

Facility Association
Newfoundland and Labrador
Taxi
Rate Filing 2014

FA Actuarial

3/6/2014

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Section 1 – Company Contact Information

Name of Insurer: Facility Association

Mailing Address: 777 Bay Street – Suite 2400, P.O. Box 121, Toronto, ON, M5G 2C8

Contact Person For:

Actuarial

Name: Liqing Yang

Telephone #: 416-863-1750 x 4813

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Administration

Name: Jill Hepburn

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Underwriting

Name: Jill Hepburn

Telephone #:416-644-4912

Email Address: jhepburn@facilityassociation.com

Type of automobile insurance written in Newfoundland and Labrador:

Private Passenger

Commercial

Miscellaneous

Chief Agent in Newfoundland and Labrador:

Name: Not Applicable

Mailing Address:

Listing of Company Agents, Brokers or Representatives in Province:

Facility Association operates through Servicing Carriers. The following companies are Servicing Carriers in the Province of Newfoundland and Labrador:

- Co-operators General Insurance Company
- Nordic Insurance Company of Canada
- Royal and Sun Alliance Insurance Company of Canada
- Unifund Assurance Company

Section 2 – Contact Information for Current Filing

Name of Insurer: Facility Association

Name of Agent/Person Making Filing: Liqing Yang

Title/Position with Insurer: Pricing Actuary

Telephone Number: 416-863-1750 x 4813

Fax Number: 416-868-0894

Email Address: lyang@facilityassociation.com

Type of Rate Filed:

Private Passenger: Category 1 Category 2 Category 2: IAO

Effective Dates: New Business: Renewals:

Commercial: Category 1 Category 2 Category 2: IAO

Effective Dates: New Business: Renewals:

Miscellaneous: Category 1 Category 2 Category 2: IAO

Effective Dates: New Business: 100 days post approval Renewals: 100 days post approval

Section 3 – Underwriting Guidelines

The following pages show Facility Association's current underwriting rules, as captured in Rules 300 and 330. Proposed changes are shown in Section 3 in Actuarial Memorandum.

Rule 300: Filed Underwriting Rules

A. The insurer's rules for declining to issue, terminating or refusing to renew a contract are:

1. The risk does not meet the object of the Facility Association which is to ensure the availability of automobile insurance, as required by law, in those provinces and territories of Canada in which the Association operates, to the owners and licensed drivers of motor vehicles who would otherwise have difficulty obtaining such insurance.
2. The applicant does not have an insurable interest in the vehicle.
3. The vehicle is registered in a jurisdiction other than one in which the application for coverage is being completed or the vehicle is not operated at any time in a jurisdiction in which the Association operates. If the vehicle is registered in another jurisdiction in which Facility Association operates, the vehicle may be insured through an Agent/Broker and Servicing Carrier licensed in that jurisdiction.

For example: The vehicle is registered in Newfoundland but the application is being completed in Alberta. The vehicle must be registered in Alberta or an Agent/Broker in Newfoundland must complete and submit the application for coverage in Newfoundland.

4. The driver of the vehicle does not hold a valid operator's licence. If the licence of the only driver is suspended, Facility Association shall provide a policy covering Comprehensive or Specified Perils cover only until there is a driver holding a valid operator's licence. See Rule 328: Suspension of Operator's Licence and Rule 301: Minimum Coverage.
5. The application is incomplete, has not been signed by the applicant, or has not been bound by the Agent/Broker.
6. The Applicant/Agent/Broker refuse to provide the sufficient valid information to write the risk. "Sufficient valid information to write the risk" includes data to properly rate the risk and to report the risk information in accordance with the Automobile Statistical Plan.
7. The vehicle is not in the possession of the applicant (i.e., has been stolen or cannot be located). This restriction is not intended to be used as a denial of a valid theft claim.
8. A certificate of mechanical fitness and road worthiness has not been provided in accordance with the Manual of Rules and Rates e.g. home made vehicles, rate group listed as A.
9. Non-payment of premium for the current policy period (for purposes of termination only).
10. A Private Passenger or Commercial risk with the sole reason for entry into Facility Association of a prior lapse in insurance coverage of 24 months or more will be non-renewed after 1 term (6 or 12 months).

B. Rules for refusing to provide or continue a coverage are:

1. Physical damage coverage shall not be provided where an applicant or any person who is a regular or frequent operator of the vehicle, has, within the immediately preceding thirty-six months.
 - i) When making a previous application for automobile insurance, given false particulars of an automobile to be insured to the prejudice of the insurer;

or

- ii) Knowingly misrepresented* or failed to disclose in an application any fact required to be stated therein;

or

- iii) Has contravened a term of an insurance contract or been convicted of fraud in relation thereto;

or

- iv) Wilfully made a false statement in respect of a claim.

2. Physical damage coverage shall not be provided where an applicant for a branded vehicle (salvage or rebuilt) is submitted without a current safety certificate and current inspection with photographs.

Note: No policy will be written for vehicles branded 'non-repairable'.

3. Where a vehicle is licensed for road use and is used on roads as well as used for legal race or speed tests, physical damage coverage shall not be provided.

The Servicing Carrier shall refer all refusals or noncontinuance to the Facility Association prior to declining coverage.

* Misrepresentation means an applicant has either had a policy cancelled by registered letter for material misrepresentation or has had a claim denied for material misrepresentation.

Note: Where the insured's licence is suspended, the insured shall be permitted to place the vehicle in storage and suspend or remove moving coverages. See Rule 301: Minimum Coverage.

B. If there is another licensed driver of the vehicle

(It is assumed that the person concerned will not drive without a valid licence.)

1. The Servicing Carrier shall issue END 28A (Excluded Driver Endorsement) restricting coverage to minimum statutory requirements and excluding physical damage where provided, for that person.
2. If that person being a driver affected the rating of the insurance, the insurance shall be re-rated to remove that person as a driver but any accidents that occurred while that person was driving shall continue to be taken into account in rating.

C. If the person concerned does drive without a valid licence

If discovered after the policy has been issued:

END28A shall continue to apply. Should the driver Named on the END 28A be involved in an accident, there is no coverage under the policy. The vehicle is considered uninsured.

D. Unsigned END 28A

If END 28A is not signed, END 28A shall be deleted and the policy shall be re-rated as though there was no END 28A.

Rule 329: "Home-Made" Vehicles / Reconstruction

The following provisions apply to any vehicle that has been constructed, reconstructed or restored other than by a recognized manufacturer of such a vehicle.

A. Liability, Accident Benefits

No coverages are permissible until a certificate of road worthiness or mechanical fitness certificate acceptable to the Servicing Carrier is provided. This Certificate must accompany the application to the Servicing Carrier.

B. Physical Damage Coverage

- a) No physical damage coverage will be available until the construction, reconstruction, restoration has been completed and the mechanical fitness and value of the vehicle have been substantiated by a certificate from an independent appraiser or a recognized authority on such matters, acceptable to the Servicing Carrier.
- b) The premium is based on the appraised amount.
- c) The insurance shall be subject to END 19 (Limitation of Amount) which must be attached to the policy and a copy signed by the insured. END 19a (Valued Automobile) is not available.

Rule 330: Vehicles Used Outside Jurisdiction of Registration

The Filed Underwriting Rules require that the vehicle must be registered in the jurisdiction in which the policy is issued. "If the vehicle is registered in another jurisdiction in which Facility Association operates, the vehicle may be insured through an Agent/Broker and Servicing Carrier licensed in that jurisdiction."

When an insured takes up residence in another jurisdiction, the insured is required to register the vehicle in the new jurisdiction. The existing policy must be cancelled (pro rata) and new insurance obtained in the new jurisdiction.

However, there are circumstances under which the vehicle may be used for a period of time in another jurisdiction where vehicle registration in that jurisdiction is not required.

For example: The insured resides in Newfoundland and the vehicle is registered in that jurisdiction; however, the insured will be travelling the western provinces for the next year.

Regardless of where the vehicle is registered, Facility Association shall not provide insurance for vehicles which are never operated in the jurisdiction in which they were registered.

When a vehicle is registered in one jurisdiction but used in another, the following is to be used as a guide for rating purposes.

1. The vehicle must be insured on a policy from the jurisdiction where it is legally registered, even if the vehicle is chiefly used in another jurisdiction.

2. If it is known where the vehicle is being used and there are FA premiums for that territory, then the appropriate FA premiums for that territory must be used.

For example: The insured resides in Gander and the vehicle is registered in Newfoundland but the insured is attending university in Halifax. Rates for Halifax must be used.

3. If the vehicle is being used in the U.S., it must be rated in the territory in which it is registered. *For example:* The insured lives in St. John's, is on a sabbatical in California and the vehicle is registered in Newfoundland, St. John's rates apply.
4. See Rule 325: U.S. Exposure Surcharge to determine surcharges applicable to commercial/public vehicles. Surcharges do not apply to private passenger vehicles that are used for personal use only and where proof of insurance is not required.
5. If the vehicle is used in different territories, refer to the section of this manual dealing with the specific class of business e.g. Private Passenger Vehicles.
6. If the vehicle is used within one region of Canada as defined below, it is to be rated as though it is used in the highest rated territory of that region. If the vehicle is used in more than one region of Canada, it is to be rated as if used in the highest rated region.

Region 1 – Atlantic Provinces
Rate as New Brunswick Territory 3

Region 2 – Central (Ontario and Quebec)
Rate as Ontario Territory 20

Region 3 – West and North
Rate as Alberta Territory 4

Rule 331: Purchasing Vehicles in Jurisdiction Where FA Does Not Operate

When an insured acquires a new vehicle and all vehicles owned by the insured are covered under a POL 1, coverage is automatically provided for the newly acquired vehicle if the insurer is notified of the acquisition within 14 days.

When the insured:

- a) acquires a vehicle in the U.S. and brings it to Canada to a jurisdiction in which FA operates, or
- b) acquires a vehicle in a jurisdiction in Canada in which FA does not operate;

FA shall if necessary, issue a short term policy to provide coverage while the vehicle is in transit (under a transit authority permit) before it is registered in the jurisdiction of residence. The short term policy shall only be provided for a period of time sufficient to allow the vehicle to be driven from the point of purchase to the residence of the owner. This should correspond to the period of time the transit permit is valid.

When the insured comes through Customs, the vehicle must be declared and the insured will be provided with the appropriate forms to complete and submit to the provincial registry so that the vehicle may be registered. A new application can then be submitted for a 6 or 12 month policy if required.

Where an individual or company has a business that includes the purchasing of vehicles in the U.S. or jurisdictions where FA does not operate for shipment back to a Canadian FA jurisdiction for resale, coverage must be provided by means of a garage policy for Automobile Dealers.

Premium Calculation

The premium is to be calculated in accordance with Short Term tables subject to minimum premium.

Private passenger vehicles are to be rated class 01 using the appropriate driving record. There is no surcharge for U.S. exposure.

The territory to be used is the territory where the insured resides.

Commercial vehicles classified as light are to be rated class 36. Commercial vehicles classified as heavy are to be rated class 44. Driving record is 0. 100% U.S. Exposure Surcharge applies.

Section 4 – Risk Classification System

The following pages show Facility Association's Risk Classification System, as captured in Rules 306 to 309.

- a) Driver Record Abstract must be obtained from the appropriate government department in each Canadian or U.S. jurisdiction in which the driver has been licensed in the previous three years.
On experience (fleet) rated risks, the abstract is only required if vehicles on the policy that carry Collision or All Perils coverage do not qualify for fleet rating of that coverage. The abstract shall then be required to establish the Collision or All Perils premium. Driver Record Abstracts are not to be obtained for the operators of any Snow Vehicles, Dirt Bikes, All Terrain Vehicles or Antique Vehicles to be insured.
- b) All vehicles shall initially be rated at Driving Record 0 unless the application is accompanied by (or the Servicing Carrier already has) proof of the accident free period and the ownership period required for a better driving record.

