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

**Re: Proposed Fiscal Year Statement of Priorities 2025 - 2026**

On behalf of IBC, please find herein written comments on FSRA's Proposed Fiscal Year Statement of Priorities 2025 – 2026 (Statement of Priorities) proposals for the next fiscal year. The Insurance Bureau of Canada (IBC) would like to commend FSRA for its continued efforts to improve the rate regulation framework in Ontario and address a comprehensive strategy to address auto insurance fraud. Our recommendations for specific sections of the draft Statement of Priorities are below

**2. Enhance licensing efficiency and effectiveness**

IBC supports FSRA's commitment to improving licensing efficiency and raising the standard of professionalism across all regulated sectors, as the intent to mitigate risks to consumers aligns with the industry's priorities. On the topic of license renewal metrics, we believe that there should be a differentiation in the service standard between new applications and renewals for all major licensing categories overseen by FSRA. The reasoning for this is that, for example, managing licensing for new agents generally requires more time than renewals. It would be helpful for the industry to have a clear understanding of the expected timeframe for new agent licensing.

Furthermore, FSRA currently reports the total number of applications completed and the percentage of applications completed within the 20-day service standard. To increase clarity, we recommend that FSRA provide more detailed data on the following key metrics:

- Data segmented by application type, distinguishing between renewals and new applications;
- Total applications submitted, as opposed to only those that have been completed;
- Sector-specific applications submitted and completed; and,
- Sector-specific Service Level Agreement (SLA) completion percentages.

Disclosing these licensing metrics would enhance transparency, allowing the industry to better manage expectations and resources.

In parallel to FSRA's important work on licensing efficiency, we encourage FSRA to work with its regulatory peers to remove barriers to adjuster mobility across Canada. To that end, we recommend that FSRA engage



with the Canadian Insurance Services Regulatory Organizations (CISRO)'s Adjuster Licensing Committee, which is currently undertaking a review of barriers to labour mobility.

Lastly, to streamline the license renewal process, we recommend that FSRA implement changes to better account for previously disclosed suitability matters. The process should be adjusted so that suitability matters only need to be disclosed during the initial application, avoiding the issue being flagged repeatedly in subsequent renewals. This would strike a balance between consumer protection and reducing the burden on applicants.

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

We continue to support FSRA's efforts to streamline the province's rate regulation framework. Based on recent discussions at its Technical Advisory Committee for Auto Rates and Underwriting Regulation Reform, the benefits of insurer Accreditation are becoming much more clear and substantial and have the potential to transform the auto insurance market in this province.

As outlined in the draft Statement of Priorities, FSRA lists a target rate regulation outcome as the "Fair treatment of consumers and the promotion of a more competitive and sustainable market." Over the prior year, FSRA has piloted initiatives around what it considers to be the fair treatment of consumers, such as through the launch of its premium comparison tool. Over the next year, we encourage FSRA to focus on the second aspect of this target outcome, the promotion of a more competitive and sustainable auto insurance market. There are two meaningful steps that FSRA could take:

- Work to ensure that for Accredited insurers that qualify for its upcoming Auto Insurance Rating and Underwriting Supervision Guidance, at least 75% to 80% of rate filings across the industry be permitted under its proposed streamlined framework; and
- Develop a plan to include underwriting and endorsement filings changes through its Accredited program for eligible insurers.

In a time of rising auto insurance claims costs due to factors beyond FSRA's control, such as increasing theft, fraud, and vehicle damage repair costs, FSRA has the ability to improve the auto insurance operating environment in Ontario, which benefits all consumers.

#### **4.2 Support reforms of the auto insurance system**

As outlined in our submission from October 15 (attached), IBC has several recommendations on the development of the Fraud Reporting Service (FRS) Rule and Guidance. We recommend a phased and strategic approach to the FRS, clearly delineating the goals for Phases 1 and 2.

- Phase 1 should focus on establishing a baseline understanding of fraud in the insurance sector by analyzing high-level, aggregated data.



- Phase 2 must outline how the collected data will support industry-wide fraud detection and prevention efforts. While Phase 1 should focus on fraud quantification, Phase 2 should address data sharing, real-time fraud detection, and consumer protection. We believe that Équité is best-positioned to manage the FRS due to its established role in fraud data collection.

Furthermore, it is critical that FSRA balance data collection with active fraud mitigation. Insurers require effective tools and resources to combat fraud in real time. We have several recommendations, including:

- Limited liability protections for industry stakeholders, allowing them to report, share and act upon fraud information;
- The creation of suspicious provider lists both by individual insurers and centrally by FSRA;
- The ability to decline coverage for fraud risk when reasonable grounds are evident or the applicant has a history of fraud; and
- Enhanced enforcement and coordination across the various public entities involved in combatting insurance fraud.

Our attached submission from October 15 includes several additional technical recommendations.

#### **4.3 Support the fair treatment of P&C insurance consumers**

We support FSRA's approach to identifying risks within the market conduct supervisory framework by focusing on impact and likelihood. We understand that FSRA will draw from various sources for risk identification, including data from the Annual Statement on Market Conduct and complaints received by FSRA. As previously discussed, IBC and insurers request that FSRA share its complaint data. Transparency in the trends and complaints observed by FSRA would enable us to proactively address these issues within the industry.

Thank you again for the opportunity to comment on FSRA's Proposed Fiscal Year Statement of Priorities 2025 – 2026. If you have any questions please don't hesitate to reach out.

Sincerely,

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