



November 2018

**Risk Sharing Pool Eligibility Manual
NEW BRUNSWICK**

**Permitting the Transfer of Transportation Network Company Vehicles
Effective January 1, 2019**

Risk Sharing Pool Eligibility Manuals have been revised effective **January 1, 2019** to reflect the following change:

- Permitting the transfer of Transportation Network Company vehicles to the Risk Sharing Pool, where:
 - A motor vehicle that is used for ridesharing when the application is turned *off* is deemed as eligible for the Risk Sharing Pool. The same vehicle will be ineligible for the Risk Sharing Pool once the ridesharing application is turned *on*, used for taxicab, commercially licensed limousine or livery services;
 - Endorsement premiums that provide permission to carry passengers for a Transportation Network Company are not to be transferred to the Risk Sharing Pool.

The Facility Association website at www.facilityassociation.com has been updated with this information.



December 2015

**Risk Sharing Pool Eligibility Manual
NEW BRUNSWICK**

**Ordering Motor Vehicle Reports
Effective April 1, 2016**

The Risk Sharing Pool Eligibility Manual has been revised **effective April 1, 2016** to clarify the ordering of motor vehicle reports (MVRs) when there is a midterm vehicle transfer to the Risk Sharing Pool.

- A motor vehicle report (MVR) must be ordered on any newly-added driver associated with the policy change within 90 days prior to the transfer effective date or within 15 days of the transfer effective date.
- If the driver associated with the policy change is an existing listed driver on a vehicle already in the Risk Sharing Pool, no further motor vehicle report (MVR) is required with the policy change transfer to the Risk Sharing Pool provided that a motor vehicle report (MVR) has been ordered previously to ensure eligibility requirements are met.

The Facility Association website at www.facilityassociation.com has been updated with this information.

RISK ELIGIBILITY

A. All Applicants Must Be Able To Obtain Automobile Insurance

This section outlines the criteria used to determine the eligibility of private passenger vehicles for transfer to the Risk Sharing Pool for the following:

- New business
- Renewals
- Portfolio transfers
- Policy changes
- Mid term transfers with no policy change

BACKGROUND

The Insurance Act places the obligation on the Facility Association, through its Plan of Operation, to provide a contract of automobile insurance to owners and licensed drivers of motor vehicles, who but for the Plan, would be unable to obtain such insurance. Every insurer writing automobile insurance in New Brunswick is a member of the Facility Association and must abide by the Plan of Operation.

Part of this obligation includes the administration of the Risk Sharing Pool in various jurisdictions.

The Risk Sharing Pool in New Brunswick is designed to provide inexperienced drivers who maintain a clean driving record (no at-fault claims, no disqualifying convictions, or licence suspensions related to driving) with access to affordable coverage written through individual insurers who, in turn, share the results with all insurers writing automobile insurance in New Brunswick.

NOTE: Throughout this section, the Risk Sharing Pool shall be referred to as the RSP.

MANDATE

A risk must not be declined based solely on any of the following criteria (or any grounds outlined in 'Prohibited underwriting practices'):

- Age of an applicant or insured person under an automobile insurance contract
- Age of a vehicle unless the vehicle is an antique, reconstructed or substantially modified for enhanced performance
- Not-at-fault claims
- Lapse in coverage 12 months or less unless due to failure to pay premiums or suspension of driver's licence

Risks may be declined for other reasons and the presence of a driver who qualifies for the First Chance Discount may not change the unacceptability of the risk.

For risks that are acceptable and include a driver who qualifies for the First Chance Discount, insurers may transfer to the RSP the vehicle on which the driver with the First Chance Discount is rated.

Other vehicles in the same household may also be transferred to the RSP under the following conditions:

- The vehicle on which the driver with the First Chance Discount is rated is also transferred.
- There is no END 28 on the other vehicle(s) being transferred identifying the driver rated for the First Chance Discount.
- If the vehicle on which the First Chance Discount is rated is removed from the RSP, all other vehicles must be removed at the same time.

Since ceding risks is optional, insurers may choose one of the following:

- Do not transfer the vehicle on which the driver with the First Chance Discount is rated.
- Transfer the vehicle on which the driver with the First Chance Discount is rated.
- Transfer the vehicle on which the driver with the First Chance Discount is rated and other vehicles in the same household.

