




**Canadian Association of
Managing General Agents**



**WHITE PAPER ON
RECOMMENDED PROVINCIAL
REGULATORY STANDARDS
FOR PROPERTY AND
CASUALTY MANAGING
GENERAL AGENTS**

**PREPARED FOR CAMGA MEMBERS
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EXECUTIVE SUMMARY

The overarching goal of this initiative was to consider and comment upon the current provincial regulatory landscape for the Property & Casualty MGA (“P and C MGA” or “MGA”) sector. As importantly, we sought opportunities to help achieve a more consistent, ‘fit for purpose’ approach to regulatory oversight. After first fashioning what CAMGA believes is an accurate definition of a P&C MGA, we sought the input of numerous stakeholders, including regulators, industry participants and industry associations. We also conducted a survey of CAMGA’s membership to better understand their perspectives on the existing oversight performed not only by regulators but also by the markets who have provided them delegated authority. That survey also invited input into the desired future state. There is an overwhelming belief that MGAs are distinct from brokers, agents and insurers, and that regulatory standards, expectations and oversight should reflect the sector’s unique business activities.

During our research, we observed that MGAs are top of mind for many more entities than just CAMGA and its members. Multiple regulatory bodies and jurisdictions, both at the insurer and intermediary level, are either actively reviewing the MGA sector or are about to launch a review. As evidenced by this Paper, CAMGA too is keenly interested in the important role that MGAs play in the general insurance ecosystem. MGAs are essential to maintaining the resilience of the insurance sector and insurability for Canadians and Canadian businesses. CAMGA is also strongly supportive of a more consistent national standard for licensing and oversight of the P&C MGA sector and believe this is best accomplished through regulators, CAMGA and other stakeholders working cooperatively toward consistent understandings, goals and approaches.

It is apparent that compliance with CCIR/ CISRO’s Fair Treatment of Customers (FTC) Guidelines is a key regulatory benchmark in considering activities of insurers and their distribution partners (including MGAs). For example, CCIR and FSRA have issued reports that focus on opportunities for insurers to better oversee activities of their partners through that FTC lens. Similarly, CISRO and some of its individual members have published guidance on compliance with FTC by intermediaries. While MGAs are certainly included in the definition of “intermediary” the CISRO Guidelines tend to have a retail focus and fail to note the particular role of P&C MGAs in the ecosystem.

Ontario aside, mandatory MGA licensing is largely occurring nation-wide. While Manitoba and PEI do not have corporate licensing, the activities MGAs engage in does trigger licensing requirements for the MGA business entity, and often for the individual representatives within the business.

Ontario, through RIBO, has established voluntary licensing with requirements and oversight activities designed in part to reflect the unique qualities of an MGA. RIBO also has arguably the most robust financial requirements for intermediaries which includes those MGAs that choose to license through RIBO. That said, P&C MGA licensing is not mandated by statute in Ontario.

While New Brunswick and Saskatchewan do license MGAs specifically, we respectfully suggest that there is an opportunity to refine their requirements so that they more closely reflect the unique qualities of P&C MGAs. Nevertheless, CAMGA commends those jurisdictions for being leaders in this endeavor.

While overall there is provincial licensing in place, it is not reflective of the true attributes of an MGA. As an example, the competencies reflected in licensing exams are broker/agent focused. As a result, while they are included in licensing requirement, P&C MGAs do not see themselves wholly *reflected* in the existing provincial licensing and oversight regime.

In addition to opportunities for a more consistent MGA licensing approach, there are similarly opportunities to enhance efficiencies. Different renewal windows, different expiries (e.g. licenses that last one year vs two vs three), different ways of asking for essentially the same information...all contribute to complexity for industry participants managing multi-province licensing. Addressing that on a province-by-province basis would be challenging, requiring in many instances statutory amendments. That said, if even a few jurisdictions agreed to work together, significant improvements might be achievable. CAMGA would look forward to participating in any such discussions.

While there are opportunities for a more MGA-centric oversight regime, some of the existing requirements for intermediaries are in fact relevant to MGAs, if perhaps inconsistent from jurisdiction to jurisdiction. These include, for example, errors and omissions insurance, fidelity bonds, and a 'Designated Individual' that is accountable for the insurance activities of the licensee. That said, establishing consistent bespoke qualifications and requirements for the DI of a P&C MGA represent a significant opportunity to support overall better governance and thus confidence in the sector.

Even assuming alignment amongst regulators to achieve a 'fit for purpose' approach to P&C MGA licensing, the challenges of amending numerous statutes/ regulations/ bylaws is daunting and could take years. What could be achievable relates back to FTC, which is perhaps as close as we have in Canada to a national policy. FTC Guidelines exist for insurers and for intermediaries but a P&C MGAs specific role in ensuring FTC is not articulated. CAMGA recommends the development of a tailored FTC MGA Guidance that includes the specific expectations of an MGA in supporting both their insurer partners *and* their broker partners for the ultimate benefit of the public. This Guidance, by identifying appropriate business and conduct standards, could form the foundation of a *de-facto* national set of requirements for the MGA sector.

We believe that the goal of an FTC MGA Guidance is achievable as comparable documents already exist for both insurers and retail intermediaries. Importantly, it would also invite a discussion about the typical customers who rely on the products and services offered by P&C MGAs, and perhaps allow us to tailor FTC expectations to the needs of those customers

As noted above, part and parcel of any FTC Guidance for P&C MGAs should be an articulation of the expected qualifications and responsibilities of the Designated Individual. That alone could be of tremendous value in supporting more effective oversight and governance of the sector and, to that end, promote better alignment with the requirements placed by regulators on insurers and retail intermediaries. While Guidelines for Designated Individuals do exist, they are more reflective of the retail broker realm. Refining these expectations either as a part of an MGA FTC guidance or as a standalone initiative would be a valuable goal and, importantly, achievable in the comparative short term.

As a final thought, CAMGA agrees with CCIR that continued oversight of MGAs by insurers remains a crucial component of the overall general insurance ecosystem. We also believe that consistent, 'fit for purpose' MGA standards that align with FTC principles will help lead to better, more intentional oversight *and* self-governance by MGAs. This, in turn, will support MGA efforts to be seen as trusted partners in the nimble delivery of unique and necessary insurance products to Canadian consumers.

Part 2: THE CANADIAN ASSOCIATION OF MANAGING GENERAL AGENTS

The Canadian Association of Managing General Agents (CAMGA) represents and advocates for Managing General Agents (MGA's) specializing in property, casualty & specialty underwriting, operating under delegated authority. Dedicated to shaping the landscape of delegated underwriting in Canada, CAMGA represents its members before:

- insurance regulators,
- federal and provincial governments, and
- the retail brokerage and insurer sectors, including the consumers we collectively serve.

Mission: To represent, connect, and advance Managing General Agents as leaders in delegated authority property, casualty & specialty underwriting.

Vision: The trusted authority and leading source of influence for the MGA sector.

Part 3: PREAMBLE

This Paper's exclusive focus is on those Managing General Agents that operate in the general or "Property and Casualty" insurance sector. While there are, of course, MGAs that operate in the Life and Health insurance sector, they are in most respects very different business entities with unique regulatory challenges. Any reference to an "MGA" in this paper refers exclusively to P and C MGAs, unless otherwise noted. For a regulatory consideration of the Life and Health Sector, please go here <https://www.fsrao.ca/media/14501/download> for the CCIR cooperative MGA-focused thematic review-Consolidated Observations Report (September 28, 2022).

This paper includes numerous references to Designated Individuals ("DI"). This term is often used interchangeably with and has a comparable meaning to Designated Representative (DR), Nominee, or Principal Broker "PB", titles used in various Canadian jurisdictions. When used, it is intended to refer to an individual appointed by the intermediary to act as the primary contact for regulatory bodies and to ensure the intermediary operates in compliance with applicable insurance regulation.

Three important regulatory concepts may be seen to weave through this report. Firstly, Canadian provincial licensees in the insurance sector are required to ensure the 'fair treatment customers' ("FTC"). In particular, The Canadian Insurance Services Regulatory Organizations (CISRO) and the Canadian Council of Insurance Regulators (CCIR) joint 2018 Guidance on the Conduct of Insurance Business and Fair Treatment of Customers¹ was issued "to further support Insurers and Intermediaries in achieving fair treatment of Customers while complying with existing laws and regulations". The document was also aimed at "strengthening public trust and consumer confidence, minimizing reputational risks and unsustainable business models." That Guidance was based upon the Insurance Core Principles of the International Association of Insurance Supervisors ("IAIS")².

That joint Guidance was followed by CISRO's "Principles of Conduct for Insurance Intermediaries", published in April of 2022.³ It included core standards for insurance professionals in Canada, focusing on the fair treatment of customers (FTC). The Principles are intended to "reinforce the fair treatment of Customers throughout the life

¹ <https://www.cisro-ocra.com/Documents/View/5>

² <https://www.iais.org/uploads/2025/06/IAIS-ICPs-and-ComFrame-December-2024.pdf>

³ <https://www.cisro-ocra.com/documents/view/2471>

cycle of the insurance product as a core component of the intermediary business culture. Particularly noteworthy in those Principles is the statement that:

Expectations for the conduct of insurance business may differ depending on the nature of the relationship to the Customer, the type of insurance provided, and the distribution method. Intermediaries with oversight responsibilities must take appropriate measures to ensure that their employees and representatives meet high standards of ethics and integrity.

In these Principles, the definition of “intermediary” specifically includes business entities that distribute insurance products and services, including managing general agencies.

The second regulatory concept relates to “Right Touch” regulation, a highly influential set of risk-based principles developed by the Professional Standards Authority for Health and Social Care based out of the United Kingdom.⁴

The Principles suggest that any regulatory intervention in a given sector should be “proportionate, consistent, targeted, transparent, accountable and agile”. Further, the ‘right touch’ principles may be employed in “any situation where regulation is being considered as the solution for managing risk, across different sectors and jurisdictions, or where existing regulatory or risk management controls are being evaluated”. The recommendations offered in this report are influenced by the right touch’ concept in as much as they seek to identify risk-proportionate, efficient and effective solutions toward the oversight of MGAs in Canada.

