

Property and Casualty Insurance Compensation Corporation
Societe d'indemnisation en matiere d'assurances IARD



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October 28, 2021

Mr. Mark White
Financial Services Regulatory Authority of Ontario (FSRA)
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6

Re: PACICC Comments on FRSA's Proposed 2022-2023 Statement of Priorities

Dear Mr. White,

I am writing to provide comments from the Property and Casualty Insurance Compensation Corporation (PACICC) on the Financial Services Regulatory Authority's (FSRA) Proposed 2022-2023 Statement of Priorities.

PACICC is a consumer protection agency that safeguards consumers from undue financial loss in the unlikely event that their insurer becomes insolvent. Since PACICC was formed in 1989, there have been 13 insurer insolvencies in Canada – eight of these insolvencies were Ontario-regulated insurers. This troubling history caused great concern in Canada's P&C insurance industry regarding the quality of Ontario's of solvency supervision, and in 2012, PACICC went so far as to write to the Minister of Finance requesting that Ontario cease regulating the solvency of insurers and transfer the prudential supervision of Ontario's remaining provincial insurers to federal regulators.

Several things have changed since then. Perhaps the most notable of these has been the creation of FSRA itself. Our increased dialogue and improved working relationship with FSRA has been most welcome. And it is within this context that we offer the following comments.

PACICC strongly supports FRSA's efforts to develop a modern supervisory framework for P&C insurers, and strongly believes that such a framework will benefit P&C insurance consumers in the province. PACICC welcomes the increase in resources that FRSA has devoted to the prudential supervision of the province's property and casualty insurance industry over the past 18 months. We recognize and appreciate the professionalism of the new FRSA team of prudential regulators, and the work that has already been done in 2021 to modernize FRSA's Guide to Intervention for P&C insurers. PACICC has consulted with FRSA staff on the proposed framework for insurance prudential supervision, and we believe that it provides an excellent starting point to ensure protection of the province's insurance consumers.

PACICC is also very pleased that item 4.4 of FRSA's Statement of Priorities proposes to build on this excellent progress, by focusing on implementation of the proposed prudential regulation framework. Maintaining the solvency of provincial insurance companies is important work that requires specialized resources, and an organizational commitment to the ongoing training of FRSA Solvency Supervision staff. We are encouraged to see this declared intention and we applaud FSRA for taking this important next step toward enhanced policyholder protection in the province.

We welcome new opportunities for our organizations to partner together to protect insurance consumers in Ontario, and we sincerely appreciate this opportunity for comment on FSRA's 2022-2023 Statement of Priorities

Sincerely,

A handwritten signature in blue ink, appearing to read 'Alister Campbell', with several overlapping strokes.

Alister Campbell
President and CEO