

Reference	Comments
Overall	<ul style="list-style-type: none"> • Appreciate opportunity to comment • Compliment FSRA for its successful launch and its consultative approach • As a general observation, we believe that Guidance by its nature should clarify existing legislation or regulation, and not add prescriptive elements to principles-based regulation • Understand the logic of a trial run of the new approach starting on 17 October, 2019
<h2 data-bbox="203 636 613 762">Rationale and context</h2> <p data-bbox="203 800 776 1381">FSRA is responsible for supervising and regulating a number of different sectors. Standardizing our approach to guidance will make it easier to do business in those sectors, and will make us a more effective regulator. It will be easier for the public, new entrants and incumbents to understand what is legally binding, what is FSRA's interpretation or application of law and what information is designed to be helpful.</p>	<p data-bbox="824 632 1409 947">A streamlined approach to guidance has the opportunity to make FSRA a more effective regulator. We do recommend that this approach include an additional opportunity for further industry comment after one year or two years, and that FSRA be open to further modifications to its approach at that time, based on the actual experience of industry with the new approach over the course of one or two years</p>
<h2 data-bbox="203 1457 501 1520">Principles</h2> <ul style="list-style-type: none"> • Effective. FSRA takes a principles-based approach to developing guidance that is supported by good governance practices, sectoral expertise and high professional standards. 	<p data-bbox="824 1562 1412 1839">We note that the "Effective" principle is rooted in the principles-based approach that FSRA takes to guidance. We would add that this is also consistent with IAIS' Insurance Core Principles (ICPs) and international best practices, and provides the best balance between protecting consumers and promoting industry efficiency and innovation.</p>

	<p>We agree with all the principles that FSRA has enunciated and believe these will make guidance all the more effective. However, we would encourage FSRA to consider an additional principle, which is “Harmonization.” By promoting guidance that is consistent with the approach taken in other jurisdictions, and by working on a harmonized approach with other jurisdictions, FSRA can promote greater efficiency and better customer outcomes in the industry.</p>
<h2>Processes and practices</h2> <h3>Types of guidance</h3> <p>FSRA will use four distinct types of guidance to support requirements set out in legislation, regulations and rules:</p> <ul style="list-style-type: none"> • Interpretation: Sets out FSRA’s view of requirements under its legislative mandate (i.e. legislation, regulations and rules) so that non-compliance can lead to enforcement or supervisory action. • Information: Indicative of FSRA views on certain topics without creating new compliance obligations for regulated persons. • Approach: Describes FSRA’s internal principles, processes and practices for supervisory action and application of CEO discretion. • Decision: Sets out FSRA’s determination and underlying reasons 	<p>We support the approach that FSRA has taken and believe that the four categories are distinct, mostly mutually exclusive, and can help industry in understanding a guidance and how to apply it.</p> <p>In “Approach” we were not clear on what was meant by “and application of CEO discretion” and therefore request that FSRA provide greater clarity on that element.</p> <p>We would appreciate clarification as to whether FSRA will be identifying which type of guidance a particular guidance falls under; and whether you envision that a guidance might, in some cases, fall into more than one of the four categories?</p>

<p>for regulatory decisions of precedential value for other parties not involved in the specific matter.</p> <p>FSRA will use different types of guidance depending on specific circumstances in the regulated sectors and will establish standard structures and styles to help stakeholders easily understand and differentiate between the categories.</p> <p>Appendix 1 provides further details regarding the four types of guidance and the relationship between FSRA guidance and legal requirements.</p>	
<p>All FSRA guidance will be approved and issued by the CEO unless specifically delegated to another FSRA employee.</p> <p>Prior to approval, and consistent with the Transparent principle, we will consult publicly on Interpretation and Approach guidance unless immediate action is required. We will consult on Information guidance as needed.</p> <p>After approval, and consistent with the Efficient principle, we will regularly review our guidance to promote burden reduction and effective regulation by updating or removing outdated or spent items. The following</p>	<p>We support the approach of reviewing guidances regularly, but in an environment where change is constant, an outer limit of 5 years may be too long. We would support a review period of “after 3 to 5 years,” with the possibility of reviewing a guidance earlier than after 3 years if a valid reason is provided for so doing by stakeholders.”</p>

<p>review timelines will apply to the different types of guidance:</p>	
<p>Conclusion</p>	<p>We support both the process and the specific content developed by FSRA for this new approach to its issuing guidance. We have seen situations where an otherwise principles-based regulator has issued a guidance to elaborate on a regulation, but the specific details which the guidance set out were highly prescriptive and effectively neutralized the principles-based approach rooted in the original/source regulation. While a guidance can be an extremely effective tool for regulators and stakeholders alike, there is also the risk that, if not carefully considered and drafted, it can significantly change and even undermine the original/source regulation, which it should only be seeking to clarify/amplify.</p>