

Financial Services Commission of Ontario

Filing Guidelines for Underwriting Rules

A. Purpose of the Guidelines

All insurers that are licensed to write automobile insurance in Ontario are required to make a filing in respect of their underwriting rules with the Financial Services Commission of Ontario (FSCO).

Subsection 238(3) of the *Insurance Act* requires that underwriting rules be filed in a form approved by the Superintendent together with other information as may be specified. These guidelines describe the form to be used for filing underwriting rules.

If an insurer is licensed to write automobile insurance, but does not write any contracts on Ontario Automobile Policy (OAP) 1, then only Appendix A and Appendix B need to be submitted. Similarly, if an insurer does write automobile insurance, but only on a fleet basis, then only Appendix A and Appendix B need to be submitted. Fleet means a group of not less than five automobiles that are under common ownership or management, of which at least five are commercial vehicles, public vehicles or vehicles used for business purposes, and of which any that are subject to a lease agreement for a period in excess of 30 days are leased to the same insured person.

Where an insurer is writing non-fleet automobile insurance on OAP 1, it must file Appendix A, Appendix B and the underwriting rules in Appendix C and/or Appendix D, as applicable.

For the purpose of these guidelines, underwriting rules are those rules that a company uses to either decline all coverages to a risk, or to deny certain coverages to a risk, or to limit coverage in some way such as offering only higher deductible levels or lower liability limits. Underwriting rules deal with the coverage that will or will not be provided. Rating rules, on the other hand, are rules used in determining the rate that is applicable to the risk, once the decision has been made to accept the risk.

These guidelines are for underwriting rules only. Changes to rating rules must be submitted separately using the *Private Passenger Automobile Filing Guidelines* or the *Other than Private Passenger Automobile Filing Guidelines*, as appropriate. Where changes are being proposed to either rating rules or underwriting rules in respect of endorsements, please refer to the *Endorsements Filing Guidelines*.

In these guidelines, PPA refers to private passenger automobile insurance. *Other Categories* refers to the following categories of automobile insurance:

- | | | | |
|----|---------------------|---|---------------------------------|
| a. | Personal Vehicles | - | Motorcycles |
| b. | Personal Vehicles | - | Motor Homes |
| c. | Personal Vehicles | - | Trailers and Camper Units |
| d. | Personal Vehicles | - | Off-road Vehicles |
| e. | Personal Vehicles | - | Motorized Snow Vehicles |
| f. | Personal Vehicles | - | Historic Vehicles |
| g. | Commercial Vehicles | | |
| h. | Public Vehicles | - | Taxis and Limousines |
| i. | Public Vehicles | - | Other than Taxis and Limousines |

B. Explanation of Appendices

Appendix A: Summary of Information

You must complete Appendix A each time you make an underwriting rule filing.

This appendix is a summary of information in respect of the categories written and identifies changes to underwriting rules. You are required to confirm **all** the categories of automobile insurance you write, or do not write, each time you submit an underwriting rule filing.

Appendix B: Certificate of an Official

A certificate of an official (see Appendix B) must accompany each underwriting rule filing. Any official (e.g. Automobile Manager, Underwriting Manager) who has knowledge of the company's underwriting rules and has authority to bind the company may sign the form.

Appendix C: Underwriting rules for PPA

You must file Appendix C if you write PPA insurance on a non-fleet basis. Even if there are no changes to underwriting rules for PPA (e.g. if you are changing your existing underwriting rules for one of the *Other Categories* only), you must file Appendix C so that FSCO always has a consolidated set of all your underwriting rules.

The following information is to be provided in Appendix C:

- A. Underwriting rules for declining to issue, terminating or refusing to renew a contract, appropriately numbered; and
- B. Underwriting rules for refusing to provide or continue a coverage (e.g. not providing physical damage coverage or declining certain deductible levels or liability limits), appropriately numbered; and
- C. Definitions (e.g. definition of at-fault accident) and explanations to interpret the rules.

A, B & C should begin on a separate page.

Appendix D: Underwriting rules for *Other Categories*

You must file Appendix D if you write any of the *Other Categories* of insurance on a non-fleet basis. Even if there are no changes to underwriting rules for *Other Categories* (e.g. if you are changing your existing underwriting rules for only PPA), you must file Appendix D so that FSCO always has a consolidated set of all of your underwriting rules.

Underwriting rules for *Other Categories* written on a non-fleet basis are to be listed in Appendix D. Where you use alternative rules for the different categories within *Other Categories*, file the rules in separate exhibits (e.g. for motorcycles it could be labelled as Exhibit D1, for motorhomes it could be labelled as Exhibit D2, etc.). If you have divided any of the *Other Categories* into sub-categories, please identify the sub-categories (by responding to question 2 in Appendix A) and attach separate exhibits if you use alternative rules for the sub-categories.

The following information is to be provided:

- A. Underwriting rules for declining to issue, terminating or refusing to renew a contract, appropriately numbered; and
- B. Underwriting rules for refusing to provide or continue a coverage (e.g. not providing physical damage coverage or declining certain deductible levels or liability limits), appropriately numbered; and
- C. Definitions (e.g. definition of at-fault accident) and explanations to interpret the rules.

A, B & C for each separate category, should begin on a separate page.

C. Procedures

1. You must submit an underwriting rule filing where:
 - there is a change of status (i.e., in writing or not writing) a category of automobile insurance; or
 - you are proposing a change to your underwriting rules.
2. Each filing must contain a consolidated list of underwriting rules. Even if you are only proposing changes to underwriting rules for one category of automobile insurance, you must include underwriting rules for all categories of automobile insurance each time you submit a filing.
3. Underwriting filings should be submitted by using our web-based filing system called ARCTICS. If you require a password, please contact your Team Lead/Rate Analyst.

