



Financial Professionals Title Protection Rule and Guidance – Second Consultation

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INTRODUCTION

The Co-operators Group Limited (“The Co-operators”) is a leading Canadian, diversified, integrated, multi-line insurance and financial services organization. As a co-operative, our 45 members include co-operatives and credit union centrals representing a combined membership of millions of Canadians.

Our footprint in Ontario is strong: we insure approximately 704,000 private passenger vehicles, 363,200 homes, 10,200 farms and 45,000 businesses. The insurance and financial products and services provided by The Co-operators are delivered primarily through our independently contracted, but exclusive, financial advisor channel. We have independent distribution contracts with 250 financial advisors in the province, who operate agencies in 310 locations. In turn, these independent financial advisors hire and employ their own office staff and employ or independently contract with over 1,028 associate insurance and financial advisors.

We are proud to provide insurance and financial services to more than two million Canadians. We are even prouder that we provide financial security to Canadians in their communities while staying true to our co-operative values.

We appreciate the opportunity to participate in FSRA’s second consultation on title protection for financial professionals.





TITLE PROTECTION

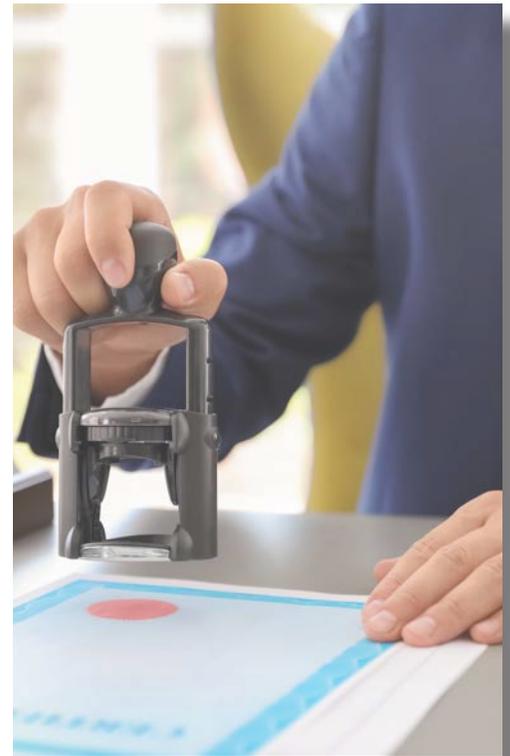
We commend the work FSRA has dedicated to protecting consumers through a framework for title protection of financial professionals, and have welcomed the opportunity to participate in consultations and discussions contributing to the development of your draft rule and guidance. We are pleased to see many of our recommendations included in your consultation summary and appreciate your ongoing responsive approach.

As an insurance and financial services co-operative, we are committed to providing financial services and security to meet the wealth, insurance and retirement needs of our clients through our independently contracted, but exclusive, financial advisor channel. We restrict the use of the financial advisor title to only those who hold both a general insurance licence and life insurance and accident and sickness insurance licence.

The sale of life insurance products is already highly regulated in Ontario, and our exclusive financial advisor channel is required to be properly licensed to sell insurance products. **For this reason, we strongly recommend licensed life insurance agents should be exempt from being required to obtain additional credentials in order to use the title of financial advisor.**

If insurance professionals are not recognized as financial advisors under the new framework, Ontario consumers will experience an immediate negative impact, with the potential that their long-time trusted financial experts are no longer able to serve them. We know this is not the intent of the new framework, and therefore urge FSRA to undertake a collaborative approach with the industry to ensure insurance professionals are appropriately credentialed in accordance with their experience, expertise, proficiency and accountability. **We request your prompt response and follow up on this issue** so we can begin the necessary work to credential all our financial advisors and associates for a seamless client experience.

Under the originally proposed competency profiles in the initial consultation, FSRA stated it did not anticipate the **Life License Qualification Program (LLQP)** would meet the minimum standard for technical knowledge, professional skills and competencies for financial planner or financial advisor title use. As previously shared, **we strongly disagree with this approach and believe the LLQP should be deemed an acceptable licence recognized by credentialing bodies, particularly when held in conjunction with a mutual fund licence.** It is important to note that most of our financial advisors take the LLQP and go on to pursue a dual licence. This provides them with extensive product knowledge and a strong understanding of the regulatory framework/statutory act requirements to best protect clients. We do not see confirmation within the newly proposed rule and guidelines that either the LLQP or mutual fund licence qualification will be recognized and **continue to recommend advisors who have completed the LLQP program and meet annual continuing education credits, and all those who have earned dual licences, be granted the ability to continue to use the title of financial advisor.**



With respect to the financial planner title, our financial advisors are not permitted to hold themselves out as a Certified Financial Planner unless they have obtained a CFP designation. We support FSRA's proposed approach for the financial planner title and would recommend that programs including the Chartered Life Underwriter (CLU) designation, Chartered Financial Consultant (ChFC) designation and the Certified Financial Planner (CFP) designation should be recognized as accepted qualifications for the financial planner title as they have comprehensive curriculums and require continuing education to maintain.



