



November 17, 2021

Submitted electronically

Financial Services Regulatory Authority of Ontario
Auto Insurance Sector
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6

Re: ID 2021-017 – Consultation on proposed Innovation Framework

On behalf of CAA Insurance (CAA), I am pleased to share our comments in response to the Financial Services Regulatory Authority of Ontario's (FSRA) consultation (2021-017) on the proposed Innovation Framework.

Since FSRA's inception, CAA has worked with the regulator to discuss and further implement innovative products that are enjoyed by a growing number of Ontario drivers. In particular, CAA's MyPace program (Canada's first, and only, pay-as-you-go auto insurance program) that launched in 2018 is a perfect example of innovation by an insurer while also fostering an ongoing dialogue with the regulator to ensure the product has multiple benefits for the consumer.

In reviewing the proposed Innovation Framework, we are pleased to offer the following comments for FSRA's consideration.

Do the principles outlined by the Innovation Office resonate with you as a stakeholder?

CAA supports the overall efforts made by FSRA in the Innovation Framework. We are pleased with FSRA's approach to engage further in innovation and helping find solutions that are geared to benefitting consumers across the province.

What role do the sectors want to see FSRA play in facilitating innovation?

There is an opportunity for FSRA to operate as a partner as various companies explore innovation. For example, while insurers will develop and propose innovative concepts based on their respective business models, FSRA has the opportunity to ensure consumer protection is incorporated in any and all proposals that are submitted, and ultimately approved.

What is your preferred 'point of entry' when bringing innovation ideas to FSRA?

CAA has appreciated FSRA's willingness to listen to and discuss issues around innovation, rate relief for consumers and other topics since the regulator's inception a few years ago. From our perspective, this answer may vary by insurer and their respective business models, and may also differ based on the concept(s) being proposed.

How useful is the intake questionnaire?

CAA Insurance supports the concept of the consistent intake questionnaire for new initiatives by the Innovation Office. Although supportive, we believe it may be premature in some circumstances for an applicant to have sample materials available at the time of intake.

Are the regulatory tools currently available to FSRA sufficient in allowing FSRA to facilitate innovation while protecting the public interest? If not, what else is needed?

In reviewing the document, CAA believes the regulatory tools described in the consultation are sufficient once Section 15.1 of the *Insurance Act* is proclaimed into force.

With respect to the issue of transparency and protection found on page 28, we believe this approach is reasonable. We respect and recognize that there is interest from both the public and industry to have a view of any exemptions (from current regulation) that are permitted. However, there is an inherent risk that new entrants and/or incumbents may be reluctant to share innovative ideas with FSRA, including details on how such innovations will be brought to market, without some guarantee of confidentiality over the technology, people and processes.

The Innovation Office should consider entering into Non-disclosure Agreements regarding each Test and Learn Environments and avoid sharing confidential or proprietary information between industry competitors.

The subject of confidentiality may warrant a further discussion with industry members to ensure FSRA determines the appropriate balance between transparency and proprietary information.

Do you see any roadblocks to innovators being inclined towards and comfortable with participating in FSRA TLEs?

FSRA's efforts to embrace and promote innovation is an important step forward for both industry and consumers. From CAA's perspective, it is important for FSRA to find the appropriate balance between highlighting the types of innovation proposals that have been approved and respecting both confidentiality and an insurer's proprietary information. Some additional clarity and a proactive statement from FSRA on the issues of privacy and confidentiality could provide additional comfort that proprietary materials will not be posted or shared publicly.

What are some meaningful ways the Innovation Office can engage with your sector?

CAA Insurance has benefitted from an open and productive series of discussions with FSRA since its inception. Through the Innovation Office, we would recommend that FSRA continue to have open dialogue with insurers as we all adjust to the opportunities afforded by these changes.

Nearly four years ago, we embarked on launching CAA MyPace, an innovation that has yet to be replicated in the marketplace. In doing so, CAA provided eligible drivers an alternative to a traditional auto insurance plan that is more suited to their driving lifestyle. It is important, through the Innovation Framework, for FSRA to continue engaging with and looking at each insurance company distinctly, as insurers will approach the topic of innovation in various ways, based on their respective business models and appetite for risk.

Thank you for the opportunity to provide these comments. We welcome further discussions with FSRA representatives should you have any questions.

Sincerely,

Elliott Silverstein
Director, Government Relations
CAA Insurance Company