Financial Services
Commission
of Ontario

Agency Business Plan

2014-17

Executive Summary

This Agency Business Plan (ABP or the Plan) sets out the Financial Services Commission of Ontario's key strategies for achieving its goals during the period of 2014-2017.

The Financial Services Commission of Ontario (FSCO) is accountable to the Minister of Finance. Established under the *Financial Services Commission of Ontario Act, 1997* (FSCO Act), FSCO regulates insurance companies and agents; pension plans; loan and trust companies; credit unions and caisses populaires; mortgage brokerages and administrators; and co-operative corporations in Ontario.

Section 1 of the Agency Business Plan sets out FSCO's Mandate, Vision, and Core Values. FSCO's mandate is to provide regulatory services that protect the public interest and enhance public confidence in the regulated sectors. Section 1 includes background about the key statutes that are administered by FSCO. It also provides an overview of FSCO's governance framework, and the roles and responsibilities of its three-part structure: the Commission, the Chief Executive Officer/Superintendent of Financial Services and Staff, and the Financial Services Tribunal (FST). This section also introduces FSCO's three Core Business Areas: Regulatory, Program Delivery, and Enabling Functions.

Section 2 presents the Environmental Scan, which outlines factors that will affect FSCO's ability to fulfill its legislative mandate. Externally, low interest rates and relatively slow economic growth continue to impact Ontario's economy; and FSCO anticipates these factors will persist in the future. Major regulatory trends impacting financial services include integrating international regulatory changes, establishing harmonization across jurisdictions, and continuing initiatives to modernize legislation and regulations.

Internally, FSCO continues to work with government-wide staffing constraints and limited resources. As FSCO has been directed to implement a number of government priorities (including regulating the business practices of health service providers that invoice auto insurers), resourcing challenges have become more prominent.

Section 3 outlines FSCO's strategic plan, its vision, priorities and outcomes along with FSCO's performance management framework. FSCO's plan addresses four broad strategies:

- Mitigation of market and organizational risks;
- Focus on efficiency, effectiveness, and transparency;
- Improvements to communication, engagement, and knowledge-sharing with staff and stakeholders; and
- Application of national harmonization programs.

FSCO measures success in relation to its ability to achieve its overarching mandate of providing regulatory services that protect the public interest and enhance public confidence in the regulated sectors. FSCO developed performance metrics as indicators of FSCO's success. Key measures are its evaluation of targeted industry compliance, consumer satisfaction, consumer complaints resolution, and adherence to all FSCO and OPS service standards.

Section 4 summarizes FSCO's projects and initiatives over the three-year planning horizon. This section also defines FSCO's accomplishments attained in 2013-2014.

FSCO recognizes its role to provide consumer protection and support a healthy and competitive environment within the financial services industry. The regulated financial sectors look to FSCO for appropriate and efficient regulatory activities and effective risk-based strategies.

FSCO's major initiatives include:

- The Enterprise Development Project is a stakeholder relationship computer system that will improve customer service and provide an enhanced platform for information sharing. This will help FSCO better manage risks and improve service delivery.

- As part of the automobile insurance cost- and rate-reduction strategy outlined in the 2013 Ontario Budget, the Ontario government will focus on reducing fraud within the automobile insurance sector. Beginning in 2014-15, FSCO plans to regulate (through licensing) the business practices of health service providers who invoice auto insurers. Also, FSCO is addressing several recommendations made by the Auto Insurance Anti-Fraud Task force in the areas of fraud prevention, detection, investigation and enforcement, and regulation.

- FSCO has launched an enterprise-wide project to implement risk-based approaches, beginning with the development of a strategic framework. The framework draws on best practices from all areas and integrates them into a common approach.

- FSCO will use the services of a private dispute resolution provider to assist with the high volume of arbitration files.

Sections 5 and 6 provide information on the Financial Services Tribunal (FST) and the Motor Vehicle Accident Claims Fund (MVACF). These sections include information on vision statements, strategies, and priorities.

Section 7 sets out the resources that FSCO needs to achieve its outcomes. This section includes information on staff resource requirements, as well as spending authority and budget appropriation information.

Section 8 provides a summary status report of FSCO's Risk Mitigation Plan (RMP). The RMP includes key controls and action plans, as well as a monitoring framework to mitigate FSCO's ten corporate risks.

Section 9 presents the Human Capital Plan, which addresses various strategies, objectives, and initiatives for human resources.

Section 10 outlines FSCO's Information Technology (IT) priorities, and the status of initiatives in which IT is actively involved.

Section 11 outlines FSCO's Communication Plan. Communication is central to FSCO's ability to fulfil its mandate and mission. FSCO's communication initiatives are strategically tailored to supplement its regulatory activities.

From 2014 to 2017, FSCO will be undertaking the above strategies to achieve its key goals.

John M. Solursh
Chair, Financial Services Commission of Ontario
Chair, Financial Services Tribunal

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services
Financial Services Commission of
Ontario

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1 Description of the Commission

The Financial Services Commission of Ontario (FSCO) is an integrated financial services regulator. It is an agency of the Ministry of Finance established under the *Financial Services Commission of Ontario Act, 1997* (FSCO Act). FSCO's role is to regulate various financial sectors within the Province of Ontario, including insurance; pension plans; credit unions and caisses populaires; mortgage brokering; loan and trust companies; and co-operative corporations.

1.1 Mandate

To Provide Regulatory Services that Protect the Public Interest and Enhance Public Confidence in the Regulated Sectors

FSCO's regulatory services are aimed at protecting consumers and pension plan beneficiaries, while supporting a healthy and competitive financial services industry.

FSCO advises the Minister of Finance (the Minister) on emerging issues, makes recommendations on legislative solutions to address those issues, and develops and establishes regulatory policies and administrative procedures.

1.2 Statutes/Regulations

FSCO has overall accountability for effective administration of the following provincial statutes and related regulations listed in the table below.

Legislation	Description
Financial Services Commission of Ontario Act, 1997	This act establishes the Commission and Financial Services Tribunal. It sets the overall mandate for the CEO/Superintendent and Financial Services Tribunal, as well as certain core operational powers and responsibilities. It also provides the means of funding the Commission's operations through regulated sector assessments.
Insurance Act	This act defines insurance as a legal contract and establishes requirements for the licensing of those in the business of insurance.
Compulsory Automobile Insurance Act	This act sets out the requirements for all drivers of automobiles and other motorized vehicles in Ontario, requiring that they be insured and carry proof of insurance whenever driving. The act also establishes the Facility Association as the provider of automobile insurance to drivers who cannot otherwise obtain coverage.
Automobile Insurance Rate Stabilization Act, 2003	This act complements the *Insurance Act*, and establishes controls for auto insurance rate filings.

Legislation	Description
Registered Insurance Brokers Act	This act is administered by the Registered Insurance Brokers of Ontario (RIBO). FSCO's responsibility under this act is to conduct an annual examination of RIBO and report the results to the Minister of Finance.
Prepaid Hospital and Medical Services Act	This act sets out the requirements for registration of non-profit associations that offer medical benefit plans in Ontario, of which there are only three.
Motor Vehicle Accident Claims Act	This act sets up the Motor Vehicle Accident Claims Fund (MVACF or the Fund), which provides compensation to people injured in automobile accidents when there is no automobile insurance to respond to the claim. Where permitted under law, the Fund also acts to recover on claims payments from the owners and drivers of uninsured vehicles.
Co-operative Corporations Act	This act defines what a co-operative is, deals with its corporate charter, and establishes rules for how co-operatives must operate with regard to membership, governance, finance, and sale of co-operative securities.
Credit Unions and Caisses Populaires Act, 1994	This act sets out the framework for regulating Ontario's credit unions and caisses populaires. It deals with the corporate charter and establishes rules related to their membership, governance, business powers, and market conduct pertaining to members and to the general public. The act also sets out rules regarding solvency; the Deposit Insurance Corporation of Ontario (DICO), an agency of the province, is responsible for overseeing those rules.
Loan and Trust Corporations Act	This act permits only federally incorporated loan and trust corporations that wish to conduct business in Ontario to register with FSCO, and prohibits unregistered loan and trust business.
Mortgage Brokerages, Lenders and Administrators Act, 2006	This act sets out the requirements for licensing and market conduct, as well as the different categories of licences, for those in the mortgage broker industry.
Pension Benefits Act	This act sets out minimum standards for administering and funding pension plans and benefits that are subject to the *Pension Benefits Act* (PBA). The PBA also includes requirements for administering such pension plans in accordance with the requirements of the PBA and its regulations, the provisions of the plan documents and all relevant legislation, including the federal Income Tax Act, and provincial pension legislation.

1.3 Vision and Core Values

Vision

To be an effective regulator that protects the public interest and supports a strong financial services sector.

Core Values

Professionalism
Strive to achieve the highest standards of behaviour, competence, and integrity in the workplace.

Fairness
Strive to deal with stakeholders in an even-handed and transparent manner and to 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 all endeavours.

Respect
Value and treat individuals with respect and dignity.

Teamwork
Work together as a team in serving consumers, the government, and stakeholders.

In addition to living up to FSCO's vision and core values, FSCO employees embrace the organizational values of the Ontario Public Service (OPS), which are: Trust, Fairness, Diversity, Excellence, Creativity, Collaboration, Efficiency, and Responsiveness. FSCO is also committed to working towards the goals outlined in the OPS Inclusion Strategic Plan. FSCO will be re-launching its diversity program with a focus on inclusion.

1.4 Governance Framework

FSCO has a strong corporate governance framework in place to ensure that it provides effective regulatory services. FSCO also adheres to applicable Ontario Public Service corporate directives and policies.

The FSCO Act establishes the Commission and the Financial Services Tribunal (FST or Tribunal). The FSCO Act also sets FSCO's mandate in regulating the financial services industry; sets out the fundamental principles that the Commission must apply in overseeing the administration and enforcement of the act; and outlines the Commission's basic governance and accountability structure. FSCO complies with the Agency Establishment and Accountability Directive (AEAD). The AEAD lays out the accountability framework governing agencies.

A Memorandum of Understanding (MOU) is in place between the Minister, the Commission, and the Tribunal. The MOU is updated every five years or more frequently, as required, and outlines the accountability framework between the Minister and FSCO. The MOU also establishes tools for governance and accountability, and explains roles, relationships, and mutual expectations of the Minister and FSCO. The current MOU expires on January 14, 2015.

1.5 Financial Accountability

As an agency, FSCO is allocated an annual spending authority through the government resource planning process, based on its organizational needs and government priorities. FSCO's annual spending authority is established under Section 15 of the *Financial Administration Act,* which states that all costs must be recovered within the fiscal year. The Commission recovers its costs through revenue assessments and fees charged to entities that form part of the regulated sectors. FSCO files quarterly reports with MOF on its spending.

FSCO's Audit and Risk Committee (ARC) helps the CEO/Superintendent discharge his responsibilities related to financial affairs and risk management.

1.6 Organizational Structure

As legislated by the *FSCO Act*, FSCO has a three-part structure:

- The Commission
- The Financial Services Tribunal
- The CEO/Superintendent of Financial Services and Staff

1.6.1 The Commission

The Commission reviews and approves FSCO's key initiatives, strategic direction, and accountability documents, including internal documents such as the Statement of Priorities and Annual Report. The Commission is composed of five members:

- **Chair** John Solursh is appointed by the Lieutenant Governor in Council under the *FSCO Act*. The Chair also serves as the Chair of the Financial Services Tribunal.

- **Vice-Chairs** Florence A. Holden and Elizabeth Shilton are appointed by the Lieutenant Governor in Council under the *FSCO Act*. The Vice-Chairs also serve as the Vice-Chairs of the Financial Services Tribunal.
- **CEO/Superintendent** Philip Howell is appointed as Superintendent of Financial Services under the *Public Service of Ontario Act, 2006* (PSOA), and is also FSCO's Chief Executive Officer.
- **Director of Arbitrations** Tom Golfetto is responsible for the automobile insurance dispute resolution system, and is appointed by the Lieutenant Governor in Council under the *Insurance Act*.

1.6.2 The Financial Services Tribunal

The Financial Services Tribunal (FST or Tribunal) is an independent, adjudicative body that has exclusive jurisdiction to exercise powers conferred on it by the *FSCO Act* and other legislation. FSCO provides the FST with supporting staff, space, information technology resources, and financial funding. In addition to the Chair and the two Vice-Chairs of the FST, the *FSCO Act* requires the Lieutenant Governor in Council to appoint at least six and no more than twelve persons to the Tribunal.

