

**FSRA**

Financial Services Regulatory  
Authority of Ontario



Ontario

# Annual Business Plan

## 2025-28

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## Executive summary

The Financial Services Regulatory Authority of Ontario (“FSRA”) is pleased to present its 2025-28 Annual Business Plan (“ABP”).

The ABP is a forward-looking document that provides an overview of FSRA’s priorities, planned activities, and commitments. The ABP outlines FSRA’s:

- Detailed budget for FY2025-26, as well as its financial plans for FY2026-27 and FY2027-28;
- Strategic priorities for the upcoming year (FY2025-26); and
- Other planned activities that support FSRA’s operations.

FSRA has identified 17 strategic priorities for FY2025-26, 3 that are cross-sectoral and 14 that are sector-specific. The strategic priorities are aligned with FSRA’s statutory objects, its mission, vision & values, its Strategic Framework, government direction, and trends in the operating environment. Areas of strategic focus for FSRA in FY2025-26 include:

- Strengthening stakeholder relations;
- Enhancing regulatory effectiveness; and
- Finalizing and implementing key reforms.

FSRA proposes a budget of \$122.2 million for FY2025-26 to effectively execute its mandate and to address its stated priorities, representing a decrease of \$3.9 million or 3.1% compared to the FY2024-25 budget. FSRA anticipates total sector revenues of \$116.2 million, which is \$2.1 million or 1.8% higher than FY2024-25 budget. Within these total sector revenues, the activity and licensing fee component is expected to decrease by 1.3% compared to the FY2024-25 budget while the variable sectors fee assessment component is expected to increase by 2.9% from FY2024-25 budget. The difference of the expenses over total sector revenue for FY2025-26 is covered by the release of \$6.0 million of cumulative surplus from prior years’ operations.

# Mandate



## FSRA Vision

Financial safety, fairness, and choice for Ontarians.



## FSRA Mission

Public service through dynamic, principles-based, and outcomes-focused regulation.



## FSRA Values

Honest, Impactful, Credible, Empathetic,  
Collaborative, Empowered.

FSRA is an independent regulatory agency, created to improve protection of consumers, pension plan beneficiaries and credit union members<sup>1</sup> in Ontario. It provides prudential and/or market conduct regulation and supervision in the following sectors:

- Property and casualty insurance (including auto insurance rates);
- Life and health insurance;
- Credit unions and caisses populaires<sup>2</sup>;
- Loan and trust companies;
- Mortgage brokers;
- Health services providers (related to auto insurance);
- Pension plans; and
- Financial planners and advisors.

<sup>1</sup> For the purposes of this document, the term ‘consumers’ includes the public, credit union members, pension plan beneficiaries and other stakeholders.

<sup>2</sup> The term “credit unions” also includes caisses populaires throughout this document, unless otherwise noted.

## Statutory objects

The *Financial Services Regulatory Authority of Ontario Act, 2016* (“FSRA Act”) establishes FSRA’s role in regulating non-securities financial services and pensions in Ontario. It sets out powers to administer and enforce the FSRA Act and the statutes governing FSRA’s regulated sectors, and outlines FSRA’s governance and accountability structure (see Governance section).

FSRA’s **overarching objects**, as defined in the FSRA Act, are to:

- Regulate and generally supervise the regulated sectors;
- Contribute to public confidence in the regulated sectors;
- Monitor and evaluate developments and trends in the regulated sectors;
- Cooperate and collaborate with other regulators, where appropriate;
- Promote public education and knowledge about the regulated sectors;
- Promote transparency and disclosure of information by the regulated sectors;
- Deter deceptive or fraudulent conduct, practices and activities by the regulated sectors; and
- Carry out such other objects as may be prescribed.

FSRA’s objects with respect to the **financial services sectors** are to:

- Promote high standards of business conduct;
- Protect the rights and interests of consumers; and
- Foster strong, sustainable, competitive, and innovative financial services sectors.

For the **pensions sector**, FSRA's additional objects are to:

- Promote good administration of pension plans; and
- Protect and safeguard the pension benefits and rights of pension plan beneficiaries.

For **credit unions**, additional objects are to:

- Provide insurance against the loss of part or all of deposits with credit unions;
- Promote and otherwise contribute to the stability of the credit union sector in Ontario, with due regard to the need to allow credit unions to compete effectively, while taking reasonable risks; and
- Pursue the objects set out as defined in the FSRA Act for the benefit of persons having deposits with credit unions and in such manner as will minimize the exposure of the Deposit Insurance Reserve Fund to loss.

FSRA's objects, with respect to the *Financial Professionals Title Protection Act, 2019* are to administer and enforce that Act.

## Legislation, regulations, rules and guidance

As part of its role to regulate and supervise its regulated sectors, FSRA administers a number of statutes and regulations.<sup>3</sup>

The legislative framework in the FSRA Act provides FSRA with specific rule-making authorities under the regulated sector statutes and the FSRA Act, including the authority to make rules governing fees and other charges.<sup>4</sup> These rules, once approved by the Minister of Finance, have the force of law.

In addition to making rules, FSRA develops guidance which sets out FSRA's views on requirements and provides information to regulated entities, consumers, and other stakeholders.<sup>5</sup>

## Governance

### Governance

FSRA was established under the FSRA Act as a self-funded Crown corporation with a Board of Directors (the “Board”) which is appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Finance (“the Minister”). FSRA's Board is accountable to the Minister and to the Ontario Legislature.

In addition to the duties and responsibilities of the Board under the FSRA Act, the Memorandum of Understanding (“MOU”) between FSRA and the Ministry of Finance, which is subject to periodic review, establishes the accountability relationships between the Minister and FSRA, through the Board and Chair of the Board (“Board Chair”), among other things.<sup>6</sup> The MOU clarifies the roles and responsibilities of the Minister, the Board

<sup>3</sup> See here for full list of statutes and regulations administered by FSRA:  
<https://www.fsrao.ca/regulation/legislation>

<sup>4</sup> See here for full list of rules: <https://www.fsrao.ca/regulation/rules>

<sup>5</sup> See here for full list of guidance: <https://www.fsrao.ca/regulation/guidance>

<sup>6</sup> [Governance | Financial Services Regulatory Authority of Ontario \(fsrao.ca\)](#)

Chair, all Board members, the Deputy Minister of Finance, and the Chief Executive Officer (“CEO”) of FSRA, in areas such as administration, communications, operations and others.

The MOU should be read together with the FSRA Act and the governing sector statutes.

## **Board of Directors**

The FSRA Act provides that the Board shall consist of at least three and not more than eleven directors. One director is designated as Board Chair by the Lieutenant Governor in Council on the recommendation of the Minister.

The Board has a dual role – it is responsible for the high-level stewardship of the organization, including oversight of FSRA Management, and may also propose rules to the Minister for approval in respect of any matter over which a sector statute gives FSRA rule-making authority.

## **Corporate oversight**

The Board supervises the management of the affairs of FSRA, which includes oversight of FSRA’s:

- Culture;
- Organizational structure;
- Strategic direction and priorities;
- Operational efficiency;
- Risk management;
- Technology transformation;

- Financial management and reporting; and
- Approach to policy matters within its legislative authority.

The Board approves FSRA's ABP, including its strategic priorities, and oversees its implementation by FSRA Management.

Under the FSRA Act, the Board appoints a CEO. The CEO, subject to the supervision and direction of the Board, is responsible for the management and administration of FSRA and exercises the powers and duties conferred or assigned to them (directly or through delegates) under the FSRA Act, and the additional sector statutes that FSRA administers as part of its mandate (see Appendix F for Organizational Chart).

## Rule making authority

The FSRA Act and sector statutes provide FSRA with rule-making authority in express areas for regulating and supervising non-securities financial services and pensions in Ontario. The Board has the responsibility to approve rules that, if approved by the Minister, have the force of law.

## FSRA Board of Directors<sup>7</sup>

- Joanne De Laurentiis (Chair)
- Joseph Iannicelli
- Stewart Lyons
- Peggy McCallum
- Lucie Tedesco

<sup>7</sup> List of FSRA directors as at March 1, 2025.

- Ali Salahuddin
- Rob Wellstood

## Standing committees of the FSRA Board of Directors<sup>8</sup>

- Audit, Finance and Risk Committee
- Statutory Funds Advisory Committee
- Human Resources and Governance Committee
- Rules and Policy Committee
- Business Transformation and Technology Committee

## Response to expectations in Agency Letter of Direction

Pursuant to the requirements of the Agencies and Appointments Directive (“AAD”), this represents FSRA’s response to the Minister’s Letter of Direction for FY2025-26. FSRA will ensure that it works closely and collaboratively with the Ministry of Finance, not just on the priorities identified in the Letter of Direction, but on all significant emerging events and issues.

FSRA is committed to aligning its strategic direction with the government’s priorities and expectations as set out in the Letter of Direction. FSRA is also committed to delivering outcomes consistent with its statutory objects and the statutes, regulations and rules that it administers. The ABP, particularly FSRA’s Strategic Priorities, is the primary vehicle for FSRA to meet the expectations outlined in the Letter of Direction (see Statement of Priorities). For FY2025-26, these include:

<sup>8</sup> List of Committees as at March 1, 2025.

- Strengthen stakeholder relations and improve consumer-focused outcomes (priority 1);
- Enhance licensing efficiency and effectiveness (priority 2);
- Modernize systems and processes (priority 3);
- Implement key reforms for the regulation of auto insurance rates and underwriting (priority 4.1);
- Support reforms of the auto insurance system (priority 4.2);
- Strengthen the market conduct regulation and supervision of intermediaries, including Managing General Agents (“MGAs”) (priority 7.1);
- Modernize sector requirements to protect mortgage brokering consumers (priority 8.1); and
- Enhance supervision of the pension sector (priority 9.1).

Other priorities and expectations outlined in the Letter of Direction, which are not captured through FSRA’s Strategic Priorities, are an important part of FSRA’s business plan for FY2025-28 and will be addressed and reported on through FSRA’s ongoing activities and operations.

# Environmental scan

FSRA regulates dynamic markets that are affected by several socio-economic factors and global events. An essential component of FSRA's strategy to achieve success as a regulator, and a part of its mandate, is to monitor and evaluate developments and trends in its regulated sectors. This Environmental Scan highlights both external and internal factors that may impact FSRA or its mandate. Many of these factors have directly influenced this ABP, others influence FSRA's day-to-day approach, while some are factors that FSRA is monitoring to determine if future regulatory action is required.

## External factors

### Legislative, regulatory or policy changes

FSRA's overall approach to regulation and supervision is based on its authority as outlined in the FSRA Act and the various statutes, regulations and rules FSRA administers.

Recent and ongoing changes include:

- Amendments to the *Insurance Act* to provide authority to create a new licensing class for life & health insurance managing general agents ("MGAs") and other intermediaries. See page 47 for more detail on FSRA's priority to strengthen regulation and supervision of MGAs.
- Changes to O. Reg. 383/24 under the *Insurance Act* that will make certain statutory accident benefits optional for purchase effective July 1, 2026.
- Amendments to the *Credit Unions and Caisses Populaires Act, 2020* to ensure operational continuity and member access to deposits, and to enhance FSRA's investigative and resolution tools.
- The creation of a permanent target benefit pension plan framework effective January 1, 2025.

- Commitments to working with the government on ongoing regulatory changes in the following areas:
  - Enhancing the regulatory framework of Ontario credit unions, including reviewing existing capital and liquidity adequacy requirements (see page 45 for more detail).
  - Improving Ontario credit unions' access to emergency funding (see page 47 for more detail).
  - Supporting reforms in the auto insurance system, including recommendations resulting from FSRA's review of health service provider guidelines and frameworks, and fraud reporting (see page 41 for more detail).
  - Enhancing regulatory standards for segregated fund contracts (see page 48 for more detail).
  - Supporting the government's statutory review of the *Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA)* (see page 50 for more detail).

Changes implemented by the federal government applicable to FSRA's regulated sectors include:

- Expanded powers granted to the Financial Consumer Agency of Canada ("FCAC") to facilitate the implementation of a made-in-Canada open banking framework, announced in the 2024 federal Budget.<sup>9</sup> In its 2024 Fall Economic Statement ("Federal FES"), the federal government announced further plans to finalize legislation for the remaining elements of Canada's Consumer-Driven Banking Framework in 2026.<sup>10</sup> It also proposed to establish a permanent federal, provincial

<sup>9</sup> <https://budget.canada.ca/2024/home-accueil-en.html#pdf>

<sup>10</sup> <https://budget.canada.ca/update-miseajour/2024/report-rapport/FES-EEA-2024-en.pdf>

and territorial advisory committee to inform FCAC's approach to the Consumer-Driven Banking Framework.<sup>11</sup>

- The introduction of legislative and regulatory measures to strengthen Canada's Anti-Money Laundering and Anti-Terrorist Financing framework, announced in the Federal FES.<sup>12</sup> This is in addition to recent changes requiring mortgage professionals, including those licensed and regulated by FSRA, to adhere to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, administered by the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC").

FSRA also closely monitors the developments of other regulators, self-regulatory organizations, regulatory associations, and other governments, within Canada and internationally, to inform its approach to regulation and supervision.

## Fiscal environment and economic outlook

The Canadian and global economy narrowly avoided a recession over the past two years. Although the overall economic outlook has improved since FSRA's 2024-27 Annual Business Plan, concerns regarding economic uncertainty and the potential impacts on consumers remain.

Macro highlights to note:

- **Inflation** – Cost of living and overall affordability continue to be significant issues facing Ontarian and Canadian consumers. According to Statistics Canada, the Consumer Price Index ("CPI") declined throughout 2024. In December 2024, the CPI rose 1.8% year over year, down from a height of 8.1% in June 2022, a GST/HST tax break being a contributing factor to the decline.<sup>13</sup> Although inflation

<sup>11</sup> <https://www.fsrao.ca/industry/mortgage-brokering/regulatory-framework/supervision/taking-stand-against-money-laundering-and-terrorist-financing>

<sup>12</sup> <https://budget.canada.ca/update-miseajour/2024/report-rapport/FES-EEA-2024-en.pdf>

<sup>13</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/241217/dq241217a-eng.htm?indid=3665-1&indgeo=0>

growth is declining, prices have remained high for key consumer goods relative to wage growth.

