

CRITERIA FOR RESPOND TO MARKET FILINGS

The following criteria must be met for an insurer to be able to use the Respond to Market (R2M) filing process. Please note that this information is updated annually so please ensure you have the most current criteria.

1. The Average Cumulative Rate Change must be between **-5.0%** and **+5.0%** inclusive. The Average Cumulative Rate Change is calculated in accordance with the instructions in Section 2 of the *R2M Filing Guidelines* and is to be provided in response to Question 5b of Appendix A to the *Filing Guidelines*.
2. The Return on Equity that underlies the proposed rate level change must be between 0% and 12% inclusive. The proposed Return on Equity is to be provided in response to Question 6c of Appendix A of the *R2M Filing Guidelines*. The Return on Equity assumption will be reviewed by FSCO to determine appropriate methodology, level and usage.
3. The individual risk rate level change, taking into consideration any previous rate changes effective on or after January 1 of this year and excluding the introduction and phase-in impact of the CLEAR system, must be between +20% and -20% inclusive. The individual risk is one that may carry compulsory coverages and any physical damage coverages. The individual risk rate level change is to be provided in response to Questions 6d and 6e of Appendix A of the *R2M Filing Guidelines*.
4. Insurers must have had a Major filing with rate level indications approved with effective dates either in the current or previous calendar year.
5. The proposed renewal effective date for the R2M filing must be at least 3 months from the renewal effective date of the previous approved private passenger automobile filing.
6. Insurers may not propose the introduction of risk classification elements (includes discounts/surcharges, rating variables and their definitions) unless such elements are demonstrated to be in use by and identical to elements used by another automobile insurer in Ontario. A copy of the risk classification element that is in use by the other Ontario insurer must be included in the filing.
7. Insurers cannot use the R2M process if the insurer does not have current private passenger automobile insurance rates (i.e., is new to the Ontario market).
8. The R2M filing process does not apply to the Facility Association.