

## **FSRA's 2020-21 Priorities and Budget**

### **Consultation Summary**

**December 12, 2019**

Consultations on FSRA's draft 2020-21 Priorities and Budget included meetings with FSRA's Stakeholder Advisory Committee (SAC), and public consultation via the FSRA website from October 24, 2019 to November 18, 2019. The Proposed FY 2020-21 FSRA Priorities and Budget and comments received are posted on the FSRA website.

The learnings from the consultation on the priorities and budget are being incorporated into FSRA's 2020-23 Business Plan, and will be submitted to the Ministry of Finance on February 28, 2020. When approved, the Business Plan will be posted on the FSRA website.

FSRA is committed to dialogue, consultation and transparency. This document summarizes the questions received from the public and FSRA's response to that input.

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Property and Casualty Insurance (P&C)		
Stakeholder	Comments/Feedback	FSRA's Response
Ontario Mutual Insurance Association	<ul style="list-style-type: none"> <li>Maintain concept of proportionality in considering more principles-based regulation.</li> <li>Early completion of operational requirements for auto insurance reform important to give regulated entities time to implement changes.</li> <li>Recommend transparent licensing process including real-time capability to view status of licensing application.</li> <li>Need cost-benefit analysis for additional data collection requirements (including benefit of better reporting on data collected).</li> </ul>	<ul style="list-style-type: none"> <li>FSRA will take this recommendation into consideration during the transition to principles-based regulation and also encourages stakeholders to participate in future consultations as FSRA seeks to get stakeholder views and mutual agreement on new approaches to regulation.</li> <li>FSRA is continuing to support the government's auto insurance reform strategy and will share this feedback with the Ministry of Finance.</li> <li>FSRA will take this recommendation into consideration as part of its work to improve licensing effectiveness and efficiency.</li> <li>As part of its data and analytics strategy FSRA will be reviewing data collection and filing requirements for auto insurance and developing and implementing a plan to reduce unnecessary costs and improve efficiency.</li> </ul>

<p>Aviva Canada</p>	<ul style="list-style-type: none"> <li>• Set completion date for guidance review.</li> <li>• Expedite delivery of new website and consider other channels for communication with consumers.</li> <li>• FSRA should conduct global scanning of trends and policy developments that affect consumers.</li> <li>• FSRA should have a regulatory sandbox for testing new products and innovation framework should be in place before 2021-22.</li> <li>• Emphasized importance of distributors in treating consumers fairly.</li> <li>• Existing data requirements should be streamlined before consulting on new data asks.</li> <li>• FSRA needs additional capacity to leverage existing under-utilized data repositories, invest in technical infrastructure for data collection and delivery and better understand impact of AI/ML.</li> </ul>	<ul style="list-style-type: none"> <li>• FSRA is planning to complete all milestones under the guidance review priority by the end of 2020-21.</li> <li>• FSRA will work to ensure the website is easy to navigate and consumers can locate information quickly.</li> <li>• FSRA conducts international jurisdictional reviews where appropriate to inform its policy development process. In addition, FSRA recently was accepted into the Global Financial Innovation Network, which aims to help foster greater cooperation among financial authorities on a variety of innovation topics, regulatory approaches and lessons learned.</li> <li>• FSRA is reviewing multiple options in the development of a comprehensive innovation framework that will seek to encourage and enable innovation that supports safety, fairness, and choice for consumers. FSRA will also work within its current authority to take short-term steps that support innovation in the auto insurance system, such as developing regulatory guidance related to new products or reviewing existing guidance that may create barriers to usage-based insurance.</li> <li>• FSRA will take this recommendation into consideration when seeking consistent application of Fair Treatment of Customers guidance across Canada.</li> <li>• As part of its data and analytics strategy FSRA will be reviewing data collection and filing requirements for auto insurance and developing and implementing a plan to reduce unnecessary costs and improve efficiency.</li> <li>• FSRA will take this recommendation into consideration as it develops an auto insurance data and analytics strategy that includes development of a plan to integrate data from existing third party data sources, including process, governance and required technical infrastructure.</li> </ul>
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Property and Casualty Insurance (P&C)		
Stakeholder	Comments/Feedback	FSRA's Response
Canadian Association of Direct Relationship Insurers	<ul style="list-style-type: none"> <li>Look forward to working with MOF and FSRA to expand FSRA's rule making authority.</li> <li>Updating licensing operations will require significant investment – CADRI members offer their expertise to support this work.</li> <li>FSRA should determine effectiveness of take all comers rule (rather than investigate potential circumventions of the rule).</li> <li>Opportunity to rethink how current data collection system works with benefit of new technology – concerned about data/analytics priority falling into old pattern of creating additional complexity with limited new benefits.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA is continuing to support the government's auto insurance reform strategy and will share this feedback with the Ministry of Finance.</li> <li>FSRA will take this comment into consideration as part of its work to improve licensing effectiveness and efficiency.</li> <li>FSRA will take comments regarding the take all comers rule into consideration as it develops its approach to enhancing market conduct oversight with an emphasis on the fair treatment of customers, and will engage with the sector regarding any guidance developed on this topic.</li> <li>As part of its data and analytics strategy FSRA will be reviewing data collection and filing requirements for auto insurance and developing and implementing a plan to reduce unnecessary costs and improve efficiency.</li> </ul>

Property and Casualty Insurance (P&C)		
Stakeholder	Comments/Feedback	FSRA's Response
Desjardins General Insurance Group	<ul style="list-style-type: none"> <li>• Strong interest in timely licensing approval responses by FSRA.</li> <li>• Encourage development of consumer-centric outcome targets for the regulated sectors.</li> <li>• FSRA should focus resources on auto insurance reform given unsatisfactory state of current system.</li> <li>• Encourage FSRA to benchmark itself to leading financial services regulatory bodies in Canada and internationally from a cost and performance perspective.</li> </ul>	<ul style="list-style-type: none"> <li>• FSRA will take this comment into consideration as part of its work to improve licensing effectiveness and efficiency.</li> <li>• FSRA's priorities include a continuing focus on establishing meaningful service standards. Specific to auto insurance, FSRA is also prioritizing the development of a data and analytics strategy that will include a focus on new reporting and analytical tools to enable FSRA to report on the health of Ontario's auto insurance system.</li> <li>• FSRA's priorities include a focus on supporting the government's work on auto insurance reform.</li> <li>• FSRA will take this recommendation into consideration as it continues to develop meaningful service standards and performance metrics.</li> </ul>

**Property and Casualty Insurance (P&C)**

Stakeholder	Comments/Feedback	FSRA's Response
<p>Intact Financial Corporation</p>	<ul style="list-style-type: none"> <li>Once FSRA develops policy and data analytics capabilities it should take a more central role in auto insurance reform discussions.</li> <li>FSRA should take an active role in promoting consumer understanding of auto insurance including developing communication strategy for reforms.</li> <li>Support Innovation Office (interested in getting up and running as soon as possible) and regulatory sandbox.</li> <li>Avoid subsidization of new entrants through fees and assessments for innovation-related supports.</li> <li>Current basis for assessments (direct written premium) unjustly puts larger financial burden on larger companies – FSRA should collect data on costs for rate filings and review fee structure to align with principle of fairness.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA's priorities include a focus on supporting the government's work on auto insurance reform.</li> <li>FSRA will amend its statement of priorities to explicitly include consumer education as an item under its "empower and protect consumers" priority.</li> <li>FSRA is reviewing multiple options in the development of a comprehensive innovation framework that will seek to encourage and enable innovation that supports safety, fairness, and choice for consumers. FSRA will also work within its current authority to take short-term steps that support innovation in the auto insurance system, such as developing regulatory guidance related to new products or reviewing existing guidance that may create barriers to usage-based insurance.</li> <li>FSRA will take these recommendations into consideration to support the development of any required changes to the FSRA Fee Rule in the future.</li> </ul>

