



Financial Services Commission of Ontario

STATEMENT OF PRIORITIES

June 2008

Introduction

The Financial Services Commission of Ontario (FSCO) is a regulatory agency established under the Financial Services Commission of Ontario Act, 1997 (FSCO Act).

Section 11 of the FSCO Act requires FSCO to deliver to the Minister of Finance and publish in *The Ontario Gazette* (by June 30th of each year), “a statement setting out the proposed priorities of the Commission for the fiscal year in connection with the administration of this Act and all other Acts that confer powers on or assign duties to the Commission or the Superintendent; and a summary of the reasons for adoption of the priorities.”

This is FSCO’s eleventh Statement of Priorities. It identifies key challenges facing FSCO, outlines proposed strategic priorities for the coming year, and notes recent progress on significant projects.

FSCO is comprised of three parts: the five-member Commission; the Superintendent of Financial Services and staff; and the Financial Services Tribunal. FSCO regulates insurance, pension plans, loan and trust companies, credit unions/caisses populaires, mortgage entities and co-operative corporations in Ontario.

As of March 1, 2008, FSCO regulated or registered 394 insurance companies, 7755 pension plans, 207 credit unions and caisses populaires, 55 loan and trust companies, 1,290 mortgage brokers, 1,610 co-operative corporations, as well as approximately 39,700 insurance agents, 4,040 corporate insurance agencies and 1,145 insurance adjusters.

The Mortgage Brokerages, Lenders and Administrators Act, 2006, is set to take effect on July 1, 2008. At that time, any person or entity carrying on the business, in Ontario, of dealing or trading in mortgages, administering mortgages or as a mortgage lender, and any individual dealing or trading in mortgages in Ontario for remuneration, must be licensed with FSCO, unless an exemption applies. FSCO will be issuing licenses to mortgage brokerages, brokers, agents and administrators.

Ontario continues to modernize its business and financial regulation to maintain an attractive business climate, keep pace with global markets and build on Ontario’s economic advantage. A competitive regulatory framework protects consumers and investors, and supports a positive business climate and growing economy.

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Our Mandate

To protect the public interest and enhance public confidence in the regulated sectors, FSCO provides regulatory services that protect financial services consumers and pension plan beneficiaries, and support a healthy and competitive financial services industry.

Our Vision

We are committed to being a vigilant, fair-minded and forward-looking regulatory agency with a constructive and responsive presence in Ontario's financial services marketplace.

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Our Values

Organizations reflect the shared values of their members. FSCO is committed to the values set out below.

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| Professionalism | Strive to achieve the highest standards of behaviour, competence and integrity in our work. |
| Fairness | Strive to deal with stakeholders in an even-handed manner and demonstrate fairness in the workplace. |
| Equity | Strive to balance the interests of the public, including consumers and regulated stakeholders. |
| Accountability | Ensure that the policies and objectives of the provincial government are upheld. |
| Excellence | Strive to do the best in everything FSCO does. |
| Respect | Value and treat individuals with respect and dignity in everything FSCO does. |
| Teamwork | Work together as a team in serving consumers, the government and stakeholders. |

Key Challenges

FSCO engages in planning exercises to identify current and future strategic priorities to guide activities toward the achievement of its objectives. For this process to be effective, external factors affecting the financial services industry must be considered. FSCO continues to take into account the following challenges.

Globalization

The continuing trend toward globalization and international consolidation in the financial sectors is blurring jurisdictional lines. Today, financial services providers can reach out to consumers via the Internet and e-commerce technologies, depending less on the bricks and mortar based business models of the past. This has led to consolidations and mergers among financial institutions, increases in the number of multi-national companies providing financial services and vast changes in the way these services are delivered. In this online global marketplace, companies are no longer tethered to one or two business lines and can offer a broader range of financial services, many of which are subject to different regulatory regimes.

As a result of these factors, the production, marketing and delivery of financial services products has also changed, resulting in a further multiplication of regulatory issues. The new borderless frontier facilitated by technology challenges financial services regulators to address regulation using a broad cross-jurisdictional, cross-sectoral approach.

