

Financial Services Commission of Ontario
Private Passenger Automobile 2015 Reform
Rate Filing Guidelines
for Proposed Revisions to Private Passenger
Automobile Insurance Rates and Risk Classification Systems

A. GENERAL INFORMATION

These *Private Passenger Automobile 2015 Reform Rate Filing Guidelines* are to be used for filing Private Passenger Automobile (PPA) rate and risk classification system changes as a result of the 2015 automobile insurance reforms.

The changes include reductions to the compulsory standard accident benefits coverage as set out in the Statutory Accident Benefits Schedule (SABS), with the continued ability for consumers to buy enhanced optional benefits. Actuarial costings have shown that the changes should result in a significant decrease in the cost for compulsory coverages.

In addition the government has implemented a series of other cost reduction measures since the 2010 auto insurance reforms, including accident benefit procedural changes, adjustments to the auto insurance product and broader systemic changes.

Included in the changes are amendments to Ontario Regulation 664 for PPA: (a) an insurer may not use as an element of a risk classification system a minor accident that meets the criteria set out in the regulation and for which no payment has been made by the insurer; (b) the maximum interest rates applicable to the monthly instalment payment plans have been adjusted.

In consideration of these extensive efforts of the Government to reduce fraud and claims costs in the auto insurance system and improve road safety, the Superintendent has concluded that it is reasonable to estimate an additional cost savings for these measures over and above the cost savings actuarially estimated for specific amendments. These are reflected in Appendix D with the other reform cost factors.

It is expected that all renewals will be issued with the standard accident benefits coverage, unless the consumer previously selected optional accident benefits. The existing accident benefits coverages will continue to apply until the consumer's first renewal effective on or after June 1, 2016. For comprehensive coverage, renewals will be issued either at a \$500 deductible level or at the higher deductible that a consumer previously selected. For other coverages, renewals will be issued at the limits or deductibles that consumers previously selected.

Appendix D contains a set of benchmark reform factors and forms part of these Guidelines. Please note that the reform factors applicable to a given insurer will depend in part on the extent (if any) that any recent filing by the insurer already reflects the reforms. Please contact your rate analyst if you are uncertain whether this applies to you.

Required Filing

As a result of the SABS and Regulation 664 amendments and the other government measures as described above (collectively the "reforms"), it is expected that the Superintendent will be issuing Orders under section 7 of the Automobile Insurance Rate Stabilization Act, 2003 (AIRSA) to all insurers writing non-fleet automobile insurance on the OAP 1 or OPF2 on the basis that, due to the product changes and cost savings afforded by the reforms, their current rates may not be just and reasonable and may be excessive.

The anticipated Orders will require all insurers to apply to the Superintendent for approval of their proposed rates which reflect the anticipated cost savings flowing from the reforms.

Insurers will be required to take the reforms into consideration, by submitting to FSCO a reform filing with appropriate changes to their current rates and risk classification systems.

No other changes may be made under these Filing Guidelines. If an insurer chooses to propose changes other than those listed above, it must submit a filing using the standard [Private Passenger Filing Guidelines – Major](#). However, FSCO will not be in a position to review such filings until all reform filings have been processed.

Filing Process

Each filing for PPA must contain the following informational sections, in the order indicated below:

Section	Contents
1.	Table of contents
2.	Summary of Information (Appendix A)
3	Certificate of the Officer/Designate (Appendix B1) Certificate of the Actuary (Appendix B2) – where applicable
4.	Rating methodology <ul style="list-style-type: none"> a. Optional Accident Benefits b. Liability-Bodily Injury base rates c. Accident Benefit base rates <p>Note: Where you have been ordered under s.7 of AIRSA to submit a filing and choose not to use the FSCO reform benchmark rate adjustment factors, detailed support for the proposed rate level changes must be provided. In this instance Sections 4.a. to 4.j. (Actuarial Support) of the Private Passenger Automobile Filing Guidelines – Major must be included in this filing as an attachment in ARCTICS. These sections form part of these Filing Guidelines by reference. A Certificate of the Actuary is also required.</p>
5.	Rating algorithm
6.	Base rates, differentials and discounts/surcharges
7.	Rating rules
8.	Calculation of Final Rate Level Change
9.	Dependent Categories (if applicable)
10.	Proposed manual pages
11.	Rating profiles (Appendix C)

FSCO may request further information from the insurer other than that specified above.

