



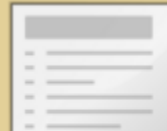
You are here: [Home](#) > [Automobile Insurance](#) > [Property and Casualty - Auto Bulletins](#) > **2003** > No. A- 09/03

[PRINT](#)

## Automobile insurance underwriting rules

FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.

Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.



### Bulletin

**No. A- 09/03**  
– Auto  
Property & Casualty

#### [To the attention of all insurance companies licensed to transact automobile insurance in Ontario]

As announced in the White Paper, *Automobile Insurance Affordability Plan for Ontario: Next Steps*, the government has requested that the Superintendent undertake a review of underwriting rules, to be completed by October 2003.

Insurers have asked for flexibility in the application of their underwriting rules. It is in the public interest that applicants for insurance be written in the regular market and that only truly high-risks be forced to seek coverage from the Facility Association.

Pending completion of the underwriting rules review, insurers are permitted to insure risks that they would have declined to write based on their filed underwriting rules.

All exceptions pursued under this interim authority must be documented, indicating clearly the reason why an exception is being granted. The reason for any exception must still be consistent with the statutory standards set out in the *Insurance Act*. Documentation of the reasons for exception may form part of a compliance review undertaken by FSCO staff. Insurers are also required to provide to FSCO an outline of their procedures and their information system to capture the reporting of exceptions. Insurers are not required to re-file underwriting rules based on this bulletin.

Enclosed are updated filing guidelines and technical notes. The forms and a description of how the forms are to be used are set out in the *Section 238 Underwriting Rules Filing Guidelines* (Attachment A). These guidelines are to be used for filing any proposed changes to underwriting rules.

Also enclosed are *Technical Notes for Automobile Insurance Underwriting Rules* (Attachment B). The *Technical Notes* will assist you in understanding the various considerations to take into account when developing your underwriting rules.

Insurers, brokers and agents are reminded that a written explanation must be provided to any consumer

#### Follow FSCO on social media



**About Automobile Insurance** >

**Enforcement Actions** >

**Forms** >

**Licensed Representatives Listings** >

**Publications & Resources** >

**Related Information** >

**Archives** >

**Careers** >

**Explore FSCO**

**Contact Us** >

 **Scheduled Online Service**

**Disruption Notice**

Please consult our [outage schedule](#) for more details.

who is declined automobile insurance in the regular market. This written explanation should be clear and understandable by the consumer, and must reference the exact underwriting rule on which the refusal is based.

Insurers are also reminded that insurance cannot be declined because of a Non-sufficient Funds (NSF) incident. If there is an NSF incident and an insurer intends to cancel the policy, the insurer must follow the appropriate procedures under the statutory conditions. These statutory conditions (Regulation 777/93) provide that an insurance policy may be terminated by an insurer if the insured is given 15 days notice of termination by registered mail or 5 days written notice of termination if personally delivered.

If the insurer receives the outstanding premium before the end of the notice period, the policy should not be cancelled and the NSF will not count as a "non-payment cancellation." If the policy is properly terminated, however, the NSF will count as a "non-payment cancellation."





Insurers are also reminded that insurance cannot be declined because of not-at-fault accidents. Please refer to Exhibit 1 of the *Technical Notes* that outlines the requirements of Regulation 664.

Enforcement action will be taken if it comes to FSCO's attention that insurers are not following the requirements of the regulation or if insurers are declining automobile insurance without having filed a rule that would authorize them to do so. Enforcement action may include prosecution and/or a cease and desist order under the *Insurance Act*.

If you have any questions, please contact your rate analyst in the Automobile Insurance Division.

Bryan P. Davies  
Chief Executive Officer and  
Superintendent of Financial Services  
July 29, 2003

Attachments (PDF):

- [Attachment A - Section 238 Underwriting Rules Filing Guidelines](#) 
- [Attachment B - Technical Notes for Automobile Insurance Underwriting Rules](#) 
- [Appendix A - Summary of Information](#) 
- [Appendix B - Certificate of an Official](#) 
- [Appendix C - Underwriting Rules Exhibit](#) 
- [Appendix D - Underwriting Rules Exhibit](#) 