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FAIR response to: **ID 2024-002** FSRA Proposed Approach to Strengthening Protection of Vulnerable Consumers

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FAIR is a grassroots not-for-profit organization of MVA (Motor Vehicle Accident) survivors who have been injured in motor vehicle collisions and who have struggled with the current auto insurance system in Ontario. Thank you for the opportunity to comment on the Proposed Approach to Strengthening Protection of Vulnerable Consumers.

“A vulnerable consumer is someone who is at higher risk of experiencing financial mistreatment, hardship, or harm, due to various factors and personal circumstances.”

The accompanying explanation to the definition on the FSRA consultation page does aptly describe the uneven power dynamic between purveyors of financial products and consumers. It could be said that every auto insurance claimant is a vulnerable consumer who is at-risk in their relationship with their auto insurer. We are mandated to buy a product we don't understand. It's too complicated and that just gets worse when a consumer uses it after a car crash injury.

Appendix 1 and the findings on vulnerability from FSRA research reveals that very few people complain to FSRA when compared to their estimated level of vulnerability when it comes to auto insurance issues.

This exposes and underlines the need for FSRA to be proactive to systemic problems in auto insurance and the other financial products rather than wait for consumers to come to them. It may be that the most deeply affected by poor treatment are those who are most vulnerable and who are least likely to be able to navigate the complaints process.

A Complaints Analysis to help identify risks of consumer harm for vulnerable groups should be followed by a pathway of mitigation and prevention. This is closely tied to dis-incentives such as Unfair and Deceptive Acts and Practices (UDAP) and though the presiding model of oversight is principles based and not punitive, the Regulator must not just instruct the financial entities who engage in taking advantage of consumers and apply the UDAP Administrative Monetary Penalty (AMP) accordingly; the Regulator must also be seen as doing so in order to protect the public interest.

In fairness, the expectations of the Regulator must be known to the businesses and entities under regulation because to monitor outcomes through trends and complaints analysis is after the harm is already done. So while analysis might provide a template for the future it also needs to provide the background for the information consumers need in real-time to make competent decisions. There is a lot of information on the FSRA website to assist consumers and while public campaigns and outreach can improve consumer knowledge there is still the question of how best to point consumers in the direction to access the information.

The FSRA information brochures placed in Ontario's Credit Unions has increased public awareness and that type of 'on the ground' direction to consumers might be the best option overall and across the sectors. All transactions should include FSRA's own approved and consistent information which is unlike individual entities informing their customers with their chosen language. This will provide a tool for education and enable consumers to access FSRA's website for more information. FSRA's role and contact should be on every document clearly indicating regulatory oversight and brochures should be included in transactions. Knowledge is Power to the consumer.

Promoting inclusive and fair treatment of vulnerable consumers could prevent some targeted financial mistreatment but FSRA should also look at how vulnerabilities are fostered and how they can be mitigated by acknowledging the causes.

Financial literacy cannot be attained when the language used by financial services AND the Regulator, in this case FSRA, continually change the terms to describe the services and the oversight. Why say 'policy servicing' when the common term is 'claims handling'? Why say 'intermediaries' which is defined as "*person who negotiates*" instead of 'agents, associates and contractors'? One of the current financial services being looked at is the MGA. Consumers generally have no idea what that is. Using the full terminology of Managing General Agent still provides little clue of what the MGA is. All of this serves to confuse consumers who cannot see how this fits into their experience. If this is explained as insurer partner agents that sell anything from life insurance to funeral insurance, disability coverage to travel insurance it becomes relatable and it removes some of the uneven power and knowledge dynamic by way of informing a consumer in language they understand.

The task of administering focused campaigns to educate vulnerable consumers starts at a grass roots level. To inform consumers of their rights and protections, plain language must be used (and be defined) in order to enable stronger communication practices across all the sectors but especially in relation to auto insurance regulations. FSRA must be vigilant in their communications with consumers as there is a constantly changing legal and legislative landscape. Changes to coverage, band-aid solutions and increased choices all lead to less coverage for consumers and confusion about what they are and are not covered for.

In financial transactions the business entity always has an upper hand – they know the business and the products they are promoting. Auto insurance consumers are often operating with too little information and a lack of understanding. FSRA has identified at-risk consumers so the next step is to create a path to prevent that vulnerability and that will build trust and confidence while protecting the rights and interests of financial consumers going forward. One of FSRA's first steps would be to look at the language the Regulator uses, is it readable, is it understandable and is it accessible.

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