Property and Casualty Insurance (P&C)		
Stakeholder	Comments/Feedback	FSRA's Response
Insurance Bureau of Canada	<ul style="list-style-type: none"> <li>Disappointed government decision making on auto insurance reform has not reached a stage where FSRA can begin implementation planning.</li> <li>Further re-profiling of budget will be necessary once auto reform direction is established.</li> <li>Urge FSRA to advocate for greater authority required to implement significant change in auto insurance (such as assessment reform and no-fault benefits reform).</li> <li>Unclear regarding direction related to improving auto insurance rating and underwriting accuracy – what is intended and what problems it will solve.</li> <li>Seeks further engagement with FSRA regarding monitoring of potential circumvention of take all comers rule.</li> <li>Strongly support HSP licensing and envision opportunities to expand functionality of current regime to improving standard of care.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA is continuing to support government's auto insurance reform strategy and will share this feedback with the Ministry of Finance.</li> <li>FSRA is focused on empowering and protecting consumers. FSRA will engage with regulated entities regarding this item as it develops further details on its supervisory approach.</li> <li>FSRA will take comments regarding the take all comers rule into consideration as it develops its approach to enhancing market conduct oversight with an emphasis on the fair treatment of customers and will engage with the sector regarding any guidance developed on this topic.</li> <li>FSRA will take this comment into consideration in its review of health service provider licensing, which will include further consultation with stakeholders.</li> </ul>



Property and Casualty Insurance (P&C)		
Stakeholder	Comments/Feedback	FSRA's Response
Insurance Brokers Association of Ontario	<ul style="list-style-type: none"> <li>Brokers being squeezed by insurers pressuring them to move clients out of portfolios.</li> <li>Onerous to redo audit process already in place at RIBO for purposes of FTC guidance through examinations of every insurer in the market that include a review of distribution practices.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA will take this comment into consideration as it continues to monitor the property and casualty insurance market. FSRA encourages stakeholders with complaints about specific cases of potential non-compliance under FSRA's supervision to bring complaints forward for review.</li> <li>FSRA will take this recommendation into consideration when seeking consistent application of Fair Treatment of Customers guidance across Canada.</li> </ul>
Sofia Balanovsky	<ul style="list-style-type: none"> <li>Consumers should have a voice in direction of auto insurance system and in FSRA stakeholder consultation mechanisms.</li> <li>Consumers are not being well-served in current auto insurance system due to misconduct by insurers particularly in specific cases involving seriously injured claimants.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA is committed to putting consumers first in its oversight of auto insurance in Ontario and to ensuring consumer input and perspectives inform our regulatory direction and decisions. Protecting and empowering consumers is one of FSRA's priorities for P&amp;C (Auto) Insurance in 2020-21, and in October 2019 FSRA announced the establishment of a new Consumer Advisory Panel to provide ongoing advice from a consumer perspective on proposed FSRA policy changes.</li> <li>FSRA is continuing to support government's auto insurance reform strategy and will share this feedback with the Ministry of Finance.</li> <li>FSRA encourages stakeholders with complaints about specific cases of potential non-compliance under FSRA's supervision to bring complaints forward for review.</li> </ul>

Property and Casualty Insurance (P&C)		
Stakeholder	Comments/Feedback	FSRA's Response
Rhona DesRoches (FAIR Association of Victims for Accident Insurance Reform)	<ul style="list-style-type: none"> <li>Concerned regarding lack of consumer representation in FSRA stakeholder consultation mechanisms.</li> <li>Effective regulatory oversight in auto insurance system requires regulatory follow through and much broader interest in consumer experiences and outcomes.</li> <li>Complaints about insurer fraud and market conduct should be addressed with an equal level of concern as complaints from insurers.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA is committed to putting consumers first in its oversight of auto insurance in Ontario and to ensuring consumer input and perspectives inform our regulatory direction and decisions. Protecting and empowering consumers is one of FSRA's priorities for P&amp;C (Auto) Insurance in 2020-21, and in October 2019 FSRA announced the establishment of a new Consumer Advisory Panel to provide ongoing advice from a consumer perspective on proposed FSRA policy changes.</li> <li>FSRA prioritized setting effective conduct standards in its 2019-20 Business Plan. In this fiscal year we are planning to collect, validate and analyze internal data to assess specific market conduct issues and determine how to address gaps in oversight.</li> <li>FSRA encourages stakeholders with complaints about specific cases of potential non-compliance under FSRA's supervision to bring complaints forward for review.</li> </ul>

Health Service Providers		
Stakeholder	Comments/Feedback	FSRA's Response
Maria Scaringi (KIDSPEECH)	<ul style="list-style-type: none"> <li>• Collaboration between FSRA and health regulatory colleges could assist with burden reduction.</li> <li>• FSRA should rely on health providers who have used the system for an extensive period to drive decisions; increasing sectoral expertise is of paramount importance.</li> <li>• Reduce footprint of claims forms and provide workshops before new forms are introduced.</li> <li>• Review fees for service delivery provided by registered health professionals.</li> </ul>	<ul style="list-style-type: none"> <li>• FSRA and the Federation of Health Regulatory Colleges of Ontario have initiated discussions regarding opportunities for collaboration.</li> <li>• FSRA will continue to engage with stakeholders and build its sectoral expertise as part of its work to deliver effective regulatory services.</li> <li>• The 2019 Ontario Budget included a commitment to simplifying auto insurance forms, policies and other related documents. FSRA will share this feedback with the Ministry of Finance and continue to work with the government to support this and other auto insurance reform commitments.</li> <li>• The Professional Services Guideline, which establishes maximum hourly rates for certain health care professionals providing services under the Statutory Accident Benefits Schedule, is part of FSRA's guidance inventory and will be subject to review as part of FSRA's overall guidance review priority.</li> </ul>

Health Service Providers		
Stakeholder	Comments/Feedback	FSRA's Response
Moez Rajwani, Dorianne Suave (Coalition of Health Professional Associations in Ontario Automobile Insurance Services)	<ul style="list-style-type: none"> <li>Protection for Ontarians injured in vehicle accidents should be included in FSRA vision.</li> <li>Consumer education to support informed choices should be a priority.</li> <li>Engagement with sector key for different initiatives (auto reform, HSP licensing review, communication with sector, L&amp;H insurance priorities and treating consumers fairly guidance).</li> <li>Double regulation due to HSP licensing a concern.</li> <li>Sector is unfamiliar with FSRA – introduction required and should highlight burden reduction in Annual Information Return.</li> <li>L&amp;H insurers are making decisions to limit choice of provider without any recourse or due process.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA will amend its statement of priorities to make it clear that auto insurance claimants are a segment of consumers under its “empower and protect consumers” priority.</li> <li>FSRA will amend its statement of priorities to explicitly include consumer education as an item under its “empower and protect consumers” priority.</li> <li>FSRA will continue to engage with stakeholders and build its sectoral expertise as part of its work to deliver effective regulatory services.</li> <li>FSRA has identified this concern from previous consultations which has informed the workplan underpinning its review of health service provider licensing.</li> <li>FSRA looks forward to continuing to invite stakeholders to become more familiar with the organization through the remainder of our first year and beyond.</li> <li>FSRA expects to release a new Annual Information Return that eliminates a significant number of data collection requirements in early 2020.</li> <li>There are material differences between life and health insurance products and auto insurance products sold in Ontario. FSRA encourages stakeholders with complaints about specific cases of potential non-compliance under FSRA's supervision to bring complaints forward for review.</li> </ul>

