



**FACILITY**  
Association

**January 2017**

**CLAIMS GUIDE**  
**ALL RISK SHARING POOLS (RSP)**

The Risk Sharing Pool (RSP) Claims Guide has been revised **effective April 1, 2017**.

Changes to the Guide to enhance clarity include:

- Clarifying instructions on reporting large losses through FAC forms particularly with reference to coverage jurisdiction;
- Minor editorial items.

For complete details on these and all changes, refer to the Claims Guide pages. All changes have been marked with a bar in the margin.

All information is now available on the Facility Association website  
[www.facilityassociation.com](http://www.facilityassociation.com).



# **FACILITY ASSOCIATION CLAIMS GUIDE**

**RISK SHARING POOL  
(RSP)**

**Effective 1 April 2017**

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## **INTRODUCTION**

### MISSION

Facility Association's mission is to administer automobile insurance residual market mechanisms, enhance market stability, and guarantee the availability of automobile insurance to those eligible to obtain it. We strive to keep the market share of the residual markets as small as possible, so consumers may benefit from the competitive marketplace to the greatest extent possible.

### VISION

Facility Association's vision is to be recognized and relied upon as a highly efficient and effective administrator of automobile insurance residual markets, whose objective opinion on residual markets and related issues is respected and sought by stakeholders.

Companies may transfer risks to the Risk Sharing Pool subject to the eligibility requirements outlined in the Risk Sharing Pool Eligibility Manual specific to the jurisdiction.

It is expected that the claims on Risk Sharing Pool policies will be handled on the same basis of sound, proven methods and procedures as on claims policies retained on members' own account. Prompt and fair settlements are expected.

## **APPOINTMENT OF PROJECT MANAGER BY PROVINCE**

Each Facility Association Member Company is required to submit the name of a Facility Association Project Manager for each province.

This individual will be the contact point for all Facility Association claims correspondence and inquiries in the province. The Facility Association Member Company should immediately notify the Facility Association Claims Department of any Project Manager changes.

**This is an important position and should only be assigned to a responsible, senior claims representative in each province.**

Duties of the Project Managers include, but are not limited to:

- Ensuring that all Facility Association Claims Rules and Procedures as contained in this Guide are observed
- Ensuring that all large losses, as defined in this Guide, are reported in their totality, especially if the claim is separated by coverage or sub lines.
- Sending updates every six months on large losses as per Facility Association standards.
- Receiving correspondence from the Facility Association Claims Committee and ensuring that responses to their requests and inquiries are provided by the abeyance date.
- Any other claims matters which might be of concern to the Facility Association, the Member Company or the Project Manager

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## **CLAIMS COMMITTEE**

The Committee is presently made up of volunteers who are senior claims personnel from both Member Companies and Servicing Carriers.

The Committee meets 6 times a year and is a working Committee. Its purpose is to review reported large losses and to comply with the following mandate which has been approved by the F.A. Board of Directors.

### **CLAIMS COMMITTEE MANDATE**

#### COMMITTEE OBJECTIVE

The mandate of the Claims Committee is to lend its market expertise to the claims processes of the Facility Association or as instructed by the Facility Association's Board of Directors or any of its Committees.

#### COMMITTEE DUTIES AND RESPONSIBILITIES

The Claims Committee shall be responsible for:

- Reviewing large losses as outlined in the Claims Guide and make recommendations to the member on case reserves and strategy to bring the claim to a conclusion.
- Reviewing Uninsured Automobile files and Servicing Carrier run off files to ensure proper handling by third parties.
- Supporting the Provincial Operating Committee in deciding on coverage and/or liability in disputed claims.
- Considering all claims related matters, both procedural and technical in accordance with the Claims Guide.
- Reviewing appeals when companies are fined for not reporting transmission to the RSP within 30 days.
- Advising on issues which are industry related to properly interpret their meaning and impact in relation to Facility Association procedures.

## CLAIMS REPORTING

All Jurisdictions:

- (1) For a policy already transferred to the RSP, any initial reserves, paid losses or expenses shall be reported to the RSP within 30 days from the date the claim is posted to the members own system. In addition, once the loss has been reported to the RSP, changes to loss amounts, expenses paid or reserves shall be updated to the RSP within 30 days of the company posting to its own system.
- (2) If a member has failed to comply with the reporting requirements with respect to a loss or losses reported to it, such member may be subject to a fine in the amount of \$500.00 for a first infraction, \$1,000.00 for a second infraction and \$2,000.00 for a third infraction within any three year period. The member may also as a result of such third infraction be barred from ceding risks to the RSP for a period of up to one year.
- (3) The penalties to be applied to the member in such circumstances shall be determined by the Vice-President, U/W & Claims or President, with a right of appeal by the member to the Claims Committee and subsequently to the Board of Directors.

