



Property & Casualty Insurance Market Conduct Supervision Strategic Plan

June 2025

Executive summary

The property and casualty (P&C) insurance sector offers financial products designed to protect consumers and businesses against losses arising from owning a home, vehicle or business.

In 2024, Ontario's P&C sector generated approximately \$38.6 billion in direct written premiums. To strengthen protection for consumers in a market this significant, the Financial Services Regulatory Authority of Ontario (FSRA) is releasing its P&C Insurance Market Conduct Supervision Strategic Plan (SSP).

Under the SSP, FSRA will proactively identify and assess risks posed to Ontario consumers by individual P&C entities and by the sector at large. This will allow FSRA to effectively prioritize its work and target resources towards what impacts people the most.

Four key pillars of the SSP:

1. Principles-based regulation: FSRA's supervision will focus on risks and achieving the desired outcomes. It will be dynamic, proactive and adaptable.
2. Risk-informed supervision: FSRA will identify, assess, monitor and, if necessary, act on risks posed to consumers by:
 - a. regulated entities (e.g., policies, procedures, risk management, and internal controls), which will be a phased, multi-year process.
 - b. the entire sector (e.g., sector-wide business practices or external factors).
3. Fit-for-purpose programs: After identifying risks within the sector, FSRA may address them using one or more supervisory responses (e.g., inquiries, examinations, thematic reviews, questionnaires/surveys).

4. Engagement and transparency: FSRA may develop supervision plans based on the above, which will outline the actions FSRA plans to take and why. FSRA will publish all plans, reports, observations and next steps.

The SSP will be implemented in phases, starting with risk assessment based on existing information and data.

The SSP aligns with international best practices and addresses local market conditions, supporting innovation and ultimately protecting P&C insurance consumers in Ontario.

Introduction

Purpose

In recent years, FSRA has prioritized supervising market conduct in the property & casualty (P&C) insurance sector. Throughout 2024-25, FSRA has built on these activities to develop the Property & Casualty Insurance Market Conduct Supervision Strategic Plan (SSP). The SSP will support FSRA in understanding the business practices in place to ensure fair treatment of consumers, assessing market conduct risk within the Ontario P&C insurance sector, and prioritizing its work. The SSP is grounded in existing regulatory requirements and expectations for the P&C insurance sector.

Under the SSP, FSRA will protect Ontario consumers by proactively identifying and assessing risks of consumer harm within the business practices of individual entities that offer insurance products and services to consumers and at a broader, sector-wide level. Attaining a holistic view of risks within the sector will allow FSRA to effectively prioritize its work and deploy supervisory resources towards the risks and issues that have the greatest impact on Ontario consumers.

Background and rationale

In Canada, supervision of the practices and behaviours of insurance companies and their representatives in the marketplace is the exclusive authority of the provinces and territories. In Ontario, FSRA licenses and regulates:

- Insurance Companies
- Insurance Agents
- Insurance Corporate Agencies
- Adjusters
- Corporate Adjusting firms

The SSP is designed to assist FSRA in meeting its statutory objects and obligations under the *Financial Services Regulatory Authority of Ontario Act, 2016 (the FSRA Act)*. The SSP will support FSRA's efforts to:

- Contribute to public confidence in the insurance sector
- To monitor and evaluate developments and trends in the insurance sector
- Promote high standards of business conduct in the insurance sector
- Protect the rights and interests of policyholders
- Foster strong, sustainable, competitive and innovative financial services sectors

Scope

As noted, the SSP is grounded in existing regulatory requirements and expectations for the P&C insurance sector. These are set out in the *Insurance Act* and FSRA Rules and Guidance, including the market conduct expectations detailed in FSRA's Fair Treatment of Customers in Insurance Guidance.

The SSP is comprised of four key pillars:

- A. Principles-based regulation;
- B. Risk-informed supervision;
- C. Fit-for-purpose programs; and
- D. Engagement and transparency.

The pillars are areas FSRA has emphasized in its market conduct activities since announcing the prioritization of P&C insurance supervision in June 2023: [FSRA identifies P&C insurance as priority supervision area to ensure Ontario consumers are treated fairly](#). Since that time, FRSA has been working with the pillars in consultation with industry in its market conduct supervision activities. This strategic plan formalizes the pillars and speaks to FSRA's framework for sector supervision.

Principles-based regulation

The SSP principles focus on achieving outcomes from supervisory work and are aligned with FSRA's supervisory principles, including being:

Outcomes-focused

Supervisory work is performed to achieve successful supervisory outcomes rather than completing a standard cycle or process.

Risk-based

Supervisory work focuses on material risks of business activities that could pose threats to achieving the key supervisory outcome of policyholder protection.