B. Risk Eligibility for the Risk Sharing Pool

A risk is eligible for the RSP if it meets **all** of the following criteria:

- 1. THE RISK IS REQUIRED UNDER THE INSURANCE ACT TO BE INSURED IN NEW BRUNSWICK AND THE VEHICLE IS REGISTERED IN NEW BRUNSWICK AS PER THE HIGHWAY TRAFFIC ACT.**
- 2. THE RISK INSURES A DRIVER LICENSED LESS THAN 6 YEARS IN NORTH AMERICA WITH NO AT-FAULT CLAIMS, NO CONVICTIONS LISTED UNDER THE RECENTLY LICENSED DRIVER RATE REDUCTION REGULATION – INSURANCE ACT AND NO LICENCE SUSPENSIONS (RELATED TO DRIVING).**
- 3. THE RISK IS RATED AND CLASSIFIED IN ACCORDANCE WITH YOUR APPROVED RULES AND RATES FOR APPLYING THE FIRST CHANCE DISCOUNT E.G. THROUGH DRIVING RECORD, DISCOUNT OR A COMBINATION OF BOTH.**
- 4. THE VEHICLE IS A PRIVATE PASSENGER VEHICLE DEFINED AS:**
 - A. A motor vehicle not weighing more than 4500kg that is:
 - Used for pleasure OR
 - Used for driving to or from work or school OR
 - Used for business purposes, including farming operations OR
 - Used for Ridesharing when the application is turned *off*.
 - B. The following are not included in the definition of Private Passenger Vehicles:
 - A motorcycle, power bicycle or moped
 - A vehicle used for commercial purposes, including, but not limited to:
 - A vehicle used for transporting individuals for compensation, delivery of goods, courier or messenger service, parcel delivery, meal delivery or driver training
 - A vehicle rated under a fleet formula
 - A short-term lease or rental vehicle
 - A funeral vehicle
 - A vehicle held for sale or used for demonstration or testing
 - A vehicle used for Ridesharing when the application is turned *on*, or for taxicab services or commercially licensed limousine or livery services.
 - An emergency vehicle
 - A recreational vehicle
 - An antique vehicle registered as an antique vehicle
 - An all-terrain vehicle, snow vehicle, miniature motor vehicle or any other similar off-highway vehicle.

NOTES:

- i. Business use does not include any use listed under Commercial or Public Vehicle Sections even though Private Passenger rates are used to determine the premium. This definition excludes Vehicles used to carry passengers for compensation on behalf of Transportation Network Companies.
- ii. Pickup trucks, vans and other commercial type vehicles rated as ‘farmer’ i.e. rated as Class 33 or 34 are not eligible for the RSP. If these vehicles are rated as private passenger vehicles reflecting farm use and there is another farm truck rated commercially, they are eligible for the RSP.
- iii. Ridesharing is defined as a service through which passengers obtain and pay for on-demand transportation.

5. THE RISK IS INSURED FOR AT LEAST THE MINIMUM MANDATORY ROAD COVERAGE.

NOTE: Once a vehicle with road coverage is in the RSP, temporary removal of all coverage except Comprehensive / Specified Perils or suspension of coverage using END 16 will not disqualify the risk from the RSP. That vehicle may remain in the RSP until the next renewal. If coverage is not re-added at that renewal, the vehicle is no longer eligible for the RSP.

I. System Generated Rates

The application of system rounding rules, waiving of additional premiums below a certain limit on midterm changes and other calculation differences resulting from generated rates are acceptable deviations from the published, filed rates where such rules form part of the insurer’s rating rules and algorithms.

II. Data Entry Mistakes.

Any errors in the recording of a premium or classification which results from an obvious transcription **error** must be addressed immediately, but will not result in the risk being deemed ineligible. The onus is on the member to substantiate any such error as being clerical in nature.

III. Incorrect Classification / Rating.

Any deviation from the filed classification rules and/or rates which does not result from (I) system application or (II) proven data entry mistakes is considered an incorrect classification and/or rate and makes the risk ineligible for transfer.

Note: A risk considered by a member to be part of a ‘portfolio transfer arrangement’ that has been treated as renewal business to the insurer will not be considered to have been incorrectly classified / rated as long as the member has not deviated from the normal rules and rates contained in the member’s rating manual at the time of transfer.

