

# FINANCIAL SERVICES COMMISSION OF ONTARIO

## ***Section 413 Filing Guidelines - Minor for Proposed Revisions to Automobile Insurance Rates and Risk Classification Systems***

### A. GENERAL INFORMATION

#### **Rate and Risk Classification System Legislation**

Sections 410 to 417 of the *Insurance Act* (the *Act*), R.S.O. 1990, Chap. I.8, as amended, set out the legislation pertaining to rates and risk classification systems for automobile insurance. As stated in Regulation 664, as amended, sections 410 to 417 of the *Act* apply to contracts and endorsements to contracts of automobile insurance on Ontario Automobile Policy (OAP) 1 or 2, but do not apply to contracts insuring "fleets". "Fleet" means a group of at least five vehicles that are under common ownership or management and that are used for business, commercial or public purposes.

The types of processes for approval and authorization of rates and risk classification systems are:

- **Prior approval** as set out in section 410; and
- **File and use** as set out in section 413 of the *Act*.

Under the **prior approval** process for private passenger automobile insurance, proposed changes to rates and risk classifications can be:

- subject to the **expedited** filing guidelines (refer to the *Section 410 Filing Guidelines - Expedited*) where the filing changes satisfy the criteria set out in regulation 664, Section 15.1; or
- subject to the **respond to market (R2M)** filing guidelines (refer to the *Section 410 Filing Guidelines - R2M*) where the filing changes satisfy the criteria established by the Superintendent (refer to Exhibit 1 of the *Technical Notes*); or
- subject to the **major** filing requirements (refer to the *Section 410 Filing Guidelines - Major*).

Under the **file and use** process, filings can be:

- subject to the **major** filing requirements (refer to the *Section 413 Filing Guidelines - Major*), where the filing is the initial application for the category, or the insurer satisfies the criteria established by the Superintendent (refer to Exhibit 4 of the *Technical Notes*) or where FSCO considers it appropriate in the circumstances; or
- subject to the **minor** filing requirements (refer to the *Section 413 Filing Guidelines - Minor*) in all other cases.

#### **Filing Requirements**

Section 413(2) provides that a filing for authorization of rates and a risk classification system shall be in a form approved by the Superintendent. These *Section 413 Filing Guidelines - Minor* are to be used for filings for rates and risk classification systems that are subject to file and use authorization under section 413 of the *Act*. A

separate filing must be submitted for each category of insurance that is subject to authorization under section 413. In the case where the rating structure of a category of automobile insurance under section 413 is dependent upon another category under Section 413, please complete section 8 of the section 413 filing guidelines.

The purpose of these *Section 413 Filing Guidelines - Minor* is to communicate to insurers the requirements of FSCO for file and use automobile insurance filings and to provide a systematic approach through which insurers may provide that information and thus facilitate the process of preparing as well as reviewing these filings.

Where FSCO considers it necessary, an insurer may be requested to file full actuarial indications and documentation. In that case, reference should be made to the *Section 413 Filing Guidelines - Major*. If in doubt, contact your rate analyst at FSCO prior to using the *Section 413 Filing Guidelines - Minor*.

There are separate guidelines for changes to private passenger automobile insurance rates and risk classification systems (refer to the *Section 410 Filing Guidelines*). In the case where the rating structure of a category of automobile insurance, required to be filed under section 413, is dependent upon the insurer's private passenger automobile rates, complete section 8 under the *Section 410 Filing Guidelines*.

There are also separate filing guidelines for filing changes to endorsement rates (other than OPCF 44R). Refer to the *Endorsements Filing Guidelines* package.

### Required Rates and Risk Classification System Elements

In order for an application to be approved, insurers must have filed rates and risk classification systems for the following:

- Optional accident benefits as set out in the *Statutory Accident Benefits Schedule (SABS)*. Optional benefits have been “packaged” and insurers must offer and file the rates and risk classification system for **all categories of automobile insurance** for the five “packaged” optional accident benefits as follows:
  - (a) increased income replacement benefit to \$600, \$800 or \$1,000 per week;
  - (b) increased death and funeral benefit;
  - (c) increased medical, rehabilitation, and attendant care benefit;
  - (d) increased caregiver and dependent care benefit; and
  - (e) indexation benefit.
- A \$300 deductible for physical damage coverages (collision, comprehensive, all perils and specified perils) and the direct compensation - property damage (DC-PD) coverage. This deductible level must be established for **all categories of automobile insurance** though an insured may choose to purchase a higher or lower deductible.

### Filing Format

Subject to the guidelines set forth in Section C, the filing should contain the informational sections, as outlined below, and in the order outlined below.

Section	Contents
1.	Table of Contents

2.	Summary of Information (Appendix A)
3	Certificate of the Officer/Designate (Appendix B)
4.	Base Rates and Differential Changes
5.	Discount/Surcharge Changes
6.	Rating Rule Changes
7.	Final Rates/Rate Level Change
8.	Dependent Categories (if applicable)
9.	Manual Pages
10.	Rating Examples (Appendix C)

### Authorization Process

Filings should be submitted to:

Financial Services Commission of Ontario  
Rates and Classifications Unit  
Automobile Insurance Analysis Division  
Box 85, 16th Floor  
5160 Yonge Street  
North York ON M2N 6L9

Upon receipt of a filing, each insurer will receive an acknowledgement letter from FSCO. The filing will then be reviewed for completeness based on these filing guidelines and the insurer will be informed of any information required to complete the filing. Until such time as a filing is complete, the time periods in the *Act* do not begin to run.

Once a filing is complete, FSCO will review the technical components of the filing. FSCO may request further information from the insurer.

Once an insurer has received notification of authorization from FSCO of its filing, it must:

- file one copy of its rate manual, containing the revised rates and risk classification system, with FSCO in hard copy format within 30 days (see Section 9); or
- file one copy of its rate manual, containing the revised rates and risk classification system, in an electronic format in an encapsulated postscript file within 30 days.

