



FSRA Consultation on Proposed Guidance on Automobile Insurance Rating and Underwriting Supervision Guidance

Ontario Rehab Alliance Submission

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Emailed to:

FSRA

- Chris Georgakopoulos, Director of Auto Policy, FSRA

Ministry of Finance

- Francisco Chinchon, Assistant Deputy Minister, Financial Services Policy Division
- Taylor Putnam, Director of Budget & Strategic Initiatives
- Corey Naimark, Manager, Property & Casualty Insurance Policy

Introduction

The Ontario Rehab Alliance (ORA) is pleased to have this opportunity to comment on the proposed guidance.

Our association represents primarily small to medium sized healthcare businesses that collectively employ upwards of 4000 healthcare providers. We are unique among the other provider associations in our sector as we represent Regulated Health Professionals from all disciplines, social workers along with personal support and rehabilitation support workers. Within the auto insurance sector most of our members services' focus on non-CAT and CAT clients, less so MIG. Some provide services through PPNs.

Most of our members also work throughout the healthcare system providing services within multiple payor systems in addition to auto insurance, including WSIB, Veterans Affairs (VA), Long Term Care, Extended Health Plans, and private (self-pay).

We are the only association focused primarily on the interests and issues of health providers in the auto sector.

Rating, Underwriting and Fair Treatment of Consumers

We commend FSRA for initiating a project intended to establish principles and outcomes centred around fair treatment of consumers and high standards for sound insurer operations, controls and governance in pricing and underwriting. These consumer-centred goals are to be achieved by a trade-off with a benefit to insurers.

As we understand it, this is a voluntary accreditation scheme targeted at auto insurers specifically. Insurers that participate will have access to fast-track rate changes enabling them to get to market faster and respond more nimbly to market forces. The benefit to insurers seems evident.

The benefit to consumers is more opaque. This scheme is intended to ensure that premiums are more closely aligned with drivers' individual risk profiles and that rate setting and underwriting is free of unfair discrimination and bias. Surely these 'benefits', underpinned by Human Rights legislation, recent regulatory guidance, and universally accepted consumer protection standards, should now be business-as-usual practices regardless of whether or not an insurer is accredited under the proposed scheme?

Insurer Accreditation and Health Service Provider Licensing

Noteworthy from an HSP perspective are the differences between FSRA's principles-based supervision of healthcare providers and insurers.

HSP licensing was established to mitigate fraud through the provision of a direct-billing-payment mechanism. This is somewhat comparable to the streamlining of rate changes to be offered to insurers. Noteworthy is the fact that HSPs are required to develop and adhere to a demanding regime of policy and practice, are subject to not infrequent audits, submit annual information returns (AIR) and pay not insignificant licensing fees.

The accreditation scheme proposed for insurers carries no similar administrative or financial burden. Further, this initiative is designed to support insurers' business interests and financial health whereas FSRA's HSP licensing is yet another unrecoverable cost of doing business as health care providers in the auto sector.

We applaud the aspect of this initiative pointed at ensuring consumers can access the information they need to understand the factors that influence pricing, underwriting and

implications for future claims. We very much hope that this includes ensuring that brokers and agents themselves understand the implications of coverage choices that will be made in an expanded optional benefits environment and that they are able in turn to educate consumers. Historically, this has not been the case. Laudable as accreditation will be if it has that effect, we suggest that this should be an expectation of all insurers selling auto insurance, accredited or not.

Claims Adjudication and Fair Treatment of Consumers

This initiative's '*Fair Consumer Outcomes*' objective appears to be limited to the rating and underwriting processes and does not extend to claims handling. Seemingly the focus on fairness for consumers begins and ends at the point of purchase or renewal.

As healthcare providers in the auto insurance funded rehab sector we differentiate 'consumers' from 'claimants' in our analysis. Recognizing that it is vital for consumers to be able to purchase affordable coverage we are deeply concerned with the lack of information and insight most consumers are provided with at point of purchase/renewal.

Not until consumers are transformed by an accident into claimants do they fully appreciate the impact of purchase-point decisions. This is particularly true of optional accident benefits. It therefore falls to the government, as the crafter of the mandatory product, and the regulator who oversees its use, to ensure that consumers are treated fairly beyond the point of purchase.

We are compelled to note that the recent regulatory changes making an array of often-necessary benefits optional will have dire consequences if not accompanied by a process that ensures truly informed consumer decisions.

While accrediting insurer rating and underwriting practices may prove to better serve consumers, we believe that enhanced supervision through accreditation of claims adjudication is much needed. Consumer-centred improvements to purchase and renewal are not very meaningful if claimants cannot in fact obtain the care they need, and are insured for. If accreditation-in-exchange-for-rate-change-fast-tracking is thought to be useful it should be extended to include claims adjudication.

The claims handling reality we experience as providers treating serious and catastrophic injuries is one characterized by an increasingly high rate of denials and partial denials, often without grounds. Partial denials are particularly disruptive to claimant care. Partial denials do not trigger Independent Examinations (IEs), and while this may be a cost saving to insurers and the systems as a whole, they do significantly delay and compromise care.



We urge FSRA to correct this disconnect and bring claims adjudication into an enhanced supervision environment, whether that be through accreditation or some other mechanism.

With thanks for this opportunity to comment on an important initiative.

Sincerely,

Laurie Davis
Executive Director