Risk Sharing Pool (RSP) Claims Guide

Revised June 1, 2023

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This Guide takes priority over all prior bulletins and instruction

Introduction

Purpose

Facility Association (FA) ensures the availability of automobile insurance to owners, lessees and licensed drivers of motor vehicles who are eligible.

Mission

To deliver on our Purpose through the efficient administration of automobile insurance residual market mechanisms; and by providing valued information to our Members. FA strives to enhance market stability through minimizing our market presence and impact, in an effort to provide consumers with the benefits of a healthy and competitive standard insurance market.

Vision

FA is recognized as an essential component of the Canadian P&C insurance industry, supporting Canadians and the Canadian economy through its highly efficient and effective administration of automobile insurance residual markets and data governance; FA is sought out for its objective opinion on residual markets and related issues.

Who We Are

FA is an unincorporated non-profit association of insurers. FA operates in Yukon, Nunavut, Northwest Territories, Alberta, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador. Every insurer licensed to write automobile liability insurance in these jurisdictions is a Member of FA. The affairs and business of FA is managed and controlled by a Board of Directors with authority Canada-wide. The President and CEO is responsible for the day-to-day operations of the organization and Management of staff.

What We Do

Risk Sharing Pools (RSP) operate in Ontario, Alberta, New Brunswick, Nova Scotia and Newfoundland and Labrador and only apply to private passenger vehicles. The RSP's are administered by the FA and accept risks underwritten by Members at their own approved premium levels or at a regulated maximum level where applicable. Insurers issue policies on their own book, and then have the option of keeping such business or transferring it to the RSP where eligible. Each RSP has its own eligibility guidelines for risk submission.

Facility Association Plan of Operation

Operating Principles

Servicing Of Transferred Risks

Part IV Section 3 – A Member who has transferred a risk to the RSP will provide the same services in connection with administration, payment options, claims investigation and handling and other consumer services and facilities as it would if such risk had been retained by it for its own account.

Claim Procedures

Part IV Section 4

A. Investigation and Settlement
In respect to every claim on insurance transferred to the RSP:

- It shall be the responsibility of the Member concerned to investigate, defend and settle the claim or suit as it would in the absence of the RSP. The Association shall have the right and shall be given the opportunity of associating with the Member in the defense of any claim or suit and shall receive the full co-operation of the Member.

- The RSP shall contribute to the loss adjustment cost in connection with internal costs and external loss adjustment costs other than professional fees through payment of the amount determined on a basis to be established by the Board from time to time as set out in the applicable provisions of Article XI.1, Section 6(b) or Article XI.2, Section 5(b). The Member shall be reimbursed in connection with expenses for professional fees on the basis established in the applicable FA RSP Claims Guide.

B. Transfer Forms
In respect of claims on transferred risk:

- Members shall promptly complete and submit individual Claim Transfer Forms and Claim Batch Control Forms by written, tape, disc or other approved method in respect of all claim payments and recoveries and all new reserves and reserve changes in accordance with procedures authorized by the Board and published by the Association. The individual forms shall contain all the applicable statistical information.

C. Large Claims

- When the cost of any one loss on a transferred risk is estimated by the Member to reach or exceed such amount as may require reporting pursuant to the provisions of the FA RSP Claims Guide as a large loss the Member shall comply with the procedures set out in the applicable FA RSP Claims Guide as approved by the Board from time to time.

- When the total amount paid by the Member and recoverable from the RSP in respect of one accident exceeds $100,000 or such other amount as may from time to time be determined by the Board it will upon the request of the Member be paid such amount by special remittance immediately upon receipt by the RSP of the required information as stipulated in the applicable RSP Procedures Manual.

D. Claims Reporting

- A member shall within twelve months from the date it receives a claim under a policy that has been transferred to an RSP, including any loss for which settlement expenses would be incurred by the member without there being any claims payment, report to the Association that it will be claiming against the RSP in connection therewith.

- If a member fails to comply with this requirement, the Association management may require the member to remove the claim from the RSP due to late reporting. In any such case the member shall have the right to appeal such decision to the Claims Committee and to the Board.

Articles of Association

Auditing of Members

Article XVIII – FA may audit the records of any Member relating to the subject matter of the Plan of Operation and may establish what policies, records, books of account, documents and related material it deems necessary to carry out its functions. Such material shall be provided by the Members in the form and with the frequency reasonably required by FA.

Records and Reports

- Article XVII – 1) With the exception of any information, records, data or other material forming part of the UIP, which shall be maintained secure and confidential, the books of account, records, reports and other documents of the Association shall be open to inspection by any Member at such time and under such conditions and directives as the Board shall determine.

- Article XVII – 2) The books of account of the Association shall be audited at least every twelve months by a firm of auditors who shall be appointed by the Members at each annual general meeting.

Appointment of Claims Project Manager(s)

Member Companies are required to designate a Claims Project Manager to liaise with FA. The designate will be the point of contact for all claims related correspondence between the Member and FA. Given the importance of the duties and responsibilities, a senior claims representative as a designate is strongly recommended. Consequently, it is also important that Members immediately notify FA of any Claims Project Manager changes.

Core Duties and Responsibilities
The core duties and responsibilities of Project Managers are:

- To ensure compliance with FA Claims Guides and procedures.
- To distribute FA bulletins as required.
- To ensure that losses, as defined in this guide, are reported in their totality, including those claims that are separated by coverage or sub-lines.
- To provide updates on large losses ‘as required’ and/or every 6 months as per the FA determined schedule.
- To address any correspondence and inquiries from the FA Claims Team and Claims Committee.
- To address any claims matters that are of concern to FA.
- To coordinate with the FA Compliance Team on any claims compliance reviews.

Facility Association Claims Committee

The FA Claims Committee is comprised of senior claims personnel from both Member Companies and Servicing Carrier(s). The FA Claims Committee usually meets approximately six (6) times annually.

Committee Objectives

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

Committee Duties and Responsibilities

The Claims Committee shall be responsible for advising FA on Claims related matters including:

- Issues which are industry related to properly interpret their meaning and impact in relation to FA procedures.
- New court decisions and legislation and the impact they may have on claims.
- Providing direction, guidance and recommendations to FA staff on large loss claims:
    - FA staff will review all large loss claims as outlined in the RSP and FARM Claims Guides and bring any claims that require further guidance to the Claims Committee for discussion.
    - FA staff will take those recommendations to the Member Companies or Servicing Carriers as needed.
- As determined by FA staff, the Committee will also provide expertise and recommendations on Uninsured Automobile Fund files and Servicing Carrier Run Off files.
- Reviewing any class action lawsuits where FA is named.
- Supporting the Provincial Operating Committee in deciding on coverage and/or liability in disputed claims.
- Reviewing any changes FA staff propose to the RSP and FARM Claims Guides, prior to submission to the Governance and Human Resources Committee and Financial Services Regulatory Authority of Ontario for approval.
- Any other topic or file that FA Staff wish to bring to the Claims Committee for discussion and/or review.

