Fabrice Morin
President and Chief Executive Officer, Canada
The Canada Life Assurance Company
100 Osborne Street North
Winnipeg MB R3C 3A5
Tel 438-801-0913
canadalife.com

Fabrice Morin
Président et chef de la direction, Canada,
La Compagnie d'Assurance du Canada sur la vie
100 Osborne Street North
Winnipeg MB R3C 3A5
Tél 438-801-0913
canadavie.com

July 24, 2026

Me 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
Fax: 418-525-9512
E-mail: consultation-en-cours@lautorite.qc.ca

Dear Mr. Lebel,

The Canada Life Assurance Company (Canada Life) welcomes the opportunity to comment on the AMF's consultation on the regulatory framework applicable to registrants. Canada Life is a member of the Canadian Life and Health Insurance Association (CLHIA) and supports the comments and recommendations set out in CLHIA's submission on this consultation. We are writing separately to elaborate on a small number of issues of particular importance to Canada Life, given our position both as an insurer and insurer-firm operating directly under the AMF's oversight, and as the parent company of Financial Horizons Group, one of the largest managing general agency networks in Canada. That dual vantage point gives us a practical perspective on how the proposed framework would operate in practice across the full distribution chain.

We note that the consultation is framed broadly around governance, third party oversight, and the responsibilities of firms and responsible officers, rather than being specific to managing general agents (MGAs). The practical effect of the proposed changes on MGAs is nonetheless significant, since MGAs sit at the centre of recruitment, training, and supervision for a large share of the independent distribution channel. Our comments below focus on four areas where we believe Canada Life's perspective, as both an insurer and the parent of a large MGA network, can usefully supplement CLHIA's submission: compensation tied to recruitment and mentoring, a licensing prerequisite for commission entitlement, the emerging question of segregated fund transaction suitability, and the longer-term definition of the MGA role itself.

Compensation for recruitment, mentoring, and business succession (section 11.11)

Section 11.11 of the draft Regulation, as currently written, would restrict compensation tied to the recruitment of new representatives without clearly distinguishing between payments made solely for the act of recruitment and compensation structures that reflect a senior advisor's ongoing responsibility for mentoring, training, and supervising junior advisors over an extended period. We share CLHIA's view that this provision requires clarification.

Our particular concern relates to firms, including a number of long-established firms that originated as managing general agencies before consolidating under a single firm licence, where a principal or senior advisor continues to receive a share of the commission generated by junior advisors whom they recruited, trained, and continue to supervise. These arrangements often predate the individuals' current registration and reflect a multi-year investment in building and maintaining a network of junior advisors, rather than a one-time payment for recruitment. As drafted, section 11.11 creates a real risk that these long-standing and closely supervised arrangements would be captured by a rule aimed at short-term recruitment incentives, penalizing firms for the very structures that have historically supported advisor development and succession planning in the independent channel.

We recommend that the AMF revise or remove section 11.11 in order to preserve compensation arrangements that support mentoring, training, supervision and advisor development.

Licensing as a condition of commission entitlement

Canada Life is supportive, in principle, of a requirement that entitlement to ongoing commission be conditional on the maintenance of an active licence or a defined supervisory role.

We recognize, however, that a change of this magnitude touches directly on the compensation arrangements and business valuations of a large number of independent advisors and firms, and that its introduction by a single insurer or MGA network, absent a coordinated industry position, risks being perceived as unilateral and could alienate advisors who rely on existing arrangements. We would encourage the AMF to work with CLHIA and the broader industry, including MGAs, on the design of an implementation and transition approach that addresses the underlying consumer protection concern, namely that clients continue to receive active service, or a clear alternative, for as long as they are paying for it, while giving the industry adequate time and a coordinated path to adjust existing compensation and succession arrangements.

Segregated fund transaction suitability and the evolving role of MGAs

Canada Life's longstanding position is that managing general agents are well placed to take on a greater role in reviewing the suitability of individual segregated fund transactions, given their existing relationship with advisors and their visibility into an advisor's overall practice. We see this as a natural, if longer-term, extension of the recruitment, training, and supervision responsibilities the AMF is already proposing to place on MGAs in this consultation, and we would encourage the AMF to keep this direction in view as the framework develops, rather than treating recruitment and training obligations as the endpoint.

We recognize that this is not a change that should be made in isolation, and that transaction-level suitability review works best when paired with a clearer structural relationship between an advisor and a single managing general agent of record, similar to the relationship between a representative and a single dealer in the securities context. We would welcome the opportunity to discuss with the AMF, as part of a longer-term dialogue beyond the scope of this consultation, how a primary MGA model of this kind might be developed in Quebec, and how it might support a more meaningful assumption of suitability responsibility by MGAs over time.

Toward a functional definition of the managing general agent

One final topic is the current consultation does not set out a definition of what constitutes a managing general agent, although the question is touched on indirectly throughout the notice and the draft regulations, including in the provisions dealing with the recruitment, training, and supervision of representatives who are not formally attached to a firm. We raise it directly because we believe it underlies much of the difficulty in calibrating obligations appropriately across the distribution chain, and because it has also arisen, without full resolution, in past discussions with other Canadian regulators and with the Canada Revenue Agency.

Canada Life's view is that the managing general agent function should evolve toward a role that carries a defined responsibility to the client, similar in kind to the responsibility carried by a dealer firm in the wealth management context, rather than remaining, in substance, a service supplier to insurers and to the advisors it works with. We recognize that a shift of this kind cannot happen immediately and would carry real consequences for firms that take on the MGA function, including increased legal liability and compliance cost. We nonetheless believe this is the direction in which the framework should move over time.

Absent a clearer definition and an evolving standard of responsibility, we are concerned that the MGA will continue to be treated, in practice, as an intermediary or supplier, a characterization that does not reflect the central role MGAs already play in recruitment, training, and supervision, and one that we believe understates the AMF's consumer protection objectives relative to a more clearly defined role. We would welcome the opportunity to work with the AMF, along with CLHIA and other industry participants, on developing a functional definition of the managing general agent role as a distinct next phase of this work, separate from the current consultation timeline.

Conclusion

Canada Life reiterates its support for CLHIA's recommendation that the final framework be principles-based, that it recognizes existing governance and compliance structures within integrated insurance groups, and that it clearly delineates responsibility among participants in the distribution chain. We recognize that the AMF's mandate includes consumer protection directly, and we share that objective. Our comments above are intended to help ensure that the framework achieves that objective in a manner that reflects the operational reality of the distribution chain as it exists today, and the direction in which we believe it should evolve.

We would welcome the opportunity to discuss any of the above with AMF staff in advance of finalizing the framework and remain available to do so at your convenience.

Thank you for your consideration and we look forward to continuing this dialogue throughout the consultation process.

Sincerely,

[redacted]

President and Chief Executive Officer, Canada
The Canada Life Assurance Company