If the applicant claims entitlement to a driving record better than that permitted by the preceding paragraph and submits details of the previous insurance(s), the Servicing Carrier shall attempt to obtain confirmation of the previous experience. The claimed better driving record shall not be granted unless and until the entitlement is verified, but the re-rating shall then be backdated appropriately.

Insurance history is not required for Snow Vehicles, Dirt Bikes, All Terrain Vehicles or Antique Vehicles. See special instructions under Fleets and the Garage section.

If the information received is different from that reported on the application, to the extent that the premium requires amendment, the policy shall be issued at the revised premium and coverage or the Servicing Carrier shall promptly issue a correcting endorsement.

Rule 305: Definitions

A. Public Vehicles

Vehicles used for the carrying of passengers classified in Rule 307. Vehicles rated as Private Passenger vehicles with END 6a attached to permit the occasional carriage of passengers for compensation are not considered to be Public vehicles. Where a vehicle is used for carrying passengers for compensation but is not classified in Rule 307, full details must be provided to the Servicing Carrier including a description of the vehicle, its intended use and its seating capacity.

B. Road Hazard

Liability for bodily injury to others excluding passengers and liability for property damage excluding property carried in or on the insured vehicle.

C. Passenger Hazard - Bodily Injury (BI)

Liability for bodily injury to passengers (Passenger Hazard Bodily Injury (PHBI) and liability for damage to the property of passengers (PHPD).

D. Radius

The radius of operation is the distance between terminal points, which is taken to be one-half the distance travelled by the vehicle over its complete route - from the starting point of its trip to its return to the same point.

E. Seating Capacity

The number of persons excluding the driver which can be carried/seated in the insured vehicle.

F. List Price New

The Manufacturer's Suggested Retail Price new (plus taxes) of the vehicle including the value of the body, all permanently attached equipment and any customizing features.

G. Owned /Leased

The expression "owned by" (as in a vehicle owned by the applicant) includes "leased to" if the applicant is/was responsible for obtaining the Liability insurance for the leased vehicle concerned. A similar interpretation applies to "owns", "ownership", etc.

Rule 306: Rating Territory

The rating territories are described in the Territory section of this manual.

If a filing is required for a higher rated territory, the rate for that higher rated territory must be used regardless of the number of trips to that higher rated jurisdiction.

The applicable rating territory is that in which the vehicle "is and will be chiefly used". If however, the vehicle is operated regularly to or through other territories, the highest rated of those territories is to be used. A vehicle that travels through a higher rated territory from a lower rated territory where it is garaged, to another lower rated territory where the work is performed, shall be charged the higher rated territory.

For example: The insured business, based in Labrador, is operating a tour bus to Ontario. The highest rated territory through which the vehicle is operated is Toronto, Ontario (Territory 20). The vehicle must be rated using Ontario Territory 20 rates.

The insured's business is in Labrador and is operating a tour bus between Labrador and Quebec. The vehicle is regularly used outside the jurisdiction of registration and a jurisdiction in which FA operates. See **Rule 330 Vehicles Used Outside Jurisdiction of Registration**. The vehicle must be rated using Ontario Territory 20 rates.

Where the vehicle is operated in the U.S., see **Rule 325 U.S. Exposure**.

Rule 307: Rating Class

A. Public Bus - Classes 70, 73, 74, 78

A vehicle that is used for carrying passengers for compensation on public streets or highways including charters and/or sightseeing trips. The insured is in the business of providing transportation of persons.

For example: The insured owns a bus which is used to transport people to and from a ski resort. The sole purpose of the insured's business is to provide transportation. If the resort owned the bus then the rating would be that of a Hotel/Country Club Bus. If the resort did not own the bus but paid the insured to transport people to the resort then the rating would be that of a Public Bus.

The class is based upon the radius of operation.

| Radius of Operation | | Class |
|--|----------------------|-------|
| 1. Used solely within the corporate limits of a city or town | | 70 |
| 2. Distance between terminal points: | | |
| More than | Not more than | |
| | 25 km (15 miles) | 70 |
| 25 km | 80 km (50 miles) | 73 |
| 80 km | 240 km (150 miles) | 74 |
| 240 km (150 miles) | | 78 |
| Use 6f or, if required by law, 6c. | | |

B. School Bus - Class 71

A vehicle that is used for carrying students and teachers to and from school premises or school activities.

Rating Note:

a) Charter Trips

If a School Bus is also used for charter trips up to (and including) 20 trips per year the premium payable must be increased according to the following percentages:

| Anticipated number of trips per year | All Coverages |
|--------------------------------------|---------------|
| 1 to 12 | 25% |
| 13 to 20 | 50% |

If a School bus is used for more than 20 charter trips per year, rate as a Public bus.

Use 6f or 6b if required by law.

b) Vehicles Used by Day Care Operations

Run by Individuals

If the seating capacity is seven or less and is used by an individual who runs a day care out of his/her home, the charge for the appropriate private passenger rate class will apply plus 10% for the 6a endorsement. If the seating capacity exceeds seven seats, school bus rates apply.

Day Care Organizations

If the vehicle is used by a day care organization, rate as a school bus.

C. Hotel or Country Club Bus - Class 72

A vehicle owned by and used by a hotel, summer camp, fishing camp, whitewater rafting enterprise, resort, golf or country club and the like for carrying guests, members or employees. The operation of the bus is secondary or incidental to the insured's business.

To complete END 6f or 6c, after 'for compensation or hire only' enter "in connection with the insured's business of [enter the insured's business]"

D. Private Bus - Class 79

A vehicle that is owned by an employer and used to carry employees or a vehicle owned by an association, church or a charitable or similar organization, to carry passengers in connection with activities of the organization.

To complete END 6f or 6c, after 'for compensation or hire only' enter "in connection with the insured's business of [enter the insured's business]."

E. Van Pool - Class 79

A vehicle owned by an employer and used for one round trip each day to carry commuting employees.

To complete END 6f or 6c, after 'Use of the automobile in connection with the insured's business of [enter the insured's business]"

F. Taxi - Class 77

A vehicle that is not otherwise defined in this section, but is used for carrying passengers for compensation to a destination requested by the passenger.

A copy of the vehicle registration and completed Taxi Questionnaire must be submitted with the application

Rating Notes**1. Owner Driven Taxis**

Where the application indicates the taxi, for taxi purposes, is solely driven by the applicant or spouse (or in the case of multiple ownership by one specific owner), a 10% premium reduction shall be applied to each coverage. Family members may also drive the vehicle solely for pleasure purposes.

2. Seating Capacity Exceeds Seven

Obtain the per seat rates for Public Bus - Passenger Hazard BI and PD, Accident Benefits and Uninsured Automobile (where applicable). Multiply the per seat rate by the number of seats in excess of seven. Add this amount to the Taxi premium (the Passenger Hazard BI premium must be added before applying the Table A increased limit factor).

G. Limousine

Attach END 6a and insert rated use of vehicle.

1. Private Passenger Vehicle (includes all vehicles listed in the Private Passenger Rate Group Tables, plus any similar type vehicles not specifically in the Rate Group Tables, such as but not limited to Passenger Vans and Stretch Limousines).

a. Airport – A vehicle used in the business of carrying passengers to and from an airport.

b. Excluding Airport – A vehicle used in the business of carrying passengers for compensation under contract for transporting passengers, or in connection with specific functions such as weddings, receptions and funerals.

2. For all uses listed above, code and rate as a Taxi.

3. Where seating capacity exceeds seven, rate as above and, for each seat over seven, add the per seat premium applicable to Passenger Bodily Injury and Accident Benefits for a Public Bus.

4. For vehicles manufactured as a bus and with a licence registration of a bus, code and rate as a Public Bus.

H. Ambulance - Class 76**Public**

A vehicle constructed, equipped and used for carrying people who require medical attention or are under medical care.

Private Ambulance

An ambulance as described above but used exclusively for the carrying of the insured's employees.

Use the percentage applicable to Emergency or Non Emergency use.

If the seating capacity exceeds seven, submit full details to the Servicing Carrier.

Attach END 6a and insert "Ambulance" and "Emergency" or "Non emergency".

I. Invalid Car - Class 76

A vehicle constructed, equipped and used for the transportation of wheelchair passengers and other disabled persons.

If the seating capacity exceeds seven, submit full details to the Servicing Carrier.

Rate and code according to use. *For example*, if the vehicle is being used as a private bus, then rate as a private bus.

Attach END 6a, and insert [rated use of vehicle].

J. Funeral Vehicles - Class 75

Attach END 6a and insert [rated use of vehicle].

Hearse/Casket Wagons

A vehicle used for the transportation of coffins, caskets, and flowers.

Funeral Carriage

A vehicle used for the transportation of passengers to and from funeral services.

If the seating capacity exceeds seven, submit full details to the Servicing Carrier. For other vehicles operated by a Funeral Director, see the Private Passenger or Commercial sections of the manual.

Rule 308: Rating**A. Rating for More Than One Use**

If a vehicle is being used for more than one purpose, rate for the use with the highest percentage of exposure. If the exposure for the other use is higher than the exposure for the 'public' use, then the premium for Passenger Hazard Bodily Injury and/or Property Damage is not added to the premium for the other use.

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Section E – Public Vehicles

For example: The insured has a station wagon and has been contracted by the school authority to transport children to and from school. The insured also uses the vehicle for strictly pleasure use. The school contract requires \$2,000,000. Road Hazard and \$3,000,000 Passenger Hazard Bodily Injury. Assuming Class 01 percentage of exposure is higher, the policy shall be issued using the Class 01 premium. The Liability limit on the face sheet of the policy shall show \$2,000,000. END 6b must be attached. Under 2(a) the first and second lines shall be completed with a limit of \$3,000,000. END 6b provides that **while the vehicle is being operated as a school bus**, the policy shall provide \$2,000,000 Road Hazard and \$3,000,000 for bodily injury or death of one or more persons. If the insured has an accident while driving the vehicle for pleasure the policy shall provide \$2,000,000 Liability.

The additional \$3,000,000 is only applicable while the vehicle is being operated as a school bus. The premium for 6b shall show as included on the face sheet of the policy.

B. Liability Coverages

The Liability premium is made up of three components:

1. Road Hazard Bodily Injury and Property Damage
2. Passenger Hazard Bodily Injury (PHBI)
3. Passenger Hazard Property Damage (PHPD)

The Schedule of Rates may show separate premiums for each component or combined premiums for some.

Where the Schedule of Rates does not provide the premium for the required limit, an increased limit factor must be applied to the premium. The factors are found in the Limits Table at the beginning of the rate pages. Each coverage component has its own Table (A, B and C). In addition there is Table D which is used instead when a combined limit (where permitted) for Road Hazard and Passenger Hazard BI is required.

If the limit exceeds \$1,000,000, an excess limit factor is applied to the premium for a limit of \$1,000,000.

C. Physical Damage

Where a premium for a rate group or deductible is not shown on the rate page, first calculate the rate group premium by multiplying the base premium by the rate group factor, round to the nearest dollar, and then multiply by the deductible factor.

To calculate All Perils add together the Collision premium and the Comprehensive premium times the All Perils factor shown on the rate page.

D. Premium Determination

Ensure that the vehicle is a Public Vehicle.

1. Establish the rating territory
2. Establish the rating class, including any special factors.
3. Establish the driving record

4. Establish the rate group and minimum deductible. Refer to the rate page and the rate per vehicle, per seat or percentage of underlying class.
5. Develop the total premium for each coverage.
6. Apply any required U.S. exposure and currency differential surcharge.
7. Apply fleet rating or any accident/conviction surcharge.