1.6.3 The CEO/Superintendent of Financial Services and Staff

The CEO/Superintendent of Financial Services administers and enforces the *FSCO Act*, as well as all other acts that govern the regulated sectors. FSCO's staff members, who are all public servants under the *Public Service of Ontario Act, 2006* (*PSOA),* report directly or indirectly to the CEO/Superintendent. For the fiscal year 2014-15, FSCO has a total approved Full-Time Equivalent (FTE) limit of 511 (including MVACF). For more information, see FSCO's organizational chart in Appendix A.

1.7 FSCO's Core Business Areas

1.7.1 Regulatory Functions

FSCO's Regulatory Functions include the following areas:

- Applications & Filings
- Licensing & Registration
- Monitoring & Compliance
- Enforcement & Intervention
- Regulatory Policy
- Regulatory Coordination

As of February 26, 2014, FSCO has licensed or registered:

- 339 insurance companies
- 47,929 insurance agents
- 5,096 corporate insurance agencies
- 1,804 insurance adjusters
- 1,180 mortgage brokerages
- 113 mortgage administrators

- 2,618 mortgage brokers
- 10,020 mortgage agents
- 7,524 pension plans
- 124 credit unions and caisses populaires
- 53 loan and trust corporations
- 1,795 co-operative corporations

1.7.2 Program Delivery Functions

FSCO carries out its Program Delivery Functions through the following groups:

- Dispute Resolution Services (DRS)
- The Pension Benefits Guarantee Fund (PBGF)
- The Motor Vehicle Accident Claims Fund (MVACF)

1.7.3 Enabling Functions

FSCO’s Enabling Functions are carried out through the following groups:

- Corporate Resources
- Information Technology
- Planning
- Legal Services
- Communications

2 Environmental Scan

2.1 External Factors Impacting FSCO

This section provides an overview of the range of factors that can significantly impact business sectors that FSCO regulates. Some economic factors affect all sectors, while others affect a particular sector only.

2.1.1 The Economy

The broad economic factors that impact all FSCO-regulated sectors include Canadian interest rates, domestic and U.S. economic growth, inflation, and financial markets' performance. These factors can affect consumer demand, company borrowing costs, and investment returns. Continued low interest rates and moderate economic growth are forecasted for the next few years, which could put additional pressure on company profits and pension fund returns.

2.1.2 Consumer Behaviour

There is a noticeable increase in the type and volume of financial transactions conducted over the internet and on mobile devices. The convenience and efficiency of technological advances, particularly in the area of social media, have provided consumers with easier access to information and channels of communication, and enabled organizations to increase their public outreach.

2.1.3 Regulatory Environment

The regulatory environment is evolving to focus on compliance with international standards. The International Monetary Fund (IMF) completed its five-year Financial Sector Assessment Program (FSAP), which measured FSCO's adherence to the Insurance Core Principles (ICPs) as established by the International Association of Insurance Supervisors (IAIS). A key conclusion stemming from the assessment include declaring FSCO is constrained by limited resources and requires a sufficient amount of resources to handle the size of Ontario's marketplace[1].

Together with MOF, FSCO will need to take the appropriate steps to address any gaps between international standards and law/regulatory practice in Ontario.

2.2 Internal Factors Impacting Government and FSCO

In addition to external factors, a number of internal factors can impact the government and FSCO.

2.2.1 Ontario Public Service

The OPS is facing ongoing FTE and financial constraints. Changes in government policies that govern the financial sectors (as well as the actions of other provincial regulators) have an effect on FSCO and government operations.

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[1] Source: International Monetary Fund IMF Country Report No.14/30. "Canada: Report on the Observance of Standards and Codes", International Monetary Fund, February 2014

2.2.2 FSCO Specific Factors

In February 2014, the government's review of Ontario's Automobile Insurance Dispute Resolution (DR) System was completed; and a final report was published with recommendations on reforming FSCO's Dispute Resolution Services. On March 4, 2014, the government introduced legislation that, if passed, would move the administration of the dispute resolution system from FSCO to the Ministry of the Attorney General's Licence Appeal Tribunal.

Staff from the Office of the Auditor General of Ontario (OAGO) are on-site at FSCO to conduct a value for money audit in the Pensions and Licensing and Market Conduct Divisions. The audit began in December 2013 and is expected to last four to six months. The purpose of the audit is to assess management's administration of programs, activities and systems including major information systems and financial controls. FSCO will be required to implement recommendations resulting from this audit.

FSCO will continue to be challenged by the combination of operational demands and resource constraints, particularly with several ongoing initiatives that will have significant long-term organizational impacts.

To ensure it has the capacity to respond to new priorities, FSCO will need to focus on efficient operations and business processes; and on staff innovation. It is likely that FSCO will occasionally need to procure consulting services and other forms of temporary staff support.

3 Strategic Planning and Performance Management

The ability to link longer-term strategy and day-to-day operations requires (a) an understanding of FSCO's goals and (b) the application of an integrated business planning cycle that combines corporate, divisional, and individual planning elements.

3.1 Strategic Intent

FSCO has structured its strategy to align business planning with statutory obligations. The high-level goals set out by FSCO's mandate, vision, and priorities are translated into four broad strategies that focus on a cross-section of improvement programs. These strategies include:

- Mitigation of market and organizational risks;
- Focus on efficiency, effectiveness, and transparency;
- Improvements to communication, engagement, and knowledge-sharing with staff and stakeholders; and
- Application of national harmonization programs.

FSCO strives to achieve a balanced focus through the Stakeholder, Accountability and Performance, Internal Process, and Organizational Capability outcomes.

3.2 FSCO's Measures of Success

FSCO measures success in relation to its overarching mandate of providing regulatory services that protect the public interest and enhance public confidence in the regulated sectors. Key indicators of FSCO's success in this dimension can be found in its evaluation of targeted industry compliance, consumer satisfaction, consumer complaints resolution, and adherence to all FSCO and OPS service standards.

In addition to this dimension, FSCO's performance measures gauge the effectiveness and efficiency of its operations in supporting delivery of statutory objectives. This encompasses operational procedures that improve the timeliness of actions taken. It also encompasses measures associated with (a) organizational development and (b) maximizing the effectiveness of technology.

Strategy Map

Vision	**To be an effective regulator that protects the public interest and supports a strong financial services sector**
Priorities	**Risk Based Delivery** **Continuous Service Improvement** **Foster a Coordinated National Approach to Regulatory Issues**

	Stakeholder	**Accountability & Performance**	**Internal Process**	**Organizational Capability**
Strategies	Review recommended changes to better mitigate risk	Increase efficiency, effectiveness, and transparency	Communicate, share knowledge, and engage staff and stakeholders	Coordinate with other Canadian regulators in the financial services industry
Strategic Outcomes	• Increase industry compliance • Enhance FSCO's Reputation • Increase Confidence in Financial Sector • Increase Perception of FSCO's Value-For-Money	• Risk Based Regulation • Fairness and Consistency • Timely Enforcement Action • Meet or Exceed Established Performance Standards	• Risk Based Approach • Increase Efficiency and Clarity of Processes • Increase Stakeholder Engagement	• Create an Organization & Culture Which Embraces Change • Create a Culture of Staff Engagement • Maximize Use of Technology for Greater Efficiency • Create a Culture of Learning, Knowledge, Sharing and Growth
FY2013-15 Corporate Outcomes	• Increased Target Industry Compliance With Legislation • Improve On-going Communication with Consumers • Increase Confidence In the Financial Sector • Improve Delivery of Priority Regulatory Services	• Improve Enforcement Action Timeliness • Meet or Exceed Established Performance Standards • Improve Transparency of Core Regulatory Functions	• Increase Transparency of Regulatory Functions	• Maximize the Effective Implementation of Technology • Improve Knowledge, Sharing, and Learning and Development
FY2013-15 Corporate Measures	• A measure of targeted industry compliance defined by in-year risk-based priorities across regulated sectors • A measure of survey responses aimed at assessing consumer perception along the dimensions of courtesy, timeliness, accuracy and accessibility • A composite measure along dimensions of trust through market compliance • A measure of our ability to deliver cost-effective and value-added services based on in-year priorities – current focus: dispute resolution services	• A measure focused on the timeliness of consumer dispute resolution • A measure of performance against published OPS common, and FSCO quality standards • A measure tracking publication of policies to the public in auto insurance examination guidelines and national harmonization efforts with our business partners • A measure tracking the variance between each division's forecasted and actual budget ensuring effective financial planning	• A measure tracking the status of the Enterprise Risk-based Approach Project	• A measure tracking the implementation of FSCO's Enterprise Development Project platform ensuring its delivery on-time, on-budget, and within defined scope • A measure of employees who have completed their required training, rolled-up as an aggregate of divisional training rates

3.3 Corporate Outcomes

FSCO's corporate outcomes, described in this section, span across the organization and drive all divisions toward a common set of objectives.

3.3.1 Increased Target Industry Compliance with Legislation

FSCO will continue to take a risk-based approach and take action where compliance rates are below 95 percent.

3.3.2 Improve Ongoing Communication with Consumers

Improving communication with consumers, stakeholders, and regulatory partners is a key part of FSCO's strategy. As an enabling function, communication is one of the tools FSCO uses to achieve its regulatory outcomes and to measure its success as a regulator. Collaboration with stakeholders is an important step in reducing risks and improving oversight of the financial services sector. This process involves a variety of tactics that provide FSCO with the flexibility to communicate with its diverse stakeholder base.

3.3.3 Improve Delivery of Priority Regulatory Services

With the mediation backlog eliminated, FSCO manages new incoming mediation files within prescribed timelines. Also, FSCO has taken steps to improve the delivery of arbitration services. In January 2014, FSCO issued an RFP to procure a vendor to provide assistance in handling the large volume of arbitration files.

3.3.4 Increase Confidence in the Financial Sector

This corporate outcome is linked directly to FSCO's legislative mandate. With a target of 88 percent (based on 80 percent satisfaction and 95 percent compliance), FSCO has taken a composite approach to the measurement of public confidence[2]. FSCO measures levels of trust through stakeholder satisfaction surveys and gauges recourse through its ability to improve compliance across the regulated sectors.

3.3.5 Improve Complaint Resolution Timeliness

FSCO will ensure 80 percent of consumer disputes are resolved within 75 days of receipt. This is the highest complaint resolution service level, by comparison, of any Canadian financial services regulator.

3.3.6 Meet Established Performance Standards

FSCO's service standards illustrate its commitment to quality and efficiency, and have been developed and published in consultation with key stakeholders.

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[2] Source: 2010 World Economic Forum. "The Future of the Global Financial System; Navigating the Challenges Ahead". Confidence in financial services markets is affected by a multitude of factors, many of which are outside of FSCO's control. The World Economic Forum describes confidence in the financial services sector based on the following (1) trust - consumers must be sufficiently confident that their expectations will be met; and (2) recourse - the ability to compel action through a regulatory body.

For a full listing of FSCO's service standards, please visit the *Who We are/Service Standards* page at http://www.fsco.gov.on.ca.

3.3.7 Improve Transparency of Core Regulatory Functions

To improve transparency in within its regulatory functions, FSCO has introduced a budgetary measure to track the variance between each division's forecasted and actual budget. All divisions will be required to ensure a variance of less than 4 percent annually.

3.3.8 Maximize the Effective Implementation of Technology

One of FSCO's key initiatives is the design and implementation of a new stakeholder relationship computer system through the Enterprise Development Project (EDP), aimed at improving access to information and use of business intelligence to enable informed decision-making. The first phase of EDP will be launched in May 2014..

3.3.9 Improve Knowledge Sharing and Learning and Development

FSCO will ensure that 100 percent of employees complete their mandatory and select technical training in 2014-15. Faced with rapid and constant changes, the increased complexity of FSCO's business requires a more focused and strategic approach to managing learning and development. To address this, FSCO has rolled-out a three-year corporate training curriculum.

4 FSCO's Core Business Areas

FSCO's Operational Outcomes are supported by FSCO's core business areas. They are as follows:

1. Regulatory Functions;
2. Program Delivery Functions; and
3. Enabling Functions.

4.1 Regulatory Functions

4.1.1 Key 2013-14 Regulatory Functions Activities & Accomplishments

Regulatory Policy Initiatives

Work With the Ministry of Finance to Implement a Cost and Rate Reduction Strategy For Auto Insurance

FSCO continued to implement strategies to reduce costs in the auto insurance system. FSCO updated its policies and procedures for processing and approving rate applications, and trained staff to use the new procedures. Also, FSCO reviewed the return on equity (ROE) target benchmark used for auto insurance rate filings. As a result, FSCO determined that an eight-year rolling average for an ROE benchmark would be used going forward and reduced the target benchmark from 12 percent to 11 percent.