Filings must be submitted by using our web-based filing system called ARCTICS. If you require a password, please contact your Team Lead/Rate Analyst.

A final set of manual pages in electronic format (or CD) containing the approved rates and risk classification system **must** be submitted within 30 days after the filing has been approved. The electronic

copy of the rate manual submitted to FSCO **must** be identical to any hard copy or versions that are being distributed to anyone, including brokers, agents or other vendors. The insurer shall also provide a copy of the most current vehicle rate group tables if they have not already been filed with FSCO. Refer to the [Rate Manual Filing Guidelines](#) for instructions. The insurer may be subject to regulatory action by FSCO if it fails to provide the required information within this time frame.

B. GUIDELINES

The format of the filing must be as follows:

SECTION 1: TABLE OF CONTENTS

The table of contents must list the page number of each section of the filing. The pages of the filing, including exhibits, must be numbered consecutively and dated.

SECTION 2: SUMMARY OF INFORMATION

The summary section contains certain key information on the proposed rate level, differentials or risk classification element changes. The form to be used is attached to this document as Appendix A.

SECTION 3a: CERTIFICATE OF THE OFFICER/DESIGNATE

Each filing must be accompanied by an original signed authorized Certificate of the Officer/Designate. A copy of the Officer/Designate form is attached as Appendix B1. Authorized officers are the President, CEO, COO, CFO or Chief Agent for Canada. Alternatively, the President, CEO, COO, or CFO may authorize a designate to sign the Certificate of Officer/Designate. The Designate must be Vice-President rank or above.

The Certificate of the Officer has been modified to reflect that each insurer is required to attest it will ensure its proposed rating rules reflect the requirement that an insurer may no longer use as an element of a risk classification system a minor accident meeting certain criteria, for which no payment has been made by the insurer.

SECTION 3b: CERTIFICATE OF THE ACTUARY

Filings that do not use the FSCO Reform Benchmark Rate Adjustment Factors (RBRAF) must be accompanied by an original certificate of a Fellow of the Canadian Institute of Actuaries. A copy of the required form is attached as Appendix B2.

SECTION 4: RATING METHODOLOGY

a. Optional Accident Benefits

This section of the filing must indicate the approach used in costing, a general narrative of the process, a general description of the data used and the data itself.

b. Liability-Bodily Injury Base Rates

Each insurer must indicate the approach used for determining Liability- Bodily Injury rates.

If you are proposing to:

- i) decrease base rates by at least the published RBRAF as set out in Appendix D, you must show how current base rates are adjusted; or

- ii) not decrease base rates by at least the published RBRAF, then detailed actuarial support as outlined in Sections 4.a. to 4.j. (Actuarial Support) of the [PPA Filing Guidelines – Major](#), including reform impact analysis, must be provided in the filing. You must indicate whether the FSCO Reform Benchmark Cost Adjustment Factors (RBCAF) and other information as set out in the Technical Notes are used in the filing.

c. Accident Benefits Base Rates

Each insurer must indicate the approach used for determining standard Accident Benefits rates.

If you are proposing to:

- i) decrease base rates by at least the published RBRAF as set out in Appendix D, you must show how current base rates are adjusted; or
- ii) not decrease base rates by at least the published RBRAF, then detailed actuarial support as outlined in Sections 4.a. to 4.j. (Actuarial Support) of the [PPA Filing Guidelines – Major](#), including reform impact analysis, must be provided in the filing. You must indicate whether the FSCO RBCAF and other information as set out in the Technical Notes are used in the filing.

d. Comprehensive Base Rates

If you are proposing to:

- i) decrease base rates by at least the published RBRAF as set out in Appendix D, you must show how current base rates are adjusted; or
- ii) not decrease base rates by at least the published RBRAF, then detailed actuarial support as outlined in Sections 4.a. to 4.j. (Actuarial Support) of the [PPA Filing Guidelines – Major](#), including reform impact analysis, must be provided in the filing. You must indicate whether the FSCO RBCAF and other information as set out in the Technical Notes are used in the filing.

e. All other Coverages base rates

If you are proposing to:

- i) decrease base rates by at least the published RBRAF as set out in Appendix D, you must show how current base rates are adjusted; or
- ii) not decrease base rates by at least the published RBRAF, then detailed actuarial support as outlined in Sections 4.a. to 4.j. (Actuarial Support) of the [PPA Filing Guidelines – Major](#), including reform impact analysis, must be provided in the filing. You must indicate whether the FSCO RBCAF and other information as set out in the Technical Notes are used in the filing.