Large Loss Reporting Criteria

The FA Claims Team requires notice of any occurrence that meets **one or more** of the following criteria:

1. An aggregate total incurred (paid and outstanding) loss and reserves of **$500,000** or more (total of all sub-files).

Note: FA bases its reporting on the total incurred for each file, i.e. all lines of paid to date/open reserves for the entire file. If the file is separated by coverage, both the Accident Benefits total incurred and the Bodily Injury total incurred aspects of the file sections must be reported. This reporting will be accommodated under one FA claim number.

2. A claim with **reported theft** of a vehicle that has an aggregate total incurred (paid and outstanding) loss and reserves of **$150,000** or more under the comprehensive coverage.

3. A claim reserved at 75% or greater of Third Party Liability, Uninsured or Underinsured policy limits.

4. A serious injury including but not limited to:
   - Fatality with dependents.
   - Brain injury with a Glasgow Coma Scale Score of 8 or less within 12 hours of the motor vehicle accident, and/or continuous hospital stay of more than 12 days in the 14 days subsequent to the motor vehicle accident.
   - Any plegia (para, quadra, tetra, hemi, etc.).
   - Amputation of a limb at or above the elbow or knee.
   - Serious disfigurement.
   - Loss of vision in both eyes.
   - A class 4 or class 5 impairment in one or more areas of function that occurs 2 years or more post-accident.

   Note: 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 and/or entitlement under the disability section of the policy for two (2) years or more for Income Replacement Benefit, Non-Earner Benefit and/or Caregiver Benefit.
   - Claimant has been receiving Ontario Disability Support Plan (ODSP) and/or Canadian Pension Plan Disability (CPP-D), and/or Long-Term Disability payments at the time of the motor vehicle accident, and/or is expected to receive benefits under ODSP or CPP-D after the motor vehicle accident.
   - Where the optional benefit of $1,000,000 non-catastrophic injuries were purchased prior to the motor vehicle accident.

- Where the optional benefit of $600, or $800 or $1,000 per week for Income Replacement Benefits was purchased prior to the motor vehicle accident.
- Where an insurer is in agreement with a submitted Application for Catastrophic Impairment Determination (OCF-19), either before proceeding to the Section 44 Insurer's Examination(s) or as a result of the Section 44 Insurer's Examination(s).

6. All class actions or situations where an action has been initiated naming FA or, where FA will be presented with the legal fees for defending such an action.

The Large Loss Review Process

- All claims which qualify as a **large loss must be reported to the FA Claims Team within 60 days of the Member's knowledge** of the claim(s) meeting the reporting criteria using the:
    - Summary Report;
    - FAC 50;
    - FAC 51 (FAC 51 is for Accident Benefits and/or Bodily Injury Files only);

Note: The initial FAC 50 should be named "Initial Report."

- Once the claim has been reported to FA and the FA Claims Team and/or Claims Committee has reviewed the information contained on the Summary Report, FAC 50 and FAC 51 an acknowledgement may be sent to the RSP Project Manager with comments, observations and/or suggestions.

- Occasionally, the FA Claims Team and/or Claims Committee will either question or make a recommendation on the reserves and/or other urgent issues. In such cases, FA will notify the Project Manager of the FA Claims Team and/or Claims Committee's comments and provide a due date to respond by. The Member Company may have to respond within 30 days or by the next regular due date of the 15th of their reporting month. As part of the response, the Member Company may need to:
    - Modify or adjust the reserve level in accordance with the FA Claims Team and/or Claims Committee recommendations; and/or
    - Provide an explanation to the FA Claims Team and/or Claims Committee of the rationale of the reserving.
    - Respond to other urgent issues raised.

- All reported claims must be updated every 6 months as per the FA determined schedule, or as required by the FA Claims Team. The updates require a Summary Report, FAC 50 and a FAC 51.

Note: The setting of reserves for injuries in Ontario requires the consideration of whether the injury will meet the Tort threshold criteria. FA recommends that if it cannot be determined whether or not an injury will meet the threshold test, a Bodily Injury Tort reserve that reflects 100% of the assessed value be maintained.

How to Report a Large Loss

In order to submit a new claim or update a large loss to FA, the following documents must be submitted to the FA Claims Mailbox: claims@facilityassociation.com

A. Summary Report
B. FAC 50
C. FAC 51 if an Accident Benefits or Bodily Injury claim (Example: Theft and other property damage claims do not require a FAC 51)

- Please ensure all lines are completed on any form being submitted. If the form field is not applicable, kindly note not applicable or "n/a."

- All documents being submitted per reporting period should be submitted in one combined email that indicates in the subject line: initial report or update, insured's name, policy number, claim number and FA claim number (if a claim number is known).

- All emails and inquiries must be submitted from only the Claims Project Managers to FA.

A. Summary Report

The objective of a Summary Report is to provide the FA Claims Team and/or Claims Committee with sufficient information to facilitate the review of claims records. The Summary Report must be submitted for each claimant with an open claim and is to be provided with **every initial claim submission and update report.**

The FA Claims Team and the Claims Committee expects that the following information is provided in Summary Reports:

- A complete overview of the claim including information pertinent to the file.
- A 'synopsis' of medical information, reconstruction reports, legal summaries, etc. and any information relevant or unique to that particular claim.
- The intended action to bring the claim to conclusion.

Note: Refer to Summary Report for all required information.

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

B. FAC 50 (Large Claims Report)

The FAC 50 form facilitates the reporting of claims meeting the reporting criteria in accordance with the categories provided in this Claims Guide in a condensed format. Accurate and full completion of this document allows sufficient information for FA to adequately assess the claim. It is also important that the company reporting number is provided on this document. The FAC 50 is to be provided with **every initial claim submission and update report.**

- Any paid losses and the amounts of calculated reserve must only be reflected in the appropriate Type of Loss sections.
- Ensure that all claims, even closed losses or claimants, are recorded on the FAC 50. For instance, record the Collision paid out and the Tort claim that has settled, even if there is still an ongoing Accident Benefit claim.
- Submit one FAC 50 form with all of the claims lines noted. Only attach additional FAC 50 forms if more lines are required. Do not submit a FAC 50 per Type of Loss.