**If an insurer fails to file its rate manual within 30 days it may be subject to prosecution under the *Insurance Act*.**

Note

The Commission may receive access requests under the Freedom of Information and Protection of Privacy Act (FOIPOP Act) for any record in its custody or control. Section 17 of the FOIPOP Act recognizes that certain types of information supplied in confidence by third parties should be exempt from disclosure in the event of an access request if disclosure could result in the harms listed in Section 17. These types of information may include algorithms, base rates, differentials and any information included under Sections 4 through 7 of the filing requirements.

If you think that Section 17 of the FOIPOP Act might be applicable to a request for access to your rate filing, please list or stamp all of the pages of the filing that are confidential and give the reasons for the confidentiality. While this exercise does not guarantee that records will not be disclosed, it will be useful in assisting FSCO in responding to an access request.

## **B. DEFINITIONS**

### **Affiliated Insurers**

Two or more insurers are considered to be affiliated if any of the following criteria are met:

- i) one of the insurers is a subsidiary of another insurer
- ii) both are subsidiaries of the same body corporate
- iii) each of the insurers is controlled by the same person.

### **Allocated Loss Adjustment Expenses**

All external expenses that can be directly charged to a particular claim file, whether a loss payment is made or not, including:

- i) adjuster's accounts (including all disbursements) - excluding staff adjusters;
- ii) appraisal costs (including appraisal centre costs) - excluding staff appraisal costs or costs included under (i);
- iii) legal expenses including all first party legal costs charged to a particular claim file - excluding staff legal fees or costs or fees included under (i);
- iv) all other external claims expenses.

### **Category of Automobile Insurance**

For purposes of these filing guidelines, categories of automobile insurance include the following:

personal vehicles - private passenger automobiles  
personal vehicles - motorcycles  
personal vehicles - motor homes  
personal vehicles - trailer and camper units  
personal vehicles - off-road vehicles  
personal vehicles - motorized snow vehicles  
personal vehicles - historic vehicles  
commercial vehicles  
public vehicles - taxis and limousines  
public vehicles - other than taxis and limousines.

The above category titles should be used when possible. If subdivisions of the above categories have been made, the insurer should indicate within which of the above categories the subdivisions fall.

### **Coverage**

For the purposes of these filing guidelines, coverages include the following:

Liability - Bodily Injury  
Liability - Property Damage  
Accident Benefits  
Uninsured Automobile  
Direct Compensation - Property Damage  
Specified Perils  
Comprehensive  
Collision or Upset  
All Perils

## Underinsured Motorist (OPCF 44R)

<b>Endorsement</b>	An endorsement (policy change form), approved by the Superintendent under section 227 of the <i>Act</i> , to a contract of automobile insurance. Standard Ontario endorsements are issued under a series of OPCF numbers. Non-standard endorsements, which must also be approved by the Superintendent, are uniquely identified by each insurer. For purposes of these filing guidelines, OPCF 44R is treated as a <b>coverage</b> , not as an endorsement.
<b>Expedited Approval</b>	Process of regulation in which insurers may have their risk classification systems or rates approved within thirty days after filing them with FSCO in accordance with Section 411 of the <i>Act</i> . An insurer must comply with criteria set out in regulation to be able to file under the expedited process. The expedited approval system applies to coverages, including OPCF 44R for personal vehicles - private passenger automobiles written on OAP 1, except those contracts written by the Facility Association. Contracts written on Ontario Policy Form 4, 6, 7, or 8, or contracts of automobile insurance that insure fleets or any endorsements on those contracts, are exempt from the file and use, expedited approval and prior approval systems of regulation.
<b>Equity</b>	Includes an insurer's capital stock, head office account, contributed surplus, earned surplus, and required reserves plus contingency and general reserves as reported in the insurer's P&C 1 or 2.
<b>File and Use</b>	Process of regulation in which insurers may use the risk classification systems or rates thirty days after filing them with FSCO in accordance with Section 413 of the <i>Act</i> . The file and use system applies to insurers, other than the Facility Association, for the following: endorsements (other than OPCF 44R on private passenger automobiles); categories of automobile insurance other than private passenger automobile insurance written on OAP 1; and all insurance written on OAP 2. Contracts written on Ontario Policy Form 4, 6, 7, or 8, or contracts of automobile insurance that insure fleets or any endorsements on those contracts, are exempt from the file and use, expedited approval, and prior approval systems of regulation. The Facility Association rates are not subject to file and use.
<b>Fleet</b>	Group of at least five vehicles that are under common ownership or management and that are used for business, commercial or public purposes.
<b>Investment Income</b>	All income attributable to the investment of policyholder supplied funds and shareholder supplied funds and surplus, <b>including</b> realized capital gains (and losses), net of investment expenses.
<b>Prior Approval</b>	Process of regulation in which insurers must have their rates and risk classification systems approved before use in accordance with Section 412 of the <i>Act</i> . The prior approval system applies to: insurance written by the Facility Association on OAP 1 or 2; coverages, including OPCF 44R, for personal vehicles - private passenger automobiles written on OAP 1. Contracts written on Ontario Policy Form 4, 6, 7, or 8, or contracts of automobile insurance that insure fleets or any endorsements on those contracts, are exempt from both the file and use and prior approval system of regulation.