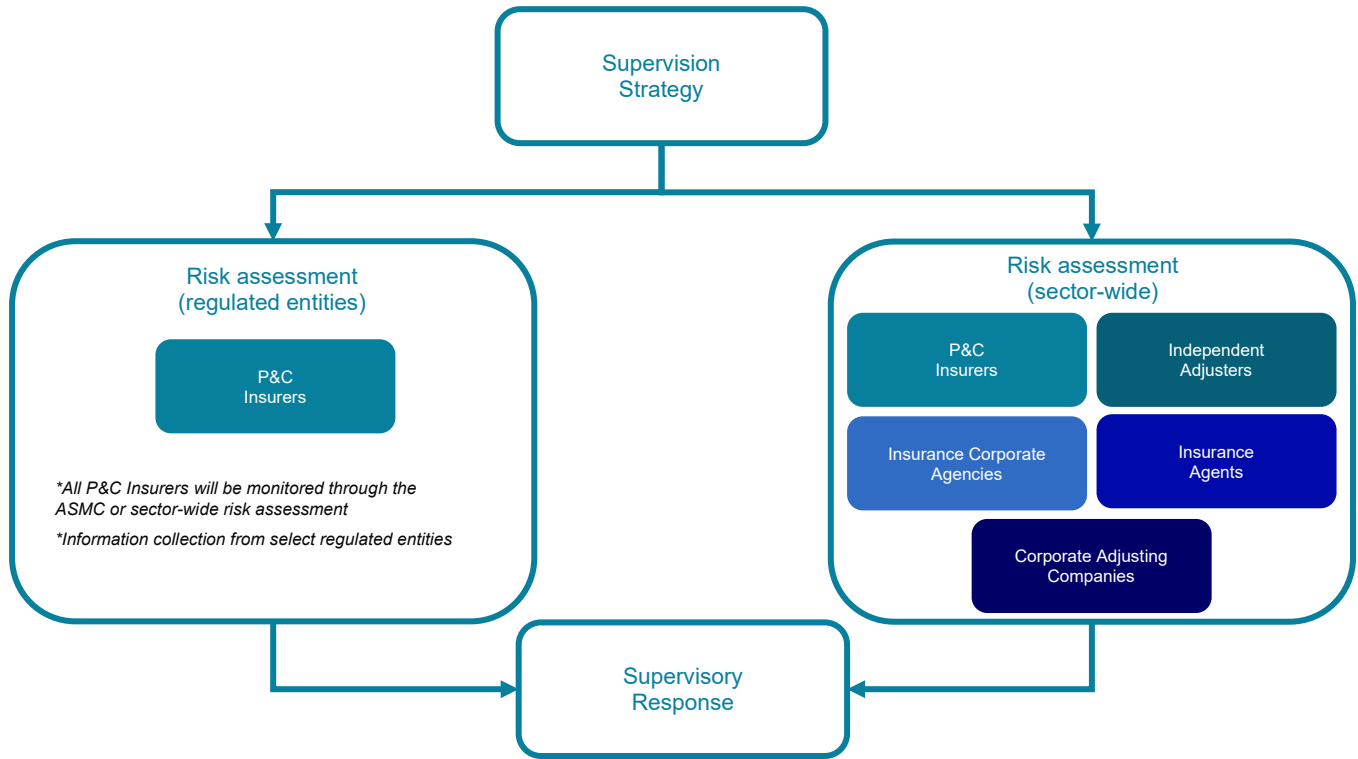
Dynamic, proactive, and adaptable

Supervisory work is continuous, dynamic, and timely to ensure changes in the business, sector, and environment are identified early and reflected in FSRA's actions and priorities.

Risk-informed supervision

Market conduct risk refers to the probability that the conduct, acts, or omissions of an insurer or intermediaries it outsources to may harm or deliver poor/unfair outcomes for consumers. FSRA uses a risk-based methodology in its market conduct supervision activities.

To efficiently direct FSRA's resources towards addressing the most significant risks and issues impacting Ontario consumers, it is essential to have a comprehensive understanding of market conduct risk within the P&C insurance sector. To achieve this, the SSP outlines how FSRA carries out its supervisory responsibilities to ensure that regulated entities are effectively mitigating and controlling market conduct risks. It also details FSRA's approach to identifying, assessing, monitoring, and, when necessary, acting on risks across the entire sector. By adopting a comprehensive and holistic market conduct risk assessment, FSRA can effectively prioritize and address the most significant risks affecting Ontario consumers.



A. Risk assessment (regulated entities)

P&C insurers offer and provide insurance products and services to consumers to meet their insurance needs. While insurers strive to offer value to consumers, their activities may cause harm if consumer needs and interests are not fully considered alongside their business objectives. To prevent or mitigate these risks, an insurer’s board and senior management designs, implements, and monitors adherence to policies and procedures aimed at ensuring that customers are treated fairly.

FSRA’s market conduct risk assessment of regulated entities will focus on the identification and assessment of the policies, procedures, risk management, and internal controls that are employed to ensure consumers are treated fairly in the activities regulated entities perform throughout the product life cycle and the interactions they have with consumers. The strength of controls and oversight will determine the intensity of FSRA’s supervision.

