



Stephen Frank  
President and CEO

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Mr. Mark White  
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Financial Services Regulatory Authority of Ontario (FSRA)  
5160 Yonge St, 16<sup>th</sup> floor  
Toronto, ON M2N 6L9

**Re: Notice of Rule and Request for Comment on FP/FA Fees Consultation**

We would like to thank FSRA for the opportunity to provide feedback about how it will charge fees to credentialing bodies. As a self-financing regulatory body, we support FSRA's cost recovery approach. It is important that FSRA has the resources it needs to fulfill its mandate.

The key issues we comment on in this submission are the risks of double payment from the proposed approach to charge fees and the increasing costs of entering the financial services industry which may result in a reduction of access to advice for Ontarians over time.

**About CLHIA**

The CLHIA is a voluntary association with member companies that account for 99 per cent of Canada's life and health insurance business. The life and health insurance industry is a significant economic and social contributor in Ontario. It protects about 10.9 million Ontario residents and makes almost \$45 billion a year in benefit payments to residents in Ontario (of which 90 per cent goes to living policyholders as annuity, disability, supplementary health or other benefits and the remaining 10 per cent goes to beneficiaries as death claims). In addition, the industry has nearly \$280 billion invested in Ontario's economy. A large majority of life and health insurance providers have licences to operate in Ontario, with seventy headquartered in the province.

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### **Risk of Double Payment:**

There is a risk that there will be some overlap between credential holders and those that hold licences and already pay fees to FSRA. This risk stems from the fact that for life licensees, oversight is not centralized with a credentialing body. Oversight of life insurance advisors is both a regulatory requirement for insurers and is also provided by FSRA as the licensing body. FSRA recovers the cost for providing this oversight from both insurers and agents.

### *Financial Advisor (FA) & Financial Planner (FP) Title Holders*

It is important that fees are not paid to both regulators, and credentialing bodies, for oversight of the same activities and conduct. Under this model, advisors selling life insurance will be required to pay fees to FSRA as licence holders, and then to a credentialing body for oversight if they use the FA title.

#### *Insurers*

Some life and health insurers will decide to become credentialing bodies. In these circumstances they would pay FSRA for the oversight provided on a cost recovery basis. They would also pay fees as a credentialing body.

As well, under the proposed changes to the fee rule, where insurers pay licensing fees to FSRA for their advisors, they would be required to pay additional fees to credentialing bodies. In aggregate we expect this to be a significant cost.

To help address the potential for double payment, FSRA could consider offsetting credentialing fees against fees that insurers are already paying.

### **High costs may reduce access to advice for Canadians:**

As stated in our past submission on title regulation, we support FSRA's cost recovery approach to self-funding. However, the costs for credentialing bodies are significant and will result in higher costs for FPs and FAs in terms of tuition or membership dues. As a result, there is a notable risk that there may be an exclusionary impact, which could lead to fewer advisors than would otherwise be the case. Given that the average age of advisors is increasing, it is important that we continue to encourage new and younger advisors to join the industry in order to maintain existing levels of access to advice for Ontarians.

The consultation document notes that costs for FPs and FAs will be \$22/year on average. This straight-line average makes a number of assumptions about how fees will be determined for credential holders. For example, it does not include the costs of required courses, and how other variable and fixed costs to credentialing bodies will be divided among credential holders. Many credentialing bodies will need to incur significant costs to build oversight structures and collect payments as they take on new accountabilities. For life licensees, we are conscious of the fact that these costs will be paid in addition to the costs related to their licence.

## **Diversity & Inclusion**

It is important to have as diverse a community of FAs and FPs as possible to ensure that all communities have access to financial advice. We recommend that regulatory support be available for credentialing bodies to offer scholarships, financing arrangements, and other tools that would support accessibility.

## **Conclusion**

Thank you for the opportunity to provide the industry's perspectives on this important issue. If you would like to discuss any of the issues we have raised, we would be happy to meet and provide you with any additional information that you may need.

Sincerely,



Stephen Frank