



Financial Services Regulatory
Authority of Ontario

Annual Business Plan

2023 – 2026

February 15, 2023



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The Financial Services Regulatory Authority of Ontario (FSRA) is an independent regulatory agency. It commenced operations in June 2019 to enhance public confidence in non-securities financial services and pensions in Ontario.

FSRA Vision

Financial safety, fairness and choice for Ontarians

FSRA Mission

Public service through dynamic, principles-based and outcomes-focused regulation

FSRA Values

Honest, Impactful, Credible, Empathetic, Collaborative, Empowered

Executive Summary

The Financial Services Regulatory Authority of Ontario (FSRA or “the Authority”) is pleased to present its 2023-2026 Annual Business Plan (“the Plan”). The Plan outlines FSRA’s core strategy for the fiscal years (FY) 2023-2024, 2024-2025 and 2025-2026 and the priorities for the upcoming year (2023-2024).

FSRA is an independent regulatory agency, created to improve consumer¹ and pension plan beneficiary protections in Ontario. It provides prudential and/or market conduct regulation and supervision of the following sectors:

- Property and casualty insurance (including auto insurance rates).
- Life and health insurance.
- Credit unions and caisses populaires.²
- Loan and trust companies.
- Mortgage brokers.
- Health services providers (related to auto insurance).
- Pension plans.
- Financial planners and advisors.

FSRA’s Focus

In FY2021-2022, FSRA developed and implemented the Strategic Framework that embodies its legislative objects, vision, mission, and values. The Framework consists of four pillars that articulate FSRA’s high-level strategic objectives and supports its goal to be a more proactive regulator and make better use of its resources.

FSRA’s mandate is to protect and educate the public with a sustainable organization that focuses on people, technology, and processes to achieve regulatory excellence. FSRA works continuously to deliver on its mandate and focuses on being an adaptive and responsive regulator.

In FY2019-2020, FSRA collaborated with stakeholders to identify issues that inform its strategic priorities. Since 2020, FSRA has developed a regulatory approach designed to

¹ For the purposes of this document, the term consumers includes the public, credit union members, pension plan beneficiaries, investors and other stakeholders.

² The term “credit unions” includes caisses populaires for the purposes of this document.

meet the demands of the fast-paced financial environment. It has adopted a principles-based, outcomes-focused approach and sector-specific supervisory plans. FSRA also created regulatory frameworks to address sector risks, publishing eight rules and 55 pieces of guidance along with targeted consumer education campaigns.

While FSRA continues to focus on its FY2022-2023 priorities and deliver on its core priorities, it is maturing as an organization. New or revised priorities reflect an enhanced need to protect the public interest while enabling creative ideas and more choice within Ontario's financial services sector.

Looking forward, FSRA will focus on operational efficiencies in the core areas of compliance, supervision, and enforcement. FSRA's deliverables and outcomes align with the pillars and enable FSRA to better address emerging risks, build supervisory capacity, support innovation and protect consumer interests.

The financial summary outlines forecasted revenues and costs over a three-year period. Revenues for FY2023-2024 are forecasted to increase 3.1% year-over-year totaling \$109.3M. Fee Assessments are planned to increase 2.2% to \$78.7M. FSRA's FY2023-2024 Board-approved budget increases by 4.7% to \$116.3 million. A portion of FSRA's accumulated surplus will be used to maintain charges to regulated entities at substantially less than inflation.³

³ https://www.statcan.gc.ca/en/subjects-start/prices_and_price_indexes/consumer_price_indexes

On November 30, 2022, the Office of the Auditor General of Ontario (OAGO) released the [Value-for-Money Audit: Financial Services Regulatory Authority: Regulation of Private Passenger Automobile Insurance, Credit Unions and Pension Plans](#), the first value for money audit of FSRA since being launched in June 2019. The report is a snapshot in time that offers some recommendations to FSRA and the Government of Ontario.

The OAGO released 18 specific recommendations that are intended to help FSRA accelerate its efforts to fully protect consumers and contribute to public confidence in the private passenger automobile insurance (8 recommendations), credit unions (4 recommendations) and provincially registered pension plans sectors (5 recommendations). These include:

- Taking action in the private passenger automobile insurance sector to reduce the high cost of automobile insurance.
- Improving FSRA's inspection and investigation process in the credit union sector.
- In the pension plan sector, working with the Ministry of Finance to assess multi-employer pension plan best practices, completing the benchmarking of these plans, and consideration for requiring member disclosures to include an explanation of how a plan's level of funding impacts pension benefits, and that the benefits may be reduced at any time if needed to satisfy the level of funding required by the *Pension Benefits Act*. Updating FSRA's portal and data systems to make them more efficient and ensuring that FSRA generates information that informs its regulatory strategy by measuring outcomes.

Many of the OAGO's recommendations will be addressed by priorities outlined in this Annual Business Plan (ABP) and by initiatives that are already underway at FSRA. This includes, but is not limited to, priority:

- 2. Modernize Systems and Processes
- 5.1 Execute strategy for reforming the regulation of auto insurance rates and underwriting
- 5.2 Develop recommendations and act on reforms of the auto insurance system
- 6.1 Achieve supervisory excellence for Ontario's credit union sector
- 9.2 Support the development of target benefit regulation

Mandate

The *Financial Services Regulatory Authority of Ontario Act, 2016* (“FSRA Act”) establishes FSRA’s role in regulating non-securities financial services and pensions in Ontario. It sets out powers to administer and enforce the FSRA Act and sector statutes and outlines FSRA’s basic governance and accountability structure.

FSRA’s overarching objects, as defined in the FSRA Act, are to:

- Regulate and generally supervise the regulated sectors;
- Contribute to public confidence in the regulated sectors;
- Monitor and evaluate developments and trends in the regulated sectors;
- Cooperate and collaborate with other regulators, where appropriate;
- Promote public education and knowledge about the regulated sectors;
- Promote transparency and disclosure of information by the regulated sectors;
- Deter deceptive or fraudulent conduct, practices and activities by the regulated sectors; and
- Carry out such other objects as may be prescribed.

FSRA’s objects with respect to financial services sectors are to:

- Promote high standards of business conduct;
- Protect the rights and interests of consumers; and
- Foster strong, sustainable, competitive and innovative financial services sectors.

For the pension sector, FSRA’s additional objects are to:

- Promote good administration of pension plans; and
- Protect and safeguard the pension benefits and rights of pension plan beneficiaries.

For credit unions, additional objects are to:

- Provide insurance against the loss of part or all of deposits with credit unions;
- Promote and otherwise contribute to the stability of the credit union sector in Ontario, with due regard to the need to allow credit unions to compete effectively, while taking reasonable risks; and

- Pursue the objects set out as defined in the FSRA Act for the benefit of persons having deposits with credit unions and in such manner as will minimize the exposure of the Deposit Insurance Reserve Fund to loss.

FSRA has powers and duties with respect to offering statements under the *Co-operative Corporations Act*. These include reviewing and issuing a receipt for offering statements that comply with the requirements under that Act.

In addition, FSRA administers and enforces the *Financial Professionals Title Protection Act, 2019* (FPTPA).

Governance and Organization Structure

FSRA has been established as a self-funded Crown corporation with members of the Board of Directors appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Finance (“the Minister”). FSRA’s Board of Directors (“the Board”) is accountable to the Minister and, through the Minister, to the Ontario Legislature.

The Memorandum of Understanding (MOU), which is subject to periodic review, establishes the accountability relationship between the Minister and FSRA.⁴

In addition to the duties and responsibilities of the Board under FSRA Act, the MOU outlines the Minister’s relationship to the Board and the Chair of the Board. It clarifies roles and responsibilities of the Minister, Chair, the Board, Deputy Minister, and the Chief Executive Officer, in areas such as administration, communications, operations and others.

The MOU should be read together with the FSRA Act and the governing regulated-sector statutes (e.g., *Insurance Act; Pensions Benefits Act; Mortgage Brokerages, Lenders and Administrators Act, 2006; Credit Unions and Caisses Populaires Act, 2020*; etc.).

Board of Directors

The FSRA Act provides that the Board is to include three to eleven directors. Each director is appointed by a Lieutenant Governor in Council on the recommendation of the Minister. One director is designated as Chair by the Lieutenant Governor in Council on the recommendation of the Minister.

The Board has a dual role. It is responsible for the high-level stewardship of the organization, including oversight of FSRA management. It may also propose rules to the Minister for approval in respect of any matter over which an Act gives FSRA rule-making authority.

⁴ [Governance | Financial Services Regulatory Authority of Ontario \(fsrao.ca\)](https://www.fsrao.ca/governance)

Corporate Oversight

The directors oversee the management of the financial and other affairs of FSRA, which includes oversight of:

- Strategic planning;
- Resource allocation;
- Risk management;
- Financial reporting;
- Policies and procedures; and
- Effectiveness of internal controls and management information systems.

The Board approves FSRA's Annual Business Plan, including its annual regulatory priorities, and oversees its implementation by FSRA management.

Under the FSRA Act, the Board appoints a Chief Executive Officer. The Chief Executive Officer is responsible for the management and administration of the Authority and exercises the powers and duties conferred or assigned to him/her (directly or through delegates) under the FSRA Act, and the additional regulated sector statutes that FSRA administer as part of its mandate.

Rulemaking Authority

The FSRA Act and sector statutes provide FSRA with rule-making authority in express areas for regulating and supervising non-securities financial services and pensions in Ontario. The Board has the responsibility to approve rules that, if approved by the Minister, have the force of law.

FSRA Board of Directors⁵

Joanne De Laurentiis (Chair)

Kathryn Bouey

Joseph Iannicelli

Dexter John

Stewart Lyons

Lawrence E. Ritchie

⁵ List of FSRA directors as at March 2023.

Brent Zorgdrager

Board Standing Sub-Committees⁶

Audit, Finance and Risk Committee

Statutory Funds Committee

Human Resources and Governance Committee

Rules and Policy Committee

Technology and Transformation Committee

⁶ List of Sub-Committees as at March 2023.

Environmental Scan

The COVID-19 pandemic continues to have a profound impact on the global economy and social interaction, and FSRA remains committed to managing its impact on regulated sectors and the people on which they rely. Rather than a return to business-as-usual, Ontario and its financial services and pension plan sectors have transitioned to a “new normal.” Fully remote or hybrid workplaces and increased reliance on digital technologies have greatly impacted the sectors that FSRA regulates, including consumer interactions.

This new normal also includes different challenges and realities amid a period of global economic uncertainty that FSRA must navigate. Many factors, including supply chain disruptions and geopolitical issues, have led to historically high inflation rates, interest rate increases and financial market volatility. The rising costs of gasoline, groceries and housing have led to increased affordability issues for the average consumer. The wild swings in financial markets are also impacting pension plans and personal investments. FSRA is closely monitoring the twin effects of inflation and affordability, along with the new risks associated with these broader trends, on its regulated sectors and will remain agile and adaptable in navigating the new landscape.

Economic Outlook

Inflation and affordability loom large over the outlook for consumers that FSRA protects and the entities/individuals it regulates. Prolonged periods of economic uncertainty and volatility can directly or indirectly reduce consumers’ financial resilience and increase their vulnerability, which can lead to concerns about fraud and product suitability.

FSRA monitors the key economic indicators in Ontario and Canada to identify trends affecting the regulated sectors.

Macro highlights include:

- According to Statistics Canada, consumer inflation has risen consistently throughout 2022. Inflation remained high throughout 2022 but showed signs of cooling in the Fall. As of November 2022, the Canada-wide consumer price index (CPI) was 6.8% y/y, down from the 39-year high of 8.1% in June.⁷

⁷ https://www.statcan.gc.ca/en/subjects-start/prices_and_price_indexes/consumer_price_indexes

- Housing affordability continues to be a significant issue facing consumers in Ontario and Canada. According to the Canada Mortgage and Housing Corporation (CMHC), the average household devoted close to 60% of their income to housing in 2022, up from approximately 40% in 2003 and 2004. CMHC notes that limited housing supply continues to be a major contributor to housing price increases.⁸ In a bid to counter rising inflation, the Bank of Canada (BoC) began a policy of quantitative tightening, increasing the policy interest rate 7 times in 2022, up to 4.25% in December 2022 from just 0.25% in January.⁹ The average cost of residential homes in Ontario has been impacted by rising interest rates. According to The Canadian Real Estate Association (CREA), the average price of resale residential homes sold across the province in November 2022 was \$829,934, down 10% from November 2021.¹⁰
- According to the BoC in its Canadian Survey of Consumer Expectations—Third Quarter of 2022, consumers believe that inflation will worsen over the next one or two years. Consumers also believe that their wages will not keep up with inflation.¹¹ The Business Outlook Survey—Third Quarter of 2022 shows that businesses expect inflation and wage increases to continue but moderate in the near future.¹²

Sector highlights include:

- FSRA closely monitors the funding of defined benefit pension plans that are subject to solvency funding. The median projected solvency ratio as of September 30, 2022, was 109%, decreasing slightly from 110% as of June 30, 2022. The percentage of pension plans that were projected to be fully funded on a solvency basis as of September 30, 2022, was 78%, with only 3% projected to have a solvency ratio below 85%.¹³
- FSRA also monitors the overall performance of provincial credit unions and caisses populaires. According to FSRA's *Sector Outlook Report Q3 2022*, the overall profitability of credit unions in Ontario was 46 basis points (bps), 20 bps below 2021.

⁸ <https://www.cmhc-schl.gc.ca/en/blog/2022/canadas-housing-supply-shortage-restoring-affordability-2030>

⁹ <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

¹⁰ <https://creastats.crea.ca/board/orea>

¹¹ <https://www.bankofcanada.ca/2022/10/canadian-survey-of-consumer-expectations-third-quarter-of-2022/>

¹² <https://www.bankofcanada.ca/2022/10/business-outlook-survey-third-quarter-of-2022/>

¹³ <https://www.fsrao.ca/media/14791/download>

While liquidity remained strong at 11.1%,¹⁴ it was 380 bps below 2021. The average assets per credit union increased by 12.4% year-over-year to \$1.487 billion. FSRA expects that Ontario's credit unions are bracing for a prolonged period of economic uncertainty and volatility resulting from inflation and rising interest rates. This may put increased pressure on the short-term solvency, liquidity and profitability of Ontario's credit unions.¹⁵

- Ontario's average auto insurance rates are increasing due to a range of factors, including rising interest rates, inflation, higher physical damage costs and a return to pre-pandemic driving patterns. Rising physical damage costs are primarily driven by auto parts price increases and labour rates, as well as factors such as greater replacement costs resulting from more vehicle theft.
- For non-auto property and casualty (P&C) insurance lines, historically, inflationary pressures have increased claims costs. As the BoC increases its key interest rate to counteract inflation, higher rates will likely impact the market value of insurers' investment portfolios, resulting in a negative impact on capital levels. The increased number and severity of natural catastrophe events is also expected to put pressure on insurer profitability and consumer prices.
- Life and Health insurance profits experienced a downturn during the COVID-19 pandemic but are expected to improve on increased interest rates. Furthermore, in uncertain economic climates, consumers tend to look for financial products with guarantees, and the Life and Health sector's products are uniquely positioned to meet this demand.

Technological Advancement and Innovation

The COVID-19 pandemic transformed the use of technology in Ontario's financial services and pensions sectors. Whether out of choice or necessity, consumer use of digital services is rising. Regulated entities and individuals use technological advances to increase efficiency,

¹⁴ The liquidity ratio represents the liquid assets held by a credit divided by its total deposits, bank borrowings and securitizations.

¹⁵ <https://www.fsrao.ca/media/5031/download>

reduce costs and minimize consumer harm. FSRA is committed to actively monitoring and encouraging innovation in its regulated sectors while reducing the risk of consumer harm.

Notable trends in this area include:

- **Increased use of telematics in auto insurance** – As consumers spent more time at home during the COVID-19 pandemic, they put less mileage on vehicles, leading many to explore usage-based insurance (UBI), including pay-as-you-drive models. Likewise, the number of auto insurers offering UBI discounts has also increased. This segment is expected to continue to grow in the short term as consumers look to save money on premiums.¹⁶ Although FSRA encourages innovation such as telematics in the auto sector, the technology also has the potential to disrupt the fair treatment of customer outcomes (e.g., privacy concerns).
- **Digital platforms** – Digital platforms offer consumers a means to manage their financial services and pension plans virtually. Consumers can look at dashboards and receive up-to-date information on their products and services, purchase products and contact a customer service representative as needed. For example, Ontarians are now able to buy a multitude of insurance products, designate a beneficiary or facilitate the purchase of a home through a mortgage broker – all online. Consumers are also adopting new do-it-yourself (DIY) platforms that enable them to manage their own investment portfolios, a trend that is expected to grow over the next few years.^{17,18} The rising use of digital platforms, particularly as a purchasing medium for financial products, comes with heightened concerns over suitability and value for money. DIY investing platforms will likely have significant impacts on the Financial Planner (FP) and Financial Advisor (FA) industry.
- **Crypto assets** – According to KPMG 2022 surveys, financial services companies, institutional and retail investors have shown a greater interest in the adoption of Bitcoin or other crypto asset funds and services.¹⁹ As investors add these assets to their holdings, crypto assets will impact the pension plan, credit union, FP/FA and

¹⁶ <https://www.lowestrates.ca/resource-centre/auto-insurance/usage-based-car-insurance-trends>

¹⁷ <https://www.bnnbloomberg.ca/younger-canadians-drop-financial-advisers-for-diy-investing-1.1623130>

¹⁸ <https://www.rbc.com/newsroom/news/article.html?article=125564>

¹⁹ <https://home.kpmg/ca/en/home/media/press-releases/2022/04/canadian-investors-adding-crypto-to-their-portfolios.html>

life insurance industries. FSRA is closely assessing the issues surrounding crypto assets, particularly custodial protection.