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## LARGE LOSS REPORTING

### I CATEGORIES

The Facility Association Claims Committee requires notice of any occurrence that meets any of the following conditions:

1. An aggregate incurred (paid and outstanding) loss of \$250,000 or more (total of all sub files). Note The Facility Association bases its reporting scheme on the total incurred for each file, i.e., all lines of reserve for the entire file.
2. If the file is separated by coverage, both the Accident Benefits incurred and the Tort incurred aspects of the file must be reported. This reporting will be accommodated under one Facility Association claim number.
3. A claim reserved at policy limits.
4. A serious bodily injury including but not limited to:
  - (a) fatality with dependants
  - (b) brain damage
  - (c) any plegia; (para, quadra, hemi, etc.)
  - (d) amputation of a limb at or above the elbow or knee
  - (e) serious disfigurement

These injuries shall be reported regardless of the member's assessment of liability or the amount of the incurred loss.

5. An Ontario Accident Benefits claim that results in continuous payments under the disability section of the policy for two (2) years or more.
6. All class actions, or any situation where an action has been instituted naming Facility Association or where Facility Association will be presented with the legal fees for defending such an action, including where the member may be exposed to an excess judgment under an END 44, must be brought to the attention of the Facility Association VP, U/W & Claims or designate with an estimate of the amount of legal fees the action might incur. This must be done before any expenses are incurred in the defence of such an action. The VP, U/W & Claims or designate will then provide instructions on how to request reimbursement by way of a submission to the Board of Directors.



## II PROCEDURES

- Initial Report

All losses which qualify as a large loss must be reported within 60 days of the member's knowledge of meeting the reporting criteria using FAC 50 and FAC 51 forms accompanied by an initial Summary Report. The FAC 50 should be marked "Initial Report". Please refer to the instructions on completing each form and report.

- Revision or Update

Anytime the incurred on a reported large loss increases or decreases by \$100,000 or more, a one page summary of the Liability, Medical and Legal status of each claimant, as well as the completed FAC 50 and FAC 51 must be forwarded to the Claims Committee within 30 days of the change.

All reported claims must be updated every six (6) months from the date of reporting with a one page summary of the Liability, Medical and Legal status of each claimant and forwarded to the Claims Committee.

- Closing

Any reported claim which has been concluded i.e. all subfiles or lines of reserves closed must be reported to the Claims Committee using the FAC 52: "Large Claim Closure Worksheet" within 30 days of closure. This form is required only on previously reported large losses.

If the Member should determine that a reported claim no longer meets the reporting conditions after the Initial Report has been submitted to the Committee, the member should advise the Committee of the reasons for the disqualification of that particular file. The file will continue to be reported until the Committee has advised the member of its decision on the reporting status.

### III GENERAL

- Once the Initial Report to Facility Association has been received and the Claims Committee has reviewed the information contained on the FAC 50 and 51 and the Summary Report, an acknowledgement email will be sent to the member company Project Manager with the Claims Committee comments, observations and suggestions.
- Occasionally, the Claims Committee will question the reserves being carried by the Member Company. In such cases, Facility Association will advise the Project Manager of the Claims Committee's concern. The Member Company should then modify or adjust the reserve level or explain the rationale behind the reserve and the Project Manager should send the modification, adjustment, or explanation to the Claims Committee.
- The setting of reserves for injuries in Ontario requires the consideration of whether the injury will meet the threshold criteria. The Claims Committee recommends that if it cannot be determined whether or not an injury will meet the threshold test, a reserve that reflects 100% of the assessed value be maintained.

### IV RECONCILIATION

Annually, Facility Association will supply to each member company in each province, a list of claims that have been reported to the Claims Committee and are still open. The member branch/company should check this list against its outstanding register and report any discrepancies to the Claims Committee using the appropriate forms i.e. FAC 50, 51 or 52.

NOTE: This reconciliation does not replace the usual requirement for reporting/updating.

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## SUMMARY REPORT

The Summary Report must be submitted with the "Initial Reports" (FAC 50/51) and fulfil the following needs:

- Provide the Facility Association Claims Committee with a complete overview of the claim including information pertinent to the file and not contained in the completed accompanying FAC 50 and 51 forms.
- Include a synopsis of medical information, reconstruction reports, statements, legal summaries and any information relevant or unique to that particular claim. If the Claims Committee requires additional information, it will be requested.
- Elaborate on the intended action that is necessary to bring the claim to a satisfactory conclusion.

