

FSRA accident benefits optionality – Q&A for insurers

This Q&A document is intended for auto insurance experts in pricing, underwriting, operations and communications across the industry to address common questions they may have. As new questions arise, they will be added to this list and an updated version of this Q&A will be included in the next monthly industry email update.

Filing processes

1. How will auto reform filings be organized? Will there be an accelerated path?

Insurers will have two filing paths to choose from:

- a. Accelerated (30-day decision, file anytime)
- b. Regular (file in the filing window of August-September)

The accelerated path requires use of standard cost benchmarks. The detailed filing specifications including the standard cost benchmarks will be shared with the industry by email in May and posted on the FSRA web site at the same time. FSRA will also host an industry webinar in June.

2. Why is there a filing ‘window’ for auto reform filings if an insurer selects the *regular* path?

Due to the volume and complexity of filings, we are asking insurers to work with us to file during the ‘filing window’ if they choose not to use the standard benchmarks. However, if an insurer needs an accommodation due to resourcing or other operational constraints, we ask that the insurer give us sufficient advance notice so we can plan accordingly.

3. Will there be a ‘freeze’ or ‘blackout period’ for rate filings at any time in the next year?

No. There are no restrictions on when an insurer can file and no blackout periods or freezes of any kind.

4. How did you choose the August-September timeframe for the filing window using the *regular* path?

We tried to find a timeframe that would make sense for most insurers to implement their changes by July 2026. An earlier timeframe would be too tight for most insurers to make decisions and prepare their filings and created complexities for insurers that file multiple times a year. A later timeframe could put implementation timelines at risk. There is no perfect window, so we proposed the option that worked for most which was August-September.

5. Do I have to wait until other filings are approved before submitting my auto reform filing?

Ideally, yes. Generally, insurers wait for an approval on one filing before submitting another to avoid potential rework. However, if an insurer has a pending filing that is unrelated to auto reform that will not impact the auto reform filing, they may submit the auto reform filing before waiting for approval of the pending filing.

6. Can I submit another rate filing after I receive approval for the auto reform filing with an effective date before July 1, 2026?

Yes. However, if the effective date of the subsequent filings is before July 1, 2026, the insurer may need to resubmit the auto reform filing. We would like to avoid this scenario because it leads to rework on both sides.

7. Can insurers include unrelated changes within the auto reform filing?

Given the volume and complexity of filings, we ask insurers not to include additional changes unrelated to auto reform in the reform filing to ensure an efficient approval process.

Costing analysis

8. When will the costing analysis be shared with insurers?

An early draft of the costing analysis report has already been shared with the auto reform working group for feedback. The report will be finalized and released to the industry in May.

9. Are insurers required to use the Oliver Wyman costing analysis and assumptions for pricing?

No. There is no requirement to use the costing analysis and assumptions in the study. Some insurers have limited data and may decide to rely on the analysis and others may feel their own data is sufficient. Insurers should use their best judgment when developing assumptions. If the insurer's assumption(s) differ from the costing analysis study, an explanation should be provided.

Individual coverages, bundles and limits

10. Will FSRA reject an insurer's filing if they decide not to offer each coverage individually?

No. Referring to the communication from FSRA dated November 28, 2024, offering each of the nine new optional coverages individually is a preferred or 'supported practice'. Insurers should decide which coverages they want to offer individually or through bundles based on their understanding of consumer needs while delivering on the promise of more choice for consumers. For example, bundling coverages

together that have a very low technical cost may make sense for insurers and consumers.

11. Can an insurer only offer bundles?

If it's clear that bundles align with consumer needs and offer sufficient choice, we will allow it. Customers must be able decline higher cost coverages irrespective of the insurer's bundle options. If an insurer proposes only one bundle—for example, all nine coverages offered as a bundle—this does not deliver on the policy intent to offer more choice.

12. Will FSRA or the government be giving more direction to insurers on bundles?

No. Insurers may decide to bundle certain related coverages together to create a more simplified offer for consumers or offer bundled savings. We expect that bundles will vary between insurers. New coverage bundles and limits should be based on evidence of consumer needs.

13. Can an insurer file for different coverage limits?

Yes, insurers may file for new or additional coverage limits. If an insurer wants to begin offering lower or higher limits they may file accordingly. However, existing policies must be renewed with the same coverages and limits as the expiring policy unless the customer agrees to a change in writing.

14. Can an insurer file for lower limits than current ones? Example, income replacement of \$300/week.

Insurers have the flexibility to offer various benefit limits if the options are supported with evidence of consumer need provided that current limits are offered.

15. Can insurers/agents/brokers recommend optional AB coverage when quoting New Business?

For new business, insurers may quote as appropriate including both mandatory and recommended optional coverages or bundles. New business processes should be transparent for the customer:

- It should be clear which coverages are optional on the quote/offer.
- If transacting digitally, consider ways of making it easy for the customer to add/remove optional coverages without necessarily speaking with an agent or broker.
- The premium for each optional coverage or bundle should be clear on the quote.
- Each optional coverage should be briefly explained in plain language such that the customer can assess whether they need that coverage.
- If customers are unsure whether they need an optional coverage, support should be available to help them make a reasonable choice based on their profile.
- Whether a coverage is recommended or not on the quote/offer page, customers should be aware of all the available optional coverages and limits offered by the insurer.

16. Can an insurer implement a time limit on how long customers can continue renewing on pre-July 2026 coverages and limits before transitioning to post July 2026 offerings?

There is no time limit. Expiring policies must renew with pre-July 2026 coverages and limits until the consumer agrees to make changes in writing as per SABS regulation.

17. Can an existing customer buy-back to pre-2026 coverages and limits if they had opted out?

If a renewing customer chooses to opt out, they will be subject to the post-2026 coverages, limits, and bundles available.

18. Should the optional accident benefits and the applicable bundles be offered at a policy or risk level?

Insurers may wish to consider their current rate & risk classification to decide what is appropriate for them and file accordingly.

Underwriting rules

19. Can an insurer introduce underwriting decline rules for any of the optional accident benefit coverages?

No. Although the coverages are now optional, they are optional for the insured to purchase. Under the SABs regulation, insurers must offer these accident benefits.

20. Can an insurer introduce eligibility rules for coverage limits?

An insurer can introduce eligibility rules for new higher coverage limits that allow it to decline a coverage limit pursuant to s. 238 of the Insurance Act, provided that such eligibility rules align with the Insurance Act and FSRA's fair consumer principles.