

Agenda Item 4(e)(ii)
July 25/17 EOC Meeting

Regulatory Visit Report
CAFII Liaison Meeting With FSRA Implementation Secretariat
Friday, June 23/17; Trio Restaurant, Novotel, North York

FSRA Implementation Secretariat Representatives present:

- Stuart Wilkinson, Senior Manager, FSRA Implementation Secretariat
- Paul Braithwaite, Policy Advisor, Ontario Ministry of Finance

CAFII Representatives present:

- Peter McCarthy, CAFII Board Chair, BMO Insurance
- Peter Thorn, CAFII EOC Chair, TD Insurance
- John Lewsen, BMO Insurance
- Andrea Stuska, TD Insurance
- Brendan Wycks, Co-Executive Director
- Keith Martin, Co-Executive Director

After initial greetings and participant self-introductions, Stuart Wilkinson advised that Sandy Roberts, Director, FSRA Implementation Secretariat, would not be able to attend this meeting as planned, due to unforeseen circumstances, and he apologized on her behalf.

Discussion in the meeting followed the agenda set out below, with B. Wycks serving as CAFII's lead discussant in presenting the Association's *Recommendations/Comments Re FSRA's Regulation Of Ontario's Life and Health Insurance Sector*. It was suggested and agreed that CAFII would also submit its comments in writing as a follow-up, which would save Mr. Wilkinson from having to focus on note-taking.

(See separate draft CAFII Submission To FSRA Implementation Secretariat, for the messaging conveyed by CAFII in the meeting, which will now be reiterated in writing.)

PROPOSED AGENDA

1. Greetings And Participant Self-Introductions
2. "About CAFII Overview"
3. CAFII Recommendations/Comments Re FSRA's Regulation Of Life and Health Insurance Sector
4. Open Dialogue
5. CAFII Questions Re FSRA Implementation Secretariat's Process/Plans/Progress And Timelines Re Development of Regulations; Industry Consultation; Finalization; Launch Of FSRA; Completion of Secretariat's Mandate
6. Thank You And Wrap-Up

Following CAFII's presentation of its recommendations and comments, dialogue and exchange in this meeting focused mainly on the following two points:

- CAFII asserted that for FSRA to be truly effective in regulating the province's life and health insurance industry, its Board of Directors should have representation from that sector. The FSRA of Ontario Act allows for a Board of between three and 11 members; and at least one of those Directors should have a strong background in the life and health insurance sector, particularly since it is very different from the property and casualty insurance sector.

Stuart Wilkinson replied that the Implementation Secretariat would take that under advisement, but the recommendation from the Expert Panel on the Future Mandates of FSCO, DICO, and the FST was that the FSRA Board members should be appointed in accordance with skills-based criteria.

- Stuart Wilkinson advised that in terms of next steps in the Implementation Secretariat's process, the 2017 Ontario Budget made three commitments: (i) FSRA's founding Board will be appointed and announced in the Spring of 2017; (ii) the government will continue to consult with stakeholders and review the Expert Panel's recommendations to inform the development of FSRA's mandate and governance structure; and (iii) legislative amendments regarding those priorities will be introduced by the end of 2017.

***Excerpt From 2017 Ontario Budget: A Stronger, Healthier Ontario
Strengthening Financial Services and Pension Regulation***

The government is committed to establishing a new, flexible and innovative financial services and pension regulator that will strengthen consumer, investor and pension plan beneficiary protection, and is taking key steps to begin the transition to a new regulatory authority.

In December 2016, the Financial Services Regulatory Authority of Ontario Act, 2016 (FSRA Act) was passed, establishing the initial parameters of the new regulator. The government's next step will be appointing a board of directors to oversee the management of FSRA's affairs as it builds its regulatory capacity. The government expects to appoint a board in spring 2017.

The government will also continue to consult with stakeholders and review recommendations from the expert advisory panel that recommended the creation of FSRA. This work will inform the development of FSRA's mandate and governance structure, as well as the structure and powers of the Financial Services Tribunal (FST). Legislative amendments regarding these priorities are expected to be introduced by the end of 2017. In the interim, the government is introducing legislative amendments that would enable the FST to manage its caseload more efficiently.