- **Affordability** – Despite recent reductions, interest rates remain much higher than they were prior to the Bank of Canada (“BoC”) rate increases that took place between March 2022 and July 2023.<sup>14</sup> According to the Canada Mortgage and Housing Corporation's ‘2024 Mortgage Consumer Survey’, 65% of mortgage consumers reported they were impacted by rising interest rates, while 13% of buyers reported that interest rates had caused them to delay buying a home<sup>15</sup>. In its ‘2024 Article IV Consultation’, the International Monetary Fund (“IMF”) reported that housing affordability in Canada had reached the “worst levels in a generation, with housing supply unable to fully meet growing demand.”<sup>16</sup>
- **Broader Economy** – According to the BOC’s ‘January 2025 Monetary Policy Report’, the Canadian economy is expected to average 1.8% growth in 2025 and 2026. Inflation is expected to remain near the 2% target in 2025.<sup>17</sup>
- **Labour Market** – According to the Ontario government’s 2024 Fall Economic Statement, Ontario’s unemployment rate rose to 6.9% in September 2024, 1.8% higher than the recent low of 5.1% in April 2023. This is due largely to employment growth being outpaced by population growth.<sup>18</sup> According to the BOC, Canada’s labour market has continued to soften since early 2023, concentrated largely amongst “newcomers and youths”.<sup>19</sup>

<sup>14</sup> <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

<sup>15</sup> <https://www.cmhc-schl.gc.ca/blog/2024/-/media/1b29e28201c54c6f8e9b9e4056cc6d4f.ashx>

<sup>16</sup> <https://www.imf.org/en/News/Articles/2024/07/16/pr24276-canada-imf-exec-board-concludes-2024-art-iv-consult>

<sup>17</sup> <https://www.bankofcanada.ca/publications/mpr/mpr-2025-01-29/>

<sup>18</sup> <https://budget.ontario.ca/2024/fallstatement/pdf/2024-fall-statement-en.pdf>

<sup>19</sup> <https://www.bankofcanada.ca/publications/mpr/mpr-2024-10-23/>

## Changes and trends in the operating environment

FSRA continuously monitors changes and trends in its operating environment to better understand the sectors it regulates. Monitored issues and trends include:

- **Fraud** – Fraud is a growing risk in the financial services sectors, as the same new technologies that can be used by companies to increase efficiencies can also be used by bad actors to take advantage of consumers, especially vulnerable<sup>20</sup> ones. FSRA has proposed a rule and corresponding guidance on fraud reporting for auto insurers, and released guidance outlining that mortgage brokering professionals must take reasonable steps to prevent fraud.
- **IT Risk** – IT Risk, especially cyber security, continues to heighten as the use of technology increases, as evidenced by numerous high-profile incidents which have disrupted financial services across the world. FSRA, through supervision, is monitoring how regulated sectors are managing IT Risk and responding to material IT incidents.
- **Artificial Intelligence (“AI”)** – The use of AI, particularly generative AI, has expanded greatly over the past two years, since the expansion of new tools such as ChatGPT. Financial service entities are exploring how AI can increase their efficiencies through back-end operations and better assist consumers through tools such as chatbots. Potential uses in the sectors FSRA regulates include using AI to provide financial information such as quotes for financial products. In FSRA's 2022 Consumer Research on Financial Advice, about 15% of respondents indicated that they had received financial information from financial technology tools, and FSRA expects this trend to continue to grow in the future<sup>21</sup>.
- **Natural catastrophes** – Natural catastrophes continue to grow in frequency and overall severity. Natural catastrophes, and the risks associated with climate change, either directly or indirectly affect every sector that FSRA regulates. This includes

<sup>20</sup> See here for how FSRA classifies and defines financial vulnerability:  
<https://www.fsrao.ca/media/26266/download>

<sup>21</sup> <https://www.fsrao.ca/media/23871/download>

the overall resiliency of financial service entities, their ability to provide essential products and services, and the risks that may result for consumers who access those products and services.

- **Third parties** – Regulated entities have long used third parties to provide essential services and drive operational efficiencies. As the financial sector becomes more digitized, this reliance on third parties has likewise increased through the use of software-as-a-service products. The increased use of third parties increases the overall operational risks for FSRA's regulated entities.
- **Vulnerable consumers** – Research by FSRA underscores the challenges faced by vulnerable groups across its regulated sectors, revealing that these consumers often experience poorer outcomes, including lower levels of trust, satisfaction, and confidence. FSRA's '2024 Cross-Sectoral Survey Report' highlights a significant rise in consumer vulnerability across Ontario. The proportion of highly and moderately vulnerable consumers increased from 20% in 2022 to 33% in 2024, driven by broader economic pressures. To address these issues, FSRA has developed and consulted on an 'Approach to Strengthening Protection of Vulnerable Consumers'. FSRA's proposed approach is focused on closing the gap between the experiences of vulnerable consumers and non-vulnerable consumers in the sectors it regulates.<sup>22</sup>

## Internal factors

### Key cost and program delivery drivers

In determining how FSRA regulates and supervises its regulated entities, including making decisions that impact its budget and internal operations, FSRA is guided by the following internal drivers:

<sup>22</sup> <https://www.fsrao.ca/engagement-and-consultations/consultation-fsras-proposed-approach-strengthening-protection-vulnerable-consumers/fsras-proposed-approach-strengthening-protection-vulnerable-consumers>

- The Strategic Framework consists of four Pillars that articulate high-level strategic objectives (see page 21 for more detail).
- The Communications Plan outlines FSRA's internal and external communication plans to support its regulatory and cultural transformation (see page 74 for more detail).
- The multi-year roadmap for technology and information systems outlines its modernization priorities under its *FSRAForward* program and an overview of its cybersecurity program (see page 80 for more detail).
- The Enterprise Risk Management Framework provides an overview of how FSRA identifies, assessments and mitigates risks (see page 54 for more detail).
- The HR priorities outline how FSRA plans to meet its commitment to attract talent and evolve its culture (see page 66 for more detail).

## **Workforce demographics and labour relations**

FSRA anticipates staff levels of 665 in FY2025-26, with around 70% being bargaining-represented employees. FSRA's FY2025–26 budget emphasizes strategic vacancy management to optimize workforce structure and improve operational efficiency. Salary and benefits are projected to increase by \$3.6 million, primarily due to mandatory collective bargaining agreements.

See section 'Investing in People and Talent' on page 65 for more information.

## **Structural changes which may impact the organization**

In May 2024, FSRA revised the reporting structure of the Chief Public Affairs Office (CPAO) to report to the Executive Vice President of Policy. This integration supports initiatives in outreach, education and awareness, and strengthens FSRA's overall focus on consumer issues.

See 'Appendix F' on page 101 for FSRA's Organizational Chart.

## **Program reviews, audits, and recommendations from reports**

The Office of the Auditor General of Ontario ("OAGO") conducted a value-for-money audit on FSRA in 2022<sup>23</sup> which was updated as part of a follow-up review in 2024. FSRA continues to work with the OAGO and the Ministry of Finance to track FSRA's overall progress in achieving the recommendations outlined in the report.

<sup>23</sup> [https://www.auditor.on.ca/en/content/annualreports/arreports/en22/AR\\_FSRA\\_en22.pdf](https://www.auditor.on.ca/en/content/annualreports/arreports/en22/AR_FSRA_en22.pdf)

## Strategic Framework



In 2021-2022, FSRA launched its Strategic Framework, which consists of four Pillars that articulate high-level strategic objectives. The Framework reflects FSRA's legislative objects and encompasses the organization's Vision, Mission, and Values.

### **Operate effectively to be a high-performing regulator**

- We will consistently deliver on our core business functions.
- We will apply continuous improvement methodologies to review operations.
- We will modernize tools and processes with a continued focus on digitization and automation.
- We will create an improved experience for stakeholders interacting with FSRA.
- We will clearly communicate our expectations to increase stakeholders' understanding of FSRA's regulatory approaches and activities.
- We will continue to work with government partners to maintain an alignment on priorities.

### **Protect the public interest to enhance trust and confidence in the sectors we regulate**

- We will embed a consumer lens in our guidance and rules.
- We will thoughtfully engage with regulated sectors, consumers, credit union members, and pension plan beneficiaries to understand their current and future needs.
- We will enable innovation and greater choice for consumers.
- We will conduct research to better understand risks and opportunities for consumers, credit union members and pension plan beneficiaries.
- We will support efforts to enhance consumer, credit union member, and pension plan beneficiary education and knowledge.

### **Transform our regulatory processes to make evidence-based and risk-based decisions**

- We will apply a consistent and transparent approach to regulatory oversight and decision-making.
- We will collect more data and increase our internal capabilities to make evidence and risk-based decisions.
- We will be responsive to the regulatory environment and adapt our approach to regulation, as needed.
- We will continue transitioning to principles-based regulation by focusing our efforts on desired outcomes.
- We will build stronger relationships with other regulators through cooperation, collaboration and sharing of leading practices.

### **Attract talent and evolve our culture to achieve the mission and vision of the organization**

- We will retain and develop top talent with deep expertise and invest accordingly.
- We will foster a culture that is inclusive and exemplifies our values.
- We will organize and support our talent to effectively deliver on FSRA's strategic priorities and regulatory operational requirements.
- We will promote a culture where staff are actively empowered to lead, held accountable, and recognized for outcomes.

## 2025-26+ Priorities



### Cross-Sectoral

1. Strengthen stakeholder relations and improve consumer-focused outcomes.
2. Enhance licensing efficiency and effectiveness.
3. Modernize systems and processes.



### Property & Casualty and Auto Insurance

4

- 4.1 Implement key reforms for the regulation of auto insurance rates and underwriting.
- 4.2 Support reforms of the auto insurance system.
- 4.3 Support the fair treatment of property and casualty insurance consumers.



### Ontario-incorporated Insurance Companies and Reciprocals (Insurers)

5

- 5.1 Increase resilience, stability and public confidence.
- 5.2 Enhance FSRA's Regulatory Framework.



## Credit Unions

6

- 6.1 Increase resilience, stability, and promote confidence.
- 6.2 Enhance FSRA's Regulatory Framework.
- 6.3 Enhance financial stability structures.



## Life & Health Insurance

7

- 7.1 Strengthen the market conduct regulation and supervision of intermediaries, including Managing General Agents ("MGAs").
- 7.2 Strengthen protection of consumers who invest in segregated fund contracts.



## Mortgage Brokering

8

- 8.1 Modernize sector requirements to protect mortgage brokering consumers.



## Pensions

9

- 9.1 Enhance supervision of the pension sector.
- 9.2 Advance regulatory excellence and improve plan member outcomes.



## Financial Planners & Advisors

10

- 10.1 Ensure the effectiveness of the title protection framework for Financial Planners / Financial Advisors.

## Overview of sectors



### Property and Casualty (P&C)/Auto Insurance

The P&C insurance sector offers financial products designed to protect consumers and businesses against financial losses arising from owning a home, vehicle, or business. In 2023, Ontario's P&C insurance sector represented approximately \$35.7 billion in Direct Written Premium, 46% of which came from auto insurance.<sup>24</sup>

As of January 1, 2025, FSRA licenses and supervises 214 P&C insurance companies, 1,823 adjusters (both corporate and individual), and 10,724 agents that sell P&C insurance in Ontario.

FSRA's role in the sector includes:

- Licensing and supervising insurance companies, adjusters and agents that sell P&C insurance in Ontario to ensure they comply with the law.
- Regulating the conduct of business of insurance companies, agents, and adjusters, including enforcement actions for non-compliance, to ensure consumers are treated fairly throughout the lifecycle of the insurance product.
- Examining the affairs of the Registered Insurance Brokers of Ontario and the Facility Association and reporting the results to the Minister.
- Functions specific to Ontario's auto insurance system, such as regulating auto insurance products and their underwriting, distribution, and pricing, as well as ensuring auto insurance rates are fair.

<sup>24</sup> Data Sources include OSFI and FSRA. Constraints: Provincially Regulated Data: a provincial breakdown is not currently available; the figures represent totals at the national level. Federally Regulated Data: reporting inconsistencies exist: an insurer reported its 2023 figures following the IFRS4 format, while others adhere to IFRS17. Ontario Total Premium: the actual total for Ontario may be lower than indicated. This discrepancy arises because the provincially regulated insurers database currently does not include a provincial data breakdown.



## Ontario-incorporated Insurance Companies and Reciprocal

Ontario-incorporated insurance companies are legally established under Ontario law and provide P&C insurance. Reciprocal are a group of subscribers exchanging reciprocal contracts of indemnity or insurance with each other through the same attorney.

As at January 1, 2025, FSRA prudentially oversees 49 Ontario-incorporated insurance companies and reciprocals, which represent \$10.6 billion in assets as at Q2 2024 and had an annual insurance revenue totaling \$3.2 billion in 2023<sup>25</sup>.

FSRA's role in the sector includes:

- Providing both prudential and market conduct regulation and supervision to contribute to the stability of the sector.
- Reviewing and approving new business activities, investment activities, and proposed transactions such as mergers, amalgamations, and the purchase and/or sale of material assets.

<sup>25</sup> Internal FSRA data.



## Credit Unions

Credit unions and caisses populaires (referred to collectively as credit unions) are co-operative, deposit-taking financial institutions. Ontario's credit union sector has over 1.7 million members and employs more than 8,400 Ontarians. Ontario's credit unions are diverse in size, with total assets ranging from \$20.1 million to \$25 billion<sup>26</sup>.

As at January 1, 2025, there are 52 credit unions with \$99.6 billion in assets in Ontario.

FSRA's role in the sector includes:

- Prudential oversight of credit unions, to minimize the risk of loss to depositors and the Deposit Insurance Reserve Fund ("DIRF") and contribute to the stability of the sector, while allowing credit unions to take reasonable risks.
- Supervising and regulating the conduct of credit unions to ensure fair treatment of consumers.
- Approving new business activities, investment activities, and proposed transactions such as mergers, amalgamations, and the purchase and/or sale of material assets.
- Incorporating new credit unions and reviewing related documentation.
- Providing insurance against loss of deposits and managing the DIRF.

<sup>26</sup> Q2 2024 Sector Outlook Report: <https://www.fsrao.ca/media/26271/download>



## Life and Health Insurance

The life and health insurance sector provides comprehensive financial products to help individuals protect themselves and their families from financial hardship in the case of death or illness. In 2023, Ontario's life and health insurance sector represented approximately \$36 billion in direct premium.<sup>27</sup> Products include life and health insurance, as well as wealth products such as segregated funds and annuities.