E. Types of Rating used for Public Vehicles

The premiums for Public Vehicles are developed on a “Per Vehicle”, “Per Seat” or a “percentage” of a Private Passenger, Commercial or another Public Vehicle premium.

“Per Vehicle” If the heading on the rate page states “Per Vehicle” the premium shown on the rate page is a premium applicable to the vehicle depending upon the territory, class, driving record, seating capacity and limit.

“Per Seat” If the heading on the rate page states “Per Seat,” then to determine the premium for that coverage

1. Obtain the applicable per seat rate shown for the territory, class, driving record, seating capacity and limit. Develop the premium in stages if seat rates are shown for various numbers of seats.

For example: using hypothetical seat rates for a 35 passenger bus

| Seating Capacity | Per Seat |
|------------------|----------|
| 1-12 | 28.66 |
| 13-29 | 6.97 |
| 30+ | 3.35 |

2. Multiply each rate by the number of seats in the stage

| | |
|------------------|----------|
| 12 times 28.66 = | 343.92 |
| 17 times 6.97 = | 118.49 |
| 6 times 3.35 = | 20.10 |
| Total premium = | 482.51 |
| Rounded to | \$483.00 |

3. If in addition to the per seat rate, a **basic** premium is shown on the rate page for that coverage, then it must be added to the per seat premium.
In the example a hypothetical \$41.56 would be added to the \$482.51 and the total rounded to \$524.

Public Buses exceeding 32 seats – The Passenger Hazard premium is the sum of the Per Vehicle premium for Seating capacity 30-32 plus the Per Additional Seat Rate times the number of seats in excess of 32.

“Percentage” The rate page may show a class and a percentage. The premium is obtained by applying the percentage on the rate page to the premium for the class indicated at a Liability limit of \$200,000. The premiums for

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Section E – Public Vehicles

higher limits are obtained by applying the increased limit factors in the rate pages.

Note that Public Vehicles are to be rated as Driving Record 0, 1, 2 or 3 even where there may be a better driving record available for the underlying class.

Rule 309: Driving Record

Driving record is the number of years of verified “Clear Record”. This rule does not apply to coverages that are fleet rated.

All vehicles shall initially be rated at Driving Record 0 unless the application is accompanied by (or the Servicing Carrier already has) proof of the accident free period and the ownership period required for a better driving record.

If the applicant claims entitlement to a driving record better than that permitted by the preceding paragraph and submits details of the previous insurance(s), the Servicing Carrier shall attempt to obtain confirmation of the previous experience. The claimed better driving record shall not be granted unless and until the entitlement is verified, but the re-rating shall then be backdated appropriately.

A. Clear Record

Throughout the period concerned:

1. There has been no accident involving the described vehicle or one for which it has been substituted;

and

2. The applicant has owned the described vehicle or one of a similar type for which it has been substituted.

Ownership is established from the date on which the applicant takes possession of the vehicle.

There is no requirement that drivers are accident free on other vehicles – the rating is determined from the vehicle history not the driver’s history.

B. Driving Record Entitlement

| Period of confirmed claims-free experience and vehicle ownership immediately preceding the commencement date of the period of insurance | Driving Record Entitlement |
|---|----------------------------|
| Less than 1 year | 0 |
| At least 1 year | 1 |
| At least 2 years | 2 |
| At least 3 years | 3 |

Notes

1. A chargeable accident resulting in only Liability to a third party will affect only the rating of Liability coverage. A chargeable accident resulting in only Collision damage will affect only the rating of the Collision coverage.
2. Where an applicant owns more than one vehicle, each vehicle’s driving record is established separately. Where an additional vehicle is acquired it shall develop its own driving record (initially at Driving Record 0). Where a vehicle is deleted, an accident charged for on the deleted vehicle shall be transferred to a remaining vehicle with the best rated driving record.
3. Where a vehicle replaces another it acquires the driving record of the replaced vehicle.
4. Gaps in insurance coverage within the 3 years immediately preceding the effective date of the insurance shall have the following effect on the assignment of the driving record:
 - a) If a gap in insurance coverage is 24 consecutive months or more in the past 3 years, the driving record will be reduced by 1 for each 12 month gap.
 - b) If a gap in insurance coverage is less than 24 consecutive months in the past 3 years and the gap is the result of a cancellation of non-payment of premium, termination for non-disclosure of a claim or conviction that would have increased the premium, or driver’s licence suspension, the driving record will be reduced by 1 for each 12 month gap.
 - c) If a gap in insurance coverage is less than 24 consecutive months in the past 3 years and the gap is for any reason other than one shown in b., the driving record will not be impacted.

Example 1: The applicant has proof of accident free insurance from June 1, 2002 to February 15, 2006. Effective date of FA policy is July 1, 2006. Since the gap is less than 24 consecutive months (February 15, 2006 to July 1, 2006), there is no impact on the driving record.

Example 2: The applicant has proof of accident free insurance from June 1, 2002 to May 20, 2005 when the policy was cancelled for non-payment of premium. Effective date of FA policy is July 1, 2006. Since the gap is less than 24 consecutive months (May 20, 2005 to July 1, 2006), but for a reason shown in b. above, the driving record is reduced by 1 year.

C. Incorrect Class of Licence

Some vehicles such as buses require the operator to maintain a specific class of licence in order to operate such vehicles. Where the operator fails to have the proper class of licence for the vehicle to be insured, rate at Driving Record 0. If evidence of the correct class of licence is not provided to the Servicing Carrier within 30 days, the policy will be cancelled by registered letter.

Section 5 – Discounts

The following page shows Facility Association's current discounts, as captured in Rule 307, F. Taxi. However, we are proposing to remove the Owner Driven Discount in this filing. Proposed rule changes are included in Section 3 in Actuarial Memorandum.

The insured's business is in Labrador and is operating a tour bus between Labrador and Quebec. The vehicle is regularly used outside the jurisdiction of registration and a jurisdiction in which FA operates. See **Rule 330 Vehicles Used Outside Jurisdiction of Registration**. The vehicle must be rated using Ontario Territory 20 rates.

Where the vehicle is operated in the U.S., see **Rule 325 U.S. Exposure**.

Rule 307: Rating Class

A. Public Bus - Classes 70, 73, 74, 78

A vehicle that is used for carrying passengers for compensation on public streets or highways including charters and/or sightseeing trips. The insured is in the business of providing transportation of persons.

For example: The insured owns a bus which is used to transport people to and from a ski resort. The sole purpose of the insured's business is to provide transportation. If the resort owned the bus then the rating would be that of a Hotel/Country Club Bus. If the resort did not own the bus but paid the insured to transport people to the resort then the rating would be that of a Public Bus.

The class is based upon the radius of operation.

| Radius of Operation | | Class |
|--|----------------------|-------|
| 1. Used solely within the corporate limits of a city or town | | 70 |
| 2. Distance between terminal points: | | |
| More than | Not more than | |
| | 25 km (15 miles) | 70 |
| 25 km | 80 km (50 miles) | 73 |
| 80 km | 240 km (150 miles) | 74 |
| 240 km (150 miles) | | 78 |
| Use 6f or, if required by law, 6c. | | |

B. School Bus - Class 71

A vehicle that is used for carrying students and teachers to and from school premises or school activities.

Rating Note:

a) Charter Trips

If a School Bus is also used for charter trips up to (and including) 20 trips per year the premium payable must be increased according to the following percentages:

| Anticipated number of trips per year | All Coverages |
|--------------------------------------|---------------|
| 1 to 12 | 25% |
| 13 to 20 | 50% |

If a School bus is used for more than 20 charter trips per year, rate as a Public bus.

Use 6f or 6b if required by law.

b) Vehicles Used by Day Care Operations

Run by Individuals

If the seating capacity is seven or less and is used by an individual who runs a day care out of his/her home, the charge for the appropriate private passenger rate class will apply plus 10% for the 6a endorsement. If the seating capacity exceeds seven seats, school bus rates apply.

Day Care Organizations

If the vehicle is used by a day care organization, rate as a school bus.

C. Hotel or Country Club Bus - Class 72

A vehicle owned by and used by a hotel, summer camp, fishing camp, whitewater rafting enterprise, resort, golf or country club and the like for carrying guests, members or employees. The operation of the bus is secondary or incidental to the insured's business.

To complete END 6f or 6c, after 'for compensation or hire only' enter "in connection with the insured's business of [enter the insured's business]"

D. Private Bus - Class 79

A vehicle that is owned by an employer and used to carry employees or a vehicle owned by an association, church or a charitable or similar organization, to carry passengers in connection with activities of the organization.

To complete END 6f or 6c, after 'for compensation or hire only' enter "in connection with the insured's business of [enter the insured's business]."

E. Van Pool - Class 79

A vehicle owned by an employer and used for one round trip each day to carry commuting employees.

To complete END 6f or 6c, after 'Use of the automobile in connection with the insured's business of [enter the insured's business]"

F. Taxi - Class 77

A vehicle that is not otherwise defined in this section, but is used for carrying passengers for compensation to a destination requested by the passenger.

A copy of the vehicle registration and completed Taxi Questionnaire must be submitted with the application

Rating Notes**1. Owner Driven Taxis**

Where the application indicates the taxi, for taxi purposes, is solely driven by the applicant or spouse (or in the case of multiple ownership by one specific owner), a 10% premium reduction shall be applied to each coverage. Family members may also drive the vehicle solely for pleasure purposes.

2. Seating Capacity Exceeds Seven

Obtain the per seat rates for Public Bus - Passenger Hazard BI and PD, Accident Benefits and Uninsured Automobile (where applicable). Multiply the per seat rate by the number of seats in excess of seven. Add this amount to the Taxi premium (the Passenger Hazard BI premium must be added before applying the Table A increased limit factor).

G. Limousine

Attach END 6a and insert rated use of vehicle.

1. Private Passenger Vehicle (includes all vehicles listed in the Private Passenger Rate Group Tables, plus any similar type vehicles not specifically in the Rate Group Tables, such as but not limited to Passenger Vans and Stretch Limousines).

a. Airport – A vehicle used in the business of carrying passengers to and from an airport.

b. Excluding Airport – A vehicle used in the business of carrying passengers for compensation under contract for transporting passengers, or in connection with specific functions such as weddings, receptions and funerals.

2. For all uses listed above, code and rate as a Taxi.

3. Where seating capacity exceeds seven, rate as above and, for each seat over seven, add the per seat premium applicable to Passenger Bodily Injury and Accident Benefits for a Public Bus.

4. For vehicles manufactured as a bus and with a licence registration of a bus, code and rate as a Public Bus.

H. Ambulance - Class 76**Public**

A vehicle constructed, equipped and used for carrying people who require medical attention or are under medical care.

Private Ambulance

An ambulance as described above but used exclusively for the carrying of the insured's employees.

Use the percentage applicable to Emergency or Non Emergency use.

If the seating capacity exceeds seven, submit full details to the Servicing Carrier.

Attach END 6a and insert "Ambulance" and "Emergency" or "Non emergency".

I. Invalid Car - Class 76

A vehicle constructed, equipped and used for the transportation of wheelchair passengers and other disabled persons.

If the seating capacity exceeds seven, submit full details to the Servicing Carrier.

Rate and code according to use. *For example*, if the vehicle is being used as a private bus, then rate as a private bus.

Attach END 6a, and insert [rated use of vehicle].

J. Funeral Vehicles - Class 75

Attach END 6a and insert [rated use of vehicle].

Hearse/Casket Wagons

A vehicle used for the transportation of coffins, caskets, and flowers.

Funeral Carriage

A vehicle used for the transportation of passengers to and from funeral services.

If the seating capacity exceeds seven, submit full details to the Servicing Carrier. For other vehicles operated by a Funeral Director, see the Private Passenger or Commercial sections of the manual.