Market Conditions

A number of significant economic challenges continue to affect the Ontario economy and contribute to uncertain market conditions. Higher oil prices, the stronger Canadian dollar and a weaker economic outlook in the United States have led to slower projected economic growth for the province of Ontario. To address these challenges, it is essential that regulators have a firm grasp of market realities to effectively measure and manage risk.

Consumer Protection and Education

Technological innovation in the financial services marketplace has empowered consumers, providing them with more products and services to choose from than ever before. While providing the benefit of increased opportunities, the complexity of a more diverse marketplace can also make it more difficult for consumers to make informed choices. More than ever, consumers are turning to professionals for assistance when making financial decisions.

Regulatory Renewal

In addition to the issues and developments taking place in the various regulated sectors, FSCO also has to take into account other variables that impact on its responsibilities as a regulator. They include:

- Increasing the standards for corporate governance to enhance its impact on regulatory efficiency and effectiveness.
- Emphasizing governance as a major component of risk analysis and assessments.
- Ensuring that financial services providers have adopted practices, policies, procedures and systems based on recognized financial sector governance standards.
- Identifying and addressing risks to regulatory objectives in the area of market conduct by using proven tools to assess market conduct of financial services providers.
- Adopting refined methods for the regulation of insurance, pension plans, credit unions/caisses populaires, mortgage entities and co-operative corporations based on the risk-based approach to regulation.

What this means to FSCO

To meet these challenges, FSCO is guided by established strategic priorities. These priorities build on the delivery of the core business activities FSCO carries out to achieve its mandate. As each is significant, FSCO's strategic priorities are not ranked in any particular order:

- I. Promote a coordinated national approach to regulatory issues.
- II. Enhance the risk-based approach to regulation.
- III. Review and recommend amendments to the regulatory framework to keep pace with changes in the marketplace.
- IV. Improve delivery of services.

FSCO believes these strategic priorities and their associated initiatives, which are outlined on the following pages, will have a positive impact on consumers and pension plan beneficiaries. The pursuit of these priorities allows FSCO to fulfill its mandate to protect financial services consumers and pension plan beneficiaries and support a healthy and competitive financial services industry in Ontario.

To fulfill its mandate, FSCO has adopted a culture of partnership and dialogue. FSCO continues to benefit from strong collaboration with consumers, industry and other stakeholders. For this reason, many projects undertaken by FSCO are complex, involving many participants and requiring implementation in conjunction with federal and provincial jurisdictions. As a result, many initiatives span several years, with work continuing on an ongoing basis.

Technology plays an important role in helping FSCO maintain strong connections with stakeholders and provide information and services to them. To this end, FSCO has embraced all aspects of e-communications, conducting business with industry electronically and offering consumers online access to services and information. FSCO believes that with improved access to information, consumers and pension plan beneficiaries will be better equipped to make wise choices and protect their interests.

FSCO's Statement of Priorities includes a report on the progress of key initiatives identified in the previous year's statement. The report back section of this year's statement lists FSCO's accomplishments in the previous year and their intended benefits to stakeholders and the regulatory system.

Our Strategic Priorities

I. Promote a coordinated national approach to regulatory issues

FSCO supports the development of harmonized regulatory solutions through participation in the Joint Forum of Financial Market Regulators (Joint Forum), the Canadian Association of Pension Supervisory Authorities (CAPSA), the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO).

FSCO is participating with these national organizations as a member of, or in some cases as lead of, committees and project teams that are mandated to undertake the following initiatives:

Joint Forum

- Continue work related to assessing and harmonizing point of sale disclosure for Individual Variable Insurance Contracts (IVICs, also known as segregated funds) and mutual funds to ensure consumers are provided with easily understandable information on the risks and benefits of these investment products at the time of purchase.
- Examine the regulation of financial services intermediaries and recommend ways to minimize possible conflicts in regulation between sectors. Promote equivalent consumer protection, focusing initially on intermediaries who sell mutual funds and IVICs.
- Continue to develop mechanisms to allow for more effective sharing of information on regulatory enforcement issues and actions across sectors and jurisdictions to ensure regulators are alerted to serious issues which could have an immediate impact on consumers.
- Coordinate regulatory efforts on consumer information and education by creating an inventory of existing resources and content. Examine approaches taken in other jurisdictions and make recommendations for improvement.
- Continue a review of the guidelines for Capital Accumulation Plans (CAPs) released by the Joint Forum in 2004 to ensure they are meeting their intended objectives. The review will include surveys of CAP sponsors, service providers and members. Based on the results of the review, recommendations will be made for changes to the guidelines if necessary.

CCIR

- Continue to develop risk-based best practices for use by regulators across jurisdictions to address market conduct concerns.
- Review the use of electronic communications and transactions within the insurance industry to identify and address risks to consumers, regulatory gaps and legislative/regulatory barriers to the electronic provision of insurance products to consumers.
- Identify sales and claims issues related to the incidental selling of insurance. Develop and facilitate implementation of solutions to address the issues that are identified to ensure adequate protection for consumers.
- Review the various definitions that currently exist in different jurisdictions for terms such as: insurance business, solicitation and unlicensed insurance. Address the risks to consumers, regulatory gaps and legislative barriers arising from differences in these definitions.
- Working with CISRO, assess the regulation of managing general agencies, wholesale agencies and insurance adjusters, to identify and address any possible risks to consumers, regulatory gaps and legislative barriers.

CAPSA

- Finalize a proposed new multilateral agreement for the regulation of multi-jurisdictional pension plans to promote a coordinated, simplified and harmonized pension regulatory system in Canada for consideration by responsible ministers.
- Examine issues related to the application of the “prudent person” rule, giving consideration to both the assets and liabilities of pension plans to enhance protection for pension plan beneficiaries.
- Develop a common approach to pension plan funding policies, recognizing the link to fund governance to enhance the supervision and protection of pension plan assets.
- Establish consistent standards for the treatment of phased retirement, simplified pension plans and fund holder arrangements to promote a coordinated, simplified and harmonized pension regulatory system in Canada.
- Examine current approaches to regulating and supervising defined contribution pension plans with a view to identifying areas where clearer distinctions between defined contribution and defined benefit plans may be more appropriate. Consider alternative approaches to regulating and supervising defined contribution plans based on these distinctions.

- Review and determine the future role and mandate of CAPSA.
- Define a formal role for the recently formed National Compliance Officers Association, including involvement in technical training for regulatory staff, to promote a harmonized response to the handling of pension plan compliance issues.

II. Enhance the risk-based approach to regulation

- Promote the expansion of Autorité des marchés financiers (AMF) and FSCO insurance company complaint data report sharing to other regulators to create a national complaint data reporting system. This will help to ensure the consistency and accuracy of complaint data and assist regulators in accurately identifying and assessing issues in the marketplace.
- As a member of the General Insurance Statistical Agency (GISA), assist in the development of a questionnaire for auto insurers to assess the risk of non-compliance with requirements for the submission of statistical data to ensure the quality and value of statistical data generated by licensed insurers.
- Enhance the process for monitoring shortfalls in required funding remittances for defined benefit pension plans to improve protection for plan beneficiaries.
- Collect data to support the development of methods for assessing the financial strength of pension plan sponsors to enhance protection for plan beneficiaries.
- Identify and explore options for streamlining the processing of defined contribution pension plan transactions.
- Review data currently requested in pension plan regulatory filings to ensure appropriate data is being requested. As well, examine opportunities for electronic filing by pension plans to modernize the filing process.

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

- Develop a plan to implement amendments to the Credit Unions and Caisses Populaires Act, 1994, once proclaimed.
- Oversee and support the resumption and operation of the Health Claims for Auto Insurance (HCAI) database. This system allows for the electronic exchange of health claim information between health care providers and insurance companies, supporting the need for access to timely, accurate data to monitor the auto insurance system.

