

Agenda Item 4.6
June 4/19 Board Meeting

FSRA Start-Up As Successor Regulator To FSCO In Ontario, Including Insights From May 17/19 CAFII
Liaison Lunch With Glen Padassery, Executive Vice-President, Policy

In an informal May 17/19 get acquainted and liaison lunch with CAFII representatives, Glen Padassery, Executive Vice-President, Policy and Chief Consumer Officer at FSRA, advised that FSRA was focused on burden reduction, with a “government objective” of reducing regulations by 25% and FSRA internally seeking to exceed that by reducing regulations by 35%.

This would be done by combining regulations where possible, eliminating them where they serve no purpose, and by not requesting data from industry unless it was actually going to be used by FSRA for meaningless purposes. He noted that data analysis issues and resourcing issues meant that much of the data that FSCO collected was not actually used, or was only analyzed after long delays.

Mr. Padassery noted that FSRA did not want to export to itself the previously existing culture at FSCO, and that there were some FSCO employees who did not accept the offer to move to FSRA because it was clear that they did not feel comfortable making the move to a new culture. He cited innovation, consultation, and thinking outside-of-the box were as important components to the new FSRA culture.

As well, Mr. Padassery on multiple occasions emphasized the consultative focus of FSRA, providing an example of condominium consultations he had been involved in, in a previous Ontario government role, where different stakeholders were able, over time and with skilled facilitation, to achieve consensus on 85% of the issues that had previously been subject to controversy or disagreement. He very much felt that consensus was the approach to take in resolving contentious issues.

Mr. Padassery said that his role as Chief Consumer Officer was not to act as an advocate for consumers, but rather to make sure that new policies and regulations had a consumer lens to them. The consumer organizations that make submissions to regulators are not as well-funded as industry Associations, and they are not always as well-organized. It is important that consumer interests be considered in any changes made to regulations, especially in how changes are designed.

CAFII representatives noted that harmonization was a key priority of the life and health insurance industry, and that the role of CCIR and CISRO in promoting this was critical. Mr. Padassery was fully in agreement.

On the specific issue of why FSCO engaged in the process of producing a CCIR/CISRO Fair Treatment of Consumers Guidance while also issuing its own separate FSCO Treating Consumers Fairly Guideline, he agreed that this was confusing and that FSRA was actively reviewing this. (Reading between the lines, it sounded like FSRA might try to reform the current situation where there are two existing Guidelines.)

It was noted that as a regulator in Canada's largest province, FSRA should play a more active leadership role in international organizations especially the International Association of Insurance Supervisors (IAIS), and Mr. Padassery was open to that suggestion.

Mr. Padassery provided some thoughts on the current 25 priorities of FSRA ("we may have bitten off more than we can chew"), and he did not seem to feel that an RIA licensing regime was likely in Ontario in the short term.

He said that not a lot of interest had been expressed to date by the industry on enhancements to the regulatory sandbox approach. He added that FSRA had asked for feedback on its initial consultative approach from 55,000 stakeholders, and had received 2,000 responses already. He noted that Bill 100, the Ontario government's recent budget Bill, was in the process of being reviewed; and, when passed, it would provide the enabling legislation for FSRA, with a current intended start-up date of 7 June, 2019.

Throughout the luncheon conversation, Mr. Padassery was very engaged and transparent; and a key take-away was that he was well-aligned with the consultative approach apparent in FSRA CEO Mark White's previous interactions with CAFII.