As at January 1, 2025, FSRA licenses and supervises 91 life and health insurance companies, 6,604 life insurance corporate and partnership agents, and 59,222 individual life insurance agents.

FSRA's role in the sector includes:

- Licensing life insurance companies and agents that sell life and health insurance in Ontario to ensure they comply with the law.
- Regulating the conduct of business of insurance companies and agents to ensure the fair treatment of consumers throughout the entire product lifecycle.

<sup>27</sup> 2023 CEO Report on Insurance (report pending finalization)



## Mortgage Brokering

The mortgage brokering sector helps to facilitate home ownership for many Ontarians and also supports investors in the alternative mortgage investment space. In 2023, mortgage brokerages arranged over 265,000 mortgages in Ontario, valued at approximately \$148 billion.<sup>28</sup>

As at January 1, 2025, FSRA regulated 1,176 mortgage brokerages, 3,025 mortgage brokers, 10,669 mortgage agent Level 1, 5,196 mortgage agent Level 2 and 268 mortgage administrators in Ontario.

FSRA's role in the sector includes:

- Licensing mortgage brokerages, brokers, agents, and administrators to ensure they comply with the law.
- Regulating the conduct of the sector's licensees to ensure the fair treatment of consumers (borrowers and/or lenders/investors).

<sup>28</sup> 2023 Annual Information Return



## Pensions

Registered pension plans provide an important source of retirement income to many pension plan members in Ontario. In 2024, these plans had approximately \$875 billion of assets and provided pension benefits to nearly 4.8 million members.

As at January 1, 2025, there are approximately 4,225 plans under FSRA's supervision. Most members and assets are in defined benefit plans (with assets of approximately \$714 billion in Defined Benefit (DB) plans (including Single-Employer Pension Plans, Multi-Employer Pension Plans, and Jointly Sponsored Pension Plans), about \$124 billion in Combo Plans and about \$37 billion in Defined Contribution (DC) plans.

FSRA's role in the sector includes:

- Supervising pension plans and pension funds to ensure they are being administered, invested, and funded in accordance with legal requirements and that plan fiduciaries are fulfilling their obligations.
- Promoting good administration of pension plans and ensuring that the rights and benefits of plan beneficiaries are protected.
- Registering new pension plans and pension plan amendments.
- Processing required filings and applications from plan administrators.
- Supporting FSRA's CEO in their role to administer the Pension Benefits Guarantee Fund ("PBGF") and collecting PBGF assessments.



## Financial Planners / Financial Advisors

Financial Professionals Title Protection Framework (FPTPF) establishes standards for individuals that wish to use the “financial planner” (FP) and “financial advisor” (“FA”) titles in Ontario to promote confidence and professionalism in the sector. Credentialing bodies are required to oversee the professional conduct and activities of individuals holding approved credentials.

As at January 1, 2025, there are 5 credentialing bodies and 13 credentials approved by FSRA. Approximately 80,000 credentials have been issued to individuals to use the FP and FA titles in Ontario.

FSRA’s role in the sector includes:

- Establishing standards for credentialing bodies and FP and FA credentials.
- Approving credentialing bodies and FP and FA credentials.
- Monitoring and supervising approved credentialing bodies to enhance consumer protection and promote high-quality financial planning and advisory services.



## Health Service Provider Sector

The health service provider sector invoices auto insurance companies for statutory accident benefit claims through the Health Claims for Auto Insurance system.

As at January 1, 2025, there are approximately 5,104 licensed health services providers in Ontario.

FSRA's role in the sector includes:

- Licensing health service providers, thereby allowing them to receive direct payments from auto insurers for benefits claimed under the Statutory Accident Benefits Schedule.
- Regulating the business and billing practices of licensed health service providers.
- Collecting information about licensed health service providers' business systems and practices through an Annual Information Return.



## Co-operative Corporations

A co-operative is a legally incorporated corporation that is owned by its members, who use the co-operative's services or purchase their products. FSRA aims to better protect co-operative corporation ("co-ops") members and investors who purchase shares in co-ops.

As at January 1, 2025, there are 1802 active co-ops in Ontario, which operate in a variety of industries (e.g., housing, agriculture, daycare, etc.). FSRA received 5 offering statements from co-ops for the period April 2024, to September 2024.

FSRA does not regulate co-ops. FSRA's role in the sector is limited to carrying out the powers and duties related to offering statements issued by co-ops when raising capital from investors.



## Loan & Trust

Loan and trust companies fulfill an important role in Ontario's financial services sector. They accept deposits and provide loans to help purchase homes, businesses, vehicles and more.

As at January 1, 2025, there are 49 loan and trust companies that are registered to do business in Ontario.

FSRA's role in the sector includes:

- Overseeing the registration of all federally incorporated loan and trust corporations that do business in Ontario.
- Ensuring compliance with the legislation.

# Statement of priorities

## Cross-Sectoral priorities

### 1. Strengthen stakeholder relations and improve consumer-focused outcomes

#### Overview

FSRA regulates and supervises a wide range of sectors in Ontario. Those sectors provide services and products that Ontarians use on a day-to-day basis and in some of the most important parts of their lives. To effectively carry out its mandate, FSRA will improve relationships with its stakeholders, with an emphasis on improving outcomes for consumers.<sup>29</sup> This includes understanding and advancing the voice of consumers, enabling innovation in FSRA's regulated sectors, and ensuring FSRA is accessible, supportive and responsive to stakeholders.

#### Outcomes we are seeking

- A consumer-centric culture that informs FSRA's strategic direction and supervisory activities.
- A regulatory environment that supports and enables innovation.
- Enforcement that is effective, timely, proportionate and considers the impact of non-compliance on consumers.

<sup>29</sup> FSRA's mandate distinguishes between protecting the rights and interests of consumers in financial services sectors and protecting and safeguarding the pension benefits and rights of pension plan beneficiaries in respect of pension plans.

## Key activities to achieve outcomes

- a. Provide excellent customer service to stakeholders, and measure and report on results and opportunities for improvement through a comprehensive stakeholder survey.
- b. Use consumer experience data from stakeholders and other sources, such as FSRA research, to inform FSRA's supervisory activities.
- c. Enhance innovation-focused stakeholder engagement efforts to continue to strengthen brand recognition and identify new collaboration opportunities.
- d. Leverage a transparent approach and available technologies to develop FSRA's investigation and enforcement framework across the regulated sectors to reinforce consumer-centric supervisory processes and to deter misconduct.

## 2. Enhance licensing efficiency and effectiveness

### Overview

FSRA's role with respect to licensing is to ensure individuals and businesses meet the qualifications for a licence, are suitable to be licensed, and comply with all ongoing licensing requirements. Effective screening of applicants and licensees for licensing suitability helps protect consumers.

Providing strong licensing services to stakeholders is important to FSRA. There are plans underway for a new licensing system at FSRA. In the meantime, FSRA continues to operate using its legacy systems, which require a high volume of manual processes. A process review was completed to identify opportunities for increased efficiency using current systems. FSRA will implement process changes to address the recommendations from the review and mitigate service impacts to stakeholders in the insurance, mortgage brokering and health service provider sectors.

## Outcomes we are seeking

- Elevated professionalism within the regulated sectors.
- Greater trust by consumers when dealing with a licensed individual or entity.
- Risks posed to consumers when dealing with a licensed individual or entity are further mitigated.
- Improved service-delivery for all licensing transactions while maintaining protection for consumers.

## Key activities to achieve outcomes

- a. Explore additional tools to support FSRA's assessment of licensing suitability.
- b. Enhance licensing suitability reviews by incorporating new risk-based searches to assess suitability for a licence.
- c. Implement recommendations from the internal licensing process review.

## 3. Modernize systems and processes

### Overview

FSRA is continuing to modernize processes and systems. This commitment will enable FSRA to operate as a high-performing regulator by developing and enabling processes that promote evidence-based and risk-based decisions. FSRA is following a multi-year roadmap (the “roadmap”) for its technology and information systems to support its core regulatory activities and procedures. The roadmap incorporates both sector-specific business priorities and enterprise-wide technology requirements. It also creates a flexible and adaptable business operating model, supported by streamlined workflows and operational processes and system improvements. The *FSRAForward program* that replaces the legacy applications has experienced delays and has been extended beyond

the original completion date. The delays have contributed to cost overruns. To ensure the ongoing viability of the program and maintain a focus on costs and efficiencies, options are being developed to ensure that a viable system is created, allowing FSRA to achieve its desired outcomes. A new delivery date is targeted for the end of FY2027-28.

## Outcomes we are seeking

- Enhanced operational efficiency across FSRA.
- Increased regulatory and supervisory ability using artificial intelligence (“AI”) and machine learning (“ML”).
- Successful delivery of projects on time and within capital allocations.
- Improved cyber security and operational resiliency.

## Key activities to achieve outcomes

- a. Enhance FSRA’s AI and ML capabilities through continued implementation of projects using FSRA’s AI/ML tools, employing FSRA’s AI governance model, and continued implementation of FSRA’s AI/ML training program.
- b. Implement an enterprise-wide data strategy.
- c. Enhance cyber security measures through Extended Detection and Response (“XDR”).
- d. Improve data security measures to protect sensitive data by enhancing monitoring of data transfers and enhancing cryptographic control.
- e. Develop and implement an updated strategy to address the delays for *FSRAForward* to replace legacy systems, minimize cost overruns and increase efficiencies.

## 4. Property & Casualty and Auto Insurance priorities

### 4.1 Implement key reforms for the regulation of auto insurance rates and underwriting

#### Overview

FSRA has undertaken a multi-year effort to reform the regulation of auto insurance rates and underwriting. FSRA will continue to plan and implement these key reforms, including the introduction of a new supervisory model.

#### Outcomes we are seeking

- Fair treatment of consumers and the promotion of a more competitive and sustainable market.
- Transformation to a principles-based, consumer outcomes-focused supervisory model.
- Consumers are empowered to make more informed decisions.

#### Key activities to achieve outcomes

- a. Finalize Auto Insurance Rating and Underwriting Supervision Guidance.
- b. Implement a new principles-based, consumer-outcomes focused auto insurance rate and underwriting supervisory model.
- c. Improve transparency and disclosure for consumers to increase awareness and product knowledge and support informed decision-making, with an emphasis on high insurer accountability for achieving these outcomes.

## 4.2 Support reforms of the auto insurance system

### Overview

FSRA is continuing to support the government's initiatives to reform the auto insurance product, in addition to providing expert advice to inform government decisions.

### Outcomes we are seeking

- More choices for consumers to design auto insurance coverage to best suit their needs.
- Ensure that consumers injured in auto accidents receive the care they need and that the health service provider ("HSP") framework and the Health Claims for Auto Insurance ("HCAI") system are more modern and efficient.
- Improved ability to quantify, assess and better detect auto insurance fraud.

### Key activities to achieve outcomes

- a. Implement government-led and FSRA-led auto reform initiatives, including recommendations resulting from FSRA's review of HSP guidelines and frameworks.
- b. Subject to approval by the Minister of Finance, issue the Fraud Reporting Rule and Guidance and initiate development of Fraud Reporting Service.

## 4.3 Support the fair treatment of property and casualty insurance consumers

### Overview

FSRA continues to monitor and supervise the Property & Casualty (“P&C”) insurance sector to encourage high standards of conduct in the interest of building public confidence and consumer protection.

### Outcomes we are seeking

- Protect consumers through efficient and effective supervision of the P&C insurance sector.

### Key activities to achieve outcomes

- a. Complete the implementation of a market conduct supervisory framework for P&C insurance that will better enable FSRA to identify and address priority areas for supervision.

## 5. Ontario-incorporated Insurance Companies and Reciprocal (Insurers) priorities

### 5.1 Increase resilience, stability and public confidence

### Overview

FSRA is continuing to transform its supervisory approach and satisfy its statutory objects through implementation of the Risk Based Supervisory Framework for Ontario-incorporated Insurance Companies and Reciprocal (“RBSF-I”). This framework sets out practices for integrated market conduct and prudential supervision. The initiatives set out below, combined with the continued implementation of the RBSF-I, will guide FSRA in its assessment and supervision of the Insurers while continuing to build prudential and market conduct supervisory integration, capacity and capability.

FSRA is also taking the initiative to modernize data collection and analysis systems to better analyze, manage and monitor risks as part of FSRA's existing supervision activities. Enhanced data collection will promote sector resilience, enhance sector stability, and improve FSRA's ability to efficiently provide effective regulatory oversight.

## Outcomes we are seeking

- A well-governed and strong sector.
- Resilience of Insurers and reduction in the likelihood of their failure.
- Continued consumer protection and public confidence in the sector.

## Key activities to achieve outcomes

- a. Complete and maintain accurate and consistent risk profile assessments of the Insurers.
- b. Enhance stakeholder awareness by continuing to improve their understanding of FSRA's supervisory approach and regulatory requirements.
- c. Develop a data and information collection framework to enhance monitoring of the Insurers.

## 5.2 Enhance FSRA's regulatory framework

### Overview

FSRA is committed to enhancing the regulatory framework for the Ontario-incorporated Insurance Companies and Reciprocal sector using rules and guidance. FSRA has developed a multi-year work plan for rules and guidance for these Insurers and will continue to work with key stakeholders in a collaborative and transparent manner to implement the initiatives identified in this multi-year work plan. These actions will promote high standards of business conduct, stability, and confidence in the sector.

## Outcomes we are seeking

- A stable and resilient sector.
- Protection for policyholders and consumers.
- Confidence in the sector.

## Key activities to achieve outcomes

- a. Consult on and issue Own Risk and Solvency Assessment (“ORSA”) guidance.
- b. Commence review of reinsurance requirements and guidance.

## 6. Credit Union priorities

### 6.1 Increase resilience, stability and public confidence

#### Overview

To remain an effective regulator, FSRA is continuing to advance its integrated, comprehensive and continuous supervisory approach under the Risk Based Supervisory Framework for Credit Unions (“RBSF-CU”) and modernizing data systems to better analyze, manage and monitor risks.

