



Mr. Brian Mills,
Chief Executive Officer and Superintendent Financial Services (Interim)
Financial Services Commission of Ontario
5160 Yonge Street, 17th Floor
Toronto, Ontario
M2N 6L9

June 9, 2015

Dear Mr. Mills:

The Canadian Association of Direct Relationship Insurers (CADRI) is a trade association representing insurance companies who offer automobile, home and commercial insurance products to Canadians on a direct basis. Whether through the web, on the phone or face-to-face, CADRI members provide end-to-end service and are in direct relationships with their customers through all steps of the sales and service process.

CADRI monitors the insurance regulatory environment in all Provinces and Territories and supports regulation that encourages distribution accessibility and efficiency, technological innovation and other measures necessary for a healthy and competitive insurance market for the benefit of all Canadians.

Because of their involvement as both distributors and underwriters of insurance products, CADRI members have developed a comprehensive understanding of all facets of the insurance business and are in a unique position to offer valuable input in the development of a Canadian insurance market regulatory framework that is responsive to customers' needs.

The members of CADRI are:

- belairdirect
- Canadian Direct Insurance
- CAA Insurance
- Co-operators General Insurance
- Desjardins General Insurance Group
- RBC Insurance
- TD Insurance



CADRI is pleased to provide comments on the Financial Services Commission of Ontario's (FSCO) Draft 2015 Statement of Priorities. We commend FSCO for its work in 2014 and value the opportunity for input and exchange on a variety of issues.

Balanced Regulatory Environment

CADRI members believe that consumers are best served in a healthy and competitive insurance market with a regulatory framework that focuses on ensuring positive consumer outcomes and allows for appropriate recognition of risk factors. In that context, CADRI believes that consumer protection rules should result in the following outcomes:

- Consumers can make informed decisions on the features of the product that meet their important needs;
- Consumers can access affordable products in a competitive market.
- Appropriate information and advice is available from regulated insurers or licensed representatives.
- Information and advice can be accessed online, in person or over the phone.
- Individual privacy is protected.
- All communication is clear and transparent.

CADRI members look forward to continuing to work with FSCO toward the objective of an accessible and affordable insurance marketplace. The 2015 Statement of Priorities builds on the work that FSCO has undertaken over the past several years and CADRI members have a few specific comments to share on the draft.

Dispute Resolution System

CADRI members are prepared to work with FSCO and the Attorney General as you move to the dispute resolution system to the License Appeal Tribunal. We would be pleased to work with you to ensure this transition works well.

Technology Solutions

CADRI members welcome the work that FSCO has done on the enterprise business architecture project. We welcome initiatives that help to build capacity and efficiencies across FSCO.

Auto insurance

CADRI members encourage FSCO to focus on reducing regulatory complexity, particularly around rate and underwriting filings. CADRI members encourage FSCO to look at moving to a simplified approach for



rate filings. A simplified system for rate filings would allow both increases and decreases to reach market in a shorter period. In our submission to FSCO on the three-year auto review we focused on the following suggestions:

- Allowing rapid simplified filings for increases within a range, similar to the current model that is permitted for rate decreases;
- A “file and use” approach in some circumstances, allowing both increases and decreases shorter time to market;
- A lighter process for full filings that focuses on the most important outcomes;
- The modernization of overall rate and rule filing requirements with a view toward the removal of duplication, reduction of filing costs, and increased ease of interaction with FSCO;
- Greater transparencies around the benchmarks and assumptions companies are asked to use in filings.

Improvements to rate regulation would help improve efficiencies and ultimately reduce costs for consumers.

Usage Based Insurance

CADRI members are encouraged that more companies have been approved to offer telematics in Ontario. As telematics is becoming an important innovation for many companies CADRI members are hopeful that FSCO will adopt a more flexible approach to approvals that will allow for broader use of this tool and a more streamlined approval process.

Overall, a robust review and dialogue around policy and product reform for automobile insurance is required if we are to build a system with sustained affordability and rigorous competition.

In closing, CADRI members would like to reiterate our view that coordination between regulators across the country especially in areas such as licensing will help to improve efficiencies and reduce costs for consumers. Over the longer term, we would like to see regulators work towards harmonization where possible.

Yours truly,

Alain Thibault, President and Chair
CADRI