



Canadian Life & Health  
Insurance Association  
Association canadienne des  
compagnies d'assurances  
de personnes

February 27, 2023

Mr. Stephen Power  
Executive Vice President, Corporate Services  
Financial Services Regulatory Authority of Ontario (FSRA)  
25 Sheppard Avenue West, Suite 100  
Toronto, ON M2N 6S6

**Re: Feedback on Consultation of Draft FSRA 2022 Fee Rule**

Dear Stephen,

Thank you for the opportunity to provide feedback on FSRA's 2022 Fee Rule ('Fee Rule'). Overall, the Canadian Life and Health Insurance Association (CLHIA) supports the Fee Rule and the initiatives associated with it.

**About CLHIA**

The CLHIA is a voluntary association with member companies which account for 99 per cent of Canada's life and health insurance business. These insurers are significant contributors to Canada and its economy. They provide financial security to over 29 million Canadians and make over \$110 billion in benefit payments (of which 90 per cent goes to living policyholders as annuity, disability, supplementary health, or other benefits with the remaining 10 per cent going to life insurance beneficiaries). In addition, life and health insurers have nearly \$1.1 trillion invested in Canada's economy. In total, 92 life and health insurance providers are licensed to operate in Canada.

**Overview of CLHIA Feedback**

The industry supports FSRA's review of the original 2019 Fee Rule to ensure fees align and reflect FSRA's updated Fee Rule vision and principles. We also support the vision and principles guiding the amendments in this Fee Rule.

There are some areas of the Fee Rule where further clarification would be helpful, as noted below.

Differentiating insurance agents into "Life & Accident and Sickness Insurance Agent(s)" and "Property and Casualty Insurance Agent(s)"

We note the creation of new categories to differentiate insurance agents. In the 2019 iteration of the Fee Rule, there is one broad fee category for all insurance agents titled "Agent license fee". In the 2022 iteration of the Fee Rule, agents are differentiated into two specific fee categories titled "Life & Accident and Sickness Insurance Agent(s) license fee" and "Property and Casualty Insurance Agent(s) license fee". It could be challenging practically to differentiate agents into specific categories. The creation of different fee categories creates regulatory burden and dis-harmonization. It would be beneficial to have clarification and a clearer understanding of the regulatory objectives in this area.

### Fee Increases for Life & Accident and Sickness Insurance Agents but not for Property and Casualty Insurance Agents

Another issue identified is the fee increases for life & accident and sickness insurance agents but not for property and casualty insurance agents. In the 2019 iteration of the Fee Rule, there is one \$150 fee per individual for a two-year license for all types of insurance agents. However, in the proposed version, “Life & Accident and Sickness Insurance Agent(s)” have a \$170 fee for a two-year license and “Property and Casualty Insurance Agent(s)” have a \$150 fee for a two-year license.

Essentially, there is a \$20 price increase for life & accident and sickness insurance agents but not for property and casualty insurance agents. Fee increases of \$20 for a two-year license may be inequitable especially for agents who are not established or are part of a small organization. It is unclear why there is a fee increase of \$20 for a two-year license for life & accident and sickness insurance agents especially when other insurance agents are not subject to such a fee increase. It would be beneficial to have clarification regarding the rationale for the fee increase that specifically targets life & accident and sickness insurance agents. To promote harmonization, it is recommended to continue with one fee for all insurance agents regardless of their specialty.

### **Conclusion**

Thank you again for the opportunity to collaborate on this important initiative. We would be pleased to discuss any questions you may have on the issues we have identified.

Sincerely,



**Brent Mizzen**  
Assistant Vice President, Market Conduct Policy and Regulation