C. FAC 51 (Bodily Injury and/or Accident Benefits Worksheet)

The FAC 51 form is intended to supplement the FAC 50 and provides the various reserve calculations for injury claimants. The FAC 51 is intended for individual claimants, e.g. only one claimant per FAC 51. The FAC 51 is to be provided with **every initial claim submission and update report.**

The FAC 51 is divided into two sections:

i) Information
ii) Reserve calculation: The 'Information Section' provides pertinent individual information that supports the reserve calculation whereas the Reserve calculation is a worksheet that supports calculations for Tort and/or Accident Benefits.

Note: Calculations for the reserves should **not** consider any "paid to date" amounts.

Submitting FAC Forms

A Summary Report and FAC 50 are required on all initial reports and updates. If there are open Bodily Injury and/or Accident Benefit claims, then a FAC 51 is also required on all initial reports and updates. A Summary Report and FAC 51 must be submitted for each claimant with an open claim.

In circumstances where a line of business has been concluded (i.e. Collision, Accident Benefits, Bodily Injury) a FAC 52 form must be submitted to FA for the line of business and any other concluded lines of business.

The Project Manager is requested to indicate the following on the subject line:

- Initial Report or Update
- Insured's Name
- Policy Number
- Claim Number
- FA Claim Number

How to Update Large Loss Information

All reported claims must be updated every 6 months as per the FA determined schedule, or as required by the FA Claims Team. The updates require a Summary Report, FAC 50 and a FAC 51.

Note: The updated Summary Report/FAC Forms should include new/updated information that was not previously provided.

No Longer Meets Reporting Conditions or Only Open For Subrogation or Recovery

If the Member should determine that a reported claim no longer meets the reporting conditions after the Initial Report has been submitted to the FA Claims Team, the Member must advise the FA Claims Team of the reasons for the disqualification of that particular file on a FAC 52 form.

If the reported claim is now settled and only remains open for subrogation or recovery purposes after the Initial Report has been submitted to the FA Claims Team, the Member must advise the FA Claims Team on a FAC 52 form.

How to Close a Large Loss File

FAC 52

- In circumstances where a line of business has been concluded (i.e. Collision, Accident Benefits, Bodily Injury) a FAC 52 form must be submitted to FA.

- A Member may also include a Summary Report and/or FAC 51 if they feel the information is relevant or if significant change(s) have occurred.

- Please ensure a FAC 52 is submitted to FA within 30 days of when each line of business is closed. For instance, a FAC 52 will be submitted when the Collision closes and then again when all Bodily Injury claimants are closed.

Separation of Claims Files

In those circumstance whereby a separation of claims files is required due to a conflict of interest or Member policy, separate Summary Reports, FAC 50 and FAC 51 forms may be completed; however all documents must be submitted in one email from the Project Manager as the initial report and update reports.

If separate claim numbers were assigned then the respective form must reflect the assigned claim number for the appropriate Type of Loss.

Use of Approved Forms

FA will only accept submission of large loss claims information on approved Summary Report, FAC 50, 51 & 52 forms. Members' in-house or generic forms will not be accepted.

Note: We recommend obtaining the Summary Report and Forms directly from the FA Website in order to ensure Members are using the most current version.

When to Submit the Forms

- Initial: All claims which qualify as a large loss must be reported to the FA Claims Team within 60 days of the Member's knowledge of the claim(s) meeting the reporting criteria.

- Updates: Please submit the update by the 15th of the month it is due.
- All reported claims must be updated every 6 months as per the FA determined schedule, or as required by the FA Claims Team.

Where to Obtain Downloadable Forms

Downloadable forms can be obtained from the FA Website:
https://www.facilityassociation.com/members/resources/Forms

Where to Submit Claims Forms

All forms must be submitted to the following email address: claims@facilityassociation.com

Best Practice for Reconciliation

Our experience indicates that a best practice is for Members to routinely review and reconcile open claims reported to FA with the Member's own records. A request for a detailed list of open claims can be submitted to the following email address: claims@facilityassociation.com

Alphabetical Listing of Common Topics

Appeals
Appeals may be filed at any time by RSP Members. Situations that may result in an appeal may include but are not limited to:

- Challenging comments made during individual claim file reviews.
- Challenging decisions made regarding claims file handling.
- Challenging decisions made if a file was underwritten incorrectly (as discovered during claims process).

Appeal Procedure

- Discuss concerns with the FA staff member who communicated the issue that is being appealed.
- Schedule a meeting with leadership of the FA staff member who initiated the issue in question.
- If resolution is not reached, the issue will be escalated to the VP of Underwriting, Claims & Operations for review. The RSP Member will be asked at this time to submit their appeal 'in-writing' to the FA Board of Directors via email to the Office of the FA VP, Underwriting, Claims & Operations.
- The VP Underwriting, Claims & Operations makes a recommendation to the President and CEO and provides supporting evidence and obtains approval to proceed to the Claims Committee.
- The Claims Committee reviews FA Management's recommendation and provides a position on the proposed recommendation.
- The Claims Committee recommendations are taken by the President and CEO to the FA Board of Directors for review and will communicate a final decision to FA Management within 90 calendar days of the formal appeal being received in writing.
- FA Management will communicate the final decision of the FA Board of Directors to the RSP Member within 5 calendar days of receipt of the decision.

In the event an appeal is denied, Members will be required to complete any action plan items, within 30 calendar days of written notification of the Board's decision.

Appeal Process
Members have the right to appeal. All appeals must be submitted 'in-writing' to FA Board of Directors. Member appeals must include pertinent details such as, the nature of any special circumstances which caused non-compliance and the controls put into place to prevent reoccurrence.

The Plan of Operation - Articles of Association – Article XIX – Appeals:
"2. Any Member or Servicing Carrier aggrieved with respect to any action or decision of the Board, Governance and Human Resources Committee, President and Chief Executive Officer or the Association or any Committee thereof, may make written request of the Board for specific relief. Any request so received will be considered and answered within 90 days."

Coding for Ontario Accident Benefits Insurer's Examination Expenses
In accordance with direction provided by the General Insurance Statistical Agency (GISA), all statistical plan reporting companies in Ontario are required to report all Insurer Initiated Examinations Costs under Kind Of Loss (KOL) Code 86 as an allocated claim expense.

Contact Information
For Claims related queries:
Email: claims@facilityassociation.com
FA General Phone No. 1-800-268-9572

For any appeals or escalations:
Please send contact to the attention of the Vice President, Underwriting, Claims & Operations: mail@facilityassociation.com

Data Accuracy
Members are responsible for the accurate, timely, and complete transmission of claims data. Claims data includes loss/expense payments, reserves, and recoveries.