As with ‘right touch’ regulation, the third concept also reflects a desire for efficient and effective regulatory outcomes. This report notes the ongoing federal and provincial initiatives aimed at reducing barriers to interprovincial trade and labour mobility.⁵ The professional activities of P&C MGAs in each province and territory are essentially identical, and the current approach to sector oversight is largely consistent. That said, any business that must license with numerous independent agencies is bound to encounter inefficiencies. The nature of federalism and the division of powers in Canada makes that unavoidable. There are opportunities to reduce those inefficiencies through, for example, common renewal dates, harmonized application/ renewal forms, singular portals for multiple agencies. These would benefit all licensees, not just those in the MGA sector. That said, a more harmonized approach to sector oversight, while clearly desirable, is made challenging by the reality of provincial authority and unique approaches to regulation and licensing. This challenge should be seen as an opportunity to seek regulatory common ground across the provincial and territorial jurisdictions. Even an effort by a subset of provinces and/ or territories could lead to significant improvements. Proportionate, risk-based and nationally consistent regulatory

⁴ <https://www.professionalstandards.org.uk/publications/right-touch-regulation-2025>

⁵ For example, the Province of Ontario’s “As of Right” framework, the Province of Alberta’s “Labour Mobility Act” as well as the Government of Canada’s “Free Trade and Labour Mobility in Canada Act”.

requirements promote not only better efficiencies for sector participants but also support the stated goals of free trade and labour mobility.

Finally, we also note that at the time of writing, multiple jurisdictions both at the insurer and intermediary level are actively reviewing the MGA sector. CAMGA is strongly supportive of a consistent national standard for licensing and oversight of the MGA sector and believes it is best accomplished through regulatory jurisdictions working together toward common understandings, goals and approaches.

Part 4: SUMMARY OF RECOMMENDATIONS

Recommendation No.1: That CISRO, CAMGA and other stakeholders as required, develop and recommend for adoption by all CISRO jurisdictions an MGA-specific Fair Treatment of Customers Guidance. The development of 'fit for purpose' FTC MGA standards, ideally adopted on a national basis through CISRO/ CCIR, would help ensure that all sector participants understand expectations of professional behavior.

Recommendation No.2: MGAs adopt and publish an annual Statement of Compliance with any future FTC MGA Guidance, signed by the Designated Individual and other business principals, as appropriate. In addition, the MGA should adopt compliance policies and procedures that align with any future MGA FTC Guidance.

Recommendation No.3: Insurers and brokers integrate a request for this Statement of Compliance into their due diligence in determining whether to partner with an MGA.

Recommendation No.4: As a means of achieving common expectations for MGAs, CISRO and or its member jurisdictions should develop and adopt MGA specific qualifications for Designated Individuals as well as supervision expectations for the DI of an MGA.

Recommendation No.5: FTC MGA standards for the Designated Individual should include documented process for ensuring underwriters and other applicable staff are aware of and act within contracted insurers' authorities as a matter of course.

Recommendation No.6: FTC MGA financial standards should include guidance relating to financial protections that are both compliant with provincial statutory minimums and appropriate to the nature of their individual MGA business. This would include trust funds, errors and omission insurance, fidelity bond (or equivalent), and maintenance of minimum working capital. The current RIBO requirements could be utilized as a template.

Recommendation No.7: FTC MGA financial standards should include guidance relating to cyber insurance, including mandatory minimums and limits.

Recommendation No.8: FTC MGA standards should include guidance relating to the accurate representation to the broker of policy coverages.

Recommendation No.9: FTC MGA standards should include guidance for disclosure of related parties at the time of quote.

Recommendation No.10: FTC MGA standards should include guidance for the disclosure of the primary capacity provider to the MGA underwriting the risk to minimize delays in accessing coverage, potential lapses in coverage, and confusion in directing complaints.

Recommendation No.11: FTC MGA standards should include guidance on appropriate confidentiality and privacy standards, consistent with those imposed on other intermediaries to ensure client information is protected. This should include guidelines relating to the use, sharing, safe maintenance and destruction of that information as well as cyber protection.

Recommendation No.12: That CISRO or a subset of its members develop (with the support of CAMGA and other stakeholders) an audit program specifically for MGAs that reflects standards set out in legislation and/ or a prospective FTC Guidance for MGAs. These audits could be:

- conducted by a single regulator or an approved independent party and ,
- shared with regulators in jurisdictions where the MGA is licensed.

Recommendation No.13: As licensing of P&C MGAs is not mandatory in Ontario, consideration should be given to requiring brokers in Ontario to only engage with licensed MGAs i.e. those who have chosen to license voluntarily through the Registered Insurance Brokers of Ontario. This would help provide assurance to Ontario brokers that potential MGA partners meet minimum conduct and financial standards.

Recommendation No.14: That any ongoing or planned reviews of the activities of MGAs should be co-ordinated either through CCIR, CISRO or a subset thereof as well as CAMGA and other industry stakeholders to minimize the risk of inconsistent regulatory standards and requirements. A co-ordinated effort is also better aligned with the stated goals of enhanced labour mobility as well as licensing efficiencies.

Part 5: WHAT IS A PROPERTY AND CASUALTY MANAGING GENERAL AGENT

The initial task assumed in the preparation of this Paper was the creation of a working definition of “Managing General Agent”. Working with the CAMGA Regulatory Committee, which is made up of experienced MGA industry participants, we began by reviewing a variety of existing definitions. These included the definitions used in the two Canadian provinces that currently license MGAs (Saskatchewan Insurance Council and the New Brunswick Financial and Consumer Services Commission) as well as that used by the Registered Insurance Brokers of Ontario, which has a long-standing but *voluntary* licensing pathway for MGAs. The Committee also considered the existing CAMGA definition, as well as one contained in the Insurance Institute of Canada’s “M260-Fundamentals of Managing General Agents and Delegated Authority” textbook. The definition used by the rating agency A M Best was also considered, which offered an ‘outside Canada’ perspective. From this review emerged the following key themes:

- MGAs act as intermediaries with delegated authority from insurers.
- They typically perform any combination of underwriting, binding, claims management, and administrative functions.
- MGAs insure risks ranging from small individual personal lines policies to publicly traded corporations.
- MGAs do not take on capital risk.
- Their role is distinct from traditional brokers, often involving specialized or wholesale insurance markets as well as ‘hard to place’ risks.

After considerable discussion and debate, first amongst Committee members and then by the CAMGA Board, they agreed to the following working definition:

Managing General Agents (“MGA”s) act as delegated extensions of an insurer’s underwriting, distribution and administration functions.

In Canada, a Property & Casualty (“P&C”) MGA is an intermediary that operates under delegated underwriting authority vetted and approved by one or more licensed general insurers. An MGA facilitates insurance transactions between their insurer(s) and licensed insurance brokers or agents within the scope of its delegated underwriting authority.

MGA activities may include some or all of the following activities within their delegated authority:

- **underwriting risks in accordance with insurer-approved guidelines;**
- **designing insurance products and establishing pricing frameworks;**
- **soliciting, negotiating, and binding contracts of insurance;**
- **issuing and countersigning policy documentation, and;**
- **collecting premiums and remitting them in a timely fashion to insurers in accordance with contractual arrangements;**
- **adjusting or administering claims on behalf of said insurer(s).**

MGAs do not generally transact directly with P&C insurance customers and do not typically assume capital risk. The general insurer continues to bear the capital risk.

This definition of a P&C MGA excludes licensed retail insurance brokers and insurance agents whose activities are limited to dealing directly with the customer and who may be authorized to:

- **accept and bind insurance policies on behalf of an insurer, in some cases under similar delegated authority;**
- **service policies on behalf of an insurer, and/or;**
- **collect premiums on behalf of an insurer,**

but who are not authorized to act on behalf of an insurer in any broader delegated authority capacity.

As part of a survey of CAMGA membership relating to this initiative, this working definition was shared for comment. Of the 38 members that responded, 89% agreed or strongly agreed with this definition. Of those that were not supportive, there was concern relating to the exclusion paragraph relating to retail brokers with delegated authority. From their perspective, all entities operating with delegated underwriting authority (“DUA”) should be subject to the same oversight and licensing requirements. Put another way, where a retail broker also operates with DUA, they should be regulated both as a broker and as an MGA, in the same way that an entity that sells both property and life insurance requires two distinct licenses.

Part 6: CURRENT REGULATORY LANDSCAPE FOR CANADIAN P&C MANAGING GENERAL AGENTS

Business Licensing

Other than for one notable exception, MGAs are currently required to be licensed under provincial insurance laws. Two jurisdictions (Saskatchewan and New Brunswick) have introduced a specific framework for the licensing of MGAs. The remainder of the provinces, other than Ontario, requires licensing of either (or both) firms and individuals (add footnote re. nor business license in Manitoba and PEI) that engage in certain specified insurance-related activities though not in a specific MGA category ⁶.

The Province of Ontario does not currently require the licensing of MGAs although many have chosen to license as *brokers* through the Registered Insurance Brokers of Ontario⁷. The net result is that, save for New Brunswick and Saskatchewan, any licensing requirements for MGAs are largely the same as those imposed upon brokers and agents. As an example, licensing exams for individual licensees (including designated individuals) are not designed to demonstrate specific competence in the MGA sector, but instead focus more on retail, public facing insurance activities.

Although not 'fit for purpose', MGAs that are required to be licensed (or chose to be as per Ontario) must meet some financial and conduct requirements. For example, they must maintain Errors and Omissions insurance. In addition, some have imposed Trust Fund requirements and some form of a Fidelity Bond.⁸ Many jurisdictions have adopted the equivalent of a 'code of conduct' for intermediaries⁹. While this is, of course, a net positive for consumer protection, a specific licensing indexation (or perhaps some form of unique identifier) would allow regulators to better determine which of its "Agencies", for example, are acting as MGAs. This capability might permit better tracking of that sector (for example, complaints), thus allowing more nuanced and focused oversight. To achieve this, there would need to be agreement as to which activities are unique to that sector. We would argue that the essential trigger should be those intermediaries or 'agencies' whose insurance activities strictly relate to authority delegated by an insurer and that do not interact in an advisory capacity directly with insurance consumers. In addition, this would support a more accurate count of the businesses operating in this category across Canada.