<b>Rate</b>	All amounts payable as premium under contracts of automobile insurance, or endorsements to such contracts, for an identified risk exposure. Rates may be expressed in terms of dollars and/or in terms of multiplicative or additive factors to be applied to a base premium amount. Rates are to include all provisions reflecting surcharges/discounts for applicable risk exposures. Rates are to be inclusive of commissions and other expense provisions used by the insurer, and are to be considered prior to the granting of policyholder dividends. Rates are subject to the provisions of sections 410 to 417 of the Act.
<b>Rate Differentials</b>	Multiplicative or additive factors/rates that are applied to the base rate for a particular territory to arrive at the rates for that territory, by class, limit of liability, deductible, etc.
<b>Rating Algorithm</b>	The manner in which base rates, rate differentials, and other surcharges/discounts are combined to arrive at the premium charged to an individual risk.
<b>Rating Rule</b>	A rule by which a risk is assigned to a specific rating cell or whether a discount or surcharge is applicable. Examples include rules by which territory, driver classification and vehicle rating group are assigned. Rating rules differ from underwriting rules which involve the decision to accept or decline a risk.
<b>Return on Equity</b>	The sum, on an after-tax basis, of underwriting and investment income divided by equity.
<b>Return on Equity (Proposed)</b>	The return on equity underlying the <b>proposed</b> rate change.
<b>Return on Equity (Target)</b>	The return on equity underlying the <b>actuarially indicated</b> rate change.
<b>Risk Classification System</b>	The elements used for the purpose of classifying risks in the determination of rates for a coverage or category of automobile insurance, including the variables, criteria, rules and procedures for that purpose.
<b>Territorial Base Rate</b>	The rate that serves as the starting point for each territory for developing all other rates by class, limit of liability, deductible, etc. It is the rate in the territory for that particular combination of class, limit of liability, deductible, etc. for which the multiplicative factors are all 1.00 and the additive factors are all zero.
<b>Unallocated Loss Adjustment Expenses</b>	All claims settlement and processing costs, excluding ALAE, but including staff adjusters, appraisers, advisors, lawyers, clerical support, and a portion of general expenses reasonably attributable to the claims function.
<b>Underwriting Profit Margin</b>	Direct premiums earned less discounted claims and adjustment expenses, less investment income earned on cash flow, less commissions and other acquisition expenses, less taxes (excluding income and real estate taxes), less general expenses (applicable to insurance operations) divided by direct premiums earned.
<b>Underwriting Profit Margin (Proposed)</b>	The underwriting profit margin underlying the <b>proposed</b> rate change.

**Underwriting Profit Margin  
(Target)**

The underwriting profit margin underlying the **actuarially indicated** rate change.

**Underwriting Rules**

Those rules that govern the decision by an insurer to accept or decline a risk, coverage or endorsement. Such rules are subject to the provisions of sections 237 and 238 of the *Act*. Filing of such rules must be made using the Section 238 Filing Guidelines or, for endorsements, the Endorsements Filing Guidelines issued by FSCO.



## C. REQUIREMENTS FOR SECTION 413 FILINGS - MINOR

### SECTION 1: TABLE OF CONTENTS

This section contains a listing of the contents of Sections 2 through 10 of the filing and should be in sufficient detail to serve as a reference, by page number, for the location of specific elements of the filing. The pages of the filing, including exhibits, should be put in a binder, numbered consecutively and dated on 8.5" by 11" three-hole punched paper. In addition, each section and subsection should be labelled according to the section and subsection numbering system outlined in this document.

### SECTION 2: SUMMARY OF INFORMATION

The summary section contains certain key information on the nature of the filed rate level or risk classification system changes. The form to be used is attached to this document as Appendix A.

Specific instructions to complete the Appendix are outlined below:

- In responding to Question 1, check **all** the items that are applicable to the filing. While 1.1 and 1.2 are mutually exclusive, other changes (listed in 1.3 through 1.7) may be applicable.
- In responding to Question 2, proposed effective dates are to be listed for both new and renewal business. This information is important in approving the filing. If there are any changes to the proposed effective dates you should notify us. In determining renewal dates, the notice periods set out in section 236 of the *Act* should be taken into consideration.
- In responding to Question 4, the impact of **all** proposed changes to rates or rules, including base rate changes, differential changes, discount or surcharge changes, and rating rule changes, must be disclosed under the proposed rate level change column. The impact by coverage must be calculated and disclosed.
- In responding to Question 4, the premium weights should be disclosed in percentage terms and should be at the current rate level.
- In responding to Question 5a, prior rate level changes in the last eighteen months should be shown. The *All Coverages Combined Rate Level Change* should be based on the on-level premium weights that were applicable at the time of the rate change.
- In responding to Question b, the *Average Cumulative Rate Change* is to be calculated by:
  - taking the *All Coverages Combined Rate Level Change* from the response to question 4;
  - taking each *All Coverages Combined Rate Level Change* that occurred after January 1 of the year up to the proposed renewal effective date from the responses to question 5a,

and then using the following formula:

$$\left[ \prod (1 + i) (1 - d) \right] - 1$$

all *i, d*

where: *i* = the proposed rate level increase or approved rate level increase(s) that occurred after January 1 of the year in which the proposed rate change is expected to be effective for renewal business;

and

$d$  = the proposed rate level decrease or approved rate level decrease(s) that occurred after January 1 of the year in which the proposed rate change is expected to be effective for renewal business.

### **SECTION 3: CERTIFICATE OF THE OFFICER/DESIGNATE**

Each filing must be accompanied by an original signed authorized Certificate of the Officer/Designate. A copy of the Officer/Designate form is attached as Appendix B. Authorized officers are the President, CEO, COO, CFO, or Chief Agent for Canada. Alternately the President, CEO, COO, or CFO may authorize a designate to sign the Certificate of the Officer/Designate. The Designate should be of Vice-President rank or above.

To designate an alternate, an original signed letter of authorization must be submitted for our files. A copy of this authorization should be included with each filing where a designate will sign the certificate.

### **SECTION 4: BASE RATES AND DIFFERENTIAL CHANGES**

#### **4.a. Base Rates Changes**

If the insurer is requesting changes to the base rates, the approach used in costing and a general narrative of the process must be outlined in detail.

The required information should include: (i) a description of the proposed changes, (ii) the rationale for the proposed changes, (iii) the rate level effects of the proposed changes, and (iv) calculations that validate the rate level effect of the proposed changes based on the expected distribution of business.

#### **4.b. Differential Changes**

If the insurer is requesting changes to the differentials, the approach used in costing and a general narrative of the process must be outlined in detail.

The required information should include: (i) a description of the proposed changes, (ii) the rationale for the proposed changes, (iii) the rate level effects of the proposed changes, and (iv) calculations that validate the rate level effect of the proposed changes based on the expected distribution of business.

### **SECTION 5: DISCOUNT/SURCHARGE CHANGES**

If the insurer is requesting changes in the amount or value of a discount or surcharge, or is introducing a new discount or surcharge, the approach used in costing and a general narrative of the process must be outlined in detail.

The required information should include: (i) a description of the proposed changes, (ii) the rationale for the proposed changes, (iii) the rate level effects of the proposed changes, and (iv) calculations that validate the rate level effect of the proposed changes based on the expected distribution of business.

