



Independent Financial Brokers of Canada
740 - 30 Eglinton Avenue West, Mississauga, ON L5R 3E7

May 8, 2018

Brian Mills, CEO and Superintendent of Financial Services
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
Toronto ON M2N 6L9

Submitted by email: priorities@fscs.gov.on.ca

Dear Mr. Mills:

Subject: Draft 2018 Statement of Priorities

Independent Financial Brokers of Canada (IFB) is pleased to comment on FSCO's *2018 draft Statement of Priorities (Draft Statement)*.

IFB is a national, not for profit, professional association representing approximately 3,500 licensed financial advisors. Most IFB members are life insurance licensed, or dually licensed as mutual fund representatives and life insurance agents. Many hold complementary licenses or accreditations for other financial services to provide more holistic advice to clients.

IFB's mandate is to advocate on behalf of, and provide support to, those engaged in the independent sales distribution channel. Independent advisors bring value to their clients by virtue of their ability to provide clients with access to a wider range of products to meet their needs. IFB members attest to a code of ethics that places the interests of the client first. This is consistent with the stated objectives of FSCO and the IAIS ICPs aimed at ensuring customers are treated fairly.

Below are IFB's comments on each of FSCO's priorities.

1. Create greater consumer awareness and understanding of their rights and responsibilities and how to protect themselves.

IFB supports the role of FSCO in promoting financial literacy so consumers can make better and more informed financial decisions. IFB believes regulators have an important role in educating the public, by making available unbiased information from a product neutral source.

IFB members are also important partners in financial literacy. As advisors, they spend time with clients every day helping them to set realistic goals and expectations and planning to reach those goals through investing and saving.



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IFB is pleased that FSCO reached out to industry stakeholders for input on its proposals around the fair treatment of consumers. We appreciate that FSCO works alongside industry stakeholders in a collaborative way, and we look forward to continuing to participate in such initiatives. The FTC concepts should be applied in a way that empowers consumers, while providing for a competitive landscape inclusive of all distribution models. IFB will respond separately to the FSCO draft FTC model, and the CCIR/CISRO FTC consultations. As both initiatives draw on the IAIS Insurance Core Principles 18 and 19, we encourage regulators to harmonize their expectations of supervisory standards for intermediaries and approaches to market conduct whenever possible.

Life and health insurance industry stakeholders collaborate on a voluntary basis to promote standardized processes in sales distribution. Most recently, we have been working on an initiative to identify measures that can support the regulatory objective of treating customers fairly throughout the sales cycle.

2. **Be proactive with respect to industry transformation and new technologies.**

IFB is pleased that FSCO will take an active role in examining the expanding influence of fintech on the industry, and recognizes the need to balance consumer protection with innovative solutions. There are real opportunities for fintech solutions to reduce the burden of compliance and improve industry oversight, in addition to permitting consumers, advisors and regulators to interact in new and more efficient ways.

3. **Achieve a higher degree of harmonization, supervisory cooperation, and jurisdictional participation.**

IFB supports a harmonized approach to regulation. Many advisors are licensed in more than one jurisdiction, making compliance with different regulatory standards sometimes difficult or confusing. As well, IFB urges cooperation amongst all financial regulators. Many IFB members are dually licensed as securities registrants (most often as mutual fund representatives) and life insurance agents. Again, disparities between these regulatory regimes add complexity and cost for advisors and firms. We support FSCO's participation in the inter-jurisdictional associations of financial regulators as an important measure to assist with regulatory harmonization and cooperation.

IFB continues to advocate for FSCO to implement a licensing regime applicable to those involved in the sale of incidental insurance products (ISI). A number of other jurisdictions have implemented individual or restricted licensing requirements. Given the large number of consumers who are exposed to the ISI market, we believe this is a gap in the current system in Ontario. Consumers who purchase any form of insurance should be able to rely on intermediaries who are duly licensed, and subject to a similar regulatory regime.



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IFB is interested in the outcomes of the Annual Statement on Market Conduct and insurer-specific reviews that will focus on areas of potential risk to the fair treatment of customers. It would be useful for all stakeholders to make the results of such surveys/reviews publicly available in aggregate form to protect the confidentiality of respondents.

4. **Support the implementation of the Financial Services Regulatory Authority of Ontario.**

IFB looks forward to continuing to work alongside FSCO in advance of the implementation of FSRA, and to supporting the Ministry of Finance and FSCO as FSRA becomes operational.

Thank you for the opportunity to provide our comments. Please contact me, or Susan Allemang, Director, Policy & Regulatory Affairs (email: sallemang@ifbc.ca) should you have questions or wish to discuss.

Yours truly,

A handwritten signature in black ink that reads 'Nancy Allan'.

Nancy Allan
Executive Director
Email: allan@ifbc.ca