Risk assessment is primarily designed to help FSRA establish priorities for supervision initiatives. However, should an insurer's risk assessment indicate that enhancements in their controls and oversight are needed, FSRA will work with the insurer to address those issues.

Phased risk assessments & supporting information collection

Developing entity-specific risk assessments will be a phased, multi-year process. In the first phase, FSRA will rely on available information, such as the Annual Statement on Market Conduct (ASMC) or data from other supervision initiatives completed to date, rather than requesting new information from regulated entities. We will carefully weigh regulatory burden and costs to achieve both robust oversight and practical implementation.

Once the SSP is fully operational, FSRA will consider whether further information is required for accurate market conduct risk assessments and may collect such information from regulated entities if and as needed based on selection criteria such as direct written premiums, size, complexity, types of products offered, and target consumer demographics.

B. Risk assessment (sector-wide)

FSRA's sector-wide risk assessment will provide a comprehensive evaluation of the entire P&C insurance sector to identify and assess potential risks that could impact consumer protection. Sector-wide risks may relate to business practices across the sector or external factors that are outside the control of regulated entities, but which may influence how consumers are treated by the entities that FSRA regulates.

Based on their assessed impact on consumers and their likelihood of materializing or prevalence in the sector, sector-wide risks may either be monitored or incorporated into supervision activities to address the risk.

FSRA may utilize multiple sources to update its sector-wide risk assessment including:

- Trends in Annual Statement on Market Conduct (ASMC)
- Trends in Complaints Data
- Media Scans
- Stakeholder Engagements
- Inquires
- FSRA Consumer Office
- FSRA Advisory Committees

Any trends or recurring risks identified may be communicated to industry along with regulatory expectations for managing the risk.

Fit-for-purpose programs

Supervision activities are essential for ensuring that the insurance market operates effectively, prioritizing consumer protection, fostering trust, and promoting stability and compliance among industry participants.

Risks from both the assessments of regulated entities and sector-wide assessments will be viewed together as FSRA establishes its market conduct supervision plans each year. With a holistic view of risk within the sector, FSRA will prioritize risks to action, considering both the impact to consumers and likelihood to occur. FSRA may address identified risks using one or more supervisory response, including:

- Inquiries
- Examinations
- Thematic Reviews
- Questionnaires/Surveys

Regardless of the supervisory activities performed, FSRA is committed to being consistent and thoughtful in its supervisory activities. This means:

Using sound judgment

Supervisors exercise sound judgment, supported by rationale, in assessing regulated entities.

Being evidence-based

Supervisors combine sufficient quantitative and qualitative evidence to support observations, recommendations, and requirements.

Being efficient and effective

Supervisory work and assessments are planned and completed in an efficient and effective way. This includes the use of FSRA's regulatory actions, data collection, filing requirements, guidance documents, enforcement tools, and service standards.

Utilizing the work of others

FSRA uses, where appropriate, the work of others (e.g., external audit, internal audit, the appointed actuary, and an insurer's other oversight functions and other regulators) to augment its supervisory work and minimize duplication of effort.

Exercising proportionality

The level and extent of supervision will be commensurate with the size, complexity, and risk profile of the regulated entity(s), and the potential consequence of misconduct on consumers and achievement of FSRA's statutory objects.

Comprehensive

Supervisory work results in a consolidated assessment of market conduct risk throughout the P&C insurance sector, supporting proactive and informed oversight.

In addition, as part of its supervisory initiatives, FSRA may encounter unforeseen issues or concerns that necessitate immediate attention. These ad hoc issues are typically situational and are not part of planned, supervisory work. Ad hoc issues may be given priority to address urgent concerns regarding potential consumer harm. In some situations, ad hoc work may identify risks relating to a particular entity or observable across the sector. The information learned from ad hoc tasks may be used to update FSRA's risk assessments to inform future planned supervisory activities.

Engagement and transparency

Supervision plans will provide an overview of the supervision activities FSRA plans to undertake, rationale for the activity, timelines, the targeted outcome and the expected effort by industry stakeholders. FSRA is committed to open and transparent communication with the entities it regulates. When appropriate, the relevant stakeholders will be engaged to inform key areas for supervision. The resulting supervision plans will be published on the FSRA website. Following the completion of planned supervisory activities, FSRA will publish the outcomes of its work, including observations and any next steps.

Conclusion

The P&C Insurance Market Conduct Supervision Strategic Plan underscores FSRA's commitment to fostering a resilient, fair, and consumer-focused insurance market for Ontario consumers. By employing a risk-based methodology, FSRA will prioritize supervisory efforts where they are most needed, ensuring effective oversight and the promotion of sound market practices. FSRA will continue to collaborate with stakeholders, adapt to emerging risks, and uphold principles of transparency and accountability to achieve positive outcomes for consumers and the industry alike.