Health Service Providers		
Stakeholder	Comments/Feedback	FSRA's Response
Mark Wigle (Association of Independent Assessment Centres)	<ul style="list-style-type: none"> <li>Reforms to independent medical examination process will have little to no effect on auto insurance premiums.</li> <li>Concerned that consumer choice will result in reduced insurance coverage for vulnerable people.</li> </ul>	<ul style="list-style-type: none"> <li>The 2019 Ontario Budget included commitments to reforming the medical assessment process and increasing consumer choice. FSRA will share this input with the Ministry of Finance and continue to work with the government to support these and other auto insurance reform commitments.</li> </ul>
Julie Entwistle	<ul style="list-style-type: none"> <li>Full review of HCAI as a data source is required to determine how it can be more effectively used by providers and insurers.</li> <li>Work with regulatory colleges to determine which professions are high risk and which do not require additional oversight.</li> <li>Public education is important for both pre-purchase and post-claim and is not represented adequately in FSRA's priorities.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA will take interest in HCAI into consideration in its work to improve auto insurance data collection and enable proactive regulatory monitoring as part of the development of an auto insurance data analytics strategy.</li> <li>FSRA and the Federation of Health Regulatory Colleges of Ontario have initiated discussions regarding opportunities for collaboration.</li> <li>FSRA will amend its statement of priorities to explicitly include consumer education as an item under its "empower and protect consumers" priority.</li> </ul>

Health Service Providers		
Stakeholder	Comments/Feedback	FSRA's Response
Harold Becker	<ul style="list-style-type: none"> <li>Consider adequacy of treatment provided to claimants, not just adequacy of monetary limits.</li> <li>Consider exploring OHIP levy further.</li> <li>Are consumers informed and aware when making choices about their policies, such as optional accident benefits coverage?</li> <li>Restrictions on regulated health practitioners beyond Regulated Health Professions Act are unnecessary.</li> <li>Fraud is pervasive and acknowledging it is important – also important to further define specific categories of fraud.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA will amend its statement of priorities to make it clear that auto insurance claimants are a segment of consumers under its “empower and protect consumers” priority.</li> <li>The assessment of health system costs is set in a regulation under the <i>Insurance Act</i>. FSRA will share this feedback with the Ministry of Finance.</li> <li>An item under FSRA’s priority for “empowering and protecting consumers” includes studying consumer behavior and expectations. FSRA will take this feedback into consideration as it pursues this work.</li> <li>FSRA will take this comment into consideration in its review of health service provider licensing, which will include further consultation with stakeholders.</li> <li>FSRA looks forward to working with stakeholders to better understand fraud and abuse as part of its overall fraud and abuse reduction strategy</li> </ul>

Health Service Providers		
Stakeholder	Comments/Feedback	FSRA's Response
Laurie Davis (Ontario Rehab Alliance)	<ul style="list-style-type: none"> <li>Concerned about insurers not being held accountable for “ghost” regulations creating obstacles to care for claimants and increased costs for HSPs.</li> <li>Very interested in direction of government auto insurance reform; focus resources on cost escalations in physical damage claims.</li> <li>FSRA should establish a task-specific technical committee to assist with HSP licensing review.</li> <li>Empowering consumers should include consumer education.</li> <li>Support transition of HCAI to the regulator and recommend FSRA create technical advisory committee to shape data gathering activities.</li> <li>Hold HSP licensing fees at current levels until burden reduction has been fully implemented for sector.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA encourages stakeholders with complaints about specific cases of potential non-compliance under FSRA's supervision to bring complaints forward for review.</li> <li>FSRA is continuing to support the government's auto insurance reform strategy and will share this feedback with the Ministry of Finance.</li> <li>FSRA will take this recommendation into consideration as it continues work on the HSP licensing review and determines the best possible approach to engaging stakeholders in that review.</li> <li>FSRA will amend its statement of priorities to make it clear that auto insurance claimants are a segment of consumers under its “empower and protect consumers” priority.</li> <li>FSRA will take interest in HCAI into consideration in its work to improve auto insurance data collection and enable proactive regulatory monitoring as part of the development of an auto insurance data analytics strategy.</li> <li>FSRA does not intend to propose any changes to HSP licensing fees until after it completes its HSP licensing review.</li> </ul>
Susan Gorka (Ottawa South Chiropractic Clinic)	<ul style="list-style-type: none"> <li>Recommended indexation of treatment fees for health professionals.</li> </ul>	<ul style="list-style-type: none"> <li>The Professional Services Guideline, which establishes maximum hourly rates for certain health care professionals providing services under the Statutory Accident Benefits Schedule, is part of FSRA's guidance inventory and will be subject to review as part of FSRA's overall guidance review priority.</li> </ul>

<b>Health Service Providers</b>		
<b>Stakeholder</b>	<b>Comments/Feedback</b>	<b>FSRA's Response</b>
Wendy Sarsons (Action Potential Rehabilitation)	<ul style="list-style-type: none"> <li>Concerned with differentiation between treatment fees for catastrophic and non-catastrophic claims and impact on availability of benefits for claimants.</li> <li>Concerned with interaction between primary/extended medical insurance and auto insurance coverage creating burden on health professionals providing treatment to claimants.</li> </ul>	<ul style="list-style-type: none"> <li>The Professional Services Guideline, which establishes maximum hourly rates for certain health care professionals providing services under the Statutory Accident Benefits Schedule, is part of FSRA's guidance inventory and will be subject to review as part of FSRA's overall guidance review priority.</li> <li>FSRA is continuing to support government's auto insurance reform strategy and will share this feedback with the Ministry of Finance.</li> </ul>



<b>Pensions</b>		
<b>Stakeholder</b>	<b>Comments/Feedback</b>	<b>FSRA's Response</b>
OMERS	<ul style="list-style-type: none"> <li>Previously recommended a focus on principles-based regulation before undertaking new work and was pleased with guiding principles approach for the pension sector.</li> <li>Pleased with relationship model and growing expertise and collaboration, including via advisory committees.</li> <li>Guidance Framework and hierarchy positive.</li> <li>FSRA should consider including innovation as part of the new work on fostering a vibrant employment-based pension pillar.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA appreciates the supportive comments on work and shifts in FSRA's relationship model and approach accomplished thus far.</li> <li>FSRA looks forward to continuing to collaborate with sector stakeholders, like OMERS, on its core business and priorities.</li> <li>FSRA will include innovation in the work on employment-based pensions and will ensure language is updated to reflect this.</li> </ul>
HOOPP	<ul style="list-style-type: none"> <li>Pleased to see feedback shared earlier incorporated in development of priorities.</li> <li>Interested to see new priority on employment-based pension pillar and believes strong alignment with research and work undertaken by HOOPP.</li> <li>Encouraged by collaboration.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA appreciates the supportive comments and looks forward to engaging further on the work related to employment-based pensions including leveraging existing research undertaken by HOOPP.</li> </ul>
CAAT	<ul style="list-style-type: none"> <li>FSRA has done a good job thus far and PBR is viewed positively and supportive of innovation.</li> <li>Positive feedback on the relationship model and expertise in particular on asset transfers.</li> <li>Encouraged continued focus on effectiveness and efficacy in particular on asset transfers (including via the technical advisory committee).</li> </ul>	<ul style="list-style-type: none"> <li>FSRA appreciates the supportive comments on achievements to date and the approach FSRA has tried to model in supporting the vibrancy of the sector while protecting the rights of beneficiaries.</li> <li>FSRA is enhancing its expertise and capacity on complex transactions and looks forward to working with stakeholders, including CAAT, on asset transfers through the advisory committee.</li> </ul>
OTPP	<ul style="list-style-type: none"> <li>Supportive and appreciative of the focus on PBR and outcomes.</li> <li>Noted that sector expertise and collaboration are important.</li> <li>Supported priorities of burden reduction and regulatory effectiveness.</li> <li>Encouraged by inclusion of innovation and consider PBR supportive of this.</li> <li>Engagement with MOF is positive and recommend continuing to anchor advisory committees and other work in PBR.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA appreciates the supportive comments on relationship management, the shift to principles-based and outcomes-focused regulation, burden reduction and regulatory effectiveness.</li> <li>FSRA appreciates the participation of stakeholders, like Ontario Teachers' Pension Plan, on advisory committees and will continue to partner with MOF on its priorities.</li> </ul>