SECTION 5: RATING ALGORITHM

Each insurer is required to file its rating algorithm including the application of discounts and surcharges for all coverages, including 6 month policy calculation (if applicable) and including optional accident benefits.

SECTION 6: BASE RATES, DIFFERENTIALS AND DISCOUNTS/SURCHARGES

a. Base Rates

Each insurer must file current and proposed base rates for all coverages, and for optional accident benefits.

b. Differentials

Each insurer must file its current and proposed differentials for all coverages, and for optional accident benefits. Where an insurer currently does not offer a \$500 comprehensive deductible, the proposed differential must be included here.

The only changes permitted to differentials are those required to implement the auto insurance reforms.

c. Discounts and Surcharges

Each insurer must file its current discounts and surcharges. No changes to discounts except those specific to the reforms, and no changes to surcharges are permitted in the reform filings.

SECTION 7: RATING RULES

Each insurer must file its proposed rating rules. Proposed rating rules must reflect the requirement that an insurer may no longer use as an element of a risk classification system a minor accident meeting certain criteria as set out in Regulation 664, for which no payment has been made by the insurer.

The only changes permitted to rating rules are those required to implement auto insurance reforms.

SECTION 8: CALCULATION OF FINAL RATE LEVEL CHANGE

The section must clearly describe and show how the rating rule and differential changes and the rate level impact of changes to base rates are used to calculate the overall rate level change on a per coverage basis. This calculation must reconcile with the Proposed Rate Level Change from Appendix A, Question 4a.

SECTION 9: DEPENDENT CATEGORIES

For those categories of automobile insurance that are dependent on PPA, please provide the following:

- (i) The rate level effects of the proposed changes.
- (ii) The calculations that validate the rate level effect of the proposed changes.
- (iii) A copy of the rating rule that stipulates the linkage to the category of automobile insurance.

SECTION 10: PROPOSED MANUAL PAGES CONTAINING RATES AND RISK CLASSIFICATION SYSTEMS

A draft set of manual pages containing all proposed rating rule changes or definition changes must be provided in the filing. A draft set of rate manual pages that contain the rates by territory, class, driving record, vehicle rate group table, etc. is optional at the time of submitting the filing. Any proposed changes to the manual pages must be denoted by a side bar (|).

A rate manual filing containing the approved rates and risk classification system must be submitted within 30 days after approval, in electronic format (or CD), in accordance with the [Rate Manual Filing Guidelines](#).

Failure to submit a rate manual filing can be treated as a compliance matter and the insurer may be subject to further regulatory action by FSCO.

SECTION 11: RATING PROFILES

Each insurer must file with FSCO the rating examples reflecting the rates it is proposing to charge. Please refer to the attached Appendix C for the rating profiles. A standardized Excel spreadsheet will be provided to each insurer for completion and then submission to FSCO.

If, based on the insurer's filed underwriting rules, a risk profile is not written, please indicate so and do not complete the risk profile.

Note that the optional coverage profiles, attached to profiles 5, 6 and 11, require both standalone pricing and indexation pricing on all optional accident benefit coverages, except Death and Funeral.

Company Name: _____

Group Name: _____

SUMMARY OF INFORMATION

1. Check all the items that apply to the changes proposed in this filing:

- a) Base rate change, uniform by territory for the Auto Reform product changes:
Indicate whether the 2015 Auto Reform Benchmark Rate Adjustment Factors being used are the same as those published by FSCO (refer to Appendix D in the Filing Guidelines).

Yes No

Are you using the published FSCO Reform Benchmark Loss Cost Adjustment Factors? (refer to Appendix D in the Filing Guidelines)

Yes No

- b) Changes to the maximum interest rates on Monthly Pay Plan in accordance with the Regulation. Provide the following information:

Policy Term	Earned Premium (\$) (000's)	Earned Premium Dist.	Current Maximum Interest Rate	New Maximum Interest Rate	Insurer's Proposed Interest Rate
12 month term		%	3.00%	1.30%	%
6 month term		%	1.50%	0.65%	%
3 month or less term		%	0.50%	0.22%	%
1 Payment Plan		%			
Other Payment Plans		%			
Total		100%			

- c) \$500 standard deductible level for Comprehensive coverage

- \$500 deductible level currently exists for Comprehensive Coverage
- Introduction of new \$500 deductible level for Comprehensive Coverage

State the proposed \$500 deductible differential for Comprehensive, where applicable and indicate if it is multiplicative or additive.

