are recommended to an insurer for sponsorship only after reviewing sufficient information to assess suitability.
- **Delegation:** Screening may only be delegated to another Tier 2 or Tier 3 MGA if the delegating L&H MGA can ensure compliance.
- **Information Sharing:** All L&H MGAs must provide information and reports regarding the suitability of associated agents and prospective agents to insurers and other L&H MGAs associated with them.

L&H MGA – Training Agents

- Tier 1 MGAs that train agents must implement a system that ensures:
 - training is clear, accurate, and not misleading;
 - the insurer is notified of changes to its training materials; and
 - agents understand the products they sell.
- **Delegation:** A Tier 1 MGA or Tier 2 MGA may delegate training activities to other Tier 2 or Tier 3 MGAs if they can ensure the activity will be done in accordance with applicable insurance law.
- **Information Sharing:** All L&H MGAs must provide reports and share suitability information with the associated insurer upon request.

Regulatory Framework for L&H MGAs





Insurers and L&H MGAs

- The Revised L&H MGA Rule outlines minimum compliance system requirements for insurers and L&H MGAs.

Insurers – Individual Agent Oversight

- **Compliance System:** Every insurer must have a system reasonably designed to monitor agents acting on their behalf to ensure compliance with all applicable insurance laws.
- **Reporting:** Insurers are required to report unsuitable agents to FSRA and take appropriate corrective actions, including terminating relationships where necessary.
- **Agent Monitoring:** For individual insurance, insurers must continuously monitor data related to agent conduct to detect patterns that may indicate non-compliance.
- **Investigations:** Insurers must investigate trends suggesting non-compliance and promptly address any actual non-compliance that could result in consumer harm.

Insurers – Tier 1 MGA Oversight

- **MGA Oversight:** Every insurer that is associated with a Tier 1 MGA must maintain a system reasonably designed to ensure the Tier 1 MGA complies with applicable insurance laws.
- **Information Sharing:** An insurer must, on request by an associated Tier 1 MGA, provide the Tier 1 MGA with information and reports the Tier 1 MGA needs to fulfil its obligation to maintain a compliance system.

