

February 15, 2022

Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, ON
M2N 6S6

Dear Sir/Madame.

RE: **2021-021 AU0136APP – Proposed Guidance for Reporting and Resolution of Automobile Insurance Rating and Underwriting Errors**

Thank you for the opportunity to provide input on Guidance AU0136APP published December 8, 2021, on Reporting and Resolution of Automobile Insurance Rating and Underwriting Errors.

We are writing on behalf of the provincially incorporated mutual insurers who are members of the Ontario Mutual Insurance Association.

In general, we believe that the creation of guidance on errors is helpful in ensuring there is consistency across insurers in Ontario and that there is a relatively straightforward process to communicate with the regulator when errors are detected.

Our primary point of concern relates to the handling of “near miss” events. Page 9 of the guidance identifies these as including, but not limited to, incorrect rates that were implemented but no consumers were impacted by the error. These are required to be reported annually by FSRA.

We believe consideration should be given to rethinking the approach on reporting “near misses” given that no consumers were impacted by the error.

In the event, that near misses will still be required to be reported to FSRA, we would even more seriously ask that consideration be given to the publication of these “near misses” on the FSRA website.

Failing that, we believe that a more detailed discussion on the timelines involved in how long a “near miss” condition existed before it would truly trigger a “near miss” minor error event.

We also believe that the terminology of “near miss” could be misunderstood by a general user of the reporting site, or even mischaracterized or co-opted by others wishing to create negative public opinion about auto insurers.

We have 2 further general suggestions as related to this guideline. We believe that the role of the FSRA Analyst during the orientation stage to this more formalized guidance will be critical.

In general, we have found experienced FSRA Analysts can be instrumental in ensuring consumer protection and fairness as well as ensuring responses required from insurers are reasonable. We would caution against Analysts simply deferring to published guidance when more two-way communication channels may improve the eventual outcome. We believe the Analyst should be empowered to work with insurers and other stakeholders to improve the error reporting and correction incident responses.

We would also recommend that this guidance be thoroughly reviewed within 1-2 years of implementation to determine the cost benefit of the process, measure it against its actual impact on supporting FSRA's stated objectives, and ensuring that it operates in all cases proportionally to the degree of consumer protection required. Adjustments and rebalancing may be required, especially if the administrative and regulatory cost is greater than the net benefit.

Thank you for the opportunity to provide comments.

Yours truly,

A handwritten signature in blue ink, appearing to read "J L Taylor". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

John L. Taylor BBA, FCIP, FCLA, CHRL
President