Respond to the Recommendations of the Auto Insurance Anti-Fraud Task Force

In response to the recommendations outlined in the Auto Insurance Anti-Fraud Task Force's final report, FSCO worked with MOF to develop and implement amendments to three *Insurance Act* regulations. Some of these amendments include the Disputes Between Insurers regulation amendment and the Unfair or Deceptive Acts or Practices (UDAP) regulation amendment.

On June 21, 2013, FSCO launched the Auto Insurance Fraud Hotline and Web Portal. The Fraud Hotline and Web Portal both provide a simple and easy-to-use venue where Ontarians can report auto insurance fraud by telephone and online. As of January 2014, FSCO has received 28 tips through the Hotline.

On December 20, 2013, FSCO released a new standard benefit statement that auto insurers will use (effective September 1, 2014) to inform claimants of medical/rehabilitation goods and services that have been paid for on their behalf.

Implement Fraud Awareness Stakeholder Engagement Strategy

The November 2012 final report of the Ontario Auto Insurance Anti-Fraud Task Force made a recommendation that, "the government should join with insurers to form an Anti-Fraud Awareness Implementation Group to implement a consumer engagement and education strategy." FSCO has developed a preliminary consumer engagement and education strategy.

Respond to Auditor General's 2011 Value-For-Money Follow-Up Audit

FSCO continued to address the recommendations made in the Auditor General's Value-For-Money audit, particularly in the areas of:

Reasonable Profit Margin

Further to the Auditor General of Ontario's 2011 Annual Report recommendation, FSCO completed a review of auto insurance rate filing benchmark provisions to reassess the ROE benchmark used in reviewing auto insurance rates proposed by insurers.

Compliance Activities

In March 2013, FSCO issued a second Auto Insurance Questionnaire to selected auto insurers. Further information was requested to determine controls to ensure that policyholders are only charged FSCO approved rates.

FSCO selected 16 insurers to be subject to an on-site examination of their compliance policies and procedures, which occurred in June 2013. FSCO sent out the 2013 Auto Insurance Attestation in August 2013. It required insurers to attest that they have independent audit processes in place for verification of rates, in addition to other compliance processes.

Enhance Auto Insurance Information and Analysis

FSCO received financial information collected by the General Insurance Statistical Agency (GISA) on Ontario's auto insurance industry in the Fall of 2013. This information will be used to obtain a greater understanding of the market and in rate filing analysis. FSCO also provided assistance to GISA in updating statistical information publications to improve the clarity of the use and purpose of the information.

Review and Implement Requirements for Usage-Based Auto Insurance

FSCO is examining key regulatory issues and working with the auto insurance sector to ensure consumers are fairly treated when implementing voluntary usage-based auto insurance rating programs. FSCO released a Bulletin in October 2013 that gives insurers some guidance on these issues. FSCO continues to meet with automobile insurance companies to discuss their plans to implement usage-based insurance products in Ontario.

Work with Other Auto Insurance Rate Regulators on Common Rate Filing Issues and Requirements

In April 2013, FSCO assisted in organizing an education and training session to ensure that regulatory staff is up to date on regulatory trends and issues. FSCO oversaw a working group that is researching regulatory approaches with the potential to improve rate regulation processes. FSCO also completed a review of the Canadian Loss Experience Automobile Rating (CLEAR) system for vehicles that is used by the industry and communicated the results of the review to other regulators. This review enables other regulators to rely on the work that FSCO has undertaken in permitting insurers to use the CLEAR system for rating vehicles and determining automobile insurance premiums.

Work with the Ministry of Finance to Complete a Review of Insurance Company Solvency Regulation Leading to Recommendations For Changes to the Insurance Act

The Ontario government announced in the 2013 Budget that it would introduce legislation to implement this FSCO policy initiative.

Develop Proposals to Modernize Disciplinary Hearings for Insurance Agents and Adjusters

FSCO consulted on a model to modernize the agent and adjuster discipline process set out in the Insurance Act. The main proposal will emulate the model under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (MBLAA) where the FST makes decisions on enforcement orders proposed by the CEO/Superintendent. FSCO released a consultation paper on the proposed changes. Legislation was introduced on March 4, 2014.

Develop Harmonized Life Agent Licence Qualification National Standards

Saskatchewan is leading this initiative through the Canadian Insurance Services Regulatory Organization (CISRO), and FSCO is working with CISRO to encourage ongoing stakeholder engagement across provinces. All Canadian jurisdictions signed a Memorandum of Understanding to deliver the harmonized program. CISRO is holding quarterly stakeholder meetings, and to date, has engaged the industry in developing a competency profile and a curriculum design document for the new harmonized program.

Work with the Ministry of Finance on Statutory and System Reviews

Mortgage Brokerages, Lenders and Administrators Act, 2006

Finance Minister Charles Sousa appointed Parliamentary Assistant, MPP Steven Del Duca to lead the first five-year review of the MBLAA. FSCO assisted MOF in supporting Mr. Del Duca in conducting his review to ensure the law stays current in order to mitigate risks in the marketplace.

Life Insurance and Mortgage Broker Product Suitability Reviews

FSCO conducted a product suitability review to gather information on how insurance agents and mortgage brokering intermediaries assess the financial literacy of their clients and make product recommendations. Both the life insurance and mortgage brokering surveys have been completed and the results are being reviewed.

Transition of Financial Hardship Unlocking Functions to Financial Institutions

In June 2013, regulations were introduced to move the financial hardship unlocking program from FSCO to the financial institutions, effective January 1, 2014. In consultation with the financial institutions (FIs), FSCO developed four CEO/Superintendent approved forms (one for each criterion) and user guides for each form. FSCO has prepared two educational videos (one for the use of FIs and the other for applicants) as well as an information webcast.

Work with Other Regulators on Common Regulatory Approaches to Alternative Pension Plan Designs

CAPSA’s Pooled Registered Pension Plans (PRPPs) Committee continues its work on the implementation of PRPPs at the provincial level. The federal legislation and regulations on PRPPs are now in effect. CAPSA’s PRPP Committee is developing options for common approaches to address regulatory and supervisory issues related to the implementation of PRPPs.

Regulatory Coordination Initiatives

General Insurance Statistical Agency (GISA) Initiatives

GISA Governance

The GISA Board has approved changes to GISA's governance structure to add representatives of rate boards to GISA's Statistical Plan Committee and to change the nomination process for appointment of Industry Directors on the Board from nominations by the Insurance Bureau of Canada (IBC) to nominations by the Board membership.

GISA Financial Information Collection and Reporting

GISA started collecting financial information from insurers in March 2013. The catalogue of available reports is on GISA's website. External parties are now able to order the private passenger automobile information report for all participating jurisdictions from GISA.

Canadian Council of Insurance Regulators (CCIR) Initiatives

CCIR Disciplinary Information Access

Co-chaired by CCIR and CISRO, this initiative was aimed to provide public protection by developing one centralized website where the public and other regulators can find disciplinary action against insurance agents in Canada. A funding model was approved and the database went live on December 1, 2013.

CCIR Electronic Commerce

FSCO assisted in the review of the use of electronic communications and transactions between insurers and consumers. The review considered: risks to consumers; regulatory gaps; and legislative and regulatory issues arising from current and potential future applications of electronic commerce. A position paper was finalized and published in November 2013.

Mortgage Brokers Regulators’ Council of Canada (MBRCC) Initiatives

MBRCC Competency Requirements

FSCO participated in the development of national competency and curriculum standards for mortgage broker licensing courses. A framework was proposed outlining competencies and curriculum requirements for managing brokerage level licensing courses. A framework was finalized on February 13, 2014.

MBRCC Multijurisdictional Licensing Tool

FSCO assisted in developing an on-line tool to provide guidance on the licensing requirements for transactions with elements in multiple jurisdictions. A preliminary on-line information tool is currently undergoing testing and will be launched in March 2014.

4.1.2 Regulatory Functions' 2014-17 Initiatives/Projects

This section describes the Operational Plan for the Regulatory Functions for the period covering 2014 to 2017.

Anti-Fraud/Rate Reduction Initiative

On November 22, 2012, the Ministry of Finance released the final report of the Auto Insurance Anti-Fraud Task Force (Task Force) which detailed findings on the impact of fraud on Ontario's auto insurance system. The report made 38 recommendations to enhance the anti-fraud role of each participant in the auto insurance system, including: consumers; insurers; health care and legal professionals; FSCO; and the government. The recommendations focus on four key areas: Prevention; Detection, Investigation and Enforcement; and Regulatory Roles. FSCO is addressing several recommendations. It is working with stakeholders to develop a consumer engagement and education strategy; and in 2013, launched an anti-fraud hotline and web portal. FSCO continues to work with MOF to implement recommendations from the Task Force, as directed by the government.

Furthermore, in the 2013 Ontario Budget, and through regulation, the government committed to take strong action to address fraud in the auto insurance sector and reduce auto insurance premium rates by a target of 15 percent on average by August 2015.

Beginning in 2014-15, FSCO plans to regulate (through licensing) the business and billing practices of health service providers who invoice auto insurers in accordance with the Statutory Accident Benefits Schedule. As of July 2013, there were approximately 9,500 registered health service providers in Ontario.

FSCO is working with the government to develop the necessary regulations to establish a licensing regime for the business and billing practices of health service providers.

Since the aim of the licensing regime is to identify, reduce, and prevent fraud in the system, the following is required to establish a licensing regime for health service providers that invoice auto insurers:

- Developing new regulations;
- Developing a service provider system within the Enterprise Development Project (EDP);
- Developing a recovery model to recover the costs of the licensing regime; and
- Developing communication plans to engage consumers and stakeholders.

Life Licence Qualification Program

FSCO will continue to support a Canadian Insurance Services Regulatory Organization (CISRO) and Canadian Council of Insurance Regulators (CCIR) initiative to develop a harmonized life licence qualification national standard that is aligned with the Agreement on Internal Trade, the *Ontario Labour Mobility Act, 2009*, and the Ontario-Quebec Trade and Cooperation Agreement. This proficiency standard will include course material and a system of examinations to ensure that life insurance agents possess the required competencies.

Regulatory Policy Initiatives

Continue to Implement Auto Insurance Value-For-Money Audit Recommendations

FSCO continues to address recommendations made in the 2011 Annual Report of the Office of the Auditor General of Ontario on the regulatory oversight of auto insurance in Ontario.

Three-Year Review of Auto Insurance

In August 2013, the government proclaimed legislation that consolidates a number of statutory auto insurance reviews, including: the former five-year auto insurance review; three-year risk classification and rate-determination regulations review; and the two-year statutory accident benefits review. The consolidated review will be commenced once every three years, beginning in December 2013.

Minor Injury Guideline/Protocol

FSCO will monitor ongoing compliance with the interim Minor Injury Guideline (MIG). FSCO has retained medical and scientific experts to develop an evidence-based treatment protocol for minor injuries and identify and address any lack of clarity in its current definition of minor injury. Medical and scientific experts associated with the Minor Injury Treatment Protocol (MITP) are presently conducting systematic reviews for recommendations regarding a new minor injury protocol that will be considered by the government. As directed in the 2013 Ontario Budget, FSCO will provide the government with an interim report this year on the progress of the project.

Closed Claims Study

FSCO conducted a closed claims study on third-party liability bodily injury claims in Ontario. The study analyzes claims from selected insurers and gathers data on factors contributing to cost changes. This analysis will help FSCO evaluate the potential impact of any future changes in the auto insurance system on bodily injury (tort) claims. This report will be finalized in 2014 and will be made available to stakeholders.

Catastrophic Impairment Definition

FSCO will work with the Ministry of Finance to support the development and implementation of any recommended changes to the definition of catastrophic impairment.

Risk-Based Regulation

FSCO is developing a comprehensive approach to risk-based regulation in order to optimize regulatory oversight. This initiative consists of four phases: Research & Analysis; Program Design; Program Development; and Program Delivery.

Review of the *Credit Unions and Caisses Populaires Act, 1994*

FSCO will assist MOF staff to support the work of the Minister’s appointee in conducting a five-year statutory review of the *Credit Unions and Caisses Populaires Act, 1994* to ensure that the law is up-to-date. A preliminary working group has been formed with representatives from MOF, DICO, and FSCO.

Implementation of IAIS Core Principles

The IMF FSAP Report on Canada's observance of the Insurance Core Principles (ICPs) and FSCO self-assessments will be used to support the development of policy and operational recommendations to improve FSCO's observance of the ICPs. This initiative will be completed in 2017.