Documentation Standards
Members are expected to ensure all transactions and claims handling procedures can be supported with relevant documentation.

Errors Made By The Member
The RSP is not responsible for errors the Member commits whether that is over indemnifying or failure to identify an exclusion etc. It is the Member's responsibility to report accurately and the RSP is only responsible for the amount of the loss. Should it later be found that an error occurred, resulting in an overpayment, the RSP Member must make the correction to remove expenses and/or indemnity within 30 days of being notified by FA or becoming aware.

Ex-gratia Payments
Any voluntary payments to individuals or organizations where the Member is not obligated to make the payment but does so out of customer service or as a goodwill gesture is deemed ineligible for transfer to the RSP. Examples include waived deductibles, rentals in excess of limits, and service fees etc.

Fraud is Detected After Claim Payments Are Made
If the Member should determine that a reported claim is no longer payable due to fraud after the claim payments are made, the Member must report this within 30 days to Facility Association. The Member will deduct (remove from the RSP) monies that are repaid as they are received from the responsible party. Any fees charged by a Collection Agency or legal fees to recoup the monies are eligible to be ceded to the RSP.

Harmonized Sales Tax (HST) on Ontario Accident Benefits Claims
Any applicable HST is to be paid in addition to Ontario Accident Benefits policy limits. As such these indemnity payments are eligible to be ceded to the RSP and should be included in totals reported on FAC 50, 51 and 52 as applicable.

Interest

Interest paid in compliance with Ontario SABS requirements for late (overdue) payments are considered a penalty and are not eligible for transfer to the RSP. This is specifically referring to section 51.(3) of the Ontario SABS which states the following:

(3) Interest is payable at the rate of 1 per cent per month, compounded monthly, from the date on which the amount becomes overdue until the earlier of the following dates:

1. The date on which the overdue amount is paid.
2. The date, if any, on which interest becomes payable in accordance with subsection (4). O. Reg. 236/14, s. 1.

Interest paid in compliance with License Appeal Tribunal Rulings on Ontario Accident Benefit claims is eligible to be ceded to the Risk Sharing Pool as an indemnity. This is specifically referring to section 51.(4) of the Ontario SABS which states the following:

(4) In case of a dispute in respect of an insured person's entitlement to statutory accident benefits or in respect of the amount of statutory accident benefits to which an insured person is entitled, interest on the benefits in dispute is calculated at the prejudgment interest rate described in subsection 128 (3) of the *Courts of Justice Act* that is used for past pecuniary loss, and is payable for the period that begins on the date on which an application to the Licence Appeal Tribunal is brought under subsection 280 (2) of the Act and ends on the date a settlement is reached or a decision is issued that finally disposes of the dispute. O. Reg. 236/14, s. 1; O. Reg. 44/16, s. 5.

Legal Action Naming Facility Association

Should a Member be made aware of a pending or ongoing legal action in which Facility Association (FA) is named, the Member must advise FA as soon as possible. In accordance with The Plan of Operation Article XVI – Indemnification

1. Other than with respect to an action, suit, claim or proceeding by the Association as against a Servicing Carrier, any person or member made a party to an action, suit or proceeding because such person or member served or is serving on the Board, the Audit and Risk Committee, the Governance and Human Resources Committee or other committee or sub-committee of the Association, or was or is an officer, member or employee of the Association, or acts or has acted as a Servicing Carrier pursuant to Article IX of these Articles, shall be indemnified and held harmless by the Association against all costs (including the amounts of judgments, settlements, fines or penalties) and expenses incurred in connection with such action, suit or proceeding; provided, however, that such indemnification shall not be provided in any matter in which the person or member shall be finally adjudged in any such action, suit or proceeding to have committed a breach of duty involving gross negligence, bad faith, dishonesty, willful misfeasance or reckless disregard of the responsibilities of his office. In the event of settlement of a matter before final adjudication, indemnification shall be provided only if the Association is advised by independent counsel that the person or member to be indemnified did not in counsel's opinion commit such a breach of duty.

2. The costs and expenses of such indemnification shall be prorated and paid for by the members, each contributing in accordance with Article V.

Loss of Use (Rental Coverage) Limit
The Member has the option to offer various limits for Loss of Use (Rental Coverage), to the policyholder(s) at the time the policy is purchased for an additional premium charge.

Point of Contact
Project Managers are the designated point of contact for FA. Therefore, all inquiries from your staff must be directed through the Project Manager to FA.

Priority of Ontario Accident Benefit Claims
A RSP Member must proactively investigate priority of payment on an Ontario Accident Benefit claim submissions within specified timelines. This includes commencing any arbitration actions. Should a RSP Member fail to investigate, put on notice and/or commence arbitration within the timelines, FA reserves the right to ask the RSP Member to remove the Accident Benefits claim from the RSP. The FAC 51 and Summary Reports submitted must make mention of priority issues of Ontario Accident Benefit claimants and steps taken to investigate priority of coverage.

Recoveries
If the Member should receive a recovery after the claim payments are made, the Member will deduct (remove from the RSP) monies that are repaid as they are received from the responsible party. Any fees charged by a Collection Agency or legal fees to recoup the monies are eligible to be ceded to the RSP as an expense.

Retention Policy
The retention of records by any Member relating to the subject matter of the Plan of Operation which includes the RSP, must follow the Statutory Requirements as set out for Insurance Companies at the Provincial and Federal level. In addition, records supporting the transmission of data to the RSP shall be retained for at least ten years from the date the claim was closed.

Salvage
Treatment of Applicable Sales Taxes Received on RSP Salvage Items – Salvage collected by Members related to RSP claims must be transferred to the applicable RSP and should be exclusive of any applicable sales taxes (GST/HST) collected with salvage, since Members are responsible for remitting sales taxes (GST/HST) to the relevant tax authority. However, any sales taxes paid by Members on eligible fees/charges and expenses related to the handling of the salvage may be transferred to the applicable RSP for reimbursement. As per the RSP Procedures manual, salvage collected is processed to the applicable RSP as a negative paid claim transaction (net of applicable sales tax). Members may elect to report salvage collection and associated cost transactions separately or as a single net transaction.

Most Members will elect to sell the salvage at auction. In some cases, Members may elect to enter into an agreement with a purchaser of the salvage for an agreed upon flat fee that is a percentage of the Actual Cash Value. Any contracts entered into by the RSP Member for a vendor to have exclusive right to purchase salvage on RSP claims, must be approved by FA prior to being entered into.

