



Risk Sharing Pool Eligibility Manual

Ontario

Revised January 1, 2025

Table of Contents

RISK ELIGIBILITY.....	2
A. All Applicants Must Be Able to Obtain Automobile Insurance.....	2
B. Risk Eligibility for the Risk Sharing Pool	3
C. Documentation	8
D. Transfer Limitations.....	11
E. Coverage Limitations.....	12
F. Restrictions and Transfer Limit	13
G. Compliance Audits.....	14
H. Sunset Clause.....	15

RISK ELIGIBILITY

A. All Applicants Must Be Able to Obtain Automobile Insurance

This section outlines the criteria used to determine the eligibility for transfer to the Risk Sharing Pool (RSP) for the following:

- New Business
- Renewals
- Portfolio Transfers
- Policy Changes (endorsements)
- Mid term Transfers (with no policy change)

Background

The Insurance Act of Ontario places the obligation on the Facility Association (FA), 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 Ontario is a member of the Facility Association (FA) and must abide by the Plan of Operation.

The Risk Sharing Pool in Ontario is designed to provide drivers licensed in Canada or United States with access to affordable coverage on private passenger vehicles written through individual insurers who, in turn, share the results with all insurers writing automobile insurance in Ontario.

Mandate

Facility Association members must ensure that every applicant for automobile insurance receives a contract of insurance.

Members must accept application for automobile insurance unless there is an underwriting rule approved by the Financial Services Regulatory Authority of Ontario (FSRA) that permits members to decline the application. Members that accept an application may either:

- Write the automobile contract solely for the member's own account
- Write the automobile insurance contract and transfer the risk to RSP in accordance with the provisions of the Plan of Operations.

In accordance with the Plan of Operation, Article XI.1.4(a)(ii), a risk must **not** eligible for insurance through the Association as a Residual Market Risk as defined in Article X to be eligible for transfer to the Ontario Pool.

In the event that a risk is eligible for insurance through the Association as a Residual Market Risk, Members in Ontario are required to complete the Financial Service Review Authority (FSRA) FA Refusal Letter (Ontario) as prescribed by FSRA.

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 COMPULSORY AUTOMOBILE INSURANCE ACT OF ONTARIO TO BE INSURED IN ONTARIO AND THE VEHICLE IS REGISTERED IN ONTARIO AS PER THE HIGHWAY TRAFFIC ACT.

2. THE VEHICLE IS A PRIVATE PASSENGER VEHICLE DEFINED AS:

- 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**.
- 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 vehicle registered as an antique vehicle
 - An all-terrain vehicle, snow vehicle, miniature motor vehicle or any other similar off-highway vehicle.

Notes:

- Business use does not include any use listed under Commercial Section, even though Private Passenger rates are used to determine the premium, with the exception of the incidental carrying of tools. Business use may be used when the ceding company would accept the incidental carrying of tools on their own book.
- Business use does not include any use listed under the Public Vehicle Section 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.

- 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.
- Ridesharing is defined as a service through which passengers obtain and pay for on-demand transportation.

3. THE RISK DOES NOT HAVE UNDERWRITING RULE APPROVED BY THE FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO (FSRA) THAT PERMIT TO DECLINE THE RISK.

Note: Eligibility for transfer is determined according to your filed underwriting rules in effect.

Transaction Type	Effective Date of Underwriting Rules
New Business	Policy Inception Date
Endorsements where a material change to risk exists (e.g. addition of vehicle)	Endorsement effective Date
Endorsements where there is no material change to risk (e.g. correction of vehicle description)	Policy Inception Date OR Renewal Transfer Date

Any changes subsequent to an eligible risk transfer to the RSP will not require removal of the risk from the RSP unless a new policy is required. Any changes to the risk (such as change of an existing principal operator or substitution of an existing vehicle) must be underwritten for RSP eligibility at renewal.

4. 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.

5. THE RISK IS RATED AND CLASSIFIED IN ACCORDANCE WITH MEMBERS RULES AND RATES APPROVED BY THE FINANCIAL SERVICES REVIEW BOARD OF ONTARIO (FSRA).

- **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 on file with FSRA.
- **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.

- **Incorrect Classification / Rating**

Any deviation from the filed classification rules and/or rates which does not result from 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 assessed a claim forgiveness rating and/or renewal discount will not be considered to have been incorrectly classified/ rated as long as the member has received approval to apply a renewal claim forgiveness programme and/or renewal discount by FSRA. In the event of an investigation or audit, evidence confirming that the risk is part of a portfolio arrangement will be required from the member.

