



Stephen Frank
President and CEO

November 2, 2020

Mr. Mark White
Chief Executive Officer
Financial Services Regulatory Authority of Ontario (FSRA)
5160 Yonge St, 16th floor
Toronto, ON M2N 6L9

Dear Mr. White,

Re: Proposed FY2021-2022 Statement of Priorities

Thank you for providing the opportunity to provide feedback on the proposed 2021-22 FSRA Statement of Priorities. The life and health insurance industry is writing to express our support for the forward-looking objectives that you are planning to set for the next two years.

The CLHIA is a voluntary association whose member companies account for 99 per cent the life and health insurance business in Canada. These insurers are significant contributors to Ontario and its economy. They provide financial security to about 11 million Ontarians and make over \$45 billion in benefit payments (of which 90 per cent goes to living policyholders as annuity, disability, supplementary health or other benefits with the remaining 10 per cent going to life insurance beneficiaries). In addition, life and health insurers have nearly \$340 billion invested in Ontario's economy. A large majority of life and health insurance providers are licensed to operate in Ontario, with sixty-six headquartered in the province.

Your draft "Statement of Priorities" reflects how FSRA is a dynamic and modern regulator that is outcomes focused, including to ensure consumers are being treated fairly, while at the same time seeking to minimize regulatory burden. Below are several specific topics about which we would like to provide some feedback.

COVID-19 & TECHNICAL INNOVATION

FSRA is to be commended for its efforts working with the life and health insurance industry, through the CCIR, to provide necessary regulatory flexibility. As we minimize in-person contact, we continue to value FSRA's willingness to support changes that have enabled us to continue to meet the needs of consumers. Innovation is integral to our industry's sustainability and vitality. The pace of this transformation is likely to require future collaborative efforts.

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ENHANCED MARKET CONDUCT OVERSIGHT TO PROTECT CONSUMERS

The life and health insurance industry has long standing policies and procedures that support fair outcomes for consumers, which underpin our client centric approach to insurance business. We would like to offer our support in this area, as we share your position that the fair treatment of consumers is essential to the success of our industry. We have a history of sound market conduct practices and would like to better understand any areas of concern that you may have.

MGA OVERSIGHT

The life and health insurance industry maintains that all stakeholders have a role to play in fully implementing the fair treatment of consumers principles established by the CCIR and CISRO. There must be consistent expectations for all intermediaries. Insurers have a limited view from which they can oversee the distribution of their own products. However, when advisors sell products for more than one insurer, MGA's have a unique vantage point from which they can view an advisor's entire practice. We would be pleased to provide you with any information that may help your analysis of insurer-MGA relationships.

CODE OF CONDUCT

Codes of conduct are an important means of integrating expectations into the culture of an industry. Currently, candidates working toward taking the Life Licence Qualification Program (LLQP) exam are the subject of their course provider's code of conduct. Then, while practicing as an advisor, they are the subject of an insurer's code. The creation of one harmonized intermediary code will fill any gaps.

LIFE AGENT REPORTING FORMS (LARFs) & CONSUMER COMPLAINTS

FSRA's review of data from the Life Agent Reporting Forms (LARFs) is appreciated. We would like to better understand how this data is used, and how FSRA responds to reports of misconduct. Further, there is a notable focus on consumer complaints management. The life and health insurance industry would encourage FSRA to leverage the existing legislated insurer complaints programs, and the Ombudsman for Life and Health Insurance (OLHI).

FINANCIAL PLANNER AND FINANCIAL ADVISOR REGULATION

The life and health insurance industry agrees with regulating how professionals hold themselves out. However, we believe that the use of the term advisor accurately reflects those who are life licenced given the breadth of their training. There are already criteria for LLQP course providers, a harmonized curriculum that studies the financial sector through an insurance lens, and a well-established oversight regime. We look forward to providing you with more information in our submission regarding the consultation "Financial Professionals Title Protection Rule and Guidance".

FEES

The proposed increase in fees indicates additional conduct related oversight. Our position is that FSRA should have the resources necessary to fulfill its mandate. We believe the strong supervision of life and health insurance distribution supports the fair treatment of consumers.

CONCLUSION

In closing we would like to reiterate our support for these priorities and offer our assistance in providing industry specific knowledge. FSRA's outcomes focused approach to market regulation, and its emphasis on streamlining regulatory guidance, will buttress our shared focus on the fair treatment of consumers.

Thank you for the opportunity to comment on this consultation. We would be happy to provide further information to your or your staff.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Frank'.

Stephen Frank