



CADRI
CANADIAN ASSOCIATION
OF DIRECT RELATIONSHIP
INSURERS

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Auto Insurance Policy Unit
Financial Institutions Policy Branch
Ministry of Finance
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Re: **21 - MOF002 - Amendments to regulations made under the *Insurance Act* and the *Compulsory Automobile Insurance Act* regarding the delivery of automobile insurance notices and other auto insurance documents**

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 product and service innovation so that Canadians can easily choose insurance that serves their needs through the delivery channels of their choice.

CADRI welcomes the opportunity to contribute to the government's implementation of policies announced in the 2020 provincial budget – *The Protect, Support and Recover from COVID-19 Act* (Budget measures) — which seek to make the auto insurance system more affordable and accessible for Ontarians. We:

- support the changes proposed to the regulations,
- comment on the questions posed, and
- note the necessity for further changes – including similar amendments to regulations covering home and commercial property policies.

Support for amendments proposed

We appreciate the government's commitment to modernize its regulations and allow Ontarians to conduct even more of their business transactions online. *Ontario Onwards – Ontario's COVID-19 Action Plan for a People-Focused Government* outlines several widely-welcomed digital initiatives for Ontarians.

Electronic communications are a fast and simple means for businesses, such as insurance companies, to communicate with their customers and vice versa. In this context, CADRI supports the regulatory amendments that would allow correspondence relative to the termination of insurance policies to be among the electronic communications options offered to customers. This would enable insurers to offer their customers the choice of a start-to-finish electronic communications package.

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Many insurance customers choose to have all their communications with their insurers come to them in electronic format. Those who prefer to continue to receive hard-copy, paper-based communications would continue to have that option.

Ministry of Finance request for comments

1. How would automobile insurers propose to implement the delivery of a notice of termination of an automobile insurance contract to an insured by electronic means?

Our members may use different electronic delivery mechanisms to communicate with their customers securely and efficiently. In this context, taking a principle- and outcome-based approach to supervision enables choice for consumers and a competitive environment for insurers.

Among the outcomes which would aid the consumer experience:

- Clear communication from insurers to their customers about expanded digital delivery options, including how to opt in.
- Easy, accessible means for customers to update their communication preferences and contact information.
- Consent to receiving electronic communications that includes clear delineation of responsibilities of both the customer and the insurer.

2. Would the proposed regulation amendments with respect to delivery by an automobile insurer of a notice of termination of an automobile insurance contract to an insured by electronic means, if approved, increase the risk of disputes regarding whether an insurance contract has been properly transmitted?

We have no reason to believe this change will lead to increased risk of disputes provided the amendments specify when and how such delivery is effective.

Some insurers may use secure online portals to post communications and documentation for consumers. Others may use email or other electronic means.

The *Electronic Commerce Act 2000* sets out robust protections for consumers and already applies to the delivery of most documents under the *Insurance Act*.

In the case of many electronic means (email, electronic portals etc.), delivery is instantaneous, and the amended regulation should specify that a document is considered delivered on the day after it is delivered by electronic means.

Finally, please note our comments relative to further proposed changes to avoid the potential occurrence of disputes.

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3. Should the requirements for automobile insurers with respect to the delivery of a notice of termination of an automobile insurance contract to an insured by electronic means be prescriptive?

Consumers benefit from a principle- and outcome-based approach to regulation that provides incentives for insurers to compete and options for consumers to choose among. In such an environment, insurers would be able to provide electronic notice solutions that are tailored to their customers' needs and integrated with their existing electronic communications delivery platforms.

Further proposed changes

Having reviewed the government's proposed changes, we would like to cite two other instances which require attention:

- O. Reg 777/93 statutory condition 11(5), and
- Section 148 of the *Insurance Act*, statutory condition 5.

To fully incorporate the addition of prepaid courier and electronic transmission as means of providing a notice of termination of the contract, we recommend that statutory condition 11(5) of O. Reg. 777/93 be updated to include the following as a new second sentence, to provide for a determinable date on which notice has been given if sent by courier or electronic transmission:

For clause (b) of sub conditions (1.1) and (1.2), the day on which the insurer gives the notice by prepaid courier shall be deemed to be the day after the day of depositing the notice with the courier, and the day on which the insurer gives the notice by electronic means shall be deemed to be the day after the day the notice is delivered by electronic means.

Without this change, it will be clear what day the clock starts for notices sent by registered mail, but not clear what day the clock will start for notices sent by electronic transmission and courier. This could lead to disputes and could serve as a disincentive to insurers using courier or electronic means to terminate contracts.

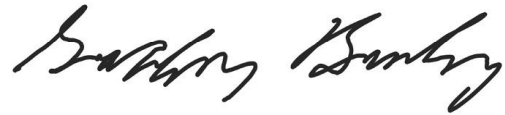
A second omission appears to be an amendment to statutory condition 5 of Section 148 of the *Insurance Act*, which governs how an insurer can send a termination notice under fire insurance policies. In our estimation, a revision is also required to stat condition 5. Without that revision, insurers will be unable to send notices of termination by electronic means for policies that cover the peril of fire (i.e. home and commercial property policies) without risk of a court ruling that the contract was not validly terminated. There is an unproclaimed amendment for statutory condition 5 that adds courier as a means of delivery but not electronic means.

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Conclusion

Once again, we appreciate the opportunity to contribute to the government's efforts to modernize the auto insurance system and make it more affordable and accessible to Ontarians. We applaud the steps taken to provide choice and convenience to Ontario drivers and look forward to supporting the government's efforts to do more of the same.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Geoffrey Beechey". The signature is written in a cursive, flowing style.

Geoffrey Beechey
Chair and CEO
CADRI

cc:
CADRI Board of Directors
CADRI Digital and Emerging Task Force
CADRI Ontario Committee

David McLean, Director, Financial Institutions Policy, Ministry of Finance