



Financial Professionals Title Protection Rule and Guidance

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INTRODUCTION

The Co-operators Group Limited (“The Co-operators”) is a leading Canadian, diversified, integrated, multi-line insurance and financial services organization. As a co-operative, our 46 members include co-operatives and credit union centrals representing a combined membership of millions of Canadians.

Our footprint in Ontario is strong: we insure approximately 580,000 private passenger vehicles, 350,200 homes, 9,400 farms and 37,000 businesses. The insurance and financial products and services provided by The Co-operators are delivered primarily through our independently contracted, but exclusive, face-to-face financial advisor channel. We have independent distribution contracts with 247 financial advisors in the province, who operate 237 agencies in 308 locations. In turn, these independent financial advisors hire and employ their own office staff and employ or independently contract with over 1,028 associate insurance and financial advisors.

We are proud to provide insurance and financial services to more than two million Canadians. We are even prouder that we provide financial security to Canadians in their communities while staying true to our co-operative values.

We appreciate the opportunity to participate in FSRA’s consultation on title protection for financial professionals.



TITLE PROTECTION

We continue to believe that individuals who hold themselves out as financial planners should be regulated, and **recommend that licensed life insurance agents should be exempt from being required to obtain additional credentials in order to use the title of financial advisor.**

As an insurance and financial services co-operative, we are committed to providing financial services and security to better meet the wealth, life insurance and retirement needs of our clients through our independently contracted, but exclusive, face-to-face financial advisor channel. We have reviewed FSRA's draft framework in detail, with consideration on how it could best serve our clients and advisors, and submit the following comments for inclusion in your final financial professionals title protection rule.



COMPETENCY PROFILES

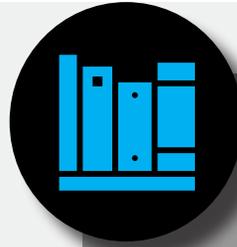
At The Co-operators, we restrict the use of the financial advisor title to only those who hold both a general insurance licence, life insurance and accident and sickness insurance licence. The sale of life insurance products is already highly regulated in Ontario, and our exclusive, face-to-face financial advisor channel is required to be properly licensed in order to sell insurance products.

We are concerned that within the draft rule, FSRA states it does not anticipate the **Life License Qualification Program (LLQP)** would meet the minimum standard for technical knowledge, professional skills and competencies for financial planner or financial advisor title use. **We strongly disagree with this approach and believe the LLQP should be deemed an acceptable licence recognized by credentialing bodies, particularly when held in conjunction with a mutual fund licence. We recommend those advisors who have completed the LLQP program and who continue to meet annual continuing education credits be granted the ability to continue to use the title of financial advisor.**



While we support the outlined baseline competencies, we do note that they are very broad descriptions, which makes it challenging to understand on what basis the LLQP was deemed unsuitable and why it is the only licence or qualification specifically raised as not meeting FSRA's proposed minimum standards.

As the curriculum for the LLQP was developed in consultation with regulators across the country, we, and the industry as a whole, would appreciate clarification and further discussion about the perceived deficiencies with the program, particularly those that may be identified in the training and oversight of licensees, and how they could be addressed.



With respect to the financial planner title, our financial advisors are not permitted to hold themselves out as a Certified Financial Planner unless they have obtained a CFP designation. We support FSRA's proposed approach and competency profile for the financial planner title, and would recommend that programs including the Chartered Life Underwriter (CLU) designation, Chartered Financial Consultant (ChFC) designation and the Certified Financial Planner (CFP) designation should all be recognized as accepted qualifications for the financial planner title as they have comprehensive curriculums and require continuing education to maintain.

That said, we do have concerns with the upcoming changes to the process of obtaining a CFP designation. As we have discussed in detail in our prior meetings, FP Canada will soon require candidates for the CFP designation to hold a post-secondary degree from an accredited college or university to achieve the designation. The Co-operators has a long history of contracting with experienced financial advisors who hold a CFP designation, some of whom do not hold a degree but have extensive career experience. FP Canada's changes will restrict the ability of our future financial advisors and associates to earn their CFP designations, which will directly impact the availability of service for our clients and all Ontarians. It is particularly disappointing that FP Canada will be allowing all interested individuals to pay for and participate in the curriculum, but will only allow those with a post-secondary degree to complete the program with a CFP designation.

We therefore recommend that FSRA should retain ultimate discretion to determine whether an individual has the qualifications to use the financial planner title to ensure those who have completed the CFP curriculum and exams, but are prohibited from earning the designation, have the opportunity to become credentialed.



DESIGN APPROACH

We support FSRA's design approach to the proposed rule, and agree with the decision not to include a grandfathering provision. Given the importance of the work involved in earning the initial designation and completing continuing education requirements, we do not believe a grandfathering provision is in the best interest of the industry or financial services clients.