Comprehensive Coverage		
Rating Algorithm	Multiplicative	Additive
Deductible Factor	<input type="radio"/>	<input type="radio"/>
\$500 Deductible Differential (3 decimal places xx.xxx)		

- d) Rating Rule or definition change(s) – Prohibit rating for a single minor accident in risk classification systems in accordance with Regulation 664
 - Rating Rule already approved
 - Introducing new Rating Rule

Describe the current and proposed rating rule or definition change. If the insurer is introducing this new rating rule for the first time, enter the rule as the proposed rating rule. If the insurer already applies the rating rule, enter the rule as current and proposed. If a definition is changing include the current and proposed definition.

Current Rating Rule/Definition	
Proposed Rating Rule/Definition	

- e) New Optional Accident Benefits
 - Introduce optional Medical, Rehabilitation & Attendant Care Benefit (\$130,000)
 - Introduce optional Medical, Rehabilitation & Attendant Care Benefit (\$1,000,000)
 - Introduce optional Catastrophic Impairment Benefit (additional \$1,000,000 added to Standard Benefit or
Optional Medical, Rehabilitation and Attendant Care Benefit)

Provide the current or proposed rate where applicable.

Optional Accident Benefit Coverages	Current Rate (Specify Flat \$ or %)	Proposed Rate (Specify Flat \$ or %)
Income Replacement Benefit \$600		
Income Replacement Benefit \$800		
Income Replacement Benefit \$1,000		
Death and Funeral Benefits		
Medical, Rehabilitation & Attendant Care Benefit (\$130,000)		

Tort Deductible OPCF 48	Current Rate (Specify Flat \$ or %)	Proposed Rate (Specify Flat \$ or %)

Medical, Rehabilitation & Attendant Care Benefit (\$1,000,000)		
Catastrophic Impairment Benefit (add'l \$1,000,000)		
Caregiver, Housekeeping and Home Maintenance Benefit		
Dependant Care Benefit		
Indexation Benefit (Consumer Price Index)		

2. Proposed effective date for **new** policies: June 1, 2016
Proposed effective date for **renewal** policies: June 1, 2016

3. Indicate the distribution of risks by policy term:

3 month	_____	%
6 month	_____	%
12 month	_____	%
Other	_____	%
Total	_____	%

4.a) State the indicated rate level changes (if applicable) and the proposed average rate level changes and premium weights using direct written premiums that have been adjusted to current rate level. The impacts of each change included under Question 1 must be included in the calculation of the proposed average rate level change. (If direct written premiums are not available, use direct earned premiums.)

Indicate whether the changes by coverage are weighted by written or earned premiums and state the source and date of data.

direct written premium **direct earned premium**

Source of Data: _____ Date of Data: _____

<u>Coverage</u>	<u>Indicated Rate Level Change (if applicable)</u>	<u>Proposed Average Rate Level Change</u>	<u>Weights</u>
Liability - Bodily Injury	_____ %	_____ %	_____
Liability - Property Damage	_____ %	_____ %	_____
Standard Accident Benefits	_____ %	_____ %	_____
Uninsured Automobile	_____ %	_____ %	_____
Direct Compensation - Property Damage	_____ %	_____ %	_____
All Compulsory Coverages	_____ %	_____ %	_____
Specified Perils	_____ %	_____ %	_____
Comprehensive	_____ %	_____ %	_____
Collision or Upset	_____ %	_____ %	_____
All Perils	_____ %	_____ %	_____
OPCF 44R	_____ %	_____ %	_____
All Optional Coverages	_____ %	_____ %	_____
All Coverages Combined (Weighted Average)	_____ %	_____ %	100.00%

- 4.b) State the current and proposed average rate, the proposed average rate level change and weights using direct written exposures (number of written vehicles) for each coverage. (If direct written exposures are not available, use direct earned exposures.)

The proposed average rate level change by coverage and the All Coverages Combined (Weighted Average) proposed rate level change must be the same as reported under Question 4a.

The average authorized rate for each coverage must be expressed in premium dollars per insured vehicle and must be based on a 12 month policy term.

