Point of Sale Test and Learn Environment (TLE) – Webinar

Sale of Auto Insurance at Dealerships TLE Design Details

FSRA
Financial Services Regulatory Authority of Ontario

Date: January 14, 2026

Ontario

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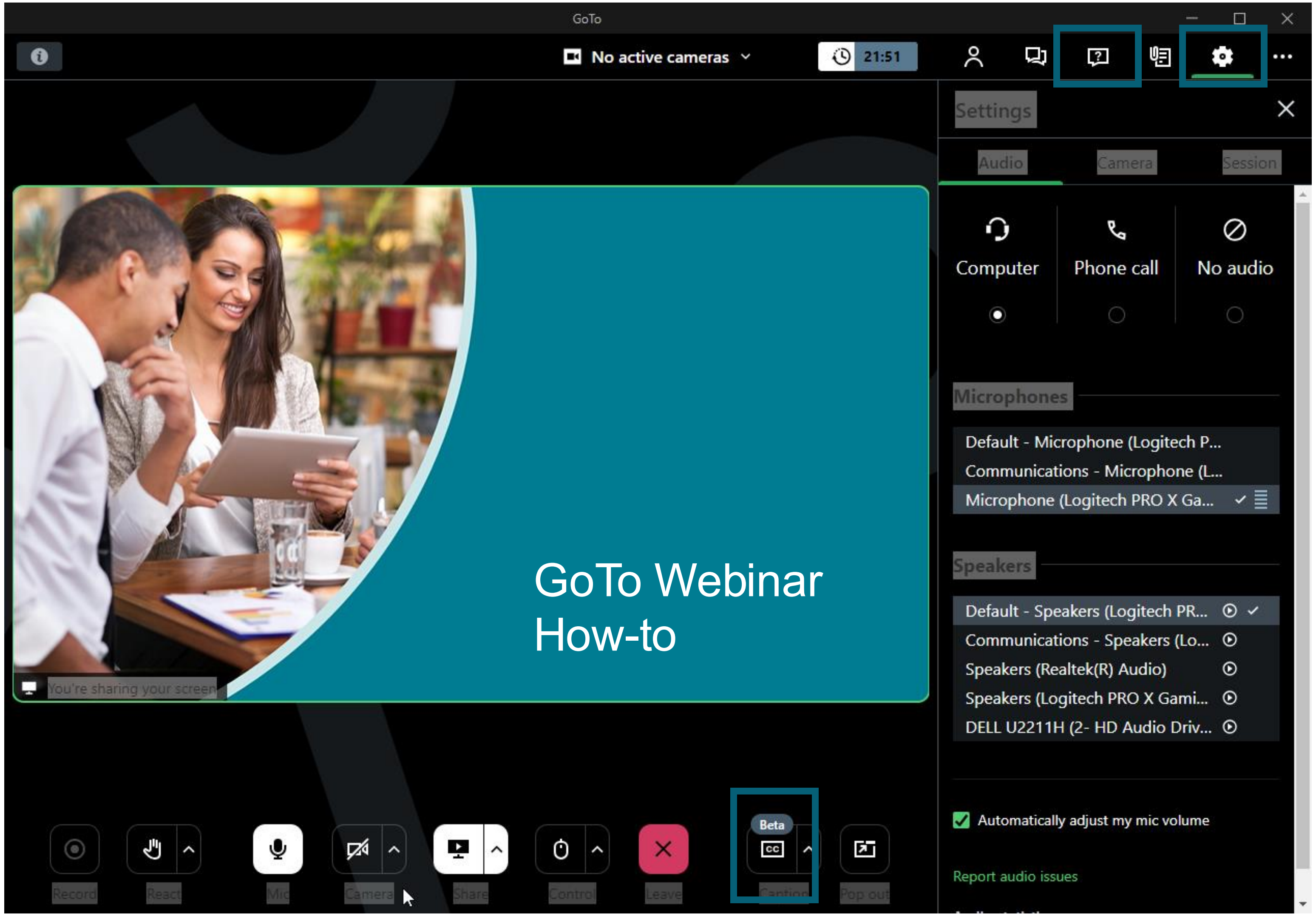

