



September 6th, 2017

Mr. Yvan Baker
Parliamentary Assistant to the Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd floor
95 Grosvenor Street
Toronto ON M7A 1Z1

Email: submissions@ontario.ca

Dear Mr. Baker,

Re: “Fair Benefits, Fairly Delivered – A Review of the Auto Insurance System in Ontario”

The Canadian Association of Direct Relationship Insurers 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 provide feedback on the advice to the Minister provided by Mr. David Marshall in the report, “Fair Benefits, Fairly Delivered” published in April 2017.

CADRI commends the province for commissioning such an important review and Mr. Marshall on a clear, comprehensive and consumer-focused report. His objectives to shape an auto insurance system that is affordable, efficient and innovative are appreciated.

Many of CADRI’s members have engaged in the process which led to the development of the report, and will be responding individually in this consultation. For that reason, our current input is fairly focused.

We support the thrust of the report which puts the care of Ontario’s drivers and passengers first, and seeks to reduce the inefficiency of the system which leads to such high costs for auto insurance in the province. A simpler, more efficient system would be welcome and has proven both viable and sustainable in other Canadian provinces.

Several of the report’s recommendations resonate with CADRI. For instance, we advocated for the creation of a new financial services regulator, with increased powers and ability to provide flexible rules to reflect the changing marketplace – during the consultation process on the mandate review of the Financial Services Commission of Ontario in 2015. (Recommendations 31 – 34.)

Response to “Fair Benefits, Fairly Delivered”

We also support the report’s recommendations relative to innovation and price regulation (Recommendations 29 & 30). Allowing more personalized insurance offerings is consistent with our findings on current customer behaviour and expectations. In addition, an overhaul of the rate setting processes is long overdue. Thousands and thousands of gigabytes of data are filed with the regulator with every change proposal and minutely scrutinized as part of antiquated, complex and bureaucratic system that contributes to market inefficiency, lack of responsiveness and consumer dissatisfaction. In our opinion, this overly stringent and expensive regulatory regime has not resulted in any long-term demonstrable benefits in terms of reduced costs to consumers. On the contrary, it imposes the concepts of monopoly regulation on a competitive industry that seeks to change and innovate to meet consumer expectations. While CADRI recognizes that certain public policy principles need to be maintained, we believe that this could be achieved within a much more efficient and flexible regulatory framework that focuses on broad objectives rather than such detailed requirements. Technological and commercial innovation and disruptive pressures will change the insurance sector in unknown ways. Revamping the system will make the market more efficient, competitive and fairer for all stakeholders.

CADRI and its members look forward to working with the government to provide Ontarians with a modern, customer-centric auto insurance system in the near future.

Yours truly,



Alain Thibault
Chair and CEO, CADRI

cc:

CADRI Board of Directors
CADRI Ontario Committee