

**The Canadian Association of   
Independent Life Brokerage Agencies**  
**13-4 Alliance Blvd, Suite 213, Barrie, ON L4M 7G3  
General: 416-548-4223**

November 18, 2019

**Re: Consultation on Draft F2020-21 FSRA Priorities and Budget**

The Canadian Association of Independent Life Brokerage Agencies (“CAILBA”) wishes to thank FSRA for the opportunity to comment on the draft priorities and budget. CAILBA is a voluntary trade association that acts as the single voice for Managing General Agents (MGAs) across Canada. Working closely with our insurance carrier counterparts, we help our members to stay abreast of change and to effectively implement compliance and regulatory updates that support fair treatment of consumers. We foster best practices across Canada in order to better the insurance industry and build unity in the MGA community nationally.

CAILBA fully supports the priorities and approaches outlined in the consultation document. In particular, we appreciate how the approach FSRA is taking has become more nuanced. For example, the original priority to “adopt effective market conduct standards” has been carried over as “market conduct oversight to protect consumers.” To us, this reflects stakeholder input and a greater appreciation of the need for active regulation.

We also support the need for improved licensing effectiveness and efficiencies. Currently, extensive delays in licensing and renewals are being experienced by stakeholders. We hope that improvements contemplated will speed up the processes and include improved communication with applicants.

Regarding cross-sectoral priorities, we particularly support the need to acquire/develop/complement expertise in key areas such as market conduct. We encourage FSRA to look for existing expertise in hiring decisions. The life insurance industry and its products are complex and effective regulation will only come from an organization that has an in-depth knowledge and understanding of the landscape and all of its stakeholders.

Without a high level of expertise on the part of the regulator, we fear that ongoing market conduct issues will continue to be treated solely as distribution channel issues when in fact many significant problems start in the product development, marketing, underwriting and claims areas of insurance companies. Further to this, CAILBA and other stakeholders are worried about the focus on “quick wins,” rather than a commitment to rooting out actions and behaviours among all stakeholders that can negatively affect the fair treatment of consumers. We appreciate that FSRA has identified expertise as a priority.

CAILBA is delighted to see a focus on enabling innovation and modernizing systems and processes. We support any and all actions that will improve data flow and speed up routine processes. In particular, we encourage FSRA to engage in cooperative discussions with APEXA. Insurers, MGAs and agents have placed great trust in APEXA to improve agent screening and licensing.

CAILBA fully supports the transition to principles-based regulation, but cautions that rules around market conduct should be clear and evenly applied.

Regarding information-sharing among regulators, too often we have witnessed bad ideas and bad actors migrating into the insurance arena from other financial services from which they have been hindered or barred. We also urge FSRA to involve APEXA in its information-sharing efforts, since the APEXA initiative is so critical to ongoing efforts to screen and license advisors. Likewise, insurers and MGAs, who are expected to screen advisors, require accurate information on which to base decisions and should be provided as much access to information as possible.

Regarding s. 5.3.1 (“adopt effective conduct standards”) next steps, item 2, we are deeply concerned that the focus appears to have narrowed to the MGA channel when in fact the meetings among CAILBA, IFB, Advocis and CLHIA have always focused on all forms of distribution. We challenge the idea that the MGA channel represents any greater level of risk than other channels and would like to understand why a broader priority has been narrowed down to this.

Our greatest concern is that this reflects a potential bias in favour of insurers, perhaps a belief that because they hold full accountability for other channels, they actually do a better job of oversight in those channels. We encourage you to make this priority one that covers all forms of distribution, including but not limited to captive agents, National Accounts, call centres, deal direct arrangements between independent agents and MGAs, and online sales.

Finally, on the issue of effective market conduct standards, it’s our observation that all channels have the same compliance challenges. The steps that must be taken to address requirements might differ, but it’s important to ensure that market conduct rules are consistent and evenly applied to ensure fair treatment of consumers.

CAILBA supports FSRA’s focus on title protection and believe this will lead to better outcomes for consumers. We also believe that the additional dollars required to ensure improved market conduct in the life and health arena are quite minimal in relation to the value they would add.

Once again, CAILBA appreciates the opportunity to take part in this consultation and would be pleased to provide any additional information that might be required.

Regards,

Michael Williams

President

cc: Clementine Peacock

Earleen Moulton

Eric Wachtel