



# CADRI

CANADIAN ASSOCIATION  
OF DIRECT RELATIONSHIP  
INSURERS

31 March 2020

Mr. Mark White  
CEO  
Financial Services Regulatory Authority (FSRA)  
5160 Yonge St., Toronto, ON M2N 6L9

Via:

<https://www.fsrao.ca/engagement-and-consultations/innovative-auto-insurance-products-subscriptions-iaip-s-approach-consultation>

Dear Mr. White,

**Re: Innovative Auto Insurance Products-Subscriptions (IAIP-S)**

**Introduction**

The Canadian Association of Direct Relationship Insurers (CADRI) is the voice of insurance enterprises that offer automobile, home and commercial insurance directly to Canadians. We advocate for flexible and evolving regulatory and legislative frameworks governing automobile, property and commercial insurance to enable product and service innovation so that Canadians can easily choose insurance that serves their needs through the delivery channels of their choice.

CADRI appreciates the opportunity to comment on FSRA's proposed approach to new subscription-based automobile insurance. Our comments will focus on issues which impact direct-relationship property and casualty insurance companies and their customers.

**Innovative responses to the marketplace**

CADRI welcomes FSRA's responsiveness to a marketplace development with subscription insurance. We appreciate its adaptability in authorizing a guidance on a test-and-learn basis and look forward to a similarly progressive approach to future innovations.

Allowing insurers the flexibility to test new services will encourage a competitive marketplace and expand choice for consumers.

### **Regulatory oversight**

Taking a principle-based approach, such as the *Rate Regulation Principles* developed in collaboration with the Rate Regulation Advisory Group, sets a good precedent. Current regulatory limitations would otherwise prevent the development of new services for Ontario's drivers.

CADRI is confident that FSRA has set out a framework that ensures on-going adherence to its principles.

### **Information required**

In general, CADRI respects FSRA's interest in ensuring that the public interest is served. In cases such as subscription insurance and other arrangements, CADRI has no issue that FSRA is seeking transparency about the contracts between a consumer and their insurer. However, it may not be necessary for FSRA to require the same level of detail for the relationship between an insurer and a third party – in this case a mobility company. The specifics of those relationships may be deemed proprietary, from a competitive standpoint, and subject to confidentiality agreements.

### **Conclusion**

CADRI appreciates the opportunity to comment on FSRA's approach to subscription insurance.

In sum, we are largely supportive of its willingness to open the door to emerging services on a 'test-and-learn' basis. However, a clearer focus on the objectives behind its transparency and disclosure requirements would be appreciated.

Yours sincerely,



Alain Thibault  
CEO and Chairman  
CADRI

**cc:**

CADRI Board of Directors  
CADRI Ontario Committee  
CADRI Risk Classification Task Force