6. THE POLICY TERM TRANSFERRED DOES NOT EXCEED 12 MONTHS.

NOTE: At the end of the term transferred, the risk may be transferred for a further term in the RSP (again not exceeding 12 months).

7. YOU HAVE ORDERED PRIOR EXPERIENCE REPORTS AND MOTOR VEHICLE REPORTS (MVR).

Report Ordering Frequency and Criteria Table is located immediately after the details on MVR ordering.

1) PRIOR EXPERIENCE REPORTS:

A report must be ordered on all risks being transferred to the RSP, even those claiming to have never been insured or licensed before, or coming from outside the province or country. If you order experience on the named insured, the principal operator and any other driver, you have met the requirement. Formats include electronic reports, letters or telephone calls (at the option of the member) on the following basis:

• New business to insurer (including portfolio transfers accepted under new business rules):

- Prior experience must be ordered.

• Existing business to insurer or an insurer that is part of a group of companies owned and operated by the same company where the insurer transferring the risk to the RSP can confirm policy and claims information with an associated company as described above. (Existing business includes portfolio transfers accepted under renewal rules and documented as such) :

- If the risk has been with the insurer continuously for the previous five (5) or more years, no report is required.
- If the risk has been with the insurer for a period for **less** than five (5) years immediately preceding the current term
 - and a prior experience report has been ordered during that period, a new report is not required.
 - and a prior experience report has not been ordered during that period, a new report is required.

• Existing RSP business to insurer:

- If prior experience was not confirmed when the risk was initially transferred to the RSP, or at a previous renewal to the RSP, a new report must be ordered now.

- **Change of Risk:**

- A new prior insurance report is required on every driver newly added to the policy.

2.) MOTOR VEHICLE REPORTS (MVR)

- **New Business to the RSP**

Must be ordered on all operators listed on the vehicle(s) being ceded within 90 days prior to the risk transfer effective date or within 15 days of the transfer effective date.

- **Renewal to the RSP**

Must be ordered on all operators listed on the vehicle(s) being ceded within 90 days prior to the transfer. For other than annual policies, MVRs must be ordered every 12 months.

e.g. Policy renewed February 5, 2013 for 6 months. MVRs on all drivers were ordered December 2012. Policy is scheduled to renew August 5, 2013. Since there is no change in drivers, no new MVRs are ordered.

- **Midterm to the RSP with no Policy Change**

MVRs must be ordered at the beginning of the current policy term on all operators listed on the vehicle(s) being ceded.

OR

Where MVRs have not been ordered at the beginning of the current policy term on all operators listed on the vehicle(s) being ceded, MVRs must be ordered within 90 days prior to the transfer effective date or within 15 days of the transfer effective date.

- **Midterm to the RSP with Policy Change**

Must be ordered on any newly-added driver associated with the policy change within 90 days prior to the transfer effective date or within 15 days of the transfer effective date. If the driver associated with the policy change is an existing listed driver on a vehicle in the RSP, no further MVR is required with the policy change transfer to the RSP provided that an MVR has been ordered previously to ensure eligibility requirements are met.

Example 1:

- 1/12/2002 - effective date of policy with 2 vehicles and 2 drivers
- 15/5/2003 - vehicle 3 with principal operator C newly-added to policy
- 20/5/2003 - vehicle 3 transmitted to the RSP with transfer effective 15/5/2003
- 20/5/2003 - MVR ordered on principal operator C

Example 2:

- 1/12/2002 - effective date of policy with 2 vehicles and 2 drivers
- 15/5/2003 - vehicle 3 added to policy with same principal operator as vehicle 2
- 20/5/2003 - vehicle 3 transmitted to the RSP with transfer effective 15/5/2003
- 20/5/2003 - no MVR ordered since principal operator is not a newly-added driver and MVR has previously been ordered to meet eligibility requirements

Permanent New Brunswick Licence:

- MVR must be ordered in accordance with the Report Ordering Frequency and Criteria Table.

(b) Permanent Licence from another Canadian jurisdiction:

- MVR must be ordered from that jurisdiction if possible, or there must be shown evidence of a request to the broker or insured to directly obtain an MVR from that jurisdiction and submit it immediately.

(c) Permanent Licence from jurisdiction outside Canada or an International Licence:

- File must be marked for abeyance, and an MVR ordered as soon as a permanent New Brunswick licence is obtained.