FSRA will use evidence identified from its continuous supervisory activities to enhance its approach and methodology to improve the accuracy and consistency of Credit Union risk profile assessments. This will promote sector resilience, better protect depositors, enhance sector stability, and improve regulatory efficiency.

## Outcomes we are seeking

- A resilient and well-governed sector.
- Credit Unions resilience and reducing the potential for failure.
- Strong protection of members and their deposits and continued public confidence in the sector.
- Effective supervisory interactions with the Credit Union sector, which leverages the benefits of Principles-Based Regulation (“PBR”) and Risk-Based Supervision.

## Key activities to achieve outcomes

- a. Improve the quality and availability of Credit Union data through the Enhanced Data Collection (“EDC”) initiative.
- b. Further integrate supervisory and regulatory approval functions to formalize the consideration of longer-term Credit Union and sectoral risks in approval decisions.

## 6.2 Enhance FSRA’s regulatory framework

### Overview

FSRA is continuing to enhance the regulatory framework for Ontario Credit Unions by developing rules and guidance that promote high standards of business conduct, sector stability, confidence in the sector, and the protection of Credit Union depositors, members and consumers.

FSRA continues to work with the Ministry of Finance and key stakeholders in a transparent and collaborative manner following its multi-year work plan to address areas of emerging risks and ensure that it remains current and enhances the regulatory framework as warranted.

## Outcomes we are seeking

- Stability and resilience of the sector.
- Alignment of Credit Union capital and risk.
- Protection of Credit Union members' rights and their deposits.

## Key activities to achieve outcomes

- a. Continue the review of FSRA's capital adequacy requirements framework.
- b. Continue the review of FSRA's liquidity adequacy requirements framework.

## 6.3 Enhance financial stability structures

### Overview

FSRA is continuing to promote a stable and resilient Credit Union sector through enhanced financial stability structures such as the Deposit Insurance Reserve Fund ("DIRF"), a robust resolution regime, and enabling access to emergency liquidity. These structures ensure members' deposits are protected, particularly during stress events, and sector stability is promoted.

### Outcomes we are seeking

- Minimize exposure of the DIRF to loss.
- Strong depositor protection and sector stability.
- Confidence in Credit Unions.

## Key activities to achieve outcomes

- a. Work with the Ministry of Finance towards improving Credit Unions' access to adequate emergency funding during idiosyncratic and systemic stress to reduce the likelihood of disruptions in Credit Union operations and services to members.
- b. Improve the quality and availability of data through EDC and enhanced modelling and analytics to support the accurate assessment of DIRF adequacy.

## 7. Life and Health Insurance priorities

### 7.1 Strengthen the market conduct regulation and supervision of intermediaries, including Managing General Agents (“MGAs”)

#### Overview

FSRA is strengthening the regulatory framework to address potential consumer risks and regulatory gaps within independent distribution channels such as MGAs.

To increase consumer protection, FSRA will focus on developing a rule corresponding to the regulatory framework that holds intermediaries in the Life & Health (“L&H”) insurance sector to the same standard of business conduct, and clarifies the obligations of insurers, MGAs and sales agents.

FSRA will continue to monitor and supervise the L&H insurance sector to promote high standards of conduct in the interest of building public confidence and enhancing consumer protection.

#### Outcomes we are seeking

- Consumers receive the same protections whether they acquire insurance from agents who work directly for an insurer, or from agents who are contracted by an MGA.

- Consumers are protected through efficient and effective supervision of the L&H insurance sector.

## Key activities to achieve outcomes

- a. Publish for consultation a rule framework corresponding to the approved regulatory framework, which aims to address regulatory gaps for Life and Health Insurance MGAs.

## 7.2 Strengthen protection of consumers who invest in segregated fund contracts

### Overview

FSRA continues to enhance regulatory standards for segregated fund contracts. These standards will help ensure agents give customers suitable advice and the information they need to understand the contracts in which they invest, including what they pay to invest.

### Outcomes we are seeking

- Customers with segregated fund contracts have the information they need to make suitable choices about their investments.
- Consumers receive advice that is suitable based on their needs and circumstances from agents who are appropriately trained and monitored.
- Harmonize, to the extent possible, with other Canadian jurisdictions to ensure insurers and agents put customers' interests first and manage conflicts of interest appropriately when they design, sell and administer segregated fund contracts.

## Key activities to achieve outcomes

- a. Finalize the Total Cost Reporting Rule for individual segregated fund contracts.

## 8. Mortgage Brokering priorities

### 8.1 Modernize sector requirements to protect mortgage brokering consumers

#### Overview

FSRA is committed to supporting the government in its review of the Mortgage Brokerages, Lenders and Administrators Act, 2006 (“MBLAA”). This review will help ensure regulatory requirements address sector trends (e.g., expanded role of mortgage administrators, increased private lending, greater reliance on digital technologies and reduced administrative burden).

FSRA will continue to monitor and supervise the mortgage brokering sector to promote high standards of conduct in the interest of building public confidence and consumer protection.

#### Outcomes we are seeking

- Consumers receive suitable recommendations for mortgages/investments in mortgages based on their needs and circumstances.
- Clear regulatory accountability of brokerages for consumer outcomes (e.g., related to product suitability, use of team names).

#### Key activities to achieve outcomes

- a. Support the government in its review of the MBLAA.
- b. Finalize guidance for the use of team names in public relations materials.

## 9. Pension priorities

### 9.1 Enhance supervision of the pension sector

#### Overview

Building on the work it has undertaken over the past few years, FSRA will continue to implement effective supervision for regulated pension plans. Enhanced supervision, including proactive engagement about financial performance and risk-management practices, is key to support the mitigation of risks to pension benefits and to ensure that plan members are adequately protected.

#### Outcomes we are seeking

- Identify and help proactively mitigate potential risks to pension benefits.
- Reduce possible harm for plan members.
- Maintain public confidence in the pension sector.

#### Key activities to achieve outcomes

- a. Continue the proactive supervisory engagement with large public sector pension plans (“LPSPPs”).
- b. Continue the proactive supervisory engagement with multi-employer pension plans (“MEPPs”). Support the implementation of the new Target Benefits framework, including the conversion process.

## 9.2 Advance regulatory excellence and improve plan member outcomes

### Overview

FSRA has made a multi-year commitment to achieving regulatory excellence in the pension sector. Its vision for regulatory excellence requires a commitment to the transformation of FSRA's day-to-day supervision, operations, examinations and reviews to be risk-based and principles-based.

### Outcomes we are seeking

- Pension plan sponsors and administrators are further educated and empowered to use their own principles-based judgement to ensure compliance.
- Enhanced confidence in FSRA to protect plan members.

### Key activities to achieve outcomes

- a. Advance a risk-based and principles-based approach to the regulation and supervision of pension plans.
- b. Refresh and modernize key pieces of guidance and pension forms.
- c. Enhance public education and knowledge of the pension sector.

## 10. Financial Planner / Financial Advisor priorities

### 10.1 Ensure the effectiveness of the title protection framework for Financial Planners / Financial Advisors

#### Overview

The Financial Professionals Title Protection Framework (“FPTPF”) promotes confidence and professionalism in the sector by ensuring that individuals using the Financial Planner (“FP”) and Financial Advisor (“FA”) titles are appropriately qualified by meeting minimum standards.

To ensure the effectiveness of the title protection framework, FSRA will focus on a robust oversight program that holds credentialing bodies to a high standard of professionalism and accountability.

#### Outcomes we are seeking

- Consumers are protected through effective oversight of credentialing bodies.

#### Key activities to achieve outcomes

- a. Continue to build on FSRA’s supervision activities to effectively monitor and supervise credentialing bodies’ operations.

## Performance measures and targets

In November 2022, the Office of the Auditor General of Ontario (“OAGO”) finalized its value-for-money audit (“VFM Audit”) and published the report ‘Value-for-Money Audit: Financial Services Regulatory Authority: Regulation of Private Passenger Automobile Insurance, Credit Unions and Pension Plans’.

The report’s findings included a recommendation for FSRA to develop and track informative and specific **performance measures and targets** that better align with FSRA’s annual mandate, and report on progress against these targets on an annual basis.

In response to the OAGO’s recommendation, FSRA adopted a new approach to develop both output and outcome-based performance measures and targets. 28 draft performance measures were developed using the FSRA Strategic Framework as the foundation, of which 22 were accepted through internal beta testing.

In assessing whether these draft measures and targets are meaningful and appropriately aligned with the principle-based regulatory (“PBR”) approach currently being rolled out across FSRA and the industry, management decided to discontinue the 22 performance measures. Instead, FSRA has adopted an enhanced approach to develop outcome-based performance measures and targets. This new approach will enable stakeholders to better assess the effectiveness of FSRA in meeting its mandate.

FSRA aims to develop the performance measures through a process that will include:

- Identifying supervisory outcomes focused on core regulated areas
- Exploring and evaluating data and information sources that effectively reflect the performance results relevant to the supervisory outcomes
- Engaging external stakeholders to gain a better understanding of, and input for, the targeted outcomes
- Seeking feedback and refining measures as needed

- Providing education on the targeted outcomes for the regulated entities to pursue
- Publishing results in subsequent ABPs

In addition to the new performance measures to be developed with external stakeholders, FSRA continues to track and report on its **Service Standards** that are focused on the delivery of FSRA's core business functions in the Property & Casualty and Auto Insurance, Ontario-incorporated Insurance Companies and Reciprocal, Credit Union, Market Conduct, and Pension sectors. FSRA will continue to monitor and measure the standards (see Appendix A) for refinement as needed for better alignment with PBR, FSRA's mandate, and the fulfillment of OAGO recommendations in the coming years.

## Risk identification, assessments and mitigation strategies

FSRA's Enterprise Risk Management Framework ("ERM Framework") is operationalized and governed using the Three Lines Model<sup>30</sup>. As the First Line, business units own the risks and are responsible for risk identification, assessment, and mitigation to manage risks within acceptable tolerance levels. The Second Line is the responsibility of Risk Management who performs oversight, monitoring, and reporting of risks on the enterprise level. As the Third Line, internal audit provides independent assurance on FSRA's practices, governance, risk management, and internal controls. The ERM Policy sets out the Framework for applying the ERM process throughout the organization.

FSRA's Risk Management function is supervised at both the Executive and Board levels, through the Risk Management Committee ("RMC"), and the Audit, Finance and Risk Committee ("AFRC") respectively.

FSRA has a Board-approved Risk Appetite Statement ("RAS") in place to facilitate risk-based decision making. The RAS guides FSRA in delivering its mandate and fulfilling its strategic goals while taking on acceptable risks. In its operationalization, risk profiles are regularly monitored against the risk appetite and reported to the RMC and AFRC. FSRA

<sup>30</sup> For more details, please refer to "Three Lines Model" by The Institute of Internal Auditors.

reviews its RAS regularly to ensure its appropriateness.

FSRA's Enterprise Compliance program is continuously enhanced to ensure adherence to applicable legislation, regulations, directives, and policies. It is implemented through policies, awareness and training, compliance attestations, environmental scans, and continuous collaboration with the program/ functional areas.

FSRA's Privacy Risk Management is continuously strengthened through the implementation of policies (such as FSRA's Protection of Personal Information Policy and Privacy Breach Reporting Policy), and continuous awareness / training. FSRA evaluates projects that involve the collection, retention, use and/or disclosure of personal information to ensure compliance with the Freedom of Information and Protection of Privacy Act ("FIPPA").

As the operationalization of the ERM Framework matures, FSRA can remain flexible and meet the demands of the changing risk landscape.

FSRA is closely monitoring the major risks it has identified (see Appendix E). In response, FSRA continues to implement mitigation plans to ensure that these risks are properly addressed.

## Financial information

The Fiscal Year (“FY”) 2025-26 (April 1, 2025, to March 31, 2026) budget for FSRA aligns with its mandate to function as an empowered, principles-based regulator. This budget facilitates FSRA's ability to meet its regulatory obligations and focus on its priorities during its seventh year of operation.

The table below outlines FSRA's Board approved budget for the FY2025-26. It includes a comparison with the previous year budget (FY2024-25) and outlines plans for the subsequent two years (FY2026-27 and FY2027-28).

(\$M)	FY2024-25 budget	FY2025-26 budget	FY2026-27 preliminary plan	FY2027-28 preliminary plan
Activity and licensing fees <sup>1</sup>	30.4	30.0	30.6	31.2
Variable fee assessment <sup>2</sup>	83.7	86.2	88.6	91.3
<b>Total revenue</b>	<b>114.1</b>	<b>116.2</b>	<b>119.2</b>	<b>122.5</b>
YoY Total revenue change		1.8%	2.6%	2.8%
YoY Fee assessment change		2.9%	2.8%	3.0%
Direct costs	83.5	82.5	83.2	84.4
Common costs	42.6	39.7	39.0	39.6
<b>Total costs</b>	<b>126.1</b>	<b>122.2</b>	<b>122.2</b>	<b>124.0</b>
YoY change		-3.1%	0.0%	1.5%
Utilization of cumulative surplus	12.0	6.0	3.0	1.5

**Notes:**

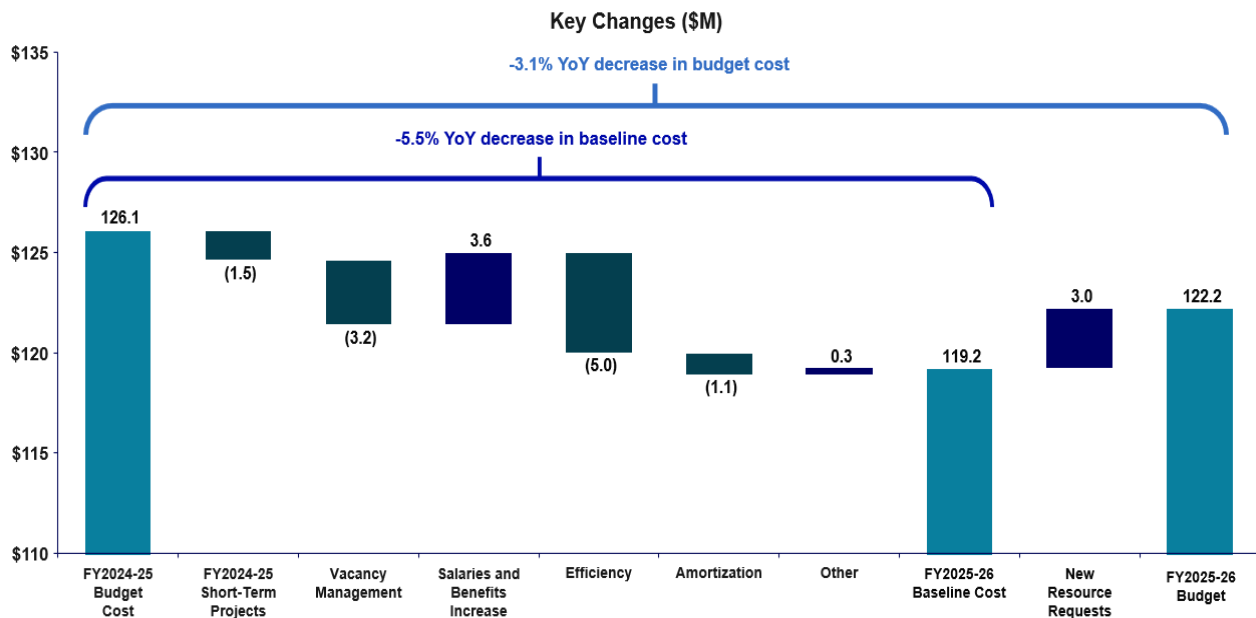
1. Includes HSP, Mortgage Brokers, Life & Health, P&C Conduct, and FPFA Activity and Licensing Fees
2. Includes all variable sector revenue and HSP under/(over) recovery

As of December 31, 2024, FSRA forecasts the cumulative Non-PSAS surplus balance to reach \$13.4 million by the end of the FY2024-25. In FY2025-26, FSRA proposes to use \$6.0 million of that surplus to partially offset variable fee assessment in that year.