Alternatively, you may send the filing to:

Financial Services Commission of Ontario
Automobile Insurance Division, Rates and Classifications Unit
5160 Yonge Street, P.O. Box 85
Toronto ON M2N 6L9

4. Once we have reviewed the rules and there are no outstanding issues, you are required to provide revised rate manual pages to FSCO in electronic format (e-mail or cd) within 30 days of approval of the filing, if the rules are included there.

Examples of Acceptable Underwriting Rules

The following are examples of acceptable underwriting rules. A risk could be declined where there are:

1. 2 or more at-fault accidents in the preceding 3 years **OR** 2 at-fault accidents in the preceding 5 years
2. 1 or more Criminal Code convictions in the preceding 3 years
3. 1 or more major convictions in the preceding 3 years including operating a vehicle without insurance, or making a false statement in the certificate of insurance required for the issuance, validation or transfer of a vehicle permit.
4. 4 or more minor convictions in the preceding 3 years **OR** 3 minor convictions in the preceding 3 years
5. 1 or more cancellations for material misrepresentation in the preceding 3 years
6. 1 or more convictions for auto insurance fraud in the preceding 10 years
7. 3 or more cancellations for non-payment of premium in the preceding 3 years
8. 1 at-fault accident in the preceding 5 years and 2 minor convictions within the preceding 3 years
9. 1 at-fault accident in the preceding 5 years and 2 minor convictions within the preceding 3 years and 2 cancellations for non-payment of premium within the preceding 3 years
10. 1 at-fault accident in the preceding 5 years and 1 minor conviction within the preceding 3 years and 2 cancellations for non-payment of premium within the preceding 3 years
11. 2 minor convictions within the preceding 3 years and 2 cancellations for non-payment of premium within the preceding 3 years

NOTE: The above rules are examples only and do not include all definitions and explanations that would need to be provided with the underwriting rules.

Company Name: _____

Group Name: _____

Summary of Information

1. For **each** of the following categories of automobile insurance, indicate the status by checking the box under one of column a, b, or c. The statuses are:
- the insurer **does not write** contracts of automobile insurance in the category on OAP 1.
 - the insurer writes contracts of automobile insurance on OAP 1 in the category, **but only on a fleet basis**.
 - the insurer writes contracts of automobile insurance on OAP 1 on a **non-fleet basis** in the category and the Insurer's underwriting rules are set out in the attached Appendix C and/or D, as applicable.

Category	a.	b.	c.
Personal Vehicles - Private Passenger Automobiles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal Vehicles - Motorcycles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal Vehicles - Motor Homes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal Vehicles - Trailers and Camper Units	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal Vehicles - Off-road Vehicles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal Vehicles - Motorized Snow Vehicles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal Vehicles - Historic Vehicles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial Vehicles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public Vehicles - Taxis and Limousines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public Vehicles - Other than Taxis and Limousines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Does the insurer divide *Other Categories* into sub-categories for the purposes of underwriting (e.g. mopeds are a sub-category of motorcycles)? If yes, list each sub-category, and the category in which the sub-category falls. Underwriting rules for the sub-categories that are written on a non-fleet basis must be listed in Appendix D.
3. What was the date of the last authorized underwriting rule filing?
4. Has there been any change in status in writing a category or sub-category since the last underwriting rule filing?
5. Proposed Effective Date for New Policies: _____
 Proposed Effective Date for Renewal Policies: _____

6. For each rule that is being added, deleted, or changed, describe as follows (attach on a separate sheet if necessary):

Current Rule # _____

New Rule # (if applicable) _____

Category: _____

Action taken: Add Change Delete

Applies to: Risk Coverage

Text of current or new rule:

Text of revised rule:

7. Individual to whom questions concerning this filing may be addressed.

Name: _____

Title: _____

Name of Company: _____

Address: _____

Phone No.: _____

Facsimile No.: _____

E-mail Address: _____

CERTIFICATE OF AN OFFICIAL

I, _____, _____
(Name of Official) **(Position held)**
of _____ (the "Insurer")
(Official Name of Company)

CERTIFY THAT:

1. I have knowledge of the matters that are the subject of this certificate;
2. The changes requested are in compliance with the *Underwriting Rules Filing Guidelines*;
3. The information and each document contained in the filing accompanying this certificate are complete and accurate in all material respects;
4. 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 this filing will be adequately tested in advance and fully communicated to staff and intermediaries and implemented by the Insurer in a timely manner.

Signature of Official

Date, Location

Company Name:

Group Name:

Category of Insurance: Personal Vehicles - Private Passenger Automobiles

Underwriting rules exhibit

A. The Insurer's rules for declining to issue, terminating or refusing to renew a contract are:

1.

2.

3.

(Number and list all such rules.)

B. The Insurer's rules for refusing to provide or continue a coverage are:

1.

2.

3.

(Number and list all such rules.)

C. Definitions and explanations to interpret the rules are outlined below:

(e.g. provide a definition of at-fault accident and how the definition is applied)

A, B & C should begin on a separate page.

Company Name:

Group Name:

Category of Insurance:

Underwriting rules exhibit

A. The Insurer's rules for declining to issue, terminating or refusing to renew a contract are:

1.

2.

3.

(Number and list all such rules.)

B. The Insurer's rules for refusing to provide or continue a coverage are:

1.

2.

3.

(Number and list all such rules.)

C. Definitions and explanations to interpret the rules are outlined below:

(e.g. provide a definition of at-fault accident and how the definition is applied)

A, B & C, for each separate category, should begin on a separate page.