(d) Learner's Licence:

- Where it is known that a driver has a stage one learner's licence, the file must be marked for abeyance and an MVR ordered as soon as a stage two learner's licence is obtained.

(e) New Brunswick driver's licence not on insurer's file:

- File must be marked for abeyance to obtain the permanent licence number and an MVR must be ordered in accordance with the Report Ordering Frequency and Criteria Table.
- In all cases, if the driver does not have a permanent New Brunswick driver's licence on the subsequent renewal, continue to mark the file for abeyance at each renewal until a permanent licence is obtained and an MVR is ordered.

REPORT ORDERING FREQUENCY AND CRITERIA TABLE

For New, Renewal, and Portfolio Transfer business, order MVRs and Prior Experience Reports for all drivers on the ceded vehicle(s). For all other situations, order both on the specific driver involved in the transaction.

Transaction Type & Code	Transfer to RSP is effective	MVR	Prior Experience Report
New Business transmitted within 15 days of inception. Code A	Inception date of policy.	MVR is acceptable if ordered within 90 days prior to transfer effective date. Otherwise it must be ordered within 15 days of transfer effective date.	Prior experience report is acceptable if ordered within 90 days prior to transfer effective date. Otherwise it must be ordered within 15 days of transfer effective date
New Business transmitted beyond 15 days of inception. Code D	One day after transmittal date.		
Renewal Business transmitted on or before renewal effective date. Codes B & C	Renewal effective date.	MVR must be ordered within 90 days prior to transfer effective date.	If no prior experience report is on file and fully documented, a new report must be ordered within 15 days of transfer effective date
Renewal Business transmitted after renewal effective date. Code D	One day after transmittal date.		
Additional Vehicles – transmitted within 15 days of endorsement effective date. Code A	Endorsement effective date. **See next page & refer to Sect. VI – Risks/Prem	For drivers newly added with the additional vehicle, MVR is acceptable if ordered within 90 days prior to transfer effective date. Otherwise it must be ordered within 15 days of transfer effective date.	For drivers newly added with the additional vehicle, prior experience report is acceptable if ordered within 90 days prior to transfer effective date. Otherwise it must be ordered within 15 days of transfer effective date.
Additional Vehicles – transmitted beyond 15 days of endorsement effective date. Code D	One day after transmittal date. **See next page and refer to Sect VI –Risks/Prem		
Midterm other than late transmitted business per Code B, C and D above. Code D	* **See next page & refer to Sect. VI – Risks/Prem	See above for newly added drivers.	If no prior experience report is on file and fully documented, a new report must be ordered within 15 days of transfer effective date
Midterm transmittal of class 05 or 06 driver where vehicle is already in RSP. Code E Transmit at same time as vehicle within 15 days of addition date. Code A. Transmit at same time as vehicle after 15 days of addition date. Code D	Endorsement effective date.	MVR is acceptable for driver(s) newly added if ordered within 90 days prior to transfer effective date. Otherwise it must be ordered within 15 days of transfer effective date.	If no prior experience report is on file and fully documented, a new report must be ordered within 15 days of transfer effective date
<ul style="list-style-type: none"> • <i>For 6 month policies, MVRs must be ordered prior to every second renewal.</i> • <i>Prior experience reports need not be ordered if the risk has been insured with you for the past 5 years.</i> • <i>Portfolio transfers accepted under new business rules follow new business criteria.</i> • <i>Portfolio transfers accepted under renewal rules and documented as such follow renewal criteria.</i> • <i>For all portfolio transfers, use transaction code B or D.</i> 			

TRANSFER CODES

This chart of typical transactions will assist you to determine the proper code. Refer to the Procedures Manual for full information.