## FY2025-26 Board approved budget - Costs

The Board approved a budget of \$122.2 million in total costs for FY2025-26, representing a net decrease of \$3.9 million or 3.1% compared to the FY2024-25 budget. This budget reflects the estimated resources required to fulfill FSRA’s regulatory mandate while continuing the transformation into a principles-based, independent, and transparent regulator, aligned with its strategic priorities and operating activities.

The chart below outlines the key factors contributing to the changes in the budgeted costs, in comparison to the FY2024-25 budget.



FY2024-25 short-term projects totaling \$1.5 million are expected to be completed within the same fiscal year. These projects are not anticipated to have an impact on FY2025-26 costs and the baseline is adjusted accordingly.

FSRA identified \$3.2 million in cost savings through strategic vacancy management. This will leverage normal employee turnover by not immediately filling all vacant positions, but instead prioritizing critical roles and redistributing responsibilities where feasible. By leveraging existing talent and optimizing the workforce structure, FSRA will maintain operational efficiency while achieving significant cost reductions.

Salaries and Benefits are projected to increase by \$3.6 million, primarily driven by the

mandatory collective bargaining agreements. This increase reflects a higher Across-The-Board (“ATB”) anticipated increase for the unionized workforce compared to the previous year and adjustments for the impact of the *Protecting a Sustainable Public Sector for Future Generations Act* disputes. For detailed ATB assumptions, refer to Appendix C.

FSRA conducted a review of its operations and identified operational efficiencies across multiple areas, resulting in anticipated savings of \$5.0 million. These initiatives are focused on optimizing resource utilization, reducing costs, and enhancing operational effectiveness without compromising core business functions.

Overall amortization is expected to be \$9.2 million for the year, reflecting a decrease of \$1.1 million or 11.0% compared to the previous year. This reduction in amortization expense is primarily attributed to two factors:

- A delay in the *FSRAForward* project led to a decrease of \$0.3 million in amortization expense in the FY2025-26 budget, compared with FY2024-25.
- The amortization of significant capital investments and software related to the Pre-Launch operating investment was fully completed in FY2024-25. This results in a reduction of \$0.8 million.

As per PSAS guidelines, *FSRAForward* costs are expensed within the fiscal year. For the purposes of fee assessment calculations, the incurred costs are amortized over a period of five years.

The total in-year investment for *FSRAForward* in FY2025-26 is \$6.4 million, of which \$5.1 million will be deferred and amortized over a five-year period for the purposes of assessment calculation. *FSRAForward* amortization is expected to peak in FY2026-27 at \$6.6 million and will gradually decrease in the following years.

The increase of \$0.3 million in the Other category is primarily due to a decrease in interest and investment income, coupled with an increase in facilities cost and recoveries in Secretariats.

FSRA plans to invest \$5.6 million in resource requests, which includes \$1.3 million for IT capital investment. \$3.0 million of these initiatives will impact the Board approved budget for FY2025-26. These requests aim to advance FSRA's statutory objectives, which include protecting the rights and interests of consumers, fostering and enabling innovation, enhancing regulatory oversight through improved access to data and analytical tools across all sectors, and increasing overall regulatory effectiveness. More specifically, in each sector, these requests would allow FSRA to deliver the following:

- Strengthen stakeholder relations and improve consumer-focused outcomes (supporting Priority 1)
- Enhance licensing efficiency and effectiveness (Priority 2)
- Modernize systems and processes (Priority 3)
- Implement key reforms for the regulation of auto insurance rates and underwriting (Priority 4.1)
- Support reforms of the auto insurance system (Priority 4.2)
- Support the fair treatment of property and casualty insurance consumers (Priority 4.3)
- Increase resilience, stability and public confidence in the P&C Prudential sector (Priority 5.1)
- Increase resilience, stability, and promote consumer confidence in the Credit Unions sector (Priority 6.1)
- Enhance FSRA's Regulatory Framework in the Credit Unions sector (Priority 6.2)
- Strengthen the market conduct regulation and supervision of intermediaries, including Managing General Agents ("MGAs") (Priority 7.1)

## FY2025-26 Board approved budget - Revenue

The Board approved a FY2025-26 budget with total sector revenue of \$116.2 million, which is \$2.1 million or 1.8% higher than FY2024-25 budget. The activity and licensing fee component of the total revenue is expected to decrease by 1.3% compared to the FY2024-25 budget but the variable fee assessment component is expected to increase by 2.9% from FY2024-25 budget. The difference between the expenses and total sector revenue for FY2025-26 is funded by the release of \$6.0 million of cumulative surplus from prior years operations.

Sector (\$M)	Insurance						Pensions	Credit Unions	Mortgage Brokers	Loans & Trusts	Financial Planners & Financial Advisors	Total
	Auto Products*	Health Service Providers	P&C Conduct	P&C Prudential	Life & Health Conduct	Life & Health (MGA)						
Activity and licensing fees	-	3.5	1.2	-	6.9	-	-	-	18.2	-	0.1	30.0
Fees assessment	16.1	-	9.8	3.7	9.5	1.4	24.9	19.3	-	0.8	0.7	86.2
<b>FY2025-26 budget revenue</b>	<b>16.1</b>	<b>3.5</b>	<b>11.0</b>	<b>3.7</b>	<b>16.4</b>	<b>1.4</b>	<b>24.9</b>	<b>19.3</b>	<b>18.2</b>	<b>0.8</b>	<b>0.9</b>	<b>116.2</b>
Direct cost	11.1	2.4	7.9	2.6	11.5	1.0	17.9	13.8	13.0	0.6	0.6	82.5
Common cost	5.8	1.1	3.8	1.3	5.5	0.4	8.5	6.6	6.2	0.3	0.3	39.7
<b>FY2025-26 budget cost</b>	<b>17.0</b>	<b>3.5</b>	<b>11.7</b>	<b>3.9</b>	<b>17.0</b>	<b>1.4</b>	<b>26.3</b>	<b>20.4</b>	<b>19.2</b>	<b>0.8</b>	<b>0.9</b>	<b>122.2</b>
Expected fixed fee under contribution to common costs	0.2	-	0.1	0.0	0.1	-	0.3	0.2	(1.0)	0.0	0.0	-
Funding from cumulative surplus	1.1	-	0.8	0.3	0.7	-	1.7	1.3	-	-	0.1	6.0

Sector (\$M)	Insurance						Pensions	Credit Unions	Mortgage Brokers	Loans & Trusts	Financial Planners & Financial Advisors	Total
	Auto Products*	Health Service Providers	P&C Conduct	P&C Prudential	Life & Health Conduct	Life & Health (MGA)						
<b>FY2024-25 revenue</b>												
Activity and licensing fees	-	3.5	1.3	-	7.3	-	-	-	18.1	-	0.1	30.4
Fee assessment	15.9	-	9.3	3.7	9.3	-	25.1	19.0	-	0.8	0.7	83.7
<b>FY2024-25 revenue</b>	<b>15.9</b>	<b>3.5</b>	<b>10.6</b>	<b>3.7</b>	<b>16.6</b>	<b>-</b>	<b>25.1</b>	<b>19.0</b>	<b>18.1</b>	<b>0.8</b>	<b>0.9</b>	<b>114.1</b>
<b>Fee assessment variance</b>	0.2	-	0.5	0.0	0.2	1.4	(0.2)	0.3	-	0.0	0.0	2.5
<b>Increase/(Decrease)</b>	1.3%		4.9%	0.8%	2.1%		-0.8%	1.6%		3.3%	2.8%	2.9%
<b>Total revenue variance</b>	0.2	(0.0)	0.4	0.0	(0.2)	1.4	(0.2)	0.3	0.0	0.0	0.0	2.1
<b>Increase/(Decrease)</b>	1.3%	0.0%	4.0%	0.8%	-1.1%		-0.8%	1.6%	0.2%	3.3%	2.4%	1.8%
<b>FY2024-25 cost</b>	<b>17.9</b>	<b>3.5</b>	<b>12.0</b>	<b>4.1</b>	<b>17.8</b>	<b>-</b>	<b>28.3</b>	<b>21.4</b>	<b>19.1</b>	<b>0.9</b>	<b>1.0</b>	<b>126.1</b>
<b>Cost variance</b>	(1.0)	(0.0)	(0.3)	(0.2)	(0.8)	1.4	(2.0)	(1.0)	0.1	(0.0)	(0.0)	(3.9)
<b>Increase/(Decrease)</b>	-5.4%	0.0%	-2.6%	-5.6%	-5.3%		-7.1%	-4.8%	0.6%	-3.3%	-4.1%	-3.1%

**Notes:**

(\*) Auto Insurance Product includes HSP under/(over) recovery

In the view above, net interest income included as reduction to the common cost across all sectors.

It will be depicted as a revenue item in the FSRA's annual financial statement.

The amounts are rounded to the nearest \$0.1M. Consequently, some variances and totals may not precisely align.

## FY2026-27 plan overview

FSRA will continue to seek efficiency in FY2026-27, aiming to achieve a target of \$6.5 million reduction. This will be accomplished through a combination of reorganization, resource reallocation, and natural attrition, helping to align FSRA's assessment fee increase with stakeholder expectations.

The projected costs for the FY2026-27 plan are \$122.2 million, with no changes compared to the FY2025-26 Board approved budget.

This is attributed to the following key factors:

- A \$3.1 million decrease in Salaries and Benefits is anticipated as a result of efficiency opportunities identified through an organizational structure review, offsetting the financial obligations under collective agreements, and reflecting planned adjustments to compensation structures.
- Expenses are projected to rise by \$1.1 million to address operational requirements in the Auto Insurance Product sector.
- A \$1.3 million increase in amortization expenses, primarily driven by the *FSRAForward* project. The amortization costs are projected to peak at \$6.6 million in FY2026-27.
- A \$0.7 million anticipated reduction in interest revenue, reflecting the impact of lower interest rate environment and a lower projected cash balance.

To alleviate the fee assessment impact on variable sectors, \$3.0 million from the cumulative surplus is expected to be utilized during FY2026-27.

## **FY2027-28 plan overview**

The FY2027-28 plan projects costs of \$124.0 million, representing a \$1.8 million or 1.5% increase compared to the FY2026-27 plan. This growth is primarily driven by an anticipated \$3.2 million increase resulting from obligations under collective agreements. This increase is partially offset by a \$1.5 million decrease in amortization, primarily due to the completion of the first three years of amortization of the *FSRAForward* project.

Additionally, \$1.5 million from the cumulative surplus is expected to be applied to offset variable sectors' fee assessments during FY2027-28.

These financial overviews reflect the organization's strategic focus on managing expenses responsibly while meeting commitments under collective agreements and maintaining progress on key initiatives. Further details will be provided in subsequent updates as part of the budget year reporting cycles.

## **Capital asset investment**

The FSRA capital program is aligned with the strategy of being more efficient, which thereby reduces regulatory burden, and improves the effectiveness of regulation. Consistent with FSRA's priorities, significant investments in technology and processes are included through the continued implementation of *FSRAForward*, which is focused on reviewing and updating processes and technology that FSRA inherited, improving data analytics, and enhancing cyber security and IT infrastructure resiliency.

In FY2025-26, FSRA anticipates requiring an additional \$0.5 million in capital investment for hardware upgrades. The annual Capital Investments are expected to remain at \$1.1 million afterwards. These investments will be amortized over a period of 5 years.

## Capital operating investment

In FY2020-21, FSRA initiated a significant five-year investment in the core *FSRAForward* system. The main goal of the system is to update legacy applications running on outdated software and technology stacks, ensuring they align with the FSRA's strategic objectives. The recovery of this investment from the sectors is planned over a rolling five-year period. In order to fully leverage new technologies such as AI and machine learning that will lead to longer term efficiency and cost reductions and to address additional scope requirements, an additional \$7.3 million has been approved for investment in *FSRAForward*. The program timeline has also been extended until the end of FY2027-28, with an exact completion date still under evaluation.

The estimate below shows the FY2024-28 investment in the *FSRAForward* project and how it is expected to be recovered from the sectors through the budgeted costs.

(\$M)	FY2024-25 budget	FY2025-26 budget	FY2026-27 plan	FY2027-28 plan
<b>FSRAForward investments</b>	<b>6.3</b>	<b>6.4</b>	<b>3.2</b>	<b>1.5</b>
<b>Amortization</b>				
From FY2020-21	(0.5)	-	-	-
From FY2020-22	0.7	1.1	-	-
From FY2020-23	1.6	1.7	1.7	-
From FY2020-24	2.5	(0.5)	1.5	1.5
From FY2020-25	1.3	1.7	1.5	1.5
From FY2020-26	-	1.3	1.3	1.3
From FY2020-27	-	-	0.6	0.6
From FY2020-28	-	-	-	0.3
<b>Total amortization</b>	<b>5.6</b>	<b>5.3</b>	<b>6.6</b>	<b>5.2</b>

In FY2025-26, FSRA plans to invest \$0.8 million in the eDiscovery platform to facilitate collection, review, analysis and management of large volumes of digital information and electronic records / evidence. This investment will be amortized with the cost recovered from the sectors over a period of 5 years.