Review of the FSCO Assessment Process/Regulation

A review of the current assessment regulation for all sectors (Credit Unions, Pensions, Loans & Trust and Insurance) has been initiated.

Monitoring & Compliance Initiatives

Life Insurance and Mortgage Broker Product Suitability Review

FSCO conducted product suitability reviews to gather information on how insurance and mortgage brokering intermediaries make product recommendations and how intermediaries assess the financial literacy of their clients. Surveys for both sectors have been submitted and FSCO will publish a report on its findings in June 2014.

Review Auto Insurance Rate Filings

FSCO will support education and training for regulatory staff on issues and trends. FSCO will chair a CARR project to review auto insurance rate filing information requirements for insurers to identify opportunities for standardization across jurisdictions.

Regulatory Coordination Initiatives

General Insurance Statistical Agency Initiatives

FSCO is involved in a number of General Insurance Statistical Agency (GISA) initiatives, including:

- **GISA Deficiency Fees:** Review the nature, purpose and application of deficiency fees; and design and implement a new system that will support quality data submissions on a timely basis.
- **GISA Automobile Statistical Plan (ASP 2014 Changes):** Plan and implement the changes to the mandatory automobile insurance statistical plan (ASP) data that have been approved by the jurisdictions that participate in GISA. **GISA Data Collection, Analysis and Reporting**: Two key projects are:
    - **Exhibit Refresh Project:** To review reports and exhibits in order to improve their value and to incorporate newly collected data into the reports and exhibits.
    - **Data Integrity Project**: To identify and implement improvements in processes in order to improve the integrity and stakeholder confidence in GISA's data.
- **GISA Strategic Plan:** Develop GISA's new Strategic Plan for 2014-17
- **GISA Technology Renewal Plan (Final Phase):** During this final phase, the plan is to move the Commercial Liability Statistical Plan (CLSP) system and ancillary systems from the legacy environment to the renewed environment.

Canadian Council of Insurance Regulators Initiatives

FSCO is involved in the following Canadian Council of Insurance Regulators (CCIR) initiatives:

- **CCIR Implementation of IAIS Core Principles (ICPs):**The ICPs Implementation Committee will draft a discussion paper for the Spring 2014 CCIR Meeting. The paper will outline options and issues on compliance with international standards as expressed in the ICPs.
- **CCIR Strategic Plan 2014-17:**Develop CCIR's new Strategic Plan for the next three years.

Canadian Association of Pension Supervisory Authorities Initiatives

FSCO is involved in the following Canadian Association of Pension Supervisory Authorities (CAPSA) initiatives:

- **CAPSA Pooled Registered Pension Plans Framework:** FSCO will participate in a CAPSA initiative to manage and coordinate CAPSA's efforts related to the implementation of the framework for Pooled Registered Pension Plans (PRPPs).
- **CAPSA Pension Plan Governance Review:** Determine if revisions are necessary to CAPSA's Pension Plan Governance Guidelines and Self-Assessment Questionnaire.
- **CAPSA New Plan Design Initiatives:** Develop options to address current risks to the defined benefits pension plan sector that can be used by CAPSA members to engage policy makers in their jurisdictions; and develop standards for the treatment of new regimes and pension plan designs.
- **CAPSA Multi-Lateral Agreement Implementation:** Manage and coordinate the implementation of a new agreement to establish clear rules for the administration and regulation of multi-jurisdictional pension plans.

Mortgage Broker Regulators Council of Canada Initiatives

FSCO is involved in the following MBRCC initiatives:

- **MBRCC Product Suitability:** Examine roles and practices of mortgage brokers in ensuring that mortgages are suitable for the consumer.
- **MBRCC Disciplinary Information Access:** Provide access to information on disciplinary action taken against mortgage brokers by regulators from across the country.

4.1.3 Regulatory Functions' Performance Measures and Targets

This section describes the performance measures and targets relevant to FSCO's Regulatory Functions.

In **enhancing our service,** FSCO will ensure that 80% of consumer complaints are resolved by the Market Regulation Branch within 75 business days. This measure reflects the highest standard for financial services regulators in Canada.

FSCO will **review and approve complete applications** for new insurance agent licences and renewals of licences that meet all suitability requirements, within 5 business days of receipt.

Ensuring FSCO will **meet legislated timelines for approvals -** With regard to approval of Individual Variable Insurance Contracts (IVICs), FSCO's performance target is to deliver them within 30 days.

Improving educational outreach outcomes in the pension sector - FSCO will measure the improvement in positive responses by post-engagement surveys. As well, FSCO will aim to improve the overall member experience on FSCO's Pension Services Portal (PSP) by tracking the level of customer satisfaction with PSP's functionality and ease of use. Moreover, the percentage of factual accuracy in communication of the law on statutory approval documents will be tracked to ensure 100 percent compliance.

Ensuring timeliness of reviewing pension applications - FSCO will adhere to its Defined Benefit Pension Application Service Standards and ensure that completed surplus pension applications are reviewed and approved within 150 days. Also, FSCO will review and process completed wind-up and transfer of asset applications within 120 days. Completed applications for refunds of employer overpayments and refunds of member contributions will be processed within 90 days and 60 days respectively. For applications pertaining to defined contribution pension plans, FSCO will review and approve completed applications for refund of member contribution within 30 business days. Completed applications for both refunds of employer overpayment, and wind-up (full and partial) will be reviewed and approved within 60 business days. Also, applications for transfer of assets, and surplus withdrawal (wind-up and on-going) will be reviewed and approved within 60 calendar days and 120 business days, respectively.

FSCO conducts timely reviews and approves completed applications (filings) for changes to automobile insurance rates and risk classification systems (RCS). The timing for the review and approval of an application depends upon a number of factors, including:

- Application complexity, such as changes to RCS element definitions and differentials, and new RCS elements and modeling techniques;
- The number of requests for further information or clarification;
- Modifications made to an application after submission; and
- The number of applications FSCO is dealing with at any given time.

To **ensure auto insurance rate filing approval timeliness**, FSCO will adhere to its established service standards in the following filing categories:

- **Category A – Simplified Approvals**: These are approvals where the changes proposed are in accordance with the Simplified Filing Guidelines and CLEAR Simplified Filing Guidelines. FSCO will process Category A approvals within 30 days 95 percent of the time.
- **Category B – Standard Approvals**: These are approvals where the changes proposed consist of base rate changes uniform by territory and anniversary rate capping filings. FSCO will process Category B approvals within 45 days 95 percent of the time.
- **Category C – Comprehensive Approvals**: These are approvals where the changes proposed include non-uniform base rate changes, changes to differentials, and risk classification system changes based on the company's existing modeling techniques. FSCO will process Category C approvals within 60 days for 95 percent of the time.
- **Category D – Complex Approvals**: These are approvals where the changes proposed consist of the introduction of predictive modeling. FSCO will process Category D approvals within 90 days for 95 percent of the time.

For these standards, the first day begins on the date FSCO receives applications that are "complete" based on the documentation requirements set out in the filing guidelines.

These standards do not include "timeouts", which are times (days) when FSCO has limited or no control over the processing of the application.

As part of the **ongoing improvement of FSCO's service delivery,** FSCO has established a number of Service Standards. In addressing sector complaints related to the conduct of market participants, FSCO will ensure that it acknowledges 100 percent of the complaints within 5 business days.

Regarding regulatory coordination, FSCO will introduce a number of key performance measures that it has developed in consultation with various national organizations based on FSCO's commitment to the organizations.

4.2 Program Delivery Functions

The paragraphs that follow describe issues related to Program Delivery Core Business Areas.

4.2.1 Key 2013-14 Program Delivery Functions Activities & Accomplishments

This section highlights the 2013-2014 accomplishments of the Program Delivery Core Business Areas.

Reduce Mediation Backlog

The backlog of mediation files has been eliminated. FSCO's internal resources are now able to manage new incoming mediation files within legislated timelines.

Implementation of an eCalendar for Arbitration

FSCO implemented an on-line booking procedure for pre-hearings and settlement discussions, which eliminates the need for support staff to book proceedings by phone.

External PBGF & MVACF Audits

The Office of the Auditor General of Ontario (OAGO) has completed the audit for the PBGF and the Ernst & Young auditor has completed the audit for MVACF. An unqualified opinion was provided for both audits and these 2013-14 financial statements were approved by FSCO's Audit and Risk Committee on June 24, 2013.

4.2.2 Program Delivery Functions' 2014-17 Initiatives/Projects

Dispute Resolution Services Initiatives

FSCO has eliminated the mediation backlog. However, FSCO is experiencing an increase in the volume of arbitration cases. As of January 2014, there were 16,184 open arbitration files. Dispute Resolution Services continues to implement various short term and long-term initiatives to reduce the arbitration backlog. The initiatives include:

DR Review & Implementation

The Ontario government appointed the Honourable J. Douglas Cunningham to lead the review of the DR system. Justice Cunningham's final report was released in February 2014 with recommendations on how the DR system can be improved. On March 4, 2014, the government introduced legislation that, if passed, would move the administration of the dispute resolution system from FSCO to the Ministry of the Attorney General's Licence and Appeal Tribunal. FSCO will assist MOF in the implementation of the chosen recommendations resulting from the DR review.

Selecting a Private Dispute Resolution Service Provider

Use of an external service provider is required to provide assistance in handling the large volume of arbitration files. In January 2014, FSCO issued an RFP to procure a vendor that is capable of fulfilling this service. The successful vendor will begin to receive arbitration files in June 2014 at a rate of 750 files per month.

Motor Vehicle Accident Claims Fund Initiatives

Development of MVACF Fraud Protocol

FSCO will establish a fraud protocol to identify and mitigate fraud arising from MVACF claims activity. MVACF will work with ClaimsPro and other areas of FSCO to develop and implement policies and procedures for identifying and addressing potential fraud in claims handling functions.

4.2.3 Program Delivery Functions' Performance Measures and Targets

This section describes the performance measure and target relevant to FSCO's Program Delivery Functions.

FSCO's target was to **eliminate the mediation backlog** by December 31, 2013. The mediation backlog was eliminated on August 19, 2013.

4.2.4 Emerging and Continuing Issues in the Program Delivery Functions

This section will discuss the following emerging and continuing issues related to Program Delivery Functions:

- Dispute Resolution Services (DRS)
- Motor Vehicle Accident Claims Fund (MVACF)

Dispute Resolution Services

There is a sizeable increase in arbitration applications, which can be mainly attributed to the rapid clearing of the mediation backlog. Also, a decreased mediation settlement rate and an increase in failed mediation cases proceeding to arbitration have contributed to the increase. Overall, 72 percent of failed mediation files proceed to arbitration.

Due to higher than expected contract costs and capacity of the vendor, FSCO committed the available funding under the existing contract with the third party service provider in November 2013 (twenty months earlier than the contract expiry in August 2015). FSCO has received approval from Treasury Board/Management Board of Cabinet (TB/MBC) to increase the contract ceiling value by $14,500,000; and to continue the three-year contract for an additional term of eight months. The contract was extended to allow adequate time to conclude the processing of arbitration files that were already assigned to the current service provider. Furthermore, the Minister signed a contract amendment in November 2013 that increased the maximum allowable assignment of arbitration files to ADRC from 500 to 750 files per month. FSCO began assigning 750 files per month to ADRC in January 2014.

FSCO is conducting an open competitive procurement process to establish a new contract, estimated at $94,600,000 for a four-year period (2014-2018), in order to address new incoming applications for arbitration. On average, 1,313 new applications for arbitration are received every month, which significantly exceeds FSCO's internal capacity of 21 arbitrators. Justice Cunningham's report mentioned the importance of timely service. The use of an external provider helps FSCO work towards this goal. FSCO expects that the procurement process will be complete and a contract in place with the successful proponent by June 1, 2014.

Motor Vehicle Accident Claims Fund Unfunded Liability (MVACF)

MVACF reviews cash flow requirements annually through actuarial studies based on the valuations of claim liabilities to identify early funding pressures and implement appropriate financing strategies. If payment obligations are not met for at least a five-year period, MVACF will advise MOF of a possible financial pressure in the out years.

The updated cash-flow analysis was completed in Fall 2013 and estimates that the Fund will have sufficient funds to meet its financial obligations through the 2020-2021 fiscal year.

FSCO noted that any changes to funding would require amendments to regulations and changes to the existing MVACF portion of the Ontario driver's licence fee.

4.3 Enabling Functions

The paragraphs that follow describe the activities in FSCO's Enabling Functions.