TRANSACTION	CODE	TRANSFER EFFECTIVE DATE (when the transaction is actually in or out of the RSP)
Addition of Class 05/06 and vehicle on the same date transmitted beyond 15 days of the endorsement effective date	D	1 day after transmittal
Addition of Class 05/06 and vehicle on the same date transmitted within 15 days of the endorsement effective date	A	end't effective date
Addition of Class 05/06 when vehicle is already in the RSP	E	end't effective date
Addition of coverage when vehicle is already in the RSP	9	end't effective date
Addition of driver when vehicle is already in the RSP and new driver's premium is included in vehicle class premium	9	end't effective date
Addition of new driver and vehicle on the same date transmitted beyond 15 days of the endorsement effective date	D	1 day after transmittal
Addition of new driver and vehicle on the same date transmitted within 15 days of the endorsement effective date	A	end't effective date
Addition of vehicle transmitted beyond 15 days of the endorsement effective date	D	1 day after transmittal
Addition of vehicle transmitted within 15 days of the endorsement effective date	A	end't effective date
Cancellation of policy	3	cancellation effective date
Change of existing coverage e.g. limits or deductibles when vehicle is already in the RSP	9	end't effective date
Deletion of coverage	3	end't effective date
Deletion of vehicle	3	end't effective date
Midterm transmittal of vehicle	D	1 day after transmittal
New business transmitted to the RSP beyond 15 days of inception	D	1 day after transmittal
New business transmitted to the RSP within 15 days of inception	A	inception date
Portfolio transfer transmitted after inception date	D	1 day after transmittal
Portfolio transfer transmitted on or before inception date	B	inception date
Reinstatement transmitted to the RSP beyond 20 days from the postmark date of the RSP cancellation	2	1 day after transmittal
Reinstatement transmitted to the RSP within 20 days from the postmark date of the RSP cancellation	2	reinstatement effective date
Removal of vehicle from the RSP and retained on the insurer's book	3	1 day after transmittal
Removal of vehicle from the RSP in conjunction with an endorsement	3	end't effective date
Renewal transmitted after renewal effective date	D	1 day after transmittal
Renewal transmitted on or before renewal effective date	B	renewal effective date
Renewal transmitted on or before renewal effective date when current term is in the RSP	C	renewal effective date

Further Explanation:

1. New business to an insurer (regardless of where previously written - regular market, Risk Sharing Pool, or Facility Association) must be transmitted to the RSP using TRANSACTION CODE A or D.
2. Eligibility for transfer is determined according to your filed underwriting rules in effect at the following times and the inexperienced driver's eligibility for the first chance discount rating:
 - a) New business - original policy inception date
 - b) Endorsements (material change to risk e.g. addition of vehicle) - endorsement effective date
 - c) Endorsements (no material change to risk e.g. correction of vehicle description - original policy inception date or the renewal transfer date as appropriate)

Once validly transferred into the RSP, subsequent changes which would change the risk's eligibility status midterm e.g. changing to a commercial vehicle or deleting the driver rated for the First Chance Discount will require that the risk be removed from the RSP. Non-material changes to a risk (such as a change of an existing driver to a principal operator or the substitution of an existing vehicle to another private passenger vehicle) must be considered at renewal, when the risk must re-qualify for transfer.

- d) Renewals - date the renewal is processed AND transmitted to the RSP -
For all portfolio transfers, use TRANSACTION CODE B or D.

DOCUMENTATION

Appropriate documentation/evidence to establish eligibility or report ordering includes the following minimum requirements:

PRIOR EXPERIENCE REPORTS

- For both 'hit' and 'no-hit', notation on file must show one of the following:
 - Autoplus ordered (date) on (name of driver) – details of claims
 - Experience letter sent (date) on (name of driver) – details of claims
 - Phone call made to (prior insurer) (date) on (name of driver) and spoke to (name) – details of claims
 - Confirmed with (associated company) (date) on (name of driver) – details of claims

Many systems order these reports automatically, or on request and show the result immediately.

NOTE: A memo showing 'no hit', without an order date, or no notation, meaning 'no hit' is not acceptable documentation.

MVR

- For each MVR, notation on file must show:
 - MVR(s) ordered, order date, and either driver's licence number or driver's name
 - When received, MVR search date, dates and types of convictions (including section of the Motor Vehicle Act), licence suspensions, class and status of driver's licence

NOTE: If a search date is documented, there is no need to document the corresponding order date.

GENERAL

To coincide with the "Sunset Clause", members must maintain a record of their documentation, whether hard copy or electronic memo, for at least two years and 90 days following transfer date. It is suggested that members use a 3-year time frame.