⁶ For example, see the definition of "insurance agent" from the [Alberta Insurance Act, RSA 2000, c I-3](#).

⁷ <https://www.ribo.com/getting-a-license/managing-general-agents/>

⁸ See for example the "[Consumer Protection Bond](#)" template issued by the Insurance Council of Saskatchewan.

⁹ For example, see the [Insurance Council of British Columbia's Code of Conduct](#).

Individual Licensing

Other than in Manitoba, Ontario and PEI, MGAs *firms* are required to be licensed. There is inconsistency relating to the need to license individual representatives. As an example, Quebec has issued a Notice that distinguishes between “underwriting activities” and “brokerage activities”, with individuals engaged in the former not requiring a certificate s damage insurance”. Under this Notice, examples of “Underwriting activities” include:

- Receipt of insurance proposals;
- Appraisal of risk;
- Contract pricing; and,
- Acceptance of risk.

Individuals engaged in these activities need only certify that they are not engaged in any brokerage activity.¹⁰

The remaining jurisdictions other than RIBO/Ontario require individual “agents” licenses. While RIBO will license individual MGA representatives when requested and where individual licensing standards are otherwise met, it is at the option of the individual.

Finally, it is noteworthy that in the past few years, numerous jurisdictions, both at the insurer and intermediary level, have either issued reports or have commenced a review of the activities of MGAs. While CAMGA is strongly supportive of a consistent national standard for oversight of the MGA sector, this would be better accomplished through the regulatory jurisdictions working together toward common understandings, goals and approaches.

Recommendation: That any ongoing or planned reviews of the activities of MGAs should be co-ordinated either through CCIR, CISRO or a subset thereof as well as CAMGA and other industry stakeholders to minimize the risk of inconsistent regulatory standards and requirements. A co-ordinated effort is also better aligned with the stated goals of enhanced labour mobility as well as licensing efficiencies.

MGA-Specific Approaches to Provincial Oversight

This following will focus primarily on those Canadian jurisdictions that have introduced unique requirements for MGAs.

¹⁰ <https://lautorite.qc.ca/fileadmin/lautorite/reglementation/distribution/avis/avis-relatif-grossistes-an.pdf>.

Note that this Notice also describes “brokerage activities”, and that specific licensing requirements will depend on the facts and in accordance with the provisions of Quebec’s “[Act respecting the distribution of financial products and services](#)”.

New Brunswick

In 2023, the Financial and Consumers Services Commission (FCNB) introduced “[Rule INS-001 Insurance Intermediaries Licensing and Obligations](#)”. The Rule includes the following definition of “managing general agent”:

“managing general agent” means a corporation, partnership or sole proprietorship that carries out specific activities to facilitate insurance transactions between an insurer and agencies or agents, and includes an associate general agent, that in connection with general insurance and travel insurance, conducts any of the following activities:

- (i) soliciting, negotiating or accepting applications from an agency or agent;
- (ii) quoting and binding insurance for applications from an agency or agent;
- (iii) effecting and countersigning contracts of insurance;
- (iv) collecting and accepting premiums from an agency or agent;
- (v) underwriting insurance contracts;
- (vi) processing claims on behalf of an insurer;
- (vii) supervising and monitoring the activities of agencies and agents with whom it has entered into written agency agreements on behalf of an insurer.

Highlights of the NB Licensing requirements for MGAs include:

- **Licensing:** New Brunswick requires a specific MGA license for firms engaging in the above referenced activities for general insurance, (as well as life, accident & sickness (A&S), and travel). Note: where a firm undertakes both managing general agent (“MGA”) and insurance agency activities, both MGA and insurance agency classes of intermediary licenses are required.
- **Home Jurisdiction Licensing for Individuals:** an individual who resides in another jurisdiction shall be licensed in the jurisdiction in which they reside. The Superintendent may, in exceptional circumstances or where the home jurisdiction does not have an equivalent licence, waive the requirement for the individual to hold a licence in the jurisdiction in which the individual resides.
- **Designated Representative:** The MGA must appoint a “suitable” Designated Representative. The responsibilities of the DR are set out at section 78 (1) of Rule INS 001.(insert footnote) This representative must hold specific experience/licensing credentials (e.g., Level 3 General Insurance Agent license for a minimum of two years).
- **Insurer Oversight:** The rules include an obligation on insurers to oversee the MGAs and other intermediaries with whom they do business.
- **Errors and Omissions Insurance** must be maintained
- **Trust Accounts:** mandatory with some exceptions for MGAs that meet set criteria. (add footnote Rule s. 101)
- **Duty to Report:** Licensed MGAs must report any material changes, such as ownership changes, misconduct by agents, or E&O claims, to the FCNB within specific timeframes via the FCNB portal.

- **Market Conduct Rules:** Part 11 of the Rule sets out Market Conduct rules but there are none specifically applicable to MGAs.

During conversations with FCNB staff, the following was shared.

- The Goal of the legislation was to bring into the NB regulatory oversight regime third party players (for example, MGAs) that were active in the placement of insurance but may have fallen outside existing definitions, etc.
- Under their approach, a business can be both an MGA *and* an agency. Where there is no interaction with the public and no involvement in the sales process, then you are an MGA. That said, they acknowledge that an underwriter within an MGA can act as a subject matter expert to the end customer (but not ‘sell’ *per se*).
- If the MGA’s delegated authority includes adjusting, they would also require an adjusting license.
- DI requirements in Rule are not specific to MGAs but are more generic in nature.
- They do not currently differentiate, for reporting purposes, between different types of intermediaries (brokerage/ agency/ MGA, etc).
- Anecdotally, other than a few general enquiries, there have been no complaints relating to MGAs in the past +/- 24 months.
- There were some updates to the rules in October 2025 (including labour mobility and some housekeeping items) but nothing specific to MGAs. The MGA provisions are relatively new so there is no perceived need to update them as of yet.

Saskatchewan

In 2020, Saskatchewan became the first province to introduce a dedicated class of insurance distribution licensing for MGA. They utilize a common set of activities to define “MGA”, regardless of the class of insurance (i.e. life and health, general etc).

Under the [Saskatchewan Insurance Act](#), “managing general agent” is defined as:

an insurance agent that manages all or part of the business of an insurer and carries out specific activities on behalf of that insurer, including:

- (a) soliciting, negotiating or accepting applications for insurance from licensed insurance agents;
- (b) effecting and countersigning contracts of insurance;
- (c) accepting risks;
- (d) underwriting insurance contracts;
- (e) entering into written agency agreements with licensed insurance agents;
- (f) supervising and monitoring the activity of licensed insurance agents with whom it has entered into written agency agreements; and

(g) undertaking any other prescribed duties or activities. (add footnote)

Highlights of the Saskatchewan Licensing requirements for MGAs include:

Definition of Intermediary: A “managing general agent” is included in the definition of “insurance intermediary” in section 5.1 of the Act.

Business Licensing: Section 5.6 establishes a licensing requirement for any business (“or insurer”) that acts or offers to act as a managing general agent. Any application for a license must specify the classes of insurance an applicant intends to transact. (add footnote relating to Ontario Insurance Act/ life MGAs). Of note is that an MGA applicant for licensing must “be accompanied by a managing general agent agreement between the applicant and the insurer on whose behalf the applicant is to act”.

Designated Individual: Under section 5-20(2) a licensed p and c managing general agent

must have a designated representative who:

- (a) is licensed in that required class of insurance;
- (b) meets prescribed requirements;
- (c) is recommended by the licensed insurer that recommended that the business be issued an, managing general agent’s licence; and
- (d) is responsible for receiving notices and other documents on behalf of the managing general agent r pursuant to this Act and for carrying out any other prescribed duties.

DR Supervision Requirements: The General Insurance Council of Saskatchewan have published a “[Designated Representative Handbook](#)” for property and casualty insurance agencies. That document references Section 5-6(4) of the Regulations under the Insurance Act which include the specific responsibilities of the DR. Those include:

- assume responsibility for the management and supervision of the business;
- establish appropriate standards relating to the supervision of other licensees employed by the business or engaged as independent contractors of the business, taking into account:
 - (i) the levels of qualification, education and experience of the licensees;
 - (ii) the nature of the insurance business being conducted; and
 - (iii) the requirements of the Act and these Regulations; and
- establish appropriate standards relating to the delegation of his or her duties.

Also referenced is the DR’s accountability for the actions of the agency, as well as insurance activities under their supervision and management, and for Fair Treatment of Customers.

Errors and Omission Insurance must be maintained in accordance with the Regulations under the Act.¹¹

Surety Bond/ Consumer Protection Bond is required for MGAs.

Individuals that engage in broadly defined “insurance” activities must be licensed.¹² This would include employees within an MGA.

During conversations with staff of the Insurance Council of Saskatchewan, the following was shared.

- There are approximately 50 Life *and* MGAs that have licensed through in the province.
- No changes to the existing regime are currently contemplated, as the requirements for MGAs are new.
- Complaints received by the Council have been more in the life sector and have tended to relate to sub-standard record keeping and product suitability concerns.
- Licensing exams are not MGA specific but are more broadly insurance focused.
- With respect to expectations of a DR in a MGA context, the Designated Representative Handbook provides guidance but is not MGA specific.

Ontario/ Registered Insurance Brokers of Ontario

In Ontario, insurers and insurance agents (P&C and Life and Health) are required to be licensed by the Financial Services Regulatory Authority of Ontario (FSRA) under the *Insurance Act*. Brokers, who sell P&C insurance, are licensed and regulated under the *Registered Insurance Brokers Act*.

Under the [Registered Insurance Brokers Act](#), RIBO requires licences for the business entity, for a designated individual (Principal Broker) and individuals who provide insurance services (as defined in the RIB Act) to the public. Under that legislation, “insurance broker” is defined as follows:

“Insurance broker” means any person who for any compensation, commission or other thing of value, with respect to persons or property in Ontario, *deals directly with the public* and,

- (a) acts or aids in any manner in soliciting, negotiating or procuring the making of any contract of insurance or reinsurance whether or not the person has

¹¹ See s.5-10(1) of Saskatchewan’s [Insurance Regulations](#).

