

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

 November 3, 2020

**Re: Consultation on Draft FY2021-22 Statement of Priorities**

The Canadian Association of Independent Life Brokerage Agencies (“CAILBA”) wishes to thank FSRA for the opportunity to comment on the draft priorities. 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 reflects a year of learning and leveraging stakeholder engagement, as FSRA works towards the goal of regulatory efficiency and effectiveness while keeping protection of the public interest as a priority. We applaud FSRA’s recognition of the need to move away from “one-size-fits-all” solutions while continuing to promote a harmonized approach to regulatory issues in the areas it regulates. We’re pleased to see FSRA’s intention to leverage global best practices through engaging FinCoNet.

We appreciate many of the themes carry over from the current year, and we echo some feedback from CAILBA’s comments on the 2019/2020 Priorities, outlined below.

CAILBA is pleased to see mention of the need for improved licensing effectiveness and efficiencies. Delays in licensing and renewals continued to be experienced by stakeholders. We expect that improvements contemplated will speed up the processes and include improved communication with applicants.

CAILBA applauds a focus on enabling innovation and modernizing systems and processes. We support any and all actions that will improve data flow, speed up routine processes and reduce/eliminate paper. CAILBA supports FSRA’s need to be agile, and efforts through the Innovation Office to accelerate the introduction of new business models, technologies, products and associated benefits to consumers. 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, which have direct impacts on protection of consumers.

CAILBA supports FSRA’s focus on title protection for Financial Planner and Financial Advisors. We believe this will lead to better outcomes for consumers.

CAILBA fully supports the transition to principles-based regulation. In particular, we feel a harmonized industry Code of Conduct supporting FTC principles will be helpful, as will building an agent conduct team and leveraging some of the G4 recommendations for oversight, including Regulator practice reviews of agents. From the G3 task force recommendation, we support a key deliverable, to develop and publish a framework for consumer education and pilot education tools/strategies.

CAILBA supports efforts to enhance market conduct oversight, leading to protection of consumers but cautions that rules around market conduct should be clear and evenly applied.

Regarding the sector-specific, high-impact priorities, 7.1, (Enhance market conduct oversight to protect consumers), CAILBA supports the review, harmonizing, and strengthening of regulatory standards for the distribution of investment products, including enhancing the quality of information for consumers which will help them make more informed decisions. While we recognize the significance of the MGA Distribution channel, we remain concerned that the focus appears to have narrowed to the MGA channel. In fact, meetings among CAILBA, IFB, Advocis and CLHIA have always focused on all forms of distribution.

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, 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.

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, and can negatively affect the fair treatment of consumers. 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.

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