<b>Pensions</b>		
<b>Stakeholder</b>	<b>Comments/Feedback</b>	<b>FSRA's Response</b>
Willis Towers Watson	<ul style="list-style-type: none"> <li>• Supportive of burden reduction and increasing regulatory effectiveness but encourages focus on legislative changes and collaboration with MOF rather than removing existing helpful (i.e. interpretive) guidance.</li> <li>• Supportive of shift to PBR and appreciate recent Approach as example of this.</li> <li>• Highlight importance of multi-jurisdictional agreement though CAPSA in addition to jurisdictional scan and benchmarking.</li> <li>• Priorities appear too focused on large plans, JSPPs and MEPPs. Should also focus on burden reduction for SEPPs.</li> </ul>	<ul style="list-style-type: none"> <li>• FSRA appreciates the supportive feedback on key priorities and will endeavor through new work focused both on identifying ways to foster a vibrant employment-based pension pillar and a focus on defined contribution plans to ensure a balanced approach in its focus on burden reduction and regulatory effectiveness.</li> <li>• FSRA is a risk-based, principles-based, and outcomes-focused regulator. This informs where FSRA dedicates regulatory focus and resources.</li> <li>• Many of FSRA's priorities and special purpose technical advisory committees are aimed to reduce burden and improve regulatory effectiveness for all types of plans – SEPPs, MEPPS and JSPPs. FSRA is also guided by its statutory objects:             <ul style="list-style-type: none"> <li>○ to promote good administration of pension plans; and</li> <li>○ to protect and safeguard the pension benefits and rights of pension plan beneficiaries.</li> </ul> </li> </ul>

<b>Pensions</b>		
<b>Stakeholder</b>	<b>Comments/Feedback</b>	<b>FSRA's Response</b>
CARP	<ul style="list-style-type: none"> <li>• Applauds focus on innovation and burden reduction.</li> <li>• Recommends including more deliberate language related to pension security and pension protection for Ontarians as part of pension sector priorities.</li> <li>• Notes that flexibility should be a tool to increase pension protection and provides an example of “more flexible structures to allow orphaned plans of insolvent companies to continue to operate would benefit pensioners and strengthen pension protection.”</li> <li>• Recommends including pensioners as a separate and distinct stakeholder with which to foster a stronger relationship.</li> <li>• Recommends including pensioners as a target group to engage with on a number of priorities and explicitly noted as such.</li> <li>• Recommends FSRA identifies specific legislative and regulatory changes including hardship requirement for funding relief, preventing certain corporate transactions when pension plans are not sufficiently funded, and tools to maintain solvency levels.</li> </ul>	<ul style="list-style-type: none"> <li>• FSRA appreciates the acknowledgment of the protecting pension plan security and proposes to amend language in priority 2.1 on protecting the public interest to make clearer that pension beneficiaries are included here.</li> <li>• FSRA notes the comment on ensuring flexibility and principles to result in increased pension protection. FSRA is guided by its statutory objects to protect and safeguard the pension benefits and rights of plan beneficiaries.</li> <li>• FSRA is working to ensure retirees are included in technical advisory committees and is prepared to constitute a new standing stakeholder committee for retirees. FSRA further proposes to amend the examples of stakeholders to include retirees.</li> <li>• FSRA appreciates the comments and examples highlighted on specific legislative changes that could be considered. FSRA will share these recommendations with MOF. This spring, FSRA will release a supervisory approach for DB pension plans where there is a concern about benefit security.</li> </ul>

<b>Pensions</b>		
<b>Stakeholder</b>	<b>Comments/Feedback</b>	<b>FSRA's Response</b>
John Jackson	<ul style="list-style-type: none"> <li>We are an advisory firm providing services to the private sector primarily in the areas of group benefits and pensions. We were very disappointed recently when an initiative started by the Canadian Life &amp; Health Insurance Association, referred to as G19, was scuttled. As you may be aware, it dealt with a requirement for all consultants, brokers, agents, advisors and Third Party Administrators to provide full disclosure on all compensation received from a supplier (usually an insurer or financial institution) to the plan sponsor. Will you be considering something similar as the regulator for this industry ?</li> </ul>	<ul style="list-style-type: none"> <li>FSRA assumes the comment is focused on defined contribution (DC) pension plans. FSRA, generally, do not have any say or position over what industry associations may or may not agree on with their industry participants, and there is no specific fee disclosure requirement in the Pension Benefits Act. However, as fiduciaries, DC plan administrators should at a minimum be disclosing to members of their plans the total fees that members are paying for each investment option that is available to them.</li> <li>FSRA may be taking a closer look at DC pension plans in the future and the topic of fee disclosure, at least at the investment fund level, may well be one of the topics that FSRA look at.</li> </ul>

Mortgage Brokering		
Stakeholder	Comments/Feedback	FSRA's Response
Foremost Financial Corporation	<ul style="list-style-type: none"> <li>• FSRA's priorities appear well considered and make sense.</li> <li>• Supportive of transition to principles-based regulation (PBR) and burden reduction.</li> <li>• FSRA should avoid a dual regulatory system.</li> </ul>	<p><u>PBR:</u></p> <ul style="list-style-type: none"> <li>• One of FSRA's priorities for 2020-21 is to move away from detailed, prescriptive rules towards more high-level, broadly-stated principles to set standards for business conduct. Such PBR will help support innovation and more effective regulatory outcomes (with less regulatory burden) as reliance on principles allows for dynamic, situationally-appropriate regulatory and market responses to changes in the marketplace.</li> </ul> <p><u>Dual regulation:</u></p> <ul style="list-style-type: none"> <li>• FSRA will work with the Ministry of Finance (MOF) and the Ontario Securities Commission (OSC) to ensure the transfer of non-qualified syndicated mortgage investments (SMIs) to the OSC does not result in unnecessary duplication or gaps in regulation of these products.</li> </ul>

SAC Feedback

- Commend progress FSRA has made to date.
- Appreciate the collaborative approach.
- All the 2019/20 Priorities are well considered.
  - Approve of goal to reduce burden by 40% but would like to see practical measurements.
  - Burden reduction for syndicated mortgage investments (SMIs) for “sophisticated investors” is a very important step.
    - Prefer \$5M “sophistication” test as opposed to \$25M.
    - Consider \$1M “accredited” test which would have more disclosure than “sophisticated” investors but less burden than retail investors.
- Disagree with transfer of SMI responsibility to OSC.
- 2020/21 priorities make sense.
  - Supportive of transition to Principles-Based Regulation.
  - Vital for FSRA to support policy direction on MBLAA.
- With respect to information sharing with other regulators, stakeholders asked FSRA to consider implications of licensees under audits.
- Essential that industry does not end up with dual regulation.
- Exemptive relief will be critical.
- Ask that FSRA work with MOF to change definition of Non-Qualified Syndicated Mortgage.
- Consider statutory protection for whistleblowers.
- Need someone to call to ask questions regarding regulatory compliance.
- Support tiered licensing with higher standards and experience requirements.

