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September 30, 2013

Mr. Jim Fox
Senior Policy Analyst
Licensing and Market Conduct Division
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
Toronto ON M2N 6L9

Submitted by email: jim.fox@fsco.gov.on.ca

Dear Mr. Fox:

Subject: Modernizing Disciplinary Hearings for Insurance Agents and Adjusters in Ontario

Independent Financial Brokers of Canada (IFB) is pleased to provide comments on the draft consultation which proposes a new model for holding hearings and disciplining insurance agents under Ontario's *Insurance Act*. As noted in the paper, the current process dates back 90 years, is cumbersome and does not align with modern disciplinary and enforcement processes and standards. In addition, it is inconsistent with how these matters are dealt with in the other sectors FSCO regulates.

IFB is a professional association representing approximately 4,000 licensed financial advisors – a significant number of whom reside in Ontario. The majority of members are licensed to sell life/health insurance and mutual funds. Many hold complementary financial licenses or designations, such as for mortgages, securities and financial planning. Our members are independent in that they must have the ability to offer the products of more than one company. They are self-employed, often operating small businesses, in communities across Canada. They provide clients with personalized financial advice and products to help them attain financial security. IFB members must agree to abide by our Code of Ethics as a condition of membership.

IFB supports the professional standards of its members by offering a comprehensive Errors and Omissions insurance program, high quality educational events and compliance related information. IFB also advocates with regulators and government and industry stakeholders to ensure the independent brokerage channel remains a viable and competitive choice for brokers and consumers.

In general, IFB supports the proposals outlined in the consultation draft. We agree that the current process can be time-consuming for the agent facing disciplinary action and this is particularly so since the introduction of the AMPs in the Act in January 2013. Life insurance brokers depend on their license and reputation for their livelihood. Clearly, a process which permits the affected person to be heard promptly and fairly is a desirable outcome.

FST process:

We have several comments on the FST process. Will the broker have the ability to be heard in locations outside of the FSCO office in North York? Requiring travel and attendance at hearings at the FSCO office will be a deterrent for individuals who reside outside of the GTA from a cost and time perspective. We wonder if consideration has been made to reducing this by structuring FST's in other locations or using alternatives to an in person hearing, such as telephone/video conferencing.

Fairness and transparency are at the heart of any such hearings. In that regard, we suggest developing a companion document that transcribes the disciplinary process contained in the Act and Regulations into everyday language, making it more meaningful and understandable to the average broker. We note that BC has such a document that FSCO may want to use as a reference.

It is unclear to us how members of the FST will be chosen. We suggest preserving at least one position for a practicing or retired life licensed agent to ensure there is balance in perspective.

Interim Orders:

Issuance of interim orders should be reserved for only the most urgent and egregious instances of misconduct. There must be a balance of the interests of the agent for procedural fairness with the need to protect the public. In this regard, the onus rests with FSCO to be held to a high standard of proof before considering such action.

We note that FSCO is suggesting that an interim order will expire in 21 days. Under Ontario's *Securities Act*¹ such orders expire in 15 days. We suggest that a shorter period is preferable for the individual involved.

¹ *Ontario Securities Act, R.S.O. 1990, c. S.5, ss. 127(4)-127(7)*

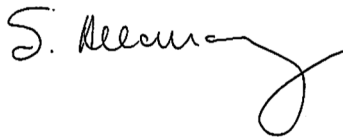
License surrender:

We support the proposals to continue the Superintendent's jurisdiction to prevent an agent from surrendering the license, or allowing it to expire, in order to avoid the disciplinary action.

The proposal to require the agent to seek the Superintendent's approval to surrender his/her license under any circumstances seems potentially unwieldy and we would be interested to know how this process works in FSCO's other regulated sectors.

We look forward to continuing to work with FSCO as these procedures are further developed. Should you have any questions on our comments, please contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "S. Allemang". The signature is fluid and cursive, with a large loop at the end.

Susan Allemang
Director, Policy & Regulatory Affairs
Email: sallemang@ifbc.ca