



IBC·BAC
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Bureau d'assurance du Canada

Amanda Dean

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November 13, 2023

Glen Padassery
Executive Vice President, Policy & Chief Consumer Officer,
A/EVP Auto/Insurance Products
Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6

Dear Mr. Padassery,

Re: FSRA Statement of Priorities 2024/2025

On behalf of IBC, please find herein written comments on FSRA's priorities and budget proposals for the next fiscal year. Thank you, as always, for offering the opportunity to review and to provide comment on FSRA's Statement of Priorities.

IBC, on behalf of our member companies, would like to reiterate our commitment to doing our part to achieve implementation once the results of the review of auto rate regulation and the comprehensive strategy for addressing auto insurance fraud are complete. We understand and appreciate that there have been changes at FSRA, but our member companies have been participating in consultations on these two projects for several years.

We appreciate FSRA's efforts to reform the regulation of auto insurance rates and underwriting rules in Ontario, which should benefit Ontarians through a more competitive auto insurance market. At the same time, it is important that this exercise not be further delayed. Based on the most recent timeline provided by FSRA, Guidance documents related to supervision, rate filings and fairness will not become effective until January, 2026. We recommend that FSRA work with industry to accelerate implementation of improvements that can be made to Ontario's rate and underwriting rules framework. IBC and its members are ready to support a fast-tracked timeline.

In reference to fraud, we appreciate greatly the work of FSRA leads on the file to assemble a meeting on November 30th with IBC and Ministry of Finance officials to set forward clear next steps. Again, this is a file that cannot move quickly enough as fraud within the auto insurance system is extensive and ultimately paid for by drivers. Specifically, timely movement on empowering the industry to share information on suppliers determined to be "suspicious" is of the utmost priority for the industry. IBC

looks forward to discussing in detail the recommendations that we have provided, and any additional detail that the industry may offer to assist in this initiative.

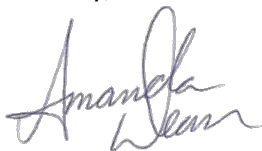
As was mentioned in the letter submitted by the P&C Strategic Advisory Committee (SAC), IBC member companies would like to highlight that a major concern arising from our review of FSRA's priorities and budget documents concerns the projected increase in the cost of services related to P&C industry oversight of nearly \$4.5 million (a 13.6% increase). Although FSRA reports that the cumulative surpluses from previous years will allow offsets in 2024-2025 from these increases, we anticipate that these sizable offsets will not be available in future years if next year's increase becomes built in to the regulators ongoing program costs. The proposed increase in the budget is greater than expectations for inflationary trends. Insurers are sensitive to all pressures on the costs of doing business and the subsequent impact on insurance customers.

A major portion of the increased expenses are expected under the headings "Supervisory Enhancement" and "Regulatory Enhancement" (for a total of \$2.9 million). Moreover, as the documentation contains little detail on the activities where these costs will be incurred, insurers are understandably concerned about the implications for the future scope of insurance industry regulation that FSRA is envisioning and the regulatory burden overall. The root of this concern is the concrete benefit that such an increase in the budget would have for consumers who are, in the end paying for this increase through their insurance premiums.

At a time when most Ontario families are challenged with the high and rising cost of necessary goods and services, insurers believe strongly that all actors in the auto insurance space – insurers, service providers and regulators – should be making all reasonable efforts to moderate their contributions to the costs ultimately borne by consumers.

Thank you, once again, for the opportunity to provide the comments enclosed in this submission.

Sincerely,

A handwritten signature in black ink that reads "Amanda Dean". The signature is written in a cursive, flowing style.

Amanda Dean
Interim Vice President, Ontario