



Ontario Trial Lawyers
Association

OTLA Submission to Financial Services Regulatory Authority (FSRA)

Proposed FY2026-2027 Statement of Priorities

January 14, 2026

The Ontario Trial Lawyers Association (OTLA) is pleased to provide input to the Financial Services Regulatory Authority of Ontario (FSRA) regarding its proposed FY2026-2027 Statement of Priorities.

OTLA was formed in 1991 by lawyers acting for plaintiffs. Our purpose is to promote access to justice for all Ontarians, preserve and improve the civil justice system and advocate for the rights of those who have suffered injury and losses as the result of wrongdoing by others while, at the same time, advocating aggressively for safety initiatives.

OTLA frequently comments on legislative matters and has appeared on numerous occasions as an intervener before the Court of Appeal for Ontario and the Supreme Court of Canada.

INTRODUCTION

OTLA welcomes the opportunity to comment on FSRA's proposed priorities. As OTLA stated in its 2025 Pre-Budget submission to the Ontario government, Ontario's auto insurance system is fundamentally broken. It is out of balance and no longer meets the needs or expectations of Ontario consumers.¹

For that reason, OTLA strongly supports FSRA's stated priority of strengthening consumer protection. As the landscape of automobile insurance evolves, FSRA has acknowledged the need for comprehensive reforms aimed at ensuring fair treatment for consumers while promoting a competitive market. In order to give effect to this priority, OTLA proposes three key focuses for FSRA in the 2025-2026 fiscal year:

1. Consumer education;
2. Transparency of insurer profits and insurance rates to consumers; and
3. Effective supervision and monitoring of the automobile insurance sector.

OTLA's submission will focus on Section 4 of the proposed Statement of Priorities, entitled *Property & Casualty and Auto Insurance Priorities*.

Priority 2: Strengthen technology and data capabilities in supervision

b) Begin implementing the Fraud Reporting Service for auto insurance.

OTLA applauds FSRA's commitment to prevent "fraud," however there still remains a lack of definition for "fraud" and "abuse" in the existing legislation or regulation. A clear definition is necessary for insured persons or insurers to effectively report this activity.

If the Fraud and Reporting Service is implemented, consumers should expect explanations on how FSRA and the insurance industry are detecting, tracking and preventing fraud with this system in place. There needs to be transparency and readily available and understandable information.

Priority 3: Advance FSRA's regulatory approach and strengthen supervisory effectiveness

f) Implement a new supervisory model for auto insurance rates and underwriting.

¹ OTLA, 2025 Pre-Budget Submission, <https://www.otla.com/docDownload/2566683>

OTLA supports FSRA's initiative to implement a new supervisory model for automobile insurance rates and underwriting and agrees that a principles-based, outcomes-focused approach can potentially strengthen consumer protection and public confidence. For this model to succeed, supervisory flexibility must be paired with transparency, clear accountability and meaningful regulatory response where insurer practices fail to deliver fair consumer outcomes.

Independent data, including Licence Appeal Tribunal (LAT) decision outcomes, provide valuable insight into real-world consumer experience and should inform supervisory risk assessment, particularly where dispute patterns suggest systemic cost-shifting onto injured persons.

In light of the July 1, 2026, changes to the automobile insurance policy and the Statutory Accident Benefits Schedule, effective supervision of rating, underwriting and distribution practices will be critical to preventing consumer harm, underinsurance and inappropriate cost-shifting onto injured Ontarians.

Shared Objectives and Clear Supervisory Expectations

OTLA agrees that supervision should encourage insurers to internalize fair consumer outcomes and embed those outcomes into rating and underwriting practices. A supervisory model that emphasizes proportionality, governance and accountability is appropriate for a complex and evolving market.

OTLA submits that FSRA's new supervisory model must articulate clear supervisory expectations and be supported by a willingness and demonstrated preparedness to intervene where insurer conduct undermines consumer protection.

FSRA's supervisory effectiveness can only be measured by whether it meaningfully influences insurer behaviour, particularly in areas where consumers have limited bargaining power.

Transparency as a Foundation of Effective Supervision

A supervisory model aimed at ensuring fair and reasonable rates requires meaningful visibility into insurer profitability, rate-setting assumptions and loss experience over time. OTLA encourages FSRA to continue strengthening transparency measures that allow both the regulator and the public to understand the cause of premium increases and how they relate to claims costs and insurer profits.

