



Financial Services Regulatory  
Authority of Ontario

# **FSRA Priorities and Budget Development Industry Advisory Group Meeting #1: Preliminary Dialogue**

Life and Health Insurance

November 26, 2018



- FSRA is committed to ongoing communications, collaboration and dialogue with stakeholders.
- As the Board considers longer-term mechanisms for ongoing stakeholder input and engagement, the current special purpose fee rule IAGs are being re-engaged to provide sector perspectives to inform our 2019-20 priorities and budget.
- The purpose of this preliminary dialogue is to discuss the process leading to FSRA's FY 2019-20 plan (priorities and budget) and an outline of the outlook for FY 2020-21 and FY 2021-22. FSRA will describe “what we’ve heard” about priorities in this sector and hear industry input.
- FSRA will evaluate FY 2019-20 priorities based on consistency with FSRA legislative objects, cost-benefit analysis, and ability to implement.

# FSRA Legislative Objects

## *FSRA Act (2016)*

### **General:**

- regulate & generally supervise the regulated sectors
- contribute to public confidence in the regulated sectors
- monitor & evaluate developments & trends in the regulated sectors
- cooperate & collaborate with other regulators where appropriate
- promote public education & knowledge about the regulated sectors
- promote transparency & disclosure of information by the regulated sectors
- deter deceptive or fraudulent conduct, practices & activities by the regulated sectors
- carry out such other objects as may be prescribed

### **Financial Services:**

- to promote high standards of business conduct
- to protect the rights and interests of consumers
- to foster strong, sustainable, competitive and innovative financial services sectors