SUBSEQUENT INFORMATION

1. NEW BUSINESS

- A. Within 60 days of the policy effective date and subsequent to the transfer of a risk to the RSP, the member receives information of a situation that existed prior to the policy effective date that affects the initial classification/ rating of the risk (such as an undisclosed use of the vehicle or undisclosed prior claims/convictions).
- (a) If the information does not make the risk ineligible for transfer, the risk may remain in the RSP provided that the member amends the premium appropriately and reports the premium and/or statistical information to the RSP.
 - (b) If the risk is no longer eligible for the RSP and the member is not retaining the risk, the member must remove the risk from the RSP effective no later than 21 days from the date the information was received by the member.
 - (c) If the risk is no longer eligible for the RSP and the member is retaining the risk, the member must remove the risk from the RSP back to the date the information was received by the member.
- B. After 60 days from the policy effective date and subsequent to the transfer of a risk to the RSP, the member receives information of a situation that existed prior to the policy effective date that affects the initial classification/ rating of the risk (such as an undisclosed use of the vehicle or undisclosed prior claims/convictions).
- (a) Where the policy is not being cancelled or the coverage/ premium changed, the risk may remain in the RSP at the original premium and coverage.
- AND
- (b) On the expiry of the policy term, the risk must be re-assessed for eligibility.

2. RENEWALS AND PORTFOLIO TRANSFERS ACCEPTED ON RENEWAL BASIS

Eligibility for transfer to the RSP is determined at the date the renewal/portfolio transfer is processed and transmitted to the RSP.

A. After the renewal has been released and before the renewal effective date, if there is a change requested by the insured such as:

- Different principal operator
- Amended use or coverage
- Vehicle change

(a) If the information does not make the risk ineligible for transfer, the risk may remain in the RSP provided that the member amends the premium appropriately and reports the premium and/or statistical information to the RSP.

(b) If the risk is no longer eligible for the RSP and the member is not retaining the risk, the member must remove the risk from the RSP effective no later than 21 days from the date the information was received by the member.

(c) If the risk is no longer eligible for the RSP and the member is retaining the risk, the member must remove the risk from the RSP back to the date the information was received by the member.

B. After the renewal has been released and before the renewal effective date, if there is a change in risk other than one requested by the insured such as:

- At fault losses
- Existing driver's convictions

(a) The risk may remain in the RSP at the original renewal premium.

AND

(b) On the expiry of the policy term, the risk must be re-assessed for eligibility.

- C. If there is a change in the risk, other than a change from private passenger use or the deletion of the driver rated for the First Chance Discount, after the renewal has been released and after the renewal effective date:
 - (a) The risk may remain in the RSP at the original renewal premium.
 - AND
 - (b) On the expiry of the policy term, the risk must be re-assessed for eligibility.

- D. If there is a change from private passenger use or the deletion of the driver rated for the First Chance Discount, after the renewal has been released and after the renewal effective date, making the risk no longer eligible for the RSP:
 - (a) If the member is not retaining the risk, the member must remove the risk from the RSP effective no later than 21 days from the date the information was received by the member.

 - (b) If the member is retaining the risk, the member must remove the risk from the RSP back to the date the information was received by the member.

3. MIDTERM TRANSFERS

At any time within the policy term, a risk may be transferred to the RSP if it meets the eligibility requirements.

- A. If there has been no change in drivers or vehicles between the policy effective date and the transfer effective date, a deterioration in the risk e.g. additional claims between the policy effective date and the transfer effective date, will not affect the risk's eligibility for that term. On the expiry of the policy term, the risk must be re-assessed for eligibility.

- B. If, after transfer, the risk changes affecting the risk's eligibility e.g. the driver rated for First Chance Discount is deleted, but the member is not retaining the risk, the member must remove the risk from the RSP effective no later than 21 days from the date on which the information making the risk ineligible was received by the member.

- C. If, after transfer, the risk changes affecting the risk's eligibility e.g. the driver rated for First Chance Discount is deleted, but the member is retaining the risk, the member must remove the risk from the RSP back to the date on which the information making the risk ineligible was received by the member.

C. Transfer Limitations

Time Limitations

1. New Business

Must be received by the RSP within 15 days of inception including inception date to be accepted in the RSP as of inception date. If not received within 15 days, the risk is accepted in the RSP 1 day after transmittal date to the RSP.