Insurers have significantly exceeded stated profit targets while premiums have continued to rise. Without insurer transparency, FSRA's assessment of rates is constrained. This will further erode consumer confidence in the system.

Supervision Informed by Consumer Experience and Market Conduct

OTLA agrees that supervision should be risk-based and proportionate. However, OTLA submits that supervisory assessments must be informed not only by filings, pricing models and internal controls, but also by how rating and underwriting practices affect consumers in practice.

Critical indicators of whether fair consumer outcomes are being achieved include: patterns of disputes between insurers and their insureds, barriers to accessing benefits and the frequency with which claims proceed to adjudication.

FSRA can assess whether supervisory frameworks are delivering fair consumer outcomes in practice by looking to independent third-party analysis of LAT outcomes. Data compiled by inHEALTH indicate that insurer success rates at the LAT significantly exceed those of injured persons, with the disparity worsening over time. The data shows that one insurer accounts for a disproportionate share of LAT decisions and that two insurers account for more than half of disputes.² OTLA is concerned that disputes are being used as a routine claims management tool rather than a last resort. Incorporating LAT data trends into supervisory risk assessment would better equip FSRA to identify emerging conduct risks, assess whether insurer practices align with fair consumer outcomes and ground supervisory intervention in consumer experience.

Addressing the Enforcement Gap Through Supervision

OTLA notes that for many consumers, regulatory supervision has become the primary safeguard against unfair or arbitrary insurer conduct. The elimination of traditional bad-faith remedies in the accident benefits dispute-resolution process heightened the importance of FSRA's supervisory role.

A supervisory model that identifies problematic conduct but does not result in clear regulatory consequences undermines deterrence and public confidence. OTLA encourages FSRA to ensure that its supervisory framework provides clarity around how concerns are identified, investigated and addressed and that supervisory findings lead to meaningful follow-up where issues are identified.

July 1, 2026 Changes and the Need for Enhanced Supervisory Oversight

OTLA is particularly concerned about the upcoming changes to the automobile insurance policy and the Statutory Accident Benefits Schedule scheduled to come into force on July 1, 2026. These changes increase the importance of effective supervision of rating, underwriting and distribution practices.

As optional benefits become potentially critical to an insured's financial security, insurers, agents and brokers must provide clear, meaningful information about available options, pricing and the consequences of reduced coverage. OTLA's experience suggests that many consumers do not understand the significance of optional benefits until after a serious accident occurs.

FSRA supervision should not only assess whether disclosures occur, but whether they inform consumer decision-making. Failures in this area should be treated as supervisory concerns, particularly where they contribute to underinsurance and increased hardships for injured Ontarians.

Implementation Considerations

As FSRA advances this priority, OTLA encourages consideration of the following in the design and operation of the new supervisory model:

- incorporating LAT decision data and independent third-party analyses, such as inHEALTH, into supervisory risk assessment to identify systemic conduct concerns and emerging patterns of cost-shifting;

² inHEALTH, 2025 *inHEALTH Statistical Analysis*, <https://www.otla.com/docDownload/2818507>

- using dispute frequency, insurer success rates and concentration of disputes as indicators of supervisory risk alongside traditional filing and model review;
- requiring enhanced transparency around insurer profitability, rate-setting assumptions and justifications where premiums increase materially;
- prioritizing supervision of consumer education and optional benefit disclosures in advance of and following the July 1, 2026 reforms.

Priority 4: Support government priorities and objectives

d) Support the government in the implementation of a pharmacy preferred provider network (PPN) framework for group drug insurance plans.

OTLA's members have significant experience with the existing PPN framework and are concerned those issues will continue if it is expanded to pharmacies. The clients of OTLA Members frequently report that insurers do not adhere to FSRA guidelines in disclosing conflicts of interest arising from the insurer's financial relationship to PPNs. This results in the perception by insureds that they "have to" use the PPN or at least imply that it would be in their best interest to do so.

OTLA is concerned that PPNs are not always the most convenient option for accident victims. Accident victims should not have to travel to a specific PPN if there are convenient options nearby. This issue is particularly heightened in the case of remote communities, which are often significantly underserved.

Ultimately, accident victims need and deserve safe, equitable and timely access to their prescribed medications without geographical, financial or administrative barriers or risks of shortages.

g) Support implementation of auto insurance reform initiatives.

