

FSRA

Financial Services Regulatory
Authority of Ontario



Auto Reform

SABS Optionality Filing Specifications

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Introduction

To empower Ontario drivers and increase consumer choice, beginning July 1, 2026, all accident benefits outside of medical, rehabilitation, and attendant care benefits will be mandatory to offer by auto insurers but optional to purchase for consumers. Enabling consumer choice will allow drivers to decide what coverages are important to them and their families.

FSRA supports the following practices aligned with the intent of the auto reform changes and ensuring fair treatment of consumers, which includes not engaging in conduct prohibited by s. 9(1) of FSRA's Unfair or Deceptive Acts or Practices Rule:

- Consumers have the option to purchase new coverages individually
- New coverage bundles and limits should be based on evidence of consumer needs
- All optional coverages and limits must be available to eligible auto insurance consumers
- Existing policies must renew with the same coverages and limits unless the consumer agrees to changes in writing
- Insurers and their distributors should recommend appropriate coverages, limits, and bundles based on an understanding of the consumer's unique needs

The specifications for accident benefits optionality filings and the desired outcomes that auto insurers are expected to achieve are outlined below. All insurers offering auto insurance in Ontario must file with FSRA to ensure their products comply with the latest reforms by the effective date.

Initial SABS Optionality auto reform filings are expected to be premium revenue neutral

(measured based on the latest in-force data) and insurers may use FSRA's benchmarks for initial filings. As a result, FSRA will consider the actuarial review satisfied by use of the benchmarks. The priority will be to ensure the pricing of various optional coverages are fair and reasonable.

SABS Optionality – Summary

The newly optional accident benefits coverages include the following benefits as set out in O. Reg. 34/10 (the "SABS regulation")

- income replacement
- non-earner
- caregiver
- lost educational expenses
- expenses of visitors
- housekeeping and home maintenance
- damage to clothing, glasses, hearing aids, etc.
- death
- funeral

The following benefits will continue to be optional:

- increased medical, rehabilitation, and attendant care
- dependant care
- indexation

Note that per s.28 (1.1) of the SABS regulation, an insurer is not restricted or limited from offering an optional benefit not listed in the SABS regulation provided if it has been filed and approved by FSRA's CEO.

Filing Submission Period

There will be two different paths for filings and insurers can choose which one best fits their objectives:

- **Accelerated filing review process:** file any time after August 1, 2025, with a 30-business day filing decision.
- **Non-accelerated filing review process:** file by September 30th, 2025, with decisions being issued by end of year 2025.

A summary of each filing process option detailed below can be found in the exhibits that accompany this document. Regardless of the filing process chosen, insurers remain ultimately accountable for ensuring implementation on July 1, 2026.

FSRA is requesting that insurers plan their filing schedules accordingly including the following considerations in alignment with current practices surrounding concurrent filings:

- Insurers are asked to ensure that all current non-reform filings are approved prior to submitting SABS optionality auto reform filings.
- Insurers are asked that no additional filings are submitted until their SABS optionality auto reform filings have been reviewed and decisions provided.
- No other proposed changes are submitted in conjunction with SABS optionality auto reform filings.

Accelerated Filing Review Process

An accelerated review will be applied to filing submissions that include the following:

- Use of FSRA Costing Benchmarks for Bodily Injury and Accident Benefits base rate adjustments that are **uniform across all rating territories** and **premium revenue neutral**
- Use of FSRA Costing Benchmark assumptions for Optional Accident Benefit coverage pricing, including FSRA's benchmark uptake rate, transfer to Bodily Injury assumption, and first-payor impact. No proposed changes permitted to coverages other than Bodily Injury and Accident Benefits
- It is preferred to offer coverages individually (based on existing coverage limits)
- Coverage limits offered are existing limits only (use non-accelerated path to introduce new limits)
- It is optional to introduce coverage bundles
- Pricing of bundled coverage options that are equal to or less than the sum of the individual optional coverages
- Underwriting rule changes are limited to the identification of limits offered
- Eligibility rules cannot be introduced
- Use of new Standard SABS Optionality Endorsement (OPCF)
- Update to Certificate of Automobile Insurance

Insurers may file at any time after August 1, 2025. Filing decisions will be provided within 30 business days of receipt of the filing provided that questions are answered promptly.

Non-accelerated Filing Review Process

Filing submissions with greater complexity or deviating from the FSRA benchmark assumptions are to be **filed by September 30th, 2025**. This will ensure sufficient time for FSRA to review and provide decisions by end of year 2025. These filings may include the following:

- Option to use insurer data provided it is credible to support proposed pricing
- Adjustments are **uniform across all rating territories** and **premium revenue neutral**
- Use of FSRA's benchmarks for uptake rates, Bodily Injury and first payor
- Introduction of new coverages, coverage limits/eligibility permitted
- Insurer may file for non-standard forms

Insurers are encouraged to engage in discussions with their relationship managers if there are concerns regarding these practices or if an insurer is unable to file in the suggested window.

For an example on how an insurer can submit multiple filings within the requested filing window using the non-accelerated filing path, please refer to Exhibit B. Note, this example is illustrative only and an insurer is not required to submit using the exemplified timeline.