Collaborative Approach: FSRA will continue to work collaboratively with its stakeholders.

Burden Reduction:

- FSRA will continue to identify and implement burden reduction measures such as streamlining all inherited guidance to only necessary and active guidance, removing or simplifying questions in the 2019 Annual Information Return questionnaires, introducing amended syndicated mortgage investment (SMI) brokerage forms (Forms 3.0, 3.1 and 3.2) to reduce burden for SMI transactions with sophisticated investors, and enabling mortgage brokerages to submit required non-qualified SMI disclosure forms (Forms 3.2 and 3.2.1) electronically.
- FSRA has recently set the threshold defining highly sophisticated investors for the purposes of streamlining SMI requirements at \$5M.

Transfer of Certain SMIs to the OSC:

- This is a government decision. We are awaiting government direction on the transfer.
- There are significant challenges in ensuring adequate investor protection for more complex, mezzanine-type SMIs (e.g., subordinated positions and/or financing of soft costs). There are inadequate investor protection and enforcement powers under the existing mortgage broker regulatory framework relating to SMIs.
- These products are regulated under a securities framework in most other provinces in Canada.
- The Expert Panel for the 2016 FSCO/FST/DICO Mandate Review recommended that regulatory oversight for syndicated mortgages be transferred to the securities regulator so that SMIs would be regulated under a legal framework better designed for investment products, and investors would be appropriately protected.

Mortgage Brokering		
Stakeholder	Comments/Feedback	FSRA's Response
		<ul style="list-style-type: none"> <li>FSRA is working with MOF and the OSC to ensure an appropriate transfer of regulation of SMIs.</li> </ul> <p><u>Dual Regulation:</u> See comment(s) in row above.</p> <p><u>PBR:</u> See comment(s) in above row.</p> <p><u>MBLAA Review:</u></p> <ul style="list-style-type: none"> <li>One of FSRA's proposed 2020-21 strategic priorities is to support government policy direction with regard to recommendations in the MBLAA review report.</li> <li>The government has received, and is currently considering, recommendations in the MBLAA review report. We are awaiting government direction regarding which recommendations will be accepted / approved by the government.</li> <li>Recommendations in the MBLAA review report include reducing burden for commercial transactions between sophisticated entities, introducing new licensing classes, raising education standards for agents and brokers, and strengthening the Administrative Monetary Penalty framework.</li> </ul> <p><u>Regulator Information sharing:</u></p> <ul style="list-style-type: none"> <li>FSRA is committed to strengthening its information sharing with other regulators to promote enhanced regulatory effectiveness and reduce burden.</li> </ul> <p><u>Exemptive Relief Powers:</u></p> <ul style="list-style-type: none"> <li>FSRA has advocated for enhanced authority, including exemptive relief and additional rule-making powers.</li> <li>FSRA will continue to work closely with MOF, and is currently considering requests / options that can be presented as part of FSRA's recommendations related to the MBLAA review.</li> </ul>

Mortgage Brokering		
Stakeholder	Comments/Feedback	FSRA's Response
		<p><u>Definition of Non-Qualified SMIs:</u></p> <ul style="list-style-type: none"> <li>• Changes to the definition would require changes to Ontario Regulation 188/08 under the MBLAA.</li> <li>• FSRA shared all comments with MOF as part of our ongoing burden reduction initiatives. MOF, FSRA and the OSC have been considering all comments received regarding the definition of a non-qualified SMI.</li> </ul> <p><u>Whistleblower Protection:</u></p> <ul style="list-style-type: none"> <li>• FSRA's current complaint form can be used by licensees to submit complaints. These complaints can also be submitted on an anonymous basis.</li> <li>• FSRA may explore development of a whistleblower program in the future. This could be a future-year priority.</li> <li>• MBLAA sections 46 and 47 set out prohibitions regarding reprisals and immunity with regard to information or documents to FSRA and/or the Financial Services Tribunal.</li> </ul> <p><u>Regulatory Compliance Contact:</u></p> <ul style="list-style-type: none"> <li>• FSRA is exploring ways of providing additional guidance for complying with the MBLAA.</li> <li>• Many general compliance-related questions can be answered by FSRA's contact centre.</li> <li>• Licensees may wish to seek independent legal advice for the more complex compliance-related questions.</li> </ul>



Mortgage Brokering		
Stakeholder	Comments/Feedback	FSRA's Response
Rober Trager (Vault Capital Inc.)	<p>FSRA's priorities should align closely with the MOF's MBLAA review.</p> <ul style="list-style-type: none"> <li>• Three main priorities to highlight: <ul style="list-style-type: none"> <li>○ The need for a new class of license for syndicated mortgage lending;</li> <li>○ Elimination of unnecessary duplication and creating harmonization between the capital raising regimes overseen by FSRA and OSC; and</li> <li>○ Tailoring regulation to account for the sophistication of the participants</li> </ul> </li> <li>• Licensing: Alternative mortgages need to be regulated in a manner which doesn't impede the flexibility of the product. Oversight should be focused on suitability. Separate regulatory category should be created for mortgage syndicators, MICs, and Mortgage Funds.</li> <li>• E&amp;O insurance is not relevant to alternative lenders. More meaningful requirement would be for fraud insurance.</li> <li>• Tailored Regulations: Regulators should tailor their requirements on the sophistication of the participants. Certain FSRA KYC, disclosure and suitability forms should not be required when dealing with a designated class of investor. FSRA should adopt a principles-based system like the OSC's.</li> </ul>	<p><u>MBLAA Review and New Licence Classes:</u></p> <ul style="list-style-type: none"> <li>• See MBLAA review comment(s) in second row.</li> <li>• The government is currently considering the recommendations in the MBLAA review report, which include reducing burden on commercial mortgage transactions, and establishing new licensing classes that better reflect the unique practices required by different segments of the mortgage market.</li> <li>• FSRA would explore all requirements related to licensing classes, such as education and E&amp;O requirements, if the above recommendations are approved by the government.</li> </ul> <p><u>Dual Regulation:</u> See comment(s) in first row.</p> <p><u>Tailored Regulation / Principles-Based:</u> See comment and response in first row.</p>