¹² Under the Saskatchewan Insurance Act, an “insurance agent” is any person who for compensation and through any medium does one or more of the following: acts or aids in any manner in soliciting, negotiating, effecting or procuring the making of any contract of insurance or reinsurance or the continuance or renewal of a contract of insurance or reinsurance on behalf of an insurer, potential insured or insured, whether or not the person has agreements with insurers allowing the person to bind coverage and countersign insurance documents on behalf of insurers.

agreements with insurers allowing the person to bind coverage and countersign insurance documents on behalf of insurers,

(b) provides risk management services including claims assistance where required,

(c) provides consulting or advisory services with respect to insurance or reinsurance, or

(d) holds himself, herself or itself out as an insurance consultant or examines, appraises, reviews or evaluates any insurance policy, plan or program or makes recommendations or gives advice with regard to any of the above. (*italics added*).

“Public” is defined as “persons other than insurers, insurance brokers, insurance adjusters and insurance agents. As a result, while the activities of MGAs in Ontario would typically fit under the definition of “broker”, they are exempted from licensing requirements where they do not offer services directly to the public but, instead, to and through brokers. This definition of “public” that specifically excludes brokers is unique to Ontario.

That said, while RIBO legislation and Provincial Regulations convey no MGA oversight role to RIBO, and despite the exemption referenced above, RIBO provides licensing and oversight to P&C MGAs on a voluntary basis whereby MGAs are registered essentially as brokerages. Arguably, RIBO currently has the most stringent financial requirements overall, and while licensing is voluntary for MGAs, RIBO has made efforts to adopt certain of its licensing and oversight activities to that sector.

During conversations with RIBO staff, the following was shared.

- RIBO is able to distinguish internally MGA vs broker licensees.
- RIBO Council is supportive of formalizing its role in licensing MGAs and would like to work with CAMGA and other stakeholders to achieve that goal.
- Where an MGA seeks a license, the Principal Broker is required to sign an undertaking that includes, among other things, a commitment to not deal directly with the public.
- As insurers are expected to oversee FTC compliance of its third parties, including MGAs, there is an opportunity to clarify the respective oversight roles of insurers vs regulators.
- RIBO is considering a ‘guidance’ for both brokers and MGAs on best practices when dealing with each other
- RIBO Council has adopted the goal of ensuring MGA representation on Council.

Part 7: MGA RISKS

As discussed previously, insurers are expected to ensure that their utilization of third parties (such as MGAs) is done so in alignment with FTC expectations and other regulatory obligations. CCIR and other authorities¹³ have provided direction for insurers relating to the selection of a third-party partner and the ongoing management of that relationship. We have heard from some insurers that the due diligence they employ is not significantly informed by the regulatory or licensing status of the MGA. This is particularly the case in Ontario where an MGAs decision to license is optional. That said, the presence of consistent, fit for purpose minimum standards for all MGAs, including mandatory firm licensing, financial protections and clear internal accountabilities and oversight could seemingly bring an additional layer of confidence to the selection of MGA partners.

In considering those standards, and with an eye on the principles of right touch regulation, they should seek to address potential risks, and nothing more. It is appropriate to discuss MGA exposures as not only exposures for consumers, but also their own business and the general insurance industry as well.

As a reminder, CAMGA's working definition of MGA is an intermediary that:

- operates under delegated underwriting authority vetted and approved by one or more licensed general insurers
- does not transact directly with P&C insurance customers and does not assume capital risk.
- facilitates insurance transactions between their insurer(s) and licensed insurance brokers or agents within the scope of its delegated underwriting authority
- in facilitating those transactions, may:
 - underwrite risks in accordance with insurer-approved guidelines;
 - design insurance products and establish pricing frameworks;
 - solicit, negotiate, and bind contracts of insurance;
 - issue and countersign policy documentation, and;
 - collect premiums and remit them in a timely fashion to insurers in accordance with contractual arrangements;
 - adjust or administer claims on behalf of said insurer(s).

Identifying Real and Potential MGA Risks-Errors and Omissions Experience

We commenced a determination of the MGA related risks by considering the real and potential E and O exposure of the MGA sector. To that end, we had the opportunity to review recent E and O underwriting and claims data relating to their activities. The

¹³ See, for example, [OFSI Guideline B-10](#) re. federally regulated financial institutions' management of third party risk.

sentiment from our discussions with E&O providers was that E&O claims in the MGA space are relatively rare. The experts suggested that overall, an MGA represented a lower risk profile than even a retail broker. That said, the potential for losses relate to the following:

1. Binding Authority Errors

Binding risks that fall outside the scope of the MGA's delegated authority. This can include exceeding specified limits, territories, classes, or terms outlined in the binding agreement. For example, an MGA might bind a class of business that is explicitly excluded in the binder, thereby contravening agreed-upon authority.

2. Underwriting Errors

These include, for example, an inadequate assessment of risks, which can compromise the insurer's ability to properly evaluate and price exposures. Similarly, a failure to adhere to established underwriting guidelines, such as missing or overlooking material facts that later impact coverage and/ or omitting relevant information that subsequently affects the validity or scope of policy coverage.

3. Policy Issuance Errors

Issuing policies with incorrect endorsements or using the wrong forms, limits, or effective dates, for example where the policy wording does not align with the terms and conditions set out in the DUA, which can lead to disputes or coverage gaps.

4. Failure to Disclose Material Information to Insurers

Failing to disclose, or disclosing late, important risk details to the insurer. Such non-disclosure may result in insurer claim disputes or the rescission of the policy.

5. Claims Authority Errors

Mishandling claims within the limits of delegated authority, including making late or incorrect claims decisions. As an example, paying a claim that should have been referred to the insurance carrier, potentially exposing the MGA and other parties to liability.

6. Breach of Delegated Authority Agreements

Non-compliance with requirements such as reporting, audits, or operational procedures as stipulated in the delegated authority agreement. Also, inadequate handling of bordereaux (reports of risks written) or premium funds, which can undermine trust and create operational risks.

7. Professional Negligence to Brokers or Insureds

Providing incorrect coverage placement advice to brokers or insured clients. Failing to communicate clearly and accurately between the MGA, broker, and carrier, which can lead to misunderstandings and errors in coverage.

While the examples noted above are potential risks, we also reviewed 'real world' examples of claims made against MGAs. We were advised that it has been comparatively rare for an MGA to be listed on an E&O claim, and that, overall, they are good risks. Where they are named, in most instances they confirm the potential risks listed above. These included:

- MGA binding a risk in a prohibited class under its binder, with the carrier suing the MGA after paying a large claim.
- MGA failing to disclose prior losses disclosed by broker but not recorded. The carrier alleges negligent underwriting after loss.
- Binder includes a key endorsement; issued policy omits it. Both the insured and broker sued the MGA after coverage dispute.
- MGA denies claim within delegated authority but misapplies exclusion. Insured sues MGA directly; carrier seeks indemnity.
- MGA delays remitting premium; the carrier alleges breach after insolvency event and sues MGA for fiduciary breach.
- MGA modified the terms of the policy at renewal and failed to notify the policyholder as per province-specific regulations. A later claim was denied because of this policy change.

Other Potential Risks

Beyond what may be gleaned from a review of Errors and Omissions experience, the following risks were also identified through conversations with regulators, industry participants and other stakeholders.

Financial Risks

Trust Funds: Capital preservation is a public risk posed by MGAs: regardless of formal role separation, premiums for bound policies ultimately flow to MGAs, making them responsible for remitting funds to carriers and, at times, brokerages. When these funds are mismanaged or misappropriated, carriers must either honor unpaid policies or leave insureds unknowingly uninsured, resulting in financial loss, reputational damage, and public harm.

Regulatory oversight of trust funds is inconsistent—only Newfoundland and Ontario require trust reporting, and Ontario 's (RIBO's) voluntary MGA licensing potentially leaves an unknown percentage of trust fund management largely unmonitored.

Fidelity protection: While not unique to MGAs, in any financial service there is the potential for deliberate mishandling of client money as well as fraud. As a matter of course, MGAs handle client premiums acting as a conduit between brokers (and their clients) and carriers. Recent experience in the sector has demonstrated that, while deliberate financial impropriety cannot always be prevented, there are steps that can be taken to mitigate against that risk. As an example, a fidelity bond (as required by RIBO) or consumer protection bond (as per Saskatchewan) can provide additional level of protection to clients. While the limits in place in both jurisdictions should be reviewed and updated, the concept has merit.

Solvency Risks: While again not unique to MGAs, there is value in demonstrating the financial security of an insurance intermediary. Capital requirements can help demonstrate viability and financial solvency of a business and provide some assurances to brokers, carriers and the customers they serve.

Cyber Risks: Most, if not all businesses (and arguably individuals) have some level of cyber exposure. MGAs are often technology driven businesses that potentially handle large amounts of sensitive and or personal data.

Recommendation: FTC MGA financial standards should include guidance relating to financial protections that are both compliant with provincial statutory minimums and appropriate to the nature of their individual MGA business. This would include trust funds, errors and omission insurance, fidelity bond (or equivalent), and maintenance of minimum working capital. The current RIBO requirements could be utilized as a template.

Recommendation: FTC MGA financial standards should include guidance relating to cyber insurance, including mandatory minimums and limits.

Product Development Risk

A consistent trait attributed to MGAs by stakeholders is the ability to be nimble. In context, this enables them to identify and or respond to the unique needs of insureds through the development of responsive insurance products. Product development should only be done in alignment with authorities delegated by insurers, and with carriers' FTC obligations. Failure to do so would potentially expose the client, the broker that serves them and the insurer under whose authority the MGA is operating.

Recommendation: Through oversight of the contracts that establish delegated authorities to MGAs, carriers are expected to ensure compliance with the terms of these contracts. FTC MGA standards for the Designated Individual should include documented process for ensuring underwriters and other applicable staff are aware of and act within those authorities as a matter of course.

Marketing Risks

MGAs market insurance products by making claims about coverage, suitability, and cost on behalf of insurers. In sales situations, brokers often rely on these claims to help their clients choose MGA products. Problems occur if these representations are incorrect, whether intentional or not, as this can leave insureds, brokers, MGAs, and carriers vulnerable.