Rule 308: Rating**A. Rating for More Than One Use**

If a vehicle is being used for more than one purpose, rate for the use with the highest percentage of exposure. If the exposure for the other use is higher than the exposure for the 'public' use, then the premium for Passenger Hazard Bodily Injury and/or Property Damage is not added to the premium for the other use.

Section 6 – Surcharges

The following pages show Facility Association's Surcharges, as captured in Rules 323, 325, 332 and 334. The proposed changes regarding Rule 323 and 325 are shown in Section 3 in Actuarial Memorandum.

Rule 323: Accident and Conviction Surcharges

These surcharges are applicable to Liability (including Passenger Liability) and Collision. These surcharges are not to be applied to coverages which are experience (fleet) rated.

A. Accidents

Accident surcharges are assessed in accordance with the Surcharge Schedule for chargeable accidents that occurred during the 36 months immediately preceding the effective date of the commencement of the insurance.

1. At New Business

No accident shall be used more than once in determining the surcharges for vehicles insured in FA by the same Servicing Carrier, whether or not on the same policy.

Accidents arising from the ownership of any vehicle other than the described vehicle are not to be considered.

For example: The insured owns a business in which three commercial vehicles are driven by employees. Two of the commercial vehicles are insured in the voluntary market; the other is insured in FA. There have been 2 accidents on each of the vehicles in the voluntary market, none of which arose from the use or operation of the vehicle by the insured himself. There have been 3 accidents on the vehicle insured in FA. The accidents that occurred on the vehicles insured in the voluntary market are not used to calculate the accident surcharge on the vehicle insured in FA, as long as they are rated under another inforce automobile policy.

Where the term ‘described vehicle’ is used, it includes a vehicle substituted for it.

Accidents arising out of the use or operation of other vehicles for which another listed driver is responsible shall not be considered. There is no requirement that drivers are accident free on other vehicles – the rating is determined from the vehicle history not the driver’s history.

a) One vehicle on the policy

Consider accidents that involved the described vehicle or a vehicle substituted for it.

For example: Applicant has had 1 at fault accident on the described vehicle and 1 accident on a neighbour’s car. Employee had 1 at fault accident on own vehicle insured elsewhere but has now sold that vehicle. Only the accident on the described vehicle shall be considered.

b) One driver and two or more vehicles

Accidents that involve one of the described vehicles shall be assigned to that vehicle. Accidents arising out of the use or operation of any other vehicle by the applicant or any other listed operator shall not be considered.

For example: There are two public vehicles on the policy; applicant is the only operator. There has been one accident on public vehicle 1 and one accident on public vehicle 2. Applicant also had two accidents on a pleasure vehicle insured elsewhere. The claims on the public vehicles are rated on the vehicles on which they occurred. The two accidents on the vehicle insured elsewhere are not considered.

c) Two or more drivers and two or more vehicles

Each driver is to be assigned as principal operator on the vehicle he/she most frequently drives. Accidents that involve one of the described vehicles shall be assigned to that vehicle. Accidents arising out of the use or operation of any other vehicle by the applicant or any other listed operator shall not be considered.

For example: There are two public vehicles on the policy and two operators. Applicant is principal operator of vehicle 1 and has had one accident on vehicle 1 and one accident on his personal vehicle insured elsewhere. Employee is principal operator of vehicle 2 on which there have been two accidents. On vehicle 1 count only the accident that occurred on the described vehicle. The accident on the personal vehicle insured elsewhere is not to be considered. On vehicle 2 count both accidents as they occurred on the described vehicle.

2. At Renewal (for surcharge only)

At the time of renewal, the accident record shall be updated. Any accidents that occurred more than 36 months prior to renewal date shall be excluded and all accidents that occurred during the expiring term that involved the following shall be added:

- a) The described vehicle (regardless of driver).
- b) Other vehicles but were the subject of claims under this policy.

B. Convictions

Conviction surcharges shall be assessed for traffic offences (as hereinafter described) for which the insured was convicted in the 36 months immediately preceding the commencement of the period of insurance.

1. How to apply conviction surcharges

No conviction record shall be used more than once to determine conviction surcharges for vehicles insured in FA by the same Servicing Carrier, whether or not insured on the same policy.

If convictions for impaired driving and failure or refusal to take a breath or blood test relate to the same occurrence, they shall be considered as one conviction.

Convictions for road offences shall not be used in the rating of off road vehicles (e.g. Snow Vehicles, All Terrain Vehicles) and vice versa.

a) One vehicle and more than one driver

The conviction record of all persons who are listed drivers of the vehicle shall be reviewed to establish which conviction record develops the highest surcharge percentage in accordance with the surcharge schedule for convictions. That conviction record shall be used in calculating the surcharge.

b) More than one vehicle and more than one driver

Each driver shall be allocated to the vehicle they drive most and that driver's conviction record shall be considered in relation only to that vehicle.

c) One driver and more than one vehicle

The driver's conviction record shall be applied to the vehicle that produces the highest premium prior to the application of any accident or conviction surcharges.

C. Accident/Conviction Surcharge Table

Maximum surcharge to be applied for accidents, serious, major and minor convictions is 200%.

| Events in the preceding 36 months | Surcharge |
|-----------------------------------|-----------|
| Chargeable Accidents: | |
| 2 | 0% |
| 3 | 30% |
| Each additional | 10% |
| Major Convictions | |
| 1 | 15% |
| Each additional | 5% |
| Minor Convictions | |
| 2 | 0% |
| 3 | 0% |
| 4 | 25% |
| Each additional | 15% |
| Serious Convictions | |
| 1 | 50% |
| Each additional | 100% |

D. Conviction Definitions**a. Major**

Convictions for any of the following offences under any Act governing highway traffic or for any offence substantially the same whether committed within or outside Canada:

- Failing to report an accident
- Failing, in the event of an accident, to give name and licence number to the police or any other person entitled to such information
- Fail to obey school crossing stop sign
- Improper passing of a school bus
- Improper passing in a school or playground zone

Improper speeding in a school or playground zone

Graduated Licence (where applicable):

Permit novice driver in contravention of cond/rest

Accompanying driver has excess blood alcohol

Driver unaccompanied by a qualified driver

Drive with front seat passenger

Drive with excess passengers

Drive on prohibited highway

Drive at unlawful hour

Drive motorcycle with passenger

Drive motorcycle on prohibited highway

Fail to report damage to highway property

Stunting

Fail to obey directions of a peace officer

Fail to stop on request of a peace officer

b. Minor

The list of minor convictions is not all inclusive and other moving violations, including new offences added to an Act governing highway traffic, may be considered minor, whether committed within or outside Canada, if not specifically named in the Major or Serious list, including, but not limited to:

Fail to notify police

Fail to make written report

Backing up/unsafe/illegal/improper: any type

Brakes/none/inadequate/improper: any type

Crowding driver's seat

Door opening/illegal/obstructing traffic: any type

Emergency vehicle/operating with no regard for safety

Driving imprudently

Driving off roadway (including shoulder/sidewalk/median): any type

Flagman/disobeying

Following too closely (including tailgating)

Headlights/parking lights/improper/lack of use: any type

Lack of control of vehicle: any type

Motor-assisted bicycle carrying passengers

Motorcycle/operating with only an instruction permit

Motorcycle/failure to wear helmet

Passing infraction: any type except school bus or school/playground zone

Pedestrian crossing violation: any type

Radar warning device in motor vehicle: if illegal in province

Railway crossing: any type

Safety zone violation: any type

Seatbelt (any type)

Signalling offences: any type

Slow driving/endangering other: any type

Smokescreen device on vehicle

Speeding: any type, except when listed as major or serious

Squealing tires

Stopping/illegal/improper: any type

Tires/defective/worn: any type

Towing/prohibited/unsafe: any type

Traffic signals/regulating lights: any type

Traffic signs/disobeying any legal sign except parking regulations

Trailer: improper attachments/improper towing

Turns/illegal/improper: any type

Unlicensed driver: any type including improper licence class (Driving without a subsisting licence)

Unsafe move

Unsafe vehicle: any type

Use of hand-held cellular phone

Wrong side of road/wrong way: any type

Yield, failing to: any type

Note: This is a generic list and will not, in all cases, match the exact wording printed on the Driver Record Abstract.

c. Serious

Convictions for any of the following offences under the Criminal Code of Canada or under any Act governing highway traffic or under any other Act or for any offence substantially the same whether committed within or outside Canada or any conviction which appears on a Driver Record abstract identified as a Criminal Code conviction.

Criminal negligence committed in the operation or use of a motor vehicle
Manslaughter committed in the operation or use of a motor vehicle

Driving while licence under suspension

Racing

Careless driving

Driving without due care and attention

Dangerous driving

Impaired driving

Failure or refusal to submit to a breath or blood test

Failure to pass a breath or blood test

Failure to stop/remain at the scene of an accident

Failure to stop for a police officer, resulting in a suspension of licence for a period in excess of one year.

Driving without insurance

Speeding of 50 kph or more over limit

Learner/Level One driver fail/refuse breath sample

Learner/Level One driver with alcohol in blood

Note: If convictions for impaired driving and failure or refusal to take a breath or blood test relate to the same occurrence, they will be considered as one conviction.

Rule 324: Proof of Insurance

1. The Servicing Carrier must make all filings. The Agent/Broker is not permitted to do so.
2. The Agent/Broker must promptly advise the Servicing Carrier if proof of insurance (e.g. a financial responsibility certificate) must be issued or filed with a

local, provincial, federal or U.S.A. authority.

3. Once the proof of insurance is issued, a copy should be supplied to the Agent/Broker for their records.
4. Proof of insurance may not be issued or filed on a “blanket basis” i.e. without specifying the insured vehicles - unless the authority concerned permits no alternative. In that case, the Facility Association’s form of ‘Indemnification and Hold Harmless Agreement’ must be fully completed (including the signatures of the applicant and a witness) and provided to the Servicing Carrier.
5. Parties cannot be added as additional named insured on the policy. The certificate showing proof of insurance guarantees to the party that the vehicle is insured. This is the full extent of the guarantee.
6. In most cases, the Servicing Carrier’s standard certificate of insurance is acceptable and is the preferable option. Should the Servicing Carrier have any concern with the coverages or limits being guaranteed when asked to use a certificate prescribed by the organization or authority with whom the certificate is being filed, the Servicing Carrier should contact Facility Association Head Office.

A. Financial Responsibility Certificate

A temporary liability card may be issued for an applicant who requires the filing of a financial responsibility certificate before he/she may be licensed to drive, provided a fully completed and signed application is submitted for the applicant at the time the temporary liability card is issued. Details of the licence subsequently obtained must be reported promptly to the Servicing Carrier.

B. Renewal or Offer to Renew

If a renewal or offer to renew is issued where proof of insurance has been issued or filed and the renewal is not required, the Servicing Carrier must be notified in sufficient time to file a notice of cancellation in accordance with the applicable authority’s requirements. Otherwise the Agent/Broker/Insured shall be responsible for time on risk charges.

C. Policy Cancellation or Vehicle Deletion

1. Registered Letter

Where proof of insurance has been issued or filed and the policy is to be cancelled, the cancellation of coverages to which the proof of insurance relates shall be processed in accordance with the Statutory Conditions.

The notice of cancellation for the authority concerned must be issued on the same day as the notice of cancellation to the insured. However, as a result of the authority’s requirements the effective date of cancellation may be different.

For example: The registered letter of cancellation for the policy is issued on June 1 for both the insured and the provincial authority. For the insured, cancellation shall take effect 15 days from the date the registered letter is

received at the post office to which it was addressed. Let’s say June 19. The provincial authority requires 30 days notice of cancellation. The effective date of cancellation for the authority shall be June 30. If the insured had a Comprehensive loss on June 25, the policy would not respond. If however, the insured had a Liability loss on June 25, the policy may have to respond as the proof of insurance provides that Liability coverage is in effect until cancelled on June 30.