## Cash flow

The following chart illustrates FSRA's cash flow through FY2025-28. The chart reflects the funding provided through the Ministry of Finance / Ontario Financing Authority for the start-up and other identified requirements, including capital funding, and repayment thereof.

(\$M)	FY2025-26 budget	FY2026-27 plan	FY2027-28 plan
Cash flow from operations	\$4.8	\$8.8	\$8.8
Operating investments	(6.4)	(3.2)	(1.5)
Capital investments	(1.1)	(1.1)	(1.1)
Cash flow from investments	(7.5)	(4.3)	(2.6)
Cash flow from financing	(3.7)	(3.7)	(3.7)
<b>Net increase/(decrease) in cash</b>	<b>(6.4)</b>	<b>0.8</b>	<b>2.6</b>
Cash balance – beginning of year	74.3	68.0	68.8
<b>Cash balance – end of year</b>	<b>\$68.0</b>	<b>\$68.8</b>	<b>71.4</b>

The ending cash balances above reflect the collection of fees in advance of the start of the next fiscal year (in some instances fees for a fiscal year are collected in February / March before the fiscal year begins).

## Operating reserve

FSRA maintains an operating reserve that may be used to respond to unforeseen events or circumstances. As per Fee Rule 2022-001, the amount is not to exceed 5% of the total budgeted costs for a given assessment period. For FY2025-26 the amount is maintained at \$5 million or 4.1% of the total costs.

## Investing in people and talent

FSRA is committed to building a consistently positive employee experience and fostering a principle-based, inclusive, and strong culture where FSRA values are shared and positively influence how employees interact with each other, make decisions, and approach their work. In addition, FSRA also values and actively promotes diversity, equity and inclusion (“DEI”), wellness, development, and recognition to support its workforce.

Human Resources (“HR”) activities are foundational to the Strategic Framework’s pillar to ‘Attract talent and evolve its culture to achieve the mission and vision of the organization’. Comprehensive human resources policies, approaches and supports will continue organizational development. This will help FSRA to attract and retain talent as well as to engage and energize staff to ensure alignment with the organization’s vision and values.

FSRA continues to build and deliver HR programs and services to support its transformative people strategy, in alignment with the business strategy priorities.

### HR priorities

Key HR priorities include:

- **Cultural advancement**
  - Create programs to promote change and innovation, improve processes and identify the skills gaps to meet organizational needs.
  - Support skills that pertain to change transformation and change management across the organization.
  - Implement programs that are focused on staff learning and development, career growth and mentorship.
  - Promote a culture where staff are actively empowered to lead, be held accountable, and are recognized for outcomes.

- **Invest in talent**

- Elevate the recruitment process:
  - New and updated policies, including Assignment and Secondment.
  - Candidate experience surveys.
  - Employee Value Proposition included in all job postings.
  - Update to HRIS recruitment process.
  - Succession planning.
  - Workforce planning.
- Seek out new avenues to increase the organization's presence in the marketplace to promote FSRA as an employer of choice.
- Organize and support FSRA's talent to effectively deliver on its strategic priorities and regulatory operational requirements.

- **Build strong foundation**

- Ensure both external and internal compensation equity by conducting regular market reviews and analyses.
- Leverage technology to simplify and automate HR processes and focus on process improvement.
- Identify and mitigate HR risks.
- Continue to build and support a harmonious Labour Relations environment.

## Compensation strategy and summary of staffing numbers

Following a thorough review and update of its compensation policy for non-union and management staff in FY2023-24, FSRA completed a full job evaluation (“JE”) of those roles in FY2024-25 to ensure that they are appropriately placed within the internal compensation structure.

FSRA will continue to conduct regular market reviews and analyses while maintaining the JE process to ensure both external and internal equity.

FSRA determines compensation for designated executives in accordance with the *Broader Public Sector Executive Compensation Act, 2014* (“BPSECA”) and FSRA’s Executive Compensation Framework, approved pursuant to the BPSECA in 2018.

As a result of the transfer of the Financial Services Commission of Ontario from the Ministry of Finance, FSRA inherited Ontario Public Service collective agreements due to successor rights. With consolidation, FSRA now has two collective agreements under both the Ontario Public Service Employees Union and the Association of Management, Administration and Professional Crown Employees of Ontario.

FSRA has successfully negotiated its first Collective Bargaining Agreements (CBAs) with OPSEU and AMAPCEO. Both CBAs have been ratified.

In addition to its compensation programs, FSRA provides a traditional suite of benefits to its full-time employees and to casual (part-time) employees that meet specific thresholds.

## Staffing information

As at December 31, 2024, FSRA has an actual headcount<sup>31</sup> of 663 (Table 1). FSRA has 663 active permanent and fixed-term contract (full-time and part-time) staff, which includes executives, management, bargaining agents, non-union and union employees (the latter accounts for approximately 70% percent of the workforce – Table 2).

**Table 1: Active FSRA headcount by employment term as at December 31, 2024**

Employment Type	# of Employees
Fixed term full time	49
Fixed term part time	18
Regular full time	588
Regular part time	1
Student/co-op	7
<b>Total</b>	<b>663</b>

<sup>31</sup> Headcount refers to the number of employees working in an organization. With headcount, each individual count as “one”, regardless of the number of hours worked.

**Table 2: Active FSRA headcount by employee class as at December 31, 2024**

Class Type	# of employees
Executive	12
Management	142
Union	446
Non-union	60
Bargaining agents	3
<b>Total</b>	<b>663</b>

## Anticipated staffing

Fiscal	FY2024-25	FY2025-26	FY2026-27	FY2027-28
Planned Permanent Positions <sup>32</sup>	664	665	665	665

<sup>32</sup> Planned Permanent Positions (Previously called Planned FTEs refers to positions that carry a permanent liability to FSRA. This includes permanent full-time roles, permanent co-op positions, and articling students. It excludes members of the Board of Directors and fixed-term positions.

# Initiatives involving third parties

## Membership in regulatory associations

In accordance with its statutory objects and strategic priorities, FSRA cooperates and collaborates with other regulators where appropriate. These efforts enhance opportunities for regulatory coordination, harmonization, and convergence. FSRA is a participating member of the following forums:

- Canadian Association of Pension Supervisory Authorities (“CAPSA”);
- Canadian Automobile Insurance Rate Regulators (“CARR”);
- Canadian Council of Insurance Regulators (“CCIR”);
- Canadian Insurance Services Regulatory Organizations (“CISRO”);
- Credit Union Prudential Supervisors Association (“CUPSA”);
- General Insurance Statistical Agency (“GISA”);
- Global Financial Innovation Network (“GFIN”);
- International Association of Deposit Insurers (“IADI”)
- International Association of Insurance Supervisors (“IAIS”);
- International Credit Union Regulators’ Network (“ICURN”)
- International Financial Consumer Protection Organisation (“FinCoNet”)
- Joint Forum of Financial Market Regulators;
- Mortgage Broker Regulators’ Council of Canada (“MBRCC”); and

- Sustainable Insurance Forum (“SIF”).

As a participant in these forums, FSRA is working with other regulators on policies and rules that:

- Support industry strength and stability across participating jurisdictions;
- Enhance regulatory cooperation and consistency while reducing redundancies;
- Develop rules that are integrated and more effective in achieving consumer protection public policy outcomes;
- Promote innovation and economic growth by encouraging new business models that support changing consumer preferences, technological changes, and new entrants to the Ontario market; and
- Enhance the protection of consumers of financial products and services, and the implementation of financial consumer protection frameworks, by promoting robust and effective supervisory standards.

FSRA’s National Regulatory Coordination Branch also supports these outcomes by providing secretariat services to CAPSA, CCIR, CISRO, GISA and MBRCC, and by working collaboratively with the secretariat of the Canadian Securities Administrators on the activities of the Joint Forum of Financial Market Regulators.

## Databases

Through these bodies, FSRA is engaged in several initiatives with third parties, including but not limited to the following examples:

- **CCIR Annual Statement on Market Conduct (“ASMC”) Database** – ASMC collects information from insurers across Canada related to their governance, practices, policies, and treatment of customers. Through a service agreement with CCIR members, including FSRA, the Autorité des marchés financiers acts as

service provider with regard to the receipt, storage, aggregation and reporting of market conduct data collected through the ASMC.

- **CCIR/CISRO Canadian Insurance Regulators Disciplinary Actions (“CIRDA”) Database** – The CIRDA is a searchable database of published insurance disciplinary decisions in Canada. A public website enables consumers and regulators to search individuals and firms that have been subject to enforcement action by insurance regulators in Canada, including FSRA.
- **MBRCC Disciplinary Actions Database** – The MBRCC Disciplinary Actions Database is a searchable database of published mortgage broker disciplinary decisions in Canada. A public website enables consumers and regulators to search individuals and firms that have been subject to enforcement action by mortgage broker regulators in Canada, including FSRA.
- **FSRA/Canada Revenue Agency (“CRA”) Pension Plan Joint Filing Agreement** – This agreement between FSRA and the CRA reduces regulatory burden to pension plan administrators by supporting a single annual pension plan filing. The filing meets the information needs of both agencies. The information is captured in the Annual Information Return, most notably in Schedule A. The information is shared through an exchange of data files that are compatible with both FSRA and CRA systems and occurs daily or when an AIR is submitted to FSRA.

## Approach to private sector partners and vendors

FSRA follows the Ontario Public Service (“OPS”) Procurement Directive and the OPS Interim Measures, and other public sector best practices. FSRA has a procurement policy to ensure that FSRA’s procurements are responsibly and effectively managed through appropriate organizational structures, systems, policies, processes, and procedures.

FSRA uses Vendor of Record (“VOR”) Arrangements managed by the Ministry of Public and Business Service Delivery (“MPBSD”) wherever possible. To ensure accountability over third parties, FSRA does not enter into contracts exceeding two years, except in exceptional circumstances.

FSRA is developing a Third-Party Management Guideline that sets out the framework for identifying and categorizing vendors based on the services' criticality and classification parameters. The policy will govern internal processes to assess, evaluate, manage, and oversee vendor relations.

## Communication plan

FSRA continues to enhance its internal and external communications function to support its regulatory and cultural transformation.

## Internal communications

The internal communications function plays a pivotal role in FSRA’s success by fostering a robust organizational culture and ensuring alignment with its core mandate and strategic priorities. FSRA’s focus is on increasing employee engagement and wellbeing, with a strong emphasis on DEI. By leveraging multiple channels, it creates an inclusive environment where every employee feels valued and informed, ultimately driving collective success.

Building on the foundational internal communication and engagement pieces developed in FSRA’s first five years, internal channels will continue to create deeper connections within

teams and across the organization by being consistent, tailored, proactive, and authentic, while applying plain language principles.

## External communications

FSRA is a regulator that is founded on a principles-based and outcomes-focused approach to regulation. FSRA's rulemaking, supervision and enforcement is developed and executed with consumer protection as top of mind. FSRA is working closely with its regulated entities, government, and other stakeholders to ensure Ontarians receive financial products and services that are safe and meet their needs.

For more than five years, FSRA has made progress in advancing financial services regulation with the introduction of new rules, guidance, enforcement actions, consumer education campaigns and monetary grants to support financial literacy programs. Communicating FSRA's work and accomplishments is critical to creating further awareness with its regulated sectors and the public.

FSRA's communication objectives include:

- **Building a culture of data-driven decision-making** – FSRA is integrating advanced analytics into its communications planning and strategies to enhance effectiveness and reach. By using measurable outcomes and data-informed insights, FSRA is tailoring its messaging to better engage with diverse audiences. This approach looks at audience behaviour, engagement metrics and feedback, allowing FSRA to continuously refine its strategies and building the potential for year-over-year benchmarking.
- **Building FSRA's brand** – FSRA will continue to enhance its brand and reputation to bolster the organization's credibility. In these brand enhancements, FSRA will emphasize its commitment to protecting consumers, being trusted and effective. The growing consumer and sector awareness underscores FSRA's role in creating greater confidence in Ontario's financial services sector.

- **Building greater understanding and support** – FSRA will engage and educate its regulated sectors to foster a deeper understanding and implement its principles-based regulatory approach.
- **Broadening awareness with key stakeholders and audience** – FSRA will explore innovative ways to reach key audiences and engage them in the work FSRA is doing, with a focus on consumer impact and protection. FSRA will work to ensure consumers better understand how they can safely access financial products and services and avoid potential harm.
- **Media relations and social media** – FSRA will strengthen relationships with media and continue to generate media coverage in the mainstream media, trade publications, and multi-cultural media outlets using compelling research, milestones, and days of significance. FSRA will expand its reach throughout the year by effectively utilizing social media and multi-media, including dynamic content, such as photos and videos.

## Stakeholder and Technical Advisory Committees<sup>33</sup>

Stakeholder engagement is the cornerstone of FSRA’s approach to regulation. As a regulator, staying ahead of change in consumer markets is essential to FSRA’s operations. By engaging with industry experts on a regular basis, FSRA can respond quickly to new technologies, rules, and consumer trends, ensuring integrity and responsible growth of its regulated industries.

Stakeholder Advisory Committees (“SACs”) serve as the primary consultation bodies for management, staff and FSRA’s Board. FSRA launched the SACs in 2019 and they have been invaluable in offering constructive dialogue and feedback on rules, guidance and with respect to policy development.<sup>34</sup>

<sup>33</sup> Please refer to Appendix B: FSRA Stakeholder Engagement Committees for full list.

<sup>34</sup> In FY2025-26, FSRA will review each SAC’s current structure and composition. As a result, these SACs may evolve ahead of the next term.

FSRA's Technical Advisory Committees ("TACs") provide advice, input, and feedback to FSRA Management and staff on matters related to the rules of practice and procedure, filing requirements, guidelines, operational policies, and other matters.