Should an insured wish to retain salvage, they shall make payment in the amount of the current Actual Cash Value.

If the Member should receive a salvage payment after the claim payments are made, the Member will deduct (remove from the RSP) monies that are repaid as they are received from the responsible party. Any fees charged by a Collection Agency or legal fees to recoup the monies are eligible to be ceded to the RSP as an expense.

Structured Settlements

Members are encouraged to consider full and final settlement via a structured settlement when appropriate. Fees incurred to establish the structured settlement are eligible to be ceded to the RSP as an expense provided that a reversionary clause to the RSP Member for a period no less than 10 years is included.

Members are required to annually submit information related to structured settlements as requested by FA Central Office for year-end financial statement disclosure purposes. To support this reporting requirement, Members must maintain accurate records on structured settlements and have controls in place to ensure structured settlements are monitored and reversionary interest is credited back to FA where applicable.

Structured Settlements - Member Role and Responsibilities

- To immediately report the structured settlement when plaintiff lawyer agrees to a structured settlement by completing a FAC 50 form and provide FA with updates using FAC 51 forms until such time a final release is signed and a FAC 52 form completed;
- To settle claims in accordance with parent company's guidelines and procedures;
- To use the amounts settled as the basis to purchase the annuity agreement;
- To ensure that any fees and service amounts are added to the amounts for the company purchase of the annuity, as well, to make payments as directed;
- To ensure the RSP Member is named if the structure settlement purchased is commutable;
- To inform FA as requested of any new structures purchased within the year;
- To retain documentation in accordance with the FA retention policy.

Subrogation

Members are required to investigate and pursue all possibilities for subrogation opportunities including loss transfer on Ontario Accident Benefits claims. Should the Member fail to investigate, pursue or begin subrogation on a claim, the portion of the claim that could have been subrogated cannot be ceded to the RSP and the Member is responsible for this portion.

Subrogation must commence as soon as practicable on the claim and cannot be delayed until the file is closed. Reasonable expenses incurred to pursue subrogation (legal fees) is eligible to be ceded to the RSP.

Unfair or Deceptive Acts and Practices

If a Member is found to have committed an act that is considered to be an Unfair or Deceptive Act or Practice, then none of the legal fees to defend an action and any damages awarded may be ceded to the RSP.

If a Member incurs legal fees in civil or criminal court in regards to possible insurance fraud (as considered under the Insurance Act, Criminal Code of Canada, and/or provincial legislation) committed by the insured or claimant, then all reasonable legal fees may be submitted to the RSP as an expense.

Eligible Legal and Professional Expenses

Reimbursement of Legal & Professional Fees
It will be the responsibility of the Members to cede the expenses to FA for reimbursement of these fees.

Types of Claims Eligible for Submission of Legal Fees / Expenses in Category A is limited to:

- Bodily Injury Claims/Tort/Passenger Hazard/Uninsured and Underinsured Motorist
- Section B and Accident Benefit Claims
- Physical Damage Claims

Types of Claims Eligible for Submission of Professional Fees / Expenses in Category B is limited to:

- Bodily Injury Claims/Tort/Passenger Hazard/Uninsured and Underinsured Motorist
- Section B and Accident Benefit Claims
- Physical Damage Claims

Types of Claims Eligible for Submission:	All RSP Eligible Provinces:	Category:
• Bodily Injury Claims/Tort/Passenger Hazard/Uninsured and Underinsured Motorist • Section B and Accident Benefits Claims • Physical Damage Claims	Yes	A (Legal Fees and Expenses)
• Bodily Injury Claims/Tort/Passenger Hazard/Uninsured and Underinsured Motorist • Section B and Accident Benefits Claims • Physical Damage Claims	Yes	B (Professional Fees and Expenses)

*** Category A and B Schedules can be found on the following pages.**

Reimbursement of In-House Legal Expenses
FA will reimburse Members for the cost of in-house legal expenses provided they qualify under reimbursable expenses and must be billed to individual files.

It will be the responsibility of the Members to cede the appropriate submission to FA for reimbursement of these fees.

Flat Fees Billing of In-House and Retained Counsel
Some Members have negotiated preferred rates for retained counsel and/or pay a flat fee by file type to in-house or retained counsel. In these instances, the RSP will reimburse the Member for these fees. Given that flat fee arrangements will not track disbursements and hourly breakdown, on these files only, an invoice indicating the claim number, date of loss, claimant and plaintiff names and the amount payable noting it is a flat fee arrangement will be accepted as appropriate documentation by FA.

Eligible Legal and Professional Claims Expenses
FA will reimburse RSP Members for approved Legal and Professional Claims Expenses (as per the following schedule) resulting from any one claim occurrence under Category A and/or Category B.

Category A Schedule:

Reimbursable Expenses:	Non-Reimbursable Expenses:

• Legal Defence Fees
  ○ Reasonable hourly fees for lawyers and support staff
  ○ Reasonable charges in accordance with internal procedures for the Member company for mileage, meals, hotel when travel is necessary
  ○ Reasonable postage and photocopy fees
  ○ Reasonable fees to pursue subrogation
• Notarial Services Performed by a Lawyer
• Private Mediation and Arbitration (includes Mediator Fees, LAT Filing Fees and Defence Fees)
• Translation for Legal Proceedings
	• The Following Legal Defence Fees:
	  ○ Local, long-distance, or cell phone charges, incoming or outgoing fax fees
	  ○ Legal opinions from a second defence firm
	  ○ Third party adjuster investigation fees
	  ○ Legal fees incurred to review, provide a legal opinion or defend against an estoppel or other error made by the staff of a Member
	  ○ Fees from more than one defence firm unless:
	  • A conflict arises;
	  • The original firm ceases to exist;
	  • The original lead lawyer changes firms; and/or
	  • The action changes venue to another province

Category B Schedule:

Reimbursable Expenses:	Non-Reimbursable Expenses:

• Accident Reconstruction Investigation (includes Engineering and Biomechanical Reports)
• Accounting Services
• Actuarial Services
• Architectural Services
• Autopsy Reports
• Collection Fees To Reclaim Payments
• Coroners' Court Transcripts and Reports
• Court Stenographers' Transcript Fees
• Extended Police Reports and Officer Notes
• Fire Department Expenses (includes Administrative Fees)
• Investigation Services (does not include third party adjuster investigation fees)
• Medical Reports (Tort Defence Medical and Assessment Reports & SABS Insurer's Examinations)
  ○ Does not include:
  • Copies of clinical notes and records;
  • No show fees;
  • Late cancellation fees
• Notarial Services not Performed by a Lawyer
• Salvage Fees including:
  ○ Administration Fees (does not include adjusting expenses)
  ○ Branding Fees
  ○ Courier Fees
  ○ Detailing Fees on High Value Vehicles
  ○ Delivery costs of Personals and License Plates
  ○ Ownership Replacement Fees
• Surveillance
• Structured Settlement Fees when the reversionary clause is to the RSP Member for at least the next ten years
• Translation for Insurer Initiated Medical Examinations
	• Adjusting Expenses
	• Autoplus Report Charges
	• Environmental Clean Up Expenses are paid as an indemnity
	• Environmental Engineering Consultation and Professional Fees are paid as an indemnity
	• Ex-gratia Payments
	• Interest Paid Due to Late (Overdue) Payments (Ontario SABS Claims) not eligible as an expense or indemnity
	• Normal Police Report and Collision Reporting Center Reports
	• Ordinary Claims Handling Expenses

Appendix A: FAC 50: Large Claims Report

FACILITY ASSOCIATION

FAC 50 – Large Claims Report Effective November 1, 2022

Company Number:	FA Claim Number:	Type of Claim Summary is Submitted For:
Date Form is Completed:	Reporting Period Form Pertains To:	Completed By:
Insured Name:	Underwriting Jurisdiction:	Fraud Indicators Present: (Please explain)
Optional Benefits:	Endorsements:	

Initial Report ☐
Revision ☐

List All Claimants and Types of Claims Open/Closed for Each:

RSP Member ☐
Servicing Carrier ☐

Company Claim Number:

Company Policy Number:

Company Name and Address:

Insured Address:

T.P. Liability Limit:	Vehicle Type:	Policy Effective Date (mm/dd/yyyy):	Policy Expiry Date (mm/dd/yyyy):	Loss Date (mm/dd/yyyy):

Degree of Liability
Insured %
Third Party %
Other %

Large Loss Criteria
Please Select

Describe Circumstances of Accident & Liability Issues:

Please Provide Details of the Reserve History:

Location of Loss (City, Province/State):

☐ USA Claim/Exposure
☐ Excluded Driver on Policy

Vehicle Type
Please Select

NOTE: Attach "Summary Report" and a FAC 51 for each claimant with open Accident Benefits, Bodily Injury, Passenger Hazard, Underinsured, or Uninsured claims with each report. Provide the Paid Loss and Expenses on Each Claim Type Even Closed Claims and/or Claimants.

Name of Claimant (1 Claimant = 1 Type of Loss Per Line)	FAC 51 Provided	Summary Provided	Type of Loss: Bodily Injury	Passenger Hazard	Physical Damage	Under Insured	Uninsured	Accident Benefits	Third Party Property Damage	Other	Amount to Date: Paid Loss	Paid Expense	Reserve Amount	Claim Closed
	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐				☐
										Totals	$ 0.00	$ 0.00	$ 0.00	

Please use this section to provide additional information on reserve changes, new information, etc.

Appendix B: FAC 51: Bodily Injury Worksheet

FACILITY ASSOCIATION

FAC 51 - Bodily Injury Worksheet Effective November 1, 2022

Company Number:	FA Claim Number:	Company Name:	Company Claim Number:
Date Form is Completed:		Reporting Period Form Pertains To:	Completed By:
Claimant Name:		Dependents:	Gender:	Occupation:
Date of Birth:		Jurdisdiction:	Other Insurers Involved (LTD, AB, Own Underinsured Coverage, etc.):
Marital Status:		WSIB/ WCB: Yes ☐ No ☐	
Position in Described Vehicle: Driver ☐ Passenger ☐ Pedestrian ☐ TP Vehicle Occupant ☐ Cyclist ☐			
Optional Benefits:		Endorsements:	Date of Loss:
Claimant Counsel Law Firm:		Carrier Counsel Firm:	Annual Income:
Claimant Counsel Lawyer Name:		Carrier Counsel Lawyer Name:	Employment Status:
Collaterals Being Received:			
Nature & Extent of Initial Injuries:			
Collateral Benefits Available:			
Time in Hospital:	Medical Interventions/Treatment:		
Current Status of Claimant:			
Status of Claim Proceedings:			

A		B		C	
General Damages:	$	Wages	$	Future Wage Loss / LOCA	$
FLA: (net)	$	Other Wage	$	Housekeeping/Home Maintenance	$
Deductible	$	Less Liability %	$ 0.00	Future Meds	$
Less Liability %	$ 0.00	Sub Total:	$ 0.00	Other	$
Sub Total:	$ 0.00	Less Accident Benefits	$	Sub Total:	$ 0.00
Deductible	$	Less Collaterals	$	T/P Costs	$
PII. X Years	$ 0.00	Sub Total:	$ 0.00	Defense Costs	$
		PII. X Years	$ 0.00	Total of C:	$ 0.00
Total of A:	$ 0.00	Total of B:	$ 0.00	Grand Total of A + B + C:	$ 0.00

Please provide details of any coverage questions, contributory negligence, pre-existing, concurrent or subsequent injury, illness or medical conditions.

Please provide details of any Present Values and Annuity Quotes.

Appendix C: FAC 51: Accident Benefits Worksheet

FACILITY ASSOCIATION

FAC 51 - Accident Benefit Worksheet Effective November 1, 2022

Company Number:	FA Claim Number:	Company Name:	Company Claim Number:
Date Form is Completed:	Reporting Period Form Pertains To:		Completed By:
Claimant Name:	Dependents:	Gender:	Occupation:
Date of Birth:	Underwriting Jurisdiction:		Priority:
Marital Status:	WSIB/WCB: Yes ☐ No ☐		
Position in Described Vehicle: Driver ☐ Passenger ☐ Pedestrian ☐ TP Vehicle Occupant ☐ Cyclist ☐ Other Please Explain:			
Optional Benefits:	Endorsments:		Date of Loss (mm/dd/yyyy):
Claimant Counsel Law Firm:	Carrier Counsel Firm:		Annual Income:
Claimant Counsel Lawyer Name:	Carrier Counsel Lawyer Name:		Employment Status:
Nature & Extent of Initial Injuries:			
Collateral Benefits Available:			
Time in Hospital:	Medical Interventions/Treatment:		
Current Status of Claimant:			