Recommendation: FTC MGA standards should include guidance relating to the accurate representation to the broker of policy coverages.

Confidentiality/ Privacy Risks

Brokers take information from clients (that they are obligated to protect) and use this information for the purpose of obtaining coverage for their clients. A violation of this precept could result in regulatory investigation and potential prosecution of the broker.

MGAs, who are provided yearly with a great number of applications containing confidential information from hundreds of sources, should be subject to appropriate ethical and legal obligation with respect to the disclosure and use of such information.

Commercial Conduct Risks

Recommendation: FTC MGA standards should include guidance on appropriate confidentiality and privacy standards, consistent with those imposed on other intermediaries to ensure client information is protected. This should include guidelines relating to the use, sharing, safe maintenance and destruction of that information as well as cyber protection.

To the extent that Codes of Conduct for insurance licensees exist across the country,¹⁴ these standards may not fully reflect the unique activities of MGAs. As a result, there may be an inconsistent expectation of acceptable professional standards of behavior for

¹⁴ These include, for example, Registered Insurance Brokers of Ontario, Insurance Council of British Columbia, Chambre de l'assurance de dommages (ChAD), Alberta Insurance Council and the Insurance Council of Manitoba.

the MGA sector. While CAMGA itself has adopted a [Code of Ethics](#) for its members, comparable standards introduced by regulators would achieve a much higher degree of enforceability.

MGA-specific commercial standards could include, for example:

- Marketing of their products and services
- Representation of coverage
- Disclosure of commissions and fees
- Disclosure of Letters of Authority
- Documentation/ Maintenance of books and records
- Solicitation of brokers
- utility of applications
- communication of coverage binders and delivery of policies
- standards for notice of cancellation or non-renewal

Recommendation: That CISRO, CAMGA and other stakeholders as required, develop and recommend for adoption by all CISRO jurisdictions an MGA-specific Fair Treatment of Customers Guidance. The development of 'fit for purpose' FTC MGA standards, ideally adopted on a national basis through CISRO/ CCIR, would help ensure that all sector participants understand expectations of professional behavior.

Competence

We have heard consistently that current licensing requirements for individual representatives (including Designated Individuals), and the generally accepted courses and exams, do not reflect (and barely include) the unique competencies required within a MGA. This is both a risk and an inefficiency as MGAs need to learn information that is often not directly relevant to their role within an MGA in order to pass the licensing exam, then add to that training to achieve success within the MGA. As an example, individuals within a MGA typically operate in the commercial realm, whereas the Level 1 or equivalent license exam has a large focus on, for example, personal automobile and homeowner coverage.¹⁵

With respect to Designated Individuals, licensing requirements that fail to reflect the nature of the MGA business represent a significant risk to effective governance and

¹⁵ We note that the Insurance Council of British Columbia's "[General Insurance Competency Framework](#)" articulates entry-to-practice competencies for general insurance salespersons, agents, and nominees (including persons working within an MGA). Where MGAs are referenced, the Framework largely does so in relation to their role within the distribution model - such as delegated authority, contractual arrangements, and relationships with agents and agencies - rather than as a comprehensive statement of the competencies that MGAs themselves should possess. It is not intended to be a definitive statement on MGA-specific competencies at this time.

oversight. Put another way, more focused requirements for licensing of a Designated Individual within an MGA along with clearly articulated oversight expectations would elevate effective oversight and governance of this sector.

A more directly on point pipeline for determining and developing the knowledge of that sector would better support enhanced professionalism and expertise.

Similarly, we are advised that there is a shortage of MGA-focused ethical and practical courses for licensed individuals with continuing education requirements. CAMGA recognizes the importance of ongoing learning and is prepared to work with regulators, sector participants and other stakeholders to develop and make available continuing education and other courses aimed at raising the training and professionalism of individuals in the MGA space.

Conflicts of Interest/ Disclosure

It was suggested to us that certain conditions could arise in jointly owned brokerages and MGAs, possibly leading to opportunities to *enhance* or *constrain* consumer access to the best available service or product. In particular, where broker referrals are made to an MGA that is wholly or partially owned by the same brokerage, conditions may exist that give rise to a conflict of interest. In such circumstances, appropriate transparency and disclosure of these relationships should be considered to ensure consumers are adequately informed, while also reinforcing that professionals operating within these roles continue to adhere to the duty of care and standards of conduct upon which their broker licensing is based.

Recommendation: FTC MGA standards should include guidance for disclosure of related parties at the time of quote.

Recommendation: FTC MGA standards should include guidance for the disclosure of the primary capacity provider to the MGA underwriting the risk to minimize delays in accessing coverage, potential lapses in coverage, and confusion in directing complaints.

Recommendation: Consideration should be given to requiring brokers in Ontario to only engage with licensed MGAs. This would help provide assurance to brokers that potential MGA partners meet minimum conduct and financial standards.

Part 8: MANAGING MGA RISK

A managing general agent regulatory model should result in:

1. Enhanced confidence in the sector
2. Protection of consumers, partners, and carriers from undue losses
3. Improved governance standards and operational excellence

Further, ensuing ‘right touch’ requires an assessment of the risks, including the nature of the ‘customer’ with whom MGAs interact, and identifying how best to respond to those risks without placing undue restrictions on a sector known and relied upon to be nimble and responsive to business and consumer needs. Finally, and to minimize regulatory inefficiencies, any model should be recognized by all provincial regulators, with a long-term goal of legislation that is consistent and aligned.

What follows is a consideration of the role of insurers, regulators and brokers in the oversight of MGAs.

Insurer Oversight

As MGA’s operate by and through an insurer’s delegated authority, insurers are expected to play a crucial oversight role. This has been articulated by both CCIR¹⁶ and OFSI¹⁷, effective May 2024, which requires federally regulated insurers to treat MGAs as third-party arrangements, ensuring they manage risks associated with outsourced underwriting, claims, and distribution. As a result, insurer/syndicate oversight and contractual controls are the dominant risk mitigants today, with insurers expected to act in a key oversight role.

As per [CCIR’s Guidance: Conduct of Insurance Business and Fair Treatment of Customers](#), insurers are expected to, **in deciding to delegate that authority,**

- have effective systems and controls in place and communicate clear strategies for selecting, appointing and managing arrangements with intermediaries as part of their overall distribution plan;
- conduct due diligence in the selection of intermediaries to ensure that they are authorized and have the appropriate knowledge and ability to conduct insurance business and, for distribution firms, have appropriate governance policies and procedures with respect to fair treatment of customers;
- have written agreements in place established in respect of their business dealings with each other, to clarify their respective roles and facilitate the achievement of expected outcomes in matters of fair treatment of customers”;
- “manage contracts, once in place, to ensure that intermediaries continue to be authorized and remain suitable to do business with them and are in compliance with their contract conditions”:

¹⁶ [CCIR Cooperative Review of Insurers’ Monitoring and Supervision of their Distribution Channels- January 2026.](#)

¹⁷ See footnote 13.

- ensure that “appropriate measures are taken to ensure that employees and representatives meet high standards of ethics and integrity, beginning at recruitment”.

Also as noted previously, expectations for insurance business practices vary by customer type, insurance product, and distribution method. The Guidance allows insurers and intermediaries to tailor their strategies and controls based on their activities, while ensuring compliance with regulations and achieving the desired customer outcomes.

This flexibility is important in determining appropriate oversight. MGA customers are regulated insurance professionals and the market for their products tend to be businesses with more complex needs. These important characteristics do not suggest that lesser oversight standards should be permissible but that different standards may be adopted that are more relevant for the various parties that are directly involved in and impacted by the insurance transaction.

While there is an expectation of insurer oversight of those MGAs to whom they have delegated authority, CCIR recently noted that “issues related to selection of distributors and representatives as well as supervision and control of distribution channels, distributors and representatives, were present in a large majority of the insurers covered by the mandate.”¹⁸ Their report shared “good practices to enhance fair treatment of customers business practices concerning distribution channels monitoring and supervision”. Without specifically commenting on those good practices, it is important to state that CAMGA’s recommendations are not intended to relive insurers of these responsibilities. Instead, the aim is to support insurers oversight efforts and the principles of fair treatment of customers through the adoption by intermediary regulators of an FTC Guidance specifically for MGAs that includes financial, conduct and governance standards.

We believe this approach would also align with Principles shared with us by the Insurance Bureau of Canada (“IBC”) relating to any potential evolution of MGA regulation. These Principles include:

- harmonization across jurisdictions
- judicious exercise of regulatory authority taking care to balance consumer protection with innovation and competition within the marketplace
- defining MGAs by the authority that the agent possesses
- balance regulatory oversight to the level of risk posed by the MGA, and:
- when considering “consumer protection”, consider the sophistication of the consumer and the extent of consumer interaction.

¹⁸ See footnote 15.

Oversight by Intermediary Regulators

As discussed previously, oversight of MGAs by provincial intermediary regulators is essentially identical to that of agencies and brokerages. Ontario aside, mandatory MGA licensing is largely occurring nationwide. Manitoba and PEI don't yet have corporate licensing, but the activities MGAs engage in triggers licensing requirements for the business entity and often the individual representatives within the business.

While two provinces, New Brunswick and Saskatchewan have taken the lead and license MGAs specifically, the requirements are generic to retail insurance agencies and not 'fit for purpose' for MGAs.

Ontario, through RIBO, has established a voluntary licensing process with some unique requirements and oversight activities designed to reflect unique qualities of an MGA. For example, the RIBO spot audit program now includes an MGA module used when auditing an MGA licensee. RIBO also has arguably the most robust financial requirements for intermediaries including mandatory errors and omissions insurance, fidelity bond, ongoing minimum capital requirements and biannual financial reporting.

Despite this, Ontario remains a concern as there is no legislated *mandatory* licensing. While we are advised that approximately 85 MGAs have chosen to license through RIBO, it is not clear how many MGAs are operating in Ontario without licensing, or with demonstrable financial and other controls. Viewed another way, in Ontario, there is no regulatory requirement that an insurer may only delegate authority to a licensed MGA, nor a requirement that a broker may only work with a licensed MGA.

So while there is licensing in place, it fails at this stage to be fully reflective of the attributes and needs of an MGA. They do not see themselves in the existing provincial licensing and oversight regime.

