



April 30, 2025

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

Re: Consultation on proposed proposed Rule 2025-001 – Life and Health Insurance Managing General Agents (the “Proposed Rule”)

Dear Sirs/Mesdames,

On behalf of PPI Management Inc. (“PPI”), please find below our feedback in response to the FSRA proposed Rule 2025-001 – Life and Health Insurance Managing General Agents (the “Proposed Rule”).

Founded in 1978 and headquartered in Toronto, Ontario, PPI is one of the oldest and largest managing general agencies in Canada, with approximately 7,000 advisors, 10 branch offices, and over 300 employees. We facilitate the distribution of the insurance products of every major life insurance carrier in Canada and our advisors serve a broad range of consumers across the country. Through our longstanding and ongoing participation in the work of all relevant industry organizations, PPI is a leader in industry improvement, innovation, and collaboration.

As a starting point, we would like to express our support for and alignment with the submission of the Canadian Association of Life Brokerage Agencies (CAILBA).

PPI supports FSRA’s overall mission and applauds the stated goals of the Proposed Rule in support of that mission, including promoting the Fair Treatment of Customers by providing clarity of the MGA role and its corresponding responsibilities in relation to other stakeholders. We agree that the regulatory oversight of MGAs, given our increasingly significant role in the distribution of insurance products in the current marketplace, is a necessary step in achieving that goal. We also agree with FSRA that all consumers are entitled to the same level of protection of their rights to have access to

sound advice and reliable service, regardless of the business model of the various entities that have oversight of the agents whose services they choose to engage.

We appreciate FSRA's intention to provide MGAs the latitude to build compliance programs that are appropriate and workable for different MGA business models, which is afforded by making the Proposed Rule principle-based rather than prescriptive. However, while we agree with the intention of the proportionality approach, more clarity is needed in some instances to avoid:

- inconsistent carrier interpretations inadvertently causing the need for MGAs to build cumbersome, costly, inconsistent and inefficient compliance programs in response to numerous and varied implementation expectations;
- not protecting all consumers equally and adequately, should all MGAs and carriers not have consistently effective oversight; and
- unnecessary duplication of effort between carrier, MGA and agent compliance activities during the lifecycle of the sale and service of life and health insurance products, which could also serve to create confusion and delays in providing consumers access to advice and service.

To that end, we appreciate the consultative approach that FSRA is taking in continuing the conversation and collaboration with key industry stakeholders to fully explore and understand potential unintended outcomes. This approach will ensure that the Proposed Rule can be further developed to balance flexibility with clarity.

For example, we look forward to the opportunity to discuss and clarify what “reasonably designed” compliance systems should entail for insurers, MGAs, sub-MGAs, and agents, and to participate in detailing what “other activities and functions as may be prescribed by Authority” could mean.

We further suggest that while it may be useful and appropriate to allow various MGA models the latitude to determine precisely how to achieve the intended outcomes of each compliance activity, it would be helpful to explicitly specify and distinguish the core activities and corresponding responsibilities associated with each stakeholder: the carrier, the MGA, the agent and the regulator. In this regard we believe FSRA must play an important and active role to support efficiencies as well as consistency in accountabilities and standards established by the Proposed Rule.

Clear and direct regulation of intermediaries is necessary to adequately address the current state of insurance distribution in Ontario. The updated legislative framework and corresponding Proposed Rule aim to provide consistent understanding and enforceability of the accountabilities of all industry stakeholders which will help to better achieve the goal of Fair Treatment of Customers. At this critical turning point in the evolution of regulatory oversight in our industry, particularly as it pertains to MGA licensing, we thank FSRA for making the time for thoughtful reflection, robust review and inclusive collaboration on setting this new regime up for success.

We thank you for the opportunity to contribute to the conversation and look forward to continuing that conversation in the coming months

Warm regards,



Cathy Hiscott, CPF, CHS
President & CEO
PPI

via email: tim.miflin@fsrao.ca