### **SECTION 6: RATING RULE CHANGES**

Rating rules are those rules or definitions by which a risk is assigned to a specific rating cell or whether a

discount or surcharge is applicable. Examples include rules by which territory, vehicle use or driving record are assigned. Rating rules are part of an insurer's risk classification system and must be filed according to these guidelines.

Note that underwriting rules, which are those rules used to govern the decision to accept or decline a risk or a coverage, deductible level, or liability limit, must be filed using the *Section 238 Guidelines for Filing Underwriting Rules*.

Rate manual pages that describe changes to rules or definitions must be included with the filing.

The required information should include: (i) a description of the proposed changes, (ii) the rationale for the proposed changes, (iii) the rate level effects of the proposed changes, and (iv) calculations that validate the rate level effect of the proposed changes.

#### **6.a. Rating Rule Changes for Classification Variables**

Any change to a rating rule for a particular classification must be disclosed in this section. A current and a proposed distribution of the class that is affected by the rating rule change must be provided to determine the average premium change (shift) and impact on the overall rate level. All assumptions and detailed calculations must be provided to support the rate level change.

#### **6.b. Rating Rule Changes for Discounts and Surcharges**

Any change to a rating rule for a particular discount or surcharge must be disclosed in this section. Also the rating rule applicable to a newly proposed discount or surcharge must be disclosed in this section. A current and a proposed distribution of the business that is affected by the rating rule change must be provided to determine the average premium change (shift) and impact on the overall rate level. Also all assumptions and the rationale to support the use of the rating rule must be disclosed.

### **SECTION 7: FINAL RATES/ RATE LEVEL CHANGE**

Exhibits illustrating current and proposed rating algorithms, base rates, discounts/surcharges, and differentials, **clearly identified as either current or proposed**, must be disclosed in this section, including any explanatory material in support of the proposed changes. **To facilitate the review process, all of 7.a. - 7.d. must be included even though the change may be to only one of the elements.**

#### **7.a. Algorithm**

Exhibits illustrating current and proposed algorithms must be disclosed in this section.

#### **7.b. Base Rates**

Exhibits illustrating current and proposed base rates must be disclosed in this section.

#### **7.c. Differentials**

Exhibits illustrating current and proposed differentials must be disclosed in this section.

#### **7.d. Discounts and Surcharges**

Exhibits illustrating current and proposed discounts and surcharges must be disclosed in this section.

### 7.e. Calculation of Final Rates

The filing must clearly describe and show how current territorial base rates are transformed into proposed territorial base rates through the application of the proposed rate change in combination with any off-balance

### 7.f. Calculation of Rate Level Change

The filing must clearly describe and show how the rate level impact of changes to base rates, differentials and discounts or surcharges, in combination with any off-balance which may be applied, are used to calculate the overall rate level change on a per coverage basis. This calculation should reconcile with the Proposed Overall Rate Level Change from Appendix A, Question 4.

## SECTION 8: SECTION 413 DEPENDENT CATEGORIES

For those categories of automobile insurance that are dependent on the section 413 rate filing submitted, please provide the following:

- (i) the rate level effects of the proposed changes,
- (ii) the calculations that validate the rate level effect of the proposed changes,
- (iii) a copy of the rating rule that stipulates the linkage to the category of automobile insurance, and
- (iv) Section 10 - rating examples must be completed for the dependent category of automobile insurance. Rating examples are attached as Appendix C.

## SECTION 9: MANUAL PAGES CONTAINING REVISED RATES AND RISK CLASSIFICATION SYSTEM

A draft set of manual pages containing proposed rating rule changes or definition changes **must be provided** with the filing. A draft set of manual pages that contains the rates by territory and class, driving record, etc. is optional at the time of submitting the filing.

However, a set of manual pages containing the approved rates and risk classification system **must** be submitted within 30 days after the rate filing has been authorized. The insurer should also provide a copy of the most current vehicle rate group tables if they have not already been filed with FSCO.

## SECTION 10: RATING EXAMPLES

Appendix C sets out ten rating examples covering the categories of automobile insurance subject to Section 413. Each insurer must file with FSCO those rating examples which would be affected by the filing. It should be noted that these rating examples may not be the same examples required in future filings. Also FSCO may require additional and/or different rating examples as a consequence of the review process.

The rating examples must be completed according to the risk description specified. Each insurer must provide both current and proposed rating criteria for each of the rating examples as required. The rating territories should be those as defined in the insurer's rate manual.

Any additional information pertaining to the rating example must be disclosed with a detailed description for each affected rating example.

Specific instructions and key assumptions that should be adopted when completing these rating examples are:

- All rates are to be stated on an annual basis. If annual policies are not issued, the rates should be converted to an annual basis.
- All risks should be rated strictly according to the information provided. **DO NOT** provide preferred rates unless the criteria as stated fit the eligibility rules for a preferred class. If so, provide only the preferred rates, and state so.
- Clearly identify all applicable surcharges/discounts that apply to each of the coverages.
- Unless stated explicitly in the profile, do not assume the operator has progressed through the graduated licensing system.
- The rating territories should be those as defined in the insurer's rate manual. For the Toronto (city) territory, assume the location is Yonge and Bloor (FSA M4Y). For all other cities, assume the location to be downtown.
- Assume the same definitions as in the Facility Association Manual of Rules and Rates for major or minor convictions or an at-fault (chargeable) accident. Also assume the accident involved collision coverage only and that the claim was greater than \$1,000.
- If the insurer does not write a particular limit or deductible level for a described profile, provide the premiums using the closest limit/deductible and note the applicable limit/deductible on the profile.
- If the insurer provides group discounts, provide the individual non-group rate plus the rates with the highest discount applied.
- For multiple operator risks, provide premiums by coverage by operator using separate sheets. In addition, the total policy premium combining all operators should be submitted.
- If, based on the insurer's underwriting rules, a risk profile described in a specified rating example is not written, that fact is to be indicated, and rates need not be provided for that example. However, the insurer must explain why the rating example is not appropriate under the circumstances.
- If a rating example does not describe a unique rate, the insurer is to provide the highest and lowest rate that could be charged on the described risk, and disclose the assumption underlying the difference.
- Include the premiums for all perils **only if** collision and comprehensive are not offered.