In addition to the lack of a consistent MGA-focused licensing approach, there are inefficiencies in existing licensing requirements. Renewal periods in various provinces do not align. Some licenses must be reviewed annually, others every two or three years. Forms and applications ask for largely similar information in different ways. Fixing that on a province-by-province basis is challenging, requiring in many instances statutory amendments. That said, if even a few provinces agreed to work together toward a common application/ renewal form, or a common licensing portal, significant improvements could be achievable. Collectively, we have a unique and rare greenfield opportunity to develop consistent oversight of MGAs today and introduce efficiencies for these firms across the country

Approximately 80% of CAMGA members who responded to our survey indicated support for regulatory audits that included both financial and conduct components. Such audits are not only valuable as a consumer protection tool for regulators, but they are also educational for MGAs in that they may identify concerns within the operations of the MGA before they become problematic. In that respect, they also support better governance and oversight. Were each jurisdiction to conduct such an audit, however,

there would be obvious inefficiencies. Regulatory audits (similar to what RIBO has in place) would be in addition to audits conducted by each insurer who has provided delegated authority to the MGA.

Recommendation: That CISRO or a subset of its members develop (with the support of CAMGA and other stakeholders) a regulatory audit program specifically for MGAs. These audits could be:

- conducted by a single regulator or an approved independent party and,
- shared with regulators in jurisdictions where the MGA is licensed.

Broker Practices in Dealing with MGAs

A third component, though not strictly regulatory in nature, is the role that brokers and agents play when working with MGAs. Like MGAs, brokerages operate utilizing contracts from an insurer that allows them to place business through that insurer.¹⁹ When placing business through an MGA, however, no such contract is consistently required. While due diligence would be expected from a brokerage and its Designated Individual in identifying MGA partners, we are advised that actual practices in this regard are inconsistent.

Under FTC principles, intermediaries are “responsible for the conduct of any employee or third party involved in the marketing, distribution or servicing of an insurance product.”²⁰ When considering whether to work with an MGA, we encourage brokers to exercise appropriate diligence. Items to consider could include:

- 1) Is the MGA licensed? This would demonstrate certain regulatory minimums have been met.
- 2) Is the MGA able to demonstrate financial viability?
- 3) Who is providing capacity?
- 4) What is the contract situation with capacity providers?
 - if by contract, how long is term and what notice term is there for changes
 - Is capacity on an offer and acceptance basis or does MGA have the binding authority
- 5) What is the level of expertise of the MGA?
- 6) What is the level of underwriting experience of the MGA?
- 7) Are wordings available ahead of time?
- 8) What is the insurance position of the MGA?
 - Does it maintain appropriate E and O coverage? Fidelity coverage? Etc.

¹⁹ The MGA, operating through delegated authority, has a duty to act in the best interest of their *markets*. Compare this to the duty of care of a broker being owed to their *customer* as per *Fine's Flowers Ltd. V. General Accident Assurance Co*, 1979 CanLIIDocs 127.

²⁰ See footnote 3.

By demanding certain business attributes of their MGA partners, brokers can help drive enhanced financial and conduct outcomes for that sector.²¹

²¹ We note that “Terms of Business Arrangements” or TOBAs are often used between brokers and MGAs, especially in the onboarding process, to clarify mutual responsibilities, including for example, the handling of premiums and confidentiality.

Part 9: ESTABLISHING STANDARDS FOR MGAs

MGAs operate in between *and* in service of two well-regulated, mature sectors of the insurance ecosystem...insurers and broker/ agents. While the previous section discussed the role of regulators, insurers and brokers in the overall oversight of MGAs, the MGA sector must engender confidence in itself through appropriate internal operations and effective governance. To that end, we note that CAMGA members have adopted a Code of Ethics. While this is effective as a statement of intent, more formal regulatory guidance would be both desirable and beneficial.²²

MGAs across the country are required to be licensed (or have had licensing made available to them as per Ontario), although other than in NB and Saskatchewan, that licensing is not MGA specific. In a survey conducted by CAMGA as part of this initiative, over two thirds of respondents supported more relevant professional standards for MGAs in Canada. Achieving these more relevant standards through amendments to provincial legislation, as with any legislative changes, would take a very long time. A more realistic shorter-term alternative would be to work with CISRO and other stakeholders to construct a fit for purpose Treating Customers Fairly Guidance for the MGA sector. In many ways, FTC Guidelines represent a common, national standard of expected behaviors for both insurers and intermediaries, and CCIR and CISRO continue to monitor and identify practices to better align activities with regulatory expectations. An MGA-focused FTC Guidance could be modeled on the existing Guidance's in place for insurers and intermediaries but *specifically* articulate and clarify expectations and accountabilities for MGAs when working with brokers and insurers to the benefit of insurance consumers.

FTC Guidance for MGAs

An FTC Guidance for MGAs should be constructed around what CISRO has already identified as “Principles of Conduct” for intermediaries²³:

- Compliance: Adhere to all applicable laws, regulations, and codes.
- Customers' Interests: Place the interests of customers ahead of the intermediary's own, throughout the product life cycle.
- Conflicts of Interest: Identify, manage, and disclose actual or potential conflicts.
- Advice: Provide suitable, objective, and accurate advice based on client needs.

²² CAMGA stands prepared to amend its Code to match the evolution of regulatory expectations.

²³ See footnote 3.

- Disclosure: Offer clear, fair, and timely information to enable informed decisions.
- Product/Service Promotion: Ensure promotions are fair and not misleading.
- Claims/Complaints Handling: Manage disputes and claims in a timely and fair manner.
- Confidentiality/Privacy: Protect customer information and use it only with consent.
- Competence: Maintain appropriate professional knowledge through training.
- Oversight: Properly oversee employees and third parties.

To particularize these to the MGA sector, it is appropriate to consider the MGA risks outlined earlier in this paper and determine desirable outcomes that respond to both the risks and the ‘principles of conduct’ above. Similarly, a ‘right touch’ approach should also be considered as should, as noted by the IBC, the comparative sophistication of the typical MGA customer. The potential economic impact on P&C MGAs of additional compliance should also be borne in mind, including the potential for disproportionate impact on large vs. small/ niche players.

In its survey of members, numerous items were referenced that should be considered in developing financial and conduct standards for MGAs, including:

- Other than the DI, is there a need within an MGA for individual licensing?
- Under what circumstances, if any, may the MGA interact directly with the consumer?
- Specific requirements for the maintenance and reporting of trust funds.
- Appropriate types and limits for insurance, including errors and omission, cyber and fidelity.
- Qualifications and responsibilities of the DI.
- Requirements relating to disclosure of capacity.
- Conduct and financial audits.
- Controls and disclosure relating to common ownership between brokers, insurers and MGAs.

Recommendation: MGAs adopt and publish an annual Statement of Compliance with any future FTC MGA Guidance, signed by the Designated Individual and other business principals, as appropriate. In addition, the MGA should adopt compliance policies and procedures that align with any future MGA FTC Guidance.

Recommendations: Insurers and brokers integrate a request for this Statement of Compliance into their due diligence in determining whether to partner with an MGA.

The Role of a Designated Individual within an MGA

A key element of ensuring compliance, either with regulation or market expectations is identifying accountabilities. As previously noted, while licensed intermediaries, including MGAs, are already required to appoint a Designated Individual the required qualifications are largely generic and not reflective of any unique oversight required by an MGA.

In its recent report²⁴ CCIR published key recommendations for insurers regarding the supervision and monitoring of distribution, distributors and representatives:

- Clearly define roles and responsibilities for the supervision of distributors and representatives;
- Enhance or implement formalized processes and mechanisms for supervising distributors and representatives in order to incorporate elements relating to FTC;
- Formalize processes for following up on recommendations issued to distributors and representatives;
- Formalize and clearly communicate their FTC expectations to distributors regarding the supervision of representatives;
- Formalize and clearly communicate their expectations to their distributors regarding information relating to customer complaints and dissatisfactions regarding insurers' products or their distribution;
- Formalize processes for reporting between the insurer and its distributors;
- Implement robust controls to ensure that their expectations regarding the supervision of representatives are being met.

These can be adapted to reflect the expected oversight by a Designated Individual of an MGA, essentially serving as template job description to be particularised to the individual business model of the individual MGA. For example, the DI's oversight responsibilities could include:

Marketing-ensuring truthful policy descriptions would protect all parties and promote professionalism in the industry.

Confidentiality- as MGAs handle large volumes of confidential client information ensuring controls are in place to safeguard confidentiality.

Compliance with Commercial Conduct Standards-ensure the activities of employees align with FTC Guidance and any other standards adopted by the firm. This would help

²⁴ See footnote 15.

integrate safeguards relating to, for example, advertising, commissions, fund handling, broker solicitation, application processing, and policy delivery.

Financial Compliance-as above, but with a focus on ensuring trust accounts are maintained in accordance with regulatory standards²⁵ and ensuring that requisite insurance policies are in place and limits remain relevant to the business.

Supervision of MGA Employees: Ensuring competence of staff through documented hiring procedures and through ongoing training relevant to the operation and the individual's role within it.

Monitoring of Delegated Authorities from Insurers: Ensure all aspects of delegation are understood and complied with by the relevant MGA staff. Ensure responsiveness and preparedness to insurer and regulatory audits.

Recommendation: As a means of achieving common expectations for MGAs, CISRO and or its member jurisdictions should develop and adopt MGA specific qualifications for Designated Individuals as well as supervision expectations for the DI of an MGA.

²⁵ Also consider standards that align with Generally Accepted Accounting Principles ("GAAP").

Part 10: A CO-ORDINATED EFFORT: HOW CAMGA CAN WORK EFFECTIVELY WITH REGULATORS

For discussion and idea generation purposes, the following outlines potential ways CAMGA could collaborate with regulators and evolve its support offerings to MGA firms—to elevate professional standards, consumer protection, and to align with the objectives of regulators:

1. Standardization & Templates

- Develop and distribute standardized templates to promote consistency across the industry.
Example: A nationally recognized “Statement of Compliance” template used by all MGAs, creating clarity and consistency for insurers, brokers, and regulators.

