



March 31, 2023

[submitted via [FSRA website](#)]

**Financial Services Regulatory Authority of Ontario (FSRA)  
25 Sheppard Avenue West, Suite 100  
Toronto, ON  
M2N 6S6**

**Consultation on proposed guidance on IT Risk Management (the “Proposed Guidance”)  
ID: 2023-001**

CURIE has reviewed the comment letter from CAIR regarding the proposed insurance IT Risk Management Guidelines, and we support their comments provided in the letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick D. Lundy", is written over a large, stylized, circular flourish.

**Patrick D. Lundy  
CEO and Attorney-in-fact**

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**Canadian Universities Reciprocal Insurance Exchange**



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Financial Services Regulatory Authority of Ontario (FSRA)  
25 Sheppard Avenue West, Suite 100  
Toronto, ON M2N 6S6

Re: Consultation on proposed guidance on IT Risk Management (the “Proposed Guidance”), ID: 2023-001

Dear Reader,

We are pleased to provide the Financial Services, Regulatory Authority of Ontario (“FSRA”) with our comments in connection with the above-noted Proposed Guidance.

**Canadian Association of Insurance Reciprocal (CAIR) and reciprocal exchanges background**

CAIR is an industry association for Canada’s insurance reciprocals. CAIR is providing comments on behalf of certain of its Ontario members, which include reciprocals for not-for-profit health care organizations, educational institutions, and local utility companies.

**Feedback on the Proposed Guidance**

CAIR members value and support the Proposed Guidance and FSRA’s rationale for effective management of Information Technology risks. There are some areas of the Proposed Guidance where, from our perspective, further considerations will be beneficial for reciprocal exchanges, as noted below.

*Avoidance of Duplication*

Most reciprocal exchanges have current processes and policies to address IT Risk Management concerns. Many reciprocals are relatively small organizations and have developed risk oversight practices that are appropriate in their context. It would be valuable to have clarity of the principal base of the oversight and recognition of current processes to avoid such duplication.

On the issue of the multiple levels of governance and oversight functions referenced in the Proposed Guidance, especially the independent oversight requirement, it is noted that each reciprocal has an advisory board that oversees operational management and enterprise risk management – that advisory board is made up of the subscribers/policyholders. With this in mind, it is important to confirm that the role of the reciprocals’ advisory boards fulfill the independent oversight requirement detailed in the Proposed Guidance. If it is not, the proposed guidance may place undue financial and workload pressures on not-for-profit sectors.

*Considerations around differing views of materiality of IT incidents and risks*

The interpretation of what comprises a material IT risk or an incident's materiality may differ based on various factors, such as the type and size of the regulated entities under the Act. As noted above, reciprocal exchanges are not-for-profit entities and are small organizations for the most part. The structure of the reciprocal means that, for the most part, subscribers and not the public at large are impacted by any IT risk event. This differs from regular Ontario-incorporated insurance companies. We ask that FSRA considers the potential differing views of what constitutes achievement of Proposed Guidance outcomes and materiality of IT risk incidents. A blanket compliance expectation applied to all Ontario-Incorporated Insurance Companies is not, in our view, appropriate for reciprocal exchanges. We also note that the current lack of clarity in relation to materiality may, unnecessarily burden the operations of reciprocals and the reporting structures. Specifically, this may result in reporting of minor operational, localized and minor incidents which are not reflective of the risk the Guidelines are intended to address.

*Conclusion*

Thank you for the opportunity to comment on the Proposed Guidance.

Reciprocal exchanges are not traditional insurers, they are the result of a group of subscribers exchanging reciprocal exchange contracts of indemnity or insurance with each other. As such while risk, particularly IT risks are important and addressed by reciprocals, people, processes, budgets and technology drastically differ from insurance companies.

We ask that you take the points outlined in this letter into consideration. If required in connection with reciprocals, we look forward to discussing this with you in a more direct forum. Please contact Sandra Taylor if you have any questions.

Sincerely,



Sandra Taylor, CHAIR