Insurers – Delegation

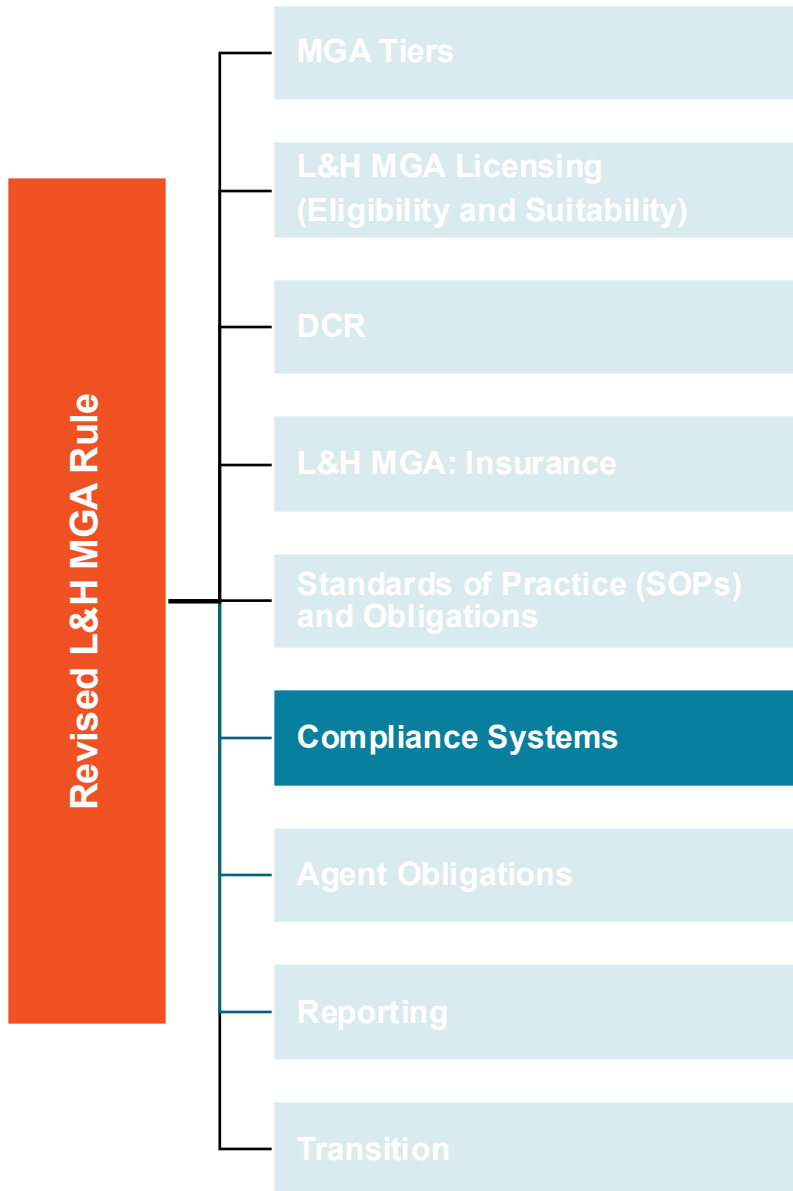
- Insurers may delegate certain duties to a Tier 1 MGA if they are satisfied that the Tier 1 MGA's compliance system is reliable.
 - Tier 1 MGAs with delegated authority must maintain a compliance system that ensures adherence to the insurers' agreements, instructions, and insurance laws.
- Insurers **cannot** delegate oversight of their associated Tier 1 MGAs to another entity.
- Insurers **cannot** delegate agent monitoring responsibilities to Tier 2 or Tier 3 MGAs.
- **Information Sharing:** Tier 1 MGAs must provide their associated insurer with all requested information and reports necessary to support the insurer's compliance system.

Tier 1 MGA – Individual Agent Oversight

- **Compliance System:** A L&H MGA's compliance system must meet all requirements outlined in applicable insurance law, including the Revised L&H MGA Rule.
- **MGA and Agent Monitoring:** Every Tier 1 MGA must maintain a compliance system that ensures compliance by the Tier 1 MGA itself, Tier 2 and Tier 3 MGAs it has agreements with, and the agents it oversees.
- **Reporting:** Tier 1 MGAs must ensure agent compliance with applicable insurance law, monitor for unsuitability, report issues to FSRA, and take corrective actions, including termination if needed.
- **Investigations:** For individual insurance, Tier 1 MGAs must monitor agent conduct data to detect patterns of non-compliance, investigate concerning trends, and promptly resolve any actual non-compliance that could result in consumer harm.

Tier 1 MGA – Tier 2 and Tier 3 MGA Oversight

- A Tier 1 MGA compliance system must be reasonably designed to ensure associated Tier 2 MGAs and Tier 3 MGAs:
 - comply with all applicable insurance law,
 - are monitored on an ongoing basis for unsuitable or unlicensed activity, and
 - when they are not suitable to carry on business as a L&H MGA, they are reported to FSRA.
- **Information Sharing:** Tier 2 and Tier 3 MGAs must provide requested information and reports to their associated Tier 1 MGA or insurer.
- **Delegation:** A Tier 1 MGA must handle its own reporting duties and cannot delegate them, including agent monitoring.



