Canadian Association of
Independent Life Brokerage Agencies

The Canadian Association of
Independent Life Brokerage Agencies
13-4 Alliance Blvd, Suite 213, Barrie, ON L4M 7G3

July 19, 2026

Mr. Philippe Lebel
Secrétaire et directeur général du secrétariat et des affaires juridiques
Autorité des marchés financiers
Place de la Cité
2640, boulevard Laurier, Bureau 400
Québec (Québec) G1V 5C1

Dear Mr. Lebel,

On behalf of the Canadian Association of Independent Life Brokerage Agencies (CAILBA), thank you for the opportunity to provide comments on the Autorité des marchés financiers' (AMF) consultation regarding the proposed governance and management rules for firms, independent partnerships, independent representatives, and the duties of responsible officers.

CAILBA is a national industry association, with a strong Quebec membership representing life insurance intermediaries and serves as the voice of independent distribution across Canada. We actively participate in industry and regulatory discussions with the goal of supporting a vibrant and competitive life insurance industry that provides financial security to Canadians of all economic backgrounds while promoting fair treatment and positive customer outcomes.

The proposals under consultation are broad in scope and will require significant changes to business processes, governance frameworks, and operational systems. They also have the potential to materially alter the relationships among insurers, Financial Security Advisors ("Representatives"), and distribution firms. While we support the AMF's consumer protection objectives, we note that the proposed changes may be particularly burdensome for smaller firms. We encourage the AMF to maintain an open dialogue with industry stakeholders following the consultation period to support practical implementation and address questions that may arise.

Policies and Procedures

- While the proposed list of required policies and procedures is comprehensive, it will add to an already significant compliance burden. Smaller firms may find the cumulative requirements particularly challenging, potentially leading some to abandon legitimate independent business models. This could reduce consumers' access to the advice and products they need.
- Many firms already maintain policies and procedures that satisfy other regulatory requirements. We encourage the AMF to provide guidance regarding how firms should address situations where existing requirements overlap with or differ from the proposed framework. Examples include anti-money laundering and anti-terrorist financing policies required under FINTRAC, privacy policies required under PIPEDA and Quebec's Law 25, or CLHIA-mandated compliance programs.
- Certain proposed requirements may be disproportionately burdensome for smaller firms and sole proprietorships, particularly those relating to corporate governance frameworks, third-party oversight programs, and recruitment processes. We encourage the AMF to consider a proportionate, risk-based approach that reflects the size and complexity of the firm. . We believe this can be achieved without compromising consumer protection.
- Some firms operate within larger corporate groups, including insurance companies, banks, and other financial institutions, and are already subject to robust enterprise-wide governance frameworks. Where existing corporate policies and procedures satisfy the AMF's expectations, firms should be permitted to rely upon those frameworks without being required to develop duplicative firm-specific policies and procedures. Such flexibility would reduce unnecessary compliance burden while maintaining the intended consumer protection outcomes.
- The industry would welcome additional guidance from the AMF regarding its expectations for policies and procedures before the requirements become enforceable.
- We respectfully submit that a reasonable transition period will be necessary to allow firms sufficient time to assess, develop, and implement the required changes. Immediate compliance is not practical, particularly in the absence of detailed guidance regarding the AMF's expectations.

Responsible Officer

- Delegation of certain responsibilities may be practical and effective for larger firms; however, the same approach may not be feasible for smaller organizations with limited resources. Further, where responsibilities are delegated, the delegated Responsible

Officer should have the ability to establish and enforce appropriate policies and procedures, rather than merely administer those of the delegating firm.

- Any compliance delegation arrangement should be based on mutual agreement, with both parties clearly understanding their respective roles, responsibilities, and accountability. Where a firm's compliance function has been delegated to another firm, the regulatory framework should clearly specify which firm's compliance regime applies. Such clarity would provide firms with greater flexibility in structuring their business models while maintaining regulatory accountability.
- We submit that limiting the Responsible Officer role exclusively to licensed representatives does not reflect the operational realities of many MGA businesses. The competencies required for the role—including governance, oversight, risk management, and regulatory compliance—are not exclusive to licensed representatives and are often developed through extensive compliance, operations, or management experience. Restricting the role to licensed individuals unnecessarily narrows the pool of qualified candidates and may impede firms' ability to appoint the most appropriate individual. We recommend that the AMF permit qualified non-licensed individuals to serve as Responsible Officers, provided they meet appropriate competency and proficiency standards.
- We also request further clarification regarding outsourcing under section 11.16. Specifically:
    - Is it the AMF's intention that all Responsible Officer responsibilities, other than information security responsibilities, may only be delegated to a single third-party service provider?
    - If responsibilities are delegated to a third-party firm, may that firm assign different tasks to different individuals within its organization?

Additional guidance on these points would assist firms in understanding and implementing the outsourcing requirements.

Compensation and Incentives

- We are concerned that the proposed provisions regarding recruitment and compensation may be overly broad. For example, it is unclear whether signing bonuses offered to recruit advisors would be considered prohibited recruitment compensation.
- We are also concerned that the proposed rules may adversely affect the economics of the distribution sector by creating uncertainty regarding overrides, volume-based compensation, persistency bonuses, and other forms of compensation that support distribution activities and advisor services.

Conflicts of Interest

We respectfully submit that conflicts of interest should be identified, managed, and addressed in the client's best interest rather than avoided in all circumstances.

In practice, some conflicts are unavoidable. In certain situations, clients may be better served by a representative who appropriately manages a conflict of interest than by having no access to advice or representation at all.

This approach is consistent with the Canadian Council of Insurance Regulators' (CCIR)/Canadian Insurance Services Regulatory Organizations' (CISRO) guidance on incentive management, which recognizes that conflicts of interest can be managed effectively while maintaining fair treatment of customers as the primary consideration.

Accordingly, we encourage the AMF to reconsider the emphasis on avoiding conflicts of interest in all circumstances and instead adopt an approach more closely aligned with the CCIR/CISRO guidance, focusing on identification, disclosure, management, and mitigation of conflicts in support of fair customer outcomes.

Mobility of Representatives

We note that the proposal would limit advisors to working outside their home province for a period of only three months. We are concerned that this restriction may disrupt existing business practices and create unintended challenges for representatives who provide services across provincial boundaries.

Conclusion

Thank you again for the opportunity to provide comments on these important proposals. We appreciate the AMF's commitment to strengthening governance and consumer protection and welcome continued engagement as the consultation process progresses.

Should you have any questions or wish to discuss any of the points raised in greater detail, please do not hesitate to contact us.

Yours truly,

[redacted]

Adrien Legault, President
Canadian Association of Independent
Life Brokerage Agencies (CAILBA)