



Reply to the attention of: Angie Morris
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June 4, 2020

Mr. Tim Bzowey
EVP, Auto Insurance Products
Financial Services Regulatory Authority
5160 Yonge St.
Toronto, ON, M2N 6L9

Re: 2020-004: Request for Comment – Auto Insurance Take-All-Comers Rule

Dear Mr. Bzowey,

We write on behalf of Allstate Insurance Company of Canada, Pembridge Insurance Company and Pafco Insurance Company (collectively, “ACG”), in response to the Financial Services Regulatory Authority of Ontario’s consultation on the Take-All-Comers rule. In this submission, we will directly respond to the following questions for licensed entities:

- What reporting and oversight mechanisms are in place to support compliance with the Take-All-Comers rule?
- How does your organization address instances of non-compliance with the Take-All-Comers rule?

With respect to the third question posed in the consultation, what changes to the Take-All-Comers rule would reduce the risk of consumer harm and/or sector instability, Allstate Insurance Company of Canada supports the submission by the Canadian Association of Direct Relationship Insurers (CADRI); and ACG supports the submission by the Insurance Bureau of Canada (IBC).

At ACG, compliance with the Take-All-Comers rules is fully imbedded in our processes.

Ensuring compliance starts at the outset with ACG’s training and education program. ACG’s training philosophy is to educate our agents and underwriters to support their roles and functions, which includes compliance with all laws and regulations, including the Take-All-Comers rule. Agents and underwriters are directed to write all policies that meet filed underwriting rules; and materials are provided and updated regularly for reference on an ongoing basis.

With respect to our broker channel businesses, the licensed insurance brokers that distribute the automobile products of Pembridge and Pafco are the first line of defense to ensure that all consumers have access to automobile insurance products. The brokers Pembridge and Pafco work with are contracted with standard, non-standard and facility carriers to ensure that any level of risk is insurable. Pembridge and Pafco's filed underwriting rules and guidelines are provided to all quoting vendors, which ensures that brokers are provided with a price for quoted risks that are in line with our filed rules.

Once an agent generates a new business submission, it is reviewed by a manager to ensure compliance. For underwriters, there are programmed policy verification processes. All business generated by external brokers are reviewed by internal underwriters to ensure compliance.

In order to maintain compliance, quality reviews and internal audits are conducted regularly. Reviews/audits of all underwriters are conducted at least semi-annually, but more often if necessary. Any concerns with non-compliance would be addressed following the internal audit. In addition, call audits/live monitor outcomes of call center agents are conducted on an ongoing basis. If non-compliance with the Take-All-Comers rule is discovered during a call quality review, immediate coaching would be provided to the agent. There would also be a follow up to the customer to rectify.

In addition to the foregoing, ACG's Law and Regulation business unit's corporate compliance audit team conducts another layer of audits/reviews on a quarterly, bi-annual and ad-hoc basis, for overall compliance with filed rules, regulations, policies and procedures, and code of ethics, which would indirectly include review of compliance with the Take-All-Comers rule.

In addition to internal audits and compliance verifications, ACG employs the Ethidex Regulator Compliance Management Service, which requires an annual review of regulatory compliance. This process provides yet another layer of oversight by a Risk Management Specialist, who is responsible for reviewing and ensuring that internal controls, including those specific to the Take-All-Comers rule, are being adhere to. Even further, each year, all ACG employees are required to complete ACG's Annual Code of Ethics Compliance process. This process requires each employee to review the Codes and engage in e-learning modules. The process serves to continually reinforce the importance of compliance with laws, regulations, business best practices, and general codes of conduct.

With respect to other reporting mechanisms, ACG's Speak Up Report Service, an anonymous service, is available internally to all employees who want to raise any concerns of non-compliance with ACG's Law and Regulation Compliance team. External concerns would be referred to ACG's Ombudsman's office. If a complaint is received, ACG's Ombudsman's office would work with the Law and Regulation Compliance team to thoroughly investigate the complaint or customer experience and remedy the situation as is appropriate.

We trust that the foregoing is satisfactory and thank you for the opportunity to participate in this consultation.

Yours very truly,



Sincerely,

Angie Morris
Vice President, General
Counsel & Corporate Secretary