



October 29, 2021

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

Re: 2022-23 Statement of Priorities

Dear Mr. White,

Thank you for the opportunity to provide input into FSRA's 2022-23 Statement of Priorities.

Our comments are provided in our capacity as a company active in the provision of life insurance, health insurance and wealth management solutions for Canadians. At Sun Life, our Purpose is to help Clients achieve lifetime financial security and live healthier lives. Our Clients' needs are at the heart of everything we do.

To start, we thank you for FSRA's proactive engagement with our industry and for promoting a harmonized approach to regulatory issues. As a national company, we believe that all Canadians should continue to have access to enhanced products and services, and a consistent experience. We are pleased to see provincial regulators working together and with industry to support further harmonization of regulatory activities across Canada.

We believe that ongoing principles-based regulation will continue to combine the strengths of industry and regulators, resulting in the best outcomes for Canadians.

We commend FSRA for the continued focus on consumer protection as well as regulatory efficiency and effectiveness. Like you, we are concerned with the negative impact the pandemic has had, particularly among vulnerable groups. FSRA's continued monitoring of the financial resiliency of consumers is key to identifying consumer issues.

Strengthen consumer focus

We are pleased to see the enhancement of complaints resolution systems and their navigability included as a priority. Our Client Advocacy team has created a comprehensive complaints process that enacts best practices and makes things simple and fair for our Clients. We would be happy to share more about our process to inform FSRA's direction on this file.

Life and health

The national cooperative approach taken by FSRA on most of the 2022-23 deliverables has been helpful in advancing key files; namely, Fair Treatment of Customers, total cost reporting and segregated fund recommendations. We hope that FSRA will continue to elevate our views on these important files and influence their priority with all regulators, including the CCIR.

Considering the complete insurance supply chain, from the manufacturer to the advisor, is critical in ensuring adequate consumer protection. Building a supervisory framework that holds all players involved



to account is critical to that goal. Accountability builds public confidence and trust between consumers, advisors, insurers and their distribution partners.

Market conduct activity and fees

The proposed Life and Health Conduct fees represent a significant increase for 2022-2023, up over 60% from last year. We would appreciate greater clarity on fee allocation and expected impact on current initiatives. We hope that FSRA will concentrate its efforts on high-risk activities.

Market conduct expectations across all provincial regulators continues to be an opportunity for greater national co-ordination. We encourage FSRA to play a greater role in promoting consistent regulatory expectations across the provinces.

Pensions

Like you, we believe in the importance of effective member communication and engagement strategies. We also believe that encouraging employers to incorporate automatic features into their voluntary savings plans, such as automatic enrolment and contributions, supports FSRA's goal of improving outcomes in retirement. We have already shared some of our data and experience on leading practices in this area and look forward to participating in further consultations and thought leadership.

We are pleased to see FSRA's continued commitment to modernizing its systems and processes. Initiatives such as digital document processing and digital signature capabilities will help to reduce administrative burden for the sector. In addition, we support expanded functionality on FSRA portals, which we recommend include enhancements to the Pension Services Portal.

We look forward to continuing to support work that will help plan administrators across Ontario reduce the number of missing plan members and become more efficient at finding them. We would be happy to share insights from our many years of experience locating missing members as the largest provider of group annuities to Defined Benefit (DB) pension plans, the largest defined contribution (DC) pension plan provider in Canada, and as plan administrator for the Sun Life pension plans.

Finally, we support and look forward to participating in consultations on a Pension Benefits Guarantee Fund (PBGF) annual performance and financial report. As an insurance company, we would be pleased to share our insights on how the Fund's long-term viability and financial sustainability could be improved.

We encourage FSRA to include supporting better risk management for DB pension plans in its 2022-23 Statement of Priorities. We are also in favour of FSRA continuing to explore measures that reward DB plan sponsors that follow good risk management. Such measures strengthen retirement security for plan members and reduce potential future calls on the PBGF.

We are highly supportive of FSRA's proactive approach to monitoring climate change risk. The pervasive and wide-ranging impacts of climate change are likely to intensify, and thereby bear greater influence upon capital markets. Moreover, given the interconnectivity of climate change with overall health and wellbeing, initiatives that promote greater awareness and integration are welcomed. For these reasons, our Group Retirement Services (GRS) business in Canada takes a rigorous approach to evaluating the degree of Environmental, Social & Governance (ESG) integration by investment managers across its core platform as well as engaging with investment managers to improve their ESG integration. As such, we welcome FSRA's focus on collaboration through the Canadian Association of Pension Supervisory Authorities' Proposed ESG committee. We support the development of guidance on ESG investment and risk management practices.



Technological advancement and innovation

Sun Life continues to innovate and find new ways to serve Clients. This includes embracing new technology and digital business models, of which the pandemic has accelerated adoption.

In March 2020, Sun Life launched Lumino Health Virtual Care (LHVC) to Clients as part of their group benefits plans. The aim of LHVC is to complement the existing universal healthcare system, particularly at a time when Canadians are facing numerous obstacles in obtaining routine and urgent care. With the rising health care costs for governments, we believe that there is a space for partnerships that leverage the experience and strengths of governments, insurers and digital innovators.

We ask that any new regulation around digital distribution or digital platform remain technology neutral.

Credit unions

Although the initiatives referenced in the proposed framework relate to building guidance and enhanced financial stability for credit unions, we ask that any product or distribution changes being contemplated within credit unions include a thorough consultation with the financial services industry.

Financial titling

We support consistency and oversight of the financial titles used in the industry. However, we believe the adequacy of training, certification of knowledge, and oversight has been achieved through licensing. In addition, we request that regulators coordinate and harmonize their efforts in this area, as consumers will be better served through an approach that is consistent across the financial services industry (including Wealth and Insurance) and across regulatory bodies.

We look forward to continued collaboration with FSRA on its 2022-23 priorities.

Sincerely,

Jacques Goulet
President, Sun Life Canada

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.