



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

Introduction:

The Ontario Psychological Association (“OPA”) is pleased to offer our comments and recommendations in response to the Financial Services Regulatory Authority’s (FSRA) Proposed Guidance on Automobile Insurance Rating and Underwriting Supervision Guidance (“Guidance”).

The OPA is the professional organization representing psychology in Ontario. The OPA was established in 1947. Our members are clinicians, academics, researchers, and students who are dedicated to improving the mental health and wellbeing of Ontarians. The OPA provides leadership to promote the mental health and wellbeing of Ontarians, and to inspire excellence in the profession of psychology through research, education, clinical excellence and advocacy. The OPA strives for a healthcare system in which psychological services are accessible to all Ontarians, where psychologists can practice to their full potential, and the value of the professional healthcare services psychologists provide is widely and properly recognized.

The Proposed Guidance for automobile insurance rate regulation and underwriting rules takes a principled-based, outcomes-focused approach. Its goals include ensuring fair rates and practices, a healthier marketplace and great transparency for consumers. These objectives are tied to consumer confidence in:

- Prices reflecting their risk profile
- Protection from unfair bias and discrimination in rating and underwriting
- Trustworthy and transparent systems with accessible information, and
- Access to necessary coverage in Ontario

FSRA is promoting changes that benefit consumers by:

- Reducing regulatory delay
- Streamlining processes

- Aligning premiums with claims trends, and
- Encouraging innovation with a focus on fair consumer outcomes

We are aware that the consultation for Guidance has not yet been finalized. However, it is clear that insurers will be responsible for interpreting and applying principles to achieve the desired outcomes. This includes:

- Accurate pricing and underwriting:
- Balancing profitability with consumer interests
- Clear consumer communications

### OPA's Position

We commend FSRA for this initiative. However, we believe that accreditation for insurers should go beyond rate determination to include underwriting practices, sales processes and policy servicing. The value insurance lies not only in fair pricing but also in the overall consumer experience and protection. Therefore, FSRA should ensure that insurers:

- Price, deliver and service products fairly
- Are transparent about underwriting and policy approval factors
- Provide support for claims and questions
- Process claims in a fair, timely and transparent manner
- Have a robust complaints process
- Comply with all relevant regulatory provisions and standards, and
- Undergo regular audits to ensure ongoing compliance with accreditation criteria and standards.

As part of its accreditation process for insurers, FSRA should place significant emphasis on an insurer's market conduct, including any legal proceedings initiated by consumers that might call into question insurers' claims and underwriting processes. This consideration should extend to any legal proceedings initiated by consumers, as these often reveal critical insights into the insurer's claims and underwriting processes.

These considerations are more important because, as we have noted, the Guidance adopts FSRA's principles-based, outcomes approach to fair consumer outcomes wherein insurers will be allowed to develop their own processes and practices to meet the requirements of the Guidance. In these circumstances there will, of necessity, be a regulatory lag before FSRA can confirm insurer compliance with the Guidance. That lag can:

- impact consumer trust if they are concerned that insurer practices are not fully compliant with the Guidance's principles, and
- there is a risk that consumers may not receive the level of protection intended by the Guidance during the period of regulatory lag which may leave consumers vulnerable to unfair practices or inadequate claims processing service until FSRA confirms compliance.

Finally, we note that the accreditation scheme is voluntary for insurers, in contrast to the mandatory and rigorous requirements that health service providers (HSPs). The OPA suggests that the accreditation process should balance a nimble rating process with adequate consumer protection.

We would be pleased to work with FSRA on these and other issues as they arise.

Respectfully submitted,

Ontario Psychological Association