4.3.1 Key 2013-14 Enabling Functions Activities & Accomplishments

Implement an Enterprise-Wide Risk-Based Approach

FSCO conducted an assessment of all its current risk-based processes; and created an inventory of all information currently available to FSCO for the purposes of risk monitoring and assessment, and identified opportunities for risk-based processes where they do not currently exist.

Develop and Implement Social Media Initiatives and Enhancements for Public Website

Through its Twitter account, @FSCOTweets, FSCO launched a social media strategy to raise awareness about insurance fraud and scams, and to highlight consumers' and industry's rights and responsibilities. FSCO also began co-moderating weekly Twitter chats about financial crime, partnering with the Toronto Police's Financial Crimes Unit. FSCO created a series of industry stakeholder webcasts, webinars, instructional videos and e-newsletters geared at providing regulatory updates, compliance information, and resources to members of FSCO's regulated sectors. Furthermore, a series of consumer awareness audio/video news segments and online publications were developed that offer unbiased, easy-to-understand information and tips to consumers on FSCO's regulated sectors.

4.3.2 Enabling Functions' 2014-17 Initiatives/Projects

This section describes highlights of the Operational Plan for FSCO's Enabling Functions.

Enterprise Development Project

The EDP will focus on replacing the current legacy systems used by FSCO's Licensing and Market Conduct Division, Motor Vehicle Accident Claims Fund, and Pension Division. The EDP will provide FSCO with the required tools to effectively regulate the sectors in an increasingly challenging financial marketplace, while providing stakeholders with the services they expect.

The expansion of FSCO's mandate to include the health service provider sector has a major impact on the EDP. The original EDP scope and functionalities have been increased to accommodate the licensing and regulation of health clinics and practitioners. Consequently, all EDP development work has been reprioritized.

The EDP technology will enable the automation of simpler tasks and help with the prioritization of work by utilizing electronic risk tools, thereby ensuring the organization can focus its resources on high risk activities and achieve FSCO's priority of a risk-based approach to regulation. Also, many of the current systems being replaced as part of this initiative are more than a decade old. Although they have been regularly enhanced to keep up with frequent legislative and operational changes, they are built on aging technology that is unable to provide the features and functionality needed. These systems have inconsistent features and functions and were not designed to support a standardized approach to common business processes.

In addition to the direct business benefits, the EDP will also comply with the Government's direction to provide accessible, greener, paperless solutions and services.

Corporate Initiatives

Implement *Accessibility for Ontarians with Disabilities Act* and OPS Service Directive

This initiative has two parts. The first, which began in 2009 and will continue beyond 2014-15, consists of developing policies and processes to operationalize the *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) requirements. These policies ensure continued compliance with the Customer Service Standard (O. Reg. 429/07) and the Integrated Accessibility Standards (O. Reg. 191/11) of the AODA. FSCO will implement the changes required as a result of additional standards of the AODA in the areas of employment, information, and communications. The second part will ensure FSCO's compliance with the OPS Service Directive by developing and publishing service standards for services which are included in the new Performance Management Framework. As part of this project, FSCO has developed processes to monitor and report results against the published standards and make improvements where necessary.

Implementing an Enterprise-Wide Enterprise Risk-Based Approach

To fulfill the strategic priority commitment of risk-based delivery, FSCO is developing a strategic framework for risk-based regulation which can work across all of FSCO – taking the best from all areas and sharing that in one common approach.

A risk-based approach (RBA) is a decision-making framework and set of procedures to direct regulatory efforts and deploy resources in proportion to the risks that are posed to the desired regulatory outcomes.

Continuing into 2014-2015, FSCO is creating a framework that draws from the best practices of all areas and integrating them into one common approach. The Improving Pension Regulatory Services Risk-based Regulation Project (IPRS) is a component of the enterprise-wide RBA program. Continuing into 2014-15, the project will develop and implement a more comprehensive approach to risk-based regulation of pension plans, in order to optimize regulatory oversight with the current pension division resources. Through the expansion and enhancement of its existing risk-based monitoring programs, FSCO will better monitor primary pension risks. It will also ensure appropriate steps are taken to address non-compliance and risk taking without proper risk governance, thereby better protecting the interests of pension plan beneficiaries.

Facilities and Administration Services Transformation

FSCO continues to streamline current processes in its facilities and administration functions, to realign tasks and procedures, and to become a more strategic organization with an aim toward client service.

Review of Internal Standing Committees

FSCO is conducting a review and developing recommendations to assess the roles and responsibilities, accountability and membership for each internal standing committee. The review will also identify committee linkages and similarities, and will result in an recommended committee structure to support FSCO's decision-making processes and accountability.

Review of FSCO's Memorandum of Understanding (MOU)

FSCO is conducting a full review of the MOU between the Minister and FSCO, as represented by the Chair and the CEO/Superintendent, and will make recommendations for the new MOU, which expires on January 14, 2015.

4.3.3 Enabling Functions' Performance Measures and Targets

This section will describe the performance measures and targets relevant to FSCO's enabling functions.

Effective use of technology resources will ensure that FSCO is appropriately delivering on its mandate, with the highest level of accountability. FSCO will ensure the Enterprise Development Project is delivered on-time, on-budget and within its defined scope of business and stakeholder relationship improvements.

Perhaps most important of all FSCO's 'people' measures is the need to improve learning and development through focused training. FSCO will ensure that during 2014-15, 100 percent of employees complete their mandatory and select technical training, recognizing the need to update skill-sets.

With respect to the Quality Service Standards, complaints received in writing or through FSCO's website will be acknowledged within five business days. Complaints received in person or by telephone will be acknowledged within two business days, while ensuring all complaints are concluded within fifteen business days.

In adhering to the Government of Ontario's Common Service Standards, all calls will be answered by the third ring during core business hours, while callers will always have the option of reaching a person and will not be redirected more than once. Additionally, calls will be returned by the next business day, while all correspondence will be answered within fifteen working days of receipt. If a conclusive response is not possible within the standard time, an interim acknowledgement will be provided within five business days of receipt.

Regarding website response and content accessibility, all inquiries directed to the web manager email account will be concluded and/or responded to within five business days. FSCO will respond within five days to a request for web content in accessible format. Following discussions with the requestor, FSCO will provide agreed-upon web content (excluding online applications), in an accessible format within five business days.

FSCO will respond within five days to a request for print publications in an accessible format. Following discussions with the requestor, FSCO will provide agreed-upon publication material in an accessible format within five business days.

FSCO has performance measures targeting FSCO's website including a website satisfaction rate tracked through a bi-annual feedback survey. A goal of achieving 80 percent satisfaction in website navigation and content has been established in 2013-14. As well, for 2013-14, a goal of reducing website search engine reliance by 10 percent has been set, as measured on monthly search logs.

FSCO is in the process of building its multi-year social media strategy. The initial phase of the campaign will focus on "reach", through the following targets which began in 2013-14:

- 10 percent increase in tweets;
- 20 percent increase in reach, as measured by website impressions, tweets, retweets, and @replys;
- 10 percent increase in Twitter followers;
- 10 percent increase in online mentions through all social web platforms (Twitter, website, blog, etc.); and
- Evaluation of website traffic trends resulting from social efforts as a measure of the Twitter campaign's ability to affect online site visits.

FSCO’s Legal Services Branch (LSB) has adopted a number of performance standards which have been rolled out as part of the FY13-15 Corporate Performance Management Framework. With a baseline of 94 percent satisfaction, LSB will aim to maintain a client satisfaction rate of 90 percent, or better, for 2014-15. Client satisfaction will be measured using a Ministry of the Attorney General (MAG) survey that is conducted every two years.

LSB will provide updates to clients following a change in report status within 2 business days, 90 percent of the time. Interim orders will be prepared within 5 business days following instructions, 95 percent of the time. FST summaries will also be provided within 4 weeks of decision notification, 95 percent of the time.

A peer review process will ensure 95 percent of ‘complex’ legal files within LSB are subject to random audits, while measures tracking skills training and contributions to the Legal Services Portal (FLIP) will enhance knowledge sharing and development.

FSCO’s Corporate Services Division (CSD) has adopted a wide range of internally-facing performance standards**.** To improve client satisfaction, CSD will deployed an internal survey in 2013-14 to measure the current level of satisfaction with CSD services. This data will be used to set targets for 2014-15.

CSD is continuing its focus on centralizing corporate help desk services provided by its Corporate Services Infoline (CSI) unit. In 2014-15, CSD aims to increase the percentage of first tier requests received centrally by 5 percent, while aiming improving on the percentage of non-IT enquiries CSI receives by 10 percent.

CSD’s efforts at enhancing the efficiency of corporate services will be tracked through a number of newly developed service standards. First, CSD will ensure adherence to established FTE approval service standards developed within its finance and human resources functions. Second, CSD will guarantee 85 percent of the time it will meet strict timelines with regard to network and voicemail password resets, resolving printer issues, and addressing software help requests within an hour.

In improving the effectiveness of corporate functions in 2014-2015, CSD’s Business Excellence Group will implement a tracking system to ensure 70 percent of internal policies and guidelines are developed on time and within established project scope.

5 Financial Services Tribunal

5.1 Tribunal’s Mandate and Responsibilities

The Financial Services Tribunal (FST, or the Tribunal) is an independent adjudicative body composed of 9 to 15 members, including the chair and two vice-chairs of the Commission. As of January 13, 2014, there are 10 members.

The Tribunal exercises the powers conferred under the FSCO Act and other acts that confer powers on, or assign duties to, the Tribunal. It has exclusive jurisdiction to determine all questions of fact or law that arise in any proceeding before it The Tribunal has authority to make rules regarding the practices and procedures applicable to proceedings before it. The Tribunal also has authority to order a party to a proceeding before the Tribunal to pay the costs of another party or the Tribunal’s costs of the proceeding in limited circumstances.

5.2 Tribunal’s Strategic Direction and Performance Goals

The Tribunal’s vision, priority, and strategies are as follows:

Vision

To provide expert adjudicative services to the citizens of Ontario as outlined in the FSCO Act.

Priority

To administer all cases before the Financial Services Tribunal in an efficient, fair, accessible, and effective manner.

Strategies	Maintain a pool of qualified members to adjudicate hearings.	Expand dialogue with members of the legal profession.	Update Tribunal practices and procedures.
Initiatives	• Ensure appropriate expertise is available and allocated to staff panels appointed to hear Tribunal matters • Arrange for supplementary training as required	• Continue consultations with the Tribunal’s Legal Advisory Committee	• Review and update practices which may require revisions as a result of legislative changes for the licensing of health service providers and regulation of their business practice • Publish results against service standards • Develop an in-house orientation program for new members

5.3 Tribunal's Achievements

In 2013 the Tribunal established and published service standards and a tracking mechanism. Its website was updated to comply with accessibility requirements under the AODA and its decisions are now more broadly available on CanLII and Carswell's websites. The Tribunal adopted and published a public document outlining its practices with respect to privacy which achieves the appropriate balance between protection of personal/sensitive information and transparency as an adjudicative body.

5.4 Tribunal's Risk Mitigation Plan

To provide expert adjudicative services on decisions made by the CEO/Superintendent or the Deposit Insurance Corporation of Ontario, the FST has established controls to manage the relevant risks. The table below describes the risks, the risk rating, and the control/action plans that address them:

Risk Category	Risk	Control/Action Plan
Operational	Inability to address increased caseloads under *Mortgage Brokerages, Lenders and Administrators Act,* 2006 (MBLAA) and *Insurance Act* in a timely manner	• Rules of Practice and Procedure and administrative procedures are established and communicated with FST staff to ensure compliance. • Regular communication with Market Regulation Branch or Licensing to ensure awareness of the timing of the mortgage brokerage industry audits, as well as the adoption and implementation of *Insurance Act* Regulations to plan for potential increases in workload. • Registrar communicates to Chair and members about the timing of potential increases in workload.
	Lack of application of appropriate sector and/or adjudicative expertise to ensure proper adjudication of cases	• Monitor reasons for appeals and judicial reviews of FST decisions to determine if there is sufficient sector expertise and whether appropriate decision writing approach is adopted. • Use panels with experienced Chair plus review of decisions by all panel members. Receive annual stakeholder input from Legal Advisory Committee Chair. Adjudication training program is established and provided to FST members on appointment.
	Insufficient information management guidelines to achieve appropriate balancing of FOI, privacy, and transparency considerations in FST decisions and processes	• Subcommittee of FST Chair, Vice Chair, and a member is established to set out guidelines to assist members with the extent of personal information to be disclosed in an FST decision. • Independent reviews among panel members as decisions are being drafted to prevent inappropriate disclosure of personal information.