Note: The Claims Committee will not accept copies of full medical reports or assessments, legal opinions, reconstruction reports, etc. unless specifically requested

## FAC FORMS

### FAC 50: LARGE CLAIMS REPORT: GENERAL

This form is to facilitate the reporting of claims which fall into the categories as outlined in the large loss reporting section of this Claims Guide in a simple condensed format. If the completion instructions are followed there should be sufficient information for the Claims Committee to adequately assess the claim and must be completed in its entirety. The company reporting number is of great importance and must be correctly reported on this form to Facility Association.

A "Summary Report" must accompany the FAC 50/51 for the Initial Report. A description of the Summary Report precedes this section. Once the Claims Committee has reviewed the submission, an acknowledgement email will be emailed to the Project Manager with any suggestions or recommendations from the Claims Committee.

Retain copies of all Facility Association forms and correspondence both to and from Facility Association. This will assist anyone reviewing the file to determine the status of the Facility Association file.

**NOTE:** Do not send copies of file reports.

**Facility Association**
**FAC 50 – Large Claims Report**

<input type="checkbox"/> Initial Report <input type="checkbox"/> Revision <input type="checkbox"/> Update		F.A. Claim # (Provided by FA after initial report)				Company #:					
Company Name and Address:						Claim #:					
Insured Name:						Policy #:					
Insured Address:											
Coverage Jurisdiction:											
T.P. Limits:		AB Schedule:		Policy From Date (d/m/y):		Policy To Date (d/m/y):		Loss Date (d/m/y):			
Describe Circumstances of Accident & Liability Issues:											
Location of Loss (City/Province):						Degree of Liability:					
<i>NOTE: Attach "Summary Report" and a FAC 51 for each claimant with initial report.</i>						<input type="checkbox"/> Insured %					
						<input type="checkbox"/> Third Party %					
						<input type="checkbox"/> Other %					
Name of Claimant (1 Claimant + 1 Kind of Claim (KOL) Per Line)		FAC 51	Kind of Loss						Paid to Date	Reserve	
		<input type="checkbox"/>	B.I.	P.H.	P.D.	Under Ins.	Un-Insured	Acc. Rep.	Coll.		
		<input type="checkbox"/>									
		<input type="checkbox"/>									
		<input type="checkbox"/>									
		<input type="checkbox"/>									
		<input type="checkbox"/>									
<b>Total All Coverages:</b>										<b>\$0.00</b>	<b>\$0.00</b>
Name of Claims Rep:						Date (d/m/y):					

**FAC 50: LARGE CLAIMS REPORT - COMPLETION INSTRUCTIONS**

<p><i>Line 1:</i> Initial Report Revision Update</p> <p>F.A. Claim #</p>	<p>Please check box so that we can distinguish the status of information being submitted.</p> <p>DO NOT COMPLETE. This number will be provided to the Member via the acknowledgement copy from the Claims Committee.</p>
<p><i>Line 2:</i> Company #</p> <p>Company Name &amp; Address</p> <p>Claim #</p>	<p>Your Risk Sharing Pool Company #</p> <p>Reporting Company's name and address of underwriting Branch.</p> <p>Members reference number for that particular claim.</p>
<p><i>Line 3:</i> Assured &amp; Address</p> <p>Policy #</p> <p>Coverage Jurisdiction</p>	<p>e.g., John Doe, City</p> <p>Policy that applies to this claim.</p> <p>Province of coverage</p>
<p><i>Line 4:</i> TP Limits</p> <p>AB Schedule</p> <p>Policy Term</p> <p>Loss Date</p>	<p>Section 3 policy limits.</p> <p>Indicate whether standard AB limits or the particular legislation applicable.</p> <p>Applicable term under which loss falls.</p> <p>Exact &amp; correct Date of Loss for this occurrence (dd/mm/yy).</p>
<p><i>Line 5:</i> Describe Circumstances of Accident &amp; Liability Issues</p>	<p>A brief description of the circumstances of this claim and any issues which may affect the liability.</p>
<p><i>Line 6:</i> Location of Loss</p> <p>Degree of Liability</p>	<p>Where did loss occur as opposed to underwriting province.</p> <p>Please check box and enter percentage e.g., Insured 100%.</p>
<p><i>Line 7:</i> NOTE : Attach "Summary Report" and a FAC 51 For Each Claimant With Initial Report</p>	<p>This line ONLY applies to the Initial Report. A "Summary Report", as described in this Guide must be enclosed. A FAC 51 for each claimant must also accompany the Initial Report.</p>