FEES

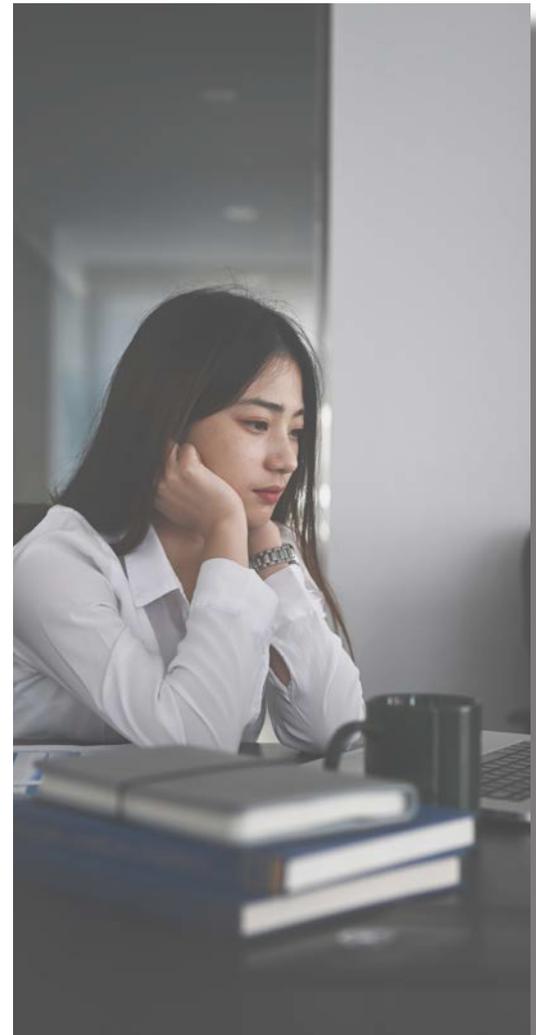
Financial professionals dedicate time, effort and personal funds to obtain and maintain their qualifications. **We do not support the burden of an additional fee in order to use the financial advisor or financial planner title.**

Based on the new proposal, it appears FSRA will be proceeding with fees for credentialing bodies and financial professionals. We caution that these fees pose a serious risk as the additional cost burden on financial professionals could cause advisors, companies, brokers and others in the industry to choose not to participate in the credentialing process, which would undermine the stated goal of consumer protection.

In the event FSRA chooses to proceed with fees for credentialing bodies and financial professionals, we strongly recommend the fees be **reasonable and fair for everyone**. The current fee proposal contains excessive costs, which will be further exacerbated by annual variable fees. We are very concerned that credentialing body fees will be recouped through fees for applicants, and there is a risk these fees will be further downloaded to clients.

We recommend FSRA consider a fee range in line with other accredited associations and professional associations to ensure a fair and consistent approach. We also propose a reduction in the calculated fees that each insurer and advisor pays to FSRA given the increased oversight role that will be required of the industry.

We look forward to reviewing a more detailed fee rule in the coming months and will provide further feedback at that time.





TRANSITION PERIOD

Central to the successful implementation of the title protection framework is allowing insurance professionals an appropriate amount of time to obtain a designation if required, as well as allowing organizations and financial professionals time to complete the internal work that will be necessary to comply with these changes, including updating documents, websites, resources, social media, etc.

We are concerned about the proposed changes to the transition timeline – particularly the disparity in the length of transition periods for financial advisors and financial planners. **We strongly recommend the transition period should be four years for both financial advisors and financial planners to allow a level playing field.**

Given the upcoming changes to the process of obtaining a CFP designation, **a minimum four-year transition period is necessary** to allow candidates for the CFP designation adequate time to earn a post-secondary degree from an accredited college or university, as will now be required by FP Canada. The Co-operators has a long history of contracting with experienced financial advisors who hold a CFP designation, some of whom do not hold a degree but have extensive career experience. FP Canada's changes will restrict the ability of our future financial advisors and associates to earn their CFP designations, which will directly impact the availability of service for our clients and all Ontarians. It is particularly disappointing that FP Canada will be allowing all interested individuals to pay for and participate in the curriculum but will only allow those with a post-secondary degree to complete the program with a CFP designation.

In allowing a four-year transition period for financial planners, FSRA must remove the arbitrary distinction for financial advisors, granting a four-year transition period for all title users to ensure fairness and consistency. This will provide organizations time to implement processes and oversight in line with the new framework, as well as providing consumers confidence in knowing financial professionals across the province are required to comply with the new rules on a set date rather than years apart.

