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Automobile Insurance Filing Guidelines for Underwriting Rules and Endorsements and Technical Notes for Underwriting Rules

Bulletin

No. A-05/11

Property & Casualty

– Auto

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To the attention of all insurance companies licensed to transact automobile insurance in Ontario

The Financial Services Commission of Ontario (FSCO) is releasing updated and consolidated guidelines to be used for filing changes to underwriting rules and endorsements. Also, FSCO is releasing updated technical notes to assist insurers in preparing underwriting rule filings. These filing guidelines and technical notes are effective immediately and supersede previous versions.

Updates to Current Filing Guidelines and Technical Notes

Changes to the filing guidelines have been reviewed with FSCO's Rating and Underwriting Technical Advisory Committee (RUTAC). A summary of changes to the existing guidelines is attached as Appendix A to this Bulletin.

Communication and time lines for underwriting rule and endorsement filings

FSCO is setting out some of the standards for review and approval of underwriting rule and endorsement filings in order to increase both transparency and accountability.

The following are the typical points of communication with respect to underwriting rule and endorsement filings submitted:

- An acknowledgment letter will be issued upon receipt of a filing;
- An 'incomplete' notice will be issued where documentation is missing;
- A notice of receipt of sufficient information to begin the review will be issued;
- Technical questions, where necessary, will be issued;
- Approval of an underwriting rule or endorsement filing should be expected within 30 calendar days of receipt of the filing, in the absence of a notice to the contrary.

FSCO's standards can be impacted by the volume of filings FSCO receives at any time, whether complete documentation is provided or responses to questions are fully answered, and the complexity of the filing.

We always encourage insurers to discuss with us significant changes they may propose to their underwriting rules or endorsements. FSCO will continue to communicate to insurers issues that have arisen on filings. If such issues are addressed in a subsequent filing, the filing process will be smoother.

Contact

Should you have any inquiries regarding this Bulletin, please contact your Team Lead/Analyst in the Automobile Insurance Services Branch at FSCO. Please note that this Bulletin, the Filing Guidelines and the Technical Notes are posted on FSCO's website at: www.fsco.gov.on.ca ***<http://www.fsco.gov.on.ca/>*** . Our website has been made more user-friendly by listing only the most current Filing Guidelines and Technical Notes ***<http://www.fsco.gov.on.ca/en/auto/filing-guidelines/Pages/default.aspx>*** in one location.

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services

August 24, 2011

Attachment: Appendix A - Summary of Key Changes to Filing Guidelines and Technical Notes

Appendix A: Summary of Key Changes to Filing Guidelines and Technical Notes

The following sections provide a summary of the key changes that have been made to the Filing Guidelines and Technical Notes in 2011.

Filing Guidelines for Underwriting Rules

- Clarification that rules for refusing to provide or continue a coverage must be specific to the coverage that will be refused or how it will be limited, and under what circumstances.
- Clarification that the insurer may be subject to regulatory action if it fails to file a rate manual filing using ARCTICS within 30 days of approval of the underwriting rules filing.

- Addition of more information in Appendix A regarding Notice of Withdrawal that may be required to be submitted to FSCO with the underwriting rules filing in the case of withdrawal from the market.
- Update to Appendix B – Certificate of an Official, to include new points 4(b) and 4(c), concerning prohibited factors in Ont. Reg. 7/00 (UDAP) and section 5 of Ont. Reg. 664.

Technical Notes for Underwriting Rules

- Change to the time frame after which a filed underwriting rule may be used by the insurer, in accordance with Bill 135's amendments to the Insurance Act.
- Clarification that the following rule is contrary to public policy: "personal vehicles with U.S. exposure (unless in U.S. for extended period of time)." (item 5)
- Addition of new section regarding Underwriting Rules for Rebuilt Vehicles. (item 7)
- Explanation of filing rules for declining Physical Damage coverage(s), limiting deductibles and liability limits. (item 8)
- Addition of acceptable criteria for rules involving vehicle inspection. (item 9)
- Additional information with respect to Notice of Withdrawal form. (item 16)
- Addition of requirement for OPCF 48, which is a mandatory endorsement that must be offered to insureds with no underwriting restrictions. (item 19)
- Addition of new section regarding Affiliated Insurers. (item 23)
- Addition of new section regarding Bulletin No. A-4/91 - Non-renewal of risk due to broker cancellation. (item 24)
- Addition of new section that lists other prohibited rules (re: "lien/lienholders" and "failure to pay"). (item 25)

Endorsement Filing Guidelines

- Addition of OPCF 4A and OPCF 4B to the list of standard endorsements for Personal Vehicles under Appendix A and Appendix B.
- Addition of new OPCF 48 to the list of standard endorsements for all vehicle types under Appendices A, B, C and D.
- Clarification of the required rules with respect to OPCF 28A, OPCF 47 and OPCF 48.
- Update to Appendix E – Certificate of an Official, to include new points 8(b), 8(c) and 8(d), concerning prohibited factors in Ont. Reg. 7/00 (UDAP), section 5 of Ont. Reg. 664, and section 16 of Ont. Reg. 664.