Bulletin

No. A-14/92

Property & Casualty

- Auto

Take-All-Comers Requirement and Refiling of Underwriting Rules, Rates, and Classes of Risk Exposure

Ontario insurers writing automobile insurance are going to be affected by recent changes to the Facility Association's (FA) Plan of Operation. The take-all-comers (TAC) requirement, for instance, will significantly reduce the number of non-fleet private passenger automobiles the FA insures; individual insurers in the province will be picking up this business.

This bulletin outlines the filing requirements:

- ***revised underwriting rules and related forms, and***
- ***for private passenger autos, changes to rates and classes of risk exposure***

Filings by all insurers licensed to write automobile insurance in Ontario should reach the Commission by October 23, 1992; the take-all-comers requirement applies to all contracts effective January 1, 1993. Please follow the guidelines in Appendix A and B when you format this and future underwriting rule filings. We have also attached copies of Form C and Form D on changes to rates and classes of risk exposure.

Underwriting rules requirements

Under the take-all-comers requirement, we expect insurers to write optional coverages for those risks that had optional coverage in the Facility Association; writing only compulsory coverages is not enough.

In preparing filings for amended underwriting rules, see Appendix A for private passenger automobile (PPA) and Appendix B for all categories of auto insurance other then PPA.

If your rate manual currently contains underwriting rules, update it and send it to us. You do not have to file any internal rules you will use for ceding risks to FA's Risk Sharing Pool.

Rate and classes of risk exposure

Rate filings for private passenger automobiles are also affected by changes to the Facility Association's Plan of Operation:

- for the interim, you can not charge more than the FA approved rate (plus commission) for any non Residual Market Risk that FA was insuring. You will need to file Form C.
- you must have rates and classes of risk exposure for **all** non Residual Market Risks, unless you are exempt from the take-all-comers requirement. This includes rates for all territories, vehicles and vehicle rate groups, and classes for non Residual Market Risks. File Form D if you don't have rates and classes of risk exposure for all non Residual Market Risks.

Important

1. **All insurance companies licensed for automobile insurance in Ontario** must file

   - one of Form A1, A2, or A3 and, where they apply, underwriting rules for PPA as set out in Appendix A; as well as

   - Form B1 or B2 and, where they apply, underwriting rules for other categories as set out in Appendix B.

2. **If you write non-fleet PPA** you must also file

   - Form C

3. **If you haven't filed rates and classes of risk exposure for all non Residual Market Risks and you**

are not exempt from the TAC requirement, you must

- Form D together with supporting material

Contact our Rates and Classifications Branch at (416) 590-7123 if you have questions.

Donald C Scott

Commissioner

October 2, 1992

Attachments :

- Guidelines for Filing Underwriting Rules for Private Passenger Automobile Insurance Under Section 238(l) of the Insurance Act R.S.O. 1990, CHAP. L8
- Guidelines for Filing Underwriting Rules for Categories Other Than Private Passenger

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ONTARIO INSURANCE COMMISSION

Guidelines for filing underwriting rules

for private passenger automobile insurance

under Section 238(l) of the *INSURANCE ACT*

R.S.O. 1990, CHAP. L8

Section 238(l) of the *Insurance Act,* R.S.O. 1990, Chap. 1.8 requires every insurer to file with the Commission a list of grounds (underwriting rules) for which the insurer declines to issue, terminates or refuses to renew a contract or refuses to provide or continue a coverage or endorsement.

The attached forms are designed to provide insurers with a standard format for filing underwriting rules for private passenger automobile (PPA) risks. As an insurer, you must refile a complete list of rules each time you change a rule. Your filing must also include the appropriate form. If your rate manual includes your underwriting rules, you should update the rate manual and file it with the Commission.

For categories other than PPA, follow the *Guidelines for filing underwriting rules for categories other than private passenger automobile insurance* (Appendix B).

All insurers are required to submit one of Form Al, A2, **or** A3, and underwriting rules if applicable.

Form Al - Underwriting rules not required

Submit Form **Al** if you are licensed for auto and if either

- you do not write contracts of automobile insurance for PPA, or
- you write contracts of automobile insurance for PPA, but only on a fleet basis.

Form A2 - Insurer exempt from the TAC requirement

Complete Form A2 if you

- write contracts of automobile insurance for non-fleet PPA, and
- are exempt from the TAC requirement as specified in the Facility Association Plan of Operation.