Average rates exclude endorsement premiums, Optional Accident Benefits premiums and Optional Tort Deductible premiums.

For those insurers that currently have rate capping procedures approved and in place, the average authorized rate calculation must not include rate capping procedures.

Coverage	Current Average Rate (rounded to two decimals)	Proposed Average Rate (rounded to two decimals)	Proposed Average Rate Level Change	# of Insured Vehicles	Exposure Weight (Based on Bodily Injury Exposure)
Liability - Bodily Injury	\$	\$	%		%
Liability - Property Damage	\$	\$	%		%
Standard Accident Benefits	\$	\$	%		%
Uninsured Automobile	\$	\$	%		%
Direct Compensation-Property Damage	\$	\$	%		%
All Compulsory Coverages	\$	\$	%		
Specified Perils	\$	\$	%		%
Comprehensive	\$	\$	%		%
Collision or Upset	\$	\$	%		%
All Perils	\$	\$	%		%
OPCF 44R	\$	\$	%		%
All Optional Coverages	\$	\$	%		
All Coverages Combined (Weighted Average)	\$	\$	%		

5. a) State the Filing ID, Filing Type, Renewal Effective Date and approved average rate level change percentages that were effective for renewal policies in the last 18 months (please round the figures to two decimals):

Filing ID	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Filing Type (Major, Simplified, CLEAR)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Effective Date for Renewal Policies	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

<u>Coverage</u>	<u>1st Prior Change</u>	<u>2nd Prior Change</u>	<u>3rd Prior Change</u>	<u>4th Prior Change</u>
Liability - Bodily Injury	_____ %	_____ %	_____ %	_____ %
Liability - Property Damage	_____ %	_____ %	_____ %	_____ %
Standard Accident Benefits	_____ %	_____ %	_____ %	_____ %
Uninsured Automobile	_____ %	_____ %	_____ %	_____ %
Direct Compensation - Property Damage	_____ %	_____ %	_____ %	_____ %
All Compulsory Coverages	<input type="text" value="_____ %"/>	<input type="text" value="_____ %"/>	<input type="text" value="_____ %"/>	<input type="text" value="_____ %"/>
Specified Perils	_____ %	_____ %	_____ %	_____ %
Comprehensive	_____ %	_____ %	_____ %	_____ %
Collision or Upset	_____ %	_____ %	_____ %	_____ %
All Perils	_____ %	_____ %	_____ %	_____ %
OPCF 44R	_____ %	_____ %	_____ %	_____ %
All Optional Coverages	<input type="text" value="_____ %"/>	<input type="text" value="_____ %"/>	<input type="text" value="_____ %"/>	<input type="text" value="_____ %"/>
All Coverages Combined	<input type="text" value="_____ %"/>	<input type="text" value="_____ %"/>	<input type="text" value="_____ %"/>	<input type="text" value="_____ %"/>

5.b) State the *Average Cumulative Rate Change* for all coverages. It is based on the *All Coverages Combined (Weighted Average) Proposed Average Rate Level Change* (as stated in the response to questions 4a) and 4b) and the *All Coverages Combined Average Rate Level Change(s)* (as stated in the response to question 5a), that occurred within the 12 months before the proposed rate change is expected to be effective for renewal policies.

The *Average Cumulative Rate Change* for all coverages is: _____%.

6. State any other categories of automobile insurance that are affected by the proposed rate change for private passenger automobile insurance (e.g., motorhome rates that are dependent on private passenger rates), and the rate level change percentage. All changes must be based solely on the changes associated with the dependent category.

Dependent Category (check where applicable)	Filing included with this submission		If not included - state the expected filing date	Rate Level Change impact for each category (%)
Personal Vehicles - Motorcycles	<input type="checkbox"/> Yes	<input type="checkbox"/> No	_____	_____
Personal Vehicles - Motorhomes	<input type="checkbox"/> Yes	<input type="checkbox"/> No	_____	_____
Personal Vehicles - Trailers and Camper Units	<input type="checkbox"/> Yes	<input type="checkbox"/> No	_____	_____
Personal Vehicles - Off-Road Vehicles	<input type="checkbox"/> Yes	<input type="checkbox"/> No	_____	_____
Personal Vehicles - Motorized Snow Vehicles	<input type="checkbox"/> Yes	<input type="checkbox"/> No	_____	_____
Personal Vehicles - Historic Vehicles	<input type="checkbox"/> Yes	<input type="checkbox"/> No	_____	_____
Commercial Vehicles	<input type="checkbox"/> Yes	<input type="checkbox"/> No	_____	_____
Public Vehicles - Taxis and Limousines	<input type="checkbox"/> Yes	<input type="checkbox"/> No	_____	_____
Public Vehicles - Other Than Taxis and Limousines	<input type="checkbox"/> Yes	<input type="checkbox"/> No	_____	_____
OPF 2	<input type="checkbox"/> Yes	<input type="checkbox"/> No	_____	_____