FAC 50: LARGE CLAIMS REPORT - COMPLETION INSTRUCTIONS (cont'd)

<p>Line 8: Name of Claimant (1 Claimant &amp; 1 KIND OF CLAIM (KOL))</p> <p>FAC 51</p> <p>KIND OF CLAIM KOL</p> <p>Paid to Date</p> <p>Reserve</p>	<p>Provide the claimant's name for the 'KIND OF CLAIM' the paid and reserve apply to on that line. NOTE: only one KIND OF CLAIM per line i.e., only BI or PH or PD etc. If that claimant also has a claim for another KOL, use a second line.</p> <p>If the reserve and paid require substantiation for that KIND OF LOSS then a FAC 51 must be completed and attached. Check this area if this applies for that claimant.</p> <p>Please check the applicable cover that applies. ONLY one KOL per line.</p> <p>Amounts paid for the checked KOL for that line and claimant.</p> <p>Amount of money anticipated to satisfy the indicated (checked) KOL.</p>
<p>Line 9: Signature of Claims Rep</p>   <p>Date</p>	<p>The Claims Rep or a Senior Claims Officer must review the submission to verify that it reflects the present position of the file.</p> <p>MANDATORY field which must be filled in on the date the submission is made.</p>
<p>Line 10: Committee Comments</p>	<p>LEAVE BLANK - this is for the F.A. Claims Committee use only.</p>

## FAC 51: BODILY INJURY AND/OR ACCIDENT BENEFITS WORKSHEET: GENERAL

The FAC 51 form is intended to supplement the FAC 50 and justify the various reserve calculations for injury claimants and their respective Kind Of Loss (KOL) checked off on the FAC 50.

The form is only intended for individual claimants, e.g., only one claimant per FAC 51 but can demonstrate the calculation for that claimant for both Tort and Accident Benefits.

The form is divided into two sections - the information section and the reserve calculation for Tort and Accident Benefits:

- The top of the form deals with the pertinent individual information that will affect the calculation of the reserve.
- The bottom section of the form is the worksheet for either the Tort or Accident Benefits reserves or both.
- The calculations for the reserves should not consider any "paid to date" amounts. Paid losses should only be reflected in the appropriate KOL section of the FAC 50.
- As well, the amounts of calculated reserve should be reflected in the appropriate KOL section of the FAC 50.

For claimant who could possibly make a claim under both the Tort and the Accident Benefits sections of the auto policy, the FAC 51 can be used to calculate both reserves.

**If there is a separation of the files due to "conflict of interest" issues, or company policy, separate FAC 51's can be completed by the separate Claims Reps but both must be submitted with the initial report.**

If there are separate claim numbers then the respective FAC 51's should reflect the company claim number for the appropriate KOL. The "Summary Report" can cover the different issues for Tort and Accident Benefits.

For claims occurring in provinces other than Ontario, please check the "other" area.

**Facility Association  
 FAC 51 – Bodily Injury A/O Accident Benefit Worksheet**

Company #:	Company Name and Address :	Your Claim #:
Claimant:	Age:	Sex:
Marital Status:	Dependants:	Time in Hospital:
		W.S.I.B. / <input type="checkbox"/> CB Benefits Yes <input type="checkbox"/> No
		Position in Accident: Driver Passenger T.P. Vehicle Pedestrian

Nature &amp; Extent of Injuries:

Ontario Tort <input type="checkbox"/>	Ontario AB <input type="checkbox"/>	Other Province <input type="checkbox"/>
OMPP <input type="checkbox"/>	Bill 164 <input type="checkbox"/>	Bill 59 <input type="checkbox"/>
	Bill 198 <input type="checkbox"/>	<input type="checkbox"/> Other

A	B	C
General Damages: \$	Weekly Wages \$	Future Wage Loss / LOCA \$
FLA: (net) \$	Less Liability % \$	Other \$
Deductible \$	Sub Total: \$	T/P Costs \$
Less Liability % \$	Less Accident Benefits \$	Defense Costs \$
Sub Total: \$	Less Collaterals \$	Housekeeping / Home Maint \$
Deductible (Bill 164) \$	Sub Total: \$	Future Meds \$
P.J.I. X Years \$	P.J.I. X Years \$	Total of C: \$
Total of A: \$	Total of B: \$	Grand Total of A + B + C: \$

