July 23, 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

Subject: Regulatory consultation on the governance and management rules for firms, independent partnerships and independent representatives, and the duties of responsible officers

Dear Me Lebel,

On behalf of World Financial Group Insurance Agency of Canada Inc. ("WFGIAC"), thank you for the opportunity to comment on the Autorité des marches financiers ("AMF") regulatory consultation on the governance and management rules for firms, independent partnerships and independent representatives, and the duties of responsible officers. For over 25 years, WFGIAC, a subsidiary of Transamerica and Aegon, has helped millions of individuals and families with their insurance and investment needs. WFGIAC facilitates distribution of a wide variety of life insurance products from some of Canada's most established insurance carriers to largely underserved populations. Along with our parent companies, WFGIAC believes no family should be left behind and focuses on the missing middle of the marketplace. As the life insurance sector broadly moves towards larger policies and high-net worth clients, we are proud to serve families that otherwise would not be able to obtain insurance products or financial advice.

WFGIAC offers Quebecers a unique opportunity to leverage significant training opportunities and a substantial platform to launch careers as Financial Security Advisors ("Representatives"), with a focus on financial education, development and support. Education of the consumer is core to our model and we believe consumer education provides greater consumer protection. In an industry with an aging Representative population, and at a time when the majority of people continue to prefer to work with a human advisor, WFGIAC has a proven track record of recruiting and developing the next generation of talented Representatives with currently more than 1,000 licenced in Quebec with an average age of 40.

WFGIAC understands and supports the AMF's desire to strengthen consumer protection frameworks as the distribution of insurance products continues to evolve toward more independent models of distribution. While many of the proposed amendments are not controversial from our perspective, there are a number of elements that in our view require greater clarification or reconsideration.

Written policies and procedures

We agree that certain written policies and procedures are necessary in a modern distribution firm. The flexibility provided by the proposed wording of s. 11.2 to "align with nature, scope and complexity" is welcome. Flexibility may be appropriate from a number of perspectives. Smaller organizations that may not engage in a wide range of regulated activities may not need as comprehensive policies and procedures as larger more complex firms. On the other hand, firms such as WFGIAC that are part of a sophisticated larger corporate enterprise may be subject to corporate-wide policies and requirements for such matters as cyber security, business continuity and outsourcing. That these matters are addressed in a practical manner should be sufficient to satisfy regulatory concerns without a requirement that such policies be firm-specific or adapted verbatim from a model policy published by a regulator.

Many firms, including WFGIAC, operate in numerous jurisdictions and are subject to multiple regulatory requirements including with regard to the policies and procedures enumerated in the proposed regulation. We urge the AMF and all Canadian regulators to cooperate and harmonize such expectations to ease regulatory burden and facilitate the ability of firms to operate across the country without the need to satisfy sometimes conflicting requirements.

Recruitment and Compensation on Recruitment

We note the proposed amended Section 11.11 of the Regulation respecting firms, independent representatives and independent partnerships:

"11.11. A firm or independent partnership that offers remuneration to a representative as part of an onboarding process must determine the tasks entitling the representative to remuneration and the remuneration amount.

This remuneration may be paid only for the duration of the first year of the onboarding process."

WFGIAC is one of a number of MGAs operating in Quebec that employ a recruitment-based model. This model has a number of inherent strengths including its ability to bring new Representatives into the industry in a context of an aging Representative population and provide financial advice and security to otherwise underserved, diverse middle-income families. On its face, this amended provision could appear to be directed towards firms like WFGIAC that use this model.

We want to make it clear that WFGIAC does not provide remuneration to Representatives for recruiting activities or as part of an onboarding process. No compensation is paid when a recruit signs an agreement, becomes licensed or completes initial training requirements. No remuneration is directly tied to entry into the organization or progression through onboarding.

Compensation arises only when a financial product is sold. Commissions are paid to WFGIAC by insurers following a completed sale and are allocated in accordance with WFGIAC contractual arrangements and internal policies. The writing Representative receives the largest share of compensation tied directly to the sale. A portion is allocated to other Representatives who offer ongoing supervision, training support and business development assistance connected to that production, and a portion is retained at the corporate/WFGAIC level to support compliance, oversight, supervision and operations.

This is not dissimilar from other forms of MGAs and from firms more generally with respect to generating revenue and distributing that revenue to employees and independent contractors across the business in the form of compensation.

The allocation of commissions by WFGIAC reflects production outcomes and ongoing responsibilities. It is not contingent upon the act of recruiting or onboarding a Representative. While Representatives may participate in identifying and introducing prospective recruits, this activity does not in itself give rise to compensation. Any downstream compensation is tied to the generation of business through product sales and the provision of ongoing supervisory and support functions linked to those sales. Other firms that are not explicitly recruiting-based also seek to grow their business by adding more Representatives, which results in more sales and bigger overrides that are distributed to the broader team often in accordance with seniority and tenure.

