



**CADRI**  
CANADIAN ASSOCIATION  
OF DIRECT RELATIONSHIP  
INSURERS

6 December 2024

Mr. Stephen Power, Interim CEO  
Financial Services Regulatory Authority of Ontario (FSRA)  
25 Sheppard Avenue West, Suite 100  
Toronto, ON, M2N 6S6

Via: <https://www.fsrao.ca/engagement-and-consultations/consultation-fsras-proposed-2025-2026-statement-priorities>

Dear Mr. Power,

**Re: 2024-12: FSRA Proposed 2025 – 2026 Statement of Priorities and budget (Statement of Priorities)**

## **INTRODUCTION**

The Canadian Association of Direct Relationship Insurers (CADRI) is the voice of insurance enterprises that offer automobile, home, and commercial insurance directly to Canadians. We advocate for flexible and evolving regulatory and legislative frameworks governing automobile, property, and commercial insurance to enable product and service innovation so that Canadians can easily choose insurance that serves their needs through the delivery channels of their choice.

CADRI is pleased to review and comment on FSRA's *Proposed 2025 – 2026 Statement of Priorities and budget (Statement of Priorities)* and to work collaboratively with FSRA and the provincial government to improve the insurance system to better serve Ontario families.

## **OVERVIEW**

CADRI has focused on the priorities of greatest import to its members:

- Licensing service standards and replacing FSRA's legacy IT system,
- Conclusion of the rate and underwriting reform process in 2025, and
- FSRA's budget.

## STRATEGIC PRIORITIES

Turning our attention to the *Statement of Priorities*, CADRI supports FSRA's cross-sectoral priorities to:

1. Strengthen stakeholder relations and improve consumer-focused outcomes
2. Enhance licensing efficiency and effectiveness
3. Modernize systems and processes.

We have the following specific observations about cross-sectoral priorities 2. Licensing and 3. Modernizing systems:

### **2. Enhance licensing efficiency and effectiveness**

CADRI appreciates the openness of FSRA's Licensing and Market Conduct team to meet and discuss mutual challenges. The creation of a relationship manager system has smoothed the process of licensing new agents and renewing the licences of seasoned professionals.

We encourage FSRA to ambitiously achieve the *Statement of Priorities'* stated outcome of:

- Improved service delivery for all licensing transactions while maintaining protection for consumers.

FSRA recently adjusted its service level agreements to a 20-business-day turnaround for applications that largely meet the regulator's requirements. (To be clear, 20 business days is around a month.) [According to FSRA](#), these constitute about 75% of insurance companies' applications. The remaining 25%, which require further review and additional time to process and assess the applicant's suitability, take longer.

CADRI's members are national and international companies that screen, hire and train prospective employees destined for customer service in cohorts. These individuals complete up to three months of formal facilitated training, ongoing coaching and skills upgrading throughout their terms of employment. Most are licensed in their home jurisdiction before going on to earn licenses for multiple jurisdictions across Canada.

When there is a delay in an employee's first licence, it means that they do not progress in the training process at the same pace as the colleagues with whom they began the employment journey. Moreover, the insurer, having invested in the employee, and continuing to support them, cannot deploy them to full customer service. Similarly, when there is a delay in the renewal of a seasoned professional's licence, that individual is prevented from doing business in Ontario, and reduces an insurer's capacity to serve its customers.

In this context, CADRI calls on FSRA to set more ambitious standards and promise a 10-business-day turnaround of new applications and renewals, as well as make a commitment to faster servicing of the remaining 25% of licences that fall outside that service level agreement.

### **3. Modernizing systems and processes**

We continue to await word on the modernization of FSRA's processes and systems: particularly the replacement of the legacy IT system.

We support the *Statement of Priorities'* Key activities to achieve outcomes:

- (e) Develop and implement an updated strategy to address the delays for FSRAForward to replace legacy systems, minimize cost overruns and increase efficiencies.

We believe the investment in a new FSRA portal, designed and tested for user needs, will greatly assist with some of the issues with licensing turnarounds described above.

### **1. Property and Casualty and Auto Insurance Priorities**

We will focus our comments on priority 4.1 directed to Property and Casualty Insurance including auto.

#### **4.1 Implement key reforms for the regulation of auto insurance rates and underwriting**

Modernizing regulation for any sector is, admittedly, challenging. CADRI appreciates FSRA's engagement with industry in developing its auto insurance rate and underwriting reform strategy. We recently [commented](#) on the regulator's proposed *Guidance: Automobile Insurance Rating and Underwriting Supervision Guideline*, with a particular emphasis on the accreditation process.

CADRI supports FSRA's *Statement of Priorities'* Key activities to achieve its outcomes, particularly:

- (a) Finalize Auto Insurance Rating and Supervision Guidance

with the publishing and consultation of its fourth chapter on the Rating and Underwriting review process.

In addition to the outcomes and activities outlined in its *Statement of Priorities*, CADRI encourages FSRA to:

- support government changes to allow credit information as a risk variable, and
- replace the risk variable sections of Regulation 664 with a rule.

### **Financial outlook**

We have reviewed FSRA's proposed budget and appreciate that it is planning for a 2.8% decrease from the FY2024-25.

When the cost of living is of heightened concern for Ontarians, and all levels of government, it is incumbent on players in the insurance space to moderate their contributions to the consumers' household expenses. FSRA appears to have heeded this recommendation from our comments last year.

## CONCLUSION


CADRI appreciates the opportunity to review FSRA's *Proposed 2025 – 2026 Statement of Priorities and budget*.

Specifically, we call for:

- improved service standards for new licensing applications and renewal,
- a move to a new portal to deliver on the promise of more efficient systems, and
- a conclusion to the reform of the auto rate and underwriting regulations.

We would be pleased to explore these considerations at your convenience.

Yours sincerely,



Geoffrey Beechey  
Chairman and CEO, CADRI

cc:

CADRI Board of Directors  
CADRI Licensing Task Force  
CADRI Ontario Committee  
CADRI Risk Classification Task Force  
Amanda Dean, VP, Ontario & Atlantic, IBC  
Huston Loke, EVP, Market Conduct, FSRA  
Glen Padaserry, EVP, Policy & Auto/Insurance Products, FSRA  
Jelena Pejic, Acting Head, Licensing & Risk Assessment