Attach to Form A2 the underwriting rules you use to decline to issue, terminate or refuse to renew a contract, or refuse to provide or continue a coverage or endorsement. These may be rules you use currently.

Include in your rules, at a minimum, your reasons for

- declining compulsory coverages, i.e., third party liability (BI, PD-DC, PD-Tort), accident benefits, uninsured automobile
- declining any optional coverages, i.e., collision, comprehensive
- upon renewal, offering different deductible levels and/or limits of liability

based on any of the following factors:

- territory
- vehicle types
- driving records
- driver classes
- accident history
- convictions
- other features

Form A3 - Underwriting rules for non Residual Market Risks and Residual Market Risks

Complete Form A3 if you write PPA and are not exempt from the TAC requirement. By filing Form A3, you agree to accept any risk that does not meet the definition of a Residual Market Risk as specified in the Facility Association Plan of Operation. You may also choose to accept Residual Market Risks.

Attach to Form A3 your underwriting rules for non Residual Market Risks (marked Exhibit 1) for optional coverages that include, at a minimum, your reasons for

- declining any optional coverages, i.e., collision, comprehensive
- upon renewal, offering different deductible levels and/or limits of liability

based on any of the following factors:

- territory
- vehicle types
- driving records
- driver classes
- accident history
- convictions
- other features

If you write Residual Market Risks, you must also attach to Form A3 the underwriting rules (marked Exhibit 2) you will use to decline compulsory and optional coverages to Residual Market Risks, or offer different deductible levels and/or limits of liability, based on the factors noted above.

Cross out paragraph 3 from Form A3 if you will not be writing any Residual Market Risks.

FORM A1 - Underwriting rules not required

I, ______________________________, ______________________________
(Name of Officer) (Office held)

of ____ (the "Insurer")
(Full name of company)

CONFIRM THAT (circle appropriate paragraph)

1. The Insurer does not write contracts of automobile insurance for private passenger automobiles.

2. The Insurer writes contracts of automobile insurance for private passenger automobiles, but only on a fleet basis.

____________________ ______________________________
Date Signature of Officer

FORM A2 - Insurer exempt from the TAC requirement

I, ______________________________, ______________________________
(Name of Officer) (Office held)

of ____ (the "Insurer")
(Full name of company)

CONFIRM THAT

1. The Insurer writes contracts of automobile insurance for non-fleet private passenger automobiles but is exempt from the TAC requirement as set out in the Facility Association Plan of Operation.

2. The Insurer's grounds for declining to issue, terminating or refusing to renew a contract, or refusing to provide or continue a coverage or endorsement are set out in the attached exhibit.

__________________ ______________________________
Date Signature of Officer

FORM C

Confirmation of maximum rates charged

I, ______________________________________, ______________________________
(Name of Officer) (Office held)

of ____ (the "Insurer")
(Full name of company)

CONFIRM THAT effective on the start date of the Facility Association Risk Sharing Pool

the total rate including commission charged for all coverages applied for will not exceed the total rate plus commission that would have been charged for all such coverages if insured by the Facility Association. (This confirmation applies to any risk that is not a Residual Market Risk as defined in the Facility Association Plan of Operation, but which was insured by the Facility Association in the period immediately preceding the date of the application for coverage.)

____________________ ____________________________________
Date Signature of Officer

FORM D

Additional rates and classes of risk exposure for non Residual Market Risks

I, ______________________________, ______________________________
(Name of Officer) (Office held)

of ______________________________ (the "Insurer")
(Full name of company)

CONFIRM THAT

1 The information and all documents contained in the filing accompanying this form are complete and correct.

2. The information provided in the filing accompanying this form includes the following:

(a) description of proposed changes
(b) current base rates and proposed base rates
(c) current differentials and proposed differentials
(d) revised manual pages.

3. This filing is made only for the purposes of amending the Insurer's rates and classes of risk exposure to include rates and classes of risk exposure for any risk that does not meet the definition of a Residual Market Risk as defined in the Facility Association Plan of Operation.

______________________ ______________________
Date Signature of Officer

APPENDIX B

ONTARIO INSURANCE COMMISSION

Guidelines for filing underwriting rules

for categories other than private passenger automobile insurance under

Section 238(l) of the *INSURANCE ACT*

R.S.O. 1990, CHAP. I.8

Section 238(l) of the *Insurance Act,* R.S.O. 1990, Chap. 1.8 requires every insurer to file with the Commission ' a list of grounds (underwriting rules) for which the insurer declines to issue, terminates or refuses to renew a contract or refuses to provide or continue a coverage or endorsement.