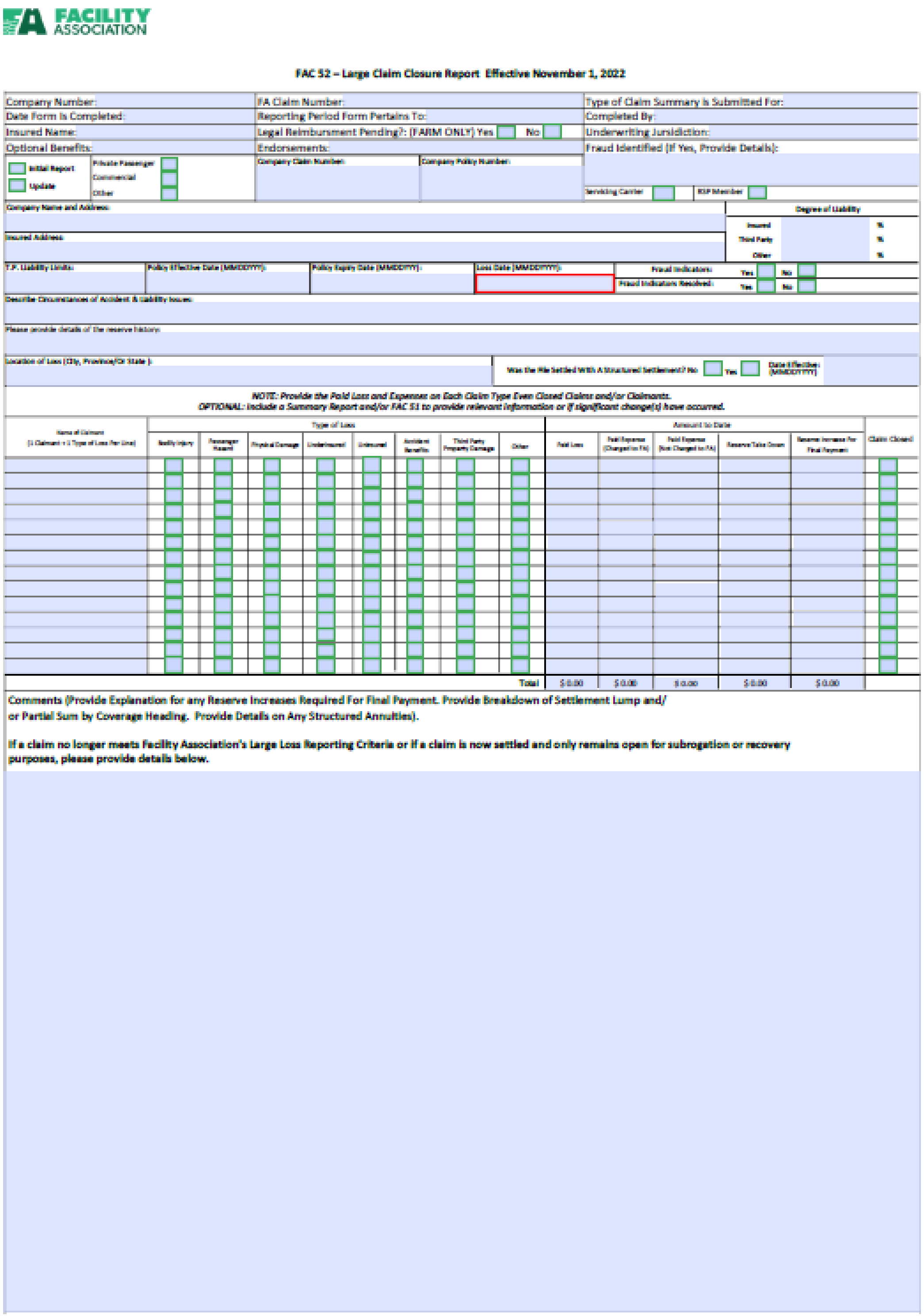
Ontario Accident Benefits In Force:OMPP ☐	Bill164 ☐	Bill 59 ☐	Bill 403/96 ☐	Bill 34/10 2010 ☐	Bill 34/10 2014 ☐	Bill 34/10 2016 ☐		
Disability Income Weekly Benefit Calculation: Income Replacement Benefit ☐			Non-Earner Benefit ☐		Caregiver Benefit ☐			
Gross = $	70% of Gross=$	Policy Maximum = $			Monthly CPP-D & LTD Being Received: $			
$ x % = $	Less Collaterals $	= $	x	weeks = $	Applied for CPP-D Yes ☐	No ☐	In Dispute ☐	
Meets Post 104 Definition:	Yes ☐	No ☐	In Dispute ☐		HST Included Below: Yes ☐	No ☐		
Meets Catastrophic Definition:	Yes ☐	No ☐	In Dispute ☐					
Tabular Reserves	Yes ☐	No ☐	If Yes $					
OCF-19 Expected:	Yes ☐	No ☐	OCF-19 Received? Yes ☐		No ☐			
Section 31 Exclusions:	Yes ☐	No ☐	In Dispute ☐					
Section 53 Material Misrepsentations:	Yes ☐	No ☐	In Dispute ☐					
LAT Application Received:	Yes ☐	No ☐	In Dispute ☐					
Loss Transfer Applicable:	Yes ☐	No ☐	In Dispute ☐					

				Paid To Date	Reserves	Total	Closed
Disability Income Weekly Benefit				$	$	$	☐
Caregiver Benefit (Dependent Care)	$	x	weeks	$	$	$	☐
Attendant Care Benefit	$	x	months	$	$	$	☐
Housekeeping	$	x	weeks	$	$	$	☐
Medical (include transportation and Section 25 assessments)				$	$	$	☐
Rehabilitation Expenses				$	$	$	☐
Visitor Expenses Benefits				$	$	$	☐
Clothing Expenses Benefits				$	$	$	☐
Death Benefits				$	$	$	☐
Funeral Benefits				$	$	$	☐
Legal Expenses				$	$	$	☐
Cost of Section 44 Examinations and Section 25 Catastrophic Assessments				$	$	$	☐
If CAT - Case Management Expenses				$	$	$	☐
Total Accident Benefits				$ 0.00	$ 0.00	$ 0.00	☐

Please provide details of any issues that are in dispute.

Please provide details on Present Values and Annuity Quotes on CAT.