Client Continuity Plan

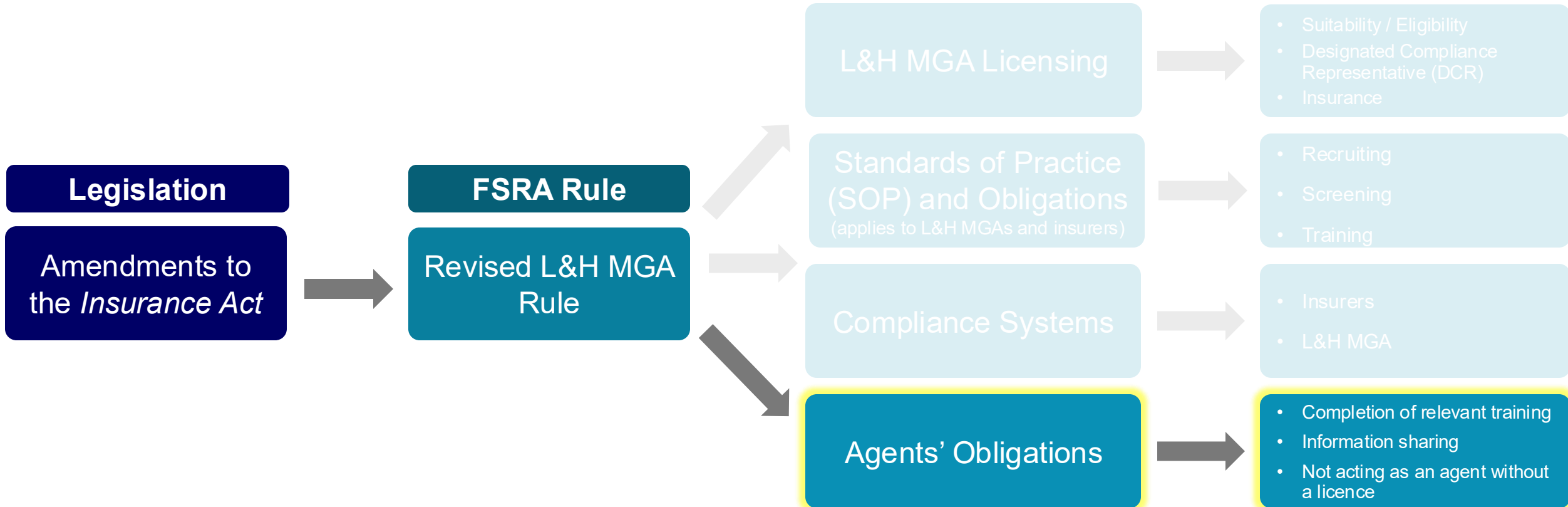
Insurers

- Insurers must have a client continuity plan to ensure clients continue to receive services from agents who are adequately supervised if a Tier 1 MGA associated with the insurer can no longer provide those monitoring and screening activities.

Tier 1 MGAs

- Tier 1 MGAs must have a client continuity plan to ensure clients continue to receive services from agents who are adequately supervised in the event a Tier 2 MGA or Tier 3 MGA is no longer able to provide this service.

Regulatory Framework for L&H MGAs



Revised L&H MGA Rule

MGA Tiers

L&H MGA Licensing
(Eligibility and Suitability)