CERTIFICATE OF THE OFFICER/DESIGNATE

I, _____, _____
 (Name of Officer) (Office held: President, CEO, COO, CFO, or Chief Agent for
 Canada)

of _____ (the "Insurer")
 (Official Name of Company)

CERTIFY THAT:

1. The filing has been prepared for the Personal Vehicles - Private Passenger Automobile category of insurance to be effective as of
 _____ for new business and
 June 1, 2016
 (Date of Implementation)
 _____ for renewal business.
 June 1, 2016
 (Date of Implementation)
2. I have knowledge of the matters that are the subject of this certificate.
3. The changes requested are in compliance with the requirements of the *Private Passenger Automobile 2015 Reform Rate Filing Guidelines*.
4. I confirm that the proposed risk classification system reflects the requirement that an insurer may no longer use, as an element of a risk classification system, a minor accident, except as described in sections 5 and 16 of Ont. Reg. 664 (Automobile Insurance), as amended by Ont. Reg. 250/15.
5. The information and each document contained in the filing accompanying this certificate are complete and accurate in all material respects.
6. I have satisfied myself:
 - (a) that the proposed rates are just and reasonable in the circumstances, would not impair the Insurer's solvency, and are not excessive in relation to the Insurer's financial circumstances; and
 - (b) the proposed risk classification system is just and reasonable in the circumstances, is reasonably predictive of risk and distinguishes fairly between risks.
7. If the filing is approved, all premiums (including all fees, discounts, surcharges and other components comprising such premiums) quoted and charged by the Insurer will at all times and in all material respects accurately reflect and conform to the filing as approved, whether such premiums are calculated manually or otherwise.

8. I have informed myself as to the Insurer's business systems and processes and confirm that any system or process changes that may be required to enable the Insurer to comply with paragraph 7 above will be adequately tested in advance and fully communicated to staff and intermediaries and implemented by the Insurer in a timely manner.
9. I further confirm that:
 - (a) if the Insurer is an affiliated insurer as defined in section 0.1 of Ont. Reg. 7/00 (Unfair or Deceptive Acts or Practices Regulation), the Insurer's business systems and processes do not and will at no time permit the Insurer to act in the manner described in paragraph 8 of subsection 2 (1) of Ont. Reg. 7/00.
 - (b) the Insurer's business systems and processes do not and will at no time permit the Insurer to use any circumstances or factors prohibited by section 16 of Ont. Reg. 664 (Automobile Insurance) as elements of its risk classification system except as permitted by that section.
 - (c) the proposed risk classification system, including but not limited to the territories used in the proposed risk classification system, comply in all respects with the requirements of the Financial Services Commission of Ontario (FSCO) including, without limitation, the requirements set out in FSCO's Filing Guidelines.
10. I confirm that any changes that are ultimately approved in this rate filing will be reviewed both internally and, if needed, with the General Insurance Statistical Agency and/or its data provider to ensure that the required data can be properly and correctly delivered for inclusion in the Automobile Statistical Plan.

Signature of Officer

Date, Location

CERTIFICATE OF THE ACTUARY

I, _____, a Fellow of the Canadian Institute of Actuaries,
(Name of Actuary)

have been authorized to prepare a rate filing on behalf of _____
(Official Name of Company)

_____, (the "Insurer") and hereby CERTIFY THAT:

1. This rate filing is in respect of the private passenger automobile insurance category of automobile insurance and the following dependent categories: *(Please check all that apply)*

- Not Applicable
- Personal Vehicles - Motorcycles
- Personal Vehicles - Motorhomes
- Personal Vehicles - Trailer and Camper Units
- Personal Vehicles - Off-Road Vehicles
- Personal Vehicles - Motorized Snow Vehicles
- Personal Vehicles - Historic Vehicles
- Commercial Vehicles
- Public Vehicles - Taxis and Limousines
- Public Vehicles - Other than Taxis and Limousines
- OPF 2

to be effective as of June 1, 2016 for new business
and *(Date of Implementation)*

June 1, 2016 for renewal
business. *(Date of Implementation)*

2. I have reviewed the data underlying this rate filing for reasonableness and consistency, and I believe the data is reliable and sufficient for the determination of the indicated rate changes.

