

November 18, 2019

Mr. Mark White  
Chief Executive Officer  
Financial Services Regulatory Authority (FSRA)  
130 Adelaide Street West, Suite 800  
Toronto ON M5H 3P5

**Re: Request for comment on proposed FY 2020-21 FSRA Priorities and Budget**

Dear Mr. White:

On behalf of Desjardins General Insurance Group, I am pleased to respond to your request for comment on the proposed FY 2020-21 FSRA priorities and budget.

Given the different regulatory contexts that exist for the property & casualty insurance and the Credit Union sectors in the province, we have chosen to make two submissions to this consultation. This submission will focus upon the property and casualty insurance sector.

Desjardins provides Canadians with wealth management, life and health insurance, property and casualty insurance, and personal, business and institutional services such as payment processing.

Since Desjardins General Insurance Group (DGIG) acquired State Farm's Canadian businesses in 2015, we have become the 3<sup>rd</sup> largest property and casualty insurer in the country and the personal use auto insurance leader in Ontario. We are one of the largest employers in the country and benefit from the talents of more than 4,800 employees in Ontario who serve the needs of over 2 million clients in communities across the province.

Recently, members from our 11 Ontario caisses populaires and delegates of the Fédération des caisses populaires de l'Ontario (FCPO) voted overwhelmingly in favour of an amalgamation. The new Desjardins Ontario Credit Union will officially open on January 1, 2020. With 50 branches, the new credit union's nearly 650 employees will serve 130,000 members and have more than \$13.6 billion in assets under management.

As a member of the FSRA Property & Casualty Insurance Advisory Group, I have contributed to that submission made to you. I would now also like to offer a few complementary comments from DGIG for your consideration.

**First impressions are important – FSRA has made an excellent start**

We are pleased to see that FSRA is off to an excellent start with its ambitious transformation mandate, committed to doing the right things and doing things right. Its new organizational structure includes experienced and dynamic leaders. We believe that these leaders are actively shaping a culture of public service. In general, we have found that FSRA listens more and is more interested in and supportive of client innovations than its predecessor.

We applaud its ambition to be more efficient and effective, and to transition to a principles-based regulatory approach that will not only facilitate innovation, but also allow regulated entities the flexibility to meet regulatory intent at a lower overall cost to consumers.

## **Burden Reduction**

We support a well-designed, consistent and unambiguous guidance framework with relevant guidance documentation for regulated entities to assist efficient operation and reduced burden.

We are pleased that FSRA has reviewed and proposes to eliminate up to 40% of its inherited guidance and has begun the examination of all remaining guidance to ensure clarity and consistency, to eliminate overlapping and potentially inconsistent requirements.

As you establish meaningful service standards, we wish to remind you of the importance of timely agent licencing approval responses by FSRA. Delays that we have experienced in the past few months have affected our ability to serve our clients and have hampered the career success of our insurance agents.

## **Regulatory Effectiveness**

We support the objective to promote collaboration with stakeholders to facilitate the process for regulated entities seeking to bring innovative products and services to market

In addition to operational performance metrics we encourage the development of consumer-centric outcome targets for the regulated sectors that include key measures related to product availability, affordability, satisfaction and innovation. These strategic performance measures can serve as the system's performance scorecard and align the expectations and contributions of the regulated entities.

## **Auto Insurance Sector Priorities**

We support recent changes to the standard rate approval filing process. We believe that there remain significant opportunities to streamline the rate regulation process and create added value for consumers. We believe that it can be achieved by greater recognition of the power of consumers in a competitive marketplace to regulate auto insurance rates.

Given the current unsatisfactory state of the auto insurance system, consumers would benefit most from FSRA's priority 4.2 "Support and Implement Transformative Auto Insurance Reforms." Once the government has decided upon those reforms, we encourage FSRA to move all its available and relevant resources towards this effort to ensure its timely and effective execution.

## **Auto Insurance Sector Budget**

While we recognize the need for some temporary additional start up costs, insurance consumers should expect a "least cost" regulatory mindset to achieve consumer-focused outcomes. We encourage FSRA to continuously benchmark itself to similar leading financial services regulatory bodies in Canada and internationally from a cost and performance perspective.

Overall, the proposed FY 2020-21 FSRA Priorities and Budget consultation document appears logical and strategic. It further strengthens our belief that FSRA is on the right path.

Thank you for the opportunity to provide our commentary.

Sincerely,



Christian Jobidon  
Vice-President, Actuarial & Underwriting Services, and Analytics  
Desjardins General Insurance Group