

November 17, 2025

Financial Services Regulatory Authority of Ontario  
25 Sheppard Avenue West, Suite 100  
Toronto, Ont.  
M2N 6S6

Submitted via the FSRA website

**Re: Notice of Changes and Request for Further Comment (Notice of Changes) - Proposed Rule 2025-001 – Life and Health Insurance Managing General Agents, dated October 20, 2025 (Proposed MGA Rule)**

Advocis and the Conference for Advanced Life Underwriting (CALU) appreciate the opportunity to provide feedback on FSRA's Proposed MGA Rule and to help inform the development of regulations designed to enhance consumer protection and professionalism in the financial services industry. We believe in the value of financial advice and the importance of having a robust regulatory regime for the financial services industry that fosters consumer confidence in that industry and the advice they receive.

**About Advocis**

Advocis, The Financial Advisors Association of Canada, is the country's largest and oldest professional membership association of financial advisors and planners in Canada. With more than 7,400 members across the country, Advocis is the definitive voice of financial advisors and planners advocating for professionalism and consumer protection. Our members are provincially licensed to sell life, health, and accident and sickness insurance, and may also be registered under provincial and territorial securities legislation to deal mutual funds and other securities.

Members of Advocis are primarily owners and operators of their own small businesses, creating thousands of jobs across Canada. Advocis members provide advice in several

key areas, including life, critical illness and disability insurance, estate and retirement planning, wealth management, risk management, tax planning and employee benefits.

Professional financial advisors and planners are critical to the ongoing success of the economy, helping consumers to make sound financial decisions that ultimately lead to greater financial stability and independence both for the consumer and the country. Advocis works with decision-makers and the public, stressing the value of financial advice and striving for an environment in which all Canadians have access to the advice they need.

### **About CALU**

The Conference for Advanced Life Underwriting (CALU) is Canada's professional association for 650 + leaders in the life insurance and financial advisory industry. Hundreds of our members are Advocis members located in Ontario. Jointly, we speak for thousands of life insurance and financial advisors so they can protect and improve the financial well-being of millions of individuals and family businesses.

### **Executive Summary**

On behalf of its members and their clients, Advocis has consistently emphasized the need for regulation that enhances accountability, improves transparency, and reflects the realities of a modern financial services industry. When regulation is clear, proportionate, and appropriately targeted, it strengthens consumer protection while also supporting a thriving, professional financial advisory sector. CALU supports this general approach.

While we support strong and effective oversight of MGAs, we believe the Proposed MGA Rule captures a much wider range of entities than is necessary to achieve FSRA's stated policy objectives.

We are concerned with how the scope of the Proposed MGA Rule appears to extend far beyond what was originally contemplated in the January consultation and could now impact thousands of licensed advisors, small corporate agencies and partnerships,

many of whom have never operated as MGAs nor held themselves out as such, but who could now be swept into an unexpected and disproportionate regulatory regime. Many of these advisors and advisory businesses had no reason to believe they would be included when FSRA's consultation process began in January 2025. As a result, a significant portion of the financial advisory community is only now discovering that they may be treated as MGAs for the first time, despite already being fully licensed as agents or corporate agencies under the existing regulatory framework.

This broad application of "managing general agent" would introduce new fees, heightened compliance obligations, and administrative burdens for many entities and have a significant impact on the small advisory practices and family-run advisory businesses. These changes would not only strain their operational capacity but could also impact the time and resources they have available to effectively serve their clients.

At a time when the Ontario government has made a clear and deliberate commitment to reducing red tape, regulatory complexity across provincial borders, and unnecessary barriers for small businesses, the Proposed MGA Rule risks moving in the opposite direction. More importantly, it may inadvertently hinder Ontarians from accessing the financial advice and protection they need at a time when many Canadians remain underinsured, financially vulnerable, and unaware of the assistance and strategies available to help them protect them and their families and plan for their futures.

As mentioned, we believe many stakeholders who engaged in good faith in the original consultation have now been caught unaware by the extent of the revisions in the Proposed MGA Rule. In light of the issues described in this letter and the extent of the proposed revisions to the Proposed MGA Rule, we believe that 30 days is not enough time for meaningful consultation with industry participants.

We urge FSRA to (i) extend its consultation period and work with stakeholders to develop an MGA licensing regime that will achieve the Government's goals of better protecting consumers, and (ii) reconsider the scope of the Proposed MGA Rule to ensure that its proposed MGA licensing regime aligns with the spirit of Ontario's broader

policy direction, avoids unnecessary regulatory layering, and preserves consumer access to the benefit of timely, qualified financial advice.

