

October 22, 2020

Financial Services Regulatory Authority of Ontario  
Auto Insurance Sector  
5160 Yonge Street, 16<sup>th</sup> Floor  
Toronto, Ontario  
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**RE: A Common Approach to Treating Customers Fairly**

Insurance Bureau of Canada (IBC) and its member property and casualty insurers welcome the opportunity to comment on the Financial Services Regulatory Authority of Ontario's (FSRA) consultation on adopting the Canadian Council of Insurance Regulators (CCIR) and Canadian Insurance Services Regulatory Organizations (CISRO) *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*.

We contributed to the fair treatment guidance throughout the extensive stakeholder consultation. Since its release, we have advocated across the country for provincial insurance regulators to adopt the guidance so that Canadian insurance customers benefit from a national approach to market conduct supervision. We are pleased that FSRA plans to join many of its provincial counterparts in adopting the guidance.

We support the guidance because it is a principles-based approach, based on international best practices, to supervising the customer experience throughout the life cycle of an insurance policy. It places an onus on insurer senior management teams to design and implement policies and procedures for ensuring optimal consumer outcomes, to monitor adherence to the policies and procedures, and to address any issues. Regulators across the country can apply the guidance when supervising insurers and assessing their policies, procedures and practices.

We note that applying the guidance is easier when supervising insurers' home insurance business than its auto insurance business. That is because the traditional approach to auto insurance regulation, which consists of prescribed rules, would override the guidance's principles-based approach to market conduct supervision.

A personal insurance customer is a personal insurance customer whether he/she purchases home or auto insurance. Often, customers buy both types of coverage from the same insurer. Regardless of whether they purchase one or both types of coverage, they expect insurers to treat them fairly according to international best practices.

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For the fair treatment guidance to be the market conduct standard in Ontario, FSRA and the government have to reform the current rules-based regulatory approach for auto insurance, including the *Unfair or Deceptive Acts or Practices Regulation*, the take-all-comers rule and rate regulation. We are aware and support FSRA's ongoing reviews of these regulations, and are committed to working with FSRA to bring a principles-based regulatory approach for home and auto insurance customers.

We hope our commentary helps FSRA as it considers adopting the fair treatment guidance. If you have any questions please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "K. Donaldson", with a long horizontal flourish extending to the right.

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