- **Automation** – Financial services companies make use of automated technology and artificial intelligence to detect fraudulent or illegal activities such as money laundering. They also employ chatbots to facilitate customer service, purchase products and process insurance claims. Parametric insurance, for instance, automatically pays a claimant in the event of a pre-programmed trigger event. While FSRA encourages innovation to improve efficiencies, it is also mindful that automation can negatively affect the fair treatment of consumer outcomes (e.g., data bias).
- **Open banking** – The Government of Canada released the *Final Report – Advisory Committee on Open Banking* in August 2021. Based on the report’s recommendations, the Government of Canada will launch an open banking system. The emergence of this system will have profound implications for Ontario’s financial services consumers, with particularly notable impacts expected for the credit unions, mortgage brokering and insurance sectors.

Emerging Issues and Trends in FSRA’s Regulated Sectors

FSRA performs ongoing scans of its regulated sectors and financial services more broadly to better understand trends, as well as identify emerging risks and potential issues that may impact consumers. FSRA is closely monitoring the following:

- **Vulnerable persons** – FSRA is mindful of the added pressure facing Ontario’s most vulnerable consumers in times of economic uncertainty (e.g., seniors, consumers with health issues or a disability, consumers with lower financial literacy, consumers with language barriers, consumers with lower income, etc.). The current economic climate may result in greater fraud and criminal activity, disproportionately impacting more vulnerable consumers. Affordability issues, likewise, disproportionately impact seniors on a fixed income, lower-income consumers, and visible minorities. Even at the best of times, financial services are difficult for consumers to navigate. FSRA is focused on increasing consumer education to enable them to make more informed decisions.

- **Suitability-related issues** – Economic anxiety and inflationary pressure may lead to an increase in suitability-related issues. The average consumer looking to reduce costs may buy financial services products that are less suited to their needs but more cost-effective. Furthermore, there may be more pressure in the financial sector to sell products that are not suitable for clients’ unique circumstances. The increased reliance on digital technologies could also lead consumers to buy products and services they may not fully understand.
- **Consolidation of pension plans** – Pension plans in Ontario are increasingly considering consolidation through mergers with select, jointly-sponsored pension plans.²⁰ The key driving forces behind consolidation include benefit security for plan beneficiaries and the opportunity to maintain or introduce a defined benefit plan at a workplace.
- **New ways of looking at retirement and decumulation** – Policymakers and stakeholders are exploring new approaches to adjust to an evolving marketplace, including forming “large collective plans” to more efficiently deliver deferred compensation. These plans can also better leverage scale and expertise. The industry has seen the emergence of “collective” decumulation products that may offer some of the benefits of traditional pensions, but at the same time lack risk mitigants or raise new ones. Industry observers have noted the lack of effective decumulation vehicles for savers in defined contributions plans and group registered retirement savings plans (RRSPs) to convert accumulated balances into lifetime retirement income. In 2019, the Government of Canada introduced legislation, which could permit a new variable income stream within a DC plan – known as Variable Payment Life Annuities.
- **Third-party outsourcing** – Financial services companies and pension plans are relying more on third-party service providers to supply technology services or fulfill operational needs. Third parties can help companies that are hampered by legacy systems. However, third parties come with increased risks, including operational disruptions and privacy/data breaches.

²⁰ https://www.cibcmellon.com/en/_locale-assets/pdf/our-thinking/2021/cibc-mellon-isonv202104-6-ch3-rise-of-the-consolidators.pdf

- **Alternative and private lending in the mortgage broker industry** – As interest rates increase and affordability issues continue, consumers may increasingly turn to alternative mortgage products and private lending to secure mortgages. These financial options can present additional risks that may not typically be associated with mortgages from traditional lenders.
- **Professionalization of Financial Planner/Financial Advisor (FP/FA) sector** – For many years, the use of the FP and FA titles lacked a regulatory framework. FSRA is now monitoring how the implementation of the framework will increase professionalism in the marketplace and create greater consistency and understanding of FP/FA title usage.
- **Cyber/information technology (IT) risk** – With more reliance on digital technology and innovation prompted by the COVID-19 pandemic, FSRA’s regulated sectors and consumers face greater cyber and IT risks. Cyber and IT risk incidents, such as data breaches, ransomware attacks or an internal IT disruption, can significantly affect the operations of regulated entities, resulting in financial losses, consumer harm and reputational loss to the regulated entity and sector.
- **Environmental, social and governance (ESG)** – The risks associated with climate change are present throughout all FSRA’s regulated sectors, particularly insurance companies, credit unions and pension plans. Some financial institutions and pension plans have already started to adopt climate risk mitigation policies, as well as ESG criteria in their investment strategies. Likewise, financial institutions and pension plans are incorporating diversity, equity and inclusion (DEI) strategies to strengthen their own internal governance and improve their internal and external relationships.

Strategic Framework

The Strategic Pillars support the achievement of FSRA's Mission – Public service through dynamic, principles-based and outcomes-focused regulation.

Operate effectively to be a high-performing regulator

- We will consistently deliver on our core business functions.
- We will apply continuous improvement methodologies to review operations.
- We will modernize tools and processes with a continued focus on digitization and automation.
- We will create an improved experience for stakeholders interacting with FSRA.
- We will clearly communicate our expectations to increase stakeholders' understanding of FSRA's regulatory approaches and activities.
- We will continue to work with government partners to maintain an alignment of priorities.

Protect the public interest to enhance trust and confidence in the sectors we regulate

- We will embed a consumer lens in our guidance and rules.
- We will thoughtfully engage with regulated sectors, consumers, credit union members, and pension plan beneficiaries to understand their current and future needs.
- We will enable innovation and greater choice for consumers.
- We will conduct research to better understand risks to and opportunities for consumers, credit union members, and pension plan beneficiaries.
- We will support efforts to enhance consumer, credit union member, and pension plan beneficiary education and knowledge.



Transform our regulatory processes to make evidence-based and risk-based decisions

- We will apply a consistent and transparent approach to regulatory oversight and decision making.
- We will collect more data and increase our internal capabilities to make evidenced- and risk-based decisions.
- We will be responsive to the regulatory environment and adapt our approach to regulation, as needed.
- We will continue transitioning to principles-based regulation by focusing our efforts on desired outcomes.
- We will build stronger relationships with other regulators through cooperation, collaboration and sharing of leading practices.

Attract talent and evolve our culture to achieve the mission and vision of the organization


- We will retain and develop top talent with deep expertise, and invest accordingly.
- We will foster a culture that is inclusive and exemplifies our values.
- We will organize and support our talent to effectively deliver on FSRA's strategic priorities and regulatory operational requirements.
- We will promote a culture where staff are actively empowered to lead, held accountable, and recognized for outcomes.


FSRA 2023-24+ Priorities

Strategic Pillars

 Protect the public interest to enhance trust and confidence in the sectors we regulate









 Operate effectively to be a high-performing regulator

 Transform our regulatory processes to make evidence-based and risk-based decisions

 Attract talent and evolve our culture to achieve the mission and vision of the organization



FSRA-Wide

-  1. Strengthen the consumer focus
- 
-  2. Modernize systems and processes
- 
-  3. Enable innovation
- 
- 
-  4. Enhance FSRA's talent management framework and strategy

5. Property & Casualty (Auto) Insurance

-  5.1 Execute strategy for reforming the regulation of auto insurance rates and underwriting
- 
- 
-  5.2 Develop recommendations and act on reforms of the auto insurance system
- 
- 
-  5.3 Ensure the fair treatment of property and casualty consumers
- 
- 
-  5.4 Achieve supervisory excellence for the Ontario-Incorporated insurance companies and reciprocals sector
- 
- 



6. Credit Unions

-  6.1 Achieve supervisory excellence for Ontario's credit union sector
- 
- 
-  6.2 Enhance financial stability structures
- 
- 
-  6.3 Enhance financial stability structures
- 
- 



7. Life & Health Insurance

-  7.1 Enhance market conduct oversight to protect consumers
- 
- 



8. Mortgage Brokering

-  8.1 Promote high standards of governance and business conduct
- 
- 
-  8.2 Enhance professional competence of licensed individuals
- 
- 




9. Pensions

-  9.1 Assess systemic and high priority risks in Ontario's pension sector
- 
- 
-  9.2 Support the development of target benefit regulation
- 
- 



10. Financial Planners & Advisors

-  10.1 Ensure the effectiveness of the title protection framework for financial planners/ financial advisors
- 
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Overview of Sectors

Property and Casualty/Auto Insurance

The P&C/auto insurance sector provides financial products designed to protect consumers and businesses against financial loss related to many different risks, such as owning a home, vehicle or business, and associated liabilities. Ontario's P&C insurance sector represents nearly \$32 billion in direct written premiums, 49% of which are derived from auto insurance.²¹

FSRA's role includes:

- Licensing over 150 P&C insurance companies, approximately 600 adjusters and nearly 11,000 agents that sell P&C insurance in Ontario to ensure they comply with the law.
- Regulating the conduct of business of insurance companies, agents, and adjusters to ensure the fair treatment of consumers throughout the entire product lifecycle.
- Conducting prudential regulation and supervision of Ontario-incorporated insurance companies and reciprocals, including providing regulatory approvals of certain transactions and investments.
- Examining the affairs of the Registered Insurance Brokers of Ontario and Facility Association and reporting results to the Minister.

FSRA also carries out additional functions specific to Ontario's auto insurance system, including regulating auto insurance products and their underwriting, distribution, and pricing and whether auto insurance rates are just and reasonable.

Health Service Provider Sector

The health service provider sector consists of approximately 4,900 licensed health service providers that invoice auto insurance companies for statutory accident benefits claims through the Health Claims for Auto Insurance system.

²¹ 2020 MSA Research Quarterly Outlook Report.

FSRA's role includes:

- Licensing health service providers allowing them to receive direct payments from auto insurers for benefits claimed under the Statutory Accident Benefits Schedule.
- Regulating the business and billing practices of licensed health service providers.
- Collecting information about licensed health service providers' business systems and practices through an Annual Information Return.

Life and Health Insurance

The life and health insurance sector provides comprehensive financial products to help individuals protect key aspects of their lives against risk of loss. Products include life and health insurance, as well as related investment products.

FSRA's role includes:

- Licensing life insurance companies and agents that sell life and health insurance in Ontario to ensure they comply with the law.
- Regulating the conduct of business of insurance companies and agents to ensure the fair treatment of consumers throughout the entire product lifecycle.

In FY2021-2022, FSRA licensed 96 insurance companies that insure the risk of life and health, over 6,000 life insurance corporate and partnership agents, and over 56,000 individual life insurance agents.

Mortgage Brokering

The mortgage brokering sector enables home ownership for many Ontarians. In 2021, mortgage brokerages arranged over 346,000 mortgages in Ontario, valued at approximately \$192 billion.²² In Ontario, all individuals and businesses that carry on mortgage brokering and administration activities are required to be licensed with FSRA, unless they are explicitly exempted from licensing under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (MBLAA).

²² FSRA 2020 Annual Information Return.

In FY2021-22, FSRA regulated approximately 1,240 mortgage brokerages, 3,000 mortgage brokers, 16,000 mortgage agents and 240 mortgage administrators in Ontario.

FSRA's role includes:

- Licensing mortgage brokerages, brokers, agents, and administrators to ensure they comply with the MBLAA.
- Regulating the conduct of the sector's licensees to ensure the fair treatment of consumers (borrowers and/or lenders/investors).

Pensions

Registered pension plans provide an important source of retirement income to a large number of employees and retirees in Ontario. The private sector is trending away from traditional single employer defined benefit models. Still, defined benefit membership continues to dominate both plan membership and assets in Ontario. This is primarily due to large public-sector sponsored plans and multi-employer pension plans. However, a significant number of working age Ontarians are members of defined contribution plans. The pension sector is large with plan assets of \$819 billion in over 4,500 regulated plans, with over 4.3 million plan members.

Co-operative Corporations

Co-operative corporations (co-ops) are member-owned and -controlled businesses that are incorporated under Ontario's *Co-operative Corporations Act*. There are approximately 1,800 co-ops in Ontario. FSRA's role in the co-op sector is to carry out powers and duties under the *Co-operative Corporations Act* that relate to the review of offering statements prepared by co-ops when raising capital from investors.

Credit Unions

Credit unions are co-operative, deposit-taking institutions that are member-owned and member-controlled; these members are also the credit unions' customers. Currently in Ontario there are 60 credit unions and caisses populaires. Ontario's credit union sector has over 1.7 million members, over 7,400 employees, and over \$88 billion of assets.²³ Ontario's

²³ Assets are reported by credit unions on an unconsolidated basis at present.

credit unions are diverse in size, with total assets ranging from approximately \$9 million to \$24 billion.²⁴

FSRA continues to enhance its supervisory program, methodologies, and practices as described in the Credit Union Risk Based Supervisory Framework. FSRA also continues to improve the protection of credit union members' deposits by enhancing the Deposit Insurance Reserve Fund Adequacy Framework.

FSRA's role includes:

- Incorporating new credit unions.
- Reviewing and approving proposed transactions involving credit unions such as amalgamations, the purchase or sale of assets, and assumption of deposits.
- Conducting prudential regulation and supervision of credit unions to ensure they are aligned with and meet solvency, liquidity, risk management and corporate governance requirements and desired outcomes, and are compliant with the *Credit Unions and Caisses Populaires Act, 2020*, its regulations and FSRA Rules.
- Conducting market conduct regulation and supervision of credit unions, (for example, by ensuring they comply with FSRA's Sound Business and Financial Practices Rule, treat members and consumers fairly, and handle complaints in an appropriate manner).
- Administering a deposit insurance program under which credit union members' deposits are protected by the Deposit Insurance Reserve Fund up to statutory maximum limits.

Financial Planners / Financial Advisors

In March 2022, legislation came into force to limit the use of the "financial planner" (FP) and "financial advisor" (FA) titles to those who have an approved credential from a FSRA-approved credentialing body.

The Financial Professionals Title Protection Framework is an important and positive development for the industry and for consumers seeking financial planning and advisory services.

²⁴ *Ibid.*

The title protection framework promotes confidence and professionalism in the sector by ensuring that individuals using the FP and FA titles are appropriately qualified through meeting minimum standards. It also reduces confusion regarding the wide array of titles and credentials being used in the financial services marketplace.

FSRA's role includes:

- Approving credentialing bodies and credentials.
- Setting minimum standards for financial planner and financial advisor credentials and entities seeking approval as a credentialing body.
- Monitoring and supervision of approved credentialing bodies.
- Enforcing compliance with the *Financial Professionals Title Protection Act, 2019* (FPTPA) for credentialing bodies and non-credentialed FP and FA title users.

As of September 1, 2022, FSRA has approved four credentialing bodies and nine credentials.

Statement of Priorities

1. Strengthen Consumer Focus

Overview

FSRA undertakes activities that support its vision of financial safety, fairness and choice for Ontarians. FSRA's Consumer Office helps maintain vision alignment by:

- Building on the strong foundation established through the Consumer Office and the Consumer Advisory Panel, FSRA continues to look for opportunities to increase and deepen consumer stakeholder participation in its policymaking (i.e., rulemaking and guidance development).
- Providing a consumer lens for key FSRA policy and oversight activities.
- Conducting research and analysis to respond to trends that impact consumers.
- Partnering with the public interest community to strengthen consumer representation in FSRA's outreach and consultations.

The Consumer Office works closely with FSRA partners to deliver on its commitments. Past activities, including supporting the Consumer Advisory Panel and developing cross-sectoral, research-based frameworks and consumer personas, have created a solid foundation for FSRA to foster consumer engagement. The Consumer Office will build on that foundation in FY2023-2024 by developing relationships with public sector groups, academia, and organizations with substantial consumer memberships, audiences, or research to improve access to diverse insights.