DCR

L&H MGA: Insurance

Standards of Practice (SOPs)
and Obligations

Compliance Systems

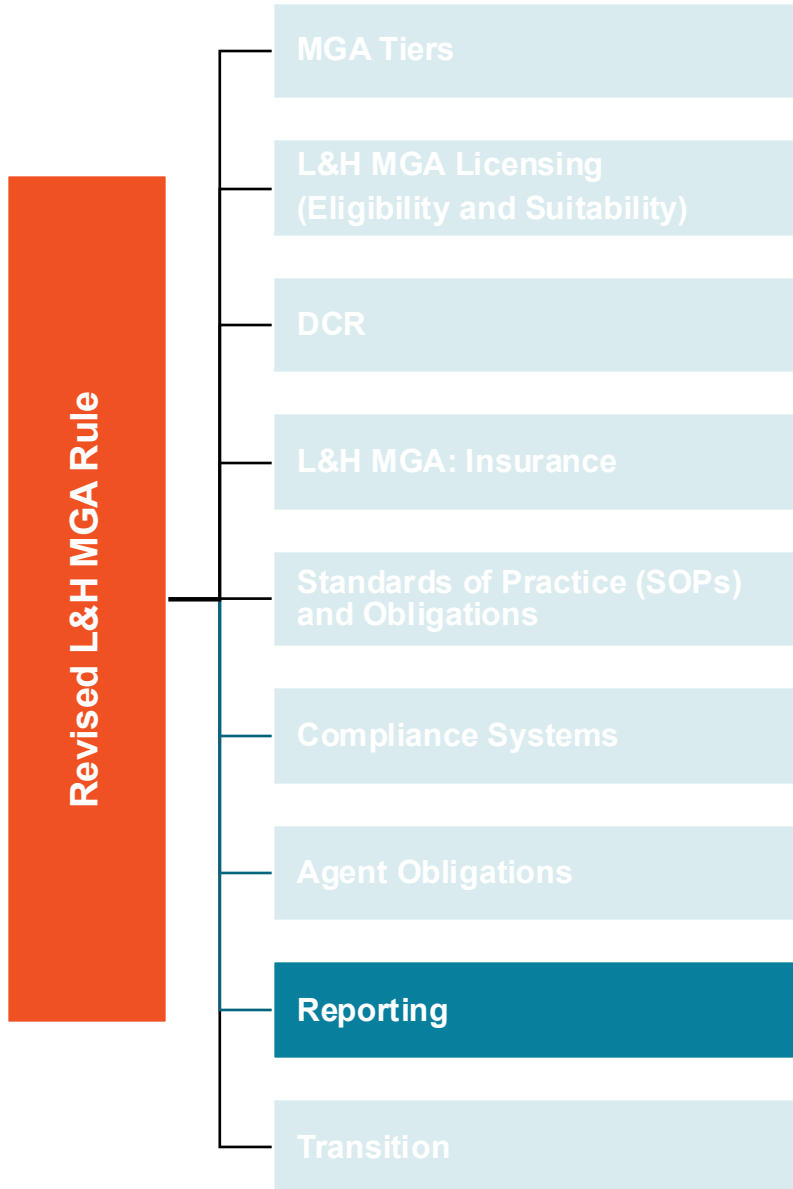
Agent Obligations

Reporting

Transition

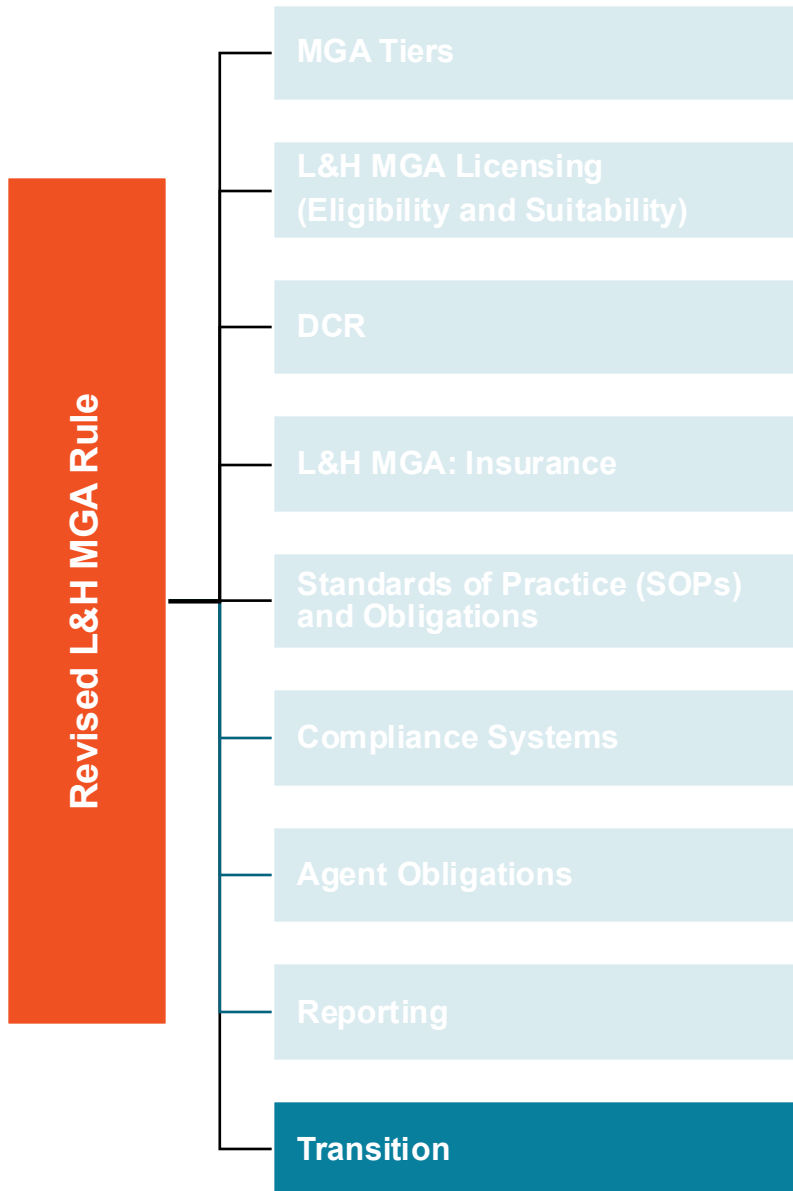
Agents' Obligations

- Every agent or prospective agent associated with one or more L&H MGA **cannot** act as an agent unless:
 - they are licensed as an agent;
 - they completed relevant training; and
 - they are authorized by an insurer to sell the insurer's respective insurance.
- Every agent associated with a L&H MGA or insurer must promptly provide information related to the agent's suitability to the requesting L&H MGA or insurer.



L&H MGA – Reporting

- The Revised L&H MGA Rule requires **every L&H MGA** to:
 - submit an annual information return to FSRA by March 31; and
 - alert FSRA of changes in business / contact information (for example, mailing address).



Transition

- FSRA is proposing a **24-month transition period**, starting on June 1, 2026, before many of the requirements in the Act and Revised L&H MGA Rule take effect.
- If the rule is approved by the Minister, entities would be able to apply for a L&H MGA licence beginning on June 1, 2026.
- L&H MGAs would be required to apply by the Licence Application Deadline, which is **6 months before the end of the transition period**, to continue operating in Ontario.

