

November 14, 2019

Mr. Mark White
Chief Executive Officer
Financial Services Regulatory Authority of Ontario
5160 Yonge Street, 16th Floor
Toronto, Ontario
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Mr. White,

Thank you for the opportunity to provide comment on FSRA's Priorities and Budget Consultation Document in draft for 2020/21.

The level of detail provided in the priorities document is appreciated and its organization by both cross sectoral and sectoral specific activities is also helpful.

As the trade association representing farm mutual insurers across Ontario, our comments will be relatively brief in keeping with FSRA's continuation of its earlier stated priorities and the early stages of FSRA's evolution and lifecycle.

In reviewing the initiatives for the property-casualty sector, we support the general principles and implementation priorities set out.

In considering a principles-based approach to regulation, we urge FSRA to always maintain an appreciation of the principle of proportionality as relates to drafting regulations and guidance.

While the financial services sector typically has seen consolidation and the advent of large companies with complex corporate structures, some insurers, including our members, remain relatively small, community-based enterprises. Any proposed regulation or principal should not be unduly burdensome on small enterprises. We believe this certainly supports principles-based regulation and allows for appropriate burden reduction by avoiding imposing unnecessary burdens on the regulated entities.

FSRA's priorities relating to the potential for auto reform will be reliant upon changes proposed and legislated by the provincial legislature. In drawing on past experience with automobile reform we note that one of the most difficult elements of implementing significant changes to either an auto policy or process is the reliance upon mandated wordings, marketing material, or legal guidance from the regulator. In previous reform cycles, the availability of the required material to communicate with consumers has been delayed to the point that implementation plans are often in danger of compromising the required implementation date. In other words, we cannot get our work done until yours is complete and published.

The early receipt and approval of mandated terminology, communications, guidelines, and wordings should be provided well in advance of the implementation date to ensure the best possible experience for consumers.

We also note a priority to improve licensing efficiencies. Many of our member companies have experienced previous difficulties with agent licensing process or administration. In considering streamlining this process, we recommend a transparent process and a real-time capability for an agent or sponsoring company to determine where in the approval process a license application may be.

We also note a priority to develop a comprehensive auto insurance data and analytics strategy.

There's currently a significant amount of automobile insurance data conveyed by auto insurers to the regulator through automated reporting processes. Over time the collection and transmission of this data has become a significant expense item for insurers. We recognize that the comprehensive collection of data has had a general beneficial effect on helping all stakeholders understand the performance of a complex automobile product. In developing a new or enhanced strategy, we recommend that FSRA be cautious before requesting additional amounts of data from automobile insurers. The request for data should include a careful cost-benefit analysis and a clear statement as to the value of the data being collected to the benefit of all stakeholders. In addition, as more data is collected either through auto insurers or other data sources the ability of the regulator to provide meaningful comprehensible reports on the state of automobile insurance should be paramount. The collection of data without the ability to report on the data will not result in any significant improvement in consumer protection or the transparency of the business of automobile insurance.

Our Association appreciates the opportunity to provide comments on behalf of our member companies. We also welcome any opportunity to participate in industry stakeholder working groups, particularly where the perspective of policyholder owned small enterprise insurers would provide insight.

Yours Truly,

A handwritten signature in blue ink, appearing to read "John L. Taylor". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

John L. Taylor BBA, FCIP, FCLA, CHRL
President