FSRA also engages stakeholders through technical briefings or webinars for select Guidance and Rules. These events provide information on program rationale, key principles and expected outcomes, while giving stakeholders an opportunity to have a direct dialogue with FSRA's subject matter experts.

## Consumer engagement

FSRA's Consumer Office amplifies the voice of consumers to help shape policies or initiatives that impact them.

Insights gathered through consumer research and engagement are essential to the implementation of key priorities. FSRA continues to strengthen its consumer research agenda and will undertake new studies in FY2025-26. As part of its commitment to transparency, FSRA publishes highlights from past studies on its consumer research webpage<sup>35</sup>.

The Consumer Office provides secretariat support to FSRA's Consumer Advisory Panel ("CAP"), a body of independent persons knowledgeable about consumer issues. The CAP serves as an advisory body to FSRA, offering ongoing advice from a consumer perspective. Working closely with the Consumer Office and executive team, the Panel advises on proposed policy changes and related activities and helps to ensure that the perspectives of consumers (including pension beneficiaries, credit union members, and the public) inform FSRA's direction and decisions.

<sup>35</sup> <https://www.fsrao.ca/consumers/consumer-office/fsra-consumer-research>

## Consumer education framework

FSRA's consumer education framework is developed every year following a review of FSRA's strategic priorities, a consideration of available research, and by identifying specific areas to build FSRA's brand attributes (i.e., protecting consumers, being trusted and efficient).

FSRA uses consumer research to identify consumers who may experience vulnerabilities in working with financial services. Consumer education campaigns and public communications are strategically developed to reach target audiences in the most effective and efficient ways possible.

In FY2025-26 will include FSRA's annual Pension Awareness Day campaign to help create further awareness of the value of a pension and the importance of starting a retirement savings plan. In addition, FSRA is planning a public education campaign to build understanding and support of the Government's auto insurance reforms. The development of the auto insurance reforms campaign will be guided by the learnings garnered through a working group which includes members from FSRA, Ministry of Finance and Registered Insurance Brokers of Ontario.

In FY2025-26, FSRA will also continue its proceeds from enforcement program<sup>36</sup> which it launched in 2024 to fund educational and research initiatives to help consumers with financial literacy and financial awareness. The program is funded through money FSRA collects from enforcement actions and is authorized to use for specific purposes set out in the law. The second round of the program, which can involve grants funding for initiatives delivered by third parties or funding for initiatives delivered by FSRA, will be rolled out in FY2025-26.

FSRA will continue to evaluate the effectiveness of its consumer education campaigns by gathering data to measure reach and engagement across all earned, paid and social media platforms.

<sup>36</sup> <https://www.fsrao.ca/consumers/consumer-office/grant-funding>

## Events

FSRA's Public Affairs strategically plans and executes several high-impact conferences and events annually, positioning FSRA as a leader in rapidly evolving financial services regulatory landscape.

FSRA Exchange, the flagship annual event, serves as a critical platform to educate and engage FSRA stakeholders. This premier forum highlights innovative initiatives, thought leadership, and FSRA's strategic direction in supervising a dynamic financial services sector. In response to growing demand from stakeholders and consumers, FSRA Exchange has consistently expanded its scope and its influence year over year.

Building on this momentum, FSRA also hosts three pivotal sector conferences annually:

- Insurance Board of Directors Conference (launched 2023)
- The Credit Union Board of Directors Conference (launched 2023)
- The Principal Broker Conference (launched 2024).

These conferences provide targeted opportunities for sector leaders to engage in meaningful dialogue, share insights, and drive innovation. With sustained growth expected across all events, FSRA is committed to continually enhancing their impact and value to stakeholders.

## Plain language

FSRA is committed to providing public-facing materials that are written in plain language, have short and strong headlines, and drive two or three messages. To ensure FSRA staff maintain strong writing habits and keep abreast of the latest advancements in technology, Corporate Communications hosts and participates in workshops that focus on basic writing skills, writing for the web, search engine optimization, and AI.

FSRA actively promotes guidance and rules by issuing news releases, backgrounders, eblasts, web updates, and social media posts that are written in plain language.

## Stakeholder survey

Later this year, FSRA will conduct a stakeholder survey to measure and benchmark its progress. The stakeholder survey is conducted every two years.

The survey will include a combination of in-depth interviews with SAC members and CAP members, an online survey of industry stakeholders and a specific survey of consumers from throughout the province. These survey results will provide FSRA with key information to develop action plans that focus on areas requiring improvement.

## Information technology

### Significant IT / electronic service delivery plans

One of FSRA's strategic priorities is 'modernize systems and processes' to enable FSRA to operate as a high-performing regulator.

FSRA's multi-year roadmap for technology and information systems includes several key initiatives and an overarching transformation program (survey) to create a flexible and adaptable business-operating model supported by streamlined workflows and operational processes and systems. As noted in the 'modernize systems and processes' strategic priority, the *FSRAForward* has experienced delays and will extend beyond the original completion date.

FSRA's modernization priorities under the *FSRAForward* program include:

- a) improved licensing and registration processes and systems,
- b) advanced information sharing capabilities through FSRA portals,
- c) digital document processing and digital signature capabilities,

- d) enabling data analytics and the implementation of technological solutions to simplify and fully digitize operations across all sectors.

## Cybersecurity

FSRA has developed and is advancing its cybersecurity program that is aligned with industry leading cybersecurity practices and framework - National Institute of Standards and Technology's Cybersecurity Framework.

The cybersecurity program is integrated with IT operations and initiatives to ensure that cybersecurity risks with potential to impact FSRA are detected, assessed, prioritized, and addressed in a timely manner.

FSRA leverages independent third parties to perform security assessments to inform its cybersecurity roadmap and to prioritize investments to minimize FSRA's cybersecurity risks.

## Appendix A: Service standards

Sector	Service	Standard	Target %
Auto	Filing	Percentage of Private Passenger Auto (PPA) Standard filings reviewed and decision made within 25 business days, excluding insurers' filings did not adhere to FSRA's rate regulation principles or not ready for regulatory review.	90%
	Filing	Percentage of non-PPA Minor filings reviewed and decision made within 25 business days.	85%
	Filing	Percentage of Major rate filings reviewed and decision made within 45 business days.	90%
	Filing	Percentage of Underwriting Rules, Endorsement and Form Filings reviewed and decision made within 30 business days.	80%
Credit Unions	Regulatory approvals	Requests for certificates processed within 3 days of receipt of all required information.	90%
	Regulatory approvals	All Credit Union regulatory applications processed within 30 days after all required information received.	90%
	Regulatory approvals	All complex credit union regulatory applications processed within 60 days after all required information received.	90%
	Regulatory approvals	All insurance prudential regulatory applications processed within 45 days after all required information received.	90%
	Member/public inquiries	Telephone and email inquiries responded to or acknowledged within 1 business day.	90%

Sector	Service	Standard	Target %
	Supervisory assessments	Supervisory letter (interim supervisory letter) issued to the Credit Union within 60 business days after completed assessment.	65%
	Supervisory assessments (Ontario incorporated insurance companies and reciprocals)	Supervisory letter (interim supervisory letter) issued to the insurer within 60 business days after completed assessment.	65%
Pensions	Inquiries	Inquiries (plan specific, non-plan specific and general) will be responded to within 45 business days.	90%
	Application	Defined Benefit Plan wind-up applications will be reviewed, and a decision will be made within 120 business days.	80%
	Application	Defined Contribution plan wind-up applications will be reviewed, and a decision will be made within 90 business days.	90%
	Application	Defined Benefit Asset Transfers applications will be reviewed, and a decision made within 120 business days.	80%
	Application	Defined Contribution asset transfers applications will be reviewed, and a decision made within 90 business days.	80%
Public Affairs	Inquiry (telephone)	We will respond to general questions when calls are received. Complex questions and complaints will be forwarded to the appropriate area to log, investigate, and respond.	90%

Sector	Service	Standard	Target %
	Telephone inquiries (voicemail)	Calls that are received through voicemail will be acknowledged within 1 business day.	90%
	Inquiry (email)	Emails received through the Contact Centre will be acknowledged within 1 business day and a response sent within 3 business days. For complex matters, we may request additional information and these requests may take longer for a formal response.	90%
	Web content requests	FSRA will respond within 5 business days to a requestor of web content in accessible format. Following discussions with the requestor, FSRA will provide agreed-upon web content (excluding online applications), in an accessible format within 5 business days.	90%
	Print content requests	FSRA will respond within 5 business days to a requestor of print publication in an accessible format. Following discussions with the requestor, FSRA will provide the agreed-upon publication material in an accessible format within 5 business days.	90%
	Inquiry (web)	All inquiries directed to the Web Manager e-mail account will be concluded and/or responded to within 5 business days.	95%
FSRA total	Complaints-sector	FSRA will acknowledge complaints in writing within 3 business days of receipt provided that the reply information is available.	90%
	Complaints-sector	FSRA will acknowledge complaints made against FSRA in writing within 5 business days of receipt provided that the reply information is available.	90%

Sector	Service	Standard	Target %
	Complaints-sector	FSRA will resolve complaints made against FSRA within 30 business days.	80%
Life Insurance, Auto, Health Service Provider (HSP), Mortgage Brokers, Credit Unions, Loan & Trust, Non Auto Insurance, Title Protection	Complaints-sector	Within 90 days, complaints received by FSRA will be assessed and actioned for a range of possible outcomes inclusive of escalation to other areas of FSRA, transfer to third party dispute organizations, warning letters and closed with no action.	80%
Insurance Agents, Corporate Life & Health Agents, Corporate P&C Insurance Agents, Mortgage Agents & Brokers, Health Service Providers	Licensing	Within 20 business days, applications for a new licence or renewal (or licence change request) will be reviewed and approved	75%

## Appendix B: FSRA Stakeholder Engagement Committees

Sector	Stakeholder Advisory Committees (“SACs”)	Technical Advisory Committees (“TACs”)	Advisory Panels
Property and Casualty (P&C) / Auto Insurance	Non-Auto Property and Casualty (P&C) Insurance  Auto Insurance and Health Service Providers	Technical Advisory Committee for Auto Rates and Underwriting Regulation Reform  Non-Auto Property and Casualty Insurance Technical Advisory Committee  Technical Advisory Committee for Insurance Prudential Regulation and Supervision	Consumer Advisory Panel
Credit Unions / Insurance Prudential	Credit Unions	Technical Advisory Committee for Credit Union Regulatory and Supervisory Initiatives  Technical Advisory Committee for Deposit Insurance Reserve Fund (“DIRF”)  Technical Advisory Committee (TAC) for Credit Union Data Strategy and Digital Transformation	Consumer Advisory Panel
Life and Health Insurance	Life and Health Insurance	Technical Advisory Committee on Insurer Oversight of Managing General Agencies  Technical Advisory Committee on Segregated Funds	Consumer Advisory Panel
Mortgage Brokering	Mortgage Brokering	Technical Advisory Committee for Mortgage Brokering	Consumer Advisory Panel

Sector	Stakeholder Advisory Committees (“SACs”)	Technical Advisory Committees (“TACs”)	Advisory Panels
Pensions	Pensions	Technical Advisory Committee for Defined Benefit Single Employer Plans  Technical Advisory Committee for Defined Contribution Plans  Technical Advisory Committee for Multi-Employer Pension Plans  Technical Advisory Committee for Public Sector Pension Plans	Consumer Advisory Panel
Financial Planners and Financial Advisors	Financial Planners and Financial Advisors	N/A	Consumer Advisory Panel

## Appendix C: Financial assumptions

- Comparable figures are based on the April 1, 2024 – March 31, 2025, budget approved by the FSRA Board and used to charge FY2024-25 fee assessments.
- Technology operating investments made during the year are recovered over five years from the sectors rather than expensed in the year paid, to better align costs and benefits.
- FSRA regulates Health Service Providers as part of its Auto Insurance regulatory activities. Any revenue under recovery/overage from Health Service Providers is charged/credited to the variable fee assessment for Auto Insurance Product sector.
- Life Conduct for Life and Health insurance agents is a fixed fee sub-sector. Any cost overage/underage will be charged to life insurers as a variable sub-sector.
- Managing General Agent (“MGA”) is considered part of the Life & Health Insurance sector, but its costs are reported separately to ensure transparency, as these expenses will ultimately be recovered from this sector once regulation commences and an appropriate fee rule is established. Costs are currently being accrued and deferred until the launch to ensure that other sectors do not bear the financial burden of the MGA during the establishment of the regime.
- Any over- or under-contribution in the Mortgage Brokers sector will be proportionately applied to other sectors.
- FSRA will recover expenses for its review of Co-op offering statements.


- As of December 2024, FSRA and its unions (AMAPCEO and OPSEU) are engaged in collective bargaining negotiations. FSRA’s Across-the-Board (“ATB”) assumption is based on the proposed three-year collective agreement contract for April 1, 2022 to March 31, 2025.

## Appendix D: Key inventory of FSRA’s Artificial Intelligence (“AI”) use cases

I. **Decision Support Portal (“DSP”) - Market Conduct ML OPS.** The DSP is an AI-empowered tool that searches external websites and FSRA data for information associated with an applicant or licensee. The tool automates information collection, reducing the manual work involved in the licensing process. This allows FSRA staff to focus on validating and assessing the risks associated with applicants, licensees, or applications.

## Appendix E: FSRA’s major risks


**Legend:**  Improving  Stable  Deteriorating


Risk title	Risk rating	YoY trend <sup>37</sup>	Mitigation	Category
<p>Legacy: Unsupported software &amp; technology stack and legacy domains</p> <p>Risk that key business applications are using outdated and unsupported technology and / may not meet FSRA’s business needs.</p>	High	 <sup>38</sup>	<p>FSRA continues with its transformational <i>FSRAForward</i> Program, which aligns processes, data, technology, and stakeholder interactions with FSRA’s vision and priorities. <i>FSRAForward</i> has experienced delays and will extend beyond the original completion date until end of FY2027-28.</p> <p>FSRA is following a multi-year roadmap for its technology and information systems to support its core regulatory activities and procedures. The roadmap incorporates both sector-specific business priorities and enterprise-wide technology requirements. It aims to create a flexible and adaptable business operating model, supported by streamlined workflows and operational processes and system improvements.</p> <p>IT Service Management, Vulnerability Management Program,</p>	Resilience and operational challenges


<sup>37</sup> Year-over-year trend


<sup>38</sup> Last year, the risk of Legacy: Unsupported software & technology stack and legacy domains was rated Medium-High. The risk has deteriorated due to the delay of FSRA Forward implementation.