While we support FSRA's approach of not including exemption provisions within the rule, we do encourage you to make use of your authority within the Act to ensure that individuals with the necessary qualifications have the ability to become credentialed, with the condition that they must complete their continuing education requirements. We make this recommendation with specific reference to those candidates who will soon be unable to earn their CFP designation but have completed all of the education and necessary examinations, as outlined above.



IMPLEMENTING THE FRAMEWORK

We support FSRA's proposed implementation timeline, and believe it will allow individuals an appropriate amount of time to obtain a designation if required, as well as allowing organizations and financial professionals time to complete the internal work that will be necessary to comply with these changes, including updating documents, websites, resources, social media, etc.

We are concerned with the approach to the transition that will allow anyone who was using the title immediately prior to January 1, 2020, and up to the date the proposed rule comes into force, to continue using a title while they are obtaining a credential. This will create administrative burden in determining who is and is not permitted to continue using their current title.

We recommend removing reference to January 1, 2020—or any arbitrary start date—and beginning the transition immediately when the rule comes into force.

This would allow any organization currently using titles to continue to do so, and consistently apply the new requirements of the rule effective the date of force.

FEES AND ASSESSMENTS



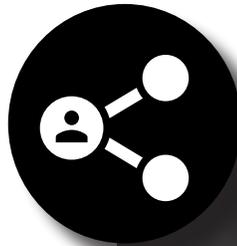
Financial professionals dedicate time, effort and personal funds to obtain and maintain their qualifications.

We do not support the burden of an additional fee in order to use the financial advisor or financial planner title.

While we are opposed to the introduction of any new fees, we do recognize from the proposed rule that FSRA intends to introduce a fee schedule, and therefore request additional details on the anticipated cost to financial professionals, the proposed timeline for the fee schedule, and details on how credentialing bodies will be approved to collect fees from individuals using the titles. If fees are implemented, we believe, as outlined in the draft rule, it will be important for FSRA to establish the fees and have them applied consistently throughout the sector. We also propose a reduction in the calculated fees that each insurer and advisor pays to FSRA given the increased oversight role that will be required of the industry.



DISCLOSURE



Given the caliber of the financial advisor and financial planner titles and the consumer protection focus of the title protection framework, we believe clients have a right to know how the agent qualified for the title, and support regulated credential disclosure. The life and health insurance industry currently has well-established processes for advisors related to disclosure of their qualifications, their licences and the companies they represent, and we believe clients would benefit from similar disclosure from all financial professionals. This will also assist in compliance, as it will be within the interest of credentialed financial professionals to share and promote their qualifications.



We strongly recommend that any disclosure requirements be developed in partnership with the **Canadian Council of Insurance Regulators** (CCIR) and all individual provincial regulators to ensure consistency across all jurisdictions. Ontario is a leader in this initiative, and has the opportunity to promote a **harmonized approach**, which will benefit clients, the industry and regulators.

With respect to the form that this disclosure could take, we encourage FSRA to review the **Canadian Life and Health Insurance Association's** (CLHIA) Guideline G14, "Confirming Advisor Disclosure, for point-of-sale disclosure relating to conflicts of interest", the CLHIA Reference Document "Advisor Disclosure", as well as the **Mutual Fund Dealers Association's** (MFDA) disclosure document. These tools serve as references that FSRA can draw from in the development of a harmonized disclosure form for credentialed financial professionals.

CONSUMER EDUCATION



We strongly support FSRA's intent to implement consumer education campaigns to support and follow implementation of these important changes, and are committed to partnering on this initiative.

We believe any consumer education campaign must be rooted in enhancing financial literacy by informing consumers about the financial products and services available to them, and helping them determine whether they would be best suited to work with a financial planner or a financial advisor. From there, more information can be provided on what each financial professional can provide and their qualifications.

The implementation of consumer education campaigns will require a collaborative approach between FSRA and the industry. We would support FSRA's development of common-language key messages that can be shared with all stakeholders and published on FSRA's website, and latitude for stakeholders to share unique marketing approaches to reinforce their competitive brand positions.





CONCLUDING REMARKS

We appreciate the opportunity to provide our feedback on FSRA's financial professionals title protection rule and guidance and would welcome the opportunity to discuss our recommendations in further detail.

We are not members of the Insurance Bureau of Canada (IBC) and we prefer to contribute to the policy development process directly. As a co-operative insurance and financial services organization, we believe we bring a unique perspective to public policy consultations. We are a member of the **Canadian Life and Health Insurance Association** (CLHIA), and support the feedback they have shared directly.

If you have any questions or require clarification, please do not hesitate to contact our **Associate Vice President of Government Relations, Maya Milardovic**, at maya_milardovic@cooperators.ca.

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