



11 August 2021

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

Via: <https://www.fsrao.ca/engagement-and-consultations/fsra-releases-its-revised-proposed-unfair-or-deceptive-acts-or-practices-udap-rule-public-consultation>

Dear Mr. White,

Re: Public Consultation [2021-008] -- Revised Proposed Unfair or Deceptive Acts or Practices Rule (UDAP)

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 the revised UDAP rule 2020-018. We refer FSRA to our 18 March 2021 comments on the proposed rule as the majority apply to the revised version.

2. Unfair or Deceptive Act or Practice

We have noted the changes to sections 2(2) (i) (a) and (b) removing legal representatives from this section. We believe the changes now avoid conflict with the principle of solicitor-client privilege. We continue to submit that expanding the scope of liability to include every employee is unnecessary given directors and officers are responsible and liable for UDAP contraventions.

9. Prohibited Conduct in Automobile Insurance Quotations, Applications or Renewals

One of the goals of this change is to move the regulation to a rule with a more outcome-based approach. That said, we are concerned that the additions to this rule are too prescriptive and could be construed to hinder the application of sound information gathering and underwriting practices. Also, they could conflict with some of the ideas being discussed as part of the Ministry of Finance consultation on fighting fraud in the industry. We suggest taking the first step to move the regulation into a rule is prudent but recommend delaying additions to the rule until there can be further consultation on the potential outcomes especially in the context of the conversations concerning fraud.

7. Incentives

CADRI continues to support FSRA shaping an environment wherein the insurance industry could create incentive programs, including rebates, for customers. CADRI notes that there have been no significant changes to the P&C portions of this section and continues to encourage FSRA to keep open lines of communication so that common questions can be explored and FSRA can be transparent with its policy directions.

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.

We would be pleased to discuss further with FSRA any of the topics we have cited here.

Yours sincerely,

A handwritten signature in blue ink that reads "Geoffrey Beechey". The signature is fluid and cursive, with the first name being more prominent.

Geoffrey Beechey
Chair and CEO

cc:

CADRI Board of Directors

CADRI Risk Classification Task Force

CADRI Ontario Committee