We remain concerned with the approach to the transition that will allow anyone who was using the title immediately prior to January 1, 2020, and up to the date the proposed rule comes into force, to continue using a title while they are obtaining a credential. This will create administrative burden in determining who is and is not permitted to continue using their current title. **We recommend removing reference to January 1, 2020—or any arbitrary start date—and beginning the transition immediately when the rule comes into force.** This would allow any organization currently using titles to continue to do so, and consistently apply the new requirements of the rule effective the date of force.



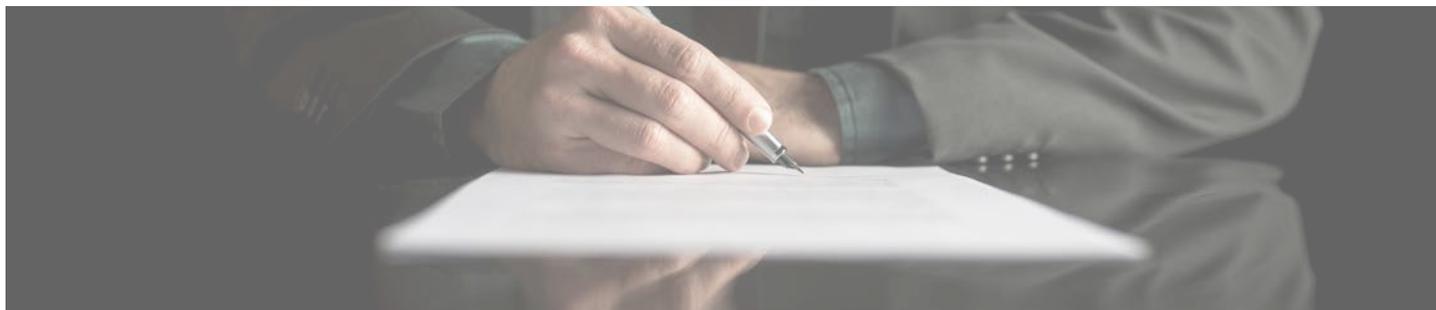


PUBLIC REGISTRY

We recognize FSRA's intent to establish a public registry for consumers to verify credentials. **This registry will be as effective as the information held in it**, which will be entirely dependent on the reporting undertaken by credentialing bodies—including how they receive and address conduct concerns. In designing the registry, we urge FSRA to take this under consideration and work to establish processes to ensure the reported information is reliable, transparent and of value for consumers.

Consumer protection must extend beyond this proposed registry. We continue to urge FSRA to develop disclosure requirements in partnership with the Canadian Council of Insurance Regulators (CCIR) and all individual provincial regulators to ensure consistency across all jurisdictions. Ontario is a leader in this initiative, and has the opportunity to promote a **harmonized approach**, which will benefit clients, the industry and regulators.

We also strongly support **consumer education campaigns** and are committed to partnering on campaign initiatives. We believe any implemented consumer education must be rooted in enhancing financial literacy by informing consumers about the financial products and services available to them, and helping them determine whether they would be best suited to work with a financial planner or a financial advisor. From there, more information can be provided on what each financial professional can provide and their qualifications. The implementation of consumer education campaigns will require a collaborative approach between FSRA and the industry. We would support FSRA's development of common-language key messages that can be shared with all stakeholders and published on FSRA's website, and latitude for stakeholders to share unique marketing approaches to reinforce their competitive brand positions.





CONCLUDING REMARKS

We appreciate the continued opportunity to provide our feedback on FSRA's financial professionals title protection rule and guidance. While we were encouraged to see many of our recommendations included in your summary of written comments received, we strongly urge FSRA to incorporate the feedback provided in both this response and in our initial submission – particularly with respect to:

- **exempting licensed life insurance agents from being required to obtain additional credentials in order to use the title of financial advisor;**
- **approving the LLQP as an acceptable licence recognized by credentialing bodies; and**
- **retaining ultimate discretion to determine whether an individual has the qualifications to use the financial planner title to ensure those who have completed the CFP curriculum and exams, but are prohibited from earning the designation, have the opportunity to become credentialed.**

We are not members of the Insurance Bureau of Canada (IBC) and prefer to contribute to the policy development process directly. As a co-operative insurance and financial services organization, we believe we bring a unique perspective to public policy consultations. We are a member of the Canadian Life and Health Insurance Association (CLHIA), and support the feedback they have shared directly.

If you have any questions or require clarification, please do not hesitate to contact our Associate Vice President of Government Relations, Maya Milardovic, at maya_milardovic@cooperators.ca.



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