

The Ministry of Finance (MOF) is working with the Financial Services Regulatory Authority of Ontario (FSRA) to identify further opportunities for innovation, competition and cost reductions by expanding the number of items that could be piloted in FSRA's Test and Learn Environment (TLE).

One of the opportunities being considered is providing the FSRA CEO with the ability to facilitate a pilot of the sale of automobile insurance products by motor vehicle manufacturers, financing companies or dealerships – currently prohibited by section 231 of the *Insurance Act* – in a FSRA TLE. Car buyers could benefit from an improved customer experience through a convenient one-stop shopping experience.

Questions:

1. Would it add convenience and value for customers if motor vehicle manufacturers, dealers, or financing companies offer automobile insurance at the time of purchasing vehicles?
2. How would the proposal to sell automobile insurance through motor vehicle manufacturers, financing companies, dealerships impact the automobile insurance and/or motor vehicle manufacturer/financing/dealerships market and consumers in Ontario?
3. The government is seeking input on the following potential delivery methods that could be available to FSRA in the creation of this pilot project:
 - a. **Broker/Agent Led Insurance** is where a licensed insurance broker or agent works with a variety of carriers to help a client find the best policy for their needs.

What are your thoughts about distributing automobile insurance through licensed insurance brokers or insurance agents, partnered with and sold within auto vehicle dealerships? Do you foresee any challenges with this approach? How can these challenges be mitigated/managed?

- b. **Embedded Insurance** is a bundled method of selling insurance products while a customer is buying another product. For example, an auto manufacturer, financing company, or dealership could offer an all-in-one price that could include the vehicle, insurance, warranty and maintenance.

What are your thoughts about distributing automobile insurance through an embedded insurance approach? Do you foresee any challenges with this approach? How can these challenges be mitigated/managed?

4. Are there any other distribution models that MOF and FSRA should consider in the pilot?

5. Are there any other general concerns about allowing motor vehicle manufacturers, financing companies, or dealerships to sell automobile insurance policies?
6. Would you be supportive of the piloting of such initiatives?
7. Any other additional comments that would help MOF and FSRA pilot such initiatives?

Our objective is to enhance our understanding of the operational and implementation considerations, as well as identify any associated risks related to the noted distribution approaches.

Thank you.

Ministry of Finance