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

Note: At the end of the term, the risk will be eligible for another term in the RSP not exceeding a 12-month period

7. PRIOR EXPERIENCE REPORTS AND MOTOR VEHICLE REPORTS (MVR) ORDERING.

- **Prior Experience Reports:** Prior experience are required on the named insured and all operators, even those operators claiming to have never been previously insured/licensed or from outside the province or country. Acceptable prior experience reports include electronic formats, letters of experience or detailed documented calls. The following outline the requirements for prior experience report ordering as it relates to New Business, Existing Risks (not in the RSP), Existing Risk (in the RSP), and Change in Risk:

New business to insurer (including portfolio transfers accepted under new business rules): Prior experience reports are required.

Existing Business – Not in RSP (or a member as 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 approved as such by FSRA):

- Risk continuously with members **equal to or greater than** five (5) years do not require a prior experience report;
- Risk insured with member for a period of **less than** five (5) years immediately preceding the current term require a prior experience report unless a prior experience report was ordered during that period.

Existing Risk – In the RSP: Members must immediately request prior experience reports and underwrite the risk for eligibility in those instances where prior experience report was not obtained when initially transferred to the RSP.

Change of Risk: Prior experience reports are required on all operators added to the policy.

- **MOTOR VEHICLE REPORTS (MVR)**

New Business: Motor vehicle reports are required on all operators listed on the vehicle(s) ceded within 90 days prior to the transfer effective date or within 15 days of the transfer effective date.

Renewal: Motor vehicle reports are required on all operators listed on the vehicle(s) ceded within 90 days prior to the transfer. For other than annual policies, MVRs are required every 12-months period.

Example: Policy renewed February 5, 2013 for 6 months. MVRs on all drivers were ordered December 2012. Policy is scheduled to renew August 5, 2013(8 months from December 2012) and there were no change in operators. Given there was no change in operators, no new MVR would be required.

Midterm Policy Change (Endorsement): MVRs are required at the beginning of the current policy term on all operators listed on the vehicle(s) being ceded;

OR

Risks where MVRs on all operators on the vehicle(s) being ceded was not requested at the beginning of the current policy term, members must request MVRs on all operators within 90 days prior the transfer effective date or within 15 days of the transfer effective date.

Members must request MVRs 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. Operators associated with the policy change that are existing operators on a vehicle in the RSP do not require a new MVR with the policy change transfer to the RSP 'subject to' that the MVR was previously ordered and underwritten for eligibility.

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

Types of Driver's Licence:

- a) **Permanent Ontario Licence:** Members are required to request MVRs in accordance with the Report Ordering Frequency Schedule (please refer to page 7)
- b) **Permanent Licence from another Canadian jurisdiction or a U.S. jurisdiction:** Members must obtain an MVR from the jurisdictions or in the interim illustrate requests to the broker/agent or insured immediately obtain MVR from that jurisdiction.
- c) **Permanent Licence from jurisdiction outside Canada or United States or with an International Licence:** Members must document and abeyance to request an MVR immediately once permanent licence has been obtained
- d) **Temporary Licence:** Members must document and abeyance to request an MVR once a permanent Ontario license has been obtained
- e) **Permanent Licence from any other jurisdiction and Ontario Licence:** Follow the procedure for Temporary Licence [d) above].
- f) **G1 licence:** Members must document and abeyance to request MVR once G2 licence has been obtained.
- g) **G2 licence:** Follow procedure for Permanent Ontario Licence [a) above]
- h) **Ontario driver's licence not on Members' Record:** Members must document and abeyance to obtain a permanent licence and request an MVR in accordance with the Report Ordering Frequency Schedule (Please refer to Page 7).

Note: In the case of d, e or f above, if the licence status of the driver remains unchanged on renewal, members must document and abeyance to obtain a permanent licence and request an MVR. Notably, if the aforementioned procedure were not in accordance with the members approved renewal underwriting rule, the risk would be ineligible for the RSP.

C. Documentation

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

Prior Experience Reports

Acceptable documentation includes one of the following:

- Electronic reports: Date ordered, name of operators(s), and details of claims;
- Experience letter: Date sent, operator name(s), insurer information, and details of claims;
- Phone Call: Prior Insurer, date called, operator name(s), contact information, details of claims, and associated company.