Risk Category	Risk	Control/Action Plan
Workforce	Lack of appropriate sector and/or adjudicative expertise in FST membership	• Chair and Registrar discuss the expiry of members' appointments on a regular basis and at least 8-12 months in advance of expiration of appointment. Chair considers potential candidates on the basis of sector, volume and adjudicative experience. Chair considers potential candidates and makes recommendations to the MOF for re-appointments within at least 6 months of the expiry of existing members' terms or to fill an existing vacancy. • Adjudication training program is established and provided to FST members on appointment.

6 Motor Vehicle Accident Claims Fund

6.1 MVACF's Responsibilities

The MVACF is established under the authority of the *Motor Vehicle Accident Claims Act* as a special purpose fund that operates as a separate entity within FSCO. The business unit that runs the MVACF is part of FSCO's Automobile Insurance Division.

MVACF pays claimants for accident benefits resulting from automobile accidents with uninsured motorists, or in hit and run cases where there is no automobile insurance available. MVACF also provides compensation for personal injury or property damage to people involved in automobile accidents with an uninsured or unidentified driver, in situations where no liability insurance exists. MVACF works to recover monies paid out on behalf of the owners and drivers of uninsured vehicles and has the power to suspend the driver's licence of those indebted to MVACF, where legally possible.

6.2 MVACF's Strategic Direction and Performance Goals

The MVACF's mandate, priorities, strategies and initiatives are:

Mandate

To act as the "payer of last resort" by providing compensation to people injured in automobile accidents when no insurance exists and to ensure collection from those found at fault by the courts.

Priorities

- To provide statutory accident benefits directly to persons involved in an automobile accident.
- To provide compensation for personal injury or property damage to victims involved in an automobile accident.
- To recover from the owners and drivers of uninsured vehicles monies paid out on their behalf, where legally permissible.
- To administer the accident benefits claims portfolio of an insolvent insurer should a wind-up order be issued.
- To pursue prosecutions of corporate owners of uninsured automobiles under the Compulsory Automobile Insurance Act where claims have resulted against MVACF.

Strategies	Plan for future financing requirements.	Revise/Update Processes and Procedures.	Realize the benefits of emerging technologies.
Initiatives	• Continue to monitor changes in claim frequency and severity • Continue to use actuarial services to project cash-flow requirements based on annual valuations of claim liabilities	• Alter procedures from Auto Reform and ongoing jurisprudence in Ontario courts and FSCO arbitrations • Conduct a review of MVACF's financial processes and determine requirements for FSCO' s integrated finance system • Develop MVACF Fraud Protocol to help identify and mitigate fraudulent claims	• Support MVACF's proprietary financial information system used to manage claims and risks • Allocate resources to participate in the FSCO enterprise development project

6.3 MVACF's Activities and Accomplishments

In 2012-13, the MVACF paid out $22,974,433 in accident benefits to 408 claimants and $4,500,751 for 81 third-party claims from victims of uninsured and hit and run drivers.

MVACF publishes the Weighted Claims Expense Ratio, which is its annual administrative cost performance measure. This ratio measures administrative cost against the dollars paid out in two types of claims: accident benefits and third-party liability claims.

6.4 MVACF's Financial Information

With 25 approved FTEs, MVACF gets its funding through a separate vote item under the Interim Payment Authority Section 15 of the *Financial Administration Act*. Drivers' licence fees and payments from debtors under the *Motor Vehicle Accident Claims Act* go toward reimbursing the government the amount it funds the MVACF.

MVACF is financed by a fee of $15 collected when each five-year Ontario driver's licence is issued or renewed. These proceeds are dedicated revenue and are maintained in the MVACF. Statutory claims payments are made directly from MVACF.

In 2013–2014 MVACF requested spending authority of $9,398,800 and a budget appropriation of $1.0K — Table A sets out details regarding the MVACF's spending authority and Table B sets out the allocation outlook.

Table A - MVACF Spending Authority Outlook 2014-2017 by Major Expenditure Type ($000's)

Expenditure Type	2014-15 ($)	2015-16 ($)	2016-17 ($)
FTEs	25	25	25
Salaries and Wages	**2,066.0**	**2,128.0**	2,191.8
Benefits	309.9	319.2	328.8
Total Salaries and Benefits	2,375.9	2,447.2	2,520.6
Transportation and Communication	70.4	71.1	71.8
Services	6,945.3	7,359.7	7,580.5
Supplies and Equipment	92.6	93.5	94.4
Total ODOE*	**7,108.3**	**7,524.3**	**7,746.7**
Total DOE**	**9,484.2**	**9,971.5**	**10,267.3**

**Other Direct Operational Expense*
***Direct Operational Expense*

Table B - MVACF Spending Authority Allocation Outlook 2014-2017 ($000's)

Transaction Type	Requested Spending Authority ($)		
	2014-15	2015-16	2016-17
Expense	9,484.2	9,971.5	10,267.3
Recoveries	9,483.2	9,970.5	10,266.3
Net Operating (Expense)/Revenue	**1.0**	**1.0**	**1.0**

7 Resources Required For FSCO to Achieve Outcomes

7.1 Financial Outlook

FSCO reports to the government under Section 15 of the *Financial Administration Act* (FAA), which requires that at the end of each fiscal year FSCO's expenses equal the revenues collected.

An annual spending authority, operating budget appropriation, and a Capital Expense and Asset Appropriation is requested by FSCO through the government's Results-based Planning (RbP) exercise.

7.2 Spending Authority Outlook

Table A sets out details regarding FSCO's Full-Time Equivalents (FTEs) and spending authority outlook by major expense type. The MAG-seconded legal staff play a significant role in helping FSCO discharge its regulatory responsibilities, particularly in the areas of litigation and enforcement. FSCO's 2014-15 spending authority for legal staff costs is $5,169,200.

Table A – FTE Cap & Spending Authority Outlook 2014-2017

Expenditure Type	2014-15	2015-16	2016-17
FTEs *	486	471	468
Salaries and Wages	44,292.50	44,292.50	44,292.50
Benefits	9,820.20	9,820.20	9,820.20
Total Salaries and Benefits	**54,112.70**	**54,112.70**	**54,112.70**
Transportation and Communication	947.06	956.88	957.00
Services	46,947.00	50,759.20	50,759.20
Supplies and Equipment	751.17	773.97	774.00
Total ODOE	**48,845.22**	**52,690.05**	**51,000.50**
Total DOE	**102,757.92**	**106,602.80**	**106,602.90**

***Note**: Out-year projections are based on available information for contracts, historical spending patterns, and inflation factors. The projection for salaries and benefits considers no increase for 3 years.*

**FTE numbers include temporary FTE offset from ministry programs required for the Anti-Fraud/Rate Reduction initiatives. Also, the numbers do not include the 25 FTEs allocated to MVACF.*

Table B sets out the spending authority outlook by sector.

Table B- Spending Authority by Sector ($000's)

	Requested Spending Authority 2014-15	Out year 2015-16	Out Year 2016-17
Operating Expense			
Insurance	72,724	74,882	74,882
Pensions	22,754	23,603	23,603
Mortgage Brokers	4,500	5,233	5,233
Cooperatives	515	534	534
Credit Unions	721	748	748
Loan & Trust	206	214	214
Regulatory Co-ordination	1,338	1,388	1,388
Total	**102,758**	**106,602**	**106,602**
Less: Recoveries			
Insurance	70,762	73,244	73,244
Pensions	17,836	18,870	18,870
Financial Hardship Unlocking	0	0	0
Mortgage Brokers	4,500	5,600	5,600
Cooperatives	15	34	34
Health Service Providers	5,002	4,094	4,094
Credit Unions	686	723	723
Loan &Trust	196	207	207
Regulatory Co-ordination	1,273	1,342	1,342
Total	**100,270**	**104,114**	**104,114**
Net Operating (Expense) / Revenue	(2,488)	(2,488)	(2,488)

***Note**: On January 1, 2014, the Financial Hardship Unlocking Program was transferred to financial institutions. Therefore, FSCO will no longer require funding for this Program.*

8 Risk Management

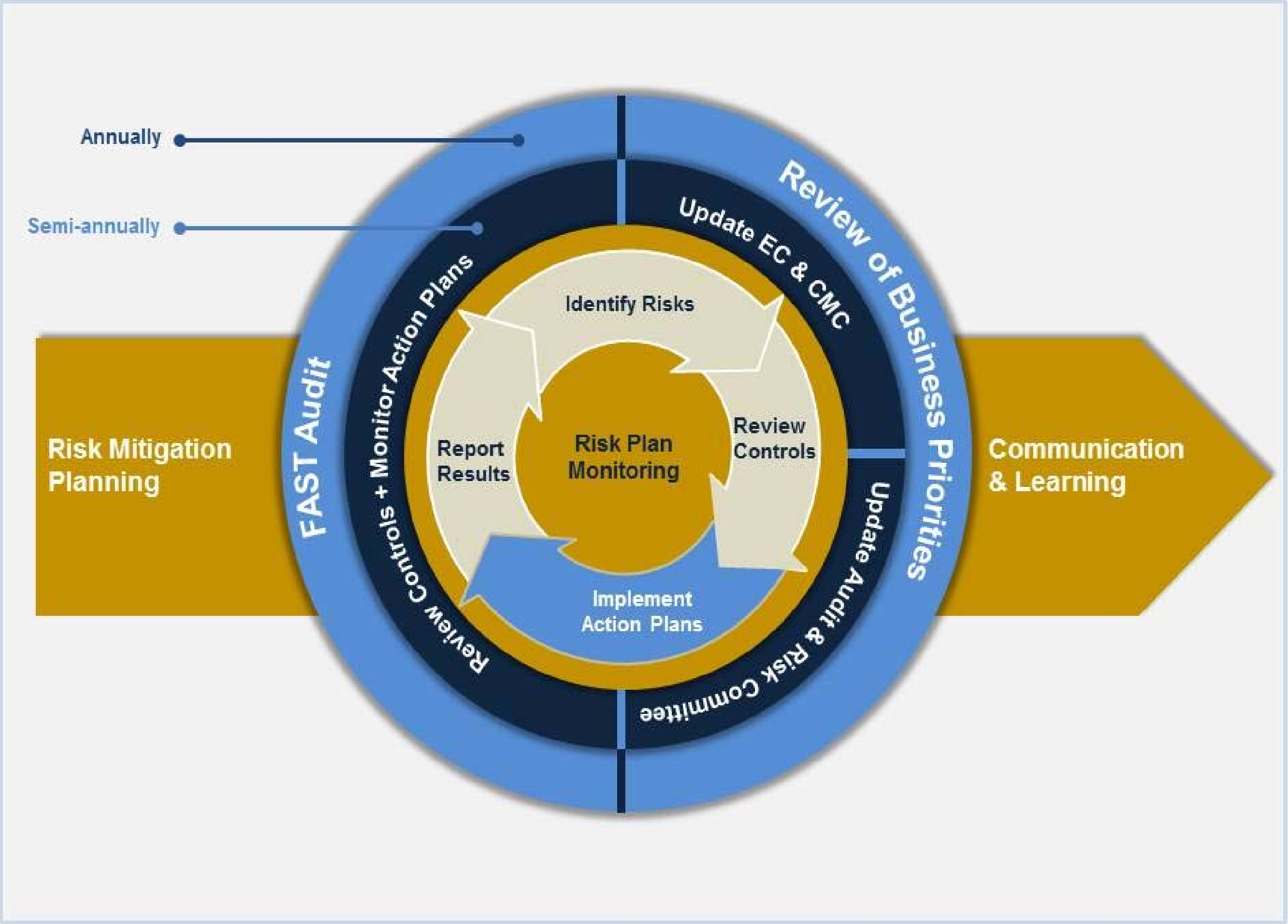
FSCO created a comprehensive Risk Mitigation Plan in 2012. The plan identified risks under each of the six Agency Establishment and Accountability Directive risk categories: 1) workforce, 2) operational, 3) strategic, 4) information technology & infrastructure, 5) accountability & governance and 6) other.

The following is a listing of FSCO's 10 risks by Agency Establishment and Accountability Directive Risk Category.