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Agenda

- Introductions
- Land acknowledgement
- Context
- Design details
- Application Process & Next Steps
- Q&A

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Introduction to the team presenting today

Presenters

Innovation Office

Stephanie Appave, Director

Scott Boutilier, Senior Policy and Technical Lead

Rosie Petrides, Senior Policy and Technical Lead

Q&A

Auto Policy

Haafiz Alibhai, Senior Policy and Technical Lead

Auto Insurance Supervision

David Bell, Relationship Manager

Legal

Jay Harris, Director, Legal for Policy and Rule Making & Deputy General Counsel

Housekeeping

- Video and sound will be turned off automatically
- There will be a Q&A session after the presentation
- You can submit questions in the Q&A
- Questions will be selected at random

Land Acknowledgement

We acknowledge the land we are on is the traditional territory of many nations including the Mississaugas of the Credit, the Anishinaabeg (ah-nish-naw-bek), the Chippewa, the Haudenosaunee (hoodt-en-oh-show-nee) and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit and the Williams Treaties signed with multiple Mississaugas and Chippewa bands.

Context

[The 2025 Ontario Budget] announced regulatory changes to pilot the sale of automobile insurance at motor vehicle dealerships.

These changes aim to offer consumers more convenience by enabling insurance purchases at the point of sale of a vehicle.

Under the Test and Learn Environment (TLE), FSRA will develop and oversee the scope of this pilot project, including any necessary consumer protection safeguards.

Overview – FSRA's Test and Learn Environment (TLE)

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Test and Learn Environments (TLE) provide:

- A staging ground to test new approaches, products, and services in a **monitored environment for a limited time**
- Experimentation with **tailored safeguards and parameters** to ensure consumer protection
- **Real-time insights** and feedback on how the new approach, product, or service performs in a real market
- Regular monitoring and oversight allows FSRA to **adjust, pause or cancel** tests at any time if negative impacts or consumer harm are perceived
- The findings can **help validate** the new products or approaches, with insights on how it might enhance or adapt current regulations

Key Messages

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Innovation & Enhanced Consumer Convenience

Enable the testing of new distribution models to improve consumer convenience when purchasing auto insurance

Licensed Agent/Broker-Led

Auto insurance is distributed through licensed insurance brokers or agents and sold within Ontario Motor Vehicle Industry Council (OMVIC) regulated dealerships

Enhanced Transparency & Disclosure

Consumers are properly informed about their options and are supported through enhanced consumer protection measures

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Goal: To test a new innovative auto insurance delivery model

FSRA's Approach:

Safety **Transparency** **Collaboration**

What does success look like?

- ✓ Improved consumer convenience when purchasing auto insurance
- ✓ No additional adverse risks to consumers

Scope and Duration

- Testing the sale of auto insurance products at motor vehicle dealerships
    - Auto insurance distributed through licensed insurance brokers / agents and sold within OMVIC regulated auto vehicle dealerships
- Applies to auto insurance products under the existing regulatory framework
- Test duration of two years
    - Possibility of renewal for an additional two years

Note: Effective date of all policies in TLE must be on or after implementation of Accident Benefits Optionality on July 1, 2026

Eligibility

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Who should apply to the Point of Sale Auto TLE?