		<p>Disaster Recovery Plan, and regular data backup are in place, serving as compensating controls.</p> <p>FSRA IT is working to upgrade legacy systems to supported versions where feasible.</p> <p>A critical deliverable of FSRA's digital transformation is the Market Conduct Business Solution Project ("MCBS Project"). The solution will include functionality for Mortgage Brokering, HSP, Insurance, Financial Planners and Financial Advisors, Loan and Trust companies, and Co-operatives offering statements.</p> <p>The FSRAForward program's MCBS Project is planning to decommission in scope Market Conduct legacy applications.</p>	
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<p>Financial stability structures (emergency liquidity, financial assistance and payout)</p> <ul style="list-style-type: none"> <li>• Risk of not having established adequate emergency liquidity access for credit unions in times of crisis.</li> </ul>	<p>Medium-High</p>		<p>A \$2 billion line-of-credit with the Ontario Financing Authority (“OFA”) that is structured to enable FSRA to provide emergency liquidity to otherwise viable credit unions experiencing short-term liquidity stress was renewed in November 2024 (with an expiry date of December 19<sup>th</sup>, 2025). This helps to maintain stability and confidence in the sector.</p> <p>A Memorandum of Understanding (“MOU”) with the British Columbia Financial Services Authority (“BCFSA”) is in place to enable the exchange of data including Central 1 (“C1”) liquidity information which aids effective oversight.</p> <p>The 2023 federal Fall Economic Statement Implementation Bill proposes to amend the Canadian Payments Act to expand the eligibility for Payments Canada (“PC”) membership. In response, FSRA is collaborating with stakeholders including the Ministry of Finance (“MOF”), Bank of Canada (“BOC”), PC, and relevant CUs, to enhance emergency liquidity support for the CU sector via BOC’s Emergency Lending Assistance (“ELA”) once these amendments are enforced. Additionally, efforts are underway to help the CU sector develop robust recovery and resolution frameworks, a key requirement for ELA eligibility. FSRA has issued Recovery and Resolution Planning Guidance and is actively working with credit unions to align with these guidelines,</p>	<p>Sustainability of funds</p>
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			increasing their resilience and reducing the risk of failure.	
<p>Insufficient Deposit Insurance Reserve Fund (“DIRF”)</p> <p>The probability of one or more credit unions’ insolvency that leads to insufficient funds in the DIRF.</p>	<p>Medium-High</p>		<p>The DIRF is funded through premiums paid by credit unions based on their level of insured deposits, capital levels and corporate governance scores determined through the risk-based supervisory process. FSRA has established a Statutory Funds Advisory Committee, a sub-committee of FSRA’s board of directors that is responsible for reviewing and overseeing the DIRF.</p> <p>FSRA conducts an annual DIRF adequacy assessment to determine the appropriate size of the DIRF, aiming to balance depositor protection with minimizing the economic burden on the credit union sector. In the latest assessment, FSRA used more detailed liquidity data from credit unions, collected in response to challenges faced by regional banks in 2023. The results of this assessment led FSRA to propose an increase the DIRF target from 100 bps to 120 bps of insured deposits to reflect the level of funding required to support the medium severity scenario. FSRA continues to work with the sector to collect data through the Enhanced Data Collection (“EDC”) initiative. This initiative takes a phased approach, beginning with the largest credit unions and</p>	<p>Sustainability of funds</p>



			<p>gradually including smaller ones. The goal is to have all credit unions onboarded and reporting under EDC by the end of March 2026 to enhance data utility for risk assessments and improve DIRF adequacy assessment.</p> <p>FSRA closely monitors liquidity ratios at all credit unions through regulatory filings, environmental scans and supervisory reviews, and intervenes to manage risk when necessary. Early intervention includes the ability to provide liquidity support to a troubled credit union where financial difficulties are deemed to be short-term, or to bear the short-term costs of liquidation in advance of the sale of credit union assets. FSRA continues to build out facilities that would allow for such support without needing to use the DIRF.</p>	
<p><b>Macroeconomic &amp; Systemic</b></p> <p>Risk that the economic downturn brought about by a crisis (e.g., geopolitical tensions, global recession, unemployment, high inflation,</p>	<p>Medium-High</p>		<p>FSRA is progressing on risk-based supervision, promoting effective governance, and risk management in the regulated sectors. In October 2024, FSRA completed the initial comprehensive assessments and determined risk ratings for all Ontario credit unions.</p> <p>FSRA is closely monitoring the financial soundness and stability of entities in its regulated sectors through its supervisory efforts.</p>	<p>Emerging risks</p>

<p>interest rate risk, climate change) may threaten the financial soundness and stability of regulated entities in FSRA’s regulated sectors.</p>			<p>FSRA will continue participation in Systemic Risk Surveillance Committee (“SRSC”) with BoC, Department of Finance, OSFI and other financial regulators.</p>	
<p>Cybersecurity</p> <ul style="list-style-type: none"> <li>Risk that FSRA’s systems are breached or compromised, which may lead to the theft of information and/or impairment of FSRA’s ability to sustain IT operations.</li> </ul>	<p>Medium-High</p>	<p> <a href="#">39</a></p>	<p>FSRA has established a Cybersecurity program including a service delivery model, and a roadmap to improve and maintain its adequate cybersecurity posture. Cybersecurity controls have been implemented to protect assets, including but not limited to Security Incident and Event Management (“SIEM”) solution, Data Leakage Prevention (“DLP”) solution, Privilege Access Management (“PAM”), and Endpoint Detection &amp; Response (“EDR”) solution.</p> <p>FSRA’s cyber posture is periodically assessed based on the National Institute of Standards and Technology (“NIST”) framework.</p> <p>While FSRA’s internal controls remain resilient, challenges are faced with external cybersecurity threats targeting public services. Despite these obstacles, FSRA strives for continuous</p>	<p>Resilience and operational challenges</p>

<sup>39</sup> Last year, the risk of Cybersecurity was rated Medium. The risk has deteriorated because of an increase in external cybersecurity threat landscape.

			improvement and adaptation to ensure the integrity of its infrastructure.	
<p>Regulatory &amp; Cultural Transformation</p> <ul style="list-style-type: none"> <li>Risk that FSRA needs to transform the regulatory frameworks and organizational culture it inherited, through an aggressive set of transformative priorities, while continuing to provide effective and efficient day-to-day regulation with limited resources.</li> </ul>	Medium	↔	<p>As part of its regulatory and cultural transformation, FSRA embraces a principles-based and outcomes-focused approach to regulation. This enables FSRA to respond quickly to innovation and disruption, focus on regulatory outcomes, and reduce regulatory burden by providing flexibility to regulated entities and individuals.</p> <p>To facilitate its cultural transformation, FSRA continues to implement its strategic initiatives which reinforce a culture of strong engagement and inclusiveness with focus on belonging as part of the diversity, equity, inclusion, and belonging (“DEIB”) strategy. FSRA utilizes FSRA Voices as a key tool to monitor engagement and culture. FSRA implemented Mentoring Program, Succession Planning and Leadership Development, and has invested in learning and development.</p> <p>In addition to setting and monitoring progress against transformational priorities, FSRA regularly measures and publishes the results of service standards. The standards are aligned with FSRA’s key priorities and existing resources,</p>	Resilience and operational challenges

			enabling FSRA to deliver its committed regulatory services while continuing to transform.	
<p>Operational Resilience</p> <ul style="list-style-type: none"> <li>Risk of service disruption due to events such as cybersecurity, physical disaster, and systemic risk events. It would pose significant challenges to FSRA in delivering its regulatory services and mandates on a timely basis.</li> </ul>	Medium	↔	<p>FSRA continues to proactively enhance its operational resilience. The Business Continuity Management Policy (“BCMP”) is in place to manage operational disruption risks.</p> <p>To operationalize the BCMP, FSRA has developed the Crisis Management Guideline, which includes five playbooks to provide guidelines in disruptive situations:</p> <ul style="list-style-type: none"> <li>Pandemic Plan Playbook</li> <li>Cyber Security Incident Response Plan</li> <li>Systemic Risk Playbook</li> <li>Physical Disaster Playbook</li> <li>Individual Cyber Security Playbooks</li> </ul> <p>FSRA is implementing a comprehensive Business Continuity Management software tool to enhance the management of business impact assessments (“BIA”), business continuity plans (“BCP”), and playbooks.</p>	Emerging risks

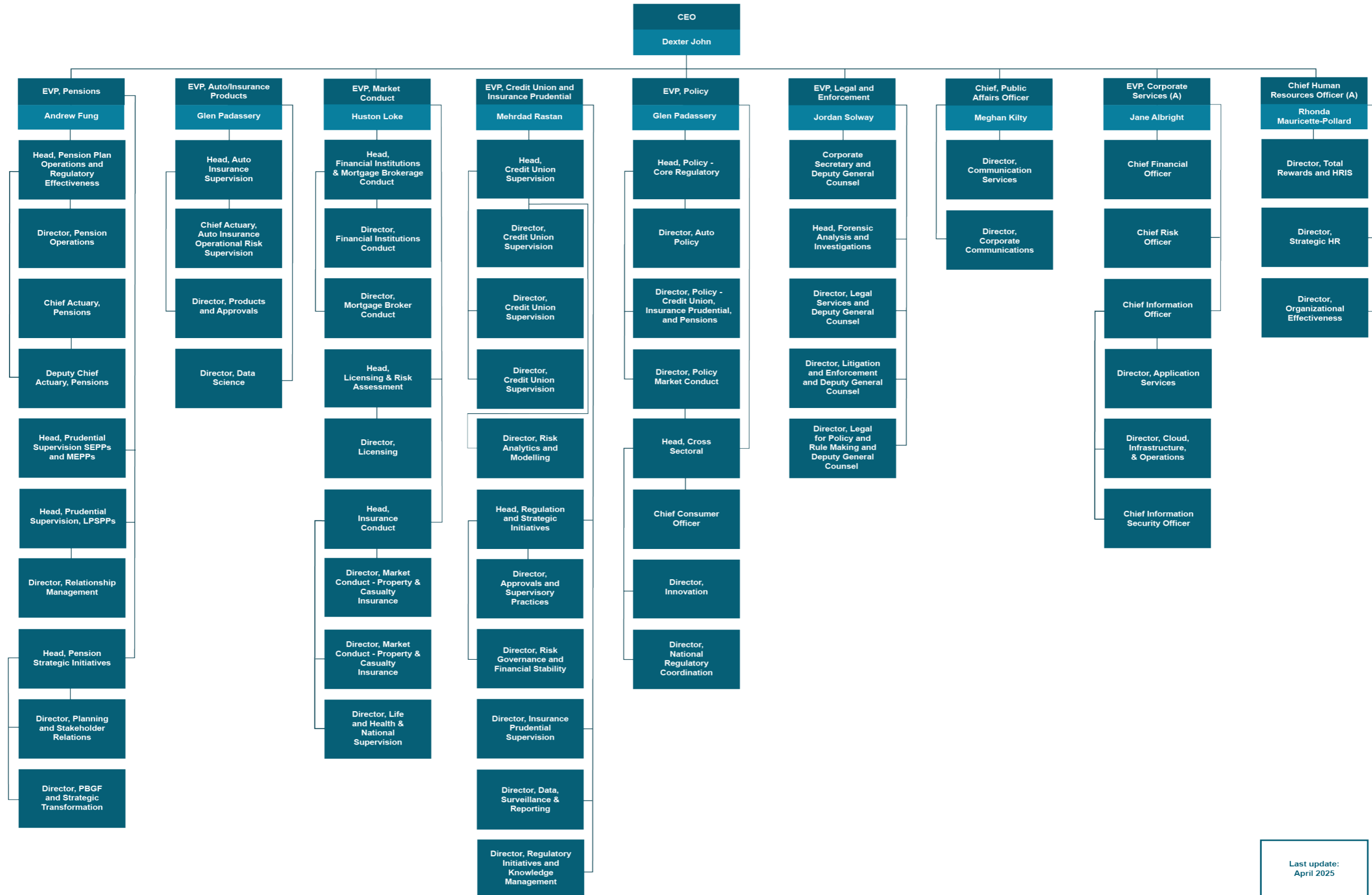
<p>Privacy</p> <ul style="list-style-type: none"> <li>Risk that FSRA is non-compliant with the provisions of the Freedom of Information and Protection of Privacy Act (“FIPPA”).</li> </ul>	<p>Medium</p>		<p>FSRA’s “Corporate Policy on the Protection of Personal Information” provides guidance on handling and protection of personal information within FSRA’s custody. The policy sets out requirements ranging from collection, use, disclosure, retention and disposal of personal information alongside appropriate roles and responsibilities.</p> <p>FSRA also has a “Privacy Breach Response Policy” that sets out the steps required to identify, assess, contain, report, and remediate privacy breach incidents.</p> <p>FSRA’s privacy program includes evaluation of new and updated initiatives that involve the handling of personal information to ensure compliance with applicable regulations.</p>	<p>Emerging risks</p>
<p>Insufficient Pension Benefits Guarantee Fund (“PBGF”)</p> <p>Risk of an insufficient PBGF to cover claims arising from a Single-Employer Defined Benefit Pension Plan (“SEPP”) funding deficit and insolvency of plan sponsor(s), at the</p>	<p>Low</p>		<p>The CEO of FSRA is responsible for the administration of the PBGF. The Statutory Funds Advisory Committee provides advice to the CEO of FSRA on PBGF-related matters.</p> <p>FSRA continues to focus on supervising SEPPs for early risk identification, monitoring and intervention, which may minimize potential claims to the PBGF.</p> <p>FSRA promotes good risk management and governance for the</p>	<p>Sustainability of funds</p>

same time.

PBGF, including stress testing, use of conservative margins, appropriate investment strategy, and administrator's considerations of the plan's ability to absorb fluctuations in funding costs and the adoption of the Risk Appetite Statement ("RAS") for PBGF.

As part of its investment strategy, FSRA has selected the Investment Management Corporation of Ontario ("IMCO") to manage portfolio assets for the PBGF.

# Appendix F: Organizational chart



Last update:  
April 2025

# FSRA

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Authority of Ontario



Ontario

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