



June 5, 2006

Dr. Bob Christie
Chief Executive Officer and Superintendent of Financial Services
Financial Services Commission of Ontario
Box 85, 17th Floor
5160 Yonge Street
North York ON M2N 6L9

Sent by Email: priorities@fSCO.gov.on.ca

Dear Dr. Christie:

Re: Financial Services Commission on Ontario: Draft Statement of Priorities – June 2006

Independent Financial Brokers of Canada (IFB) is pleased to submit its response to FSCO's draft statement of priorities for 2006/07. As you are already aware, IFB represents approximately 4,000 financial advisors across Canada – the majority of whom are licensed to sell life and health insurance and mutual funds. A smaller number are licensed to sell other forms of insurance and securities. As the professional association representing the interests of these members, IFB takes great interest in reviewing the goals and objectives of provincial regulators such as FSCO and in participating in this consultative process.

As a general comment, IFB agrees that today's global marketplace in which all business sectors, including financial services, must function presents many challenges to regulators and market participants alike. It is essential that FSCO be equipped to respond

in a timely manner to these challenges in order to ensure the public's confidence in Ontario's financial services sector remains high.

IFB also recognizes the leadership role FSCO has taken in its participation on various task forces dealing with national projects. Such national initiatives present opportunities to streamline and update current regulatory practices, which reduce the regulatory burden for all participants.

Our comments on FSCO's specific goals are presented below and follow the order presented in your draft Statement.

I Promote a coordinated national approach to regulatory issues.

IFB supports the work of the various provincial and territorial regulators, including FSCO, in their attempts to harmonize, simplify and update the existing regulatory framework. Since many of our members conduct business in multiple jurisdictions, we believe that this coordinated approach has the potential to reduce their costs, in time and money, and to reduce the regulatory barriers that prevent them from serving their clients in an efficient and effective manner. Initiatives like addressing regulatory inconsistencies and introducing a common insurance application form for use across Canada will be of great assistance to our members.

Much regulatory attention has been paid to examining issues related to sales intermediaries and conflicts of interest in 2005/2006. IFB has been pleased to participate in the consultative process that arose from this and to the development of an industry-wide response to the concerns of insurance regulators that certain business practices may lead to a perceived conflict of interest.

In support of these concerns, IFB, along with many other major players in the life/health insurance industry, has devoted a great deal of time and effort to educating insurance agents and brokers as to the new standard of disclosure and will continue to do so. We are confident that the progressive approach to further regulation will be successful because the vast majority of agents and brokers conduct themselves in a professional, ethical manner and seek to find their clients the best product to meet their insurance needs. Financial services is already a highly regulated industry in Ontario and further regulation to deal with the fraudulent business practices of a few may well increase the cost of doing business for the majority to a point that they are forced to leave the business or cannot attract new entrants. Under this scenario, consumers would eventually face a smaller and less competitive marketplace to serve their insurance needs.

IFB is pleased that FSCO is working with the Joint Forum to develop a model for point of sale disclosure for mutual funds and segregated funds and on consumer protection issues related to intermediaries who sell mutual funds and IVICs. We are hopeful that any point of sale disclosure materials will be streamlined from that currently provided for mutual funds. Most consumers find these materials overwhelming which undermines the usefulness of the disclosure in actual practice. In addition, we note that the significant

differences between mutual funds and IVICs will require that any such model reflect these differences by incorporating appropriate modifications.

II Enhance the risk-based approach to regulation

IFB recognizes the value of ensuring the public is protected from conducting business with insurance companies that have inadequate financial resources. However, the Canadian insurance industry, and the life/health sector of this industry in particular, has been a strong and healthy contributor to the Canadian economy for many years. Therefore, we would suggest caution is needed when searching for regulated, or mandated, consumer protection solutions.

III Review and recommend amendments to the regulatory framework to keep up with changes in the marketplace.

IFB has no comment on the priorities outlined in this section. Our comments regarding the review currently underway with regard to modernizing the *Credit Unions and Caisses Populaires Act, 1994* were supplied to the Ministry of Finance as part of that consultative process.

IV Improve delivery of services.

IFB supports upgrading the FSCO website and enhancing the on-line tools available on it. Such electronic resources are very useful and save time for licensed agents like our members who use these tools on a regular basis.

In conclusion, IFB appreciates the opportunity to provide these comments and trusts you will find them useful. We look forward to continuing the positive relationship we currently enjoy with the Financial Services Commission of Ontario and its staff.

Sincerely,



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