2. Insured’s Request

Where proof of insurance has been issued or filed, and the vehicle is to be deleted from the policy or the policy is to be cancelled, the cancellation of coverages to which the proof of insurance relates shall be processed after taking into consideration the period of notice required by the authority.

The effective date of cancellation or deletion shall be the same for both the insured and the authority concerned.

For example: The insured requests cancellation of the policy to be effective June 1. The provincial authority requires 30 days notice of cancellation. The notice to the provincial authority is sent on June 5. The effective date of cancellation for the insured will be July 5.

D. Filing Liability Limits

The filing should always be made for the limit required by law even if the policy actually shows a higher limit.

Where a vehicle requires filings in multiple jurisdictions, the filing should be made showing only the limits required in that jurisdiction. The policy should be written with the lowest limits necessary to meet all requirements.

For example: In one jurisdiction a filing for a vehicle requires a split limit of \$1,000,000 road hazard and \$1,000,000 passenger hazard. A filing for a \$5,000,000 combined limit is also required in another jurisdiction for the same vehicle. The policy must be issued with a \$5,000,000 inclusive limit. One filing should be made showing the split limits of \$1,000,000 and \$1,000,000. The other filing should be made showing the \$5,000,000 limit.

Where a filing is to be made for a leased vehicle, the filing should be made in the name of the lessee only.

E. Processing Fees for Filings

Please contact your Servicing Carrier for a schedule of fees which will be charged on a 100% cost recovery basis.

Any charge required by the authority concerned shall be in addition to, and separate from, the Processing Fees.

Rule 325: U.S. Exposure

A. U.S. Exposure Surcharge

Any vehicle that is operated in the U.S. is subject to the U.S. exposure surcharge. This surcharge shall apply to Private Passenger or Recreational vehicles where proof of insurance is required by U.S. authorities and where the vehicles are used for business purposes.

The surcharge does not apply where the vehicle is used for personal use only and proof of insurance is not required.

The insured must advise the Agent/Broker the percentage of the total mileage that the vehicle will be used in the U.S.

If this exposure is 5.0% or less of the total mileage, the surcharge shall be waived unless U.S. authorities require proof of insurance. In this case a 5% surcharge will apply to Liability (Road Hazard and Passenger Hazard), Accident Benefits and END 44.

Liability, Accident Benefits, Uninsured Automobile, END 44

For each percentage point of use in the U.S., surcharge 1% of the applicable premium.

For example:

| U.S. Exposure | Applicable Surcharge |
|--------------------------------|----------------------|
| 5% proof of insurance required | 5% |
| 10% | 10% |
| 25% | 25% |
| 50% | 50% |

Physical Damage

For each percentage point of use in the U.S., surcharge .50% of the applicable premium.

For example:

| U.S. Exposure | Applicable Surcharge |
|---------------|----------------------|
| 5% | 2.5% |
| 10% | 5% |
| 25% | 12.5% |
| 50% | 25% |

B. Currency Differential Surcharge

Whenever proof of insurance is required by U.S. authorities, a currency differential surcharge is added to the Liability premium to provide for the potential additional loss arising from the payment of a claim in U.S. dollars.

The currency differential is the rate of exchange being charged for the US dollar, to the nearest cent, as at the date the premium is calculated for policy issuance. The Servicing Carrier shall obtain the rate of exchange from a chartered bank at the location where the premium is calculated.

The surcharge percentage is calculated by means of the following formula:

Currency differential x U.S. exposure surcharge

For example:

The rate of exchange for the U.S. dollar is 1.3085 Canadian.

Therefore the currency differential is 0.31

The U.S. exposure surcharge is 25%

Currency differential surcharge: $0.31 \times 25\% = 7.75\%$

The Currency differential surcharge is

1. Applied only to the Liability premium (Road/Passenger Hazard).
2. Subject to a minimum of 2.5% regardless of the current rate of exchange
3. Additional to but not compounded on the U.S. exposure surcharge.

Example:

| | |
|--|---------------------------------|
| The Liability premium is | \$1,000 |
| U.S. Exposure Surcharge is | 25% |
| The Currency Differential Surcharge is | 7.75% |
| Base Premium | \$1,000 |
| U.S. Exposure | $\$1,000 \times .25 = \250 |
| Currency Differential | $\$1,000 \times 7.75 = \77.50 |
| Total Liability premium | \$1,328 |

4. In addition to the Servicing Carrier's fee for filing proof of insurance.
5. Payable only when proof of insurance is required by U.S. authorities.
6. The combined dollar value of the currency differential surcharge and the U.S. exposure surcharge is subject to a minimum of \$50 per policy term.

For example: Using the example above, the dollar value of the U.S. exposure surcharge is \$250 and the dollar value of the currency differential surcharge is \$78. The total combined dollar value is \$328, well exceeding the minimum required.

Rule 332: Short-Term Rentals- Unspecified Lessees - Leases of 30 Days or Less

Use POL 1 and END 5c. Insurance is provided on a specified vehicle/per vehicle basis and use of END 21a/b is not permitted. Use of END 44 is not permitted.

Liability, Physical Damage

| Class of Vehicle | Premium |
|--|-----------------------------|
| Private Passenger Vehicles | 250% of 07/0 rate |
| Commercial Vehicles | |
| Light Trucks | 200% of 43/0 rate |
| Heavy Trucks | 200% of 45/0 rate |
| Tractors/Trailers | 175% of 64/0 rate |
| Private Type Trailers | |
| Liability | Non Pleasure rate plus \$15 |
| Physical Damage | 250% of normal rate |
| Motor Homes and Vehicles with mounted Camper Unit | |
| Liability | 250% of 07/0 rate |
| Physical Damage | 250% of normal rate |
| Motorcycles & Mopeds | 250% of Driving Record 0 |
| Snow Vehicles | 250% of normal rate |
| All Terrain Vehicles | 250% of normal rate |
| Any other vehicle | Refer to Servicing Carrier |

Accident Benefits, Uninsured Automobile

Charge the normal rate for the type of vehicle concerned.

Rule 333: Long-Term Leases-Specified Lessees- Leases Exceeding 30 Days

A. Application

The lessee must complete an FA application form. The name and address of the applicant/lessee and the name and address of the lessor must be shown where required on the application form.

B. Policy

Use POL 1 with END 5. The name and address of the lessor and the name and address of the lessee must appear on the policy declaration page.

C. Rating

The vehicle is rated as if owned by the lessee.

Rule 334: Driver Training Vehicles

All Driver Training Vehicles (regardless of vehicle type) shall be rated based on the trainer and that individual's experience. These vehicles shall not be rated for the trainee.

Use POL 1 with END 6D. This endorsement extends the Liability section of the policy to cover the applicant's liability for student drivers/observers.

A. Driving Record

Driving record is to be calculated in accordance with the section of the manual that applies to a similar class of vehicle, subject to a maximum of Driving Record 3. Clear record earned on a similar vehicle which was not previously used for driver training, shall be applied when determining the driving record for driver training vehicles.

For example: The insured opens a driver training school and either uses his own car or buys another car to use as a driver training vehicle. The insured has no previous experience with driver training and is 5 years accident free. According to the rules in the Private Passenger section the insured is entitled to Driving Record 5. Therefore the insured is entitled to Driving Record 3 on the driver training vehicle. If the insured had never owned a tractor trailer and purchased one to use for driver training, the driving record entitlement would be 0 according to the rules in the Commercial section.

B. Vehicle used solely for Driver Training

Calculate the premium as follows, add any applicable accident and conviction surcharges, and then apply the surcharges indicated in the Driver Training Surcharge Table.

Private Passenger Vehicles:

Rate as business use

Commercial Vehicles:

Light –Rate as Class 36; Heavy – Rate as Class 44

Public Vehicles (Buses, etc.):

Private Passenger Type Vehicles:

Rate as business use

Other Vehicles:

Light Rate as Class 36; Heavy Rate as Class 44

Recreational Vehicles:

Rate at non-pleasure rates

C. Vehicles used for Driver Training in addition to some other use

1. Calculate the premium as though the vehicle is used solely for driver training.
2. Calculate the premium as though the vehicle were used solely for the 'other use'.
For example: If the vehicle is used for driving to and from work less than 17 km one way, use Class 02.
3. Add the dollar value of the driver training surcharge calculated in step 1 to the premium calculated in step 2.
4. Compare the premium in step 1 to the premium calculated through steps 2 and 3 and use the higher of the two.

For example:

Step 1

The vehicle is a private passenger vehicle and using class 07, the total premium is \$700. The Liability premium is \$200. The vehicle is equipped with dual controls so a surcharge of 35% is applied to the Liability premium for a surcharge of \$70. The total policy premium calculated in step 1 is therefore \$770.

Step 2

The driver training use is part time and the insured also uses the vehicle to drive to and from another job. Therefore a premium of \$400 is calculated by rating the vehicle as Class 02.

Step 3

The premium in Step 2 is \$400 and we add to that the surcharge premium of \$70 calculated in Step 1.

Step 4

Use the higher of the results from Step 1 (\$770) or Step 3 (\$470).

D. Driver Training Vehicle Surcharge Table

1. Vehicles used only for Secondary School, College or University training courses.

| Coverage | Equipped with | |
|-----------|---------------|-------|
| | dual controls | Other |
| Liability | 35% | 135% |
| Collision | 0% | 75% |

2. Other Vehicles

| Coverage | Equipped with | |
|-----------|---------------|-------|
| | dual controls | Other |
| Liability | 70% | 170% |
| Collision | 25% | 100% |

Rule 335: Fleets

A. Definition

A fleet is a group of 5 or more self-propelled vehicles under common ownership or management and used for business, commercial, or public transportation. Vehicles on a long-term lease are considered the equivalent of owned in determining whether or not a risk is a fleet. The applicant must have had 60 months of Liability insurance in the past 12 months i.e. 5 vehicles with Liability coverage for the past year, regardless of the number of policies on which those vehicles were insured.

For example: If the insured owned 5 vehicles and leased (on a long term basis) 1 vehicle that were insured for Liability for the past 12 months, the insured has 72 months of Liability insurance. If the insured only had 4 vehicles insured for Liability in that period, there would only be 48 months of Liability insurance and the policy would not be experience rated.

The 60 months is established on the basis of vehicles the insured has owned or leased from others. The applicant may be required to provide proof of vehicle registration and ownership. Vehicles that are leased for more than 30 days to others are not to be considered unless those vehicles are leased to one lessee and meet the definition of a fleet.

Vehicles that the insured leases from others must be insured on a separate policy with the same expiry date as the policy for owned vehicles. If the policy for owned vehicles and the policy for the leased vehicles are insured through FA whether or not with the same Servicing Carrier, the policies shall be experience rated. If however, one policy is insured in the voluntary market and the other policy is insured through FA, the FA policy shall only be experience rated if there has been 60 months of liability insurance in the past 12 months for the vehicles insured by FA. If the policy does qualify for experience rating, only the experience on the vehicles insured by FA shall be used to promulgate the rate.

The months of Liability insurance for vehicles whose rates are derived from a Class 07 base and for commercial vehicles rated as private passenger (because of dual use), are included in the 60 month calculation. The months of Liability insurance on personal use recreational vehicles and private passenger vehicles solely used for pleasure (no driving to and from work for the applicant's business) is not included in the 60 month calculation. However, once it has been established that a risk is to be experience rated, private passenger vehicles other than those rated 07 shall be added (with any claims) on the policy and in the experience rating.

Section 7 – Endorsement Wordings and Premiums

The following pages show Facility Association's Endorsement Wordings and Premiums, as captured in Rules 311, 312, 313 and 338. The proposed changes regarding 311 and 338 are shown in Section 3 in Actuarial Memorandum.