Example 1: Policy inception date January 1, 2005
 Policy transmitted to the RSP January 11, 2005
 Policy received by the RSP January 12, 2005 (12 days)
 Policy accepted in the RSP as of inception date

Example 2: Policy inception date January 1, 2005
 Policy transmitted to the RSP January 16, 2005
 Policy received by the RSP January 17, 2005 (17 days)
 Policy not accepted in the RSP as of inception date but is accepted as of
 January 17, 2005 (missed the 15 day time limit)

2. Renewals and portfolio transfers

Must be received by the RSP on or before the renewal effective date to be accepted in the RSP as of renewal effective date. If not received by the renewal effective date, the risk is accepted in the RSP 1 day after transmittal date to the RSP.

3. Additional vehicles

Must be received by the RSP within 15 days of endorsement effective date including endorsement date to be accepted in the RSP as of endorsement effective date. If not received within 15 days, the risk is accepted in the RSP 1 day after transmittal date to the RSP.

4. Other midterm changes

For changes e.g. coverage and deductibles on vehicles that are already in the RSP, there is no time restriction such as that shown for additional vehicles.

Coverage Limitations

Although you may insure the risk for any coverage, limits, and deductibles filed with regulator, the following limitations apply on coverages transferred to the RSP.

- The transferred Third Party Liability limit has a maximum of \$2,000,000.
- The transferred All Perils or Collision coverage has a minimum deductible of \$100.
- The transferred Comprehensive or Specified Perils coverage (with or without Glass Coverage, END 13C) has a minimum deductible of \$50.
- The transferred Family Protection coverage (END 44) has a maximum of \$2,000,000.
- Transferred endorsements are either standard approved endorsements or non-standard approved endorsements.

NOTES

If a member transfers a vehicle to the RSP:

- Only those coverages/endorsements (subject to the coverage limitations above) associated with that vehicle and the applicable premiums may be transferred to the RSP.
- All coverages and endorsements pertaining to the transferred vehicle must be transferred.
- On multi-vehicle policies, policy level endorsements on the policy and the full applicable premiums must be transferred with a ceded vehicle.
- Non-standard endorsement forms must be approved by regulators in the RSP jurisdiction where the endorsements are used.
- Only regulatory approved endorsement forms are eligible for transfer and the use of any non-approved endorsement form renders the risk ineligible for transfer to the RSP or continuance in the RSP.
- Endorsement premiums providing permission to carry paying passengers for a transportation network must not be transferred to the RSP.

Restrictions and Transfer Limit

- Risks are ceded into the RSP at 100%.
- The transfer limit for each member is 8% of the previous year's total voluntary private passenger non-fleet Third Party Liability direct written car years.
- Within a calendar year, members must not at any time exceed the transfer limit of their previous year's total voluntary private passenger non-fleet Third Party Liability direct written car years.
- Once prior year data is available, monthly reports that include the percentage calculated against their previous year's total car years are distributed.
- The transfer limit for each member is updated each time a new, reinstated or cancelled risk is transmitted to the RSP. A member approaching the 8% transfer limit receives a warning via e-mail. Warnings are sent at 85%, 90% and 95% of the transfer limit. Using the Facility Association portal, members will be able to review their transfer limit at a company or group level. The calculation of the transfer limit percentage is enforced at a group level.
- Once a member has reached 100% of the transfer limit, an attempt to transfer any new risk to the RSP will be rejected and the risk will remain on the member's own account.
- If a member has reached 100% of the transfer limit, the member may appeal to the Provincial Operating Committee to exceed the limit even retroactively. The Committee will make a recommendation to the Board of Directors who will decide if the request is to be granted.
- The 8% transfer limit may be adjusted from time to time by the Facility Association Board of Directors to reflect market conditions. Members will be advised by bulletin in advance of any changes to the transfer limit.

D. Compliance Reviews

The Facility Association Plan of Operation provides for auditing of all member companies.

Routine compliance investigations are made of all member companies ceding risks to the RSP, on a rotating basis at a minimum of every 2 years.

The purpose of Compliance Reviews is to establish that:

1. Risks in the RSP are eligible by way of vehicle type and rating classification including the First Chance Discount.
2. Appropriate verification of the risk's eligibility was undertaken.
3. The appropriate premium was transferred with the risk.
4. The risk was transferred in accordance with established procedures for transfer dates, coverages, cancellation dates, etc.