3. The indicated rate changes have been calculated in accordance with Accepted Actuarial Practice.

In my opinion, the risk classification system is just and reasonable, reasonably predictive of risk and distinguishes fairly between the classes.

Signature of Actuary

Date, Location

REFORM BENCHMARK FACTORS

The following reform benchmark factors are provided for use with Ontario Private Passenger Automobile insurance rate filings for new and renewal policies with effective dates that are on or after June 1, 2016. These reform benchmark factors were developed following an analysis of the impact of the regulation changes effective in 2015/2016, on private passenger automobile insurance costs, and include FSCO's consideration of Government initiatives to reduce fraud and claims costs and improve road safety. As loss experience emerges following the reforms, relevant benchmark factors will be reviewed and updated as necessary.

1. Reform Benchmark Rate Adjustment Factors

The columns titled under the heading "Reform Benchmark Rate Adjustment Factors" in the following table set out the rate adjustment factors to be used to reflect the impact of the 2015 and 2016 reforms on *premiums*. The factors are to be applied, in full, to rates in effect on May 31, 2016 to arrive at proposed rates for policies with effective dates that are on or after June 1, 2016.

The column titled "January 2015 Changes" sets out the rate adjustment factors that reflect the impact of the January 2015 interest rate changes only. These factors are provided to facilitate adjustments to base rate changes. Where an insurer's recently approved rates have already taken into account the impact of interest rate changes that were effective January 2015, then the insurer should use the information below to determine the net adjustment to base rates.

Coverage	Reform Benchmark Rate Adjustment Factors	
	January 2015 Changes	Combined January 2015 and June 2016 Changes
TPL - Bodily Injury	0.953	0.955
TPL- Property Damage	1.000	0.982
TPL - DCPD	1.000	0.982
TPL - Total	0.971	0.968
Uninsured Automobile	0.959	0.834
Standard Accident Benefits	0.959	0.834
Underinsured Motorist (OPCF 44R)	1.000	0.982
Collision	1.000	0.982
Comprehensive	1.000	0.982
Specified Perils	1.000	0.982
All Perils	1.000	0.982

2. Reform Benchmark Cost Adjustment Factors

The column titled “Combined January 2015 and June 2016 Changes ” in the following table sets out the automobile insurance reform cost adjustment factors to be used to reflect the impact of the 2015 and 2016 reforms on *loss costs*. The factors are provided for adjusting loss costs for accident years 2014 and prior in rate level analysis for proposed rates for policies with effective dates that are on or after June 1, 2016.

The column titled “January 2015 Changes” sets out the automobile insurance reform cost adjustment factors that reflect the impact of the January 2015 interest rate changes only. The factors are provided for adjusting loss costs for accident years 2014 and prior in rate level analysis for proposed rates only for policies with effective dates that are on or before June 1, 2016.

Standard Coverage	Reform Benchmark Cost Adjustment Factors	
	January 2015 Changes	Combined January 2015 and June 2016 Changes
Private Passenger Automobile		
TPL - Bodily Injury	0.950	0.947
AB - Medical/Rehabilitation/Attendant Care	0.955	0.807
AB - Disability Income	0.955	0.834
AB - Funeral and Death	1.000	0.980
Total Accident Benefits	0.955	0.815
Uninsured Automobile	0.955	0.815
Comprehensive	1.000	0.980
All other Coverages	1.000	0.980

3. Benchmark Loss Cost Changes for Optional Accident Benefits

Optional Benefit	% Change to Standard Medical/Rehabilitation/Attendant Care Coverage Loss Cost
Medical, Rehabilitation and Attendant Care Benefit of \$130,000	+8.5% to +10%
Medical, Rehabilitation and Attendant Care Benefit of \$1 Million	+18% to + 20%
Catastrophic Impairment Benefit (additional \$1 Million)	+3.5% to +6.5%