

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 R2M filing process does not apply to the Facility Association.
2. 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).
3. Insurers cannot use the R2M process if the proposed new business effective date is two or more years since the new business effective date of the last prior approval filing for private passenger automobile insurance that contained rate level indications.
4. 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 another automobile insurer in Ontario.
5. The Average Cumulative Rate Change must be between +7% and -3% 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. A mid-year 2002 review will be conducted of this criteria.
6. 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. This criteria is under review by FSCO.
7. The individual risk rate level change, excluding the impact of where an insurer is phasing in the CLEAR system, must be between +20% and -20% inclusive. 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.