

April 30, 2025

Tim Mifflin  
Senior Manager Policy – Market Conduct  
Financial Services Regulatory Authority (FSRA)  
25 Sheppard Avenue West, Suite 100  
Toronto, ON M2N 6S6

RE: Proposed Rule for Life & Health Insurance Managing General Agents

Dear Tim,

We are appreciative of FSRA including TPAAC in the consultation process on this important issue.

TPAAC's members provide employee benefits products and services to approximately 3 million Canadians through 60,000+ employers across Canada, with about 60% of those customers being in Ontario.

Our members primarily, if not exclusively, provide services in the life and health side of the employee benefits industry and work with corporate employer customers. This can also include union customers as the plan sponsor.

In our meeting of March 27<sup>th</sup>, you had asked for a general description of the Third Party Administration (TPA) business model which is:

- All TPAs perform administration functions (billing, member eligibility, premium collection and distribution).
- All TPAs perform communication functions with the plan sponsors (employee booklets, online tools/portals, plan administrator communications and other complementary communications).
- No TPAs can bear insurance risk and partner with insurers for this service.
- Claims Adjudication: Some TPAs are also TPPs (Third Party Payors) and are authorized by insurers to adjudicate claims (primarily Health, Dental and STD).
- Product: Although some TPAs distribute and administer "standard" product offerings from insurers, the more common model is the TPA sources product and risk from the insurer(s) and creates, administers and underwrites their own proprietary programs.
- Distribution: Models vary between licensed consultants who are employed by the TPA to recruitment of independent group advisors to distribute TPA products and services.

As noted, we feel it is important to note that there are significant differences between TPAs and MGAs, especially as it relates to the market segment/products and the nature of the customer.

We recognize that the FTC guidelines apply to all insurance products and customers but it's important to understand that the customer in the employee benefits market is typically a business and a more sophisticated buyer than the retail customer. The original review conducted by FSRA and CCIR in 2021/2022 noted three MGAs of concern and also their distribution model (tier-recruitment) which we would agree can be problematic in alignment with FTC. TPAs and TPAAC members operate almost exclusively in the corporate market. In addition, it's worth noting that group insurance contracts are essentially one-year renewable term products and the consumer (the plan sponsor) has many competing providers to choose from both at renewal and off-renewal, with no adverse consequences.

Next, we would like to provide feedback on the proposed rule and suggestions on how it could be managed in order to not overburden industry stakeholders while continuing protect consumers.

#### Designated Compliance Representative (Section 6)

Although it would make sense for the representative to be a senior level compliance officer, we do not feel that they must be an "Officer" of the company, at least in the legal sense and listed on the corporate registry.

#### Training Agents (Sections 14 and 15)

We do not feel it is practical or logical for insurers to have to "approve training". In the TPA employee benefits market, the insurers do not have the expertise that is needed to provide the training in light of the fact that the TPA's offerings are proprietary and there are often multiple insurers associated with various offerings. We understand the need for insurers to be comfortable that appropriate training is provided by intermediaries and that they are responsible for the training, but this should be handled as part of a written agreement between the insurer and the intermediary and confirmed via the multiple audits that are already being done by our insurers. Further, we would have concerns with the ability of insurers to manage this in a timely manner, particularly where multiple insurers may be involved in a single offering to the customer. Furthermore, the insurers perform regular reviews and audits of their TPA partners underwriting and business processes, including training and marketing.

#### Compliance System and Advisor Suitability

First, it is important to understand a single agent may have distribution agreements with multiple MGAs as well as distribution agreements directly with multiple Insurers. A consequence of this is that a single agent would then be subject to oversight by multiple MGAs and Insurers. A possible outcome is that to avoid the multiple and perhaps conflicting oversight an agent will reduce the number of MGAs/Insurers they work with, which is detrimental to having access to the most appropriate products for their clients.

We feel it is important to recognize the extensive agreement and audit framework that our members already have with our insurers around appointing and confirming suitability of advisors and avoid any additional requirements that duplicate the extensive work that we already currently perform, along with the oversight that insurers have through their audit requirements.

On request, we would be pleased to provide FSRA with examples of the best practices undertaken by TPAAC members with respect to monitoring suitability. We are also providing a link to TPAAC's Code of Conduct for reference: [TPAAC codeofprofessionalconduct\\_0421.pdf](#)

Finally, we feel FSRA should consider the creation of a registry of business relationships between Insurers, MGAs and agents: Insurers and MGAs alike would be required to disclose the name, address and license number of each agent (or MGA or sub MGA) with which they maintain a business relationship. The reasoning behind the registry is that relationships between agents, insurers and MGAs are not exclusive. As noted above, a single agent may have distribution agreements with multiple MGAs as well as distribution agreements directly with multiple Insurers.

As such, the creation of a registry of relationships would enable FSRA to reach out directly to all business relationships of a defaulting agent, enabling insurers and MGAs to intervene rapidly at the client level to protect the interest of the customers if a licensed agent is found in default of his/her/their obligations under the act and regulations.

An example of such a registry is provided here: [Business relationships | AMF](#)

Once again, TPAAC would like to thank FSRA for including us as a stakeholder during this review process and we look forward to further engagement.

Regards,

A handwritten signature in black ink, appearing to read 'Carole Yari'.

Carole Yari  
President

A handwritten signature in blue ink, appearing to read 'Mike McClenahan'.

Mike McClenahan  
Chair Regulatory Committee