- FSRA will accept proposals from different business types (e.g., insurance agency/brokerage, insurer, car dealership, Original Equipment Manufacturer, Administrators)
- Participants are licensed and in good standing with their applicable regulator (FSRA, Registered Insurance Brokers of Ontario (RIBO), OMVIC)
- Participants have sufficient expertise to implement the proposal

Application Overview

Before applying, interested parties are encouraged to connect with FSRA to discuss the proposed model

FSRA is open to considering different models and customer journeys that meet the following minimum requirements:

- ✓ Proposals must include the sale of insurance by a licensed distributor
- ✓ Proposals must adhere to all existing legal requirements
- ✓ Proposals should include and demonstrate agreement from all relevant parties involved in the proposed model
- ✓ Proposals should demonstrate clear accountability for managing conflicts of interest and ensuring professional conduct

Application Components

Description of Proposed Model

Full description of the proposed model and its participants (e.g., agent/broker, sales/finance persons, consumer)

Risk Management Plan

Identification of consumer and operational risks and associated mitigation strategies

Data and Reporting

Governance and oversight to monitor activities of the proposed model and report to FSRA

Description of Proposed Model

Applicants to provide specific details on all aspects of the proposed delivery model, including:

- Identification of all participants involved in the model, their roles and their licensing status
- Comprehensive, detailed consumer journey which clearly identifies clear roles, licensing, governance, accountability and control structures
- Compensation arrangements that would be established between participants
- Consumer inquiries and complaints processes
- Post-purchase interactions, including insurance renewals and claims service

Risk Management Plan

Applicants should identify consumer and operational risks related to the proposed distribution model and describe mitigation strategies that will be put in place

- Applications should consider the following in their risk management plans
  - Details regarding how the proposed distribution model complies with existing legal requirements, including but not limited to:
    - Unfair or Deceptive Acts or Practices (UDAP) Rule
    - Take-All-Comers
    - *Insurance Act, Reg. 664: Automobile Insurance*
    - Requirements of other regulatory bodies, such as OMVIC and RIBO (*applicants should seek any necessary exemptions*)

Data and Reporting

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Applicants should describe the processes, governance, or related infrastructure that will be put in place to ensure effective monitoring of proposed model and ongoing adherence with legal and regulatory requirements

- As part of the exemption order, there will be a condition for TLE participants to collect and report data to FSRA at regular intervals throughout the duration of the test
- Variables, reporting frequency, and other elements related to data and reporting will be defined in advance of the test but may not be fully inclusive
- Data variables identified will be aligned to measure TLE's outcomes

Data and Reporting

What does success look like?	Key Performance Indicators
✓ **Improved consumer convenience when purchasing auto insurance**	• Consumers reported positive experience/was convenient and suited their needs • High number of quotes/policies bound • High number of interactions between agent/broker and consumers
✓ **No additional adverse risks to consumers**	• Consumers reported their satisfaction while purchasing insurance, and were explained the insurance product adequately to fit their needs • Complaints were reported and addressed within a reasonable timeframe • Consumers are be able to switch between competitive alternatives without significant barriers

Consumer Protection

Consumer protection safeguards as part of the TLE include:

Consumer Disclosure Form

- Emphasize that consumers are <u>not required</u> to get a quote or buy insurance at the dealership
- Awareness of short-rate cancellation policy
- Transparency around compensation/fee structure
- Test information and contact details

TLE Requirements

- Mandatory risk management plans
- Increased accountability for managing conflicts of interest and ensuring professional conduct
- Mandatory review of legal and regulatory obligations for participants
- Provisions for FSRA to adjust or halt projects if necessary

Consumer Facing Information

- Dedicated FSRA Point of Sale TLE webpage and additional forums for consumers to seek out relevant information
- FSRA's Regulator Rate Ranger
- Clear and streamlined complaints pathway for consumers

Application Process & Next Steps

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Connect with FSRA

Submit Application

Finalize Requirements

Launch Test

Winter/Spring 2026
Interested participants are encouraged to connect with FSRA before submitting an application at PointofSaleTLE@fsrao.ca