Key Deliverables

- a) Deliver and promote research, data insights and analysis into trends, processes, and issues that impact consumers in FSRA's regulated sectors and identify opportunities for practical application of findings in policy and oversight. For example:
 - Publish research related to outcomes for vulnerable consumers in sectors regulated by FSRA, and act on opportunities to improve those outcomes through targeted policy initiatives or supervisory action.

- Work with insurance regulators across Canada to evaluate the sector’s external dispute resolution framework.
 - Create a policy initiative using FSRA’s consumer disclosure framework to generate greater awareness of effective consumer disclosure practices.
- b) Implement existing FSRA guidance by building processes to use revenues retained outside of the Consolidated Revenue Fund under the *Financial Services Regulatory Authority of Ontario Act, 2016* for educational, research and knowledge or information-enhancement initiatives.
- c) Enhance FSRA’s ability to access the broader community, including community Diversity Equity and Inclusion (DEI) perspectives, to increase consumer sector engagement in public policy and to better enable collaboration.
- d) Stay at the forefront of relevant developments in leading consumer protection practices of other regulators and examine areas for potential application.

Planned Outcomes

- i) Enhanced protection of consumer rights and interests with an emphasis on vulnerable consumers.
- ii) Empower consumers through initiatives and thought leadership in consumer awareness and behavioural insights.
- iii) Strengthen Consumer Advisory Panel engagement and create more consumer and community outreach, engagement, and relationships.

2. Modernize Systems and Processes

Overview

FSRA continues to modernize processes and systems. This commitment will enable FSRA to operate as a high-performing regulator by creating processes that promote evidence-based and risk-based decisions. FSRA is following a multi-year roadmap (the “roadmap”) for its technology and information systems to support its core regulatory activities and procedures. The roadmap incorporates both sector-specific business priorities and enterprise-wide technology requirements. It also creates a flexible and adaptable business-operating model, supported by streamlined workflows and operational processes and system improvements. This roadmap is supported by FSRA’s cybersecurity program which ensures that the modern processes and systems are resilient to ever growing cyber threats. The cybersecurity program is risk based, has a robust governance and reporting structure, and is aligned with the industry best practices and security controls.

These workflow and system improvements will be key to supporting FSRA’s strategic pillars by:

- Delivering improved service levels by reducing turnaround times for managing regulatory processes.
- Optimizing and streamlining data collection and filings.
- Enhancing FSRA’s ability to respond quickly to changing regulatory needs.

In FY2023-2024, FSRA will deliver the first components of a new regulatory system and portals to significantly improve licensing and registration processes for the mortgage brokering and insurance sectors and health providers. The solution will be launched in phases for all sectors, with implementation targeted by FY2024-2025.

In this timeframe, FSRA will also work with regulated sectors to improve data collection, reduce reporting and administration by sector participants. Better data will improve FSRA’s ability to efficiently provide regulatory oversight.

All sectors FSRA regulates are taking part in the modernization work through communication, consultation, and collaboration. This includes outreach through FSRA’s communication

channels, forums for discovery, user experience research and ongoing opportunities for input and feedback as the work takes shape.

Key Deliverables

More innovative and competitive financial services through:

- a)** Implement technology solutions to enable simplified and fully digitized operations, including a 360-degree view of regulated entities (customer information system), case management, content management and data analytics tools, with enhanced client portals.
- b)** Implement advanced online/web-based information sharing on FSRA portals.
- c)** Extend digital document processing and digital signature capabilities to support streamlined processing of all paper-based channels.
- d)** Enable data analytics for each of the regulated sectors to empower FSRA policy and supervisory activities. Across the sectors, enhance infrastructure, establish new data interfaces (both new sources and improved exchanges), and implement advanced analytics and reporting systems to enable more efficient decision-making.

Planned Outcomes

- i) Improved regulatory oversight through greater access to data and analytics tools across all sectors.
- ii) Improved relationships with stakeholders through enhanced relationship- and case-management capabilities, better tracking and operational processing capabilities.
- iii) Improved and, where possible, customized user experience with the FSRA online portal.
- iv) Improved turnaround time for licensing, filing and registration processes.
- v) Improved access to information for consumers.

3. Enable Innovation

Overview

The Innovation Office has been working to move FSRA’s ambitions from theory into practice. FSRA actively undertakes the principles of the Innovation Framework, assessing the Innovation Process and deploying FSRA’s Test and Learn Environments (TLEs). FSRA is also assessing how it can use its discretionary powers to support responsible innovation. FSRA will work with stakeholders to build a stronger Ontario financial services market. FSRA will accomplish this goal with the Innovation Framework as its guide, using its first TLE as a pilot case and ongoing work to discover innovation opportunities.

The Innovation Office will pursue this objective by:

- Expanding the scope of its TLEs.
- Deepening its connections with crucial financial services stakeholders.
- Building its knowledge as a centre of expertise in financial services innovation.
- Continuing to assess how FSRA can use its regulatory tools to support innovation via the ongoing discretionary powers project.

Key Deliverables

- a) Use data and knowledge gained from the pilot TLE to refine FSRA’s future usage. FSRA will scale the TLE model to include more such initiatives across FSRA’s regulated sectors.
- b) Build the Innovation Office into a centre of expertise and a champion of innovation. FSRA will continue to convene industry leaders for knowledge-sharing on key issues. FSRA will also advocate for consumer-centered ‘responsible innovation’ in regulated sectors.
- c) Improve FSRA’s use of its regulatory toolkit. FSRA will use the toolkit to implement concepts outlined in prior discretionary powers projects for the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (MBLAA) and the *Insurance Act*. FSRA will conduct similar analysis of discretionary powers across remaining FSRA-regulated sectors.

- d) Develop stronger ties with peer regulators and key stakeholders. FSRA will help create an innovation 'community of practice' to compare regulatory approaches and address mutual challenges.

Planned Outcomes

- i) Use FSRA's TLEs and regulatory toolkit to establish Ontario as an attractive market for testing new financial services.
- ii) Improve FSRA's knowledge of innovation trends and champion reasonable innovation through engagement with stakeholders.
- iii) Expand connections with peer regulators, innovators, consumer groups, industry groups and sector stakeholders.
- iv) Improve FSRA's use of its regulatory toolkit through the discretionary powers project.
- v) Ensure FSRA supports innovation while maintaining a strong focus on consumer safety.

4. Enhance FSRA's Talent Management Framework and Strategy

Overview

Human Resources will enhance FSRA's talent management strategy to meet operational priorities. FSRA's new target operating models require the development and recruitment of new employees. Effective change management and an evolved and inclusive organizational culture will drive this initiative.

FSRA has not been immune to the record levels of pandemic-related resignations and retirements. The FY2023-2024 focus for Human Resources will be to build and implement an innovative human capital strategy that addresses these challenges with a focus on retention and skills development.

New approaches will be used to recruit early mid-career and seasoned talent and identify new talent channels. Investment will be made to support a learning organization that trains new FSRA team members and develops existing staff. FSRA will be positioned as an employer of choice through an attraction and retention strategy that exemplifies its values and behaviours, promotes flexible hybrid work and a recognition culture.

Key Deliverables

A refreshed talent management framework and strategy that includes:

- a) A review of FSRA's compensation structure and recruitment strategy to ensure competitiveness.
- b) Core and leadership capabilities that are articulated and embedded into leadership development, recognition, succession planning and high potential development programs and plans.
- c) Monitoring and reviewing changes associated with FSRA's transformation journey to modernize its digital tools and to become a more principles-based regulator –

ensuring the right processes, people and systems are in place to thrive and achieve FSRA's vision.

Planned Outcomes

- i) Attraction, recruitment, training, development, and retention of talent with expertise, skills and knowledge to ensure FSRA has the right people in the right place at the right time.
- ii) A culture that exemplifies FSRA's values and behaviours.
- iii) Talent that is supported to deliver on FSRA's strategic priorities and regulatory operational requirements effectively and efficiently.
- iv) A culture that is inclusive, equitable and diverse, where staff are actively empowered to lead, be accountable, supported and recognized for outcomes.

5. Property and Casualty (Auto) Priorities

5.1 Execute strategy for reforming the regulation of auto insurance rates and underwriting

Overview

FSRA's strategy for reforming the regulation of auto insurance rates and underwriting rules will make the oversight more dynamic, flexible, and transparent for Ontario's consumers to ensure fair and reasonable rates. This work will support FSRA's commitment to addressing recommendation 8 from the OAGO Value for Money Audit of FSRA.

Key Deliverables

- a) Develop legal framework changes based on consultation feedback to define fairness in rates and underwriting.
- b) Act on consultation feedback to implement a new supervisory framework that evaluates and monitors adherence to rates and underwriting requirements.
- c) Act on consultation feedback to promote informed decision-making and increase transparency throughout the sector to create more accountability.
- d) Explore the development of consumer satisfaction benchmarking in support of informed decision-making and increased transparency.
- e) Provide data analytics support for the regulatory reform of rates and underwriting, assisted by the development of an evidence-based risk assessment methodology.

Planned Outcomes

- i) A reformed legal and supervisory framework to ensure fairer treatment of consumers.
- ii) Improve sector operations through FSRA process reforms that enable market entry, responsiveness, innovation and deliver value-for-money to consumers.
- iii) Empower consumers to make more informed decisions by enhancing transparency and providing resources to enhance the understanding of auto insurance.

5.2 Develop recommendations and act on reforms of the auto insurance system

Overview

FSRA will continue to support legislative changes to reform auto insurance regulation and provide expert advice on key trends and opportunities to improve outcomes for consumers.

Key Deliverables

- a) Work with the Ministry of Finance to develop and implement initiatives to reduce fraud and abuse in the system.
- b) Work with health providers and auto insurers to improve the Health Claims for Auto Insurance system, including the efficiency of billing and data practices to enhance consumer outcomes.
- c) Complete the implementation of legislative amendments that will allow consumers to opt-out of Direct Compensation-Property Damage coverage and work with insurers on any related innovative consumer offerings.
- d) Consult with public stakeholders, including consumer advocates, insurers, service providers, medical professionals, and legal representatives, to identify opportunities to improve consumer outcomes.

Planned Outcomes

- i) Lower auto insurance system costs and the incidence of consumer harm resulting from fraud and abuse.
- ii) Improved protection of consumer rights and interests.

5.3 Ensure the fair treatment of property and casualty consumers

Overview

Monitor and supervise the Property & Casualty (P&C) insurance sector to encourage high standards of conduct in the interest of building public confidence and consumer protection. FSRA will continue to apply a risk-based and outcomes-focused approach to setting conduct expectations.

Key Deliverables

- a) Build on FSRA's current supervision activities to develop a market conduct framework for P&C insurance to address priority areas for supervision, including insurance distribution.

Planned Outcomes

- i) Fair treatment of customers in the P&C sector through efficient and effective regulation that protects the rights and interests of consumers and promotes high standards of business conduct and public confidence.

5.4 Achieve supervisory excellence for the Ontario-Incorporated insurance companies and reciprocals sector

Overview

FSRA requires the tools and resources necessary to supervise Ontario-incorporated insurance companies, including farm mutuals and reciprocals (insurers). Effective and efficient oversight will protect the rights and interests of consumers and enhance sector resilience and stability. As part of FSRA's multi-year initiative to transform its supervisory approach and satisfy its statutory objects, FSRA developed and is implementing the Risk Based Supervisory Framework for Ontario-Incorporated Insurance Companies and Reciprocals (RBSF-I). FSRA also issued guidance that details FSRA's practices for integrated market conduct and prudential supervision. This enhanced framework, which is aligned with international best practices, guides FSRA in its assessment and supervision of insurers and supports its objectives.

Key Deliverables

- a) Enhance relationship management for each insurer.
- b) Continue to build prudential and market conduct supervisory capacity and capability.
- c) Achieve supervisory excellence by assessing and proactively addressing inherent business risks and issues (e.g., solvency and governance). FSRA will work with stakeholders, including the Ontario Mutual Insurance Association, to implement the RBSF-I, tailored proportionately to the characteristics of the various segments of the insurance sector, including farm mutuals and reciprocals.

- d) Enhance data collection and transform FSRA's supervisory processes to make evidence- and risk-based decisions.
- e) Issue guidance that enables effective regulation and supervision of insurers, as outlined the work plan FSRA developed in collaboration with key sector stakeholders in FY2022-2023.

Planned Outcomes

- i) Better understanding of insurers' business and enhanced regulatory oversight.
- ii) Enhanced resilience and reduction in the probability of insurer failure.
- iii) Forward-looking assessments, monitoring, and effective supervision.
- iv) A strong, stable, and resilient sector in which policyholders and consumers are protected and have confidence in the sector.

6. Credit Union Priorities

6.1 Achieve supervisory excellence for Ontario's credit union sector

Overview

FSRA's Risk Based Supervisory Framework (RBSF), launched in April 2022, sets out new supervisory practices and approaches that have been key to FSRA's goal of achieving supervisory excellence. FSRA has collaborated closely with the sector to implement the new framework. With a focus on continuous proactive supervision and effective intervention, FSRA will build the capacity and capability for credit unions to deal with change, stress events and crises.

As the credit union sector continues to grow and evolve, FSRA requires modern, risk-based practices and the right tools to support its supervisory activities. For example, FSRA is taking the initiative to be more forward-looking by modernizing data systems to better analyze, manage and monitor risks. This will promote sector resilience, better protect depositors, enhance sector stability, and improve regulatory efficiency.

FSRA will also continue to integrate the legislative framework (e.g., rules and guidance) into credit union assessments and use evidence identified in supervisory assessments to better inform future needs and enhancements of the framework. This work will support FSRA's commitment to addressing recommendations 9 and 10 from the OAGO Value for Money Audit of FSRA.

Key Deliverables

- a) Striving for supervisory excellence, FSRA will continue to enhance its supervisory approach to be able to complete and maintain accurate risk profile assessments for each credit union every year.
- b) Incorporate risk data received through Enhanced Data Collection into the supervisory approach to more accurately and consistently assess risk profiles of credit unions.

Planned Outcomes

- i) A better-governed, competitive, and stronger credit union sector.

- ii) Enhanced credit union resilience and reduction in the likelihood of failure.
- iii) Improved protection of members and their deposits and build greater public confidence in the credit union sector.

6.2 Enhance FSRA's Regulatory Framework

The regulatory and legislative landscape for Ontario credit unions has experienced significant change. The *Credit Unions and Caisses Populaires Act, 2020* (CUCPA 2020) came into force on March 1, 2022, followed by new guidance and rules developed by FSRA to support the legislation and transition to a principles-based and outcomes-focused approach for regulation and supervision.

FSRA will continue to enhance the regulatory framework for Ontario credit unions by way of rules and guidance which will serve to promote high standards of business conduct, sector stability, confidence in the sector, and the protection of credit union depositors, members, and consumers.

FSRA will continue to work with the Ministry of Finance and key credit union stakeholders in a transparent and collaborative manner, following its multi-year work plan, to address areas of emerging risks and ensure that it remains current and enhances the regulatory framework as warranted.

Key Deliverables

- a) Initiate a review of FSRA's Capital Adequacy Requirements Rule to examine and propose updates to areas that require better risk alignment.
- b) Complete consultations and, subject to approval by the Minister of Finance, issue a new Unclaimed Deposits Rule to fully bring the CUCPA 2020 framework into effect. This will improve the process by which members can search for and claim deposits in accounts with credit unions that have been dormant for more than 10 years.

Planned Outcomes

- i) A stable and resilient credit union sector in Ontario with better alignment of capital and risk.
- ii) Better protection of credit union members' rights and their deposits.

6.3 Enhance financial stability structures

Overview

FSRA will continue to promote a stable and resilient credit union sector through enhanced financial stability structures such as the Deposit Insurance Reserve Fund (DIRF), a robust resolution regime, and enabling access to emergency liquidity facilities. These structures ensure members' deposits are protected, particularly during stress and crisis events, and promote sector stability. This work will support FSRA's commitment to addressing recommendation 11 from the OAGO Value for Money Audit of FSRA.

Key Deliverables

- a) Work with the BoC and other partners to facilitate access to emergency liquidity for credit unions.
- b) Work with credit unions to complete and enhance their credible recovery and resolution plans.
- c) Update and complete the Differential Premium System methodology to better reflect individual credit unions' risk profiles and publish a revised Differential Premium Score Determination document.
- d) Determine the adequacy of DIRF target funding levels and existing deposit insurance premiums.
- e) Continue to enhance the DIRF Adequacy Assessment Framework through the inclusion of additional risk data from Ontario credit unions through the Enhanced Data Collection project.

Planned Outcomes

- i) Credible credit union recovery and resolution plans.
- ii) Reduced exposure of the DIRF to loss.
- iii) Strengthened depositor protection, sector stability and member confidence.
- iv) Enhanced public confidence in credit unions.

7. Life and Health Insurance Priorities

7.1 Enhance market conduct oversight to protect consumers

Overview

The International Association of Insurance Supervisors' globally accepted framework requires insurers and intermediaries to treat consumers fairly, including the period before entering a contract through to the point at which all contractual obligations have been satisfied.