Rule 310: Rate Group

A. Public Bus

Determine the list price new and rate according to the 'List Price New' column on the Public Bus rate page.

B. Other Vehicles

If the Schedule of Rates requires that a Private Passenger premium be used and the vehicle is listed in the Rate Group Table in the Private Passenger section of the manual, use the Private Passenger rate group. If the vehicle is not listed in the Private Passenger Rate Group Table, **determine list price new** and obtain the rate group from the Rate Group Table found on the Rating Notes page in the Private Passenger section.

If the Schedule of Rates requires that a Commercial premium be used, determine the list price new and establish the rate group using Rate Group Table II in the Commercial section of the manual.

Rule 311: Endorsement Forms/ Wordings

Changes to standard approved forms are not permitted.

The Endorsement Section provides certain details and rating instructions for approved endorsement forms. The descriptions are brief and reference must be made to the actual wordings of these forms to ascertain the full provisions and restrictions.

Certain endorsements require a signature. Where no signature is obtained, the policy may be cancelled in accordance with the Statutory Conditions or the endorsement may be deleted and the policy re-rated accordingly.

If a vehicle is registered in both the husband's name and the wife's name, endorsements that require signature must be signed by both husband and wife. If it is discovered that a policy is covering two vehicles (one registered in the husband's name and one in the wife's name), both signatures shall be required on any endorsements that require signature.

Provided the endorsement form does not indicate the expiry date of the policy and continues to refer to a particular vehicle (policy vehicle item number did not change), once an endorsement form has been signed, it need not be signed again on subsequent policy renewal terms.

Rule 312: Endorsements

END 20 - Loss of Use

Facility Association does not provide this coverage for Public Vehicles.

After Market Sound and Electronic Communication Equipment

Where the vehicle is equipped with sound or electronic communication equipment, other than factory installed equipment, application of either END 37 or END 38 is mandatory in those jurisdictions where the endorsements and the END 38 rate have been approved. See Endorsement Section.

END 37 - Limitation to Automobile Sound and Electronic Communication Equipment

This endorsement limits the amount of coverage on such equipment to \$1,500. Where a vehicle is covered for All Perils, Comprehensive or Specified Perils, this endorsement must be added if the applicant does not wish to purchase additional coverage. The endorsement must be signed by the insured.

END 38 - Increased Limit, Automobile Sound and Electronic Communication Equipment

Where a vehicle is covered for All Perils, Comprehensive or Specified Perils, and the applicant wishes to purchase additional coverage for the equipment, this endorsement may be added. Additional coverage may be purchased at a rate of \$30 per \$1,000 of value or part thereof in excess of \$1,500. Documentation (appraisal or receipts) is necessary to substantiate the value stated in the endorsement. The endorsement must be signed by the insured.

For example: END 38 has a limit of \$4,300. The premium for END 38 shall be \$90.

Rule 313: Premiums

A. Premium Quotations

The Agent/Broker is responsible for calculating premiums in accordance with this manual, including the "base" premiums applicable to experience (fleet) rated risks. Experience rated risk premiums are calculated at Driving Record 0.

Where there is any doubt on the matter, the Servicing Carrier will be pleased to assist in establishing risk classifications, but the Servicing Carrier shall not make premium quotations except where the manual does not provide for the particular coverage required.

The Servicing Carrier shall require clarification from the Agent/Broker if the information on the application contradicts the quoted premium.

B. Manual Rates

The rates published in this manual are for annual policy terms. For six-month policies charge 52% of the annual premium **except** for Motorcycles/Mopeds, Snow Vehicles and Antique Vehicles. See the **Recreational Vehicle** section for rating instructions on these vehicles.

Fleets as defined in Rule 335 are not eligible for six month policies.

C. Premium Rounding

The premium for each coverage shall be rounded to the nearest whole dollar. A premium that includes 50 cents or more shall be rounded up to the next whole dollar. e.g. 46.56 will be rounded up to \$47.00 and 46.44 will be rounded down to \$46.00.

This applies to all premium transactions, including refunds except where the policy is cancelled by registered letter at the request of the Agent/Broker or by the Servicing Carrier. In that event, the return premium shall *always* be rounded up to the next whole dollar (\$45.10 will be rounded up to \$46.00).

D. Minimum Premium/Minimum Retained Premium

Unless otherwise stated in any other section of this manual, the minimum premium for any automobile policy or renewal and, the minimum retained premium in the event of cancellation of the policy, is \$25, regardless of the term of insurance. The minimum retained premium must be stated on the declaration page of the policy.

Rule 314: Policy Term

Every policy or renewal shall be issued for a term of either one year or six months. See also Rule 331 – Purchasing Vehicles in Jurisdictions Where FA Does Not Operate.

A short term policy may be issued in the event that the vehicle/item is in transit in or through the jurisdiction, i.e. a single trip from a location within a jurisdiction in which Facility Association operates to another location within a jurisdiction in Canada or the continental U.S.A. The Servicing Carrier may accept an application for a short term policy and issue the policy accordingly or accept an application for a 6 or 12 month term and a cancellation voucher signed to provide coverage for only the shortened term.

The premium for the policy shall be calculated using the highest rated territory of the originating jurisdiction and the applicable short term table in this manual, subject always to the minimum retained policy premium.

Policies subject to Rule 335 Fleets cannot be issued for a term of 6 months.

Rule 315: Policy Changes

A. A change to a policy shall not be processed if:

- a) The change is substantial e.g. the insured is covered under POL 1 and now requires POL 4 or 6 instead. A new policy may be necessary. If in doubt, the Agent/Broker should contact the Servicing Carrier for direction. If a new policy is required, a new application must be submitted. The existing policy shall be cancelled pro rata.
- b) There is a change of the jurisdiction in which a vehicle is registered and the vehicle must be registered in the new jurisdiction. The insurance on the vehicle must be cancelled. The refund shall be calculated on a pro rata basis, subject to the minimum retained premium.

B. Name of Insured When Adding or Deleting Vehicles

Leased Vehicles

- Where the insured has a leased vehicle and is returning the vehicle to the lessor and replacing it with an owned vehicle, provided there is no change in the name of the insured (the person who actually applied for the insurance), the change to remove the lessor's name from the policy and the vehicle substitution may be made by endorsement. A release of the lessor's interest must be obtained or comparable notification of the change must be sent to the lessor by registered mail.
- Where an insured has an owned vehicle, and is now obtaining a leased vehicle and disposing of the owned vehicle, the change to the vehicle and name of insured may be made by endorsement, provided there is no change in the name of the applicant, other than to add the lessor's name to the policy.
- In situations where the insured has an owned vehicle and a leased vehicle, separate policies may not be necessary for each vehicle. Where an insured has two or more vehicles leased from different leasing companies, a separate application is required for each vehicle.

Owned Vehicles

Two or More Names as Registered Owner of the Vehicle:

Where an application is received for vehicle(s) registered in two names, such as Pat and Drew Doe, the application must be signed by both parties. In the event the policy is to be cancelled at the insured's request, both signatures are required on the request for cancellation. If the situation is other than the applicant and spouse, refer to the Servicing Carrier prior to quoting or binding to verify the rating.

Two or More Vehicles Registered to Different Names:

If the applicant has vehicles leased from different leasing companies or, one vehicle registered for example in the father's name and one in the son's name, separate policies must be maintained. Separate applications must be submitted for each policy.

Rule 338: Endorsements Applicable to POL 1 (Owner's Policy)

Notes:

1. No endorsements, no special wordings and no changes to standard forms are permissible except as approved by or on behalf of the Superintendent(s) of Insurance.
2. This Manual (in this section and elsewhere) provides certain details of approved endorsement forms. The descriptions are necessarily very brief and reference must be made to the actual wordings of the endorsements to ascertain the full provisions and restrictions.
3. In certain cases a copy of the endorsement must be signed by the applicant and filed with the Servicing Carrier. The insurance will not be continued or the policy will be re-rated, if this requirement is not met.

Liability (or TPL) means B.I. and P.D. Tort;

Physical Damage means Optional Coverages – Loss or Damage (All Perils, Collision, Comprehensive, Specified Perils)

| | Standard Endorsement Form Number, Title and Purpose | Rating | | | | | | | | | | |
|--------------------|---|---|--------------------|--------|-------|-------|--------|--------------------|---|---|----|----|
| 2 | <p>Providing Coverage When Named Persons Drive Other Automobiles Extends the “drive other automobiles” Liability and Accident Benefits coverage to persons other than the insured and spouse.</p> | <p>The premium is dependent upon the Liability limit applicable to the vehicle:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Limit in thousands</td> <td style="width: 10%; text-align: center;">\$200</td> <td style="width: 10%; text-align: center;">\$300</td> <td style="width: 10%; text-align: center;">\$500</td> <td style="width: 10%; text-align: center;">\$1000</td> </tr> <tr> <td>Premium per person</td> <td style="text-align: center;">8</td> <td style="text-align: center;">9</td> <td style="text-align: center;">10</td> <td style="text-align: center;">11</td> </tr> </table> <p>Accident Benefits per person \$1.</p> | Limit in thousands | \$200 | \$300 | \$500 | \$1000 | Premium per person | 8 | 9 | 10 | 11 |
| Limit in thousands | \$200 | \$300 | \$500 | \$1000 | | | | | | | | |
| Premium per person | 8 | 9 | 10 | 11 | | | | | | | | |
| 3 | <p>Drive Government Automobiles Covers the insured's legal liability arising from the custody and use of a vehicle owned by the federal or a provincial government, including Liability for the loss of or damage to the vehicle arising from Collision and/or Comprehensive or Specified Perils. The insured must specify the types of vehicle that may be in their custody and, in regard to the physical damage coverages, must indicate the required limit per occurrence.</p> | <p>Calculate the coverage premiums applicable to the highest rated government vehicle that may be in the insured's custody as if he owned such a vehicle. Take into account driving record, type of vehicle, use and the coverage deductibles. Use the limit per occurrence as the vehicle's value for determining the rate group and, in respect of a commercial vehicle, assume the model year to be the current year. The charge for each coverage is this percentage of the calculated premium.</p> <p>Liability:20% Accident Benefits:50% Physical Damage:100%</p> | | | | | | | | | | |
| 4A | <p>Permission to Carry Explosives Removes the policy form's exclusion in regard to carrying specified explosives only.</p> | <p>If main cargo, rate vehicle as Class 48, 61B-64B plus special factors. If incidental, net annual \$50. Refer to additional rules within manual for further information.</p> | | | | | | | | | | |
| 4B | <p>Permission to Carry Radioactive Materials Removes the policy form's exclusion in regard to carrying radioactive materials only.</p> | <p>If main cargo, rate vehicle as Class 48, 61B-64B plus special factors. If incidental, net annual \$50. Refer to additional rules within manual for further information</p> | | | | | | | | | | |
| 5 | <p>Permission to Rent or Lease Automobiles and Extending Coverage to the Specified Lessee(s) Applicable to leases exceeding 30 days.</p> | <p>No charge for the endorsement. Vehicle is rated as if owned by lessee. Refer to additional rules within manual for further information</p> | | | | | | | | | | |
| 5C | <p>Permission to Rent or Lease (unspecified lessees - short term leases only) Applicable to leases not exceeding 30 days</p> | <p>The following premiums apply to the policy and are not specifically for the endorsement:</p> <p>1. Liability and All Perils, Collision, Comprehensive, Specified Perils:</p> <p>Private Passenger 250% of 07/0 Commercial Vehicles Light Trucks 200% of 43/0 Heavy Trucks 200% of 45/0 Tractor/Trailers 175% of 64/0 Private Trailers a. Liability add \$15 b. Physical Damage 250% of normal MotorHomes & Camper Units a. Liability 250% of 07/0 b. Physical Damage 250% of normal Motorcycles & Mopeds 250% of DR 0 Snowmobiles & ATVs 250% of normal Refer to additional rules within manual for further information</p> | | | | | | | | | | |