Company Name: \_\_\_\_\_

Group Name: \_\_\_\_\_

Category of Insurance: \_\_\_\_\_

**SUMMARY OF INFORMATION**

1. Describe the proposed changes by checking all the items that apply to this filing:

- 1. Base rate change, not due to off-balancing differential or discount changes, that is uniform by territory
- 2. Base rate change, not due to off-balancing differential or discount changes, that is **not** uniform by territory
- 3. Change to classification, limit of liability, deductible or other rate differentials
- 4. Change to rating rules
- 5. Changes to the amount of, or adding or deleting, discounts or surcharges
- 6. Algorithm change
- 7. Other (*specify*)

\_\_\_\_\_

\_\_\_\_\_

2. Proposed effective date for **new** policies: \_\_\_\_\_

Proposed effective date for **renewal** policies: \_\_\_\_\_

***(Insurers should take into consideration the 45 day notice period to brokers and 30 day notice period to insureds required under section 236 of the Act in determining effective dates.)***

3. Indicate the distribution of risks by policy term:

3 month	_____	%
6 month	_____	%
12 month	_____	%
Other	_____	%
Total	_____	%

4. Please state the proposed rate level changes and premium weights using direct written premiums that have been adjusted to current rate level. If direct written premiums are not available, please use direct earned premiums.

Please indicate whether the changes by coverage are weighted by written or earned premiums by placing an "x" in the appropriate box, and state the source and date of data.

**direct written premium**                       **direct earned premium**

**Source of Data:** \_\_\_\_\_ **Date of Data:** \_\_\_\_\_

<u>Coverage</u>	<u>Proposed Rate Level Change</u>	<u>Weights</u> (rounded to 2 decimals)
Liability - Bodily Injury	%	%
Liability - Property Damage	%	%
Accident Benefits	%	%
Uninsured Automobile	%	%
Direct Compensation - Property Damage	%	%
<b>All Compulsory Coverages</b>	%	%
Specified Perils	%	%
Comprehensive	%	%
Collision or Upset	%	%
All Perils	%	%
OPCF 44R	%	%
<b>All Optional Coverages</b>	%	%
<b>All Coverages Combined</b>	%	100.00%

5a. State the dates and rate level change percentages that were effective in the last eighteen months (please round the figures to two decimals):

<b>Effective Date for Renewal Business</b>				
<u>Coverage</u>	<u>Prior Change</u>	<u>2nd Prior Change</u>	<u>3rd Prior Change</u>	<u>4th Prior Change</u>
Liability - Bodily Injury	%	%	%	%
Liability - Property Damage	%	%	%	%
Accident Benefits	%	%	%	%
Uninsured Automobile	%	%	%	%
Direct Compensation - Property Damage	%	%	%	%
<b>All Compulsory Coverages</b>	%	%	%	%
Specified Perils	%	%	%	%
Comprehensive	%	%	%	%
Collision or Upset	%	%	%	%
All Perils	%	%	%	%
OPCF 44R	%	%	%	%
<b>All Optional Coverages</b>	%	%	%	%
<b>All Coverages Combined</b>	%	%	%	%

5b. State the *Average Cumulative Rate Change* for all coverages. It is based on the *All Coverages Combined Proposed Rate Level Change* (as stated in the response to question 4) and the *All Coverages Combined Rate Level Change(s)* (as stated in the responses to questions 5a), that occurred after January 1 of the year in which the proposed rate change is expected to be effective for renewal business.

The *Average Cumulative Rate Change* for all coverages is: \_\_\_\_\_%.



6a. Provide the direct written premium, the direct earned premium, the number of earned vehicles, and incurred losses for the most recent **complete** accident year for this category of insurance. (Note: At least one of direct written or direct earned premiums must be provided.)

<u>Coverage</u>	Year	Direct Written Premium	Direct Earned Premium	Incurred Losses	Number of Earned Vehicles
		000's	000's	000's	
Liability - Bodily Injury		\$	\$	\$	
Liability - Property Damage		\$	\$	\$	
Accident Benefits		\$	\$	\$	
Uninsured Automobile		\$	\$	\$	
Direct Compensation - Property Damage		\$	\$	\$	
<b>All Compulsory Coverages</b>		\$	\$	\$	
Specified Perils		\$	\$	\$	
Comprehensive		\$	\$	\$	
Collision or Upset		\$	\$	\$	
All Perils		\$	\$	\$	
OPCF 44R		\$	\$	\$	
<b>All Optional Coverages</b>		\$	\$	\$	
<b>All Coverages Combined</b>		\$	\$	\$	

6b. Provide the direct written premium, the direct earned premium, the number of earned vehicles, and incurred losses for the second most recent **complete** accident year for this category of insurance. (Note: At least one of direct written or direct earned premiums must be provided.)

<u>Coverage</u>	Year	Direct Written Premium	Direct Earned Premium	Incurred Losses	Number of Earned Vehicles
		000's	000's	000's	
Liability - Bodily Injury		\$	\$	\$	
Liability - Property Damage		\$	\$	\$	
Accident Benefits		\$	\$	\$	
Uninsured Automobile		\$	\$	\$	
Direct Compensation - Property Damage		\$	\$	\$	
<b>All Compulsory Coverages</b>		\$	\$	\$	
Specified Perils		\$	\$	\$	
Comprehensive		\$	\$	\$	
Collision or Upset		\$	\$	\$	
All Perils		\$	\$	\$	
OPCF 44R		\$	\$	\$	
<b>All Optional Coverages</b>		\$	\$	\$	
<b>All Coverages Combined</b>		\$	\$	\$	

7. Have any other changes been made to base rates, differentials, discounts, surcharges or rating rules within the past year that would impact a consumer on renewal, other than the changes proposed in this filing? If so, please describe.

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8. State other categories of automobile insurance that may be affected by the proposed rate change of this category of automobile insurance (e.g., public vehicle rates that are dependent on commercial vehicle rates), and the rate level change percentage (as per section 8 of the filing guidelines). All changes must be based solely on the changes associated with the dependent category. Any other changes not dependent must be submitted in a separate filing under Section 413 Filing Guidelines - Minor (or Section 413 Filing guidelines - Major).

