

December 21, 2018

Mark White  
CEO  
Financial Services Regulatory Authority of Ontario  
130 Adelaide Street West, Suite 800  
Toronto, Ontario M5H 3P5

Dear Mr. White,

**Subject: Assessments and Fees Consultation 2019-001**

The Co-operators Group Limited (“The Co-operators”) is a leading Canadian, diversified, integrated, multi-line insurance and financial services organization with \$48.5 billion in assets under administration. We provide solutions in four core areas: property and casualty insurance, life insurance, institutional asset management and brokerage operations. As a co-operative, our 45 member organizations include co-operatives and credit union centrals across the country, representing a combined membership of millions of Canadians. We are committed to providing financial security for Canadians and Canadian communities.

In Ontario alone, we employ over 2,700 staff, 250 Advisors and insure approximately 580,000 private passenger vehicles, 350,000 homes, 9,400 farms, and 37,000 businesses.

We have been an active participant in the establishment and direction of the Financial Services Regulatory Authority of Ontario (FSRA) and were pleased to participate in the Industry Advisory Group that provided advice on the development of your proposed fee rule for general/property and casualty insurance organizations. We support the consultative approach taken by FSRA and appreciate the opportunity to share our feedback on the proposed fee rule that has been released.

The Co-operators supports industry self-funding and is pleased with the industry-FSRA agreement to implement a variable rate model. We continue to recommend that the rate model be reviewed at the three-year mark, and caution that the industry’s ability to shoulder a significant increase in regulatory costs is limited. The property and casualty insurance

environment in Ontario is facing challenges and requires comprehensive reform. With decreasing returns and losses from the steady increase in catastrophic weather events, we are mindful of the anticipated increase in regulatory cost burden.

We understand that FSRA will have budgetary pressures during its initial year of operation and is anticipating a budget higher than FSCO's based on start-up costs and additional regulatory responsibilities. We recommend that FSRA works to stabilize year-over-year rate increases so that we can adequately budget our annual regulatory costs. We also recommend that there be a cap on the overages that can be reallocated among larger regulated companies or a process for phasing in increases above a certain threshold. In line with FSRA's principles, we anticipate a transparent and well-communicated budgeting process.

The Co-operators is supported by a dedicated Financial Advisor network, providing direct client service. We do not oppose the continuation of the FSCO agent licensing process with a flat fee model. However, we do believe there is an opportunity to simplify the licensing regime and make it more efficient as FSRA becomes established.

FSRA has an opportunity to make positive changes to relieve pressure on the market and ensure consumers' needs are being met. We look forward to working with you to achieve these goals.

While we are not a member of the Insurance Bureau of Canada, we are a member of the Canadian Association of Direct Relationship Insurers (CADRI) and the Canadian Life and Health Insurance Association (CLHIA). We support the recommendations made by our partners on the proposed fee rule.

For any additional information or clarification, please do not hesitate to contact our Director of Government Relations, Maya Milardovic, at [maya\\_milardovic@cooperators.ca](mailto:maya_milardovic@cooperators.ca) or 519-824-4400 ext. 302244.

Again, thank you for the opportunity to provide our feedback on the Financial Services Regulatory Authority of Ontario's proposed assessments and fees.

Sincerely,



George Hardy  
Vice President, Home and Auto Insurance  
The Co-operators