The attached forms are designed to provide insurers with a standard format to file underwriting rules for risks in vehicle categories other than private passenger automobile (PPA) that comprise the following:

a.	Personal Vehicles	- Motorcycles
b.	Personal Vehicles	- Motor Homes
C.	Personal Vehicles	- Off-road Vehicles
d.	Personal Vehicles	- Motorized Snow Vehicles
e.	Commercial Vehicles	- Trailers
f.	Commercial Vehicles	- Other than Trailers
9.	Public Vehicles	- Taxis and Limousines
h.	Public Vehicles	- Other than Taxis and Limousines

For the purposes of this submission, these categories are defined as *Other Categories.*

For the PPA category follow the *Guidelines for filing underwriting rules for private passenger automobile insurance* (Appendix A).

As an insurer, you must refile a complete list of rules each time you change a rule. Your filing must include the appropriate form. If your rate manual includes your underwriting rules, you should update the rate manual and file it with the Commission.

All insurers are required to submit either Form Bl **or** B2, as applicable, in accordance with the following guidelines-

Form BI - Underwriting rules not required

Submit Form Bl if you are licensed for auto and if either

- you do not write contracts of automobile insurance for *Other Categories,* or
- you write contracts of automobile insurance for *Other Categories but* only on a fleet basis.

Form B2 - Underwriting rules - categories other than PPA

Submit Form B2 if you write contracts of automobile insurance for *Other Categories* on a non-fleet basis.

You are required to confirm the categories of vehicles you currently write. This should include any in-force policies you expect to renew when they expire.

Use the category titles from Form B2 whenever possible. You can sub-divide these categories but show carefully which category the sub-division falls into.

Attach to Form B2 any underwriting rules you use to decline to issue, terminate or refuse to renew a contract, or refuse to provide or continue a coverage or endorsement. Where you use alternative rules for the different categories within *Other Categories,* file the rules in separate exhibits attached to Form B2.

Include in your rules, at **a** minimum, your reasons for

- declining statutory coverages, i.e., third party liability (BI, PD-DC, PD-Tort), accident benefits, uninsured automobile
- declining any optional coverages, i.e., collision, comprehensive
- upon renewal, offering different deductible levels and/or limits of liability

based on the following factors:

- territory
- vehicle types
- driving records
- driver classes
- accident history
- convictions
- other features

FORM B1 - Underwriting rules not required

I, ______________________________________, ______________________________
(Name of Officer) (Office held)

of ____ (the "Insurer")
(Full name of company)

CONFIRM THAT (circle appropriate paragraph)

1. The Insurer does not write contracts of automobile insurance for *Other Categories.*

2. The Insurer writes contracts of automobile insurance for *Other Categories* but only on a fleet basis.

where *Other Categories* is defined as

a.	Personal Vehicles	-	Motorcycles
b.	Personal Vehicles	-	Motor Homes
c.	Personal Vehicles	-	Off-road Vehicles
d.	Personal Vehicles	-	Motorized Snow Vehicles
e.	Commercial Vehicles	-	Trailers
f.	Commercial Vehicles	-	Other than Trailers
9.	Public Vehicles	-	Taxis and Limousines
h.	Public Vehicles	-	Other than Taxis and Limousines

APPENDIX B

FORM B1 - Underwriting rules - categories other than PPA

I, ________________________________, ________________________________
(Name of Officer) (Office held)

of ____ (the "Insurer")
(Full name of company)

CONFIRM THAT

1. The Insurer writes contracts of non-fleet automobile insurance for the following vehicle categories **(circle all that apply):**

a. Personal Vehicles - Motorcycles

b. Personal Vehicles - Motor Homes

c. Personal Vehicles - Off-road Vehicles

d. Personal Vehicles - Motorized Snow Vehicles

e. Commercial Vehicles - Trailers

f. Commercial Vehicles - Other than Trailers

9. Public Vehicles - Taxis and Limousines

h. Public Vehicles - Other than Taxis and Limousines

2. The Insurer's grounds for declining to issue, terminating or refusing to renew a contract, or refusing to provide or continue a coverage or endorsement for each of the applicable vehicle categories are set out in the attached exhibit(s).