2. Enhancing Competence Through Education

- Collaborate with regulators to define an MGA competency profile, particularly for Designated Individuals.
- Develop an ethics course eligible for CE accreditation (leveraging FTC MGA Standards).
- Create targeted courses aligned with regulatory learning objectives and assessment criteria for Designated Individuals.
- Establish a broader CE program tailored specifically to MGA professionals at all levels, increasing access to relevant, purpose-built education.

3. Supporting Insurer Oversight & Operational Efficiency

- Develop recommended guidelines to strengthen alignment and efficiency between MGAs and insurers.
Example: Guidance related to OSFI B-10 expectations.

4. Enabling a National MGA Audit Framework

CAMGA could play a meaningful “orchestrator” role within a provincial/national MGA audit framework—without stepping into any enforcement capacity:

- Create standardized audit templates, checklists, and reporting formats
- Work with CCIR, CISRO to align audit expectations across provinces to reduce duplication
- Establish a secure, centralized repository for compliance documentation
- Facilitate auditor calibration sessions to ensure consistent interpretation of requirements

- Provide structured feedback to regulators on unclear or inconsistently applied rules
- Act as a neutral convening body between regulators, auditors, and MGAs

Part 11: ACKNOWLEDGEMENTS

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Insurance Council of British Columbia

Insurance Council of Alberta

Insurance Council of Saskatchewan

Registered Insurance Brokers of Ontario

Autorité des marchés financiers

Financial and Consumers Services Commission of New Brunswick

British Columbia Financial Services Authority

Office of the Superintendent of Financial Institutions

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Michael Densham of Banyan Risk Ltd.

Deborah Moor of Navata Global

Robyn Beswick and Marijana Dabic of [ABEX Affiliated Brokers Exchange Inc.](#)

APPENDICES

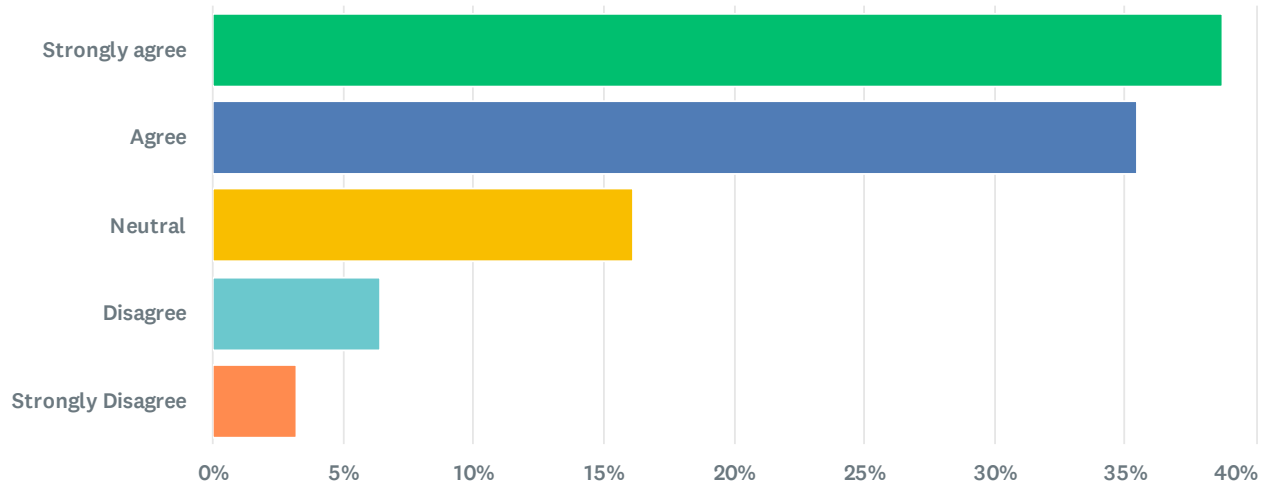
Appendix A: Summary of MGA Regulatory Requirements

Jurisdiction	Business License	Individual License for MGA Employee	DI/DR	E & O	Fidelity (or equivalent)
British Columbia	Agency	yes	yes	yes	no
Alberta	Agency	yes	yes	yes	no
NWT	Agency	yes	yes	yes	no
Saskatchewan	MGA	yes	yes	yes	yes
Nunavut	Agency	yes	yes	yes	yes
Yukon	Agency	yes	yes	yes	no
Manitoba	N/A	yes	yes	yes	yes
Ontario/ RIBO	Brokerage*	no	yes	yes	yes
Quebec	Agency/ Brokerage	no	yes	yes	yes
New Brunswick	MGA	no	yes	yes	yes
Nova Scotia	Agency	yes	yes	yes	yes
PEI	N/A	yes	yes	yes	no
Newfoundland	Yes	yes	yes	yes	yes

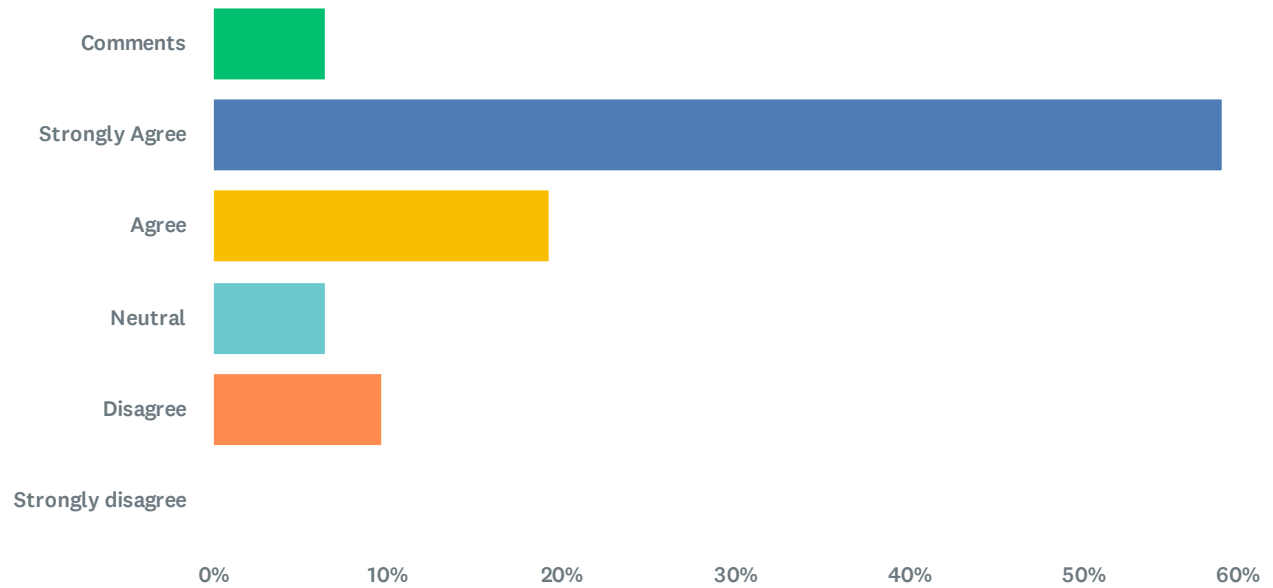
*Licensing is voluntary

Appendix B: CAMGA Member survey

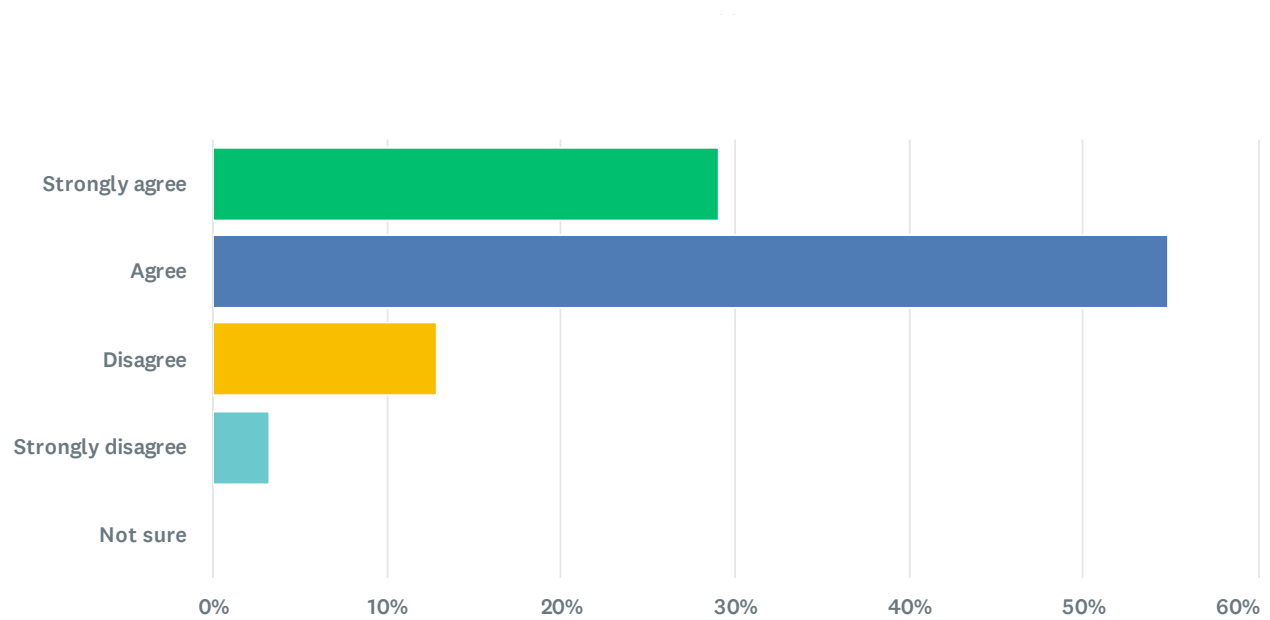
Q1 To what extent do you agree with the following statement: “There is a need for more relevant professional standards for MGAs in Canada.”