Since the 2018 release of the Canadian Council of Insurance Regulators (CCIR)/Canadian Insurance Services Regulatory Organizations (CISRO) guidance on the Fair Treatment of Customers, FSRA and regulators across Canada have been assessing whether consumers are receiving fair treatment. In response to regulatory findings and to enhance trust and increase confidence in the sector, FSRA has taken steps to enable supervisory excellence in the sector through enhancements to its supervisory approach, improved consumer disclosure, and by releasing guidance that will address consumer harms. In particular:

- **Insurance Distribution:** In the last two years, FSRA has published supervisory reports focusing on oversight in the end-to-end distribution of individual life and health insurance products and services. The findings identified consumer risks and gaps in market conduct compliance, particularly in independent distribution channels such as Managing General Agents (MGAs), where the delegation of oversight responsibilities may not be clearly defined and sufficiently monitored. In response, FSRA is:
 - Developing an evidence-based regulatory framework to address potential risks and challenges posed by the MGA distribution channel.
 - Continuing to build its capacity for proactive reviews of life insurance agents following the establishment of a dedicated life agent supervision team in 2020 and a supervisory framework in 2022.
- **Segregated Fund Contracts:** FSRA continues to work with other regulators across Canada to enhance regulatory standards for segregated fund contracts, building on the recommendations in the 2017 *CCIR Segregated Funds Working Group Position Paper*. This work includes the planned implementation of FSRA Rules relating to deferred sales charges, which follows the February 2022 CCIR/CISRO announcement intended to stop deferred sales charges for new segregated fund contracts by June 1, 2023.

Key Deliverables

- a) Publish, for consultation, proposed changes to the framework for agencies with a contractual responsibility to screen, train, and/or monitor individuals under their supervision who sell life and health insurance products.
- b) Implement a FSRA Rule that would ban deferred sales charges for new segregated fund contracts, prevent insurers from amending existing contracts to make such charges more onerous for customers, and require disclosure regarding further deferred sales charge deposits to existing contracts.
- c) Work with regulators across Canada to enhance standards related to segregated funds, in particular:
 - Finalizing national guidance on total cost reporting disclosure requirements for segregated fund contracts.
 - Consulting on national guidance about the design, distribution, issuance, sale and administration of individual variable insurance contracts.
 - Consulting on national guidance relating to upfront compensation paid for the sale of segregated funds.

Planned Outcomes

- i) Stakeholders have clarity and an increased understanding of FSRA's regulatory requirements with respect to the role of insurers and MGAs in the distribution channel for Life and Health products.
- ii) Segregated fund customers are treated fairly and better informed, as:
 - The use of deferred sales charges in segregated fund sales would be banned.
 - Industry has a clear understanding of regulatory requirements regarding the information consumers will receive about the total cost of their segregated fund contracts.
 - Industry has a clear understanding of regulatory requirements with respect to the sale and administration of segregated fund contracts.

8. Mortgage Brokering Priorities

8.1 Promote high standards of governance and business conduct

Overview

A strong conduct culture is particularly important for large mortgage brokerages and administrators that employ many licensed individuals, originate and/or administer a high volume of mortgages and deal with a significant number of consumers (borrowers and/or lenders/investors). The industry's reach results in a potentially greater impact on consumer outcomes and on its own reputation. Consequently, in FY2023-2024, FSRA intends to strive for supervisory excellence by supporting the sector to promote a strong culture of appropriate business conduct and compliance.

With a strong conduct culture, brokerages, administrators, and their licensed individuals make business decisions and keep clients' (borrowers and/or lenders/investors) interests top of mind. An organization's culture can influence its conduct and compliance with regulatory requirements and industry best practices. A sustainable culture that emphasizes fair treatment of consumers and meets regulatory requirements demands a strong "tone from the top."

Mortgage brokerages are required to have processes and policies in place to help promote strong business conduct and high standards of compliance with the Mortgage Broker Regulators' Council of Canada's National Code of Conduct and the MBLAA.

Principal brokers are required by law to ensure that their brokerages, as well as each associated broker and agent, comply with all requirements under the MBLAA. Principal brokers play a key role in creating a culture that promotes strong business conduct and that deters deceptive or fraudulent acts within the sector. Their effectiveness depends in part on their ability to influence conduct and the overall culture within their brokerages.

Key Deliverables

- a) Consult on best practices to improve the effectiveness of the principal broker's role in contributing to a strong business conduct culture and ensuring the fair treatment of consumers.

- b) Develop a supervisory engagement model for mortgage brokerages and administrators whose conduct has the most impact on consumers and the industry's reputation, enabling more effective allocation of supervision resources.

Planned Outcomes

- i) Principal brokers have the appropriate authority and effective supervision programs to promote a strong conduct mindset within their brokerages that ensures the fair treatment of consumers.
- ii) Supervisory excellence to strengthen business conduct, increase consumer protection and improve industry reputation.

8.2 Enhance professional competence of licensed individuals

Overview

Industry participants have continuously made suggestions to strengthen the proficiency and education of mortgage brokers and agents to increase the sector's overall professional standards.

Following the government's direction from the MBLAA review, FSRA worked with industry and licensing education providers to raise education standards for mortgage brokers and agents and improve delivery systems for such providers. For example, FSRA and government collaboration resulted in the introduction of a new licensing regime with enhanced proficiency and experience requirements for agents (as well as brokers) who deal with private mortgages.

FSRA will finalize its work of strengthening the educational requirements of this sector, which is critical in an uncertain market with volatile interest rates and a historically high rate of inflation.

Within this environment, consumers may be driven to mortgages funded by alternative and private lenders. With enhanced competency and a more systematic approach to assessing the suitability of a mortgage recommendation, brokers and agents will be better placed to serve their clients.

Key Deliverables

- a) Continue work to update the broker and agent licensing education courses.
- b) Execute the multi-year plan to enhance continuous education requirements, as consulted on with the industry, along with the introduction of the new licensing classes.
- c) Consult on best practices to ensure the suitability of mortgage recommendations for consumers.

Planned Outcomes

- i) Agents and brokers are equipped with professional standards and competencies that are aligned with increasingly sophisticated options and products for consumers in a complex financial services industry.
- ii) Consumers receive mortgage advice that is suitable to their specific circumstances and needs, protecting their rights and interests and promoting high standards of business conduct and public confidence in the sector.

9. Pension Priorities

9.1 Assess systemic and high priority risks in Ontario’s pension sector

Overview

Since FSRA was launched, it has proactively supported the protection of benefits in Ontario’s pension sector through various initiatives. Many of these initiatives have become part of FSRA’s “new normal” in the supervision of the sector as they consume considerable regulatory resources²⁵. Some of the approaches FSRA has taken include:

- A focus on single employer defined benefit plans where there may be a concern over the security of benefits.
- Work with large public-sector pension plans to monitor and enhance FSRA’s supervision of investment risk governance, plan governance and systemic risks. FSRA will continue this work in FY2023-2024.
- Review of the long-term viability and financial sustainability of the Pension Benefits Guarantee Fund, including enhancing FSRA’s predictive analysis.²⁶
- Benchmark defined benefit multi-employer pension plans against FSRA’s published leading practices.
- Host webinars and develop frequently asked question (FAQ) documents to support plan administrators and other stakeholders.
- Dedicate resources to transactions such as asset transfers and wind-ups.

FSRA has also heard from the sector that feedback loops on FSRA’s transactions and results are important. To help the sector better understand how FSRA exercises its discretion, it has published a new report on approved uses in asset transfer transactions. FSRA has published new fact sheets on the sector and key trends it observes from filings.

FSRA continues to focus on automation with, for example, requests for viewings of plan records that have been filed with FSRA. This automation will evolve over time and may experience some growing pains as FSRA shifts its approach.

As a risk-based regulator, FSRA is mindful of key risks and trends in the pension sector. In

²⁵ FSRA has not materially changed its course on initiatives published in recent Statement of Priorities documents. The intention of listing FSRA’s approaches in regulating the sector is not to provide an exhaustive list of *all* past initiatives.

²⁶ Under the PBA, the CEO of FSRA is responsible for the administration of the PBGF, not FSRA. FSRA staff support the CEO. Eligible expenses associated with administration are charged to the PBGF, not FSRA Assessment Fees.

the recent past, the International Monetary Fund called on regulators to strengthen their oversight of large public sector plans. FSRA has published its observations on alternative assets and risk management and continues to work on liquidity coverage ratios. FSRA has followed issues around economic uncertainty and inflation, publishing an article on the topic in 2022. FSRA has also closely followed developments in securities and pension regulations on cryptocurrency and ESG.

Key Deliverables

- a) Building on work to-date and to respond to systemic importance of large public sector plans and the International Monetary Fund's Financial Sector Assessment Program, FSRA will continue to engage with large public sector plans on risk management and investment risk governance practices. FSRA will identify leading practices on risk management processes that allow plans to evaluate risk management controls and better protect assets. Risk management assists plan administrators in keeping plan assets safe, protecting the plan from adverse risks and supports the plan in meeting its objectives.
- b) Work with colleague regulators at the Canadian Association of Pension Supervisory Authorities (CAPSA) to develop guidelines that highlight leading practices in risk management, giving due consideration to proportionality.
- c) Develop and publish a new FSRA Performance Report, built on FSRA's 2021 and 2022 annual reports, showing activities in key transactions, including changes in backlogs.

Planned Outcomes

- i) These outcomes are aligned with FSRA's statutory objects of promoting good administration of pension plans and protecting and safeguarding the pension benefits and rights of plan beneficiaries.
- ii) Improved risk monitoring and assessment of significant and systemically important plans under supervision.
- iii) Enhanced capacity to engage with plans within FSRA using analytics and delivering a measured and graduated approach to supervision.

9.2 Support the development of target benefit regulation

Overview

FSRA is committed to supporting the government in its development of a new target benefit framework for multi-employer pension plans, as announced in the 2022 Ontario Budget released on April 28, 2022. Since launch, FSRA has worked closely with the government to align priorities and support effective feedback loops on key trends and issues in the sector. Part of FSRA's approach has been to engage the government as observers in all ad hoc or standing advisory committees. Moving forward, FSRA is prepared to continue to support the government, as appropriate, on this and other initiatives that would enable innovation in the sector.

Key Deliverables

- a) Assist the government with its target benefit framework for multi-employer pension plans, as needed.
- b) Initiate the implementation of a supervisory framework for target benefit multi-employer pension plans.

Planned Outcomes

- i) Continue benchmarking multi-employer pension plans²⁷ and new supervisory guidance that supports policy implementation in a timely fashion, a responsive regulatory environment to a sector under transformation, and improved regulatory effectiveness and efficiency.

²⁷ This work will support FSRA's commitment to address recommendation 13 from the OAGO Value for Money Audit of FSRA.

10. Financial Planners/Financial Advisors Priorities

10.1 Ensure the effectiveness of the title protection framework for financial planners/financial advisors

Overview

On March 28, 2022, the *Financial Professionals Title Protection Act, 2019* (FPTPA) and FSRA's Financial Professionals Title Protection Rule came into force, implementing the Financial Professionals Title Protection Framework (FPTPF).

The FPTPF is intended to promote confidence and professionalism in the sector by ensuring that individuals using the FP and FA titles are appropriately qualified by meeting minimum standards. Consumers who work with a FP or FA can have confidence that they are dealing with an individual who:

- Has a minimum standard of education.
- Is actively supervised by an approved credentialing body.
- Is subject to a complaints and discipline process.

The FPTPF also requires that FP and FA title users abide by a code of conduct and professional ethics that requires them to put client interests first.

In the FPTPF's second year of operation, FSRA will focus its resources on:

- Ensuring effective implementation of the intended framework through supervision and assessment of each approved credentialing body.
- Monitoring the marketplace for relevant trends and issues that could inform future changes to the FPTPF.

FSRA will also continue to work with other Canadian jurisdictions that are adopting similar frameworks to discuss opportunities for harmonization.

Key Deliverables

- a)** Assess credentialing bodies to ensure that they meet FSRA's minimum standards, appropriately share information, consistently communicate requirements with credential holders, and have the necessary policies and procedures in place to protect consumers.
- b)** Conduct a review of the framework to evaluate its effectiveness in achieving expected outcomes, and assess opportunities for improvement, including consultation with key stakeholders, where applicable.
- c)** Work with the Ministry of Finance and other stakeholders to identify and implement any required changes to rules, legislation and/or regulations to enhance national harmonization of the FP/FA framework.

Planned Outcomes

- i) Effective oversight of credentialing bodies to ensure consumer protection.
- ii) Successful transition of designation providers to regulated credentialing bodies, ensuring integrity and professional conduct in the sector.
- iii) Enhanced public confidence, informing consumers that their financial planners and advisors meet consistent minimum education standards and are required to abide by a code of conduct that puts consumer interests first.
- iv) Harmonize, to the extent possible, with other Canadian jurisdictions' title protection frameworks.

Performance Measures and Targets

The analysis below provides the linkage from the Plan to planned and visible outcomes.

The core measurement outputs and outcomes are focused on the Property and Casualty (Auto), Prudential Insurance, Credit Union, Insurance Conduct, Mortgage Brokering, Pension and Financial Planners/Financial Advisors sectors.

In the November 30, 2022, OAGO Value for Money audit of FSRA, it was recommended FSRA develop and track informative specific performance measures and targets that better align with its overall mandate, and report on progress against these targets on an annual basis. In response to the OAGO's recommendation, FSRA is aiming to have appropriate performance measures and targets in place by the end of the first quarter of the 2023-2024 fiscal year.

The metrics are a guide to evidence the outcomes and are reflective of FY2021-2022 performance for Property and Casualty (Auto), and Pension sectors. The Credit Union, Insurance Conduct, Mortgage Brokering and Financial Planners/Financial Advisors sectors are introducing new metrics and will benchmark when a full cycle of data is gathered. These metrics will be presented in future agency Annual Reports. FSRA will continue to monitor and measure the proposed targets which will be refined as needed for better alignment to the adoption of a principles-based regulation model, objectives and fulfill OAGO recommendations in the coming years.

Property and Casualty (Auto)

FSRA's strategy to reform the regulation of rates and underwriting continues to implement a principles and risk-based approach for insurer auto insurance rate filings, including the introduction of Operational Risk Management framework, streamlining the filing review process and clearly communicating FSRA's expectations to insurers. The result of these changes is that insurers are more accountable for ensuring that their rates are fair and can respond more quickly to market conditions. FSRA's current service standard metrics indicate improved regulatory efficiency. FSRA continues to develop data-driven supervisory tools and key performance metrics to assess consumer impacts and regulatory effectiveness. These tools and metrics will be integrated into the planned supervisory framework, a commitment under Priority 5.1 Execute strategy for reforming the regulation of auto insurance rates and underwriting.

The Metric: Number of Filings

Type of Filings	FY2021-22		
	Processed within Service Standard	Total Processed	%
Major rate filing reviewed and decision made within 45 business days	23	24	95.8%
Standard and Minor filings reviewed and decision made within 25 business days			
a) PPA Standard filings	39	40	97.5%
b) Non-PPA Minor filings	19	20	95.0%
Underwriting rules, Endorsement and Form filings reviewed and decision made within 30 business days	110	115	95.7%

Output:

- The majority of filings were completed within service standards.
- Insurers make effective use of standard filing.
- Service level standards are not prioritized over consumer protections and account for the main reasons for longer process times.

Outcomes:

- More timely and informed decisions.
- Improved transparency, disclosures and public awareness regarding P&C insurance in general and auto insurance rates.
- Improved regulatory effectiveness and efficiency, including oversight, forms and processes.
- Improved market health with more efficient regulation through FSRA process reforms that enable market entry, responsiveness, innovation and delivering value for-money to consumers.

Target:

FY2023-2024:

- 90% Major Rate Filings reviewed, and decision made within 45 business days.
- 100% of Private Passenger Auto (PPA) Standard filings reviewed and decision made within 25 business days.
- 85% of non-PPA Minor Filings reviewed and decision made within 25 business days.
- 80% of Underwriting Rules, Endorsement and Form Filings reviewed and decision made within 30 business days.

FSRA will continue to monitor and refine the targets for FY2024-2025 and future years as we initiate action on reforms and a new supervisory framework for the regulation of auto insurance. FSRA anticipates improvements delivered from *FSRAForward* will further enhance service delivery.

Prudential Insurance

FSRA will be finalizing and implementing its Risk Based Supervisory Framework (RBSF-I) for supervision and risk assessment of provincially incorporated insurance companies. This framework will allow FSRA to assess provincially incorporated insurance companies' overall risk profile, identify areas of concern, and determine the level of supervision and intervention needed. Risk-based supervision increases the effectiveness of supervision through articulating and meeting supervisory outcomes while increasing efficiency through improved resource allocation and processes to the areas of greatest risk.