FACILITY ASSOCIATION

Section E – Public Vehicles

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| 5D | Conversion Coverage (rented or leased automobiles) | Not available on Facility Association policies. |
| 6A | <p>Permission to Carry Passengers for Compensation Modifies the policy form's restrictions in regard to the use of the vehicle for the carriage of passengers. The actual use of the vehicle must be specified in the endorsement. See Private Passenger Vehicles and Public Vehicles. The use of the endorsement is not permissible in respect of other vehicles. Also see END 22.</p> | <p>For Private Passenger Vehicles used in car pools: add 10% of Liability premium. Volunteers: A volunteer transports persons to medical appointments and the like, and is reimbursed for their reasonable driving expenses, including gas, vehicle wear and tear and meals. END 6a is not required and there is no additional premium charge. Other Private Passenger Vehicles used to transport passengers: i) If transportation of non-paying passengers is part of insured's job and employer reimburses employee for expenses then 07 rates apply. ii) If transportation is very occasional (no more than once a week - non-paying passengers) then 02 or 03 rates can apply. iii) All others, then appropriate taxi, limousine or bus rates are applicable. END 6a would be attached, however, only if the vehicle is used in a car pool would the 10% surcharge apply. For Public Vehicles, rate vehicle accordingly. See Public Vehicles Section.</p> |
| 6B | <p>School Bus Used in respect of School Buses. In regard to Passenger Hazard, provides either (a) separate limits of liability in respect of (i) bodily injury to any one person, (ii) bodily injury to all persons, and (iii) passengers' property or (b) a combined limit in respect of all passengers' bodily injury and property damage. Also, see END 22.</p> | Rate vehicle according to Public Vehicles Section. |
| 6C | <p>Public Passenger Vehicles Used in respect of buses other than School Buses. In regard to Passenger Hazard, provides either (a) separate limits of liability in respect of (i) bodily injury to any one person, (ii) bodily injury to all persons, and (iii) damage to property carried in the automobile, or (b) a combined limit in respect of all passengers' bodily injury and property.</p> | Rate vehicle according to Public Vehicles Section |
| 6D | <p>Driver Training School Gives permission for the vehicle to be used for Driver Training School purposes and extends the Liability section of the policy to provide coverage in respect of the insured's liability for bodily injury to student drivers/observers. The Liability limit provided in respect of Road Hazard is to be repeated in the endorsement against both "any one person" and "two or more persons". Also, see END 22</p> | Refer to additional rules within manual for further information |
| 6F | <p>Public Passenger Vehicles Used instead of END 6C when a combined Road & Passenger Hazard Limit (B.I. & P.D.) is to be provided.</p> | Rate vehicle according to Public Vehicles Section |
| 7 | <p>Separate Limits (Liability) Used only when proof of insurance is filed in respect of a vehicle. The authority concerned requires that, in respect of Road Hazard, the insurance provide separate Liability limits for (i) bodily injury to any one person, (ii) bodily injury to all persons, and (iii) damage to property.</p> | Premium is that applicable to an inclusive limit equal to the sum of the limits of "ii" and "iii". |
| 8 | Property Damage Reimbursement | Not available on Facility Association policies. |

FACILITY ASSOCIATION

Section E – Public Vehicles

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| 9 | <p>Marine Use Excluded Specifies that insurance is not provided while the vehicle is in or upon water or being launched or landed. The use of the endorsement is mandatory in respect of vehicles designed for use on both land and water (amphibious vehicles, all terrain vehicles, swamp buggies).</p> | No charge. |
| 13C | <p>Deletion of Glass Coverage Amends the Comprehensive coverage by deleting coverage for damage to glass unless caused by a hazard included in Specified Perils coverage.</p> | <p>Private Passenger Vehicles, Motor Homes and “Light” Commercial Vehicles (excluding Trailers) Premium charged for reduced coverage is Specified Perils plus 10% of Comprehensive except for deductibles of \$500 or over where there is no discount from the full applicable Comprehensive premium. Note: For the purposes of the Automobile Statistical Plan, the reduced coverage is reported as Comprehensive Coverage.</p> <p>Other Vehicles: Not offered.</p> |
| 16 | <p>Suspension of Coverage The Liability, Accident Benefits and Collision coverages in respect of a vehicle that is temporarily laid up may be suspended by means of END 16. The endorsement does not suspend the Liability and Accident Benefits coverages that relate to “driving other vehicles”. The endorsement may be used in respect of most private passenger and commercial-type vehicles. It is not available in respect of - a. vehicles for which proof of insurance is issued or filed; b. experience-rated vehicles; c. the Recreational vehicles/items to which the Recreational Vehicles Section relates.</p> | <p>In no event shall refund be granted for any suspension of coverage less than sixty (60) consecutive days.</p> <p>Refer to additional rules within manual for further information</p> |
| 17 | <p>Reinstatement of Coverage Used in connection with END 16. Refer to additional rules within manual for further information</p> | |
| 19 | <p>Limitation of Amount Provides that, in the event of loss or damage, the maximum amount of insurance under the physical damage sections of the policy is the actual cash value of the vehicle or the specified dollar amount (selected by the insured), whichever is less. The use of the endorsement is mandatory in respect of Motorcycles and Mopeds and all vehicles for which the physical damage premiums are based on the estimated or appraised current value.</p> | Base physical damage premiums on estimated or appraised current value. |
| 19A | Valued Automobiles | Not available on Facility Association policies. |
| 20 | <p>Loss of Use Provides coverage to pay for other means of transportation because of loss or damage to a described vehicle covered by END 20 caused by an insured peril and where the amount of loss or damage exceeds the deductible.</p> | <p>Private Passenger Vehicles: \$50 net per annual term per vehicle - for amount payable up to \$50 for any one day up to \$900 per occurrence. Refer to additional rules within manual for further information</p> <p>Other Vehicles: Not offered.</p> |
| 21A | Receipts or Mileage Basis Fleet | Not available on Facility Association policies. |
| 21B | Blanket Basic Fleet | Not available on Facility Association policies. |
| 22 | <p>Damage to Property of Passengers Used to insure the Passenger Property Damage hazard when either (a) END 6a or 6d is attached to the policy or (b) END 6b is attached but separate Passenger Hazard limits are required in respect of Bodily Injury and Property Damage.</p> | Premium is the Passenger Hazard Property Damage premium for the class of vehicle. See Public Vehicles Section. |

FACILITY ASSOCIATION

Section E – Public Vehicles

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| 22N | Cargo Insurance | Not available on Facility Association policies. |
| 23A | Mortgage Records the joint interest of a lienholder. If an END 23a is issued showing the coverages provided, the applicability of any restrictive endorsement (such as END 19/40) is also to be recorded. | No charge. |
| 23B | Mortgage (Broad Form) Broader than END 23a in that it provides additional protection to the lienholder. If an END 23b is issued showing the coverages provided, the applicability of any restrictive endorsement (such as END 19/40) is also to be recorded. | 10% of total physical damage premium; minimum net annual \$25. |
| 24 | Fire Apparatus Excludes physical damage coverage on equipment removed from the vehicle while at the location of a fire. Use of the endorsement is mandatory when the insurance applies to a fire-fighting vehicle | No charge. |
| 25 | Alteration Used by Servicing Carrier to record policy changes.. | No charge. Minimum additional premium of \$5 for addition of coverage of vehicle, increase in Liability limit, or decrease in deductible amount. |
| 26 | Disappearing Deductible | Not available on Facility Association policies. |
| 27 | Legal Liability for Damage to Non-Owned Automobile(s) and Providing Other Coverages When Insured Persons Drive Other Automobiles Covers the insured's legal liability for loss of or damage to a non-owned vehicle/trailer (not owned by or licensed in the name of the insured or any other person residing in the same premises) arising from Collision and/or Comprehensive or Specified Perils. The insured must specify the types of vehicle/trailer that may be in his custody. | Private Passenger Vehicles: Premium: \$50 per annum. Peril: All Perils only Limit: \$40,000 Deductible: \$250 Restriction: Coverage offered only to risks carrying both Collision and Comprehensive, or All Perils on the vehicle described in the policy. Other Vehicles: Not offered. |
| 27B | Business Operations - Liability for Damage to Non-Owned Automobile(s) in your Care, Custody or Control Covers the insured's legal liability for loss of or damage to a non-owned vehicle/trailer (not owned by or licensed in the name of the Insured or any other person residing in the same premises) arising from Collision and/or Comprehensive or Specified Perils. The insured must specify the types of vehicle/trailer that may be in his custody and indicate the required limit per occurrence. This endorsement excludes customers automobiles under a garage policy in the definition of non-owned automobiles. | Coverage premiums charged are those applicable to the highest rated vehicle as if the insured owned such a vehicle; the limit per occurrence is used to calculate rate group; model year is assumed to be the current year. |
| 28A | Excluded Driver Endorsement Used to remove all coverage under the policy when a specified driver is driving or operating the vehicle. | No premium reduction. |
| 29 | Additional Coverage as Respects Operation By Named Persons | Not available on Facility Association policies |
| 30 | Excluding Operation of Attached Machinery Excludes Liability and Accident Benefits coverage in respect of the ownership or use of machinery or apparatus mounted on or attached to the vehicle, while at the site of such use. END30 may not be used in conjunction with END 31 | No charge |

FACILITY ASSOCIATION

Section E – Public Vehicles

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| 31 | <p>Non-Owned Equipment Provides coverage in respect of apparatus, machinery or equipment that is attached to the vehicle but is not owned by the insured. Use of the endorsement is not permissible in respect of a vehicle to which END 30 applies. The physical damage coverages may only be the same as those provided in respect of the vehicle. The required limit in respect of loss of or damage to the equipment must be specified.</p> | No specific charge, equipment cost to be included in vehicle value |
| 32 | <p>Recreational Vehicles Permits the use of the insured vehicle, off the public highway and for recreational purposes only, by an unlicensed and/or unqualified person.</p> | No charge. |
| 35 | <p>Emergency Service Expense Provides coverage up to \$50 for towing and emergency service expenses necessitated by disablement of the vehicle.</p> | \$6 per annual term per vehicle. |
| 36 | <p>Commercial Automobiles used exclusively for Pleasure Required when a commercial type vehicle is used only for pleasure purposes and is so rated.</p> | No charge. When applicable this endorsement will be read in |
| 37 | <p>Limitation to Automobile Sound and Electronic Communication Equipment. Provides that, in the event of loss or damage by theft or attempted theft, the maximum amount of insurance for the equipment or the actual cash value is \$1,500 in total.</p> | No charge. |
| 38 | <p>Increased Limit, Automobile Sound and Electronic Communication Equipment Provides that, in the event of loss or damage by theft or attempted theft, the maximum amount of insurance for the described after market electronic equipment is the limit shown in the endorsement or the actual cash value of the described equipment whichever is less.</p> | \$30 per \$1,000 or part thereof, of the limit of coverage shown on the endorsement in excess of \$1,500. eg. Equipment is valued at \$4,300. The premium for END 38 will be \$90. |
| 40 | <p>Fire and Theft Deductible Used when the All Perils, Comprehensive or Specified Perils deductible is to be made applicable to fire losses and to theft of the entire vehicle/item. This endorsement is mandatory for motorcycles and mopeds.</p> | No charge. |
| 43 | Removing Depreciation Deduction | Not available on Facility Association policies. |
| 43A | Removing Depreciation Deduction for Specified Lessee(s) | Not available on Facility Association policies. |
| 44 | <p>Family Protection Provides limited protection to the insured, spouse and certain relatives in the event of bodily injuries caused by another motorist who has less Liability insurance than the insured. For a complete description of the coverage, see the actual endorsement form and the “Supplement”.</p> <p>The limit for any one accident (ie., all claimants) is normally the difference between the Liability limit carried by the other motorist and the Liability limit applicable to the insured vehicle. If the latter is greater than \$1,000,000, however, the coverage provided by the END 44 must be limited to \$1,000,000; the limitation must be specified on the face of the policy.</p> | <p>Premiums are dependent on class of vehicle and limit of Liability. Premiums are shown on rate pages in each section of the manual.</p> <p>This endorsement is not available on “Public Vehicles” as described in the Public Vehicles Section of this manual or any other vehicles used in the manner of “Public Vehicles”.</p> |

Section 8 – Rate Group Table Information

The physical damage coverages for Taxi are dependent on Private Passenger Vehicle which is currently using the 2011 Canada CLEAR Rate Group Table (No DCPD) – VRGC 2011.