Mortgage Brokering		
Stakeholder	Comments/Feedback	FSRA's Response
Patricia Porretta (Rush Mortgages Inc)	<ul style="list-style-type: none"> <li>There are issues with private mortgages that should be addressed as soon as possible:               <ul style="list-style-type: none"> <li>lack of transparency / disclosure (e.g., lender bonuses showing on the funds summary but not on the disclosure);</li> <li>lawyers not taking the time to fully explain what the clients were getting into.</li> </ul> </li> </ul>	<p><u>MBLAA Review and Private Lending:</u></p> <ul style="list-style-type: none"> <li>FSRA is aware that private lending has increased.</li> <li>The government is currently considering the recommendations in the MBLAA review report, which include establishing new licensing classes that better reflect the unique practices required by different segments of the mortgage market (e.g., private lending) and establishing a registry for private lenders.</li> <li>FSRA would explore all requirements related to licensing classes, such as education and standards of practice, and the requirements for a private lender registry, if the above recommendations are approved by the government.</li> </ul>
Surjit Mundi (Mundi Accounting & Tax Services)	<ul style="list-style-type: none"> <li>There is ongoing fraud in the mortgage industry: misleading information / documentation is being submitted to financial institutions / lenders are being accepted (e.g, with or without incentives to lenders to do so). It is difficult for honest brokers / agents to do business in such an environment.</li> </ul>	<ul style="list-style-type: none"> <li>Fraud is something that FSRA takes very seriously. FSRA welcomes specific recommendations that can help deter fraudulent behaviour or activities. Further, FSRA encourages anyone to contact FSRA if they wish to report a case of fraud.</li> <li>Section 14 of O. Reg 188/08 under the MBLAA prohibits a mortgage brokerage from acting, or failing to act, in circumstances where they ought to know they are being used to facilitate dishonesty, fraud, crime or illegal conduct.</li> <li>FSRA expects mortgage brokerages and administrators to act proactively to establish policies and procedures with respect to fraud prevention.</li> <li>If you suspect non-compliance with the MBLAA, including mortgage fraud, you can report it to FSRA by completing a <a href="#">Business Activity Complaint Form</a>.</li> </ul>

<b>Mortgage Brokering</b>		
<b>Stakeholder</b>	<b>Comments/Feedback</b>	<b>FSRA's Response</b>
Charles Nash (MortgageGuys.com)	<ul style="list-style-type: none"> <li>The ability for brokers to offer a client cash back on a mortgage should be eliminated.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA works to promote a vibrant mortgage brokering sector, where adequate protection is provided to investors and consumers, including disclosures on mortgage transactions.</li> <li>FSRA does not interfere with brokerage services / products when they are provided within the parameters of the MBLAA (e.g., when they follow appropriate disclosure and suitability assessment obligations).</li> </ul>

Life and Health Insurance		
Stakeholder	Comments/Feedback	FSRA's Response
Canadian Association of Financial Institutions in Insurance (CAFII)	<ul style="list-style-type: none"> <li>• Supportive of:               <ul style="list-style-type: none"> <li>○ review of inherited guidance and New Guidance Framework (priority 1.1)</li> <li>○ establishing meaningful standards (priority 1.2)</li> <li>○ Innovation Office, facilitating innovative products, exemptive relief powers, and commitment to “lighter regulatory touch” for new products, services, distribution channels (priority 2.2)</li> <li>○ principles-based regulation (priority 3.1)</li> <li>○ work with G4 for improved advisor oversight and pursuit of nationally harmonized code of conduct for intermediaries at CISRO (priority 6.1)</li> <li>○ harmonization CCIR/CISRO FTC Guidance (priority 5.3)</li> <li>○ proposed budget and sector recoveries resulting from technology investments to occur over five-year period.</li> </ul> </li> <li>• FSRA should consult with relevant industry stakeholders on the consumer profiles developed for sector-specific issues (priority 2.1 - Refreshed Milestones). FSRA should use the industry as vetting/sounding boards for accuracy and context before publishing profiles for an insurance product or service (e.g. term life, universal/whole life, credit protection, and travel/medical).</li> <li>• FSRA should assume grander vision in modernizing systems and processes and exploit current IM/IT investment climate to pursue a licensing system that is inter-jurisdictional, national (priority 2.3, priority 6.2). At very least, FSRA could ensure that new system accommodates eventual move to national mechanism. Advice in line with long-held CAFII support for system of mutual recognition across Canada.</li> <li>• FSRA should pursue participation in international bodies such as IAIS (priority 2.7).</li> </ul>	<ul style="list-style-type: none"> <li>• FSRA plans to consult with industry stakeholders in the early stages of developing consumer profiles.</li> <li>• FSRA will take this suggestion to consider the future adaptability and potential for expansion in developing the system. FSRA is active on Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) and will consider this vision with other regulators.</li> <li>• FSRA was recently accepted into the Global Financial Innovation Network which aims to foster</li> </ul>

Life and Health Insurance		
Stakeholder	Comments/Feedback	FSRA's Response
	<ul style="list-style-type: none"> <li>FSRA should continue work through CCIR/CISRO on measurements and tools in Fair Treatment of Customers (priority 4.1, priority 6.1).</li> <li>FSRA should strive for additional rule-making authority in L&amp;H insurance sector to provide flexibility and speed required to respond to industry developments.</li> </ul>	<p>greater cooperation among financial authorities on a variety of innovation topics, regulatory approaches and lessons learned. FSRA is considering participation in other international bodies that will support information sharing and learning from other regulators.</p> <ul style="list-style-type: none"> <li>FSRA is continuing its active participation in the CCIR/CISRO Fair Treatment of Customers (FTC) Working Group. The working group meets regularly with industry to work on continued refinements and interpretations of the CCIR/CISRO FTC Guidance. The working group is also engaging with industry to improve understanding of incentive practices and their alignment with FTC principles.</li> <li>FSRA would be pleased to accept detailed suggestions from stakeholders for additional rule-making powers in the life and health insurance sector. Although rule-making powers are conferred at the discretion of government, FSRA can advocate for changes including more rule-making powers. FSRA will continue to work closely with the Ministry of Finance (MOF).</li> </ul>

<p>Independent Financial Brokers of Canada (IFB)</p>	<ul style="list-style-type: none"> <li>• Supportive of:             <ul style="list-style-type: none"> <li>○ principles-based approach to regulation (priority 3.1)</li> <li>○ harmonized FTC Guidance (priority 5.3)</li> <li>○ harmonized Code of Conduct for intermediaries to build on FTC principles (priority 6.1)</li> <li>○ improved licensing effectiveness and efficiency (priority 6.2)</li> <li>○ FP/FA Act objectives (priority 8.1).</li> </ul> </li>   <li>• Increasingly digital nature of information and FSRA’s investments in technology to improve market conduct supervision will be key to earlier identification of red flags and intervention.</li>   <li>• Any market conduct reviews should apply equally to all channels of distribution, not just MGA channel as proposed (priority 6.1). FSRA should specify and provide rationale for the market conduct areas they plan to assess in the MGA channel.</li>   <li>• FSRA should follow a fair, transparent process before taking action to suspend or remove a licence based on another Canadian regulator finding a licensee guilty of a regulatory infraction in that jurisdiction.</li> </ul>	<ul style="list-style-type: none"> <li>• FSRA will take this advice into consideration in work to enhance market conduct activities.</li>   <li>• FSRA prioritized setting effective conduct standards in its 2019-20 Business Plan. In 2020-21, we are planning to collect, validate and analyze data to assess specific market conduct issues and determine how to address oversight gaps. In assessing market conduct, FSRA will be considering different distribution channels. For distribution channels that rely on managing general agents (MGAs), FSRA will develop a proposed regulatory framework and supervisory approach. To do this, FSRA will be assessing the MGA channel to better understand how insurers, agents and MGAs interact with the public during the sales process. FSRA will revise its Priorities to clarify the approach.</li>   <li>• As noted in priority 3.2, FSRA is committed to strengthening information sharing with other regulators. Information sharing is expected to lead to improved regulatory effectiveness and reduced burden. FSRA understands that the industry may have some concerns with FSRA’s actions as a consequence and plans to consider all implications</li> </ul>
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Life and Health Insurance		
Stakeholder	Comments/Feedback	FSRA's Response
	<ul style="list-style-type: none"> <li>• FSRA Priorities should also address:               <ul style="list-style-type: none"> <li>○ CE and E&amp;O insurance reviews.</li> <li>○ Introducing restricted licensing for proprietary firms to differentiate them from independent firms.</li> <li>○ Whistleblower legislation akin to investment industry (priority 6.2).</li> <li>○ Additional licence category for sellers of incidental insurance.</li> </ul> </li> <li>• FP/FA oversight best achieved through full guidance/rules issued by the regulatory authority. Financial advisors should be subject to less burdensome approach.</li> </ul>	<p>before entering into any formal information sharing agreements with other regulators.</p> <ul style="list-style-type: none"> <li>• Continuing education (CE) and E&amp;O requirements will be addressed as part of the licensing eligibility review. This work is part of FSRA's licensing priority, and FSRA will approach government as needed.</li> <li>• FSRA has no plans to research differentiated licensing based on this criteria.</li> <li>• FSRA encourages consumers and industry participants with information about cases of fraud or potential non-compliance to report to FSRA. FSRA looks forward to working with stakeholders on its overall fraud and abuse reduction strategy. FSRA is working with the government on proposals for legislative changes that may help reduce fraud and abuse in the regulated sectors.</li> <li>• FSRA will undertake research on incidental selling of insurance and may discuss with MOF whether it wishes to expand FSRA's licensing powers.</li> <li>• FSRA's role is to implement the <i>Financial Professionals Title Protection Act, 2019</i>, which was passed in May 2019.</li> </ul>

