



22 September 2021

Mr. Mark White, CEO,
Financial Services Regulatory Authority (FSRA)
25 Sheppard Avenue West, Suite 100
Toronto, ON M2N 6S6

Via: <https://www.fsrao.ca/engagement-and-consultations/fsra-seeks-feedback-proposed-approach-communicating-enforcement-actions>

Dear Mr. White,

Re: Public Consultation [2021-013] – Proposed Transparent Communication of FSRA Enforcement Action/GR0011APP

Introduction

The Canadian Association of Direct Relationship Insurers (CADRI) 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.

We appreciate the opportunity to review and comment on FSRA's proposed Approach Guidance. We support the regulator's objectives. We would like to see additional guidance on the tone and the necessity to place the enforcement action in context in the Approach Guidance.

Proposed Approach Guidance

CADRI supports FSRA's Approach Guidance in its current form, and recommends additional thought and guidance be included as to the tone & context of the enforcements.

CADRI agrees that communications of enforcement actions should align with FSRA's objectives including those highlighted in the consultation document.

Consumer trust in the regulator and the industry is integral to a functioning and sustainable insurance market.

The consultation sets out why and when enforcement communications will take place. While citing posting on the FSRA website and, where necessary, communications through media release, the Approach Guidance is silent on guidelines for the tone of these communications and how the information should be contextualized.

We would encourage FSRA to provide an objective tone, and a tone which is proportionate to the gravity of the enforcement.

Moreover, FSRA communications would also support consumer trust in the system by recognizing the responsible efforts of the regulated industry in the area discussed. For example, when Property and Casualty Insurers occasionally make pricing errors, in many cases, it is the insurers themselves that identify the error, self report to FSRA, correct the pricing error, and provide interest on any overpayments to the clients. Occasionally in the past, the regulator's communications have left the impression that it "forced" the regulated entity to perform all these identification and remediation steps. Thus, leaving the insurer, who had been fully transparent, somewhat discomfited by the portrayal.

Conclusion

We are committed to working with FSRA to modernize auto insurance regulation to promote consumer choice, remove barriers to regulation, and encourage healthy industry competition.

Regulatory transparency is key to consumer confidence in insurers and the regulator. We encourage the regulator to consider the tone, context, and circumstances of enforcement communications to fulfil that promise of transparency.

We would be pleased to discuss further with FSRA any of the issues cited above.

Yours sincerely,



Geoffrey Beechey
Chair and CEO

cc:

CADRI Board of Directors
CADRI Ontario Committee
CADRI Risk Classification Task Force

Tim Bzowey, FSRA, EVP, Auto Insurance Products