Appendix D: FAC 52: Large Claims Closure Worksheet



FAC 52 – Large Claim Closure Report Effective November 1, 2022

Company Number:	FA Claim Number:	Type of Claim Summary is Submitted For:
Date Form Is Completed:	Reporting Period Form Pertains To:	Completed By:
Insured Name:	Legal Reimbursment Pending?: (FARM ONLY) Yes ☐ No ☐	Underwriting Jurisdiction:
Optional Benefits:	Endorsements:	Fraud Identified (If Yes, Provide Details):
☐ Initial Report ☐ Update / Private Passenger ☐ Commercial ☐ Other ☐	Company Claim Number: / Company Policy Number:	Servicing Carrier ☐ RSP Member ☐

Company Name and Address:

Insured Address:

Degree of Liability: Insured %; Third Party %; Other %

T.P. Liability Limits:	Policy Effective Date (MMDDYYYY):	Policy Expiry Date (MMDDYYYY):	Loss Date (MMDDYYYY):	Fraud Indicators: Yes ☐ No ☐ / Fraud Indicators Resolved: Yes ☐ No ☐

Describe Circumstances of Accident & Liability Issues:

Please provide details of the reserve history:

Location of Loss (City, Province/Or State):

Was the File Settled With A Structured Settlement? No ☐ Yes ☐ Date Effective: (MMDDYYYY)

NOTE: Provide the Paid Loss and Expenses on Each Claim Type Even Closed Claims and/or Claimants.
OPTIONAL: Include a Summary Report and/or FAC 51 to provide relevant information or if significant change(s) have occurred.

Name of Claimant (1 Claimant + 1 Type of Loss Per Line)	Type of Loss: Bodily Injury	Passenger Hazard	Physical Damage	Underinsured	Uninsured	Accident Benefits	Third Party Property Damage	Other	Amount to Date: Paid Loss	Paid Expense (Charged to FA)	Paid Expense (Not Charged to FA)	Reserve Take Down	Reserve Increase For Final Payment	Claim Closed
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
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	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
								Total	$0.00	$0.00	$0.00	$0.00	$0.00	

Comments (Provide Explanation for any Reserve Increases Required For Final Payment. Provide Breakdown of Settlement Lump and/or Partial Sum by Coverage Heading. Provide Details on Any Structured Annuities).

If a claim no longer meets Facility Association's Large Loss Reporting Criteria or if a claim is now settled and only remains open for subrogation or recovery purposes, please provide details below.

Appendix E: Summary Report

FACILITY ASSOCIATION

Summary Report Effective November 1, 2022

Company Number:	FA Claim Number:	Type of Claim Summary is Submitted For:
Date Form is Completed:	Reporting Period Form Pertains To:	Completed By:
Insured Name:	Gender:	Underwriting Jurisdiction:
Optional Benefits:	Endorsements:	Date of Loss:

Initial Report ☐ Revision ☐

Name of Claimant Whom Summary Pertains To:

RSP Member ☐ Servicing Carrier ☐

Private Passenger ☐ Commercial ☐ Other ☐

Company Name and Address:

Company Claim Number:

Insured Address:

Company Policy Number:

T.P. Liability Limits:	Location of Loss (City, Province/State):	Policy Effective Date (mm/dd/yyyy):	Policy Expiry Date (mm/dd/yyyy):	Loss Date (mm/dd/yyyy):

Complete overview of the claim including pertinent information such as:
•Facts, liability, quantum, fraud identified, information relevant or unique to the claim
•Claimants details and background (age at time of MVA, employment etc.)
•Coverages (questions, exclusions, issues in dispute, optional coverage or collaterals)

Synopsis of:
•Medical information (claimants injuries, current condition (including ongoing treatment, return to activities of daily living and work) and expected future condition/impairments)
•Accident reconstruction reports impairments
•Recommendations and evaluation of counsel and the status of any legal proceedings including outstanding productions and dates of completed and pending matters

The intended work plan including any action to bring the claim to conclusion. Also include any additional relevant information in this box.

Appendix F: Glossary of Terms

ACCIDENT: An unexpected event which happens by chance and is not expected in the normal course of events.

ACCIDENT BENEFITS: First party benefits that insured persons are entitled to receive if injured or killed in an automobile accident.

ACCURACY: Data submitted is correct and reflect the claim system(s).

ALL PERILS: All Perils combines Collision or Upset coverage and Comprehensive coverage. It also covers certain types of theft that are excluded under comprehensive, including theft of the automobile by a person residing in the insured's household and theft of the vehicle if stolen by an employee who drives or uses, services or repairs the described automobile.

AUTOMOBILE INSURANCE: Coverage on the risks associated with driving or owning an automobile. It can include collision, liability, comprehensive, medical, and uninsured motorist coverages.

BODILY INJURY: Where an injured person or their estate, are entitled to compensation by the negligent party. Sometimes also referred to as tort. The negligence of at fault party and any contributory negligence by the injured party or deceased is taken into account when determining damages.

COLLISION: Collision or upset coverage indemnifies the insured for damage to the vehicle caused by collision with another vehicle, person, object, or the surface of the road; or by upset.

COMPLETENESS: Data submitted is comprehensive and comprises of all required reportable data.

COMPREHENSIVE: This coverage protects an insured automobile against all perils other than collision or upset.

LARGE LOSS CLAIMS: The claims which meet the criteria for large loss as mentioned in the claims guide.

LIABILITY COVERAGE: Provides financial protection for the insured's legal liability for injury to other people (Bodily Injury) and damage to the property of others (Property Damage).

PASSENGER HAZARD: When a passenger files a claim against the driver and owner of the car they were in. If the passenger was also the vehicle owner, then the passenger would only sue the driver because you cannot sue yourself.

PROJECT MANAGER: A designate from a Member Company who will be the point of contact for all claims related correspondence between the Member and FA.

RELEVANCE: Only required or permissible data is submitted.

RESERVE: Reserves are estimated amounts which are meant to account for all possible future payouts on claims, as well as legal costs and other related expenses.

SPECIFIED PERILS: This coverage specifies the perils or causes of loss insured against. The specified perils are: fire, theft or attempted theft, lightning, windstorm, hail, or rising water, earthquake, explosion, riot or civil disturbance, falling or forced lading of aircraft or of parts thereof, the standing, sinking, burning, derailment, or collision of any conveyance in or upon which a described vehicle is being carried on land or water.

SUMMARY REPORT: The summary report submitted during the initial and update reporting of the claim with sufficient information along with FAC 50 to facilitate the FA Claims Team / Claims Committee review.

TIMELINESS: Data is submitted within applicable timelines.

TORT: It is a civil wrong or harm committed against another. The injured party has a right of action against the wrongdoer.

UNINSURED MOTORIST COVERAGE: First party coverage that indemnifies for damages caused by an unknown driver or driver and/or owner without any insurance coverage.

UNDERINSURED MOTORIST COVERAGE: First party coverage that indemnifies for damages that exceed the insurance coverage available to a driver and/or owner.