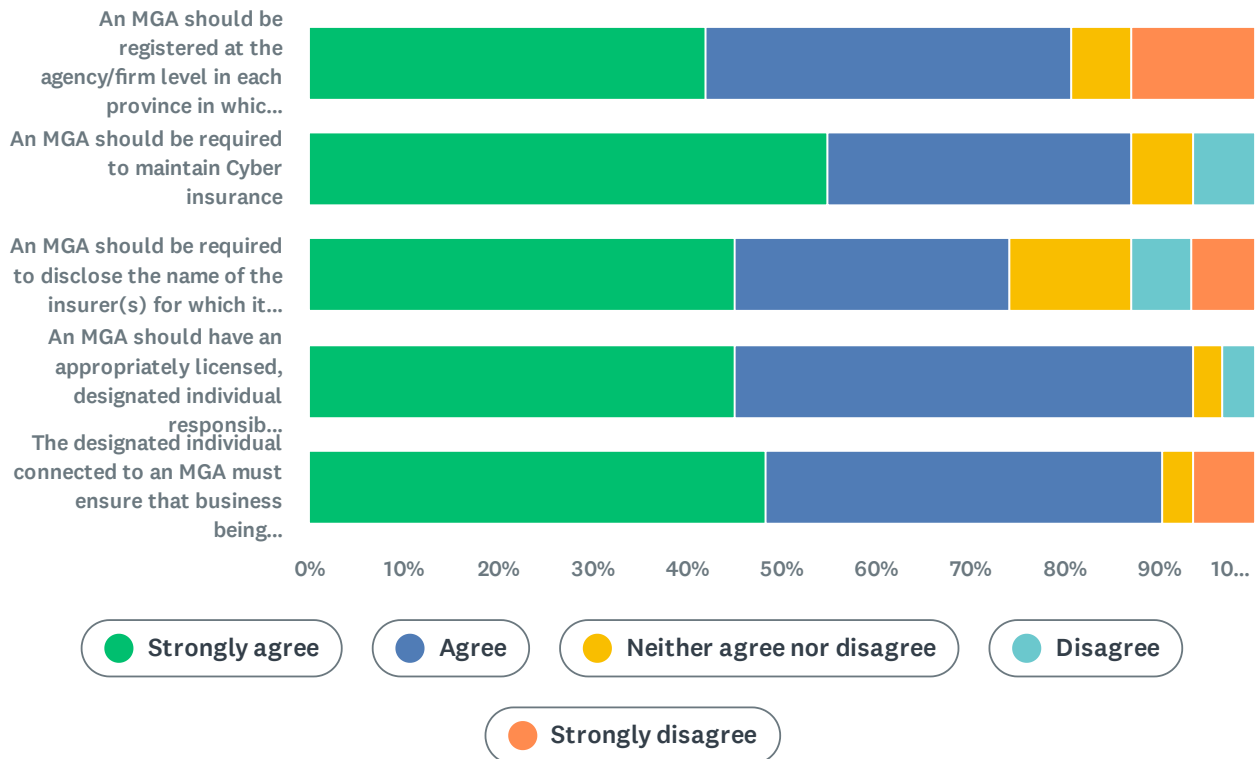
Q2 To what extent do you agree with the following statement regarding consistency and coordination across all Canadian provinces: "Greater alignment around national MGA regulatory standards would improve efficiency."



Q3 When having discussions with regulators, CAMGA needs a definition of an MGA. Do you agree with CAMGA's proposed definition of a Managing General Agent (MGA)? The definition was sent to you in the original email.



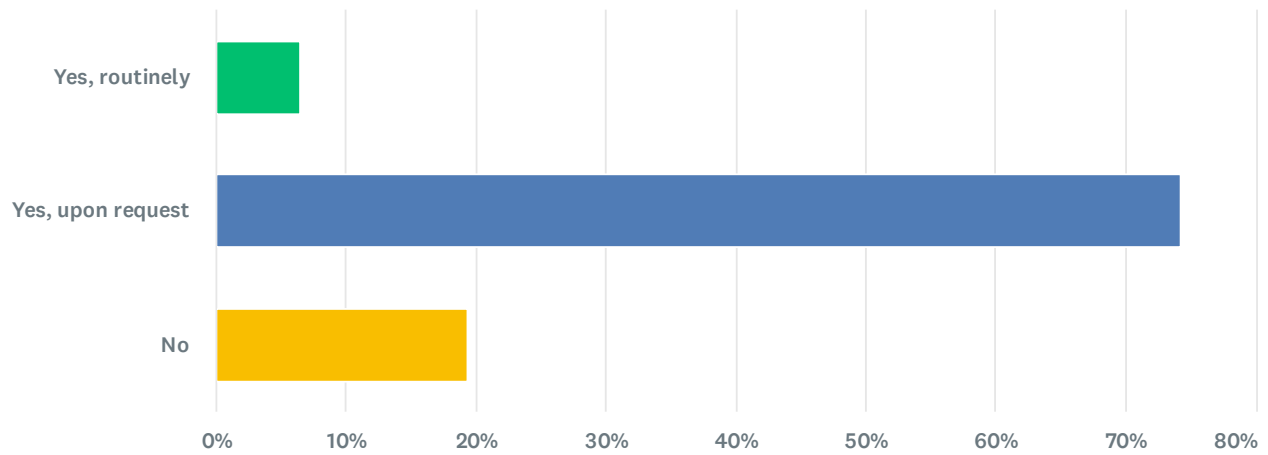
Q6 Please indicate your level of agreement with the following statements:



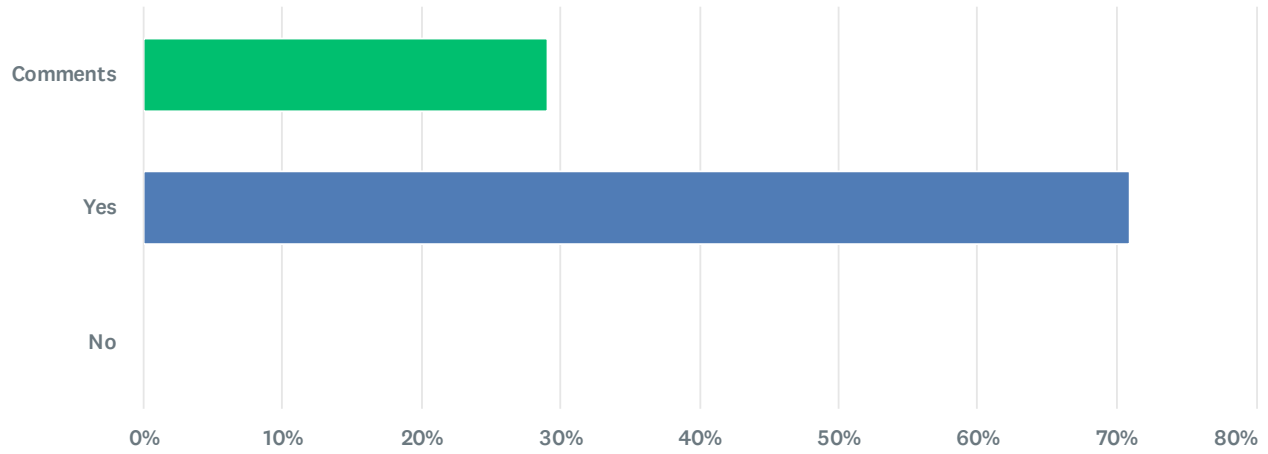
Q7 The following regulatory standards are currently in place today at the retail broker level. Should these regulatory standards also apply to MGAs?



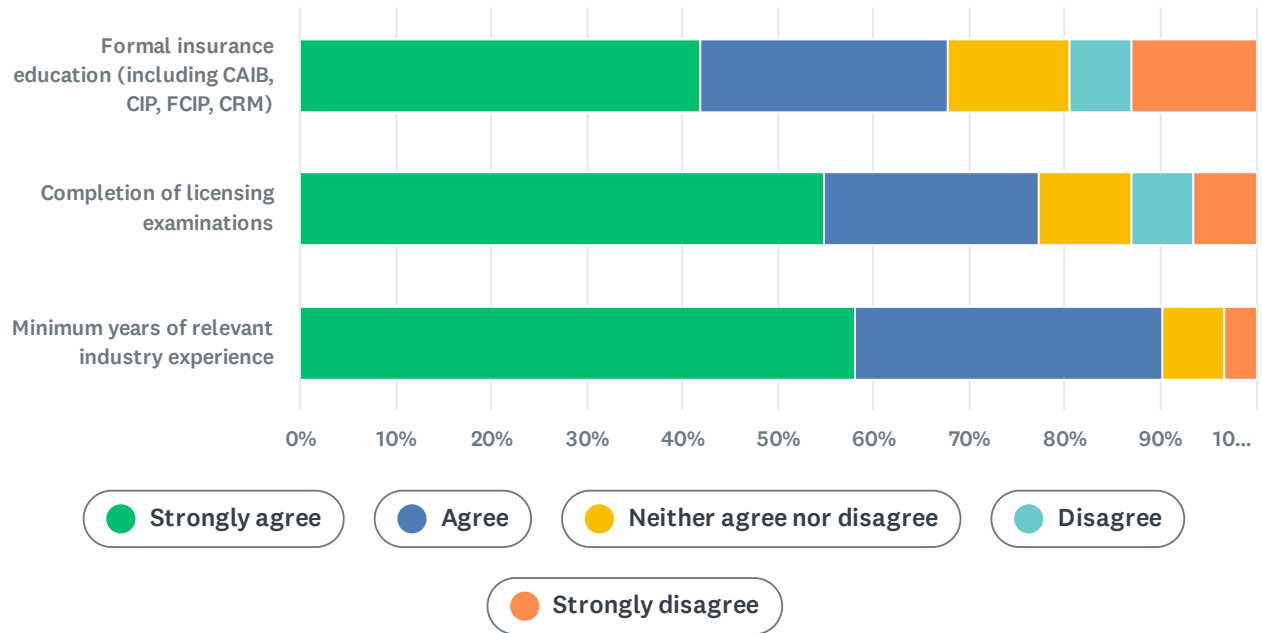
Q8 Do you provide a Letter of Authority (LOA) to your broker/agent partners confirming your authority to underwrite on behalf of an insurer?



Q9 Would you provide an LOA if requested by a broker or agent?



Q10 In your opinion, appropriate qualifications for the Designated Individual (or supervisory Principal role) of an MGA should include:



Q11 Are there roles within a typical MGA that should require individual licensing?

