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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.

Errors & Omissions Insurance Requirements

All mortgage brokerages and administrators are required by law to carry errors and omissions (E&O) insurance in a form approved by the Superintendent, with extended coverage for fraudulent acts. This E&O insurance must cover a minimum of \$500,000 in respect of any one occurrence and \$1 million in respect of all occurrences in a given year. The legal requirements about E&O insurance are in Ontario Regulations 188/08 and 189/08 under the Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA).

The Superintendent has approved the policies of several E&O insurance providers. For a list of these providers, including contact information, refer to FSCO's [E&O insurance providers](#) page.

Since E&O insurance is a licensing requirement, the law requires all mortgage brokerages and administrators to have E&O insurance at all times, whether or not they are doing business, without exception. If a mortgage brokerage's or administrator's E&O insurance policy is cancelled or not renewed, the Financial Services Commission of Ontario (FSCO) must be immediately notified. Failure to comply with this requirement may result in an administrative monetary penalty and/or revocation of the licence.

Errors and Omissions Insurance Audits

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2008 Audit

As part of its regulatory activities, in 2008 FSCO conducted audits of all mortgage brokerages to verify if they had the required E&O insurance. Following the collection of insurance information from insurance companies providing E&O insurance policies approved by FSCO, it was determined that as of October 15, 2008, there were a large number of mortgage brokerages that lacked the required coverage.

In response to this problem of non-compliance, FSCO issued 91 Notices of Proposal to take enforcement action against mortgage brokerages that did not have the required E&O insurance coverage. This resulted in 69 licences being revoked or surrendered, and 87 administrative monetary penalties being imposed.

2010 Audit

On October 15, 2010, FSCO conducted an audit of all mortgage brokerages' errors and omissions coverage. As with the 2008 E&O insurance audit, FSCO collected data from insurance providers and

2018

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contacted those brokerages that did not appear to have the required insurance in place. FSCO took enforcement action - which included imposing administrative monetary penalties and/or revoking brokerage licences - on those brokerages that did not have an approved form of E&O insurance.

To learn more about the enforcement actions taken by FSCO, refer to FSCO's Mortgage Broker Enforcement Online page.

To learn more about E&O insurance, refer to FSCO's [FAQs on E&O Insurance](#).