Summary of Corporate Risks in the Coming Year

#	Corporate Risk	AEAD Risk Category
1	Ineffective financial management (including procurement)	Accountability/ Governance/ Operational
2	Ineffective corporate governance and oversight of internal operations	Accountability/ Governance/ Operational
3	Unable to make use of the existing information technology tools in a cost effective manner	Information Technology & Infrastructure
4	Lack of skills and capacity, and ineffective use of human resources to carry out FSCO's mandate	Workforce
5	Ineffective stakeholder and public communication engagement	Strategic
6	Insufficient business intelligence & failure to be proactive with marketplace policy	Strategic
7	Inadequate MVACF funding	Accountability/ Governance
8	Inadequate PBGF funding	Accountability/ Governance
9	Ineffective strategic and operational planning	Accountability/ Governance
10	Ineffective protection of FSCO Resources	Other

Risk Monitoring Framework



9 Human Capital Plan

FSCO recognizes that its people are the key to its success. The Human Capital Plan (HCP) addresses FSCO's current and future human resource (HR) challenges and needs. To this end, the HCP includes initiatives to attract, develop, engage, and retain a highly skilled, flexible, and diverse workforce.

The Human Capital Plan:

- examines the current HR environment and challenges;
- plans to ensure appropriate HR services are in place, as well as identifies opportunities for achieving efficiencies in the design and delivery of HR services; and
- identifies key deliverables with a corresponding implementation roadmap to align HR priorities with FSCO's strategic direction.

9.1 Environmental Scan of Factors Impacting HR

FSCO's HR planning takes into account trends in the wider OPS and Canadian HR environments. including changing workforce demographics, in particular the aging workforce and the large percentage of workers eligible to retire in the next five years. A look at FSCO's demographics shows that these trends are more pronounced in FSCO's workforce.

Another trend is the proliferation of data and talent analytics and the importance of evidence-based decision making using these tools.

A third trend is the focus on innovation, including innovative thinking, problem solving and technology, to drive efficiency and effectiveness in an environment of resource and financial constraint. FSCO's Human Capital Plan addresses and incorporates these trends in its priorities and strategic objectives.

9.1.1 Canadian Workforce Environment

Statistics Canada forecasts that, despite current immigration levels, the Canadian workforce will shrink in the near future, creating a potential shortage of skilled talent.

9.1.2 OPS Workforce and Political Environment

The 2012-2015 OPS HR Plan includes strategies to help the OPS be a top employer. Priorities include building an inclusive, accessible, and healthy workplace; strengthening skills and capacity; and creating a more efficient organization.

The aging workforce is a key demographic issue facing the OPS. Compared to the wider Ontario working population, the OPS has more employees between 40 and 59 (57 percent of the OPS workforce) and fewer employees aged between 25 and 29 (7 percent of the OPS workforce). This poses a heightened human resource challenge as early retirement is disproportionately common in the public sector. Succession planning, particularly professional recruitment, will pose some challenges due to the OPS job classification system and compensation levels, particularly at the management level.

The OPS is facing FTE and financial constraints that raise concerns about it being able to meet client and stakeholder expectations.   Currently, several program areas are undergoing organizational realignments to ensure each division has sufficient capacity to support FSCO's change agenda with respect to becoming a modern, high performing regulator.

The OPS Flexible Work Strategy is a key commitment in the 2012-15 OPS Human Resources Plan in support of employee engagement. To position the OPS as an employer of first choice and meet the needs of a diverse workforce, the OPS Flexible Work Strategy aims to reinforce the importance of flexibility in when, where, and how work gets done.

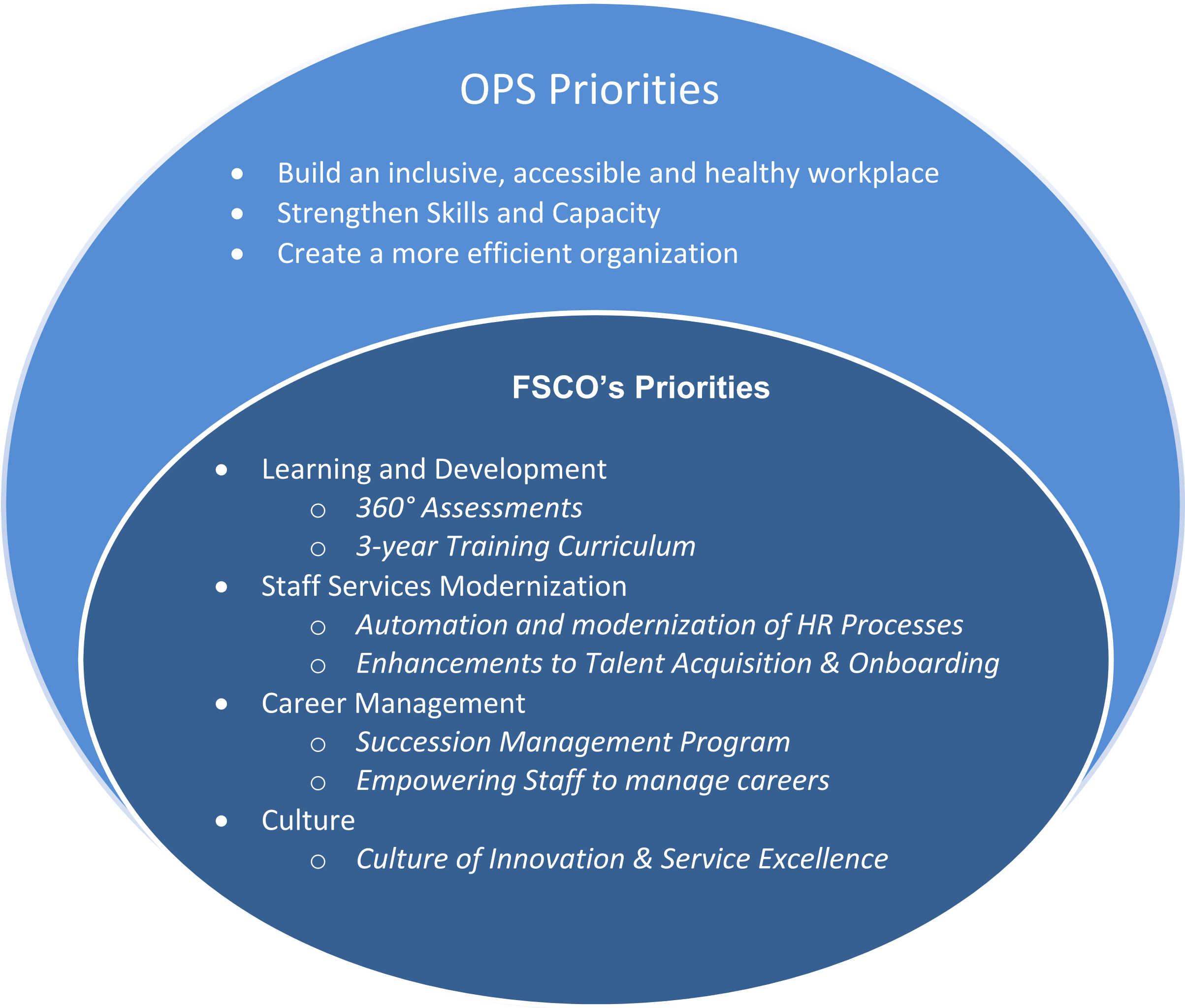
Both OPSEU and AMAPCEO ratified collective agreements in 2013. The AMAPCEO agreement is valid until March 31, 2014. The OPSEU agreement is valid until December 31, 2014.

9.1.3 FSCO's Workforce Environment

FSCO's workforce demographic heightens the risk of a "flight of knowledge" as a result of experienced personnel taking their expertise with them as they leave the organization. Transfer of knowledge mechanisms and succession management will be key to mitigating this risk.

9.2 Human Capital Plan Priorities

FSCO established the human capital priorities based on an assessment of the workforce challenges and OPS priorities. The OPS workforce priorities and FSCO's are:



OPS Priorities

- Build an inclusive, accessible and healthy workplace
- Strengthen Skills and Capacity
- Create a more efficient organization

FSCO's Priorities

- Learning and Development
  - *360° Assessments*
  - *3-year Training Curriculum*
- Staff Services Modernization
  - *Automation and modernization of HR Processes*
  - *Enhancements to Talent Acquisition & Onboarding*
- Career Management
  - *Succession Management Program*
  - *Empowering Staff to manage careers*
- Culture
  - *Culture of Innovation & Service Excellence*

9.3 Human Capital Plan Priorities Roadmap at a Glance

The table below summarizes FSCO's Human Capital Plan (HCP) priorities and Strategic Objectives, as well as the timeframes within which we expect to satisfy the objectives.

To achieve the strategic objectives and operational outcomes set out in the HCP, FSCO has developed strategies and initiatives related to:

- Learning & Development;
- Staff Services Modernization;
- Career Management; and
- Culture.

Strategic Objective	Learning and Development	2013-2014	2014-2015	2015-2016	2016-2017
Increase Efficiency, Effectiveness, and Transparency	Self-assessments conducted for FSCO senior managers	Complete			
	Conduct 360° Assessments for all FSCO senior managers	Complete			
	Address competency gaps based on 360° outcomes (individual and corporate)	✔	✔	✔	
Communication, Sharing Knowledge, and Engaging our Staff and Stakeholders	Implement three-year training curriculum	✔	✔	✔	✔
	Develop and implement training database to support Corporate Training & Curriculum program	✔	✔		

Strategic Objective	Staff Services Modernization	2013-2014	2014-2015	2015-2016	2016-2017
Increase Efficiency, Effectiveness, and Transparency	Review all existing HR processes to reduce transactional activities and increase strategic focus	✔	✔	Program Review	
	Automate recruitment process (system supports, key documents, internal processes)	✔	✔	✔	
	Modernize selection process tools	✔	✔		
	Develop suite of talent acquisition and onboarding services to help FSCO managers during the recruitment, selection, and assessment process	✔	✔		

Strategic Objective	Career Management	2013-2014	2014-2015	2015-2016	2016-2017
Increase Efficiency, Effectiveness, and Transparency	Implement succession management program	✔	✔		Program Review
Communication, Sharing Knowledge, and Engaging our Staff and Stakeholders	Empower staff with tools/resources to independently manage careers and support management	✔	✔		
	Develop and implement an exit interview program designed to capture organizational insights from departing employees and to reduce barriers to employee engagement and retention	✔	✔	Program Review	

Strategic Objective	Culture	2013-2014	2014-2015	2015-2016	2016-2017
Communication, Sharing Knowledge, and Engaging our Staff and Stakeholders	Leverage and support existing FSCO programs to build a culture of innovation and service excellence (EDP, Risk-based approach, etc.)	✔	✔		
	Promote OPS innovation initiatives and resources		✔	✔	✔

9.4 Human Capital Plan 2013-14 Accomplishments

The table below shows strategic objectives, key deliverables, and accomplishments to date, related to FSCO's Human Capital Plan initiatives.

Strategic Objective	Key Deliverables	Accomplishments to Date
Learning & Development		
Increase Efficiency, Effectiveness, and Transparency	Self-assessments conducted for FSCO senior managers	• Self-assessments have been completed for all senior managers
	Conduct 360° Assessments for all FSCO senior managers	• Multi-rater assessments for senior managers completed in March 2014
	Address competency gaps based on 360° outcomes (individual and corporate)	• Coaching services available for managers, to address competency gaps and support learning and development
Communication, Sharing Knowledge, and Engaging our Staff and Stakeholders	Implement 3-year training curriculum	• FSCO's training curriculum successfully implemented and regular communications on offerings done quarterly
Staff Services Modernization		
Increase Efficiency, Effectiveness, and Transparency	Review all existing HR processes to reduce transactional activities and increase strategic focus	• FSCO has acquired a consulting firm to conduct a comprehensive review of all FSCO's HR services • Consultations and recommendations were completed in Fall 2013/Winter 2014 • FSCO is automating manual and transactional HR functions where possible, through technology enablement
	Automate recruitment process (key documents, internal processes)	• To enhance recruitment practices, FSCO has created an electronic portal to store all job descriptions and job information packages for the organization • FSCO has developed a master recruitment tracking log, to track competition status and completion dates
	Modernize selection process tools	• Updated database of competency based interview questions
	Develop talent acquisition and onboarding services menu to help FSCO managers during the recruitment, selection, and assessment process	• Resume Screening services continue for FSCO competitions with selected vendor • Behavioural assessments are available for managers through a vendor on an "as-needed" basis • FSCO will launch refreshed orientation and on-boarding website for new staff in 2014 • FSCO provided interview panel training for managers in Winter 2013/2014.

