



Independent Financial Brokers of Canada

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December 6, 2024

Financial Services Regulatory Authority of Ontario (FSRA)
25 Sheppard St. W., Suite 100
Toronto ON M2N 6S6

Submitted via the FSRA website.

Subject: FSRA Proposed FY 2025-2026 Statement of Priorities

Independent Financial Brokers of Canada (IFB) appreciates the opportunity to comment on FSRA's draft *2025-2026 Statement of Priorities* ("SOP"). Many IFB members are regulated by FSRA in the life/health insurance sector. Therefore, FSRA's priorities and oversight activities have direct implications for their business operations.

About IFB

IFB is a national, not-for-profit association whose members are licensed financial professionals. IFB exclusively represents those who serve clients in the independent distribution channel. Our members firmly believe that clients benefit most from having access to a range of providers and services. Preserving choice and access for consumers to the personalized advice that is typical of that provided by IFB members is central to IFB's advocacy and stakeholder relations.

In addition to advocacy, IFB provides members with professional support such as access to a comprehensive professional liability insurance program for individuals and firms, accredited CE opportunities, compliance support and representation on various regulatory and industry stakeholder committees.

Comments on the proposed priorities

IFB supports the three overall priorities FSRA has proposed to guide its work for the coming year. IFB appreciates FSRA's ongoing commitment to facilitate open dialogue with its stakeholders and ensure better outcomes for consumers.

Priority 1: Strengthen stakeholder relations and improve consumer-focused outcomes

IFB appreciates FSRA's priority to strengthen its stakeholder relations. We look forward to learning more about FSRA's intention to survey stakeholders on how to improve its service delivery, as well as improve outcomes for consumers. IFB supports such data-driven initiatives, as key to developing regulatory and policy directions that will improve the L&H industry. As the industry and regulators integrate AI into their operations and practices, we expect the outcome will be more actionable data.

Although not specifically referenced, it is our hope that FSRA will continue to play a major role as a stakeholder in the CCIR and CISRO, as well as with international bodies. In particular, we urge FSRA to work with other life/health insurance regulators in Canada to identify opportunities to harmonize



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licensing requirements for the many advisors and firms who conduct business in more than one jurisdiction.

We note that in last year's priorities, there was a focus on vulnerable consumers. A consultation followed which closed in March 2024. In our comments, IFB identified the need for national L&H insurance guidance on best practices for advisors dealing with vulnerable, or potentially vulnerable, client situations. The need for such guidance has not diminished, yet it remains a gap. Given the demographic realities of an aging population, increased cyber security risks, financial fraud, low financial literacy amongst some groups, and uncertain economic realities, this is a growing problem. Advisors need the support of regulators to help them be more confident in recognizing and dealing with such sensitive situations.

Many life insurance licensees are also securities registrants. The CSA has undertaken initiatives related to servicing vulnerable clients to help advisors, compliance officers and dealers be knowledgeable and better trained in how to identify and escalate such concerns. The naming of a trusted contact person is one such resource and could be embraced by the insurance industry.

It is our hope that FSRA can help advance the development of a coordinated approach between the securities and insurance sectors, so advisors can feel confident when dealing with clients who appear to be vulnerable, perhaps being financially exploited or exhibiting signs of incapacity, that they are acting within regulatory expectations.

Priority 2: Enhance licensing efficiency and effectiveness

IFB supports FSRA's mandate to ensure that individuals and businesses meet the qualifications to be licensed and are suitable to be licensed initially and throughout the time they are licensed. It is important that the public is confident that those providing advice and services are properly licensed and subject to rigorous oversight.

IFB welcomes initiatives that will improve the licensing and registration processes for the insurance sector. Individual life insurance and corporate licensees will appreciate improved turnaround times. Processing delays can lead to serious challenges in our members' ability to conduct business and meet their clients' needs. IFB encourages FSRA to reach out to stakeholders, to help support awareness among individuals and corporations of the gaps in applications that contribute to backlogs and delays.

Priority 3. Modernize systems and processes

As noted above, initiatives that will improve FSRA's service delivery are welcome. At the same time, IFB urges FSRA to be mindful of the costs of such initiatives and the potential impacts on its regulated sectors, such as individual life/health insurance agents.

Below, we comment on the sector specific priorities FSRA has set out for life & health insurance and the FP/FA title protection framework.

Life & Health Insurance Priorities



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Strengthen the market conduct regulation and supervision of intermediaries, including Managing General Agents (“MGAs”).

IFB supports the licensing of MGAs and responded to the Ontario Ministry of Finance’s consultation on amending the *Insurance Act* to incorporate a licensing requirement for MGAs. We look forward to commenting on the proposed Rule FSRA is developing that will set out its expectations related to market conduct and suitability for MGAs to be licensed. We trust that the comments received by the Ministry of Finance will be helpful to FSRA when drafting the Rule. In addition, as some jurisdictions already have MGA frameworks in place, IFB encourages FSRA to work toward a harmonized or aligned approach, whenever possible.

While the MGA channel is the largest independent distribution channel, other forms of insurance sales distribution, such as direct to insurer, career, proprietary, and national accounts, account for a sizable proportion of sales to consumers. IFB encourages FSRA to be satisfied that high standards of business conduct are being achieved, regardless of the distribution channel insurance customers interact with. IFB views this as consistent with FSRA’s goal to be a regulator which relies on outcomes that are evidence-based and risk-based.

Strengthen protection of consumers who invest in segregated fund contracts.

Consumers should have the information they need to understand the product being recommended and make an informed decision at the time of the purchase of a segregated fund, and throughout the lifetime of the contract. This includes understanding the associated costs and risks. This is important because segregated funds are investment products, and while they offer certain guarantees, do not fully protect consumers against changes in the underlying market value of their investments or in the event they terminate the contract in advance of its maturity date. Consumers must be well apprised of these implications.

Ensure the effectiveness of the title protection framework for Financial Planners / Financial Advisors

IFB supports FSRA’s commitment to assess credentialing bodies, conduct a review of the framework to identify any changes to the legislation or regulations. It is important to ensure consumers and industry alike have confidence that the framework is operating as was intended.

IFB looks forward to FSRA’s report on the framework evaluation and possible future enhancements.

Thank you for the opportunity to comment on FSRA’s 2025-2026 proposed Priorities. Should you have questions on our comments, please contact the undersigned or Susan Allemang, Director, Policy & Regulatory Affairs (sallemang@ifbc.ca).

Yours truly,

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