



**Canadian Vehicle
Manufacturers' Association**
Association canadienne
des constructeurs de véhicules

November 15, 2024

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Financial Services Regulatory Authority (FSRA) of Ontario
25 Sheppard Avenue West, Suite 100
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**Re: Consultation on Proposed Automobile Insurance Rating and Underwriting Supervision
Guidance ID: 2024-010**

Dear Sir/Madam:

The Canadian Vehicle Manufacturers' Association (CVMA), including its member companies Ford Motor Company of Canada, Limited, General Motors of Canada Company, and Stellantis (FCA Canada Inc.), greatly appreciates the opportunity to provide input to the consultation on proposed automobile insurance rating and underwriting supervision guidance.

The CVMA understands that the objectives of the Guidance are fairer rates and underwriting, a healthier marketplace enabled by effective regulation, and greater transparency for consumers through a principles-based approach.

The CVMA has conducted a review of the draft Guidance and provides the below recommendations which it submits will elevate the proposed approach by emphasizing data-driven decision-making and increased transparency for both consumers and industry participants.

The CVMA strongly recommends the following:

1. Evidence-based Rate Setting, Subject to Regular Review and Modification

- In order to assess fairer consumer outcomes, publicly accessible and current data must be made available to assist with rate-setting decisions.
- Data will need to be updated and reviewed at a regular cadence to ensure alignment with current market trends. Data should be available to both consumers and to industry participants.
- Rate adjustments – both increase and decreases – need to be evidence-based, reflect current vehicle theft rates and be subject to review and modification at regular, set intervals.

2. Rate Calculation Transparency for Consumers

- It is paramount that consumers understand how vehicle insurance rates are calculated and that there is transparency about the factors and data that affect rates.
- Popular vehicles may represent a higher frequency of theft because there are more of them in the fleet. Consumers should not be penalized for purchasing vehicles that meet their needs and that represent a high percentage of the fleet volume. It is important that insurers exercise increased diligence to ensure rates consider and reflect these factors as part of rate calculations. Greater transparency is required about what actions consumers can take to decrease their insurance rates. These details need to be available to automotive manufacturers and to their respective independent authorized dealers.
- For example, if a rate reduction is offered in response to the installation of an immobilizer, greater transparency is required about:
 - what immobilizers are eligible and the approval process;
 - the criteria for the safe and proper installation and process to verify;

- data handling protocols that respect privacy compliance requirements; and,
- protocols for a change of ownership or subsequent sale of the vehicle. Relevant questions to address in such a protocol could include:
 - what happens to the immobilizer?
 - does the immobilizer need to be uninstalled and by whom?
 - if a tracker was installed, what happens to data collected?

Central to a number of the CVMA's above recommendations is the growing concern for the rise of vehicle theft in Canada. This issue is a priority to all automotive insurance industry stakeholders, as it is evident that increased vehicle theft raises the cost of automotive insurance.

Automotive manufacturers, government, the insurance industry, and law enforcement entities are actively working to find solutions to deter vehicle theft. The prevailing view is that sophisticated transnational organized crime groups target Canada for vehicle theft because the risk of prosecution is low, and the financial reward is high.

Automotive manufacturers are continually innovating and improving anti-theft measures to strengthen vehicle security for their customers. However, technologies alone will not address theft that is highly financed and coordinated. As one example, expanded authorities for local law enforcement to access intermodal facilities on the basis of stolen vehicle intelligence could help to curtail the illegal export of stolen vehicles.

The CVMA supports continued collaboration between all industry stakeholders to make meaningful progress on vehicle theft in Canada to provide better value to automotive insurance consumers.

The CVMA appreciates the opportunity to provide these submissions and would welcome an opportunity to further discuss these recommendations to ensure there is a fair and transparent framework to support innovation in pricing consumers accurately, reduces risks of consumer harm, promotes a better functioning market, and enhances accountability for consumer outcomes.

A CVMA representative will reach out to coordinate a mutually convenient opportunity to discuss this further. In the meantime, please do not hesitate to contact me directly at 613-513-9626 or at bkingston@cvma.ca.

Yours sincerely,



Brian Kingston
President and Chief Executive Officer