Note: A memo showing “No Hit” without an order date or any notation is not acceptable documentation.

Motor Vehicle Report (MVR)

Acceptable documentation includes the following:

- MVR(s) ordered, order date, and driver’s licence number or driver’s name;
- Date received, MVR search date, dates and types of convictions, conviction history, and driver’s licence status.

General

For compliance with the “Sunset Clause” and FA’s retention policy, members must maintain documentation either hard copy or electronic for a minimum of 2-years and 90 days following transfer date.

Subsequent Information Obtained by Members (After Ceding to RSP)

New Business (Within 60 Days)

Within 60 days of the policy effective date and subsequent to the transfer of a risk to the RSP, should a member receive information 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:

- If the information does not affect the risk eligible for transfer, the risk may remain in the RSP subject to amending the premium, reporting the premium, and/or statistical information to the RSP;

- 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;
- 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;

New Business (After 60 days)

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 circumstance 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.

- 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;
- On the expiry of the policy term, the risk must be underwritten for eligibility.

Renewals and Portfolio Transfers

Eligibility for transfer to the RSP is determined at the date the renewal/portfolio transfer is processed and transmitted to the RSP. Should a member receive subsequent information after a renewal has been released:

- If the information does not make the risk ineligible for transfer, the risk may remain in the RSP subject to the member amending the policy premium and reports the premium and/or statistical information to the RSP;
- 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;
- 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;

Change in Risk (Before the Renewal Effective Date)

After the renewal has been released and before the renewal effective date, if there is a change in risk such as at fault claims and driving convictions:

- Where the policy is not cancelled or the coverage/premium changed, the risk may remain in the RSP at the original renewal premium and;
- On the expiry of the policy term, the risk must underwritten for eligibility.

Change in Use (After the Renewal Effective Date)

If there is a change from private passenger use, after the renewal has been released and after the renewal effective date, making the risk no longer eligible for the RSP:

- 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;
- If the member is retaining the risk, the member must remove the risk from the RSP back effective the date the information was received.

Change in Risk (After the Renewal Effective Date)

If there is a change in the risk after the renewal has been released and after the renewal effective date:

- The risk may remain in the RSP at the original renewal premium;
- On the expiry of the policy term, the risk must be underwritten for eligibility.

Midterm Transfer to the RSP

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

- 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;
- If, after transfer, the risk changes affecting the risk's eligibility e.g. a driver with convictions newly-added, 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 the information making the risk ineligible;
- If, after transfer, the risk changes affecting the risk's eligibility for and the member is retaining the risk, the member must remove the risk from the RSP back effective the date the member received the information making the risk ineligible.

D. Transfer Limitations

New business

An eligible risk is acceptable to the RSP if ceded within 15 days of automobile effective date. Eligible risk ceded beyond 15 days of the policy effective date, will be accepted in the RSP 1-day after the transmittal date.

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)

Renewals and Portfolio transfers

An eligible risk is acceptable to the RSP on or before the renewal effective date. Eligible renewals ceded beyond renewal effective date will be accepted in the RSP 1-day after the transmittal date.

Endorsements [New to the RSP]

An eligible risk is acceptable to the RSP if endorsed within 15-days of endorsement effective date. Eligible risk ceded beyond 15 days of the endorsement effective date, will be accepted in the RSP 1-day after the transmittal date.

Endorsements [In the RSP]

There is no time limitations for endorsements such as changes to coverages and deductibles to risks already ceded in the RSPs.

E. Coverage Limitations

- The transferred Third Party Liability limit has a maximum of \$2,000,000;
- The transferred Family Protection coverage (OPCF 44R) has a maximum of \$2,000,000;
- Transferred endorsements are either standard approved endorsements or non- standard approved endorsements.

Notes: With Respect to risks transferred to 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 (including increased accident benefits and OPCF 47) 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;
- Any non-standard endorsement forms must be approved by Financial Services Review Authority of Ontario;
- Only endorsements approved by Financial Services Review Authority of Ontario are eligible for transfer to the RSP. Transfer of risk with unapproved endorsements will render 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 Company is ineligible for transfer to the RSP.

