

**Agenda Item 4(h)**  
**July 23/19 EOC Teleconference Meeting**

**From:** Keith Martin <Keith.Martin@cafii.com>

**Sent:** June-25-19 1:11 PM

**Subject:** Summary of a Conversation of Interest with Mark White, President and CEO, FSRA

**CAFII Board, EOC, and Committee Members:**

We would also like to call out a conversation which Brendan Wycks had with Mark White, CEO of the Financial Services Regulatory Authority of Ontario (FSRA), at a **FSRA Launch Party** held yesterday, June 24/19, from 4:00 to 6:00 p.m. in the Davies and Takacs Lobby of the Elgin and Winter Garden Theatre Centre. (This was a small launch celebration arranged by FSRA Board Chair Bryan Davies in a lobby which is jointly named after him (thanks to a past “naming gift donation”) – with about 70 to 80 invitees, mainly internal people from FSRA and the Ontario Ministry of Finance, but also including one or two representatives from each industry stakeholder Association in the sectors which FSRA regulates, including Brendan Wycks and Keith Martin from CAFII.)

*Brendan Wycks congratulated Mark White on FSRA’s successful June 10/19 launch, following 13 months of intensive effort since he was hired into the CEO role in May 2018. Mark acknowledged CAFII’s kudos but, in turn, expressed sincere thanks to our Association and other industry stakeholders whose co-operation and support had been instrumental in facilitating FSRA’s formation, ramping up, and launch, particularly through the Industry Advisory Group consultation process. Mark noted that a commitment to listen to and learn from a wide range of stakeholders had been key to getting the new regulator up and running.*

*In further conversation with Brendan, Mark noted that FSRA places high importance on its leadership role within national co-ordinating bodies, such as CCIR and CISRO within the insurance sector (including by housing the Secretariats to those bodies within FSRA’s Regulatory Co-ordination Branch) and that he and Glen Padassery and Huston Loke, two of his FSRA Executive Vice-Presidents, will be personally involved in those national bodies.*

*Of particular relevance and interest to CAFII and arising from a recollection reference to a speech which AMF CEO Louis Morisset gave at a “Rencontre Avec L’Autorite” event in Quebec City on May 1/19 (in which Mr. Morisset made some sidebar/digression remarks about some of Quebec’s neighbouring provinces making “frantic efforts” at burden reduction which reminded him of the days immediately preceding the global financial crisis in 2007/08, remarks which Mr. White said he has looked at and believes were aimed mainly at the Ontario Securities Commission but partially at FSRA as well, from a future-oriented perspective), Mark White advised that the CCIR/CISRO Fair Treatment of Consumers Working Group, co-chaired by Louise Gauthier (AMF) of CCIR and Ron Fullan (ICS) of CISRO, had recently indicated that it planned to communicate to industry stakeholders that it intended to take a strong focus on “incentives management” in its quarterly meetings with them in the immediate future, as well as in insurer audit inspections, etc.*

***When FSRA, as a member of the CCIR/CISRO FTC Working Group, was asked to approve of and sign off on “incentives management” being a key immediate initiative, Mark continued, its response was along these lines (slight paraphrase of Mark’s statement): “Yes, we’re comfortable with incentives management being the key immediate focus of the CCIR/CISRO FTC Working Group, but only if it’s done properly, in a principles-based way. We’re okay with an FTC focus on incentives management if it stems from the starting point of a standards/best practices-based document and then focuses on gaps where there is evidence that industry players are diverging and falling short of those standards and best practices. However, we would not be comfortable with and cannot support an approach where the FTC Working Group just forges ahead with a blanket, shotgun approach to incentives management. It has to be done under a principles-based, targeted approach.”***

Mark advised that that was his/FSRA’s input to the CCIR/CISRO FTC Working Group as it was finalizing its agenda and plans for meetings with industry stakeholder groups on June 26 and June 27 in Toronto.

Brendan advised Mark that in the late afternoon of Friday, June 24, CAFII received a notification from CCIR Policy Manager Tony Toy that the CCIR/CISRO FTC Working Group’s meetings with industry stakeholders scheduled for June 26 and 27 would now be postponed to the Fall “due to a last minute conflict that has arisen.” Mark advised that that postponement decision was news to him.

***At that point, both Mark White and Brendan Wycks realized and collectively acknowledged that the reason for the postponement of the June 26 and 27 stakeholder meetings with the CCIR/CISRO FTC Working Group was likely not because of the sudden unavailability of a key member of the Working Group but rather because of FSRA’s opposition to the FTC Working Group’s plans to launch a blanket, shotgun approach-based incentives management initiative. Mark asserted that differences of opinion such as this, which had given rise to a prudent postponement, would likely be resolved within a short period of time through dialogue among CCIR and CISRO members.***

***As the discussion concluded, Mark mentioned (with no prompting from Brendan) that he had noticed around CCIR/CISRO meeting tables, particularly given that the AMF currently chairs CCIR and its representatives also lead many key committees and Working Groups at CCIR, a tendency to “charge into” a regulatory initiative, in a sometimes reactionary way, rather than taking a more considered, principles-based, measured, and goals-focused approach. Mark indicated that one of the ways in which FSRA can add value at the national co-ordinating bodies -- for the benefit of both consumers and the industry by identifying and insisting upon the right balance -- is by serving as a bulwark of sober second thought and as a buffer against tendencies to take somewhat reactionary, non-principles-based, blanket approaches to regulatory issues.***

Following his conversation with Mark White, Brendan Wycks was left with the impression that the inference recently made in both CAFII EOC and Board meeting discussions – that FSRA had the makings of a “different type of regulator” which would likely cause some sparks and dynamic tension around the national co-ordinating bodies such as CCIR and CISRO – appears to have been prescient.

#### **Keith Martin**

Co-Executive Director / Co-Directeur général

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