

December 6, 2024

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

To Whom It May Concern.

*Proposed FY2025-2026 Statement of Priorities as published November 14, 2024*

Thank you for the opportunity to comment on the 2025-2026 Statement of Priorities.

As the Ontario Mutual Insurance Association, we are providing feedback on behalf of our 34 member companies. Our members are property-casualty insurers organized as incorporated as mutuals under Ontario statute.

Our members underwrite farm, home, automobile, and commercial insurance policies. Each of our mutuals is over 100 years old, with the oldest having been established in the 1850s. Our companies are predominantly located in small towns and cities across the province. Each of our members' policyholders is a fully participating mutual member. The boards of directors of our mutuals are composed of policyholders and all policyholders are eligible to vote at annual general meetings and participate in any refunds granted from surplus.

Our member mutuals are small insurers in a rapidly consolidating property-casualty insurance sector and we have seen a consolidation trend among our members. Our mutuals, when premium volume is aggregated, write a significant volume of farm, home, and auto insurance in the province. When regionality is considered, many of our mutuals are a vital market in their region and provide essential capacity, availability, and choice for Ontario consumers.

The economic trends noted under the environmental scan are well stated. Of note the affordability issues for many Ontario residents are front of mind for our members. We anticipate that we will continue to hear concerns on the cost of insurance from policyholders and are hopeful that as part of the overall solution regulatory efficiency and proportionality will continue to be an FSRA priority.

Among FSRA's monitored issues and trends was reference to natural catastrophes. Our members have worked diligently over the past two years in making operational adaptations to better understand and respond to natural catastrophes. These are not static events, and each catastrophe brings its own unique challenges.

When considering our members' prioritization of governance, leadership, and operational resources we believe that our members' policyholder focused approach to delivering services will be supported by the regulator.

The strategic framework as summarized on page 11 is helpful in setting the tone for understanding FSRA's overall approach. We have noted FSRA's willingness to engage on issues relating to stakeholder experience and believe that stakeholder input provided has been well received. We appreciate efforts made by FSRA leadership and staff in terms of engagement and soliciting feedback.

We note that FSRA will "embed a consumer lens in our guidance and rules". In reviewing the overall body of published guidance and other materials we have seen a consistent focus on outcomes for consumers. We believe that consistency in continuing to use a consumer lens aligns well with our perspective as mutual insurers focusing on policyholders as members of the mutual organization. In considering a "consumer lens" and outcomes, we believe that it will be important to differentiate, where warranted, between short-term consumer issues that may arise due to unexpected market or environmental conditions and positive long-term consumer outcomes such as market stability and availability.

In note of the cross-sectoral priorities we appreciate FSRA's focus on strengthening stakeholder relations. We agree that a consumer centric approach is a good way to align within the regulatory environment. One area of concern relates to requests for consumer experience data. We acknowledge that FSRA in pursuing an evidence-based approach needs data to do so. In some instances, we believe that the cost of acquiring some of the consumer experience data through stakeholders may not create enough benefit to offset the cost. Of particular concern is the potential requirement for granular reporting on consumer complaints. We believe that consumer complaints should be carefully tracked; however, we have observed that broadening the definition of what should be tracked is unmanageable. We also believe that this will serve to dilute the ability to focus on the truly important issues that may arise in the context of complaints. We also acknowledge that this is not a singular FSRA issue but relates to work by the Canadian Council of Insurance Regulators. In any event FSRA, as our provincial regulator, must carefully consider the cost to stakeholders of collecting data as ultimately this is reflected in the cost of doing business and that is in turn reflected in insurance premiums.

Enhancing agent licensing efficiency and effectiveness is welcome.

We urge FSRA to focus on creating consistent timelines for reviewing and adjudicating agent license applications and creating and delivering on expectations consistently.

We also urge FSRA to continue to be a leader among provincial regulators in increasing adjuster mobility and harmonizing licenses so adjusters can move between provinces particularly given the importance of being able to react to catastrophe events. The lack of harmonization of adjuster licensing in Canada has been a documented concern for decades.

Collectively provincial regulators should act to bring about change the change that will be increasing important to addressing consumer needs following severe weather events.

In considering property and casualty and auto insurance priorities, we commented under a separate consultation on the Auto Insurance Rating and Underwriting Supervision Guidance. We believe that the ability to receive approval on a timely basis for justified rate filings is critical to a healthy market. If accreditation improves this to some degree then this is a good outcome. However, for those insurers who may not be among the first accredited, we believe that there should still be prompt attention to rate filing and adequate resources for a quick turnaround on actuarially justified rates.

#### **Priority 4.2 - Support Reforms of the Auto Insurance System**

With several of the Statutory Accident Benefits Schedule (SABS) coverages becoming optional, we urge FSRA to work as quickly as possible to create the detailed specifications needed under regulation to allow insurers to make process and programming changes required to deliver for July 1, 2026. We appreciate FSRA taking into consideration a reasonable timeframe to make the transition, but specific guidance at an early stage will be good for consumer and regulatory interests. Changes in the SABS regime can be extremely challenging to implement, and in the past contributing element to this challenge has been “open” questions on specifications that have compliance implications.

We have also made comments separately on the review of the Health Service Provider Framework, the Health Claims for Auto Insurance System, and the Statutory Accident Benefits Schedule. These are all areas that could ultimately impact affordability and we recommend that be considered when changes are contemplated.

We have provided comments separately on the Fraud Reporting Rule and Guidance which was published earlier this year. We have concerns about the cost of this mandatory reporting, particularly as the initial phase will not provide sufficient reporting to allow insurers to act on what is identified within the data. We also believe this will carry a significant administrative cost, for all involved, that will ultimately be reflected in the cost of insurance.

#### **Priority 4.3 - Support the Fair Treatment of Property and Casualty Insurance Consumers**

We look forward to seeing the published guidance which we understand will be published in 2025. We will not provide further comment at this time but recommend that in considering the Market Conduct Supervisory Framework, the cost of compliance and reporting is weighed against the potential to increase costs to consumers through increased administration and reporting by stakeholders. We also urge that FSRA continue to embed the concept of proportionality within their guidance thereby allowing insurers to make an appropriate response under the framework based on the size and complexity of their operations.

## **Priority 5.2 - Enhance FSRA's Regulatory Framework**

This falls under the set of priorities associated with the Ontario – Incorporated Insurance Companies and Reciprocal (Insurers). The Proposed Own Risk and Solvency Assessment Guidance was recently published, and we will comment upon this within that consultation process. Based on our initial review of that guidance we appreciate the willingness to keep proportionality as a core principle.

We also wish to comment positively on FSRA's work out over the past year in continuing to develop constructive relationships with our member company insurers, especially as related to creating value for policyholders and maintaining affordability for consumers.

In recent years there has been a significant volume of published guidance, some of which is directly interrelated. Our members have made a diligent effort to take insight and apply this guidance. We appreciate FSRA's approach to pointing out areas of interrelation and in allowing a reasonable adaptation period. We are hopeful that with much of the baseline guidance established, that the volume and complexity of future guidance may decrease to allow insurers to focus on effective assimilation of the current guidance.

As related to FSRA's financial plan for 2025-2026, we note that the plan indicates a stable assessment and cost to stakeholders. We appreciate this stability, after a period of very significant increases, and urge FSRA to continue to carefully manage the overall cost of sound regulation.

Thank you for providing the opportunity to respond to the 2025-2026 Statement of Priorities. We look forward to further opportunities to provide comment on the work FSRA has identified for the year ahead.

Yours truly,

A handwritten signature in blue ink that reads "John L. Taylor". The signature is written in a cursive, flowing style.

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