## **Comments and Recommendations**

Our comments and recommendations are as follows:

### **1. Overbroad application of “managing general agent” resulting in unintended consequences**

The introduction of three tiers for licensed MGA's and the terminology used in the Proposed MGA Rule have created confusion and concerns amongst stakeholders about the apparent expansion of the scope of the Proposed MGA Rule and the fact that it does not reflect the reality of the various relationships in the life insurance distribution chain. The definition of “managing general agent” and the provisions in Part XIV.1 Managing General Agents – Life Insurance and Accident and Sickness Insurance of the Ontario's *Insurance Act* R.S.O. 1990, c.I.8 (**Act**) exacerbate stakeholders' confusion (further comments on those provisions are below).

In FSRA's first consultation, the Notice and Request for Comment dated January 28, 2025 (**Original Notice**), it says:

“These amendments will impact more than just the entities which the L&H sector has traditionally referred to as a “Managing General Agent.” Other entities such as Associate General Agents, National Accounts and Third-Party Administrators may also need a licence depending on whether they perform a “regulated activity” under s. 407.2 of the Act.”

The understanding of many stakeholders at the time of the Original Notice was that partnerships and corporate agents (e.g. individual agents who had incorporated for various business reasons and small family run agencies) did

not fall within the definition of “managing general agent” and therefore were not subject to FSRA’s proposed MGA licensing.

The Notice of Changes, and the Proposed MGA Rule as now drafted, suggest that licensing may be required by more entities than originally thought under the Original Notice. For example, the Proposed MGA Rule appears to capture, among others:

- Partnerships and corporate agents, many of which are small, family-operated practices
- Advisors who contract with or bring new agents into their business (e.g. for succession planning)
- Advisors who have never functioned as MGAs but may now fall within the broadened scope.

We are also concerned that the broad language used in the Proposed MGA Rule could inadvertently capture credentialling bodies under FSRA’s Financial Professionals Title Protection Rule who provide education to agents and prospective agents but who are not engaged in the distribution of insurance, who do not participate in agent recruiting, and were never intended to be within scope (see Appendix 1 which sets out the substance and purpose of the Proposed MGA Rule articulated in the Original Notice).

A key objective of the Proposed MGA Rule as stated in the Notice of Changes is to ensure that where consumers receive advice from agents contracted with MGAs, the agents are subject to the same minimum level of oversight as required by existing insurance laws for agents contracted directly with insurers. The oversight regime set out in the Proposed MGA Rule for the oversight of agents by the top Tier of MGA’s adequately addresses the potential for consumer harm identified by FSRA in relation to recruiting, screening, training and monitoring of agents – adding licensing of corporate agents would not in our view materially increase consumer protection.

We believe this issue needs to be resolved before an MGA licensing regime is implemented in Ontario to facilitate a smooth transition to the new licensing regime and to ensure that the Proposed MGA Rule does achieve FSRA's stated outcomes which include (i) requirements and expectations that are easily understood, and (ii) proportionate burden and ensuring costs of compliance do not outweigh the consumer protection benefits.

**2. *Insurance Act* (Ont.) provisions setting out the licensing regime for managing general agents are circular and confusing**

We acknowledge that the legislative framework for managing general agents in Ontario's *Insurance Act* (**Act**) was the subject of previous public consultation.

However, the extensive changes to the Proposed MGA Rule set out in the Notice of Changes have required stakeholders to revisit the legislative framework in the Act – particularly the definition of “managing general agent” in section 1 of the Act (which seems to be circular) and related provisions describing regulated activities in part XIV.1 of the Act (particularly sec. 407.2, 407.3 and 407.4)

These Act provisions when read in conjunction with the Proposed MGA Rule only add to a reader's confusion in trying to understand the scope of the proposed MGA licensing regime.

We recommend that the provisions of the Act referred to above be reviewed at the same time FSRA is responding to this consultation and either guidance be provided on the interaction of the Act and the Proposed MGA Rule or amendments be made to those provisions to provide clarity.

**3. Increased regulatory burden/cost on small advisory businesses**

If sole practitioners, partnerships and incorporated agents with small teams are required to get an MGA license this will impose another layer of fees on small family run businesses who may already have more than one license: e.g. agent license fee + corporate agent license fee + MGA license fee. In addition to the proposed initial \$1000 MGA licensing fee, we understand there will be ongoing renewal fees the amount or frequency of which has not yet been determined. This seems to be disproportionate regulatory burden for these small advisory businesses when compared to true MGA's who currently are not required to have any license.

We will provide additional comments on the proposed fees in the separate consultation being held on the proposed amendments to FSRA's Fee Rule.