- As a member of GISA, participate in a review of statistical plan data to ensure the quality and value of statistical data generated from licensed insurers.
- Continue to review and finalize partial pension plan wind-ups affected by the *Monsanto* decision to ensure compliance with pension regulations to address surplus on partial wind-ups.
- Develop recommendations for changes to the current requirements for disclosure of pension plan information to increase transparency and enhance protection for pension plan beneficiaries.
- Commence a five-year review of the auto insurance system to facilitate updates and improvements to the current system.

Working with the Ministry of Finance and FSCO stakeholders to:

- Develop proposed amendments to the Co-operative Corporations Act and regulations.
- Provide assistance and support as needed to the Ontario Expert Commission on Pensions (OECF) in its examination of legislation governing the funding of defined pension plans, the rules related to pension deficits and surpluses and other issues related to the security, viability and sustainability of the pension system in Ontario.
- Review OECF recommendations to support the security, viability and sustainability of the pension system in Ontario.
- Develop material for consumers to raise public awareness of the consumer protection measures contained in the new Mortgage Brokerages, Lenders and Administrators Act, 2006.
- Review the adequacy of statutory accident benefits.
- Consider the application of the CCIR model for privilege and whistle blower protection in Ontario.

IV. Improve delivery of services

- Undertake a series of initiatives in the Pension Division to improve delivery of service.
- Proceed with technical upgrades to the Motor Vehicle Accident Claims Fund case management system to ensure the efficient delivery of services to people injured in automobile accidents who are seeking compensation through the Fund.

- Continue to implement recommendations generated as part of an operational review of FSCO dispute resolution services.
- Conduct a range of outreach activities to provide information to consumers and other stakeholders about FSCO's dispute resolution services and collect feedback from stakeholders about the services currently being provided.
- Proceed with enhancements to dispute resolution case management systems.
- Determine the feasibility of providing electronic training modules to support the training and development of FSCO Pension Division staff.
- Identify opportunities for improved efficiency and effectiveness in the provision of pension information and services to stakeholders through improved e-communications.
- Conduct a three-year review of the FSCO website to ensure it meets the communications needs of stakeholders.
- Develop an integrated finance and accounting system, including activity-based costing.

FSCO Funding

Under Section 25 of the FSCO Act, the Lieutenant Governor-in-Council may assess all entities that form part of a regulated sector with respect to all expenses and expenditures that the Ministry of Finance, the Commission and the Tribunal have incurred. The Minister of Finance is authorized to establish fees with respect to the regulated sectors for services provided by FSCO.

In determining the administration of the funding system, FSCO has established that it will:

- Be fair
- Reflect the use of FSCO resources
- Enable reasonable predictability of regulatory costs
- Be simple to administer
- Be flexible and easily modified

FSCO has also made a commitment to the following principles in carrying out its funding system:

- Revenues will not exceed forecasted expenditures for each sector;
- Disruption will be minimized and changes will take into account the effect of assessments and fees on the marketplace; and
- FSCO will be accountable to its stakeholders for the efficiency and quality of the services delivered.

Beginning this year, FSCO has begun recovering its costs from the pension sector via an annual assessment, replacing the fees that were previously paid with the Annual Information Return (AIR).

Report Back on Key Initiatives from 2007

I. Promote a coordinated national approach to regulatory issues

FSCO continued to work with other Canadian regulators in coordinating regulation of the financial services industry at the national level through the following activities:

Joint Forum

- Consulted with stakeholders on a framework for point of sale disclosure for mutual funds and IVICs. More than 85 submissions were received from stakeholders during a 120-day comment period. These submissions are being reviewed and further work is being done to address the submission comments.
- Finalized a new framework for the Financial Services OmbudsNetwork that includes guidelines for assessing the ombudservices against pre-defined public interest objectives. The framework, which is available on the Joint Forum website www.jointforum.ca, is currently being implemented.
- Identified problems resulting from differences in the investment rules for pension funds, mutual funds and other pooled investment funds. Recommendations for addressing these issues will be presented to the Joint Forum in Spring 2008.
- Completed research on the regulation of insurance intermediaries who sell IVICs. Research on the regulation of intermediaries who sell mutual funds is currently underway.
- Continued to develop mechanisms to allow for more effective sharing of information on regulatory enforcement issues across sectors and jurisdictions. The Joint Forum's Information Sharing Committee is currently considering several options for improving information sharing and cooperation between different sectors and jurisdictions.
- Coordinated regulatory efforts on consumer information and education by creating an inventory of existing resources and examining approaches taken in other jurisdictions. Work is currently underway to address the gaps that have been identified as a result of this research to ensure consumers receive adequate information about financial products and services.
- Conducted a review of the guidelines for Capital Accumulation Plans (CAPs) released by the Joint Forum in 2004, in an effort to measure the success of their implementation and determine if any additional work is required in this area. The first phase of the review, which included surveys of CAP sponsors and service providers is underway. The second phase of the review, a survey of plan members, is planned for 2008.

CAPSA

- Developed the principles of a model pension statute and model regulations related to registration and basic entitlement matters that would serve as a model for federal and provincial governments to consider when they are making amendments to their pension legislation. The principles are expected to be finalized in 2008 in preparation for consultations with stakeholders.
- Continued to work on the development of a multi-lateral agreement for the regulation of multi-jurisdictional pension plans to replace the existing 1968 Reciprocal Agreement. CAPSA's Reciprocal Agreement Committee is nearing completion of a draft multi-lateral agreement, which is expected to be released for stakeholder consultations in 2008.

CCIR

- Continued to monitor the achievement of principles for managing conflicts of interest in the insurance industry. The CCIR Industry Practices Review Committee is in the midst of a comprehensive review. The committee has conducted two surveys of insurance agents and companies to assess their knowledge and use of the principles, which are designed to increase consumer confidence in the industry.
- Carried on efforts to put forward a privilege model for documents created as part of insurer risk self-assessments and whistle-blower protection for persons who volunteer information about an insurer, insurance agent, insurance broker or insurance adjuster alleged to be engaged in wrongdoing. A CCIR committee is developing a draft of the revised privilege model and details of whistle-blower protection for release in 2008.
- Assisted regulators in the adoption of methods for collecting insurance company complaint data, with the goal of creating a national complaint reporting data system. Work will begin in 2008 to expand the platform developed by FSCO and AMF to create a national reporting system for insurance company complaints.
- Developed proposed best practices for risk-based market conduct regulation. The discussion paper *An Approach to Risk-based Market Conduct* was released for consultation with stakeholders in January 2008. Comments received during the consultation period will be used to refine the concept of a risk-based market conduct approach and its associated tools.

II. Enhance the risk-based approach to regulation

- Evaluated the requirement for all defined benefit pension plans registered with FSCO to file an Investment Information Summary (IIS) to streamline this risk-based approach to the monitoring of pension plan funds. Based on examinations of designated plans and comparative analysis, FSCO has opted to simplify the pension investment monitoring process by exempting designated plans from the requirement to file an IIS.
- Identified new sources and methods for obtaining information about the financial strength of pension plan sponsors to evaluate the safety and soundness of plans and enhance protection for plan members.
- Distributed a market conduct questionnaire to auto insurers to assess the risk of non-compliance with rate, risk classification and underwriting requirements under the Insurance Act. In November 2007, a summary of results was communicated to insurers who participated in the questionnaire and FSCO is following up with individual insurers as appropriate.
- Developed risk-based compliance examination techniques for pension plans and mortgage brokers to improve overall market conduct and pension plan governance and enhance protection for pension plan beneficiaries and consumers.
 - Updated the pension plan risk-based selection and examination process. The new process is being tested and refinements will be made for the 2008-09 examination cycle.
 - Mortgage broker examinations are currently being conducted and a project team has been assembled to ensure that complaints and examination procedures are in compliance with the Mortgage Brokerages, Lenders and Administrators Act, 2006 and aligned with risk-based best practices.
- Developed risk-based tools and criteria for use by staff in the review of applications from the insurance, mortgage broker and co-operative corporation sectors to assist in the identification of questionable applications or licensees and provide protection for consumers.

