

Agenda Item 7(a)(1)
September 14/21 EOC Meeting

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Sent: July 27, 2021 1:44 PM

To: Rachel Olaso-Pezeshkian <Rachel.Olaso-Pezeshkian@fsrao.ca>

Cc: Huston Loke <Huston.Loke@fsrao.ca>

Subject: FYI: Message to Life & Health SAC Members from Huston Loke on upcoming release of FSRA's Insurer-MGA Relationship Thematic Review

Good afternoon. I am pleased to share the following message from Huston Loke, EVP Market Conduct:

Dear Stakeholder Advisory Committee members,

Establishing enhanced market conduct oversight is a key FSRA priority to ensure consumer protection and maintain public confidence. To support this priority, FSRA performed an Insurer – MGA relationship thematic review to understand the sales process and how insurers, agents and MGAs interact with the public. As discussed, insurers have increasingly been outsourcing a variety of functions across a distribution network, which includes intermediaries such as MGAs. Large proportions of life and health insurance sales are generated by the distribution network. Given this trend, and to ensure market conduct requirements are met, FSRA reviewed distribution channels that rely on MGAs.

The purpose of this review was intended to shed light on the perceived gaps and blurred lines relating to the delineation of responsibilities among the insurer, MGA, & independent agent.

I'm pleased to share the attached results of our thematic review. FSRA established an industry Technical Advisory Committee (TAC) to support and validate the noted observations. Based on the review results, FSRA is committed to developing a proposed regulatory framework and supervisory approach for distribution channels that rely on MGAs and evaluating options to assist insurers in monitoring and supervising their distribution channels.

Thank you for your participation in FSRA's Stakeholder Advisory Committee (SAC) and for all your insights leading into this thematic review. We're looking to publish the thematic review results shortly. In the interim, please let me know if you have any questions.

Best Wishes,
Huston Loke
Executive Vice President, Market Conduct

Rachel Olaso-Pezeshkian, C. Mgr.

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