

**April 16, 2025**

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

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**Re: TruStone Financial Inc. Submission – Consultation on Proposed Rule 2025-001: Life and Health Insurance Managing General Agencies**

To Whom It May Concern,

On behalf of **TruStone Financial Inc.**, thank you for the opportunity to provide input on FSRA's proposed Rule 2025-001 regarding Life and Health Insurance Managing General Agencies. We acknowledge and appreciate FSRA's ongoing work to improve regulatory oversight and consumer safeguards across the insurance distribution channel in Ontario.

As an MGA operating in this province, we recognize the importance of establishing a formalized and transparent regulatory structure for MGAs. The proposed framework reflects the increasingly critical role MGAs play within the industry and lays the groundwork for improved governance and accountability. We offer the following observations and recommendations in the spirit of collaboration, with the goal of contributing to a workable and effective regulatory approach.

**1. Licensing Structure – Proportional Approach**

We support the introduction of a licensing framework for MGAs, which underscores the importance of our function within the industry. However, we strongly encourage FSRA to consider a scalable model that takes into account the diversity in MGA size, risk exposure, and operational complexity. A uniform standard, while well-intentioned, may place an undue compliance burden on smaller or regional MGAs that do not pose systemic risk to the market.

**2. Clarity on the Role and Scope of the Designated Compliance Representative (DCR)**

We understand and agree with the proposal to require a Designated Compliance Representative (DCR). To implement this effectively, however, we request additional detail from FSRA, particularly around:

- The required qualifications and independence of the DCR, particularly the requirement of the individual to be an officer or partner of the MGA;
- Whether dual roles are permissible in smaller firms where resources are limited;
- What is the scope and frequency of the DCR's reporting obligations to FSRA and insurers?

Ensuring that these expectations are clearly defined will help MGAs implement robust compliance frameworks in a practical and scalable manner.

### 3. Agent Oversight and Shared Accountability

The proposed model of shared responsibility among insurers, MGAs, and sub-MGAs is a positive step toward greater oversight. That said, we recommend FSRA:

- Clearly define boundaries around each party's respective supervisory obligations to avoid duplication or gaps;
- Insurers should remain ultimately accountable for agent conduct tied to their insurance products and contractual relationships. MGAs act as important partners, but they should not be expected to assume full liability for agents they do not directly contract or compensate.
- Provide flexibility to allow MGAs to develop oversight frameworks that align with their business models while still meeting regulatory expectations.

### 4. Operational Impact and Transition Period

The implementation of Rule 2025-001 will necessitate meaningful changes to processes, staffing, and governance within MGA operations. To ensure a smooth transition, we propose a minimum 18–24 month implementation window once the rule is finalized. This will allow MGAs adequate time to build or enhance compliance programs, train internal teams, and modernize documentation and recordkeeping systems.

### 5. Harmonization and National Consistency

We encourage FSRA to continue engaging with **national regulators**, including the Canadian Council of Insurance Regulators (CCIR), to ensure that Ontario's framework aligns with emerging standards across provinces. Regulatory consistency will improve industry adoption, reduce friction, and enhance consumer protection on a broader scale.

### Closing Remarks

We appreciate FSRA's leadership and transparency in consulting with the industry and welcome further collaboration as Rule 2025-001 progresses toward implementation. We remain committed to supporting a regulatory framework that strengthens the life and health insurance sector in Ontario while ensuring that MGAs continue to serve Canadians with professionalism and integrity.

Please do not hesitate to contact us if further clarification or discussion would be helpful.

Sincerely,

A handwritten signature in black ink, appearing to read 'Godfrey Kiu', with a stylized flourish at the end.

Godfrey Kiu

Manager, Compliance

**TruStone Financial Inc.**

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