Overall Filing Approach

This proposal is a new approach to streamline filings by consolidating multiple filing submission types into one SABS optionality auto reform filing submission. The consolidated filing type (single filing format) will be on a per category of automobile insurance basis. This single filing format will be broken down into the following sections per category of automobile insurance:

- filing description
- auto insurance forms
- risk classification system – underwriting rules
- risk classification system – rating
- ratemaking approach
 - description of approach and calculations
 - summary of proposed change to rates and risk classification
 - supporting data (may be informed by FSRA provided benchmarks)
 - business rationale
 - desired outcomes
- authority & ownership

SABS optionality coverage options, limits, and bundles will be displayed on a newly introduced standard endorsement.

Accident benefit optionality will comprise of both rate and rule elements. While the approvals remain under their respective authorities, FSRA will review the submitted information and material concurrently and in a wholistic manner.

Filing Description

Cover letters are critical to FSRA's review and should provide a concise overview of the entire filing and setting out its expected contents.

Auto Insurance Forms

Automobile insurance forms are important documents in forming a binding contract between the insurer and the insured. In many instances standard forms help ensure uniform coverages, exclusions and conditions, allowing an insured to comparison shop and identifying where the insurance product they are purchasing may differ.

All the following automobile insurance forms require approval by FSRA prior to use:

- policy forms, endorsement forms, claims forms, or any continuation certificate (offer to renew) under s. 227(1) of the *Insurance Act* (the *Act*)
- certificates of policies under s. 232(5) of the *Act*

The types of automobile insurance forms or documents can be sub-divided as follows:

- prescribed forms
 - these are forms that insurers must use and have been approved for use.
- standard forms
 - these can be used without the individual insurer filing for approval as they have been adopted and approved by FSRA for industry-wide use for the purposes of Ontario Auto Insurance. Eligibility and rating requirements may still apply. A current list of these forms will supplement this document.
 - SABS optionality coverage options, limits, and bundles will be displayed on a newly introduced standard endorsement.

- non-standard Forms and Endorsements
 - these are forms that are company specific and must be approved by FSRA prior to use. Non-standard forms in Auto Insurance include:
 - standard endorsement packages
 - renewal questionnaires
 - rating forms
 - supplemental forms
 - non-standard Forms and Endorsements are unique to each insurer and may be filed using the non-accelerated single filing format for SABS optionality or at a later day using the current Forms and Non-Standard Endorsements filing process
 - certificates of Automobile Insurance submissions may be filed as part of the single filing format for SABS optionality or at a later date using the current Forms and Non-Standard Endorsements filing process.

Additional documents including communications to Policyholders and Insurer Internal Forms may form part of the information supporting the proposed request.

Underwriting Rules

Insurers file their automobile insurance declination and non-renewal grounds under s. 238 of the *Act* (commonly referred to as ‘underwriting rules’). The underwriting rules form part of the foundation between the insurer and the insured in the acceptance of a risk and establish the basis for which an insurer intends to decline to issue, terminate or refuse to renew a contract or refuse to provide, limit, or continue a coverage or endorsement for automobile insurance.

FSRA will review current and proposed underwriting rules along with the insurers own support for the change (including, but not limited to business case, supporting actuarial data, and consumer impact) as it relates to the SABS optionality filings under the following headings:

- to decline to issue, terminate or refuse to renew a contract; and
- to refuse to provide or continue a coverage
- to refuse to provide or continue an endorsement (cross-reference Auto Insurance Forms)
- definitions

While not uniformly experienced by all insurers, FSRA does anticipate that some insurers may seek to make definition changes to support the implementation of optional accident benefits.

Please note SABS optionality filings will be reported separately from the service standards of other filing types.

Use of SABS Optionality Benchmarks

Benchmarks are key actuarial assumptions developed through a review of industry data. FSRA uses these benchmarks to assess fair rates for consumers and ensure market health.

To support the auto insurance reform, FSRA engaged Oliver, Wyman Limited, an external actuarial services consultant, to conduct a cost impact study. Additionally, an industry working group was formed to review the study and provide additional feedback which was taken into consideration before the study was finalized.

Insurers that adopt FSRA's benchmarks, including adjustments to Bodily Injury and Accident Benefits base rates, optional Accident Benefits pricing, benchmark uptake assumptions, transfer to Bodily Injury assumption, and first-payor impact may be eligible to use the **accelerated filing approach**. FSRA will consider the actuarial review satisfied by use of the supplied benchmarks.

Insurers opting for the **non-accelerated** filing approach must provide full actuarial justification. This includes:

- A description of the underlying data, its credibility, and relevance
- Methodologies and actuarial judgment used in determining base rate changes, and optional coverage pricing
- Quantitative and qualitative rationale for any deviation from FSRA's benchmark assumptions
- A comparison between the insurer's assumptions and FSRA's benchmark assumptions and pricing

Regardless of the filing approach used, FSRA will **not review rate level indications**.

FSRA expects insurers to use the benchmark assumption for uptake rates in the initial SABS optionality reform filing for both accelerated and non-accelerated filing approaches.