FSRA is introducing the new targets below and will benchmark when a full cycle of data is gathered.

Output:

- Accurate, consistent, and timely supervisory reviews of risk profiles.
- Improved regulatory efficiency.
- Timely approvals.

Outcomes:

- Improved protection of consumers and confidence in the sector.
- Enhanced sector stability.

Targets:

- % Of Interim Supervisory Letters issued in a timely way (e.g., 60 days) after completion of an assessment.
- Completed RBSF-I assessments as a % of the approved annual supervisory plan (dependent on staff vacancy rates).
- % Of insurance companies with elevated risk profiles reviewed.
- % Of completed quality assurance processes (includes expert panel review).
- % Of insurance transactions requiring regulatory approval processed in a timely way (e.g., 45 business days) after all required information received.

Credit Unions

FSRA implemented its Risk Based Supervisory Framework (RBSF) for supervision and risk assessment of Ontario Credit Unions as of April 1, 2022. Through the Framework, FSRA's focus is to determine and assess the impact of current and potential future events, in both the internal and external environments, on the risk profile of Ontario Credit Unions. Risk-based supervision increases the effectiveness of supervision through articulating and meeting supervisory outcomes while increasing efficiency through improved resource allocation and processes to the areas of greatest risk.

FSRA is introducing the new targets below and will benchmark when a full cycle of data is gathered.

Output:

- Accurate, consistent, and timely supervisory reviews of credit union risk profiles
 - Watchlist credit unions within 1 year
 - Large and not elevated risk profile credit unions within 1.5 years
 - Mid-sized and not elevated risk profile credit unions within 2 years
 - Small and not elevated risk profile credit unions within 3 years.
- Timely approvals.
- Improved regulatory efficiency.

Outcomes:

- Improved protection of member deposits and confidence in the sector.
- Minimized exposure of DIRF to loss.
- Enhanced sector stability.

Targets:

- % Of Interim Supervisory Letters issued to credit unions in a timely way (e.g., 60 days) after completion of an assessment.
- Completed RBSF-CU assessments as a % of the approved annual supervisory plan (dependent on staff vacancy rates).
- % Of action plans received (within 45 days of issuing a supervisory letter) that adequately address all requirements and recommendations following a RBSF-CU assessment.
- % Of quality assurance process completed for credit union supervisory reviews.
- % Of sector risk profile reviewed by credit union assets.
- % Of credit union transactions requiring regulatory approval processed in a timely way (e.g., 45 business days) after all required information received.

Insurance and Mortgage Brokering Conduct

The Metric: Age of Complaints

Type of Filings	Open Complaints as of	Age of File						
	31-Mar-21	1-29 days	30-59 days	60-89 days	90-119 days	120-179 days	180-364 days	365+
Insurance Conduct	68	29	16	5	3	11	1	3
FI & MB Conduct	51	29	12	4	3	3	0	0
Total	119	58	28	9	6	14	1	3
Rates	100%	49%	24%	8%	5%	12%	1%	3%

Type of Filings	Open Complaints as of	Age of File						
	31-Mar-22	1-29 days	30-59 days	60-89 days	90-119 days	120-179 days	180-364 days	365+
Insurance Conduct	44	23	3	3	4	9	2	0
FI & MB Conduct	54	30	12	6	3	2	0	1
Total	98	53	15	9	7	11	2	1
Rates	100%	54%	15%	9%	7%	11%	2%	1%

The FY2021-2022 number of Open Complaints continue to decline compared to the last fiscal year (FY2020-2021).

New performance measures: In order to better align with the adoption of a principles-based regulation model, FSRA is introducing the new metrics below and will benchmark when a full cycle of data is gathered.

Insurance conduct

FSRA uses insights from prior reviews, stakeholders, licensees, and market intelligence to identify areas for engagement and potential for misconduct. Using this risk-based approach, FSRA design and execute reviews, and publish supervisory findings in support of sectoral compliance and consumer protection.

FSRA will publish a report where it has conducted risk-based reviews of a group of regulated entities where FSRA considers there to be an elevated risk of consumer harm or wishes to gather evidence on conduct. A group of regulated insurance licensees can involve a number of entities such as insurers, corporate agencies, insurance agents, or health service providers. The total number of entities reviewed will be determined based on risk and will be published in the final report.

Output:

Each risk-based review will include:

- Discussions and planning with stakeholders
- Engagement with licensees
- Analysis of findings
- Publication and communication

Outcome:

- Identification of higher risk areas
- Stakeholder awareness
- Consumer awareness/education
- Licensee engagement/education
- Licensee accountability
- Sector compliance

Target:

Of risk-based review publications: 3

Mortgage Brokering Conduct

FSRA uses insights from prior reviews, stakeholders, licensees, and market intelligence to identify areas for engagement and potential for misconduct. Using this risk-based approach, FSRA design and execute reviews, and publish supervisory findings in support of sectoral compliance and consumer protection.

FSRA will publish a report where it has conducted risk-based reviews of a group of regulated entities where FSRA considers there to be an elevated risk of consumer harm or wishes to gather evidence on conduct. A group of regulated mortgage brokerage licensees can involve a number of entities such as brokers, principal brokers, brokerages, agents, or administrators. The total number of entities reviewed will be determined based on risk and will be published in the final report.

Output:

Each risk-based review will include

- Discussions and planning with stakeholders
- Engagement with licensees
- Analysis of findings
- Publication and communication

Outcomes:

- Identification of higher risk areas
- Stakeholder awareness
- Consumer awareness/education
- Licensee engagement/education
- Licensee accountability
- Sector compliance

Target:

- # Of risk-based review publications: 2

Pensions

FSRA engages regularly with stakeholders to identify priority areas and concerns. The metrics below are tied to FSRA's objects of promoting good plan administration and protecting pension members' rights and entitlements under FSRA legislative framework and priorities.

The Metric: Resolution of Pension Plan Inquiries

Transaction Type	Totals		% Resolved within 45 days				FY Total
	Received	Met Service Standard	Q1	Q2	Q3	Q4	
All Inquiries (Member, Industry, General)	4310	4120	97%	96%	95%	93%	96%

Output:

- Timely decisions and efficient communication to sector and plan beneficiaries.
- Review and resolved more than 90% of pension inquiries identified within 45 business days.

Outcomes:

- Continued improved regulatory effectiveness and efficiency, including increased oversight and updated approach and processes.
- Increased confidence of plan administrators as well as plan beneficiaries from timely resolution of inquiries.
- Protected pension benefits and rights of pension plan beneficiaries and promoting good pension plan administration.

Target:

- 90% of pension related inquiries will be reviewed and resolved within 45 business days.

FSRA will continue to monitor our progress. It is anticipated that improvements delivered from *FSRAForward* will enhance self-guided and automated inquiries opportunities.

The Metric: Benchmarking of defined benefit (DB) multi-employer pension plans (MEPPSs) against FSRA’s published leading practices

Benchmarking of DB MEPPs in Ontario against FSRA’s published leading practices			
	FY2021-2022	FY 2022-2023	FY 2023-2024
Target	5	30	32
Completed	5	TBD	TBD

Output:

- A sector summary report with aggregate level findings to be published by Spring of 2024.

Outcomes:

- Establish more unified governance, risk management, operational and communication practices across MEPPs, enhanced risk profiles and improved focus on regulatory efficiency and effectiveness.
- Protected pension benefits and rights of pension plan beneficiaries and promoting good pension plan administration.

Target:

- FY2023-2024: Benchmarking 67 Ontario registered DB against the published FSRA Leading Practices
 - FY21-22: 5 plans benchmarked
 - FY22-23: 30 plans to be benchmarked
 - FY23-24: 32 plans to be benchmarked.

The Metric: Approval of Asset Transfers

Transaction Type	Service standard date within FY	Totals Met Service Standard	% Resolved within 120 business days FY 2021-2022				
			Q1	Q2	Q3	Q4	FY Total
DB Asset Transfers	17	14	75%	100%	80%	83%	82%
DC Asset Transfers	43	42	89%	100%	100%	100%	98%

Output:

- Service standards now implemented (120 business days for DB and defined contribution (DC) asset transfers).
- Specialized team approach further refined with separate teams established for DB transfers and DC transfers.

Outcome:

- Improved regulatory effectiveness and efficiency, including oversight, sector outreach, communication, and processes.
- Enhanced sector confidence.

Target:

- 80% of asset transfer applications reviewed and resolved within 120 business days for DB transfers.
- Adjust DC asset transfer service standard to 80% of DC asset transfer applications to be reviewed and resolved within 90 business days.
- Report above service standard results in FSRA quarterly scorecard.

Financial Planners/Financial Advisors

FSRA uses insights from stakeholders, approved credentialing bodies, and market intelligence to identify areas for engagement and potential for misconduct. Using this risk-based approach, FSRA will design and execute reviews, and will publish supervisory findings in support of sectoral compliance and consumer protection.

FSRA will publish a report when it has conducted a first-year risk-based review of an approved credentialing body(ies).

Output:

Each risk-based review of this newly regulated sector will include:

- Discussions and planning with stakeholders
- Engagement with credentialing bodies
- Analysis of findings
- Publication and communication

Outcome:

- Stakeholder awareness
- Consumer awareness/education
- Credentialing body engagement/education
- Credentialing body accountability

Target:

- # Of risk-based review publications: 1

Risk Identification, Assessments and Mitigation Strategies

FSRA's Enterprise Risk Management (ERM) Framework is operationalized and governed using the Three Lines Model²⁸. As the First Line, Business Units own the risks and are responsible for risk identification, assessment, and mitigation to manage risks within acceptable tolerance levels. The Second Line is the responsibility of Risk Management who, performs oversight, monitoring, and reporting of risks on the enterprise level. As the Third Line, Internal Audit, provides independent assurance on FSRA's practices, governance, risk management, and internal controls.

FSRA's Risk Management function is supervised at both the Executive and Board levels, through the Risk Management Committee (RMC), and the Human Resources and Governance Committee of the Board (HRGC).

FSRA has the Board-approved Risk Appetite Statement (RAS) in place to facilitate the risk-based decision making. The RAS guides FSRA in delivering its mandate and fulfilling its strategic goals while taking on acceptable risks. In its operationalization, risk profiles are regularly monitored against the risk appetite and reported to the RMC and HRGC. FSRA reviews its Risk Appetite, at least annually or as necessary, to ensure its appropriateness.

FSRA's Enterprise Compliance program is continuously enhanced to ensure adherence to applicable legislation, regulations, and directives. It is implemented through well-drafted policies, awareness and training, compliance attestations, regulatory scan, and continuous monitoring of functional areas.

FSRA's Privacy Risk Management has been strengthened through the enterprise-wide Privacy Impact Assessment, developing the Protection of Personal Information Policy in addition to the Privacy Breach Reporting Plan, and awareness and training. FSRA evaluates projects that involve the collection, use and/or disclosure of personal information to ensure compliance with the *Freedom of Information and Protection of Privacy Act* (FIPPA).



²⁸ For more details, please refer to "Three Lines Model" by The Institute of Internal Auditors


As the operationalization of the ERM Framework matures, FSRA is able to remain flexible and meet the demands of changing risk landscape.

Overall, FSRA is closely monitoring the major risks identified in Table 1. In response, FSRA continues to implement mitigation plans to ensure that these risks are properly addressed.


Table 1: FSRA’s Major Risks

Legend: Improving  Stable  Deteriorating 


Risk Title	Risk Rating	YoY Trend**	Mitigation
1. Sustainability of funds			
<p>Insufficient Deposit Insurance Reserve Fund (DIRF)</p> <ul style="list-style-type: none"> Risk that the DIRF could be insufficient to pay insured depositors if a credit union, or a number of credit unions become insolvent. 	Medium -High		<p>The DIRF is managed as a segregated fund. The Statutory Funds Committee (a sub-committee of the Board) has oversight of the funds.</p> <p>FSRA has also established a DIRF Technical Advisory Committee (TAC) to evolve its approach, tools, and processes as they pertain to the DIRF. The Committee will advise FSRA on initiatives such as the DIRF Adequacy Assessment Framework, Differential Premium Score (DPS), and DIRF premiums.</p> <p>FSRA closely monitors risks, liquidity and capital ratios at all credit unions, through the information returns, environmental scans and supervisory reviews, and intervenes when necessary. Additionally, FSRA is strengthening its supervisory tools to enable the assessment of the impact of various scenarios on credit unions.</p>
<p>Limited access to emergency liquidity funding for credit unions</p> <ul style="list-style-type: none"> Risk of not having established adequate emergency liquidity access for credit unions in times of crisis due to legislative impediments. 	Medium - High		<p>The \$2 billion line-of-credit (not permanent agreement) with Ontario Financing Authority (OFA) is available for use, which better enables FSRA to provide emergency liquidity to otherwise viable credit unions experiencing short-term liquidity stress, thus maintaining stability and confidence in the sector. Recent assessments of the liquidity risks in the CU sector based on more advanced modelling techniques and better CU information indicate that a materially larger liquidity facility is required.</p> <p>The Memorandum of Understanding with the British Columbia Financial Services Authority (BCFSA) is in place to enable the exchange of data including Central 1 (C1) /liquidity information which aids effective oversight.</p>

Risk Title	Risk Rating	YoY Trend **	Mitigation
			<p>FSRA has published Recovery Planning and Resolution Planning Guidance to help credit unions increase their resiliency, reducing the likelihood of their failure.</p> <p>Work is underway with the Bank of Canada (BoC), Payments Canada, and the Ministry of Finance to obtain access to BoC's emergency liquidity assistance for Ontario credit unions either directly or through an Ontario based intermediary such as the OFA or a special purpose institution yet to be set up.</p>
<p>Insufficient Pension Benefits Guarantee Fund (PBGF)</p> <ul style="list-style-type: none"> Risk of an insufficient PBGF to cover claims arising from a Single-Employer Defined Benefit Pension Plan (SEPP) funding deficit and insolvency of Plan Sponsor(s), at the same time. 	Medium	<p>***</p> 	<p>FSRA has established a Statutory Funds Committee to provide advice on PBGF-related matters.</p> <p>FSRA continues focusing on the prudential supervision of SEPPs for early risk identification, monitoring and intervention, to minimize the potential claims to the PBGF.</p> <p>FSRA promotes good risk management and governance of assets in the PBGF, including stress testing, use of conservative margins, and appropriate investment strategy.</p> <p>FSRA is building in-house predictive analytic capabilities to better assess the potential PBGF risk exposures.</p>

2. Organizational maturity challenges

<p>Legacy: Unsupported software & technology stack and legacy domains</p> <ul style="list-style-type: none"> Risk that key business applications are using outdated and unsupported technology stack, security patches are unavailable, and applications run into issues that cannot be resolved in a timely manner. Risk that <i>FSRAForward</i> as the key solution to legacy technology issue is not implemented smoothly 	Medium		<p>FSRA has developed a <i>FSRAForward</i> (formerly known as Digital Transformation) blueprint, which aligns processes, data, technology, and stakeholder interactions with FSRA's vision and priorities. This blueprint proposes a phased approach to IT Capital investment, ensuring appropriate oversight and risk mitigation. The <i>FSRAForward</i> program is progressing on track to replace the legacy applications by 2025.</p> <p>IT Service Management, Vulnerability Management Program, Disaster Recovery Plan, and regular data backup are in place, serving as compensating controls.</p> <p>Modernization efforts to reduce operational and security risks, improve productivity, and reduce technical debt continue.</p> <p>To ensure smooth and successful implementation of <i>FSRAForward</i>, a program management framework is in place to continuously monitor and report the status to the management as well as the Board and its</p>
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Risk Title	Risk Rating	YoY Trend **	Mitigation
and/or successfully, which will impede FSRA's ability to improve our regulatory efficiency.			committees.
<p>Cybersecurity</p> <ul style="list-style-type: none"> Risk that FSRA's systems are breached or compromised, which may lead to the theft of information and/or impairment of FSRA's ability to sustain IT operations. 	Medium	↔	<p>FSRA is implementing a multi-year cybersecurity program including governance, service delivery model, and a roadmap with detailed steps to improve and maintain its adequate cybersecurity posture.</p> <p>As part of the cybersecurity program, FSRA has developed the Cybersecurity Incident Response Plan and related playbooks, supplemented by table-top exercises to evaluate effectiveness.</p> <p>FSRA's cyber posture is periodically assessed based on the NIST (National Institute of Standards and Technology) framework.</p>
<p>Regulatory & Cultural Transformation</p> <ul style="list-style-type: none"> Risk that FSRA needs to transform the regulatory frameworks and organizational culture it inherited, through an aggressive set of transformative priorities, while continuing to provide effective and efficient day-to-day regulation with limited resources. 	Medium	↔	<p>In support of its regulatory transformation, FSRA is implementing the Principles-Based Regulation to enhance consumer protection, facilitate innovation and ultimately lead to more efficient and effective regulation.</p> <p>To facilitate its cultural transformation, FSRA continues to implement its strategic initiatives that reinforce a strong culture of engagement and inclusiveness and invest in learning and development.</p> <p>In addition to setting and monitoring progress against transformational priorities, FSRA is also regularly measuring and publishing the results of the service standards. The standards are set in line with FSRA's key priorities and existing resources, enabling FSRA to deliver its committed regulatory services while continuing to transform.</p>
3. Emerging risks			
<p>Macroeconomic & Systemic</p> <ul style="list-style-type: none"> Risk that the economic downturn brought about by a crisis (e.g., the pandemic, geopolitical tensions) may threaten the financial soundness and stability of regulated 	Medium-High	↔	<p>Macro-economic risks are currently heightened due to high inflation, interest rate increases and the risk of a recession. FSRA is monitoring and preparing to manage these potential risks should they manifest themselves.</p> <p>FSRA places strong focus on improving effective governance and risk management in the regulated sectors via enhanced monitoring, reporting and early warning systems.</p>

Risk Title	Risk Rating	YoY Trend **	Mitigation
entities in FSRA's regulated sectors.			FSRA is closely monitoring the financial soundness and stability of entities in its regulated sectors, through its supervisory efforts.
Operational Resilience <ul style="list-style-type: none"> Risk of service disruption due to events such as pandemic, cybersecurity, physical disaster, and systemic risk events. 	Low	**** 	The Business Continuity Management Policy (BCMP) is in place to manage operational disruption risks. To operationalize the BCMP, FSRA has developed the Crisis Management Guideline, which includes five playbooks to provide guidelines in disruptive situations: <ul style="list-style-type: none"> Pandemic Plan Playbook Cyber Security Incident Response Plan Systemic Risk Playbook Physical Disaster Playbook Individual Cyber Security Playbooks

** Year-over-year trend

*** Last year, the risk of insufficient PBGF was rated Medium-High. The risk has improved due to the strong funded position of Ontario's Defined Benefit pension plans throughout the year.