F. Restrictions and Transfer Limit

- Risks are ceded into the RSP at 100%;
- The transfer limit for each member is 5% 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;
- When a risk is new to the RSP and/or a risk is reinstated or cancelled is transmitted to the RSP, the members transfer limit will be updated;
- A member approaching the 5% transfer limit receives a warning via e- mail. Member can expect to receive warnings are sent at 85%, 90% and 95% of the transfer limit. Transfer limits are enforced at a group level and members can review their respective transfer limit at either company or group level on the FA portal;
- Once a member has reached 100% of the transfer limit, further attempts to transfer any new risk to the RSP will be rejected and the risk will remain on the member's own account;
- Members may submit a written appeal to the Provincial Operating Committee for an exception to exceed the 5% limit. The Provincial Operating Committee will review the members' appeal and will make recommendations to the Facility Association Board of Directors ('The Board'). The Board will make decision whether to grant member's request.

G. Compliance Audits

The Facility Association Plan of Operation provides for auditing of all member companies using the RSP. The objective of the compliance audit is to provide reasonable assurance that:

- Risks in the RSP are eligible by way of vehicle type or rating classification;
- Appropriate verification of the risk's eligibility was undertaken;
- The appropriate premiums and claims were transferred with the risk;
- Risk was transferred in accordance with established procedures for transfer dates, coverages, cancellation dates, etc.

Should an audit uncover that a risk transferred to the RSP was found to have been qualified under the members' approved underwriting rules for declining risks, members will be required to remove the risk (premiums and claims) from the RSP effective the at transfer date. Members must provide auditors with the approved underwriting rules for declining risk in the members' voluntary market.

Prior Experience and Motor Vehicle Reports (MVR)

Members that are in non-compliance with ordering MVRs on all listed operators, or a prior experience reports will be required to provide reports during the audit activity. Should the information on the reports confirm that a risk was ineligible at the date of transfer, members will be required to remove the risk (premium & claims) from the RSP effective the date of transfer.

Documentation

Members must either retain documents either electronically or paper. Auditors may require members to provide reports to validate information on policies ceded to the RSP.

Members may be required to obtain information where members' records are in abeyance for information pertaining to a risk and the information is outstanding. Should the audit determine that the information renders the risk ineligible for the RSP; members will require to remove the risk effective the date transferred to the RSP.

Brokers and/or Agent

Where brokers/agents order and retain MVR and prior experience reports in their offices, auditors may request copies for their records. Auditors may also request copies of the application for those policies in-force (not exceeding a 2-year period).

H. Sunset Clause

Facility Association Audits

Facility Association auditors usually select risk from members' RSP portfolio within 2-year period of their audit of their audit activity. Risk Transferred to the RSP beyond 2-year period will not be subject to an audit.

Member Audit

Members that conduct an audit risks in the RSP and that the audit identified ineligible risks or transactions; members are required to remove premiums and claims with transfer dates within the 2-year period effective from the date of their audit.

Risk with Claims

Any risk that has a claim (any type) after transfer to the RSP, the policy and claims must remain in the RSP until the next renewal date 'unless' the policy is cancelled by the insured. The exception to the aforementioned are the following:

- Where members are directed by an approved rule or during an audit to remove a risk;
- When a vehicle is ineligible for the RSP such as commercial or recreational vehicle.

Exception to Sunset Clause

The 'Sunset Clause' does not apply when:

- It is determined that a member committed willful misconduct;
- Not applicable to claims

Failure to Comply

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

- MVR was not ordered or was not ordered within the required time frame, or;
- Prior experience report was not ordered or was not ordered within the appropriate time frame;
- The appropriate supporting documentation was not retained for audit.

The member will be required to obtain the appropriate reports or submit the appropriate documentations to the auditors. If it is determined then that a risk was not eligible for transfer at the date of transfer, the risk (premiums and claims); the members must remove the risk from the RSP effective the date transferred. Risks 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.

Where it is determined that a member is non-compliant ordering reports and/or adopted a practice which fails to provide for proper assurance with its obligations, that member will be dealt with as an exception. The Facility Association President & CEO may request a full audit.

A member will be billed for the cost of an audit where it is determined that a full audit of all risks transferred by member is appropriate;

The members expense factors allowance will be reduced to two-percentage points for period of six-months where an audit demonstrates to the satisfaction of the Board of Directors that there has been a general failure to order required reports within the required time frame;

Flagrant or continued failure to comply with these obligations may result in a penalty/directive to remove all risks from the RSP. The member will receive a directive after review of the Facility Association President and CEO and approved by the Board.