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PRINT

New Regulations for Service Provider Licensing and Proclamation Order

FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.

Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.



Bulletin

No. A-02/14
Property & Casualty
– Auto

To all insurance companies licensed to transact auto insurance in Ontario and all health service providers

This Bulletin highlights new regulations governing the licensing of service providers who invoice auto insurance companies directly and an Order in Council, proclaiming the effective dates of specified sections of the Prosperous and Fair Ontario Act (Budget Measures), 2013.

The proclamation order and new regulations are expected to be published, respectively, in the April 5 and April 12, 2014 editions of The Ontario Gazette. The Regulations will come into force on proclamation of the corresponding legislative provisions.

I. Service Provider Licensing

The Prosperous and Fair Ontario Act (Budget Measures), 2013, which received Royal Assent on June 13, 2013, amends the Insurance Act and the Financial Services Commission of Ontario Act, 1997 by giving authority to the Financial Services Commission of Ontario (FSCO) to license service providers who invoice auto insurers and oversee their business practices.

This legislation provides that insurers are not permitted to make payments for listed expenses directly to a person or entity who does not hold a service provider's licence at the applicable time, subject to any exceptions prescribed by Regulation. Insurers can continue to reimburse

NOTE: The bulletins that are posted on this website are provided for historical reference purposes. The information in these bulletins is accurate on the date the information is published, but is subject to change and may be replaced by more recent bulletins.

An order that is made regarding a licence holder reflects a situation at a particular point in time. The status of a licence holder can change. Readers should check the current status of a person's or entity's licence on the [Licensing Link](#) section of FSCO's website. Readers may also wish to contact the person or entity directly to get additional information or clarification about the events that resulted in the order.

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insured persons directly for listed expenses.

The legislation provides a framework for licensing service providers by FSCO. This includes the requirement for service providers to designate a principal representative to exercise prescribed powers and duties, and requires FSCO to maintain a public register of licensees and former licensees.

This legislation also provides that licence holders are required to comply with standards of practice that may be prescribed by Regulation in connection with statutory accident benefits, and with respect to the management of the licensee's operations.

The Proclamation Order in respect of the Prosperous and Fair Ontario Act (Budget Measures), 2013 identifies sections coming into force on May 1, 2014 and November 1, 2014.

Summary of the New Regulations:

- Service Providers – Licensing (O. Reg. 88/14)
 - A regulation that sets out circumstances when a licence may be revoked, suspended or surrendered
- Service Providers – Listed Expenses (O. Reg. 89/14)
 - A regulation that sets out the expenses covered by licensing and the points in time when a licence is required in order to be paid directly by an insurer
- Service Providers – Standards for Business Systems and Practices (O. Reg. 90/14)
 - A regulation that sets out standards for business systems and practices for licenced service providers

An initial set of Regulations governing service provider licensing was approved in December, 2013 and prescribed:

- Licensing eligibility criteria including grounds for unsuitability (O. Reg. 348/13)
- Principal representative eligibility requirements and duties (O. Reg. 349/13)
- Public registry information (O. Reg. 350/13)

Summary of the Proclamation Order:

- The following parts of the Prosperous and Fair Ontario Act (Budget Measures), 2013 come into force on May 1, 2014:

These bulletins may include forms that are no longer up-to-date or accurate. Readers should visit the [forms](#) section of the FSCO website, to ensure they are using the most recent version of a FSCO form.

- Schedule 6, that amends the definition of “regulated sector” in the Financial Services Commission of Ontario Act, 1997 by adding all holders of a service provider's licence
 - Schedule 8, sections 5, 12, 14 and 16 to 18 that amend the Insurance Act by establishing the service provider licensing framework and by adding, definitions and regulatory making authority for classes of service providers licences, “listed expenses”, exceptions from “listed expenses”, a public registry, standards for business systems and practices, the principal representative, requirements to obtain a licence and circumstances when a licence may be revoked, suspended or surrendered
- The following part comes into force on November 1, 2014:
 - Schedule 8, section 15 that amends the Insurance Act by restricting insurers’ payments for listed expenses directly to a person who does not hold a service provider’s licence at the applicable time.

Operationalizing the Licensing Regime

The application process will begin in May, 2014 and the regime will become fully operational on November 1, 2014. Additional regulations may be enacted in the future.

II. More Information

The new regulations can be found at www.e-laws.gov.on.ca . Subscribe to FSCO’s monthly Service Providers e-Newsletter to receive important service provider licensing framework updates by email.

You are encouraged to visit the FSCO website at: www.fSCO.gov.on.ca/en/service-providers for service provider licensing regime updates and frequently asked question and answers.

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Superintendent of Financial Services

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