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

- Continued to review partial pension plan wind-ups affected by the *Monsanto* decision to ensure compliance with obligations to distribute surplus on partial wind-ups. To date, almost half of the approximately 300 cases have been resolved and the remaining partial wind-ups are being processed in accordance with FSCO procedures.

- Developed recommendations for changes to the requirements for disclosure of plan information to pension plan beneficiaries to increase transparency and enhance protection for plan beneficiaries. FSCO's Pension Policy Unit has identified potential changes to the member disclosure provisions of the Pension Benefits Act and regulations.

Worked with the Ministry of Finance and FSCO stakeholders to:

- Develop proposed regulations, educational standards and implement licensing requirements under the Mortgage Brokerages, Lenders and Administrators Act, 2006. Licensing began on March 1, 2008 in preparation for the new act which takes effect July 1, 2008.
- Implement changes to the Corporations Act and Insurance Act dealing with prudent portfolio investment approaches for Ontario-incorporated insurers, reciprocals and fraternal societies. The changes provide these insurers with expanded investment powers, new related party rules and ancillary corporate governance requirements.
- Develop proposed Co-operative Corporations Act and regulation amendments with the Ontario co-operative corporation sector. On August 31, 2007, sections of Schedule 8 to the Budget Measures Act (Fall), 2004, which amends the Co-operative Corporations Act, came into force, along with three Co-operative Corporations Act regulation amendments. These amendments are designed to improve co-operative corporations' ability to respond to changing market conditions and the needs of their members.
- Review the funding of defined benefit pension plans, the rules relating to pension deficits and surpluses and other issues relating to the security, viability and sustainability of the pension system in Ontario. The Superintendent, Deputy Superintendent, Pensions and FSCO staff have met with representatives of the OECP. FSCO staff have responded to requests for statistics and information as needed. They have also worked with the OECP to host a forum to discuss the roles and issues related to pension service providers.
- Transfer the responsibility for oversight of Statutory Accident Benefits representatives (paralegals) to the Law Society of Upper Canada. FSCO issued a bulletin in May 2007, outlining plans to transfer oversight of paralegals to the Law Society and encouraging them to apply to the Law Society if they wished to continue as a licensed paralegal. A working group comprised of FSCO and Ministry of Finance staff identified the regulation and operational changes required to complete the transfer to the new system on May 1, 2008.
- Review proposals from the Facility Association (FA) for changes to residual market and risk-sharing pool mechanisms to ensure that automobile insurance continues to be available to owners and licensed drivers who are unable to

obtain insurance through the voluntary insurance market. In June 2007, the FA's re-design proposal was narrowly defeated in a membership vote and no proposed changes of any significance to the Plan of Operation are contemplated by the FA at this time.

- Develop an assessment process for cost recovery from the pension sector, in accordance with Section 25 of the FSCO Act. An assessment regulation and Order in Council were made and the Minister's Schedule of Required Fees was amended.
- Conduct research to determine the feasibility of developing additional Pre-Approved Framework (PAF) guidelines for the treatment of automobile accident injuries under the Statutory Accident Benefits Schedule (SABS) to improve utilization of health care services and provide certainty around cost and payment for insurers and health care providers. In October 2007, the revised PAF guidelines came into effect. FSCO will assess possible future PAF directions based on research and analysis, which will include an inventory of programs and protocols in other jurisdictions.
- Support the implementation of the HCAI database, a system that allows for the electronic exchange of health claim information between health care providers and insurance companies, supporting the need for access to timely, accurate data to monitor the auto insurance system. After introduction of the system early in 2008, HCAI decided to suspend its operation in order to improve some of the technical functions and business processes. Discussions of the best method to implement these improvements are expected to continue in 2008.
- Develop recommendations for the Ministry of Finance on updating Regulation 283/95, Disputes Between Insurers, to ensure that claimants are appropriately protected and have access to statutory accident benefits when two or more insurers are disputing which one has the responsibility to pay. FSCO consulted with stakeholders, analyzed their responses and formulated recommendations for submission to the Ministry of Finance.
- Assist with the introduction of a new proposed Life Income Fund (LIF) to increase income for seniors in retirement by enhancing access to locked-in retirement accounts. Regulation 416/07 received Royal Assent on July 27, 2007. The regulation introduced a new LIF effective January 1, 2008, and removed the requirement to convert an existing LIF to an annuity at age 80. The new regulation also permits partial unlocking of funds that are transferred to a new LIF. To help consumers navigate the new fund, FSCO staff developed LIF frequently asked questions and answers, new forms for the withdrawal of monies and revised existing policies to incorporate the changes.