Life and Health Insurance		
Stakeholder	Comments/Feedback	FSRA's Response
<p>Canadian Association of Independent Life Brokerage Agencies  (CAILBA)</p>	<ul style="list-style-type: none"> <li>• Supportive of:               <ul style="list-style-type: none"> <li>○ licensing effectiveness and efficiencies, enabling and modernizing systems and processes (priority 6.2)</li> <li>○ principles-based approach to regulation (priority 3.1)</li> <li>○ FP/FA title protection objectives (priority 8.1)</li> </ul> </li> <li>• FSRA must hire expertise from life insurance industry to build best agent conduct team (priority 6.1). This will help to assuage CAILBA concern that market conduct focus will be on distribution channel rather than insurer product design, marketing and claims handling.</li> <li>• FSRA should leverage APEXA for improved data flow and speeding up routine processes (priority 6.2, priority 2.3), and in information-sharing efforts with regulators (priority 2.7).</li> <li>• Transition to rules based on principles-based regulation need to be clear and evenly applied.</li> <li>• Concern that FSRA appears to have narrowed its focus to MGA channel rather than all distribution forms broadly, and presenting a potential bias in favour of insurers (priority 6.1).</li> </ul>	<ul style="list-style-type: none"> <li>• FSRA agrees and has made efforts to reach out to industry professionals as part of its recruitment strategy.</li> <li>• FSRA will consider this suggestion to leverage existing licensing systems.</li> <li>• As noted in priority 3.1, FSRA plans to transition to a principles-based regulatory approach to facilitate innovation and to modernize FSRA's processes and systems.</li> <li>• In assessing market conduct, FSRA will be considering different distribution channels. For distribution channels that rely on MGAs, FSRA will develop a proposed regulatory framework and supervisory approach. To do this, FSRA will be assessing the MGA channel to better understand how insurers, agents and MGAs interact with the public during the sales process. FSRA will revise its Priorities to clarify the approach.</li> <li>• Also in this work, FSRA will be considering solutions proposed by the life and health insurance industry to strengthen advisory oversight.</li> </ul>



Life and Health Insurance		
Stakeholder	Comments/Feedback	FSRA's Response
Primerica	<ul style="list-style-type: none"> <li>Supportive of:                             <ul style="list-style-type: none"> <li>principles-based approach to guidance</li> <li>FTC harmonization</li> <li>innovation and technological (priority 2.3)</li> <li>review of inherited guidance (priority 1.1)</li> <li>focus on MGA channel in market conduct oversight (priority 6.1)</li> <li>stakeholder advisory committees.</li> </ul> </li> <li>FSRA should not expend resources reviewing compensation disclosure and practices as they pertain to FTC.</li> <li>As part of Licensing efficiency and effectiveness (priority 6.2) FSRA must address harmonizing license issuance and administration, and, in Ontario, rules around sponsorship.</li> <li>Title protection framework should be limited to “financial planner” title. “Financial advisor” should not be subject.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA will take comments regarding compensation disclosure/practices into consideration as it works with CCIR and CISRO to develop approaches for enhancing market conduct oversight of Fair Treatment of Customers. CCIR/CISRO will engage with the sector regarding any guidance developed on this topic.</li> <li>FSRA will consider this recommendation.</li> <li>FSRA's role is to implement the <i>Financial Professionals Title Protection Act, 2019</i>, which was passed in May 2019.</li> </ul>

<p>Canadian Life and Health Insurance Association (CLHIA)</p>	<ul style="list-style-type: none"> <li>• Supportive of:             <ul style="list-style-type: none"> <li>• review of inherited guidance (priority 1.1)</li> <li>• focus on MGA channel in market conduct oversight (priority 6.1)</li> <li>• stakeholder advisory committees</li> <li>• harmonized codes of conduct.</li> </ul> </li> <li>• FP/FA objective – “financial advisor” title should not be subject to FP/FA title protection regime.</li> <li>• FSRA should leverage information derived from ASMC to reduce burden on insurers.</li> <li>• FSRA should hire expertise from life &amp; health insurance industry to build best agent conduct team. More detail on agent conduct team and relationship to FSRA’s future enforcement activities (priority 6.1).</li> <li>• FSRA should develop service standards for and report on license processing times.</li> <li>• Insurers’ ability to oversee advisors is limited to the distribution of their own products which makes it difficult to detect all advisor misconduct yet requirements for compliance systems applies only to insurers. MGAs might not have full visibility either.</li> <li>• Encourage codes of conduct that are principles-based so they can apply to different intermediary systems and processes.</li> <li>• Not clear how harmonized codes of conduct would be different/additional to current FTC guidance. Codes of conduct</li> </ul>	<ul style="list-style-type: none"> <li>• FSRA’s role is to implement the <i>Financial Professionals Title Protection Act, 2019</i>, which was passed in May 2019.</li> <li>• FSRA’s priority 2.3 for modernizing systems and processes highlights the development of systems that optimize and streamline licensee filing requirements and FSRA data collection.</li> <li>• FSRA will consult with stakeholders once it has a supervisory plan ready for discussion.</li> <li>• FSRA will take this suggestion into consideration as it continues to develop meaningful service standards and performance metrics.</li> <li>• FSRA needs to better understand the MGA channel and will explore these variations as part of its research.</li> <li>• FSRA appreciates this feedback.</li> <li>• It is not FSRA’s intention to create duplicate codes of conduct. Rather, FSRA supports review of codes of conduct/ethics specific to intermediary</li> </ul>
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Life and Health Insurance		
Stakeholder	Comments/Feedback	FSRA's Response
	<p>can become duplicative, causing confusion and added burden (priority 6.1).</p> <ul style="list-style-type: none"> <li>Support a Consumer Office that is not another complaint mechanism, resulting in redundancy and confusion with current system.</li> <li>More detail should be provided re cause of \$4.9M increase in payroll for life insurance regulation.</li> </ul>	<p>associations to ensure alignment with FTC guidance.</p> <ul style="list-style-type: none"> <li>FSRA is committed to ensuring that consumer input and perspectives inform our regulatory direction and decisions. Protecting the public interest remains one of FSRA's priorities and in October 2019, FSRA announced the establishment of a new Consumer Advisory Panel. Among the panel's responsibilities is identifying topics for consideration by the Consumer Office.</li> <li>The \$4.9M increase in budgeted costs for salary and benefits (S&amp;B) refers to FSRA's S&amp;B budget for regulating all its sectors – not just the life insurance sector. No one sector is responsible for funding the entire variance. Other than cost increases associated with specific sectors (see detail below), it will be spread among all the sectors regulated by FSRA.</li> <li>In the final 2020-21 Priorities and Budget, FSRA will show a revised S&amp;B budget variance: \$5.3M for fiscal 2020-21</li> <li>With regards to details, the variance is due to the following factors. <ul style="list-style-type: none"> <li>new \$2.1M request to cover costs of a life and health insurance agent supervisory team, additional staff supporting modernization of the regulatory framework for the <i>Credit Unions and Caisses Populaires Act</i>, a team to service new financial planners and advisors legislation, and pension relationships</li> <li>fiscal 2019-20 budget shortfall of \$1.3M in Human Resources division</li> </ul> </li> </ul>

