

Financial Services Commission of Ontario

Bill 5 Simplified Filing Guidelines for Proposed Revisions to Private Passenger Automobile Insurance Rates and Risk Classification Systems

A. GENERAL INFORMATION

As required by the Order of the Superintendent of Financial Services, made under section 7 of the *Automobile Insurance Rate Stabilization Act, 2003* (Bill 5), all insurers writing private passenger automobile insurance are required to make an application no later than January 23, 2004. These simplified filing guidelines are provided for insurers to submit rate decreases that achieve the 10% target reduction.

Filings

The conditions for filing under this simplified format are:

- on an all coverages combined basis the rate decrease is at least 10%;
- the rate change for a particular coverage must be applicable to each territory; and
- no changes to differentials or risk classification elements may be proposed.

The simplified filing must be received by FSCO no later than January 23, 2004.

An insurer that is not filing for at least a 10% reduction must submit a detailed filing using the format provided in the *Section 410 Filing Guidelines - Major*. Insurers submitting detailed filings may only propose changes to base rates that are uniform by territory. Insurers may not change their rating algorithm, differentials or discounts or surcharges.

Simplified Filing Process

Each simplified filing should contain the following informational sections, in the order indicated below:

Section	Contents
1.	Table of contents
2.	Summary of information (Appendix A)
3.	Certificate of the Officer/Designate (Appendix B)
4.	Rating algorithm
5.	Base rates, differentials, and discounts/surcharges
6.	Dependent Categories (if applicable)
7.	Proposed manual pages
8.	Rating examples

FSCO may request further information from the insurer, other than that specified above.

Filings should be submitted to:

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

Once an insurer has received notification of approval or authorization from FSCO of its filing, it must file a copy of its rate manual, containing the revised rates with FSCO.

B. GUIDELINES

An insurer must provide a separate filing for each category of insurance that it writes. The format of the filing should be as follows:

SECTION 1: TABLE OF CONTENTS

The table of contents must list the page number of each section of the filing. The pages of the filing, including exhibits, must be numbered consecutively and dated.

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.

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. Alternatively, the President, CEO, COO, or CFO may authorize a designate to sign the Certificate of Officer/Designate. The Designate must be Vice-President rank or above.

SECTION 4: RATING ALGORITHM

Each insurer is required to file its rating algorithm for all coverages.

SECTION 5: BASE RATES, DIFFERENTIALS, AND DISCOUNTS/SURCHARGES

a. Base Rates

Each insurer must file current and proposed base rates for all coverages.

b. Differentials

Each insurer must file its current differentials for all coverages. Insurers may not change differentials under the simplified filing process.

c. Discounts and Surcharges

Each insurer must file its current discounts and surcharges. Insurers may not change discounts or

surcharges under the simplified filing process.

SECTION 6: SECTION 413 DEPENDENT CATEGORIES

For those categories of automobile insurance that are dependent on the 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) rating examples must be completed for the dependent category of automobile insurance. Rating examples are attached as Appendix C to the Section 413 filing guidelines.

SECTION 7: PROPOSED MANUAL PAGES CONTAINING RATES AND RISK CLASSIFICATION SYSTEMS

Each insurer must file its proposed manual pages containing the proposed rates, discounts, surcharges, and rating rules (including definitions).

SECTION 8: RATING EXAMPLES

Each insurer must file with the FSCO the rating examples reflecting the rates it is proposing to charge. Please refer to the attached Appendix C for the rating examples.