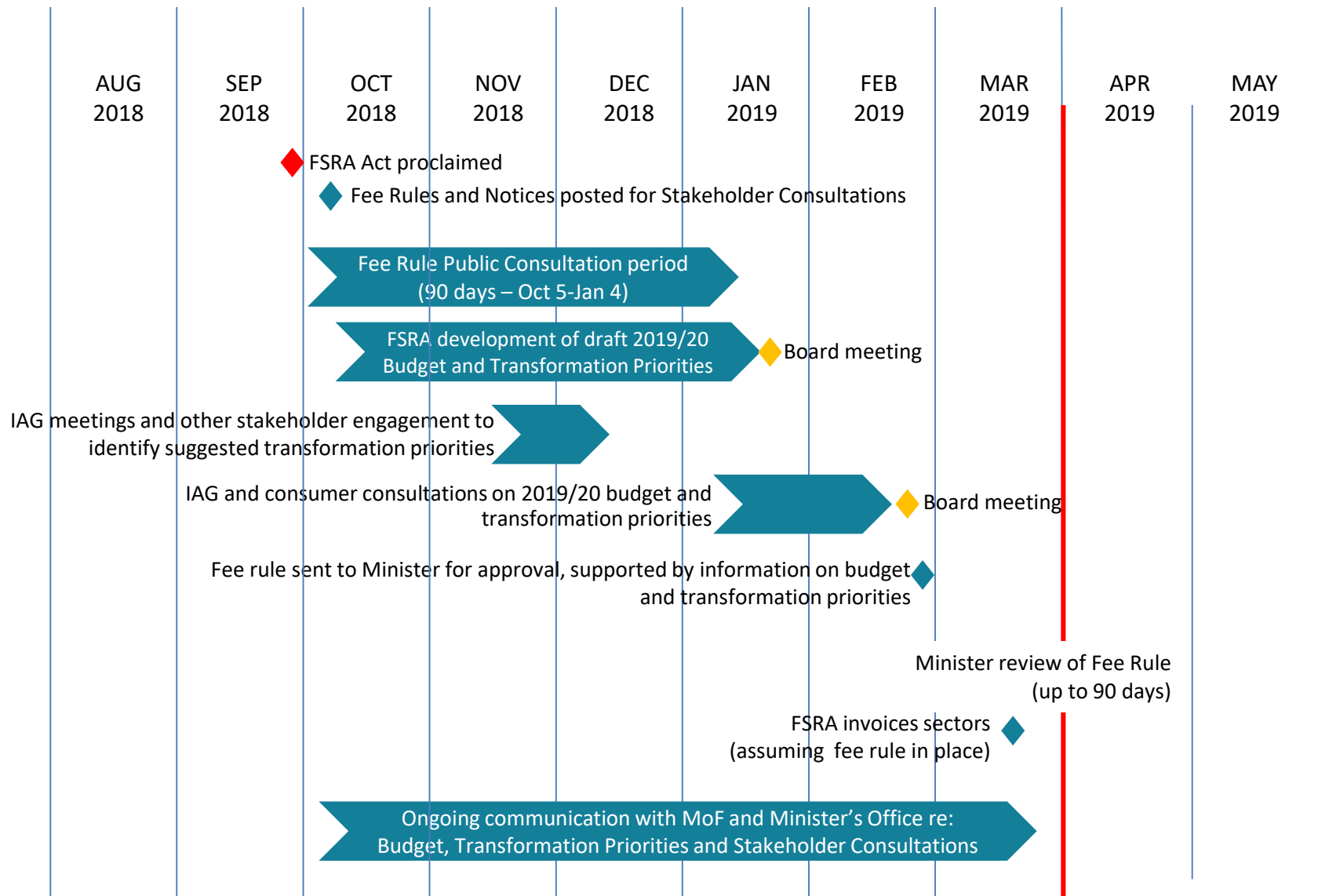
### **Pension Plans:**

- to promote good administration of pension plans
- to protect and safeguard the pension benefits and rights of pension plan beneficiaries

### **Credit Unions (Anticipated):**

- provide insurance against the loss of part or all of deposits with credit unions
- promote and otherwise contribute to the stability of the credit union sector in Ontario with due regard to the need to allow credit unions to compete effectively while taking reasonable risks
- pursue the above objects for the benefit of persons having deposits with credit unions and in such manner as will minimize the exposure of the Deposit Insurance Reserve Fund to loss

## High level timeline



Target for start up:  
April 2019

## Cross-sector priorities: what we've heard to date

- Reduced regulatory and administrative burden
- Leadership and specialized expertise to enable agility and flexibility and to address increased complexity
- Enhanced capacity and tools for investigation and enforcement for improved public confidence, industry reputation and consistency
- Proactive and frequent coordination, collaboration and communication, at multiple levels and through multiple channels, with all stakeholders, including industry, government, consumers and other regulators
- Support for innovation and new business models to enable consumer choice, competition and economic benefits, and to anticipate and respond to external changes and disruption
- Enhanced industry stature and effectiveness through improved consumer education
- Modernized technologies for submissions, reporting and analysis
- Formalized risk management systems/structures within the regulator, with monitoring of key risk indicators and early warning mechanisms
- Alignment of authority and conduct across jurisdictions

## Sector priorities: what we've heard to date

- Align requirements across jurisdictions
- Keep out bad actors and help reduce reputation and class action risk
- Enable innovation, new business models and products
- Ensure the FSRA Board of Directors has life and health insurance background
- Reduce regulatory and administrative burden (e.g. review Annual Statement on Market Conduct with emphasis on reducing burden and enabling data-driven decision-making in priority areas)
- Re-direct AMPs to FSRA (special fund) with corresponding disgorgement capability for support of impacted individuals
- Improve oversight for all intermediaries including managing general agents, understanding that the industry is currently operating with multiple distribution models

# Questions for consideration

- Does this list reflect your recommended priorities for FSRA?
  - What's missing? What should be added or clarified?
- What do you see as the top 3-5 priorities for your sector?
- How would you allocate your recommended FSRA priorities in terms of timing?
  - Starting next year (FY 2019-20)
  - Starting in the next three years (FY 2019-22)
  - Starting longer term (after FY 2022-23)

# Dialogue thoughtstarter

In preparation for discussion during the meeting, please consider your top priorities - overall and for your sector - and proposed timing for initiation. We are interested in hearing about the priorities you choose, and why, and welcome your suggestions on key steps towards implementation.

Priority area, e.g. technology, communication and engagement	Year 1: FY 2019-20	Years 2-3: FY 2020-21 to 2021-22	Years 4+: FY 2022-23 or later



- January 17, 2019
  - FSRA Board meeting - draft 2019-20 priorities and budget
- January 28, 2019 1:00 - 2:30
  - IAG meeting #2 with FSRA Management to review draft 2019-20 priorities and budget
- January 2019 (timing to be determined)
  - Draft 2019-20 FSRA priorities and budget posted for comment on FSRA website
- February 6, 2019
  - IAG submission to Board due to FSRA
- February 8, 2019 1:30 -3:00
  - IAG meeting #3 with FSRA Board
- February 25, 2019
  - FSRA Board meeting to approve 2019-20 plan/priorities/budget

Questions? Contact [cathy.mallove@fsrao.ca](mailto:cathy.mallove@fsrao.ca)