



## **Response re Part VI Review – Insurance Act**

Mr. Bob Christie,  
Chief Executive Officer and  
Superintendent of Financial Services

Thank you for the opportunity to provide our recommendations on changes that could be made to enhance the Insurance Act, within the scope of enhancing protection for consumers, ensuring the ongoing affordability and availability of automobile insurance and reducing regulatory burden.

We did have an opportunity to review the draft comments of the Insurance Bureau of Canada and fully support the thrust of its responses and recommendations.

As Zurich is primarily an underwriter of large commercial risks, our perspective does differ somewhat from the general insurance industry. As some of our peers are not members of the IBC (or were not part of the Committee preparing the IBC response), we recommend that you provide an opportunity for this group to review and present comments from their own perspectives as commercial auto insurers.

We believe there are a number of opportunities to reduce regulatory burden and consequently the costs that are passed on to consumers.

As costs continue to rise, the sophisticated clients of commercial insurers tend to want to assume some of the risk, at their option. We believe there should be greater flexibility for these commercial insureds, while still recognizing the primary obligation of insurers to third parties.

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Another recommendation would be to report the commercial auto line of business (per P&C 2) separately to allow more focused analysis of commercial business versus personal lines and provide for a more competitive market.

Non-fleet risks are a nominal aspect of our business, yet our national and international customers expect the company to provide for all their insurance needs, however nominal. This expectation requires that Zurich complete the comprehensive rate approval process (in the various provinces) at significant cost that is difficult to recapture. Perhaps a “bench” rate could be available that can be filed with minimal actuarial work for an insurer in these circumstances. An additional benefit of this proposal could be a more statistically valid base on which to develop premiums.

If we must continue to file rates for approval, we must have more timely turnaround and would recommend returning to mandatory response times within which FSCO must approve filings.

In order to allow timely response to changing market needs, there should also be consideration for some form of expedited approval process for conditional endorsements that grant additional protection.

Most of all, the regulators should strive for a harmonized approach and process for filings in the various provinces.

While we encourage updating various provisions of Part VI, we would recommend that the process include a full review, analysis and consolidation of the provisions of Part VI, and that, as soon as practical, a similar updating and consolidation of the entire Act be undertaken.

We would welcome the opportunity to elaborate on any of our comments.

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