Strategic Objective	Key Deliverables	Accomplishments to Date
Career Management		
Increase Efficiency, Effectiveness, and Transparency	Implement succession management program	• FSCO has implemented a Position Risk Assessment process for all management positions, as part of the 2013-14 Talent Management program • Risk Assessment & Successor identification exercise at Talent Management discussions to form basis for FSCO's 2013-14 Succession Management plan • An integrated SMS approach and reporting function was launched in Winter 2013/2014 • Workforce demographics reporting tool has been created to support human capital planning activities
Communication, Sharing Knowledge, and Engaging our Staff and Stakeholders	Empower staff with tools/resources to independently manage careers and support management	• FSCO is researching best practices and expanding on its career management program for staff, including the development of a career management portal, to complement existing self-help career articles • FSCO held a mentoring event, open to all staff, with its Executive Committee members
	Develop and implement an exit interview program designed to capture organizational insights from departing employees and reduce barriers to employee engagement and retention	• FSCO has developed an exit interview questionnaire based on best practices and benchmarking of comparable public sector organizations • FSCO's pilot of the exit interviews process began in the Winter 2013/2014
Culture		
Communication, Sharing Knowledge, and Engaging our Staff and Stakeholders	Leverage and support existing FSCO programs to build a culture of innovation and service excellence	FSCO continues to make progress on implementing corporate/divisional initiatives such as: • Facilities and Administrative Services transformation • Enterprise Development Project • Enterprise Risk-based Approach Project • OPS Service Directive Project • Diversity and Inclusion
	Promote OPS innovation initiatives and resources	

10 Information Technology Plan

The Information Technology (IT) group is responsible for all of FSCO's business systems development, computer networks, internet services, and telephone communications needs. IT services are crucial to day-to-day delivery of services to public and stakeholders in the sectors FSCO regulates.
FSCO continues to be an innovative leader in online service delivery among its peers across Canada. The IT group also provides security management, backup, and recovery procedures to ensure the integrity and availability for all of FSCO's IT systems.

10.1 Environmental Scan

The public service must offer customer service over a variety of channels including online, over the telephone, in person, via email, and through regular mail. The growing focus on providing the most cost-effective services makes delivering these services across all channels more challenging. Associated with this is the desire to extend hours of service and provide continuous 7/24 availability for all online applications.

Technology advancements that facilitate the use of mobile technology include the evolution of "smart" devices. These devices vary in size, functionality and manufacturer from the smart phone, to the tablet PC. These devices significantly improve the portability of technology while supporting the convergence of voice and data devices.

Using the web for business self-service transactions is another growing trend. The major challenge in implementing business transactions on the Internet has been security. Technologies exist to address security but they must be released and implemented immediately to effectively mitigate security threats. Continuing to ensure secure and reliable access to online services will remain an ongoing challenge.

The ability to attract and retain technology skills continues to be an issue, particularly in the public sector. There is significant demand for skills in leading-edge technologies, such as SharePoint and MS Dynamics. Resources with skills in more traditional areas, such as network security and disaster recovery, are also in high demand.

Looking beyond the current trends and further into the future, IT industry think tanks like Gartner forecast that society has only seen the tip of the iceberg in technology innovation. As a result of on-going innovation, experts continue to project exponential demand for storage and online bandwidth to support increased use of multi-media and content management systems.

10.2 IT Priorities

PEOPLE	• More collaboration across the business
PROCESS	• Enterprise wide common processes
TOOLS & TECH	• Adopting new technology

As a key enabler of efficient and effective regulatory services, IT's priorities must closely align with our business partners' priorities. A strong focus is being put on creating business solutions that promote collaboration across FSCO's various lines of business and to support common, enterprise-wide processes. To support this priority, the Business Solutions Unit (BSU) within IT works closely with FSCO program areas to design, build, test, and implement systems according to their requirements.

To support the future growth and adoption of new technology, the Network Operations Unit (NOU) oversees the procurement, installation, and ongoing operations of the state-of-the-art network infrastructure to support and maintain best-in-class technical service delivery. As IT adopts the use of new technologies, the NOU ensures that the necessary underlying technology is in place and monitors it to ensure reliability.

The Corporate Services Infoline (CSI) Unit is the primary contact for all corporate service inquires. CSI offers a single point of access for staff across FSCO through phone, e-mail, or in person. CSI has formalized its level of service to its clients in the form of service level agreements (SLAs). Eventually, formal SLAs will be developed for all IT services and we will make them available in the IT Service Catalog. The following SLAs have been approved to date:

- Network Password Reset – target is resolution within 60 minutes 85 percent of the time.
- Voice Mail Password Reset – target is resolution within 60 minutes 85 percent of the time.
- MS Outlook and MS Word – target is response/resolution within 60 minutes 85 percent of the time.
- Network Printer and Maintenance – target is problem resolution within 60 minutes 85 percent of the time.

10.3 Status Update and IT Implementation Plan

The table below provides information regarding IT Implementation Plan projects/initiatives, as well as information regarding completion dates.

Name of Project/Initiative	Description	Year of Completion			
		2013-14	2014-15	2015-16	2016-17
Researching and implementing social media	Investigation of feasible options, define business requirements, and begin to develop social media tools (that is, blogs, wikis, video/tutorial/webinar/photo libraries, Facebook pages, Twitter feeds, etc.).	✓			
DRS Excellence Project Implementation	Improve automated dispute resolution (DRS) case management systems.	✓			
DRSB Backlog Initiatives	Mandatory use of the e-Calendar system for parties to electronically schedule arbitration meetings.	✓			
DRS Arbitration Decision Documents	Redevelop the DRS Arbitration Decision Database (which is a Lotus Notes-based application) using a new platform.	✓			
MBRCC Secretariat	Establish the Mortgage Broker Regulators' Council of Canada (MBRCC) Secretariat website.	✓			
IPRS: System Enhancement and Development Project	Develop a service portal to allow online submission of filings and other information from pension administrators and other parties.	✓			
Finance and Accounting System Project (FASP)	This final phase of the project will focus on remaining business transformation/process re-engineering opportunities supported by the implementation of the new system, including a review of the assessment process.			✓	

Name of Project/Initiative	Description	Year of Completion			
		2013-14	2014-15	2015-16	2016-17
EDP: Pensions, Licensing, MVACF	Replace Pensions, Licensing, and MVACF's legacy systems as part of the EDP program.			✓	
ARTICS Migration	Re-development of ARTICS under a Microsoft-based platform				✓
People Places and Things	Re-development of FEWS under a Microsoft-based platform				✓

11 Communications Plan

The purposes of the Commission are set out in the FSCO Act:

- To provide regulatory services that protect the public interest and enhance public confidence in the regulated sectors
- Make recommendations to the Minister about the regulated sectors
- Provide resources necessary for the proper functioning of the Tribunal

FSCO's communication initiatives support these purposes by:

- Enhancing public understanding of the rules governing FSCO's regulated sectors and the accountability of persons selling regulated products.
- Advancing FSCO's identity and providing clarification regarding its regulatory role/functions.
- Supporting compliance with legislation by explaining regulatory/legislative requirements.
- Demonstrating our commitment to being a progressive and fair regulator, working with stakeholders to support a strong financial services industry and protect the interests of financial services consumers.

FSCO's risk-based approach to regulating its financial services sectors informs the identification of communications priorities.

11.1 Communications Plan Goals

FSCO's communications goals take into account the overarching need to mitigate risk by enhancing the level of internal communication around key corporate initiatives and their associated regulatory outcomes.

These communications goals include:

- To ensure effective communication of FSCO's role as an integrated regulator
- To use communication channels and technology tailored to the needs of our diverse audiences
- To foster relationships and partnerships that support enhanced communications and public outreach efforts
- To promote continuous service improvement

FSCO will actively engage the public using established communication tools/services as well as its partnerships to gain a clearer perspective of what works, what does not work and how we can further improve our tools and services. For example, FSCO will:

- Conduct an annual website feedback survey to solicit broader public feedback on our communications efforts for a clearer perspective of what works and what does not work, and modify our efforts accordingly.
- Quantify the reach and impact of our social media activity as a means of guiding the enhancement of our social media campaigns/outreach.

- Monitor website metrics regularly, conduct comprehensive analyses of the results, report on these results internally, and make necessary modifications to site navigation, taxonomy structure and content.
- Monitor the News Canada news segment pick-up and reach to evaluate its effectiveness.
- Conduct telephone-based satisfaction surveys and modify our telephone and correspondence protocols and standards accordingly.
- Provide regular updates on our communication projects and initiatives and solicit feedback from our established consultation committees and advisory groups to identify possible issues or concerns, and address these issues and concerns before the launch of proposed communications products and initiatives.

By evaluating feedback, FSCO will be able to adapt the work plans for specific initiatives and products so they meet the needs of their intended audiences. This will permit continuous improvement of future communication.

11.2 Communication Initiatives in Detail

The following communications strategies and initiatives have been developed to achieve the above objectives:

Communications Initiatives and Operational Outcomes	Key Deliverables
1. Ensure effective communication of our role as an integrated regulator. Expand our inventory of web-based content and enhance direct public outreach efforts to consumers.	• In 2013-2015, devise and implement a multi-year Enterprise Development Project Stakeholder Communications and Engagement Plan. • In 2013-2015, devise and implement a public website and Enterprise Development Project integration plan. • In 2013-2014, develop and implement a communications plan to advise staff, health service providers and stakeholders of our new authority to license and oversee the business practices of health service providers who invoice auto insurers. • In 2014-2017, determine key messaging/branding with a focus on increasing public knowledge and awareness of our activities and scope of authority. • In 2014-2017, conduct ongoing reviews of existing content with the assistance of sector-specific content contributors/subject matter experts, devise communication plans to improve and fill in gaps across the regulated sectors and develop new content. • Participate in public outreach events to increase public knowledge and awareness of our activities and scope of authority.
2. Use communication channels and technology tailored to the needs of our diverse audiences:	• In 2014-2017, focus on creating consumer-focused content that can be used on multiple social channels and that will generate increased social engagement, increased traffic for our website properties and increased reach for FSCO messages.

Communications Initiatives and Operational Outcomes	**Key Deliverables**
Communicate, share knowledge and engage consumers and stakeholders more effectively by using diverse communications channels and technology.	• In 2014, expand on our existing Email Alert and RSS Subscription Centre by introducing additional functionality. • In 2014-2017, investigate feasible options, define business requirements, develop and launch new Web 2.0 features, services, tools and resources to encourage increased consumer and stakeholder engagement and interaction. • In 2014-2017, produce and promote audio/video (A/V), multilingual, interactive versions of our most popular consumer awareness publications and promote these A/V publications using social media.
3. Foster relationships and partnerships that support enhanced communications and public outreach efforts Develop and strengthen relationships with media outlets and partnerships with government, regulators, law enforcement and industry/trade associations to improve the reach, quality and effectiveness of external communication products.	• In 2013-2014, as recommended by the Auto Insurance Anti-Fraud Task Force, create an Anti-Fraud Awareness Implementation Group co-chaired by FSCO and the Insurance Bureau of Canada (IBC) and oversee the implementation of a communications strategy designed to provide consumers with important information about the auto insurance system and fraud at key learning moments. • In 2014-2017, continue to enhance the Social Media Working Group co-chaired by FSCO and Toronto Police and collaborate with members at key times of the year (e.g. Fraud Prevention Month, Financial Literacy Month, etc.) to reach larger numbers of people with key messages about fraud prevention and financial literacy.

Communications Initiatives and Operational Outcomes	**Key Deliverables**

4. Promote continuous service improvement:
Streamline and document our communications development, approval, publishing and retention policies/procedures.
Develop internal communication tools, resources and initiatives.
	• In 2014, improve FSCO's underlying website content management processes by developing, implementing and maintaining:
	  • A communications development best practices guide and modified green sheet and communications plan template to promote best practices.
	  • A website governance plan and style guide that documents our website content development, approvals/publishing processes and procedures.
	• In 2013-2014, develop and internally promote a media relations protocol that outlines roles and responsibilities, processes and timelines for handling media inquiries and for soliciting media attention.
	• In 2013-2014, facilitate innovative learning, training, and engagement resources and opportunities by developing and implementing a training curriculum that includes new learning, training and engagement resources and tools (for example, Writing Rally, policy wonk lunches, research skills training, etc.).
	• In 2014-2015, research feasible options and implement new communication tools/products and alternate communication channels for more effective communication to staff; collect and monitor staff feedback and use it to adapt structure/subject matter of future tools, resources, and initiatives.
	• In 2014-2017, continue to improve our Intranet by introducing new web-based information, tools and resources to help staff better manage their day-to-day operations and responsibilities.

Appendix A – Organizational Chart

FINANCIAL SERVICES COMMISSION OF ONTARIO

Senior Management Overview – Effective December 2, 2013