Dependent Category (check where applicable)	Filing included with this submission	If not included - state the expected filing date	Rate Level Change impact for each category (%)
Personal Vehicles - Motorcycles	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
Personal Vehicles - Motorhomes	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
Personal Vehicles - Trailers and Camper Units	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
Personal Vehicles - Off-Road Vehicles	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
Personal Vehicles - Motorized Snow Vehicles	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
Personal Vehicles - Historic Vehicles	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
Commercial Vehicles	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
Public Vehicles - Taxi and Limousines	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
Public Vehicles - Other Than Taxi and Limousines	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<hr/>	<hr/>

9. Individual to whom questions concerning this filing may be addressed:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

### CERTIFICATE OF THE OFFICER/DESIGNATE

I, \_\_\_\_\_ , \_\_\_\_\_  
*(Name of Officer)* *(Office held: President, CEO, COO, CFO, Chief Agent for Canada, or Designate)*

of \_\_\_\_\_ (the "Insurer")  
*(Official Name of Company)*

**CERTIFY THAT:**

1. This rate filing is in respect of \_\_\_\_\_ and the following  
*(Category of Automobile Insurance)*

dependent categories: *(Please check all that apply)*

- Not Applicable
- Personal Vehicles - Motorcycles
- Personal Vehicles - Motorhomes
- Personal Vehicles - Trailer and Camper Units
- Personal Vehicles - Off-Road Vehicles
- Personal Vehicles - Motorized Snow Vehicles
- Personal Vehicles - Historic Vehicles
- Commercial Vehicles
- Public Vehicles - Taxis and Limousines
- Public Vehicles - Other than Taxis and Limousines.

to be effective as of \_\_\_\_\_ for new business and  
*(Date of Implementation)*

\_\_\_\_\_ for renewal business. *(Date of Implementation)*

2. I have knowledge of the matters that are the subject of this certificate.
3. The information and each document contained in the filing accompanying this certificate are complete and accurate.
4. The proposed rates are just and reasonable, do not impair the solvency of the Insurer, and are not excessive in relation to the financial circumstances of the Insurer.

\_\_\_\_\_  
Signature of Officer/Designate

\_\_\_\_\_  
Date, Location

Company Name: \_\_\_\_\_

Category of Insurance: Personal Vehicles - Motorcycles

Case 1

Risk Description:

- ☞ Male operator, age 29, licensed 10 years for motorcycles, currently licensed as M, no other operators.
- ☞ 1998 Kawasaki VN750 Vulcan, 750 c.c., (VICC vehicle code KA22)
- ☞ list price new \$5,999, actual cash value \$4,955.
- ☞ Pleasure use only, annual driving distance 6,000 km.
- ☞ Insured on a private passenger automobile for the last 10 years.
- ☞ No claims in the past 6 years nor convictions in the past 3 years on either the motorcycle or the private passenger automobile.
- ☞ New business application to company.

Coverages:

- ☞ Liability - \$200,000
- ☞ Accident Benefits
- ☞ Uninsured Automobile
- ☞ Direct Compensation - Property Damage - no deductible
- ☞ OPCF 44 - \$200,000

**Note: If premiums for this category vary by territory, rate the risk as territory Toronto (FSA M4Y).**

	Current	Proposed	% Rate Change
Liability - BI			
Liability - PD			
Direct Compensation - Property Damage			
Accident Benefits			
Uninsured Automobile			
Sub-total - Compulsory Coverages			
Collision			
Comprehensive			
All Perils			
OPCF 44			
Sub-total - Optional Coverages			
<b>Total</b>			

Rate Group: \_\_\_\_\_ Class: \_\_\_\_\_ Driving Record: \_\_\_\_\_

Company Name: \_\_\_\_\_

Category of Insurance: Personal Vehicles - Motorcycles

Case 2

Risk Description:

- ☞ Male operator, age 19, licensed 3 years for motorcycle, currently licensed as M, no other operators.
- ☞ 1997 Yamaha Virago XV1100, 1100 c.c., (VICC vehicle code YA18)
- ☞ list price new \$7,599, actual cash value \$7,250.
- ☞ Commute use, 5 km. one way, annual distance 3,000 km.
- ☞ No claims or convictions since licensed.
- ☞ No other vehicles.
- ☞ New business application to company.

Coverages:

- ☞ Liability - \$1,000,000
- ☞ Accident Benefits
- ☞ Uninsured Automobile
- ☞ Direct Compensation - Property Damage - no deductible
- ☞ OPCF 44 - \$1,000,000

**Note: If premiums for this category vary by territory, rate the risk as territory Toronto (FSA M4Y).**

	Current	Proposed	% Rate Change
Liability - BI			
Liability - PD			
Direct Compensation - Property Damage			
Accident Benefits			
Uninsured Automobile			
Collision			
Comprehensive			
All Perils			
OPCF 44			
Total			

Rate Group: \_\_\_\_\_ Class: \_\_\_\_\_ Driving Record: \_\_\_\_\_

Company Name: \_\_\_\_\_

Category of Insurance: Personal Vehicles - Motorcycles

**Case 3**

Risk Description:

- ☞ Male operator, age 40, licensed 20 years for motorcycle, currently licensed as M, no other operators.
- ☞ 1999 Harley Davidson FLHTC Electra Glide Classic, 1,340 c.c., (VICC vehicle code HD49)
- ☞ list price new \$15,445, actual cash value \$14,995.
- ☞ Pleasure use only, annual distance 6,000 km.
- ☞ Insured on a private passenger automobile for the last 20 years.
- ☞ No claims or convictions since licensed on both vehicles.
- ☞ New business application to company.

Coverages:

- ☞ Liability - \$1,000,000
- ☞ Accident Benefits
- ☞ Uninsured Automobile
- ☞ Direct Compensation - Property Damage -no deductible
- ☞ OPCF 44 - \$1,000,000
- ☞ \$500 Collision deductible
- ☞ \$300 Comprehensive deductible

*If collision and/or comprehensive are not offered, use a \$500 all perils deductible. If collision and comprehensive are offered, do not include the all perils rate below.*

Note: If premiums for this category vary by territory, rate the risk as territory Toronto (FSA M4Y).

