



CADRI
CANADIAN ASSOCIATION
OF DIRECT RELATIONSHIP
INSURERS

May 8th, 2018

priorities@fSCO.gov.on.ca

Mr. Brian Mills
Chief Executive Officer and Superintendent of Financial Services
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
Toronto, Ontario M2N 6L9

Dear Mr. Mills,

Re: Draft 2018 Statement of Priorities

The Canadian Association of Direct Relationship Insurers (CADRI) is the voice of insurers offering automobile, home and commercial insurance directly to Canadians. We represent six leading direct relationship insurers: Aviva, belairdirect, CAA, Cooperators, Desjardins, and TD Insurance.

As advocates for flexible and evolving regulatory and legislative frameworks, our aim is to enable innovation so Canadians can easily choose the insurance products and services they need through the delivery channels they prefer.

CADRI appreciates the opportunity to comment on the Financial Services Commission of Ontario's (FSCO's) draft 2018 Statement of Priorities. We thank you for your July 2017 response to our submission on last year's draft Statement of Priorities.

CADRI congratulates FSCO on maintaining its strong focus on priorities that will maintain and improve fairness for consumers throughout the transition to the new Financial Services Regulatory Authority (FSRA).

We are very pleased to observe that CADRI's strategic priorities for this and future years closely align with FSCO's draft priorities for 2018 to:

1. Create greater consumer awareness and understanding of their rights and responsibilities and how to protect themselves
2. Be proactive with respect to industry transformation and new technologies
3. Achieve a higher degree of harmonization, supervisory cooperation, and jurisdictional participation
4. Support the implementation of the Financial Services Regulatory Authority of Ontario

In 2018, as in previous years, we look forward to helping FSCO find ways to be more responsive to the need for technological innovation in the industry, as well as improvements in the way the industry is regulated to support innovation while protecting consumers.

Insurance tech

We thank FSCO for recognizing the “growing need to nurture healthy innovation in the marketplace.” Canadians are among the biggest Internet users in the world. Increasingly, they expect to be able to shop online using mobile devices and they expect a seamless, personally relevant customer experience across all digital channels.

Increasingly, Canadian customers are using the Internet to research insurance products. Where the insurance industry in this country still lags behind the rest of the financial services sector in technological innovation is in the ability of consumers to purchase/renew, modify and make claims.

We know an increasing proportion of insurance customers are ready to use new digital models and processes in our sector. As this demand continues to rise, CADRI appreciates FSCO’s proactive approach to support the need for regulators to become more adaptable and agile. We agree that customer protection must evolve to respond to the changing expectations of consumers. In this context, we believe the time is right to launch electronic proof of automobile insurance in Ontario.

Like FSCO, we believe it is essential to embrace the opportunities provided by new technologies to improve the financial literacy of consumers. As consumer access to personally relevant information about insurance products improves, consumers are becoming better able to consider risks and how to mitigate them and to obtain the coverage that best meets their needs.

CADRI feels that current regulatory frameworks are strong enough to protect customers irrespective of the way they choose to purchase and maintain their coverage. As Ontario insurers develop and adapt to use insurtech to meet their customers’ needs, we value FSCO’s continuing efforts to promote fairness and protection while improving the flexibility of existing regulatory approaches.

Regulatory improvements

CADRI strongly supports FSCO’s aim to reduce the regulatory burden on the industry through regulatory harmonization. Regulatory coordination and greater consistency among jurisdictional partners:

- Fosters a healthy financial services sector,
- Encourages technological innovation in customer service, products and distribution,
- Provides similar levels of consumer protection across the country,
- Increases compliance, and
- Reduces the regulatory burden on companies that operate across multiple jurisdictions.

For these reasons, we are pleased that FSCO has made greater cooperation with other regulatory jurisdictions a priority for 2018. CADRI encourages FSCO to explore the harmonization of rules governing regulatory sandboxes with its regulator colleagues across Canada.

We look forward to working with FSCO as it consults on the new Superintendent's guideline on treating consumers fairly in the financial services industry. The improved common understanding this updated guideline should provide will help to support fairness and compliance in the industry.

As the implementation of FSRA moves closer, CADRI applauds FSCO's choice of priorities that are both consistent with that new organization's vision, and with the concerns and priorities of the industry in this era of technological innovation and changing consumer expectations. A customer-centric approach to regulation that fosters innovation and competition supports the changing expectations of consumers while maintaining confidence in the industry and government.

We are excited about the opportunities that technological innovations present to our industry, and we are encouraged by the strong support that is represented in FSCO's priorities for the coming year.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alain Thibault', written in a cursive style.

Alain Thibault
Chairman and CEO
Canadian Association of Direct Relationship Insurers

cc: CADRI Board of Directors
CADRI Ontario Committee