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**March 27, 2025**

Financial Services Regulatory Authority of Ontario (FSRA)
25 Sheppard Avenue West, Suite 100
 Toronto, ON M2N 6S6

**Subject: Greatway Financial’s Feedback on Proposed Rule 2025-001 — Life and Health Insurance Managing General Agents (L&H MGAs)**

To Whom it may Concern,

Greatway Financial, a leading recruitment-based MGA in Canada, welcomes the opportunity to provide feedback on FSRA’s Proposed Rule 2025-001. We are in agreement with FSRA’s objectives to enhance consumer protection, clarify accountability within the MGA distribution model, and modernize regulatory oversight.

Given that Greatway Financial supports a large network of independent advisors across Canada and maintains one of the largest field forces in the life and health distribution space, the implementation of Rule 2025-001 will have substantial operational impacts on our business. As such, we respectfully offer the following constructive, practical insights based on our experience.

### 1. Definition and Role of Sub-MGAs

We respectfully request that FSRA include a clear definition of "sub-MGA" in Rule 2025-001. Currently, the lack of clarity creates uncertainty around when a downline qualifies as a sub-MGA.

* Is a large downline operating under a senior field leader considered a sub-MGA?
* Does the use of tiered supervision or separate administrative support structures meet the threshold for being classified as a sub-MGA?

Recruiting-based organizations like Greatway often empower experienced field leaders to manage sizable teams, sometimes exceeding 50 agents. These structures do not necessarily carry the same compliance, contractual, or operational authority as a formal MGA, and yet may appear similar in scale. Without clear criteria, the application of supervisory and licensing obligations to these roles remains ambiguous.

**Recommendation:** FSRA should define "sub-MGA" and distinguish between:

* Individuals or groups with contractual delegation of compliance responsibilities
* Hierarchical field teams that support training and mentorship but do not carry regulatory accountability

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### **A white background with a red and black text  Description automatically generated with medium confidence**2. Field Supervision Requirements – Need for Proportionality and Flexibility

We acknowledge the importance of structured agent supervision. However, the current language in the proposed rule appears to place equal supervisory accountability on all MGAs regardless of scale, agent maturity, or geographic distribution.

Recruiting-based MGAs operate with large, dynamic field teams. Many senior agents focus on mentorship and onboarding, while compliance functions are maintained centrally. Requiring MGAs to implement non-sales field supervision across all levels may create significant administrative and logistical burdens without clear gains in consumer protection.

**Recommendation:** FSRA should consider a tiered or risk-based supervision model, allowing MGAs to:

* Allocate field supervision resources based on agent tenure, licensing history, and production activity
* Maintain centralized compliance oversight with supplementary field-level support as needed
* Leverage technology and remote supervision tools (particularly for national MGAs)

We also request clarification on whether contracted compliance officers already meet the field supervision requirement, or if FSRA expects the creation of entirely new non-sales supervisory roles.

### 3. Compliance Integration with Recruiting-Based Business Models

Rule 2025-001 introduces essential structure into agent oversight and insurer accountability. However, it is critical to recognize that recruiting and field development are core business functions for MGAs like Greatway. We encourage FSRA to ensure that its oversight framework:

* Does not unintentionally penalize scalable field growth
* Supports MGAs in maintaining compliant agent growth pipelines
* Encourages collaborative models between compliance teams and field leadership

**Recommendation:** Consider offering regulatory guidance or advisory bulletins specifically for recruiting-based MGAs to clarify how to:

* Compliantly manage growth through recruitment
* Supervise new entrants without creating structural liability
* Align compensation incentives with oversight expectations

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### **A white background with a red and black text  Description automatically generated with medium confidence**4. Support for FSRA’s Core Objectives

We applaud FSRA’s efforts to:

* Define the role and responsibilities of MGAs
* Enhance transparency in insurer-MGA-agent relationships
* Create clearer accountability within the distribution chain

We believe these changes will improve consumer trust and the long-term sustainability of the life and health sector.

We urge FSRA to implement Rule 2025-001 in a manner that supports MGAs like Greatway, organizations that have built careers, created economic mobility, and served thousands of Canadian families. By clarifying the role of sub-MGAs, enabling flexible field supervision, and integrating compliance within recruiting models, FSRA can achieve its goals without constraining responsible MGA growth.

Thank you for the opportunity to provide input. We welcome the chance to further engage with FSRA as the rule evolves.

Sincerely,

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