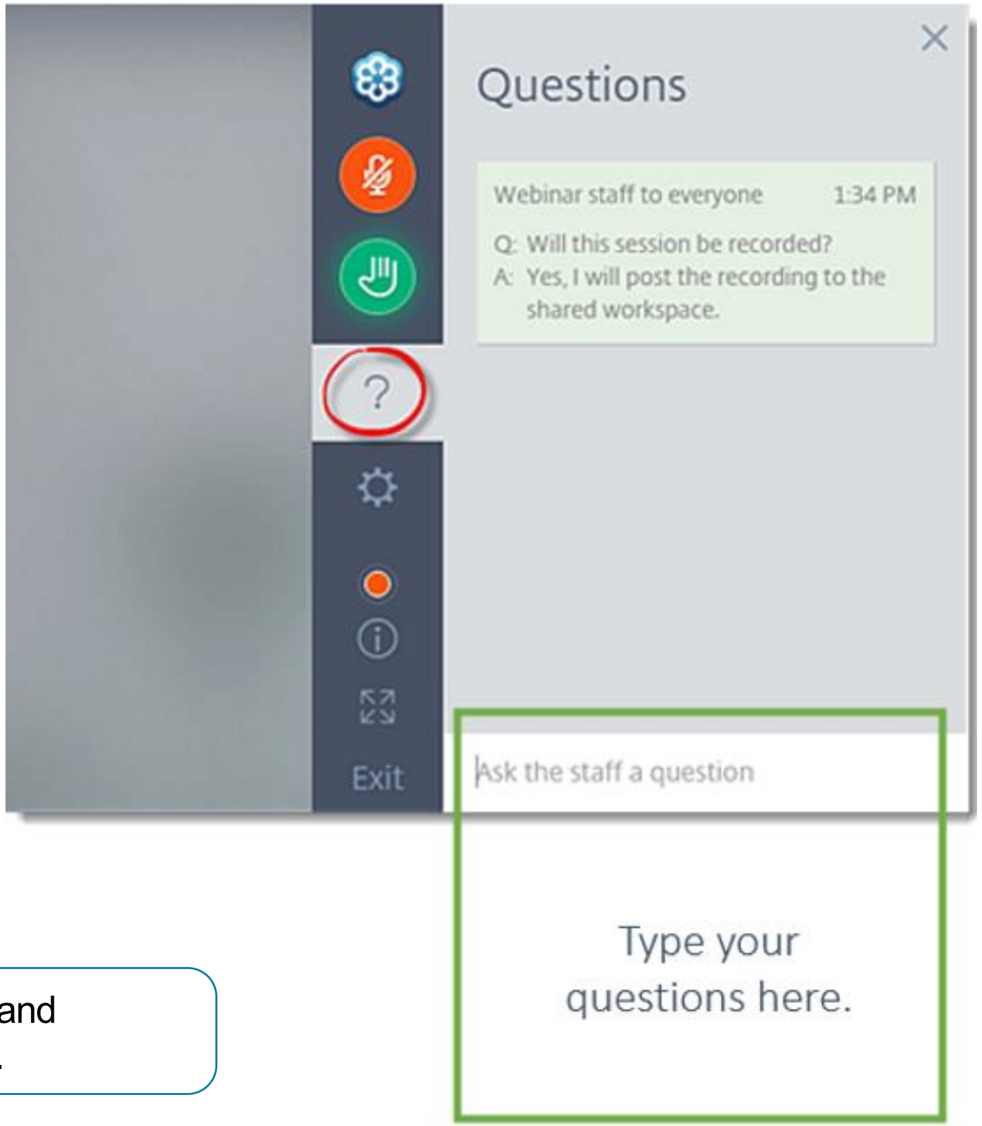
March 2026
FSRA will begin accepting completed applications after the formal launch

July 1, 2026
Regulatory changes will come into effect on July 1, 2026, and approved tests may begin on or after this date

Q&A

Thank you for your participation!

Please use the **chat function** via GoToWebinar to submit your question.



Note: A recording of this webinar, transcript, copy of this presentation deck and answers to questions will be posted to the webinars page on FSRA website.

Thank You

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