Life and Health Insurance		
Stakeholder	Comments/Feedback	FSRA's Response
		<ul style="list-style-type: none"> <li>- increase of \$0.9M in benefits expenses due to higher salary base in fiscal 2020-21</li> <li>- \$1M variance due to projections for starting fiscal 2020-21 at full staff strength. This is in contrast to 2019-20 which began with high vacancy rate that declined with hiring completed over the course of the year.</li> </ul>
Ernie Dellostritto	<ul style="list-style-type: none"> <li>• FSRA's role in enforcing compliance for third party distributors, such as banks selling insurance.</li> </ul>	<ul style="list-style-type: none"> <li>• The court decisions referenced confirm that the Ontario government has the authority to legislate the sale of insurance in banks. However, these decisions do not require the government to enact such legislation. The court decisions also do not cause the sale of insurance in banks to constitute a breach of the Insurance Act.</li> <li>• FSRA regulates the insurance industry through the power granted to it under the Insurance Act and its regulations, as well as the Financial Services Regulatory Authority of Ontario Act, 2016 and other applicable legislation. FSRA does not currently have authority to license third-party administrators. Any potential changes to legislation would be at the discretion of the government.</li> </ul>

<b>Credit Union</b>		
<b>Stakeholder</b>	<b>Comments/Feedback</b>	<b>FSRA's Response</b>
la Federation des Caisses Populaires de l'Ontario/ Desjardins	<ul style="list-style-type: none"> <li>• General agreement with FSRA's draft priorities for 2020-21 and particularly supportive of priorities relating to the modernization of the credit union framework, protecting the public interest, enabling innovation and making the transition to principles-based regulation.</li> <li>• Would be beneficial to members if credit unions were able to sell insurance in branches.</li> </ul>	<ul style="list-style-type: none"> <li>• FSRA is actively supporting the government's work in developing new, more modern, legislation for Ontario's credit union sector. As part of this work, in June 2019, the Parliamentary Assistant to the Minister of Finance issued a consultation paper that sought feedback on a number of topics relating to the new legislation, including business powers. FSRA will share your input with the Ministry of Finance for consideration as the new legislation is developed.</li> </ul>

<p>Canadian Credit Union Association</p>	<ul style="list-style-type: none"> <li>• Although FSRA’s guidance review resulted in a 28% reduction in inherited guidance, it did not result in any tangible burden reduction for the sector, as most guidance that was removed was outdated or irrelevant. There are still opportunities to make progress in this area and suggest a quarterly timeline for reviewing the more complex pieces of guidance and make the results public.</li> <li>• Supportive of FSRA’s proposal to review guidance every 3-5 years, but also recommend that all inherited guidance should be introduced within 2-3 years as FSRA rules, subject to a formal consultation process.</li> <li>• Expedite development of rules that will support the new credit union legislation and work in parallel to the legislative process, prior to introduction of the legislation.</li> <li>• Do not believe that a legislative backstop is necessary for implementation of the industry-led Market Conduct Code, but acknowledge that one will likely be in place by the end of 2020, when the Code is fully implemented.</li> </ul>	<ul style="list-style-type: none"> <li>• As part of FSRA’s continuing work to review and re-issue existing guidance documents, FSRA intends to develop a work plan, consult with the sector and be transparent with the results.</li> <li>• FSRA is only able to make rules where it has the legislative authority to do so under relevant sector statutes, such as the Credit Unions and Caisses Populaires Act, 1994. As part of FSRA’s guidance review, consideration will be given to developing rules to set out standards that are currently set out in guidance, where the appropriate legislative authority exists to do so.</li> <li>• FSRA is actively supporting the government’s work in developing new, more modern legislation for Ontario’s credit union sector.</li> <li>• The extent to which FSRA may receive rule-making powers under the new legislation is currently unknown and FSRA cannot presuppose the will of the government to provide such powers to FSRA. However, FSRA is committed to develop any rules required to enable the new credit union legislation, in areas where the appropriate legislative authority will exist.</li> <li>• FSRA is committed to ensuring that Ontario credit unions are subject to market conduct standards that reflect best practices.</li> <li>• FSRA has been supportive of the industry-led approach to develop such standards and will propose, consult on, issue and implement a supervisory approach to support the MCC, to ensure that the</li> </ul>
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<b>Credit Union</b>		
<b>Stakeholder</b>	<b>Comments/Feedback</b>	<b>FSRA's Response</b>
	<ul style="list-style-type: none"> <li>• Joint FSRA – industry working tables should be established to help develop the new supervisory and risk assessment approach. Service standards should be developed in consultation with the industry and annual performance reporting against such standards should be implemented.</li> <li>• FSRA should seek industry input in discussions on the management of the Deposit Insurance Reserve Fund.</li> </ul>	<p>standards are adhered to within the sector.</p> <ul style="list-style-type: none"> <li>• FSRA is committed to consulting with the credit union sector in developing its new supervisory and risk assessment approach. FSRA will include service standards as part of the new approach.</li> <li>• FSRA welcomes sector input on the management of the Deposit Insurance Reserve Fund and other topics through its established Credit Union Stakeholder Advisory Committee.</li> </ul>

<b>General</b>		
<b>Stakeholder</b>	<b>Comments/Feedback</b>	<b>FSRA's Response</b>
Canadian Advocacy Council	<ul style="list-style-type: none"> <li>Supportive of each of the cross-sector priorities in the draft document, particularly those relating to reducing regulatory burden without having a negative impact on investor protection. The transition to principles-based regulation will allow market participants of various sizes and complexities to operate within the enumerated framework. Regulation in general should be risk and principles-based, as well as technologically neutral and flexible.</li> </ul>	<ul style="list-style-type: none"> <li>FSRA appreciates Canadian Advocacy Council's comments on the FSRA draft priorities and budget. The final revisions to our proposed annual business plan (including priorities and budget) were approved by our Board last week (as the comment period closed in November). CAC's comments will be helpful as we move forward.</li> </ul>