



Independent Financial Brokers of Canada

740-30 Eglinton Avenue West, Mississauga, ON L5R 3E7

December 21, 2018

Financial Services Regulatory Authority of Ontario
130 Adelaide Street West, Suite 800
Toronto ON M5H 3P5

Submitted via the FSRA online submission portal

Re: Request for Comment on FSRA Interim Fee Rule and Proposed Assessment and Fee Rule

Independent Financial Brokers of Canada (IFB) appreciates the opportunity to respond to the Financial Services Regulatory Authority of Ontario (FSRA) on its proposed Interim Fee Rule and the Proposed Assessment and Fee Rule. IFB supports FSRA's consultative approach with stakeholders, and IFB looks forward to continuing this relationship and providing further input to FSRA as it moves to become operational in the Spring of 2019.

IFB is a voluntary, federally incorporated not for profit professional association representing approximately 3,500 licensed financial advisors across Canada. The majority of IFB members are located in Ontario, and are licensed as life/health insurance agents. Many hold other financial licenses or accreditations in order to permit them to provide consumers with more comprehensive services, such as securities (mutual funds), mortgages, general (P&C) insurance, financial planning, etc.

IFB members are individuals, most of whom own or operate small to medium sized financial practices in their local community. IFB does not represent employees or career agents of financial institutions.

IFB supports professional standards in the life/health insurance industry by:

- i) Offering large scale and smaller regional educational events focused on compliance, industry and regulatory updates, ethics, and best practices;
- ii) Offering a comprehensive, affordable professional liability program specifically tailored to the independent practitioner;
- iii) Providing regular updates on industry, compliance and regulatory issues to members;
- iv) Offering online programs, such as IFB's AML/ATF course specifically designed for independent life agents; and,
- v) Requiring new members to attest their adherence to IFB's code of conduct and standards of practice and annually thereafter, on renewal.

Advocating on behalf of our members to ensure government, regulators, industry stakeholders and others understand the value that independent advice brings to consumers is an important part of the work that IFB does on behalf of its members.

IFB will comment on the proposed "rules" as they relate to life insurance agents licensed under Ontario's *Insurance Act*.



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Interim Fee Rule

We understand that the Interim Fee Rule is intended to be a temporary measure, to ensure that FSRA is funded by the sectors it regulates and can carry out its legislated mandate without delay or reliance on funding from the Consolidated Revenue Fund. We further understand that FSRA only intends to adopt the Interim Fee Rule if there is insufficient time to adopt the Proposed Fee Rule prior to FSRA's launch date.

As the Interim Fee Rule will continue the current fee assessments used by FSCO, we have no objection.

Proposed Assessment and Fee Rule

IFB supports the proposed fixed rate approach for insurance agents. This is consistent with the need for individual licensees to have predictable and stable licensing costs. However, the rate will need to be reviewed on a regular basis (for example, every 3 years) in order to adapt to potential changes in the marketplace that may affect the number of licensees, and activity in the sector.

We wish to draw attention to Section 6.1, where FSRA identifies "support for regulatory principles" as part of its vision to be an efficient and effective regulator. As FSRA considers its priorities, and potential issues related to the current licensing structure, IFB is restating its position that anyone providing financial advice and/or product recommendations to consumers should be appropriately licensed and regulated. Consumers who purchase any form of insurance should be able to rely on intermediaries who are duly licensed, and subject to similar regulatory oversight.

In Ontario, sellers of incidental insurance products, such as credit card disability insurance, mortgage insurance, automobile financing, etc., are not licensed. Some Canadian jurisdictions have already implemented a licensing regime applicable to the sale of incidental insurance, and we support Ontario doing so, too. Licensure provides consumers with greater protection and recourse in the event of a complaint. Given the large number of consumers who are exposed to the incidental insurance market, we believe this is a gap in the current system in Ontario.

In closing, IFB encourages FSRA to:

1. maintain an open and transparent dialogue with industry stakeholders, including changes to the fee assessment structure, as FSRA's operational costs become more defined based on its actual experience;
2. avoid cross-subsidization of costs between sectors where possible, so each sector's assessment accurately reflects the costs and regulatory activity attributable to that sector;
3. identify improvements to the current licensing regime, including any gaps; and
4. consider a recommendation to amend Section 11(3) of the *Financial Administration Act* to restrict money received from administrative penalties from being paid into the Consolidated



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Revenue Fund and instead used to support activities consistent with the sector the AMPs are assessed against.

Thank you for the opportunity to comment.

Please contact the undersigned, or Susan Allemang, Director, Policy & Regulatory Affairs (email: sallemang@ifbc.ca) should you wish to discuss our comments further.

Yours truly,

A handwritten signature in cursive script that reads 'Nancy Allan'.

Nancy Allan
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