



August 11, 2021

Financial Services Regulatory Authority of Ontario  
Life & Health Insurance Sector  
5160 Yonge Street, 16<sup>th</sup> Floor  
Toronto, Ontario  
M2N 6L9

**RE: Proposed Rule (2020-002) Unfair or Deceptive Act or Practices (UDAP): Notice of Changes and Request for Further Comment**

The Wawanesa Life Insurance Company ("Wawanesa") appreciates the opportunity to provide comments in response to the changes made by the Financial Services Regulatory Authority of Ontario ("FSRA") to *Proposed Rule 2020-002- Unfair or Deceptive Acts or Practices*.

Wawanesa supports FSRA's staged approach to creating a principles-based rule that is aligned to CCIR's Fair Treatment of Customer principles, as well as its subsequent changes clarifying consumer outcomes in the application of UDAP principles and further alignment with existing fair treatment of customers guidance.

Wawanesa is generally supportive of the submissions made by the Canadian Life and Health Insurance Association related to this consultation. However, we want to take the opportunity to provide further comments related to incentives:

FSRA has amended sections 7(1)(i)-(iv) of Proposed Rule to support the position that offering an incentive as an inducement on a sale of a product which provides Life or Accident and Sickness coverage ("Life/A&S Coverage") is an UDAP.

While we understand and support the underlying objective of this amendment to the Proposed Rule, we also strongly believe that the amendment does not account for circumstances where two insurers, such as a provider of Life/A&S Coverage and a provider of property and casualty insurance coverage may collaborate to offer products to each other's respective customers. There can be economies of scale, and potential reductions in underwriting risk associated with such arrangements. If insurers are permitted to pass on those savings to customers through a cross-selling arrangement, where those customers make a free and informed choice to purchase products from both insurers, we submit that benefits consumers. This would not be materially different from the savings opportunities which consumers may have in circumstances where they have purchased multiples of certain types of insurance products from one insurer.

We note that FSRA has concluded that further stakeholder input and discussions are required to fully assess and address potential consumer risks associated with incentives in the Life/A&S Coverage context. However, under the current language in 7(1)(v) insurers would not have the ability to pass on premium savings to consumers in cross-selling arrangements as we have described. Further, it is not clear how long a review of this issue within the life and health insurer sector would take, and in the interim, consumers would be unable to take advantage of the potential savings associated with

such a cross-selling model. Therefore, we believe it would be appropriate to specifically exempt cross-selling arrangements under the Proposed Rule.

We appreciate the opportunity to provide this submission on the Proposed Rule and look forward to further participation in the consultation process.

Yours truly,



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