

January 28, 2025

Mr. Mahrdad Rastan
Executive Vice President, Credit Union and Insurance Prudential
Financial Services Regulatory Authority
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6

Dear Sir or Madam,

PACICC strongly supports the Financial Services Regulatory Authority's (FSRA) proposed Guidance on the use of Own Risk and Solvency Assessment (ORSA) for Ontario-incorporated insurance companies and reciprocal insurance exchanges (Insurers).

ORSA is an important part of a modern insurance solvency regime. Requiring insurance companies to conduct and report an annual ORSA to their regulator is consistent with international best practice. This is demonstrated in paragraphs 16.1 to 16.4 of the International Association of Insurance Supervisors' Core Principles and Common Framework.

FSRA's adoption of an ORSA Guideline also creates a more level playing field in the province's insurance marketplace. All federally-regulated insurers, and most other provincially-regulated insurers, are already required by the Office of the Superintendent of Financial Institutions or their provincial solvency regulator, to conduct and report an annual ORSA. It is our understanding that several Insurers that FSRA regulates are already conducting an ORSA.

As the insurance guarantee fund whose mission it is to protect Canada's property and casualty insurance policyholders in the unlikely event that their insurer becomes insolvent, PACICC applauds FSRA's efforts to strengthen the province's solvency regulation regime. This is another important step in FSRA's continuing journey to build a solvency regime that is both appropriately resourced and fully meets international best practice.

Sincerely,



Alister Campbell
President and CEO