FSRA will not permit pricing changes for the following accident benefits coverages as part of the initial SABS optionality reform filing:

- medical, rehabilitation, and attendant care benefits
- dependant care benefit
- indexation benefit

Insurers adopting private passenger automobile benchmarks for categories other than private passenger automobile in the initial SABS optionality reform filing can also be processed under the accelerated filing approach.

Please refer to [reform costing report](#) and [reform benchmark](#) documents that will supplement these specifications.

Customer Education and Transparency

The change in optional accident benefits may cause significant impact to consumers. We expect auto insurers to be accountable for their customers' experience by providing their customers with ample time to review and understand their available choices.

Insurers are also expected to provide relevant information and training to Intermediaries to ensure they understand the target market, such as information related to the target market itself, as well as the characteristics of the product. Collaboration between all those involved, from Insurers to Intermediaries, is a key factor in achieving fair and transparent treatment of consumers. Insurers are asked to provide a summary of their intended intermediary training and communication plan, customer communication plan

and sample communications as evidence that transparency outcomes have been achieved.

An insurer may use a wholistic communication plan for a group of affiliated insurers for multiple filings or cross reference companion filings where this plan has been included, provided that variations in planned communication across distribution channels has been identified and addressed.

Future Filing Submissions

These filing specifications apply to an auto insurer's initial SABS optionality auto reform filing and are no longer applicable for use beyond July 1, 2026. The succeeding proposed changes are to be filed under the appropriate filing type(s) there after.

Exhibits

Exhibit A – Sample Non-Accelerated Filing Timeline

The following filing timeline example is for illustrative purposes and serves to demonstrate how an insurer can both file within the requested filing window and continue to submit additional filings. Insurers are not expected to file according to the timelines illustrated.

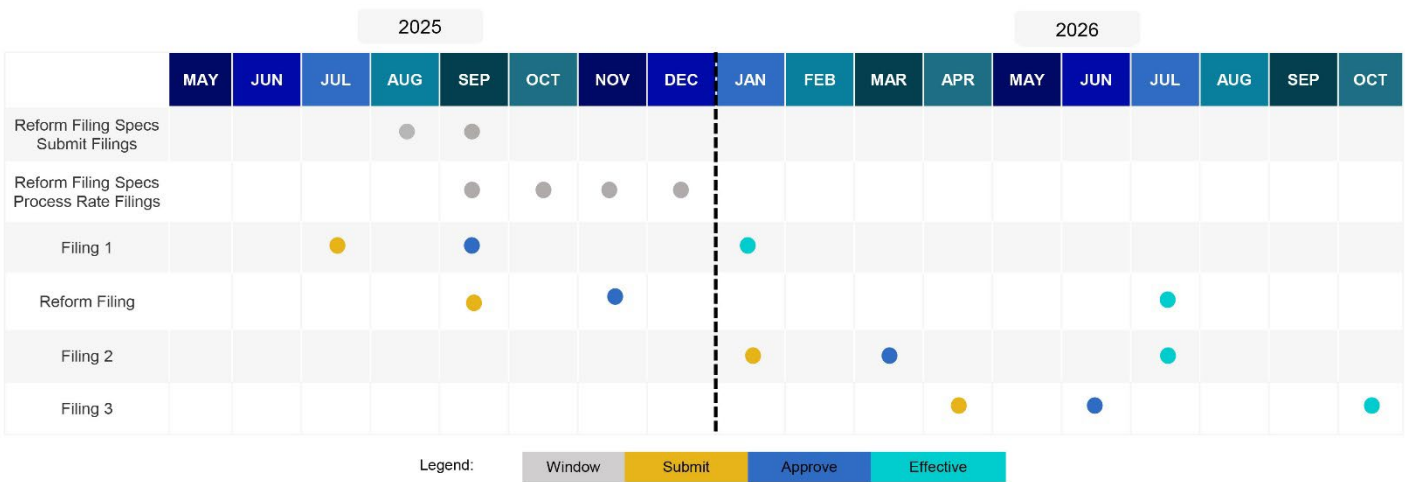


Exhibit B – Filing Process Options: Accelerated and Non-Accelerated

Criteria	Accelerated (30-day decision, file anytime)	Non-accelerated (file during filing window)
Use of FSRA Costing Benchmarks for BI & AB rate adjustment and optional AB pricing	Yes	Optional
Use of FSRA Benchmark assumption for Optional AB uptake rate	Yes	Yes
Actuarial Justification	Not required (Informed by FSRA Benchmarks)	Required
Individual coverages offered	Preferred	Preferred
Introduction of Bundled Coverages	Optional	Optional
Introduction of New Limits / Eligibility	Use non-accelerated path	Optional
Use of New Standard SABS Optionality Endorsement	Yes	Optional
Update to Certificate of Auto Insurance	Standard or Non-Standard	Standard or Non-Standard

- If insurers do not use FSRA cost benchmarks, they must have their own credible data to support pricing
- Bundled coverage pricing must be equal to or less than the cost of individual coverages
- Eligibility rules cannot be introduced on existing coverages/limits
- FSRA expects insurers to use the benchmark assumption for take up rates in the initial reform filing