



June 21, 2021

Mr. Mark White
Chief Executive Officer
Financial Services Regulatory Authority of Ontario (FSRA)
25 Sheppard Avenue West, Suite 100
Toronto, ON, M2N 6S6

Dear Mr. White,

Re: Proposed Rule [2021-003] – Financial Professionals Title Protection Rule and Guidance Second Consultation

About Primerica

Primerica Financial Services is a leading distributor of basic financial savings and protection products to middle-income households throughout Canada. Our Canadian corporate group includes our life insurance company Primerica Life Insurance Company of Canada (PLICC), our mutual fund dealer PFSL Investments Canada Ltd (PFSL) and our mutual fund manager (PFSL Management Ltd.). Primerica has been serving the Canadian public since 1986. PLICC is represented by over 12,500 licensed life insurance advisors across the country, with over 7,200 licensed to sell in Ontario. About 60% of our life insurance advisors are dually licensed as mutual fund representatives through PFSL. We insure almost 550,000 lives and operate in every Province and territory in Canada. We have \$131 Billion of individual term life insurance in-force protecting Canadian families, with \$65 Billion of that in Ontario. Our mutual fund dealer contracts with the largest independent mutual fund sales force in the country and administers over \$13.9 billion of client investments, the vast majority of which serve the savings needs of middle-income Canadians.

Primerica dedicates its efforts to providing middle-income families with access to simple, yet essential products and services through one of the nation's largest exclusive (captive) sales forces. We consider our focus on middle-income Canadians one of the distinguishing features of our company. This segment of the market is often underserved as the cost of servicing and providing personal advice continues to grow, making smaller accounts uneconomical for many advisors and companies.

With this experience and a focus on preserving access to affordable financial products and services, we submit our comment letter on the revised *Proposed Rule [2021-003] – Financial Professionals Title Protection* to FSRA.

General Comments

We support FSRA's effort to ensure the public is protected by bringing greater clarity and transparency to the use of financial titles and requiring appropriate mandatory credentials where these are absent, such as in the case of financial planners.

While regulation to ensure proper use of titles is important, it is equally important to recognize existing programs that offer appropriate training, licensing and oversight, and protection to consumers. We have all along advocated for two principles when considering regulation of the use of titles:

- Additional layers of training, regulation and fees should not be duplicative; and



- licensed advisors providing advice on financial products that they are licensed, supervised and regulated to sell must not be subject to an additional layer of credentials, regulation or fees.

We are pleased that FSRA's approach appears to be consistent with these principles. It is of utmost importance that additional red tape be minimized as this would reduce access to affordable advice and products, without providing additional consumer protection.

Duplication

The final Rule should avoid duplication and additional red tape for those operating in the industry.

Specifically, personalized advice and service needs to remain accessible and affordable to middle-income Ontarians. Barriers to entry into financial advisory work can significantly hamper the much-needed access to personal advice.

Whether in insurance, mutual funds or securities, individuals acting as advisors use various titles in the performance of their activities. It is important to recognize that these licensed activities themselves are already highly regulated and well supervised. Advisors are subject to appropriate licensing which requires training and examinations, continuing education, and errors and omissions insurance. Their market conduct is subject to regulation under their respective licensing bodies and supervision of companies that they represent.

Complaints-based Monitoring

FSRA's proposed complaints-based monitoring structure, although an initiative that is intended to increase consumer protection, may cause administrative processing delays as complaints would have to go through multiple complaint structures. Individuals who are already subject to oversight by licensed companies and mutual fund dealers who implement their own respective oversight structures would have to deal with an overlapping framework that will be duplicative and could result in inefficiencies. We believe that the current complaints handling framework is sufficient in achieving FSRA's goals of consumer protection.

Fees and Payments

Advisors who sell life insurance are currently paying fees to FSRA for licensing and oversight and to other regulatory bodies where additional licenses are held. There is a duplicative element in the proposed rule to additionally pay a credentialing body for oversight and complaint mechanisms when these already exist through licensing.

Public Registry

We support FSRA's view on a consolidated public registry as it would create a cost-effective tool to provide increased transparency regarding titles and licenses held by advisors.

Annual Assessment



The annual assessments and recovery costs included in the proposed rule are significant. We would like further clarity on what is being recovered (i.e. beyond the described start-up costs). These proposed costs may have an indirect impact on obtaining a credential. We would like to emphasize that any new fees should not create a barrier to entry into a financial services career.

Training, Titles, and Licensing Requirements

We appreciate FSRA's comments regarding who can use the FA title but seek further clarity on this matter. A more comprehensive list of permitted titles would prevent confusion among advisors and consumers. We would also ask that FSRA clearly state their position that product related titles, such as life insurance advisor if an individual is life insurance licensed, are permitted under the new Rule. We also seek further clarity for those who are dually licensed. Dually licensed agents possess a broader skillset and qualifications as a result of being trained in multiple financial services categories. We would ask for clear direction that current licensees of the MFDA/IIROC meet the requirements to use the FA title.

Conclusion

We appreciate FSRA's continued interest in protecting consumers from confusing titles while avoiding duplicative requirements and increased costs for the industry. These are essential principles in fostering a sustainable, competitive life insurance industry in Canada, and it is with these FSRA principles in mind that we provided our recommendations. It is critical to ensure that the proposed Rule strikes the right balance and does not impose an excessive regulatory burden. While it is relatively easy to add to requirements in the future should gaps in intent versus practice emerge, it is much more difficult to unravel damage of an excessive intervention. Emphasis should be placed on using, and if need be enhancing, existing frameworks for oversight, training and credentialing.

We appreciate the opportunity to provide comments on the Proposed Rule [2021-003] – *Financial Professionals Title Protection second consultation* and FSRA's continued consultative approach to Rule making. We are always open to discussion and are willing to contribute further insights and explanations for our recommendations.

Sincerely,

Original signed by

John A. Adams, CPA, CA
Chief Executive Officer
Primerica Financial Services Canada