#### **4. Compliance complexities and potential for confusion over “who is doing what”**

The Proposed MGA Rule contemplates that one entity may fall into more than one Tier of MGA. This means the entity will be subject to similar but not identical obligations, adding redundancy and confusion. The compliance obligations on different entities become even more confusing when one applies the provisions of the Proposed MGA Rule that describe the various associated relationships an insurer or an MGA may have – e.g. sub-MGA's, associated agents and associated prospective agent – and the corresponding compliance obligations depending on the relationship.

In addition, the lack of a standard MGA agreement across all insurers further adds to each MGA's compliance complexity. In practice, the true MGAs already manage relationships with multiple insurers, each with their own oversight models. Layering additional compliance requirements, especially when tied to multiple tier MGA obligations, will make it very challenging for entities to maintain consistent processes. This increases the risk of technical non-compliance while doing little to improve actual consumer protection.

We urge FSRA to make the proposed compliance framework more easily understandable, so MGA's and insurers are not thwarted in their efforts to comply.

**5. Proposed MGA Rule not harmonized with other jurisdictions (New Brunswick and Saskatchewan) that have brought in an MGA licensing regime**

We note that the Proposed MGA Rule appears to apply “managing general agent” more broadly than the MGA licensing regimes in New Brunswick and Saskatchewan which adds to deharmonization across Canadian jurisdictions. It is important given the commitment by government in this time of economic uncertainty to promote the harmonization of regulation and laws that protect consumers without adding unnecessary costs and an administration burden that may ultimately negatively impact consumers.

**6. Enforceability concerns**

The Proposed MGA Rule as drafted may be difficult to enforce given the lack of clarity in some areas, the confusion over scope and compliance obligations, and the reliance on principle-based provisions. We support effective regulation that addresses specific harm, and this is best accomplished through timely and proportionate enforcement action. Broad sweeping and overreaching compliance regulation will not achieve this end.

**In summary**

We are committed to working collaboratively with FSRA to ensure that an MGA licensing regime in Ontario is effective, proportionate and reflective of the real dynamics of the insurance marketplace. We urge FSRA to take the time necessary to get this right for the benefit of consumers and the professional financial advisors who serve them.

Please do not hesitate to contact us if you have any questions or would like to discuss our comments.

Sincerely,



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President & CEO, Advocis



Guy Legault, MBA, FCPA, FCGA, CAE  
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## Appendix A

Excerpt from

NOTICE OF RULE UNDER THE FINANCIAL SERVICES REGULATORY AUTHORITY  
OF ONTARIO ACT, 2016 (the “FSRA Act”)  
RULE 2025-001 – Life and Health Insurance Managing General Agents  
(the “Proposed Rule”)  
Dated January 28, 2025

### Pg. 4 Substance and Purpose of the Proposed Rule

The Proposed Rule, if approved, will strengthen the regulatory framework for L&H MGAs by building on the legislative framework in the Amendments to establish requirements and processes to reduce the potential for consumer harm.

In particular, the Proposed Rule targets the following outcomes:

1. **Fairness to Consumers:** Ensure that consumers are treated fairly and consistently and receiving advice from well-trained, and properly supervised agents;
2. **Enhanced Compliance:** Improved conduct of L&H MGAs and agents based on delineated roles and responsibilities and regulatory requirements for insurers using L&H MGAs; and
3. **Consistent Treatment for Similar Participants:** Consumers purchasing products from an agent contracted with a L&H MGA are afforded the same level of compliance.

The Proposed Rule aligns with FSRA’s principles-based and outcomes-focused approach to financial services regulation. The Proposed Rule sets out required outcomes for compliance monitoring, screening, recruiting and training, which reflect the different types of agreements insurers may have with L&H MGAs and are proportional to the size, complexity, operations, and risk profile of the insurers and L&H MGA.

In achieving these outcomes, FSRA seeks to minimize disruptions to consumers, targeting continued service and advice within the L&H MGA distribution channel, by allowing industry flexibility to comply with the Proposed Rule and avoid significant disruptions to existing distribution agreements between insurers, L&H MGAs and subMGAs. In accordance with national and international standards,<sup>8</sup> the Proposed Rule results in insurers remaining ultimately responsible for consumer outcomes, regardless of distribution channel. The Proposed Rule achieves this by requiring insurers' compliance systems to be reasonably designed to achieve certain outcomes. Under the Proposed Rule, insurers will be expected to carry out effective risk-based monitoring and oversight of the L&H MGAs with whom they are associated. While L&H MGAs may monitor agents, for instance, insurers will be responsible for compliance systems that are reasonably designed to ensure this monitoring results in agents who are suitable and complying with applicable insurance laws