Ontario Regulation 383/24 amended SABS (for policies issued after June 30, 2026) making many previously standard SABS benefits an optional benefit that needs to be purchased by the insured. The Government of Ontario has stated that a main purpose of these amendments was to enable "consumer choice," which will "allow drivers to decide what coverages are important to them and their families."

Consumer choice in these circumstances can only be meaningful if consumers are educated on the options available to them. Most consumers purchase the policy or renewal put forth by their broker or agent, assuming all their needs will be met. They do not fully understand the "harm" that may befall them if they choose not to purchase certain optional benefits.

Consumers do not expect to be injured in an accident. They purchase insurance because it is mandatory. If given an option to pay less, many consumers will take that option without appreciating the consequences of their decision for themselves and their family. It will not be until they are injured in a crash that they will appreciate the inadequacy of their choices.

The role of informing consumer choices falls to the insurers, agents and brokers who offer these insurance products. To date, most consumers have little to no understanding of their auto insurance policy and optional benefits.

OTLA appreciates that FSRA has provided base template messaging for insurers, agents and brokers. OTLA's full submissions on the utility of these resources are set out in detail in a submission to the Ministry of Finance from September 2024.³

Priority 5: Achieve meaningful impact through engagement and collaboration

b) Develop a comprehensive framework for engaging stakeholders.

OTLA applauds FSRA's commitment to developing comprehensive engagement with stakeholders. However, the goals and implementation outlined in FSRA's Statement of Priorities are vague. It is unclear how the proposed changes will be implemented and how the planned outcomes will be achieved.

Engagement must include robust consultation with consumers and consumer protection groups. The consumer's viewpoint is vital in the consideration and evaluation of new products, or changes to existing products, as they may unintentionally cause harm to the consumer. OTLA encourages FSRA to establish a robust framework for engaging stakeholders that includes extensive and regular consultation. OTLA looks forward to the continued opportunity to consult with FSRA with respect to the introduction, implementation and regulation of auto insurance products.

d) Launch the Auto Insurance Point of Sale Test and Learn Environment Pilot

OTLA encourages FSRA to require that the sale of automobile insurance at motor vehicle dealerships be conducted through licensed agents or brokers. It is crucial that consumers are fully informed and protected with strong safeguards in place. Properly trained, regulated and licensed agents and brokers are the best persons to explain insurance to consumers. OTLA is opposed to any system which removes person-to-person communication with a licensed agent or broker in the sale of automobile insurance, as it could be in an embedded insurance model.

Bundling of the product into a single package with the vehicle could shift the important conversation around the consumer's insurance coverage needs to one focused primarily on the package price.

Consumers should be aware of any incentives, such as commissions, that pass between the dealer and agent as a result of the sale of the policy.

If the Auto Insurance Point of Sale Test and Learn Environment Pilot is to be launched, FSRA must establish clear benchmarks to evaluate its efficacy, which include ensuring that consumers properly understand the policy that they have purchased.

CONCLUSION

Ontario's auto insurance system continues to place disproportionate risk and cost on injured people. With the upcoming July 1, 2026 reforms shift greater responsibility onto consumers to make complex coverage decisions, FSRA's role as a regulator has never been more critical. Effective supervision must extend beyond technical compliance to examine how insurer conduct operates in practice and whether it delivers fair, accessible and timely benefits to consumers.

³ OTLA, OTLA Submission to the Ministry of Finance Proposed amendments to the Insurance Act and to Ontario Regulation 34/10, <https://www.otla.com/docDownload/2495537>

OTLA urges FSRA to ground its supervisory approach in independent data, including LAT decision trends and dispute patterns, to identify systemic conduct risks and cost-shifting. Enhanced transparency around insurer profitability, rate-setting assumptions and underwriting practices is essential to restoring public confidence and ensuring that premium increases are justified and fair. Consumer education, particularly with respect to optional benefits, point-of-sale practices and preferred provider networks, must be treated as a core regulatory priority rather than a secondary consideration.

OTLA appreciates the opportunity to provide input into FSRA's proposed FY2026-2027 Statement of Priorities and welcomes continued engagement as these initiatives are developed and implemented. OTLA remains committed to working collaboratively with FSRA to promote a fair, transparent and consumer-focused auto insurance system that better serves injured Ontarians and restores balance and trust in the system.