**** Last year, the risk of operational resilience was rated Medium. The risk upgrade reflects the progress in business continuity management, the successful move to 25 Sheppard West and the increased confidence in FSRA's ongoing return to office process.

Financial Information

The Fiscal Year (FY) 2023-2024 FSRA budget supports FSRA’s mandate to be an empowered, principles-based regulator. It enables FSRA to fulfill its regulatory requirements and address its key priorities in its fourth year of operations.

The schedule below represents FSRA’s Board-approved budget for April 1, 2023, to March 31, 2024, fiscal year (FY2023-2024), a comparison to the prior year, and plans for the next two years.

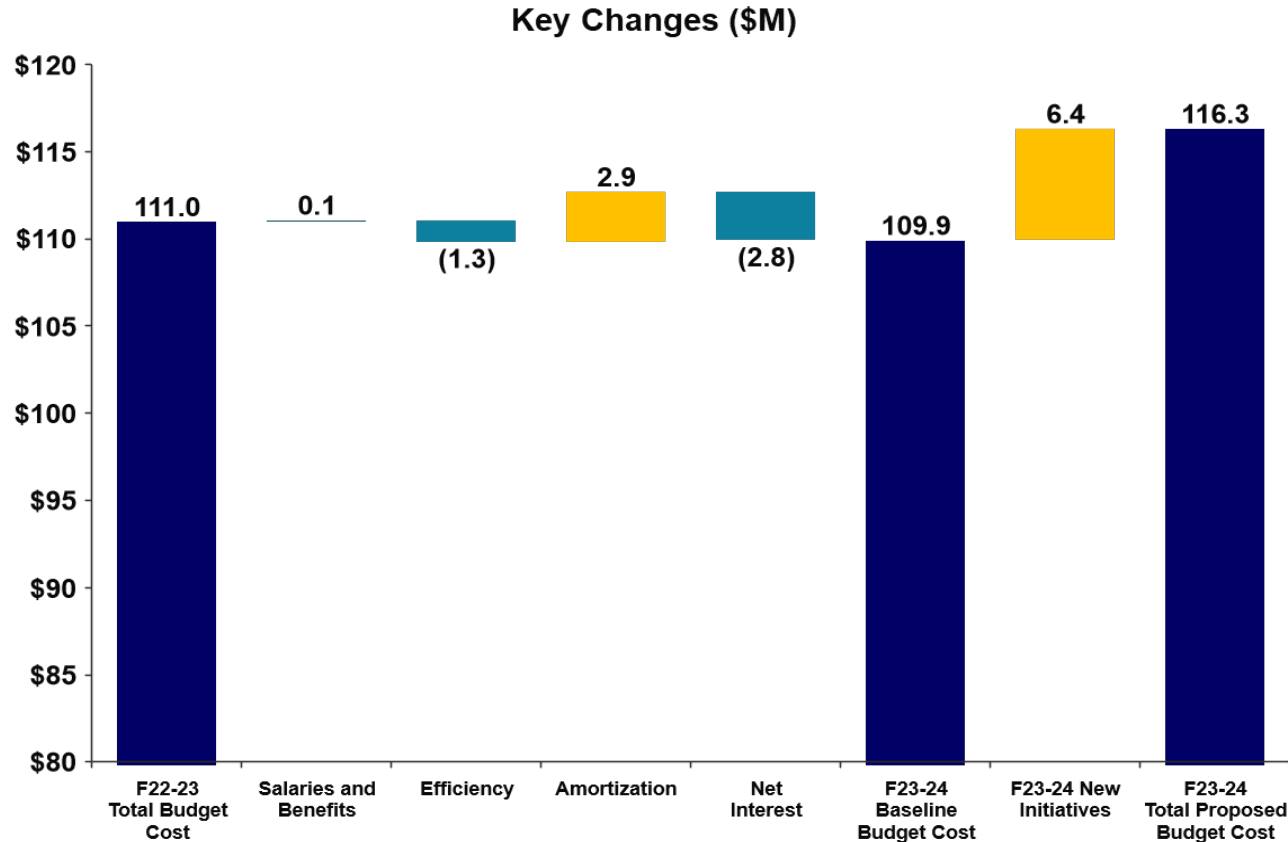
(\$000's)	<i>FY2022-2023</i>	<i>FY2023-2024</i>	<i>FY2024-2025</i>	<i>FY2025-2026</i>
	<i>Budget</i>	<i>Proposed Budget</i>	<i>Plan</i>	<i>Plan</i>
Activity Fees	12,004	12,800	13,200	13,100
Fee Assessment	77,042	78,700	81,700	85,100
Licensing Fees	16,986	17,800	17,100	17,100
Total Revenue	106,033	109,300	112,000	115,300
<i>YoY change</i>		3.1%	2.5%	2.9%
Direct Costs	63,557	66,500	68,200	69,900
Common Costs	47,475	49,800	51,600	49,800
Total Costs	111,033	116,300	119,800	119,700
<i>YoY change</i>		4.7%	3.0%	-0.1%
Utilization of Cumulative Surplus	5,000	7,000	7,800	4,400

The FY2022-2023 budget is the Board-approved 12-month budget for the previous fiscal year and is presented for comparison purposes. As of October 2022, FSRA is forecasting a favourable \$9.8 million variance to the FY2022-2023 budget, largely due to a higher-than-expected number of vacancies and technology savings, as well as higher than expected interest earned on cash deposits due to higher interest rates and higher average cash deposits. Once the variance is confirmed through external audit, FSRA will conduct a determination of whether to reduce borrowing requirements, repay loans, or reduce future sector assessments to minimize increases. The outcome of this analysis and the Board’s decision will be disclosed to stakeholders.

FY2023-2024 Board-approved Budget

FSRA proposes a \$116.3 million cost budget for FY2023-2024 to deliver on its mandate and stated priorities (please see Appendix E for financial assumptions). The increase in costs is primarily due to new regulatory initiatives of \$6.4 million. Factoring out these new initiatives,

the cost budget is anticipated to decline approximately 1% year over year. The chart below represents the key drivers responsible for the net increase of budgeted costs compared to the FY2022-2023 cost budget.



The salaries and benefits increased by \$0.1 million. The mandatory collective agreement increases will result in a \$3.0 million increase in salaries and benefits costs. Partially offsetting these increases by \$2.9 million is a change to the vacancy rate assumption used for budgeting purposes.

Identified efficiencies totaling \$1.3 million is attributed to a \$0.6 million information technology expense reduction in Corporate Services, and permanent savings of \$0.7 million in fixed-term employee costs in the Market Conduct area.

Amortization increased by \$2.9 million. This is primarily due to *FSRAForward* investments of \$12.3 million to be recovered over 5 years, resulting in amortization in FY2023-2024 of \$2.5 million and an increase of \$1.6 million from FY2021-2022 budget.

The FSRA *Forward* expenditure of \$12.3 million planned for FY2023-2024 is a significant IT system investment designed to improve regulatory effectiveness and efficiency in the future. The non-GAAP deferral of technology investment expenses is incurred in the current year but charged to sectors over five years to match the costs and benefits. This results in a \$9.8 million deferral. The investment will provide benefits to sector participants by:

- Optimizing and streamlining data and filing collection.
- Improving licensing and registration capabilities.
- Continue streamlining approval processes and improving associated service levels with additional transparency on status of requests and responses to inquiries
- Improving service levels and transparency on status of requests for approvals and responses to inquiries.
- Providing upfront validation of data inputs to avoid resubmissions.
- Providing access to self-service reporting, live risk dashboards and overall enhancing accessibility and availability of data.
- Enhancing the ability for FSRA to respond quickly to changing business needs and regulatory changes, and to support expanded business opportunities and innovation,
- Updating regulatory systems to support transition to principle-based regulation and risk-based supervisory framework.
- Greater clarity of impact of business opportunities and innovation on the public and consequently the ability to permit, monitor and support sustainable and desired product/business improvements.

There will be \$2.8 million earned as interest on cash deposits driven by higher-than-expected interest rates on higher average cash deposits. This amount is offset against the interest expense on loans for budgeting purposes.

In order to achieve its regulatory priorities and outcomes, FSRA will be investing \$6.4 million. \$5.9 million will be invested in human capital resources in FY2023-2024. This investment will improve FSRA's capabilities in sectoral and functional expertise. Executive leadership has identified specific regulatory and supervisory areas that require resourcing. FSRA will increase investments to close regulatory gaps and prepare for new regulatory activities. These investments focus on:

- Data transformation within the credit union sector, including launching the Enhanced Data Collection (EDC) project. The collection of enhanced risk data supports various

supervisory purposes including more accurate risk assessments, enhanced monitoring, and improved DIRF adequacy assessments.

- An additional Mortgage Broker supervision team to support FSRA's priority in risk-based supervision of the sector. The new team would allow FSRA to increase its supervisory coverage of existing programs, specifically the private mortgage brokering and mortgage administration area.
- Developing a market conduct framework for property and casualty insurance to address priority areas for supervision, such as insurance distribution.
- FSRA's fraud and abuse strategy, including providing strategic advice, evidence-based analysis, and subject matter expertise leading to the development, review and implementation of the overall policy direction and regulatory framework for reducing automobile insurance fraud in Ontario.
- FSRA's evolution of consumer education and protection in the Pensions sector. FSRA will collaborate with other regulators to promote consumer education by developing member-focused content and deliver on its promise to protect consumers.
- Creating a dedicated insurance supervision team and supporting the implementation of the Risk Based Supervisory Framework for Ontario Incorporated Insurance Companies and Reciprocals (RBSF-I).
- Strengthening the back office including the human resources and corporate secretary support functions.
- Communications services team expansion to address increasing demand for website content, updates, and translation volume.

\$0.5 million will be invested in non-human expenses for:

- Investment in research initiatives enabling the Innovation Office and Consumer Office to meet the completion of priorities set out in the ABP supporting the strategic pillars and mandate of FSRA.
- Transparency and fairness as FSRA has started to issue news releases on rule changes, and policy updates, auto online panel and stakeholder surveys.

FSRA plan proposes total sector revenues 3.1% or \$3.3 million higher than FY2022-2023 budget. The variable sectors fee assessment component of the total revenue increases by 2.4% after accounting for the anticipated increase in revenues for fixed fee/activity fees and by crediting \$7.0 million of cumulative surplus.

Sector (\$000's)	Insurance								Pensions (Fixed and Variable)	Credit Unions (Variable)	Mortgage Brokers (Fixed)	Loans & Trusts (Variable)	Financial Planner & Financial Advisor	Total
Subsector	Auto Products	Health Service Providers (Fixed)	P&C Conduct	P&C Prudential	Total Auto/HSP/P&C	Life & Health Conduct (Variable)	Life & Health Conduct (Fixed)	Total Life & Health						
Activity Fees		3,600	1,300		4,900		7,700	7,700					200	12,800
Fee Assessment	14,200		8,200	3,400	25,800	7,800		7,800	24,900	18,800		500	900	78,700
Licensing Fees											17,800			17,800
FY2023-2024 Budget Revenue	14,200	3,600	9,500	3,400	30,700	7,800	7,700	15,500	24,900	18,800	17,800	500	1,100	109,300
Direct Cost	8,800	2,000	5,900	2,100	18,800	4,800	4,400	9,200	15,200	11,900	10,400	300	600	66,400
Common Cost	6,600	1,600	4,400	1,600	14,200	3,700	3,300	7,000	11,600	8,400	7,900	300	500	49,900
FY2023-2024 Budget Cost	15,400	3,600	10,300	3,700	33,000	8,500	7,700	16,200	26,800	20,300	18,300	600	1,100	116,300
Expected Fixed Fee Over Contribution to Common Costs	100	-	100	-	200	100	-	100	200	100	(600)	-	-	-
Recovery Over/(Under)	(1,200)	-	(800)	(300)	(2,300)	(700)	-	(700)	(2,200)	(1,700)	-	-	(100)	(7,000)
Funding from Cumulative Surplus	1,200	-	800	300	2,300	700	-	700	2,200	1,700	-	-	100	7,000
FY2022-2023 Budget Revenue	16,282	3,799	10,023	1,967	32,071	7,118	6,638	13,756	25,021	17,109	16,986	126	963	106,033
Revenue Variance Increase/(Decrease)	(2,082)	(199)	(523)	1,433	(1,371)	682	1,062	1,744	(121)	1,691	814	374	137	3,267
	-12.8%	-5.2%	-5.2%	72.9%	-4.3%	9.6%	16.0%	12.7%	-0.5%	9.9%	4.8%	297.1%	14.2%	3.1%
FY2022-2023 Budget Cost	17,629	3,799	10,861	2,132	34,421	7,713	6,638	14,351	27,114	18,624	15,343	136	1,044	111,033
Cost Variance Increase/(Decrease)	(2,229)	(199)	(561)	1,568	(1,421)	787	1,062	1,849	(314)	1,676	2,957	464	56	5,267
	-12.6%	-5.2%	-5.2%	73.6%	-4.1%	10.2%	16.0%	12.9%	-1.2%	9.0%	19.3%	339.7%	5.4%	4.7%

2024-2025 Plan

The FY2024-2025 plan expenses are \$3.5 million higher than the FY2023-2024 budget. Salaries and benefits will increase by \$2.6 million due to anticipated requirements of the collective agreements.

The amortization expense increase of \$1.3 million is primarily driven by the \$5.5 million *FSRAForward* investment in FY2024-2025, which results in a deferral of \$4.4 million. Through the implementation of workflow management, data access and automated license application/renewal validation and license issuance processing, *FSRAForward* will realize efficiencies in the licensing and registration areas in the Mortgage Brokering, Health Service Providers and P&C Insurance sectors. Savings will be re-invested to increase service level improvement and consumer protection within the same sectors. FSRA's planned revenues are commensurate with its expected expenses including expected efficiencies gained from implementation of *FSRAForward*.

2025-2026 Plan

The FY2025-2026 plan remains neutral to the FY2024-2025 plan. Salaries and benefits will increase by \$2.3 million due to anticipated requirements of the collective agreements. This is offset by the amortization expense decrease of \$2.5 million from:

- Completed amortization of Financial Services Commission of Ontario (FSCO) asset purchases and prior years FSRA capital investments (\$1.4 million).
- Completed amortization of Workday pre-launch amortization (\$0.4 million).
- Completed amortization for year one of *FSRAForward* Investment (\$0.5 million) and phase II Workday amortization (\$0.2 million).

Capital Asset Investment

The FSRA capital program is aligned with the strategy of reducing regulatory burden and improving the effectiveness of regulation. Consistent with FSRA's priorities, significant investments in technology and processes are included through the continued implementation of *FSRAForward*, which is focused on reviewing and updating processes and technology that FSRA inherited, improving data analytics, and

enhancing cyber security and resiliency. The hardware investments will be amortized over 5 years.

