



November 18, 2021

Ms. Marlena Labieniec
Director of Innovation
Innovation Office
Financial Services Regulatory Authority of Ontario (FSRA)

Re: Consultation on Innovation Framework

Dear Ms. Labieniec,

Thank you for the opportunity to contribute to the development of FSRA's Innovation Framework. FSRA's leadership in setting up test and learn environments to apply its authority to exempt insurers and other companies from certain insurance laws will promote innovation and improve customer experiences.

Our commentary focuses on two aspects of the Innovation Framework:

1. The ability of FSRA's regulatory tools to facilitate innovation while protecting the public interest
2. Innovator comfort in participating in the test and learn environments.

FSRA's Regulatory Tools

We believe that the regulatory tools available to FSRA are sufficient in allowing FSRA to facilitate innovation while protecting the public interest. Regulation 704/21, Exemption Orders Under Section 15.1 of the Act, that identifies the insurance laws that are eligible for exemptions is clear and shows all market participants new opportunities to innovate. In addition, the test and learn environments provide a unique opportunity for FSRA to assess the consumer outcomes from innovation before working with the government on a regulatory response. Notably, FSRA's commitment to work with the government to update the insurance laws following a successful outcome within a test and learn environment will help establish the test and learn environments as a viable forum to innovate and help ensure that consumers can benefit from the latest innovations.

Participation in Test and Learn Environments

We understand that as a public entity, FSRA must be transparent in how it operates and makes decisions. However, the degree to which FSRA communicates details to the public on successful and rejected test and learn environment applications will directly impact the degree to which companies consider test and learn environments as a viable forum to innovate.

Although there are financial rewards, investing in research and development and bringing innovation to the market comprises substantial risk. Proceeding through a test and learn environment adds financial and customer satisfaction risks because the outcome, even if positive, might not result in FSRA or the government changing the insurance law that will allow the company to continue and expand its new product or service. In addition, publishing too much information on a company's innovation in a test and learn environment could take away from the reward. That is because competitors could start developing their response while the company with the innovation in the test and learn environment remains tied in a testing phase for up to four years.

For these reasons, we recommend that FSRA limit what it publishes on test and learn applications and their outcomes. We advise limiting what is published to the name of successful applicants and a high-level description of their offerings. When announcing changes to laws, governments and regulators often release high-level explanations based on public consultation and internal deliberations. That the outcome of a test and learn environment is the catalyst for changing a law should not affect the level of information that the government or regulator releases to the public.

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We hope FSRA finds this commentary helpful. We would welcome the opportunity to discuss with you and your team if you have any questions as you proceed with finalizing and launching the Innovation Framework.

Sincerely,

Ryan Stein

Ryan Stein
AVP, Regulatory and Industry Affairs

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