Ineligibility

If, during the course of an investigation, a risk transferred to the RSP is found to have been ineligible at transfer, you will be requested to remove that risk from the RSP back to the transfer date, as well as any claims that have been transferred. A list of grounds for refusal to the regular market must be made available for verification.

Reports

1. Failing to order reports

If you have failed to order MVRs on all listed operators, or a prior experience report on the risk, or if you did not order the reports within the prescribed time frames, you will be required to order the reports at the time of the investigation and provide copies of the reports to the RSP investigators. If the information received establishes that the risk was not eligible at the date of transfer, you will be required to remove the risk from the RSP back to the transfer date, as well as any claims that have been transferred.

2. Electronic Paper Free Documentation

Where there is no copy in paper or other medium retained by the member or broker, for audit purposes, the member may be requested at the time of an audit to obtain new MVR and Autoplus reports on a random sample of risks to verify the information documented on the computer system.

3. Upload Brokers

Where brokers/agents order the MVR and prior experience reports and retain them in their office, a copy of the reports is required to be sent to the audit site by the broker or the member may order new MVR and prior experience reports at the time of the audit. In addition, a copy of the application is required where the policy has been in force not more than 2 years.

4. No documentation of ordering reports

If you ordered MVRs and Prior Experience Reports, but did not appropriately document that fact (please see DOCUMENTATION), you will be required to provide acceptable evidence of the ordering following the investigation. If this cannot be provided, you will be required to proceed as outlined in 'Failing to Order Reports'.

5. Abeyance and follow-up

If the category of risk or documentation is such that you are required to mark files for abeyance or follow-up, and you have failed to do so, you will be required to follow-up at the time of the investigation to determine if the information is available.

If the information is available, reports will be required and if the risk is found not to have been eligible for transfer at the transfer effective date, you will be required to remove the risk effective the transfer date as well as any claims accruing to it.

If the information is not available, a further abeyance will be required.

SUNSET CLAUSE

Investigations

Investigators will be looking at a selection of risks from your RSP portfolio which have transfer dates within the two year period leading up to the investigation. Transfers dating from before this period will not be investigated.

If there has not been an investigation of your company within the last two years, investigators will choose from risks transferred since the last investigation.

Member reviews of own book

The Sunset Clause also means that if a member chooses to review their own book, and determines that ineligible risks were transferred and need to be removed, or the incorrect premium was transferred, these changes can only be made to risks with transfer dates within the previous 2 years.

Important: **1. Where it is determined that a member has committed wilful misconduct, the Sunset Clause does not apply.**

2. The Sunset Clause does not apply to claims.

Risks with claims

Any risk that has a claim (any type) after it has been transferred to the RSP must remain in the RSP until the next renewal date unless cancelled by the insured.

This does not apply under the following circumstances:

1. Where you are instructed by rule or during an investigation to remove a risk
2. When the vehicle changes to an ineligible type of vehicle e.g. commercial or recreational vehicle
3. When the driver rated for the First Chance Discount is deleted from the policy

FAILURE TO COMPLY

If it is determined that a risk submitted to the RSP did not meet the criteria for submission in that:

- (a) MVR was not ordered at all or was not ordered within the appropriate time frame
- or**
- (b) Prior experience report was not ordered at all or was not ordered within the appropriate time frame
- or**
- (c) The appropriate supporting documentation was not retained for inspection

The member will be required to obtain the appropriate reports or submit the appropriate documentation. If it is determined then that the risk was not eligible for transfer at the date of transfer, the risk and any claims must be removed from the RSP as of the transfer date along with associated premiums. Otherwise it may remain in the RSP, subject to such additional fees or charges as may be established from time to time by the Board of Directors.

If it is determined that a company is not ordering the appropriate reports, or has adopted a practice which fails to provide for proper compliance with its obligations, the company will be dealt with as an exception. A further investigation, or, where determined by the President of Facility Association to be appropriate, a full audit, will follow.

Where it is decided that a full audit of all risks transferred by the member is appropriate, the costs of the audit will be billed to the member.

Where such investigation or audit demonstrates to the satisfaction of the Executive Committee that there has been a general failure to order the required reports on time the expense factor allowed to the member will be reduced by two percentage points for a period of six months.

Flagrant or continued failure to comply with these obligations could result in a directive to the member to remove all risks from the RSP. This penalty would only be applied after a follow up review by the President and Executive Committee, and referral to the Board of Directors.