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Mr. Mark White, CEO  
Financial Services Regulatory Authority of Ontario  
130 Adelaide St. West, Suite 800  
Toronto ON M5H 3P5

Dear Mr. White,

Travelers Canada thanks you for the opportunity to comment on Proposed FSRA Rule 2019-001 Assessments and Fees (the "Revised Fee Rule"). As the Canadian arm of The Travelers Companies Inc., employing approximately 1700 employees across Canada, we are part of an industry-leading organization committed to continuously evolving and improving to meet customers' ever-changing needs. We, therefore, are strongly encouraged by FSRA's stated commitment to an open, transparent and collaborative approach with industry stakeholders, including as it relates to the development of its funding model and creation of a balanced and effective fee structure.

Travelers Canada supports FSRA's approach to operate as an independent, self-funded agency, on a cost recovery basis. Further, Travelers Canada appreciates that having identified the main drivers of its budgeted costs, FSRA will, with time, have the benefit of additional data to inform its budget analytics.

In view of FSRA's stated vision and principles informing the Revised Fee Rule, in particular consistency, *i.e.* treating individuals and entities with similar characteristics in the same manner, and fairness, including the principle that sectors should bear their own costs and in proportion to the regulatory activities or costs they generate, Travelers Canada would like to suggest an extension of these principles as they relate to the variable rate approach for the regulated sectors with larger participants. Just as FSRA has proposed a fee approach that will avoid cross-subsidization of sectors, we submit that intra-sector subsidization or inequities should also be avoided. While we generally support the use of direct written premium as a reasonable measure of activity generated by an insurer, we also understand that FSRA will review and refine the Revised Fee Rule with time, and such refinements may include additional activity or cost-based fees. We suggest that usage-based fees should remain at the forefront of FSRA's considerations to ensure the allocation of costs within the sector aligns with the fairness principle as articulated by FSRA, so that many members do not effectively subsidize the activities of a few.

We look forward to collaborating with FSRA as it executes on its key priorities, notably as respects the auto insurance sector and its efforts to streamline rate regulation, support auto reform and develop fraud reduction strategies.

Sincerely yours,

Heather Masterson  
President & CEO