Overview of Requirements Applicable to Various Tiers

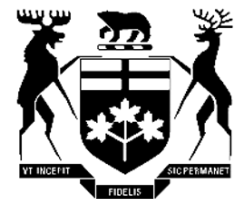
	Tier 1	Tier 2	Tier 3
Recruiting	<ul style="list-style-type: none"> Ensure recruiting and training processes prevent agents/prospective agents from acting until they are licensed, trained, and authorized (s. 9 and s. 13). 	<ul style="list-style-type: none"> If delegated recruiting activity, ensure associated agents/prospective agents are licenced, trained, and authorized before acting (s. 9(1)). 	
Screening	<ul style="list-style-type: none"> If delegated screening activities, implement and maintain a screening process reasonably designed to ensure sufficient information is reviewed to assess and conclude agent suitability in accordance with applicable law (s. 11(1)(iii)). If delegated, implement a screening process to review sufficient information and determine agent suitability (s. 11(i)(a)). 	<ul style="list-style-type: none"> If delegated with screening activity, gather information to assist a Tier 1 MGA or insurer to assess suitability (s. 11(3)). If delegated with screening activity, ensure associated agents/prospective agents are licensed, trained, and authorized before acting (s. 11(4)(i)(a)). 	<ul style="list-style-type: none"> If delegated with screening activity, complete screening activities in compliance with applicable law (s. 11(6)).
Training	<ul style="list-style-type: none"> If training agents/prospective agents, maintain a training process to ensure training is clear, accurate and not misleading (s.13(1)(i)). 	<ul style="list-style-type: none"> If delegated with training duties, maintain a training process to ensure training is clear, accurate and not misleading (s.13(5)(i)). 	<ul style="list-style-type: none"> If delegated with training activity, complete training activities in compliance with applicable law (s.13(9)).
Compliance Systems	<ul style="list-style-type: none"> Maintain a compliance system reasonably designed to ensure delegated activities are fulfilled in accordance with applicable insurance law and agreement with insurer (s. 16(9)). Ensure associated agents, Tier 2, and Tier 3 MGAs operate in compliance with applicable insurance law (s. 16(4)(i)). Monitor associated Tier 2 and Tier 3 MGAs on an ongoing basis and report unsuitability to FSRA (s. 16(4)(ii)-(iii)). Maintain a client service continuity plan (s. 16(7)-(8)). 		
Information Sharing	<ul style="list-style-type: none"> On request, provide compliance related reports/information to associated insurers (s. 16(5)). 	<ul style="list-style-type: none"> On request, provide the relevant Tier 1 MGA with reports/information the Tier 1 MGA needs to fulfil obligations related to its compliance system (s. 16(7)). 	<ul style="list-style-type: none"> On request, provide the relevant Tier 1 MGA with reports/information the Tier 1 MGA needs to fulfil obligations related to its compliance system (s. 11(7) & 13(10)).
Reporting	<ul style="list-style-type: none"> Ensure appropriate notification to FSRA and plans to replace departed DCR (s. 17(2)-(4)). 	<ul style="list-style-type: none"> Ensure appropriate notification to FSRA and plans to replace departed DCR (s. 17(2)-(4)). 	

Proposed FSRA Fee Rule Amendments



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FSRA must establish a fee structure that supports FSRA's mandate to operate as an independent, self funded regulator.

Fairness and Effectiveness

Proportionate to regulatory oversight and borne only by L&H MGAs and insurers who distribute insurance through them without being subsidized by other sectors.

Future Focused

Based on forward-looking budget estimates and allow for flexibility or adjustments where appropriate.

Consistency

Predictable over time, treat similar insurers and L&H MGAs consistently, and avoid creating unintended disadvantages or barriers.

Transparency and Clarity

Insurers and L&H MGAs should have easy access to clear, transparent information explaining how their fees are calculated.

FSRA is proposing a two-phased implementation plan for the FSRA Fee Rule Amendments:

Phase 1

- Propose amending the FSRA Fee Rule to introduce a licensing application fee for 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 after the transition period.
- Fees relating to Phase 2 will be proposed and publicly consulted on in FY2027-2028.

Proposed Licensing Application Fee: \$1,000



Fee Structure Summary

- Non-refundable fixed fee (same for all MGA tiers) paid by the entity when an application for a L&H MGA licence is submitted.
- Fee would support the direct costs associated with reviewing an application.



Fee Amount

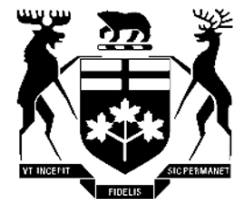
- In order to determine the proposed fee, FSRA considered:
 - fees charged to other licensees in Ontario's insurance sector; and
 - the fee should be balanced against recovering necessary costs and what entities can reasonably afford.

Consultations and Next Steps



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Consultation: Proposed L&H MGA Rule

- FSRA's public consultation on the Revised L&H MGA Rule closes on **November 19, 2025**.

Consultation: Proposed FSRA Fee Rule Amendments

- FSRA's public consultation on the FSRA Fee Rule Amendments closes on **December 19, 2025**.

Next Steps

- Following the consultations, FSRA will consider stakeholder feedback and comments and consider finalizing the Rules for submission to the Minister of Finance for approval.

Appendix: Links to Consultation Webpages

Consultation: Revised L&H MGA Rule

- [Link to consultation page](#)

Consultation: Proposed FSRA Fee Rule Amendments

- [Link to consultation page](#)