

February 2019

The Canadian Association of Independent Life Brokerage Agencies (“CAILBA”) wishes to thank the Financial Services Regulatory Authority of Ontario (FSRA) for the opportunity to comment on the Proposed Priorities and Budget document.

The Canadian Association of Independent Life Brokerage Agencies (“CAILBA”) is a voluntary trade association that acts as the single voice for Managing General Agents (MGAs) across Canada. Working closely with our insurance carrier counterparts, we help our members to stay abreast of change and to effectively implement compliance and regulatory updates that support fair treatment of consumers. We foster best practices across Canada in order to better the insurance industry and build unity in the MGA community nationally.

General comments:

CAILBA supports FSRA’s intention to regulate differently by using greater expertise, rule-making and other regulatory tools and improved processes to reduce burden and increase regulatory effectiveness. We believe FSRA priorities should, and generally do align with CCIR’s.

We believe that the Y1 agenda is aggressive. In particular, the number of industry consultations are time consuming and wonder how FSRA proposes to accomplish it all.

The proposed budget for IT investment is significant but understandable. Can you elaborate on the plans for a new facility, which involve significant Y2 dollars?

Regarding Section 7.1.3, “Regulatory Effectiveness: Establish Meaningful Service Standards,” CAILBA supports plans to address responsiveness.

FTC is a strong theme throughout.

Regarding the plan to enable innovation, like other stakeholders, CAILBA is concerned about future disruption and falling behind in a rapidly changing business environment. FSRA proposes use of ‘powers to grant waivers and exemptions.’ Please clarify whether you’re referring to ‘regulatory sandbox’ activities and that the same rules (a level playing field) will apply to all.

Insurance Specific:

CAILBA supports FSRA's priorities for conduct regulation – Adoption of effective conduct standards, improved licensing effectiveness and efficiency, and harmonized guidance for Treating Financial Services Consumers Fairly.

Regarding Section 7.2.2, CAILBA is encouraged to see FSRA addressing the need for improved sectoral expertise. This will take time. Perhaps an advisory group of industry experts could help bridge initial gaps. Are there resources for hiring experts?

Please explain the breakdown of agents and brokers, in Section 8.3 – ‘...250 insurers, over 50,000 agents and approximately 12,000 brokers.’

We are concerned with the following statement in Section 8.3.1 - “In the LAH sector, stakeholders have raised the lack of regulation of intermediaries between insurers and agents (licensed corporate agents or managing general agents) who perform oversight/management functions and should have corresponding conduct requirements.” This concern has not been expressed to CAILBA or our members by regulators or the CLHIA.

We would like clarification on the statement: “If stakeholders in a particular subsector (P&C or LAH) adopt a code of conduct, FSRA will review it (comment if a proposed code) and consider adopting it for use in its supervision of such sector.” Many, if not all, stakeholders in the insurance sector have Codes of conduct which, in and of itself, creates challenges for those expected to adhere to multiples Codes.

Regarding Section 8.3.2, CAILBA is encouraged to see the focus on licensing effectiveness and efficiency, specifically addressing the review of, and ways to improve, keeping unsuitable or bad actors from the industry and ensuring their removal, as necessary. How do you propose to include other financial service sectors, to limit arbitrage opportunities? CAILBA supports improved core competencies in continuing education, harmonized nationally, supported by licensing and tracking systems.

We appreciate the opportunity to comment and to take part in any further consultations on this and other matters.

Best regards,

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