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Bulletin

No. A-06/91

Property & Casualty

- Auto

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Termination of Automobile Policies

The Commission has received numerous complaints from consumers concerning cancellation of automobile policies.

Our discussions with insurers indicate that some misunderstandings exist.

We wish to remind insurers that the rules governing the issue, renewal and termination of automobile policies are found in the [Insurance Act \(Bill 68\)](#), Section 208a., 208b., and 208c., Regulation 275/90, Section 5, the [Compulsory Automobile Insurance Act](#), Section 12, and Statutory Condition 8 of Section 207 of the [Insurance Act](#).

Please keep in mind:

- Insurers must give the insured 30 days written notice of intention not to renew or to renew on varied items.

(Section 208a.)
- Insurers cannot decline to issue, terminate or refuse to renew a contract unless they have complied with Regulation 275/90, Section 5. (Section 208b.)
- Insurers must file with the Commission a list of the grounds for which the insurer declines to issue; terminates; refuses to renew; or refuses to provide or continue a coverage or endorsement. An insurer cannot use a new ground unless it has been filed with the Commission. (Section 208c.)

- If a filing contains a ground that the Commissioner believes
 - a. is subjective;
 - b. is arbitrary
 - c. bears little or no relationship to the risk to be borne by the insurer in respect of an insured; or
 - d. is contrary to public policy;

the Commissioner may order a public hearing and the insurer may be prohibited from using that ground
(Section 208c.)

- Termination as referred to above relates solely to policies in force 60 days or less.
- Termination after 60 days is governed by the Compulsory Insurance Act, Section 12. The insurer may only terminate the contract under Statutory Condition 8 of Section 207 of the Insurance Act, which is found at 6.3 of the Standard Automobile Policy, for one of the following reasons:
 1. Non-payment of, or any part of, the premium due under the contract or any charge under any agreement ancillary to the contract.
 2. The insured has given false particulars of the described automobile to the prejudice of the insurer.
 3. The insured has knowingly misrepresented or failed to disclose in an application for insurance any fact required to be stated therein.
 4. For material change in risk within the meaning of Statutory Condition 1 of the said Section 207.

Since contravention of these requirements would leave an insurer open to prosecution, we want to ensure that there is no misunderstanding.

Please refer to the specific legislation for complete information.

If you have any questions, please contact Murray Chitra at (416) 590-7102 or Craig Simons at (416) 590-7153.

Donald C. Scott

Commissioner

June 10, 1991

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