It should also be made clear that our model does not increase costs for consumers. The same insurance product sold through a direct channel, a traditional MGA channel or through WFGIAC will have the same premium (cost of insurance) based on underwriting considerations. At WFGIAC, up to six levels of hierarchy can participate in the commission received on a sale. The commission paid by the insurer, and the premium paid by the client, are the same regardless of the selling Representative`s position in their hierarchy. WFGIAC takes the same commission received by other firms and divides it into more pieces.

We would also point out that the payment of certain forms of compensation, overrides in particular, often considers recruiting and the number of Representatives contracted with a firm. This is not unique to recruitment-based MGAs. Overrides are essential to the economics of the life and health sector and are largely responsible for funding the corporate operations of all forms of independent distribution including compliance and oversight.

WFGIAC has been subject to a number of audits and inspections by Canadian regulators. It is public knowledge that some of these have raised regulatory concerns. WFGIAC has worked closely with regulators to address these concerns and is implementing processes and policies resulting from this regulatory engagement across all of our operations. To the extent the proposed section 11.11 is motivated by concerns a recruitment-based MGA creates inherent compliance risks, we urge a reconsideration based upon a full understanding of how commissions are paid and are not paid. As has been demonstrated by our experience in other jurisdictions, regulatory concerns can be addressed through dialogue and appropriate adjustments while preserving the strengths the recruitment-based model offers consumers and the marketplace.

We strongly believe the recruitment-based firm model is in the best interests of Quebec consumers. An essential component of our business model is financial education, both for our Representatives and their clients. Our more than1,000 Representatives in Quebec work at 17 branch locations and serve clients with over 7,000 policies in force. These predominantly modest-income clients are not well-served by other models of insurance distribution and would likely not be insured in the absence of WFGIAC. Access to insurance is a public good with the uninsured potentially relying on publicly-funded safety nets in times of hardship. If the intent behind the proposed section 11.11 is to alter recruitment-based models such as the one in place at WFGIAC, we urge the AMF to carefully analyse the potential impact on the ability of modest-income consumers to access financial advice and financial security products.

Identifying and Preventing Conflicts of Interest

The proposed section 11.18 reads, "Firms, independent Representatives and independent partnerships must avoid placing themselves in a conflict of interest". As a practical matter, all sales-based economic activities involve a potential conflict of interest. This can be mitigated but cannot be completely eliminated.

The CCIR's Incentive Management Guidance recognizes this reality and states that, "Representatives who operate under an Incentive Arrangement are expected to manage conflicts of interest and prioritize Customers' interests as described in the CCIR/CISRO FTC Guidance." An appendix to the Incentive Management Guidance contains examples of components of incentive arrangements which, "without proper design, management and controls, may increase the risk of unfair outcomes for consumers".

We suggest a reconsideration of the "must avoid placing themselves in a conflict of interest" language and an approach more aligned with the CCIR Incentive Management guidance with its emphasis on proper design, management and controls focused on fair treatment of customers outcomes.

Compensation Required from Clients/Fees Charged to Clients

We note a discrepancy in the language used in the regulatory notice and the proposed regulation. The regulatory notice references, "fees and charges required from clients" whereas the proposed section 11.23 speaks to conditions in order to, "require compensation from a client."

"Fees and charges" is quite broad and could be seen as including premiums paid on insurance policies. "Compensation from a client" could also be seen as encompassing premiums.

We are hopeful that the AMF does not intend to address normal course premiums with these provisions. It seems likely these provisions are referring to a fee for service model more than a traditional commissions-based insurance distribution business. If this is the case, we ask the AMF to clarify this point.

Responsible Officer

There should be clarity on what or who is an executive. If this term is defined as the most senior officers of a firm, it may be too senior to be realistic and workable. The qualifications and educational requirements addressed in the proposed Regulation are more important to consumer protection than seniority in a corporate hierarchy. This is especially true at large firms. Practically, the skills, experience and training required, and the compensation that will be expected by anyone serving in such a role with its associated personal liability, will result in Responsible Officers being of a certain seniority with substantial experience in the industry.

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The skills and experience required to discharge the function of the Responsible Officer are different than those required to ensure business continuity and information security. The ability of a firm to appoint another executive to fulfill these roles suggests the AMF may agree that the Responsible Officer is not the best person for these more technical responsibilities. We therefore question if it is appropriate that these positions fall by default to the Responsible Officer.

WFGIAC appreciates the opportunity to provide feedback on the Proposed Amendments and would be pleased to engage in further consultation with the AMF.

[redacted]

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