	Current	Proposed	% Rate Change
Liability - BI			
Liability - PD			
Direct Compensation - Property Damage			
Accident Benefits			
Uninsured Automobile			
Collision			
Comprehensive			
All Perils			
OPCF 44			
<b>Total</b>			

Rate Group: \_\_\_\_\_ Class: \_\_\_\_\_ Driving Record: \_\_\_\_\_



Company Name: \_\_\_\_\_

Category of Insurance: Personal Vehicles - Off-Road Vehicles

Case 4

Risk Description:

- ☞ Male operator, age 33, licensed 12 years for motorcycle, currently licensed as M, no other operators.
- ☞ 1999 Honda TRX90, 90 c.c., list price new \$2,699, actual cash value \$2,495.
- ☞ Pleasure use only, annual distance 6,000 km.
- ☞ No claims since licensed.
- ☞ Private Passenger Automobile insured with company.
- ☞ New Off-Road vehicles application to company.

Coverages:

- ☞ Liability - \$500,000
- ☞ Accident Benefits
- ☞ Uninsured Automobile
- ☞ Direct Compensation - Property Damage - no deductible
- ☞ OPCF 44 - \$500,000
- ☞ \$300 Collision deductible
- ☞ \$300 Comprehensive deductible

*If collision and/or comprehensive are not offered, use a \$300 all perils deductible. If collision and comprehensive are offered, do not include the all perils rate below.*

Note: If premiums for this category vary by territory, rate the risk as territory Toronto (FSA M4Y).

	Current	Proposed	% Rate Change
Liability - BI			
Liability - PD			
Direct Compensation - Property Damage			
Accident Benefits			
Uninsured Automobile			
Collision			
Comprehensive			
All Perils			
OPCF 44			
Total			

Rate Group: \_\_\_\_\_ Class: \_\_\_\_\_ Driving Record: \_\_\_\_\_

Company Name: \_\_\_\_\_

Category of Insurance: Personal Vehicles - Snow Vehicles

Case 5

Risk Description:

- ☞ Male operator, age 30, licensed 10 years, no other operators.
- ☞ 1995 Ski-Doo Touring SLE, list price new \$6,500.
- ☞ Pleasure use only.
- ☞ Insured on a private passenger automobile for the last 10 years.
- ☞ No snow vehicle claims or convictions in the last 6 years.
- ☞ New business application to company.

Coverages:

- ☞ Liability - \$500,000
- ☞ Accident Benefits
- ☞ Uninsured Automobile
- ☞ Direct Compensation - Property Damage - no deductible
- ☞ OPCF 44 - \$500,000
- ☞ \$500 Collision deductible
- ☞ \$300 Comprehensive deductible

***If collision and/or comprehensive are not offered, use a \$500 all perils deductible. If collision and comprehensive are offered, do not include the all perils rate below.***

**Note: If premiums for this category vary by territory, rate the risk as territory North Bay (P1B).**

	Current	Proposed	% Rate Change
Liability - BI			
Liability - PD			
Direct Compensation - Property Damage			
Accident Benefits			
Uninsured Automobile			
Collision			
Comprehensive			
All Perils			
OPCF 44			
Total			

Rate Group: \_\_\_\_\_ Class: \_\_\_\_\_ Driving Record: \_\_\_\_\_

Company Name: \_\_\_\_\_

Category of Insurance: Personal Vehicles - Motorhomes

Case 6

Risk Description:

- ☞ Principal operator, male, age 55; wife, age 53, occasional operator; both licensed for over 10 years.
- ☞ 1995 Coachmen Catalina motorhome, list price new \$80,000.
- ☞ Pleasure use only, annual driving distance 6,000 km.
- ☞ No claims or convictions for either operator in the last 10 years.
- ☞ New business application to company.

Coverages:

- ☞ Liability - \$1,000,000
- ☞ Accident Benefits
- ☞ Uninsured Automobile
- ☞ Direct Compensation - Property Damage - no deductible
- ☞ OPCF 44 - \$1,000,000
- ☞ \$300 Collision deductible
- ☞ \$300 Comprehensive deductible

*If collision and/or comprehensive are not offered, use a \$300 all perils deductible. If collision and comprehensive are offered, do not include the all perils rate below.*

	Toronto (FSA M4Y)			Sault Ste. Marie (P6C)		
	Current	Proposed	% Rate Change	Current	Proposed	% Rate Change
Liability - BI						
Liability - PD						
Direct Compensation - Property Damage						
Accident Benefits						
Uninsured Automobile						
Collision						
Comprehensive						
All Perils						
OPCF 44						
<b>Total</b>						

Class:                      Principal                      Occasional                      Toronto (FSA M4Y)                      Territory  
 \_\_\_\_\_                      \_\_\_\_\_                      \_\_\_\_\_                      \_\_\_\_\_

Driving Record:                      \_\_\_\_\_                      \_\_\_\_\_                      Sault Ste. Marie (P6C)                      \_\_\_\_\_

Vehicle Rate Group:                      \_\_\_\_\_

Company Name: \_\_\_\_\_

Category of Insurance: Public Vehicles -Taxis and Limousines

Case 7

Risk Description:

- ☞ Principal operator, male, age 45, owner, licensed 25 years.
- ☞ Secondary operator, male, age 30, licensed 3 years.
- ☞ 1998 Ford Crown Victoria LX 4 door, list price new \$30,000 (VICC vehicle code 3268).
- ☞ Annual driving distance 120,000 km., shared equally by each operator, used as a taxi.
- ☞ Principal operator, one at-fault accident (BI and Collision) 2 years ago, 2 minor convictions in past 3 years.
- ☞ Secondary operator, no claims since licensed, 2 minor convictions in the past 3 years.
- ☞ Insured with the current insurer for the last 2 years.