(\$000's)	FY2022-2023 Projection	FY2023-2024 Proposed Budget	FY2024-2025 Plan	FY2025-2026 Plan
Computer Hardware	1,050	1,050	1,050	1,050

Capital Operating Investment

FSRA will be making significant investments in the core *FSRAForward* system over the next few years. There will be a recovery of this investment from the sectors over a rolling five-year period, with amortization peaking in FY2024-2025, at \$7.0 million. The schedule below estimates the FY2023-2026 investment in *FSRAForward* and how it will be recovered from the sectors through budgeted costs.

(\$000's)	FY2022-2023 Projection	FY2023-2024 Proposed Budget	FY2024-2025 Plan	FY2025-2026 Plan
FSRAForward Investments	9,257	12,342	5,500	
Amortization				
From F2020-21	460	460	460	-
From F2021-22	1,084	1,084	1,084	1,084
From F2022-23	1,851	1,851	1,851	1,851
From F2023-24		2,468	2,468	2,468
From F2024-25			1,100	1,100
Total Amortization	3,395	5,863	6,963	6,503

Cash Flow and Borrowings

The following chart illustrates FSRA's cash flow and borrowings through FY2025-2026. The chart reflects the funding provided through the Minister of Finance / Ontario Financing Authority for the start-up and other identified requirements, including capital funding, and is illustrated below.

(\$000's)	FY2023-2024		
	Proposed Budget	FY2024-2025 Plan	FY2025-2026 Plan
Cash inflow from operations	\$ 6,776	\$ 13,636	\$ 11,614
Operating investments	(12,342)	(5,500)	-
Capital investments	(1,070)	(1,070)	(1,070)
	(13,412)	(6,570)	(1,070)
Net increase / (decrease) in borrowing	(3,600)	(3,600)	(3,600)
Net decrease in cash flows	(10,236)	3,466	6,944
Cash balance - beginning of year	88,578	78,342	81,808
Cash balance - end of year	\$ 78,342	\$ 81,808	\$ 88,752

The ending cash balances above reflect the collection of fees in advance of the start of the next fiscal year (i.e., fees for a FY will be collected in February/March before the FY begins).

The loans and start-up funding are expected to be repaid over 17 to 20 years with all loans maturing in approximately 20 years from June 2019 at interest rates between 2.7% and 3.8%. The following table summarizes borrowings. FSRA does not intend to make early debt repayments at this time.

(\$000's)	
Initial Loan Draw	\$27,000
Additional draw by March 31, 2019	<u>13,000</u>
Loan draw at March 31, 2019	40,000 Amortized over 20 years
FY2019-2020 Draw	6,853 Amortized over 19 years
FY2020-2021 Draw	4,500 Amortized over 18 years
FY2021-2022 Draw	<u>3,000</u> Amortized over 17 years
Total	<u>\$54,353</u>

Investing in People and Talent

Staffing Information

FSRA is committed to building a consistently positive employee experience and fostering a strong principles-based and inclusive culture. Comprehensive human resources policies, approaches and supports will continue organizational development. This will help FSRA to attract and retain talented, engaged, and energized staff aligned with the organization’s vision and values.

Fiscal	FY2022-2023	FY2023-2024	FY2024-2025	FY2025-2026
Planned FTEs	586	623	623	623

Compensation Strategy and Summary of Staffing Numbers

For non-union and management staff, FSRA has a salary administration policy and guidelines based on five principles that will be reviewed in FY2023-2024:

- Fiscal responsibility, governance, compliance with all applicable legislation and accountability.
- Alignment with organizational mandate, strategic directions, and values.
- Value of the total compensation package.
- External competitiveness and internal equity.
- Consistency balanced with flexibility in compensation program design and application.

FSRA determines compensation for designated executives in accordance with the *Broader Public Sector Executive Compensation Act, 2014* (BPSECA) and FSRA’s Executive Compensation Framework, approved pursuant to the BPSECA in 2018.

A benchmarking exercise comparing our positions against same or similar positions in other broader public sector organizations, and establishing compensation levels for those executive positions, was completed prior to launch when establishing the Executive Compensation Framework.

FSRA is engaged in bargaining with both bargaining units in FY2022- 2023 and will prepare to implement the three-year moderation period at that time.

In addition to its compensation programs, FSRA provides a traditional suite of benefits to its full-time equivalents and to casual (part-time) employees that meet specific thresholds. These benefits are 100% employer paid. Additionally, employees are eligible to participate in a suite of optional benefits at their own expense. FSRA also offers programs for short- and long-term disability as well as a comprehensive Employee & Family Assistance Program.

FSRA has a headcount²⁹ of 568 positions (Table 3). This includes active staff as of November 30, 2022. Staff include management, non-union and bargaining-represented employees (the latter accounts for approximately 70% of the workforce) both permanent and fixed-term contract (full-time and part-time).

As a result of the transfer of Financial Services Commission of Ontario from Ministry of Finance, FSRA inherited Ontario Public Service collective agreements due to successor rights. With consolidation, FSRA now has two collective agreements: Ontario Public Service Employees Union and the Association of Management, Administration and Professional Crown Employees of Ontario.

²⁹ Headcount refers to the number of employees working in a company. With headcount, each individual counts as "one," regardless of the number of hours worked. FTE stands for full-time equivalent and refers to the number of hours considered full-time.

Table 3: Workforce Management (Data as of Nov 30, 2022)

Total Headcount	FY2022-2023 Headcount
Auto/Insurance Products	30
Credit Union and Prudential	42
Market Conduct	130
Pensions	80
Legal and Enforcement	48
Policy	65
Public Affairs	37
Project Management Office	16
Finance	28
Human Resources	24
Information Technology	44
Risk Management	8
Office of the CEO	10
Corporate Services	6
Grand Total	568

Initiatives Involving Third Parties

FSRA is a participating member of the following forums:

- Canadian Automobile Insurance Rate Regulators (CARR)
- Canadian Association of Pension Supervisory Authorities (CAPSA)
- Canadian Council of Insurance Regulators (CCIR)
- Canadian Insurance Services Regulatory Organizations (CISRO)
- Credit Union Prudential Supervisors Association (CUPSA)
- Financial Consumer Agency of Canada (FCAC)'s Consumer Protection Advisory Committee (CPAC)
- General Insurance Statistical Agency (GISA)
- Global Financial Innovation Network (GFIN)
- International Association of Insurance Supervisors (IAIS)
- International Credit Union Regulators' Network (ICURN)
- International Consumer Protection Organization (ICPO)
- Joint Forum of Financial Market Regulators (Joint Forum)
- Mortgage Broker Regulators' Council of Canada (MBRCC)
- Sustainable Insurance Forum (SIF)

Through these forums, FSRA works with other regulators on policies and rules that:

- Are integrated and more effective in achieving consumer protection public policy outcomes.
- Enhance the protection of consumers of financial products and services, and the effective implementation of financial consumer protection frameworks, by promoting robust and effective supervisory standards.
- Promote innovation and economic growth by encouraging new business models that support changing consumer preferences, technology changes, and new entrants to the Ontario market.
- Enhance regulatory cooperation and reduce redundancies.

FSRA's National Regulatory Coordination Branch supports these outcomes by:

- Providing secretariat services to CAPSA, CCIR, CISRO, GISA and MBRCC.

- Working collaboratively with the secretariat of the Canadian Securities Administrators on the activities of the Joint Forum.
- Supporting industry strength and stability across participating jurisdictions.

Through these bodies, FSRA is engaged in several initiatives with third parties including, but not limited to, the following examples:

CCIR Annual Statement on Market Conduct (ASMC) Database

ASMC was introduced by CCIR to collect information from insurers across Canada related to their governance, practices, policies, and treatment of customers. The information collected has facilitated a better understanding of the market for regulators and assisted in proactively identifying potential risks to ensure insurance customers are being treated fairly.

Through a service agreement with CCIR members, the Autorité des marchés financiers acts as service provider with regard to the receipt, storage, aggregation and reporting of market conduct data collected through ASMC.

CCIR/CISRO/MBRCC Disciplinary Actions Databases

Publicly accessible disciplinary action databases supported by CCIR, CISRO, and MBRCC enable consumers and regulators to search for records related to individuals and firms that have been the subject of enforcement by insurance and mortgage broker regulators in Canada.

FSRA is a member of CCIR, CISRO and MBRCC, with FSRA representatives serving on the executive committee of these organizations. FSRA is well positioned to monitor/evaluate the performance and to assess the continuing alignment of these third-party initiatives with FSRA's regulatory objectives.

FSRA/Canada Revenue Agency Pension Plan Joint Filing Agreement

The Pension Plan Joint Filing Agreement between FSRA and the Canada Revenue Agency reduces regulatory burden to pension plan administrators by supporting a single annual pension plan filing, which meets the information needs of both agencies. The

information is captured in the Annual Information Return (AIR), most notably in the Schedule A.

The AIR information shared includes plan details related to the plan registration number, plan name, plan, and benefit type, reporting period and pension plan contact information. It also includes information relating to plan funding, membership, last actuarial valuation report filed and plan cessation or termination. The information is shared through an exchange of data files that are digestible by both FSRA and the Canada Revenue Agency systems and occurs daily or when an AIR is submitted to FSRA.

Other Key Initiatives

In 2018, CCIR and CISRO released the CCIR/CISRO Conduct of Business and Fair Treatment of Customers Guidance (FTC Guidance). The FTC Guidance is aligned with Insurance Core Principles (ICPs), international standards developed by the IAIS. Alignment with the ICPs is a key factor in the assessment of the insurance sector by the International Monetary Fund when conducting reviews under the Financial Sector Assessment Program. CCIR and CISRO members, including FSRA, have been working with insurance sector participants to support the industry's assessment of alignment with, and the adoption of, the principles set out in the FTC Guidance.

CCIR is also working closely with the Canadian Securities Administrators (CSA) on a joint initiative aimed at enhancing total cost reporting (TCR) for segregated and mutual funds. The TCR initiative has been the focus of considerable regulatory collaboration and stakeholder consultation. The Joint Forum has played a key role in facilitating direct feedback from key stakeholders representing industry associations and consumer advocates as part of the TCR consultation process.

The Capital Accumulation Plan Guidelines (CAP Guidelines) was developed through a collaborative effort by members of the Joint Forum. The CAP Guidelines apply to Group Registered Retirement Savings Plans, Deferred Profit-Sharing Plans, Defined Contribution Pension Plans, Group Registered Education Savings Plans and Group Tax Free Savings Accounts. The guidelines reflect the current best practices in the industry and define the rights and responsibilities of plan sponsors and members. Originally

published in 2002, the CAP Guidelines Committee was established in 2019 to review and update the CAP Guidelines. Led by CAPSA, the CAP Guidelines Committee includes representatives of the CSA and CCIR.

Communication Plan

FSRA continues to enhance its internal and external communications function to support its regulatory and cultural transformation.

Internal Communications

Building on the foundational internal communication and engagement pieces developed in our first three years, internal channels will continue to create deeper connections within teams and across the organization. The Internal Communication function will focus on transitioning the workforce to a new work model and office environment following the operational disruption of the COVID-19 pandemic.

There will also be a continued focus on change and transition as FSRA's digital transformation (*FSRAForward*) begins implementation and as the core regulated sector areas transition to principles-based regulation.

Plain Language

Readability is a key indicator of effective communications. Information that is clear, concise, and avoids jargon can promote a stronger understanding of FSRA's activities and goals.

FSRA is committed to providing public-facing materials that are written in plain language. Additional staff will be trained on software that simplifies technical language in material aimed for general readership, helps shorten sentences, and ensures a consistent tone. Plain language best practices will also anchor the development of our corporate style guides and help to strengthen FSRA's brand.

FSRA will also continue its plain language focus on forms, improving navigation, incorporating best practices to increase completion rate, and reducing burden.

Consumer, Stakeholder and Technical Advisory Committees

Stakeholder engagement is a cornerstone of FSRA's approach to regulation. As a regulator, staying ahead of change in consumer markets is essential to our operations. By engaging with industry experts and consumers on a regular basis, we can respond quickly to new technologies, rules, and consumer trends, ensuring integrity and growth of our regulated industries.

Stakeholder Advisory Committees serve as the primary consultation bodies to the Board on FSRA's priorities and budget and other matters as the Board deems appropriate. FSRA launched the Stakeholder Advisory Committees in 2019 and there has been constructive dialogue and feedback as a result, both with our Board and with FSRA management. There are Stakeholder Advisory Committees for the following sectors:

- Property and Casualty (P&C) Insurance
- Life and Health Insurance
- Mortgage Brokering
- Pensions
- Health Service Providers
- Credit Unions
- Financial Advisors/Financial Planners

Technical Advisory Committees provide advice, input, and feedback to FSRA management on matters related to the rules of practice and procedure, filing requirements, guidelines, operational policies, and other matters. There are Technical Advisory Committees for the following sectors:

- Auto Insurance
- Credit Unions and Caisses Populaires
- Life and Health Insurance
- Mortgage Brokering
- Pensions

FSRA has also used ad-hoc or time-limited committees and established new standing committees as issues emerge. For example, in 2021, FSRA concluded its time-limited committee to help identify ways to support a vibrant employment-based pension sector

in Ontario. In addition, three standing multi-year committees were established in the credit union sector for data strategy and digital transformation, Deposit Insurance Reserve Fund (DIRF), and supervisory and regulatory initiatives. FSRA continues to engage with its Credit Union Technical Advisory Committees to get feedback on a variety of topics.

The Consumer Advisory Panel serves as an advisory body to FSRA and provides ongoing advice from a consumer perspective. Working closely with the FSRA Consumer Office and executive team, the Panel advises on proposed policy changes and related activities, including consumer-based research, policy support and consumer outreach. It helps to ensure that the perspectives of consumers (including pension beneficiaries, credit union members, and the general public) inform FSRA's direction and decisions.

FSRA strengthened the Consumer Advisory Panel in 2022 through a renewed term of reference, appointment of Laura Tamblyn-Watts as Chair and appointment of six new members. More information about the Consumer Advisory Panel, including annual reports detailing its activities in prior years and a complete list of its current members, is available on FSRA's website: <https://www.fsrao.ca/consumer-advisory-panel>.

FSRA will also engage stakeholders through technical briefing events for select Guidance and Rules. Technical briefings provide information on program rationale, key principles and expected outcomes and give stakeholders an opportunity to have their questions answered.

Consumer Engagement

The Consumer Office undertakes consumer research, sets strategy, and works collaboratively across FSRA to engage consumers, members, and beneficiaries of the regulated sectors. The Consumer Office also provides secretariat support to FSRA's Consumer Advisory Panel. The Consumer Office and the Consumer Advisory Panel collaborate to involve other consumer stakeholders in providing feedback to FSRA. FSRA has also created opportunities for meaningful participation in FSRA's work through a residents' reference panel, which provide recommendations to FSRA from the perspective of everyday Ontario residents on auto insurance.

Insights gathered through consumer research and engagement are essential to the implementation of key priorities. FSRA is committed to strengthening its consumer research agenda and presence. This includes building meaningful opportunities for the Consumer Advisory Panel and other consumer stakeholders to participate in FSRA rule development, guidance, and other policy work. These collaborations and tools are key to FSRA's efforts as a consumer-centred and outcomes-focused regulator.

FSRA is also launching several consumer education campaigns to help build greater consumer understanding and awareness. The campaigns are focusing on the Deposit Insurance Relief Fund (DIRF), Financial Advisors/Financial Planners, Pension Awareness, Private Mortgages and P&C Insurance Fraud Prevention. FSRA will continue to engage with the Consumer Advisory Panel to build stronger consumer understanding and engagement opportunities.

FSRA is committed to safeguarding public confidence and trust in our financial institutions and regulated sectors.

External Communications

FSRA will continue to enhance its website to ensure consumers and industry users can easily find, understand, and apply the information they need. Recent work built upon the existing website foundation includes a redesigned home page for both consumer and industry visitors, focused on intuitive navigation to sector pages for both audiences.

For industry, new sector-specific landing pages with improved navigation and content written in plain language were created. A significant change was the launch of the new licensing module designed to provide faster navigation based on license type. In May 2021, the Deposit Insurance Corporation of Ontario website was decommissioned after all relevant content from the site was rewritten in plain language and transferred to FSRA's site. The Financial Services Commission of Ontario site will be decommissioned once content has been transferred to the FSRA site.

FSRA is now focusing on a new consumer web experience clearly explaining how FSRA protects consumers. This will include new consumer landing pages by sector,

with easy navigation, plain language and, interactive content and visuals to aid user understanding and engagement.

For the first time, FSRA has developed an enterprise-wide strategic communications plan along with sector specific strategic communications plans. These documents will be produced annually and updated quarterly to ensure FSRA is communicating effectively with all stakeholders, including the general public.

These plans set out clear objectives and the tactics designed to achieve identified objectives. FSRA is actively promoting guidance and rules through the use of news releases, backgrounders, eblasts, web updates and social media posts. To ensure full transparency and accountability FSRA is also issuing provincial news releases for all of its enforcement actions and posting these on the website.