**Disability Income Weekly Benefit Calculation:**

Gross / Net = \$	+ Additional Income \$	
\$ X % =	Less Collaterals \$	= Weekly maximum \$
\$ X weeks = \$		
Meets Post 104 Definition	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Accepted as CAT	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Tabular Reserves	Yes <input type="checkbox"/>	No <input type="checkbox"/> If Yes \$
Ontario Accident Benefits:	OMPP <input type="checkbox"/>	Bill 164 <input type="checkbox"/>
Loss Transfer Applicable:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Disability Income Benefit (from above)		\$
Care Giver Benefit (Dependent Care)		\$ X weeks \$
Attendant Care Benefit		\$ X weeks \$
Housekeeping		\$ X weeks \$
Dependant Care Benefit or O.D.B. or N.E.B.		\$ X weeks \$
Medical (include transportation)		\$
Rehabilitation Expenses – Vocational		\$
Rehabilitation Expenses		\$
Visitor Expenses Benefits		\$
Clothing Expenses Benefits		\$
Death Benefits		\$
Funeral Benefits		\$
Other Pecuniary Losses		\$
If CAT - Case Management Expenses		\$
<b>Grand Total of Accident Benefits</b>		<b>\$</b>



**FAC 51: BODILY INJURY AND/OR ACCIDENT BENEFIT WORKSHEET**

<b>Line 1:</b> Company Number  Company Name & Address  Your Claim #	Your Risk Sharing Pool Company #  Reporting Company's name and address of underwriting branch.  Report all reference claim numbers for this claimant; e.g., if file separated and separate claim numbers apply to Tort and Accident Benefits, show all applicable numbers.
<b>Line 2:</b> Claimant Name  Age  Sex  Employment/Annual Income	Individual's name who is making claim <b>ONLY 1 CLAIMANT PER FAC 51.</b>  The number of years since birth or the birth date (either is acceptable).  Male or Female.  If Tort issue: present status – type of work. If AB issue: present status plus any applicable previous employment that might affect the calculation.
<b>Line 3:</b> Marital Status  Dependants  Time in Hospital  W.S.I.B. / W.C.B Benefits  Position in Accident	Applicable status at the time of loss.  Those that will affect the calculation.  Number of days claimant was in the hospital.  Check appropriate box to determine if the entitlement or lack of entitlement will affect the reserve calculation.  Check appropriate box for this claimant.
<b>Line 4:</b> Nature & Extent of Injuries	Complete description of the resultant injury or injuries suffered in this accident and/or any associative medical problems that may affect the reserve calculation.

**FAC 52: LARGE CLAIM CLOSURE WORKSHEET - GENERAL**

This form is used to advise the Facility Association Claims Committee that a reported large loss. i.e. a file that has been reported to the Claims Committee which has met the requirements for reporting as contained in this Guide, has been concluded. Submission of the FAC 52 must be done in order to close our files.

**Facility Association**
**FAC 52 (TORT) – Large Claim closure Worksheet**

Company #:	Name:	Address:
<b>Note :</b> Final Closing Notice <u>on previously reported losses only</u>		
Name of Insured:		Policy #:
F.A. Claim #:	Co. claim #	Date of Loss (d/m/y):
Date of Closing (d/m/y):		

Kind of Loss Payments	BI	PH	PD	UIM/Under Ins.
Loss	\$	\$	\$	\$
Name of Claims Rep:			Date:	

### Facility Association

#### FAC 52 (AB) – Large Claim closure Worksheet

Company #:	Name:	Address:
<b>Note :</b> Final Closing Notice <u>on previously reported losses only</u>		
Name of Insured:		Policy #:
F.A. Claim #:	Co. Claim #	Date of Loss (d/m/y):
Date of Closing (d/m/y):		

Kind of Loss Payments	AB
Loss	\$

Name of Claims Rep:	Date:
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## LEGAL & PROFESSIONAL FEES

The Facility Association will accept transfer of only the Claims Expenses listed below.

Any item included in First Party Legal disbursements which is investigative in nature (i.e. Police Reports - Surveillance Reports) does not qualify and is to be deleted from the amount transferred to the RSP.

### Expense Codes Categories

- A.** First Party Legal
  
- B.** Alternate Dispute Resolution Services
  - Accounting Services
  - Actuarial Services
  - Architectural Services
  - Engineering Services
  - Notarial Services
  - Court Stenographers' Transcripts
  - Coroners' Court Transcripts
  - Medical Reports
  - Autopsy Reports
  - Arbitration
  - Translations
  - \*Seller Fees on Salvage

- \* Currently Facility Association does not allow for ceding or reimbursement of management fees. Effective April 1, 2015, the exception to his rule is for seller fees or management fees that are included in a salvage company's invoice. There is no requirement to remove the seller fees/management fee portion of the salvage invoice before submitting to the RSP System.