

February 22, 2024

Mr. Tim Miflin
Financial Services Regulatory Authority of Ontario
20 Sheppard Ave. W., Suite 100
Toronto, ON
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tim.miflin@fsrao.ca

**Re: FSRA Consultation on proposed Guidance – Life Insurance Agent and MGA
Licensing Suitability – CAILBA Response**

Dear Sir:

CAILBA is a national industry association of life insurance intermediaries and represents the voice of independent distribution across Canada. We actively participate in industry regulatory committees with the goal of ensuring the Canadian life insurance industry remains vibrant and competitive, providing financial security to Canadians of all economic strata, while consistently improving FTC outcomes.

We thank Financial Services Regulatory Authority of Ontario (FSRA) for the opportunity to comment on the consultation paper on proposed Guidance – Life Insurance Agent and MGA Licensing Suitability.

We appreciate the approach of the paper, including the 6-step action plan that performs part of FSRA's initiative.

CAILBA's General Viewpoint

FSRA has CAILBA's support for the proposed guidance on life insurance agent and MGA licensing suitability. As a national voice for intermediaries, we believe that this guidance will significantly benefit both consumers and industry professionals by ensuring a higher standard of competence, integrity, and accountability within the life insurance sector.

The proposed guidance rightly emphasizes the importance of thorough training, education, and ongoing professional development for life insurance agents and MGAs. In today's complex financial landscape, it is imperative that agents possess a deep understanding of insurance products, regulations, and ethical standards to effectively serve the diverse needs of clients. By setting clear expectations for licensing suitability, the regulatory authority will help foster a culture of continuous learning and improvement within the industry, ultimately enhancing consumer trust and confidence.

Understanding that the distribution of insurance products has changed over the course of the past 2 decades, the proposed guidance comes at a time that underscores the need for oversight mechanisms to monitor the activities of licensed agents and MGAs. By holding individuals and entities accountable for their conduct, FSRA can mitigate the risk of misconduct, fraud, and consumer harm, thereby safeguarding the interests of policyholders and the broader public.

We suggest that FSRA take time to consider and appreciate the differences in which life insurance products are processed through the various distribution methods and use this opportunity to clarify the roles that each entity plays in the sales to the consumer. It is imperative that each participant in the chain knows, understands, and can properly support and demonstrate their adherence with the expected accountabilities whether under the act, under insurance carrier guidelines or contractual agreements. In its current format, CAILBA believes this guidance doesn't provide the required clarity for roles and responsibilities for Insurers, MGAs, AGAs, Corporate Brokers, National Accounts and Agents. In the absence of clarification of roles and responsibilities, ambiguity will lead to multiple, and varied interpretations of the required standards.

In consideration of having to implement additional compliance components to meet the new regulatory framework, CAILBA members have expressed concerns on how different distribution models may be impacted by these guidelines resulting in unintended consequences to consumers. Considering how rural communities and smaller boutique distribution models could be impacted by this guidance is worthy of further exploration to ensure financial advice remains accessible to these already vulnerable communities.

FSRA indicates it has authority to determine whether an MGA is suitable to be licensed. Is this an indicator that FSRA plans to implement an MGA licensing regime for those agencies that fit FSRA's definition of an MGA? If not, we wonder how will FSRA identify which corporate or partnership agency licensees are contracted as an MGA as defined within the Guidance? If an MGA license is in the roadmap for FSRA, CAILBA believes this guidance is premature and should be linked to legislative updates and a thorough onboarding process for MGA's that fit FSRA's description.

We support FSRA for its proactive approach to enhancing the professionalism and integrity of the life insurance sector. By soliciting feedback from stakeholders and incorporating industry best practices into the proposed guidance, this demonstrates FSRA's commitment to promoting a fair, transparent, and competitive marketplace.

In conclusion, we support FSRA's desire to implement the proposed guidance on life insurance agent and MGA licensing suitability but insist on clarity of roles & responsibilities in conjunction with legislative support to achieve the desired outcomes. By doing so, we believe FSRA will play a crucial role in upholding the highest standards of professionalism, ethics, and consumer protection within the life insurance industry.

Thank you for considering our input on this important matter. Please do not hesitate to contact us if you require any further information or assistance.

Sincerely,

A handwritten signature in black ink that reads "Phil". The letters are cursive and connected.

Phil Marsillo
President, CAILBA