Coverages:

- ☞ Liability - \$1,000,000
- ☞ Accident Benefits
- ☞ Uninsured Automobile
- ☞ Direct Compensation - Property Damage - no deductible
- ☞ OPCF 44 - \$1,000,000
- ☞ \$1,000 Collision deductible
- ☞ \$500 Comprehensive deductible

*If collision and/or comprehensive are not offered, use a \$500 all perils deductible. If collision and comprehensive are offered, do not include the all perils rate below.*

	Toronto (FSA M4Y)			London (N6A)		
	Current	Proposed	% Rate Change	Current	Proposed	% Rate Change
Liability - BI						
Liability - PD						
Direct Compensation - Property Damage						
Accident Benefits						
Uninsured Automobile						
Collision						
Comprehensive						
All Perils						
OPCF 44						
<b>Total</b>						

Class:                      Principal                      Occasional                      Toronto (M4Y)                      Territory  
 \_\_\_\_\_                      \_\_\_\_\_                      \_\_\_\_\_                      \_\_\_\_\_  
 Driving Record:                      \_\_\_\_\_                      \_\_\_\_\_                      London (N6A)                      \_\_\_\_\_  
 Vehicle Rate Group:                      \_\_\_\_\_                      \_\_\_\_\_                      \_\_\_\_\_

Company Name: \_\_\_\_\_

Category of Insurance: Public Vehicles -Taxis and Limousines

Case 8

Risk Description:

- ☞ Operator 1, male age 40, non-owner, licensed 20 years.
- ☞ Operator 2, male age 30, non owner, licensed 12 years.
- ☞ 1998 Lincoln Town Car 4DR, list price new \$44,000 (VICC vehicle code 4129).
- ☞ Annual driving distance 90,000 km., used as a limousine but not for airport use.
- ☞ Operator 1, no accidents or convictions in the past 6 years.
- ☞ Operator 2, 3 minor convictions within the past 3 years.
- ☞ Insured with the current insurer for the last 2 years.

Coverages:

- ☞ Liability - \$1,000,000
- ☞ Accident Benefits
- ☞ Uninsured Automobile
- ☞ Direct Compensation - Property Damage - no deductible
- ☞ OPCF 44 - \$1,000,000
- ☞ \$1,000 Collision deductible
- ☞ \$500 Comprehensive deductible

*If collision and/or comprehensive are not offered, use a \$500 all perils deductible. If collision and comprehensive are offered, do not include the all perils rate below.*

	Toronto (FSA M4Y)			Ottawa (K1Y)		
	Current	Proposed	% Rate Change	Current	Proposed	% Rate Change
Liability - BI						
Liability - PD						
Direct Compensation - Property Damage						
Accident Benefits						
Uninsured Automobile						
Collision						
Comprehensive						
All Perils						
OPCF 44						
<b>Total</b>						

Class:                      Operator 1                      Operator 2                      Toronto (M4Y)                      Territory  
 \_\_\_\_\_                      \_\_\_\_\_                      \_\_\_\_\_                      \_\_\_\_\_  
 Driving Record:                      \_\_\_\_\_                      \_\_\_\_\_                      Ottawa (K1Y)                      \_\_\_\_\_  
 Vehicle Rate Group:                      \_\_\_\_\_

Company Name: \_\_\_\_\_

Category of Insurance: Commercial Vehicles

Case 9

Risk Description:

- ☞ Principal operator, male age 40, licensed 20 years.
- ☞ 1998 Chevrolet Astro cargo van, 2 wheel drive.
- ☞ Vehicle used as artisans truck.
- ☞ No claims or convictions in the last 10 years.
- ☞ Insured with the current insurer for the last 10 years.

Coverages:

- ☞ Liability - \$1,000,000
- ☞ Accident Benefits
- ☞ Uninsured Automobile
- ☞ Direct Compensation - Property Damage - no deductible
- ☞ OPCF 44 - \$1,000,000
- ☞ \$500 Collision deductible
- ☞ \$300 Comprehensive deductible

*If collision and/or comprehensive are not offered, use a \$500 all perils deductible. If collision and comprehensive are offered, do not include the all perils rate below.*

	Toronto (FSA M4Y)			Windsor (N8W)			Ottawa (K1Y)		
	Current	Proposed	% Rate Change	Current	Proposed	% Rate Change	Current	Proposed	% Rate Change
Liability - BI									
Liability - PD									
Direct Compensation - Property Damage									
Accident Benefits									
Uninsured Automobile									
Collision									
Comprehensive									
All Perils									
OPCF 44									
Total									

Class: \_\_\_\_\_ Territory  
 Toronto (M4Y) \_\_\_\_\_

Driving Record: \_\_\_\_\_  
Vehicle Rate Group: \_\_\_\_\_

Windsor (N8W) \_\_\_\_\_  
Ottawa (K1Y) \_\_\_\_\_

Company Name: \_\_\_\_\_

Category of Insurance: Commercial Vehicles

Case 10

Risk Description:

- ☞ Principal operator, male age 30, licensed 12 years.
- ☞ 1996 Ford Econoline Cargo Van E350, 14,500 Kg. Heavy vehicle.
- ☞ List Price New \$18,025.
- ☞ Vehicle used as wholesale delivery truck for a T.V. sales and service operation.
- ☞ 1 at-fault collision claim within last 12 months (0 years accident free), no convictions in the last 3 years.
- ☞ New business application to the company.

Coverages:

- ☞ Liability - \$1,000,000
- ☞ Accident Benefits
- ☞ Uninsured Automobile
- ☞ Direct Compensation - Property Damage - no deductible
- ☞ OPCF 44 - \$1,000,000
- ☞ \$1,000 Collision deductible
- ☞ \$500 Comprehensive deductible

***If collision and/or comprehensive are not offered, use a \$1,000 all perils deductible. If collision and comprehensive are offered, do not include the all perils rate below.***

	Toronto (FSA M4Y)			London (N6A)			Sudbury (P3E)		
	Current	Proposed	% Rate Change	Current	Proposed	% Rate Change	Current	Proposed	% Rate Change
Liability - BI									
Liability - PD									
Direct Compensation - Property Damage									
Accident Benefits									
Uninsured Automobile									
Collision									
Comprehensive									
All Perils									
OPCF 44									
<b>Total</b>									

Territory



*Appendix C*

**Class:** \_\_\_\_\_  
**Driving Record:** \_\_\_\_\_  
**Vehicle Rate Group:** \_\_\_\_\_

**Toronto (M4Y)** \_\_\_\_\_  
**London (N6A)** \_\_\_\_\_  
**Sudbury (P3E)** \_\_\_\_\_