Property and Casualty - Auto Bulletins

Pension Bulletins

Monitoring and Enforcement Bulletins

Licensing Changes Bulletins

Bulletins by Sector

Bulletin

No. G-01/91

\- General

Assessment of Commission Expenses

The passage of Bill 68 in May, 1990, established the Ontario Insurance Commission with broad new responsibilities regarding the regulation of insurance in Ontario. One provision of the Bill (Section 6h) allows the Government to assess all insurers for the expenditures of the Commission.

Section 6h(I) states: "The Lieutenant Governor in Council may assess all insurers with respect to all expenses incurred and expenditures made by the Commission in the conduct of its affairs and an insurer shall pay the amount assessed against it."

A Regulation setting out the basis of assessment is presently being drafted. It is still subject to review and approval or revision by the Government. A formal approval is required prior to the Commission notifying insurers of their actual assessments.

In anticipation of this assessment and the need for companies to complete their 1990 financial reports, several insurers have requested direction as to the amounts that may be assessed for the 1990 reporting year.

The proposal for determining each insurer's assessment provides an equitable basis for allocating to all classes of insurers their proportionate share of the Commission's regulatory efforts. The proposal takes into consideration the fees and revenues (excluding premium taxes) already collected by the Commission through other mechanisms. The assessment for each individual insurer will vary depending upon the:

a. jurisdiction of incorporation (Ontario or other)

b. proportionate share of automobile insurance premiums

c. proportionate share of property and casualty insurance premiums

d. proportionate share of life insurance premiums

While this proposal has not yet been approved, insurers may wish to make provision in their 1990 statements for the estimated assessment rates applied against their 1990 premium levels. The following rules may be used to approximate these assessments for the period May 28, 1990 to December 31, 1990.

<u>AUTOMOBILE</u> (Direct Written Premium)

All licensed insurers ....Ontario Auto DWP X .00035

<u>PROPERTY AND CASUALTY</u> (Gross* Written Premium -- including automobile insurance)

All Ontario incorporated insurers ....Ontario GWP X .00085

All Federal and Extra-Provincial insurers ....Ontario GWP X .00055

<u>LIFE** AND FRATERNAL SOCIETIES</u> (Gross Written Premium)

All Ontario incorporated insurers ....Ontario GWP X .00050

All Federal and Extra-Provincial insurers ....Ontario GWP X .00020

* Gross = Direct plus Assumed

** including Accident and Sickness

We will communicate further details to you when final decisions have been taken.

Donald C. Scott

Commissioner

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