Through its engagement with stakeholders, FSRA is partnering on specific events and initiatives to broaden awareness through the use of third-party social media channels, web postings, newsletters, etc. FSRA will also be identifying special days and milestones to extend its reach and communicate various policy initiatives.

FSRA is taking every opportunity to expand media coverage in the mainstream, trade and multi-cultural media through pro-active pitching and one-on-one interviews with journalists.

In addition to creating broader awareness, FSRA is taking steps to strengthen its brand. It is adopting a consistent approach across the organization and building a positive stakeholder experience. Through a recent staff engagement process, FSRA adopted three brand attributes to help guide this work and ensure a strong, unified brand well into the future.

Response to Expectations in Agency Mandate Letter

Pursuant to the requirements of the *Agencies and Appointments Directive*, this represents the response to the Minister's letter setting out expectations for FY2023-2024.

FSRA will continue to work closely with the Ministry of Finance pursuant to the mandate letter from the Minister of Finance to the Chair of FSRA. FSRA will coordinate with stakeholders as appropriate to deliver on the expectations outlined in the letter.

FSRA is committed to delivering against its statutory objects, and to deliver outcomes consistent with the agency's governing legislation and other legislation that confers powers and duties on FSRA. When doing so, FSRA considers government priorities, key policies and directives and the Minister's directions.

We have, and will continue, to contribute to cross-sectoral burden reduction goals, while improving regulatory efficiency and effectiveness across FSRA's regulated sectors. Furthermore, FSRA is committed to the reforming of Ontario's financial services and pension sectors through the various initiatives outlined in the letter.

These include, but are not limited to:

- Identifying and pursuing opportunities for innovative practices and/or improved sustainability.
- Supporting progress on the Blueprint strategy for Ontario's auto insurance system, with a focus on reducing costs, creating more consumer choice, tackling fraud, and enhancing fairness through rates and underwriting reforms and a review of how drivers access benefits.
- Ensuring effective administration of the *Financial Professionals Title Protection Act, 2019*. FSRA will establish and maintain a public registry of individuals who hold approved Financial Planner / Financial Advisor credentials.
- Supporting the continued implementation of the *Credit Unions and Caisses Populaires Act, 2020*, to reduce burden, boost competitiveness and promote trust and stability in the credit union sector.

- Implementing the new licensing regime for the mortgage brokering sector stemming from the legislative review of the MBLAA that will enhance consumer protection and increase professionalism in the industry.
- Continuing to engage the pension sector through the technical advisory committees and the Retiree Advisory Panel to support the development of better processes, guidance, and approaches to regulatory oversight.

In addition to those activities outlined in our Statement of Priorities, the Plan outlines FSRA's planned activities for FY2023-2024 in support of the Minister's expectations with respect to:

- Competitiveness, Sustainability and Expenditure Management.
- Transparency and Accountability.
- Risk Management.
- Workforce Management.
- Diversity and Inclusion.
- Data Collection.
- Digital Delivery and Customer Service.

Information Technology

FSRA is continuing to strengthen its core IT capabilities as it reviews and transforms its regulatory and supervisory processes to be a more effective and efficient regulator.

The goal is to establish cost-effective, modern, secure, and flexible technology platforms to support renewed and improved processes. This will allow FSRA to be more responsive and more adaptable to changing regulatory needs.

Modernizing FSRA's IT systems is important for several reasons:

- Reducing reliance on outdated legacy systems that are no longer supported and cannot be updated, reducing technology and operational risks, increasing IT's ability to support an adaptable business-operating model, and improving cybersecurity.
- Streamlining and automating processes, which will reduce manual processing, lower operating costs and improve turnaround times for regulatory processes such as license issuance. These modern systems, with workflow capabilities and business rules engines, are expected to enable reduced processing times from weeks to real-time.
- Providing better access to information and transparency on status and outcomes of requests. This will happen for both regulated entities and consumers via digital channels and through the service centre.
- Reducing the time and effort required to file, retrieve, and analyze information.
- Reducing error rates and rework by employing effective data management practices and automating validation processes.

Modernizing core regulatory processes and systems work follows a multi-year transformation roadmap. It aligns processes, data, technology, and stakeholder interactions with FSRA's business vision and priorities.

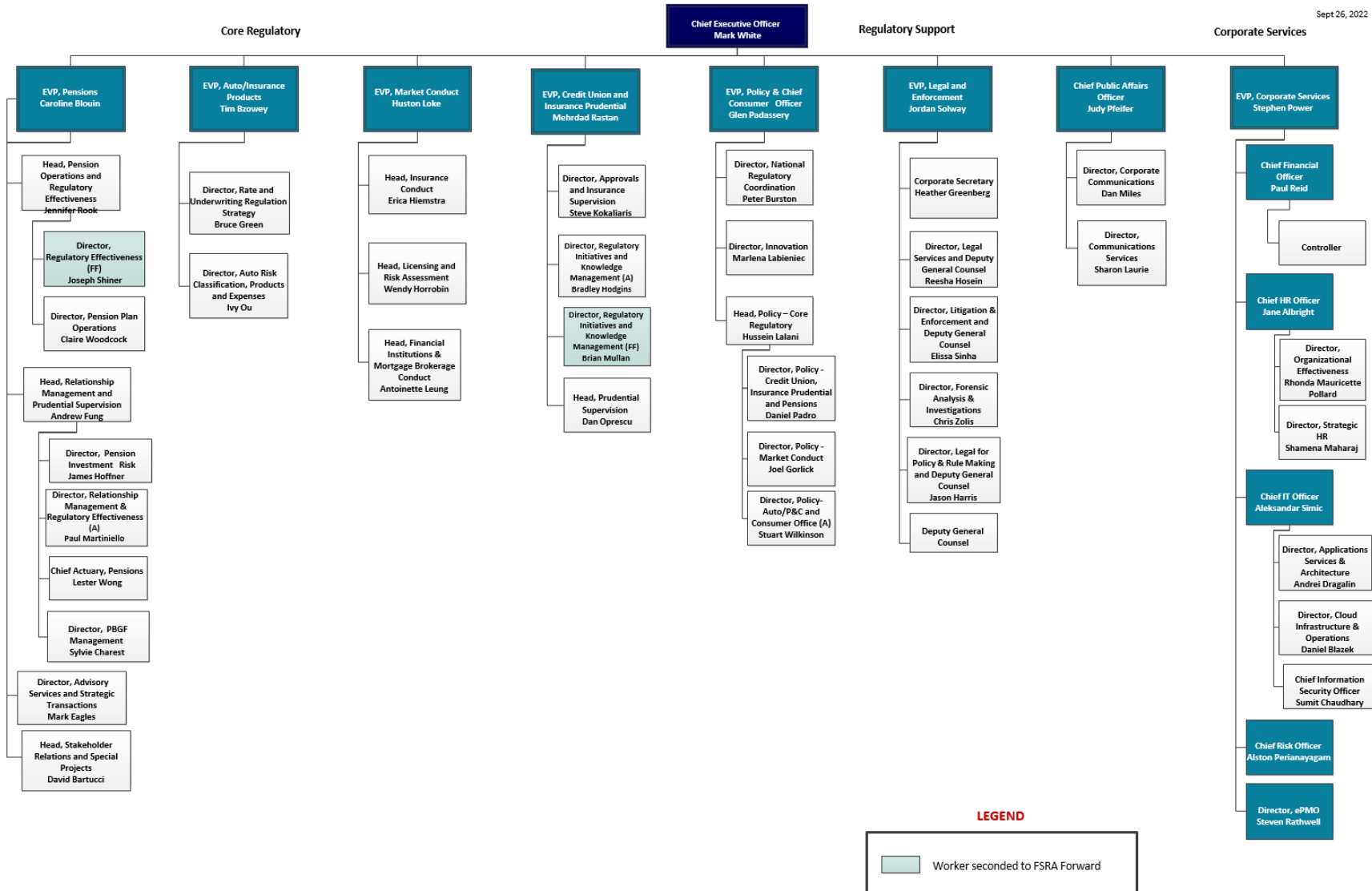
As FSRA progresses on this roadmap, the focus is on procuring and onboarding key applications and technology platforms, aligning the IT operation model, and building foundational technology and data components. Achieving fully digital, integrated, and flexible technology and processes is a multi-year and multi- million-dollar journey. FSRA

will continue consulting with stakeholders and sectors on key decisions and priorities as it looks to increase regulatory efficiency and effectiveness.

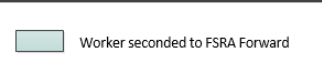
In addition, and supporting this transformation, FSRA is implementing a cybersecurity program that is aligned with National Institute of Standards and Technology Cybersecurity Framework (NIST CSF), a leading cybersecurity risk management framework, and is consistent with the approved cybersecurity roadmap. FSRA leverages independent third-party assessments and industry best practices to inform the cybersecurity roadmap and prioritize initiatives in order to minimize FSRA's cybersecurity risks.

Appendix A: Organization Chart

Sept 26, 2022



LEGEND



Appendix B: Service Standards

Sector	Service	Standard	Target %	Stretch Target %
Credit Unions	Regulatory approvals	All credit union regulatory applications processed within 30 days after all required information received.	90%	100%
	Member/public inquiries	Telephone and email inquiries responded to or acknowledged within 1 business day.	95%	100%
	Examination Reports	Final Examination Report or Interim Examination Report to be provided to the Credit Union no later than 60 business days after the examination.	65%	100%
Auto	Filing	Percentage of Private Passenger Auto (PPA) Standard filings reviewed, and decision made within 25 business days.	100%	N/A
	Filing	Percentage of non-PPA Minor filings reviewed and decision made within 25 business days.	85%	N/A
	Filing	Percentage of Major rate filings reviewed, and decision made within 45 business days.	90%	N/A
	Filing	Percentage of Underwriting Rules, Endorsement and Form Filings reviewed, and decision made within 30 business days.	80%	N/A

Sector	Service	Standard	Target %	Stretch Target %
Pensions	Inquiries	Inquiries (plan specific, non-plan specific and general) will be responded to within 45 business days.	90%	100%
	Application	Defined Benefit Plan wind up applications will be reviewed, and a decision will be made within 120 business days.	90%	100%
	Application	Defined Contribution plan wind up applications will be reviewed, and a decision will be made within 90 business days	90%	100%
FSRA Complaints Acknowledgement (All Sectors)	Complaints-Sector	FSRA will acknowledge complaints in writing within 3 business days of receipt provided that the reply information is available.	90%	100%
FSRA Complaints (All Sectors)	Complaints-Sector	Within 120 days, complaints containing all* available information will be assessed and actioned for a range of possible outcomes inclusive of escalation to other areas of FSRA, transfer to third party dispute organizations, warning letters, and closed with no action.	80%	85%

Sector	Service	Standard	Target %	Stretch Target %
FSRA Complaints (All Sectors)	Complaints-Sector	Within 120 days, complaints containing all* available information will be assessed and actioned for a range of possible outcomes inclusive of escalation to other areas of FSRA, transfer to third party dispute organizations, warning letters, and closed with no action.	80%	85%
Mortgage Broker Licensing	Licensing – Individuals	Licenses will be issued 10 days from receipt of a complete application (complete, with payment, and no suitability issue identified during the application review process).	80%	90%
	Licensing – Individuals	Applicants who have submitted incomplete licensing applications (missing information, payment, qualifications, or documents) will be informed that their application is incomplete within 10 business days or receipt.	80%	90%
	Licensing – Individuals	Applicants submitting licensing applications where a suitability issue is identified, will receive an email advising the contact information for the assigned Licensing/Registration Specialist and will be contacted within 10 business days of the email, or the license will be issued.	80%	90%

Sector	Service	Standard	Target %	Stretch Target %
Insurance Agent Licensing	Licensing – Individuals	Licenses will be issued 10 days from receipt of a complete application (complete, with payment, and no suitability issue identified during the application review process).	80%	90%
	Licensing – Individuals	Applicants who have submitted incomplete licensing applications (missing information, payment, qualifications, or documents) will be informed that their application is incomplete within 10 business days or receipt.	80%	90%
	Licensing – Individuals	Applicants submitting licensing applications where a suitability issue is identified, will receive an email advising the contact information for the assigned Licensing/Registration Specialist and will be contacted within 5 business days of the email, or the license will be issued.	80%	90%
Public Affairs	Telephone Inquiries	We will respond to general questions when calls are received. Complex questions and complaints will be forwarded to the appropriate area to log, investigate, and respond.	90%	98%
	Telephone Voicemail Inquiries	Calls that are received through Voicemail will be acknowledged within 1 business day.	90%	98%

Sector	Service	Standard	Target %	Stretch Target %
Public Affairs	Email Inquiries	Emails received through the Contact Centre will be acknowledged within 1 business day and a response sent within 3 business days. For complex matters, we may request additional information and these requests may take longer for a formal response.	90%	98%
	Web Content Requests	FSRA will respond within 5 business days to a requestor of web content in accessible format. Following discussions with the requestor, FSRA will provide agreed-upon web content (excluding online applications), in an accessible format within 5 business days.	90%	98%
	Print Content Requests	FSRA will respond within 5 business days to a requestor of print publication in an accessible format. Following discussions with the requestor, FSRA will provide the agreed-upon publication material in an accessible format within 5 business days.	90%	98%
	Web Inquiries	All inquiries directed to the Web Manager e-mail account will be concluded and/or responded to within 5 business days.	95%	100%

Appendix C: FSRA Stakeholder Engagement Committees

Sector	Stakeholder Advisory Committees (SACs)	Standing Technical Advisory Committees (STACs)	Technical Advisory Committees (TACs)	Advisory Panels
Property and Casualty (P&C) / Auto Insurance	Property and Casualty (P&C) Insurance Health Service Providers		Technical Advisory Committee for Transforming Auto Insurance Rate Regulation	Consumer Advisory Panel
			Technical Advisory Committee for Auto Insurance Data and Analytics Strategy	Residents' Reference Panel
Credit Unions	Credit Unions		Technical Advisory Committee for Credit Union Data Strategy and Digital Transformation	Consumer Advisory Panel
			Technical Advisory Committee for Credit Union Regulatory and Supervisory Initiatives	
			Technical Advisory Committee for Deposit Insurance Reserve Fund (DIRF)	
Life and Health Insurance	Life and Health Insurance		Insurer Oversight of Managing General Agencies Segregated Funds	Consumer Advisory Panel
Mortgage Brokering	Mortgage Brokering		Technical Advisory Committee for Mortgage Brokering	Consumer Advisory Panel
Pensions	Pensions	Defined Benefit Single Employer Plans Advisory Committee	Technical Advisory Committee for Identifying and Strengthening the Supervision of Actively Monitored Plans	Retiree Advisory Panel (Pensions)
			Technical Advisory Committee for Missing Members in the Pension Sector	
		Defined Contribution Plans	Technical Advisory Committee for Asset Transfers	

Sector	Stakeholder Advisory Committees (SACs)	Standing Technical Advisory Committees (STACs)	Technical Advisory Committees (TACs)	Advisory Panels
		<p data-bbox="505 390 651 453">Advisory Committee</p> <p data-bbox="505 485 651 684">Multi-Employer Pension Plans Advisory Committee</p> <p data-bbox="505 716 683 884">Public Sector Pension Plans Advisory Committee</p>	<p data-bbox="716 390 1154 453">Technical Advisory Committee for Family Law Pension Matters</p> <p data-bbox="716 485 1154 548">Technical Advisory Committee on defined contribution plans</p> <p data-bbox="716 579 1162 716">Technical Advisory Committee to Identify Ways to Foster a Vibrant Employment-Based Pension Pillar in Ontario</p>	<p data-bbox="1219 905 1365 999">Consumer Advisory Panel</p>
Financial Planners and Financial Advisors	Financial Planners and Financial Advisors			

Appendix D: Financial Assumptions

- FSRA launched a fee rule consultation in 2022-23, which could result in minor fee changes in FY2024-2025. Projected revenue for FY2023-2024 assumes no fee rule changes.
- Comparable figures are based on the April 1, 2022 – March 31, 2023, budget approved by the FSRA Board and used to charge FY2022-2023 fee assessments.
- Technology operating investments made during the year are recovered over five years from the sectors rather than expensed in the year paid, to better align costs and benefits.
- There were no allocation methodology changes from prior year.
- Credit union IT costs are being transitioned over five years to assume their pro rata share of common IT costs. This is reflected in the cost allocation. The final transition year is FY2024-2025.
- FSRA regulates Health Service Providers as part of its Auto Insurance regulation activities. Any revenue under recovery/overage from Health Service Providers is charged to/credited to the variable fee assessment Auto Insurance Product.
- Life Conduct for Life and Health agents is a fixed fee sub-sector. Any cost overage/underage will be charged to life insurers as a variable sub-sector.
- FSRA will recover expenses for its review of Co-op offering statements.