- Develop a framework for a five-year review of the auto insurance system to facilitate updates and improvements to the current system. The five-year review, required under Section 289.1, Part VI of the Insurance Act, is scheduled to begin by October 1, 2008.

IV. Improve delivery of services

- Implemented recommendations resulting from an internal review of dispute resolution processes to ensure the delivery of dispute resolution services in the most effective manner possible. Significant progress has been made in implementing the changes recommended in the operational review. Additional recommendations will be put into practice during the 2008-09 fiscal year.
- Proceeded with upgrades to compliance and enforcement tracking procedures to enhance the risk-based approach to regulation and improve the delivery of services. The Information Technology Section worked with the Auto Insurance Compliance Unit, Pension Plans Branch, the Investigations Unit and Legal Services Branch to develop and implement a new computerized case management system for tracking compliance and enforcement files in these sectors. This system will serve as a model for enforcement activity in other sectors.
- Analyzed opportunities for instituting electronic filing methods to facilitate the submission of filings electronically by the insurance sector.
- Continued with the second phase of enhancements and upgrades to the FSCO website to advance FSCO's provision of electronic services and information to consumers and other stakeholders. Features added include the user-friendly Frequently Asked Questions pages, the Mortgage Brokers e-Info newsletter and Monitoring & Enforcement Online (M&E Online). M&E Online replaces the quarterly paper bulletins sent to stakeholders reporting on prosecution activities, decisions arising out of hearings and other regulatory activities (with the exception of those in the pension sector which are reported in the Pension e-Bulletin).

The Financial Services Tribunal

The Financial Services Tribunal (the Tribunal) is an independent, adjudicative body composed of nine to 15 members (14 members as of April 1, 2008), including the chair and two vice-chairs of the Commission.

The Tribunal has exclusive jurisdiction to exercise the powers conferred under the FSCO Act and other acts that confer powers on or assign duties to the Tribunal. It also has exclusive jurisdiction to determine all questions of fact or law that arise in any proceeding before it.

As well, the Tribunal has authority to make rules for the practices and procedures to be observed in a proceeding before it, and to order a party to a proceeding before it to pay the costs of another party or the Tribunal's costs of the proceeding.

For the year ahead the Tribunal has identified the following priorities:

- Review, and if appropriate, revise the conflict of interest rules and guidelines applicable to the Tribunal in accordance with the new Public Service of Ontario Act.
- Continue to ensure that appropriate expertise is available and allocated to panels appointed to hear Tribunal matters including retention of qualified experts and the provision of appropriate supplementary training.
- Continue dialogue with and receipt of input from members of the legal profession who may deal with the Tribunal by reconstituting the Tribunal's legal advisory committee and updating its terms of reference as appropriate.

Conclusion

This statement details FSCO's proposed activities and projects for 2008 and provides a report back on key initiatives from 2007. Throughout the development of these priorities, we recognize our responsibility and commitment to our stakeholders to exercise care and to be accountable for the use of resources entrusted to us.

FSCO continues to benefit from strong partnerships with stakeholders to achieve its objectives. We look forward to working with our many partners in the upcoming fiscal year. Together, we can foster a healthy financial services marketplace where consumers are protected and competition thrives.

Bob Christie
Chief Executive Officer
Financial Services Commission of
Ontario and
Superintendent of Financial Services

John Solursh
Chair,
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Chair, Financial Services Tribunal