Section 9 – Rate Exhibits

No rating profiles are required for this filing according to Category 2 filing guideline.

Other rate exhibits are shown on the following pages.

Exhibit Taxi-1
Page 1 of 2

Province of Newfoundland and Labrador
Board of Commissioners of Public Utilities
Current Taxi Base Rate Summary

| <u>Taxi</u> ¹ | Territory 1 | Territory 2 | Territory 3 |
|--------------------------|-------------|-------------|-------------|
| Road Hazard | 2,069.00 | 2,069.00 | 2,069.00 |
| Passenger Hazard - BI | 1,016.00 | 1,016.00 | 1,016.00 |
| Passenger Hazard - PD | 62.00 | 62.00 | 62.00 |
| Accident Benefits | 80.00 | 80.00 | 80.00 |
| Uninsured Motorist | 22.00 | 22.00 | 22.00 |

Territorial Definitions

Territory 1 - Avalon District, Statistical Plan Code 004

Consisting of the City of St. John's, including that part of the Island east of Highway 202, being a line between the communities of Old Shop and Chapel Arm in Trinity Bay to the North and between Long Harbour and Ship Harbour in Placentia Bay in the South.

Territory 2 - Bonavista and Burin District, Statistical Plan Code 005

Consisting of that Territory east of a line drawn from Port Blandford in Bonavista Bay to English Harbour East in Fortune Bay, excluding the Avalon District.

Territory 2 - Remainder of the Province, Statistical Plan Code 007

Consisting of those parts of the Province of Newfoundland and Labrador, excluding the Avalon, Labrador and Burin and Bonavista Districts.

Territory 3 - Labrador District, Statistical Plan Code 006

The entire area of Labrador

1. **Third Party Liability** rates are based upon: Driving Record 0 and \$200,000 Limit. 2. **Collision, Comprehensive** and **Specified Perils** rates are depend on PPV rates. 3. **All Perils and SEF 44** are not offered.

Exhibit Taxi-1
Page 2 of 2

Province of Newfoundland and Labrador
Board of Commissioners of Public Utilities
Proposed Taxi Base Rate Summary

| <u>Taxi</u> ¹ | Territory 1 | Territory 2 | Territory 3 |
|--------------------------|-------------|-------------|-------------|
| Road Hazard | 3,103.50 | 3,103.50 | 3,103.50 |
| Passenger Hazard - BI | 1,524.00 | 1,524.00 | 1,524.00 |
| Passenger Hazard - PD | 93.00 | 93.00 | 93.00 |
| Accident Benefits | 315.44 | 315.44 | 315.44 |
| Uninsured Motorist | 94.45 | 94.45 | 94.45 |

Territorial Definitions

Territory 1 - Avalon District, Statistical Plan Code 004

Consisting of the City of St. John's, including that part of the Island east of Highway 202, being a line between the communities of Old Shop and Chapel Arm in Trinity Bay to the North and between Long Harbour and Ship Harbour in Placentia Bay in the South.

Territory 2 - Bonavista and Burin District, Statistical Plan Code 005

Consisting of that Territory east of a line drawn from Port Blandford in Bonavista Bay to English Harbour East in Fortune Bay, excluding the Avalon District.

Territory 2 - Remainder of the Province, Statistical Plan Code 007

Consisting of those parts of the Province of Newfoundland and Labrador, excluding the Avalon, Labrador and Burin and Bonavista Districts.

Territory 3 - Labrador District, Statistical Plan Code 006

The entire area of Labrador

1. **Third Party Liability** rates are based upon: Driving Record 0 and \$200,000 Limit. 2. **Collision, Comprehensive** and **Specified Perils** rates are depend on PPV rates. 3. **All Perils and SEF 44** are not offered.

**Province of Newfoundland and Labrador
Board of Commissioners of Public Utilities
Taxi Base Rate/Adjusted Base Rate Calculation Form**

| Coverage Territory | Proposed Base Rate | Differential Off Balance Factor | Discount Off Balance Factor | Adjusted Proposed Base Rate |
|--------------------------------------|-----------------------|---------------------------------------|-----------------------------------|-----------------------------------|
| <u>Road Hazard:</u> | | | | |
| Territory 1 | 3,103.50 | 1.000 | 1.000 | 3,103.50 |
| Territory 2 | 3,103.50 | 1.000 | 1.000 | 3,103.50 |
| Territory 3 | 3,103.50 | 1.000 | 1.000 | 3,103.50 |
| <u>Passenger Hazard - BI:</u> | | | | |
| Territory 1 | 1,524.00 | 1.000 | 1.000 | 1,524.00 |
| Territory 2 | 1,524.00 | 1.000 | 1.000 | 1,524.00 |
| Territory 3 | 1,524.00 | 1.000 | 1.000 | 1,524.00 |
| <u>Passenger Hazard - PD:</u> | | | | |
| Territory 1 | 93.00 | 1.000 | 1.000 | 93.00 |
| Territory 2 | 93.00 | 1.000 | 1.000 | 93.00 |
| Territory 3 | 93.00 | 1.000 | 1.000 | 93.00 |
| <u>Accident Benefits:</u> | | | | |
| Territory 1 | 315.44 | 1.000 | 1.000 | 315.44 |
| Territory 2 | 315.44 | 1.000 | 1.000 | 315.44 |
| Territory 3 | 315.44 | 1.000 | 1.000 | 315.44 |
| <u>Uninsured Motorist:</u> | | | | |
| Territory 1 | 94.45 | 1.000 | 1.000 | 94.45 |
| Territory 2 | 94.45 | 1.000 | 1.000 | 94.45 |
| Territory 3 | 94.45 | 1.000 | 1.000 | 94.45 |

NOTE: All Perils is not offered for Taxi. Collision, Comprehensive and Specified Perils rates are depend on PPV rates.

Newfoundland and Labrador
Taxi Differentials

A. Third Party

Territory 1, 2, 3

| Driving Record | 2012 Written Premium | Current Differential | Proposed Differential |
|-------------------|-------------------------|-------------------------|--------------------------|
| 9 | 474,651 | 1.00 | 1.00 |
| 3 | 295,869 | 0.60 | 0.60 |
| 2 | 101,323 | 0.75 | 0.75 |
| 1 | 198,870 | 0.85 | 0.85 |
| 0 | 468,450 | 1.00 | 1.00 |

| | | |
|------------------------|--------------|--------------|
| Avg. D.R. Differential | <u>0.887</u> | <u>0.887</u> |
|------------------------|--------------|--------------|

| Inclusive Limit | 2012 Written Premium | Current Differential | Proposed Differential |
|---------------------------|-------------------------|-------------------------|--------------------------|
| \$200,000 | 58,519 | 1.000 | 1.000 |
| \$300,000 | 0 | 1.042 | 1.042 |
| \$500,000 | 34,117 | 1.110 | 1.110 |
| \$1,000,000 | 1,433,137 | 1.220 | 1.220 |
| \$2,000,000 | 0 | 1.136 | 1.136 |
| \$2,000,000 - \$5,000,000 | 13,390 | 1.245 | 1.245 |
| Over \$5,000,000 | 0 | 1.396 | 1.396 |

| | | |
|-------------------------|--------------|--------------|
| Avg. Limit Differential | <u>1.209</u> | <u>1.209</u> |
|-------------------------|--------------|--------------|

Exhibit Taxi-4
Page 1 of 1

Province of Newfoundland and Labrador

Taxi Premium Summary Information

| Stat Terr. | Table 1 - Current Written Premium (\$) - 2012 | | | | | | |
|---------------|---|--------|--------|-------|--------|--------|--------|
| | TPL | SEF 44 | AB | UIM | Coll | Comp | S.P. |
| 004 | 1,010,682 | n/a | 15,238 | 3,294 | 50,239 | 17,301 | 27,407 |
| 005 | 163,928 | n/a | 3,237 | 559 | 4,327 | 732 | 318 |
| 006 | 57,213 | n/a | 1,200 | 254 | 5,123 | 1,129 | 0 |
| 007 | 307,340 | n/a | 6,242 | 1,440 | 11,369 | 6,961 | 922 |

Note: **Coll** written premium include **All Perils** written premium.

| Stat Terr. | Table 2 - Current Average Premium | | | | | | |
|---------------|-----------------------------------|--------|----|-----|-------|------|------|
| | TPL | SEF 44 | AB | UIM | Coll | Comp | S.P. |
| 004 | 2,012 | n/a | 40 | 7 | 1,313 | 336 | 129 |
| 005 | 1,720 | n/a | 39 | 6 | 1,105 | 135 | 56 |
| 006 | 1,831 | n/a | 40 | 8 | 1,708 | 288 | 0 |
| 007 | 1,655 | n/a | 40 | 8 | 1,083 | 241 | 92 |

| Stat Terr. | Table 3 - Proposed Average Premium | | | | | | |
|---------------|------------------------------------|--------|-----|-----|-------|------|------|
| | TPL | SEF 44 | AB | UIM | Coll | Comp | S.P. |
| 004 | 3,017 | n/a | 157 | 28 | 1,313 | 336 | 129 |
| 005 | 2,579 | n/a | 155 | 25 | 1,105 | 135 | 56 |
| 006 | 2,746 | n/a | 156 | 35 | 1,708 | 288 | 0 |
| 007 | 2,483 | n/a | 159 | 33 | 1,083 | 241 | 92 |

| Stat Terr. | Table 4 - Proposed Average Change (+/-) in Average Premium | | | | | | |
|---------------|--|--------|--------|--------|------|------|------|
| | TPL | SEF 44 | AB | UIM | Coll | Comp | S.P. |
| 004 | 50.0% | n/a | 294.3% | 329.1% | 0.0% | 0.0% | 0.0% |
| 005 | 50.0% | n/a | 294.3% | 329.2% | 0.0% | 0.0% | 0.0% |
| 006 | 50.0% | n/a | 294.3% | 329.1% | 0.0% | 0.0% | 0.0% |
| 007 | 50.0% | n/a | 294.3% | 329.4% | 0.0% | 0.0% | 0.0% |

Note: **SEF 44** is not offered for Public Vehicles - Taxi.

Section 10 – Proposed Rate Pages

The proposed rate pages and a summary of proposed base rates and differentials are shown on the following pages.

FACILITY ASSOCIATION

BASE PREMIUMS, CONSTANTS, DIFFERENTIALS & FACTORS

TAXIS**1. BASE PREMIUMS & PHYSICAL DAMAGE MULTIPLIERS**

| Territory | Base Premiums | | | | | Physical Damage Multipliers | | |
|-----------|---------------|------------------|-----------------|-------------------|----------------|--|-------|-------|
| | Road Hazard | Passenger Hazard | | Accident Benefits | Uninsured Auto | to be applied to Private Passenger Class 07, Driving Record 0, 1, 2 or 3 | | |
| | | Bodily Injury | Property Damage | | | Collision | Comp. | S. P. |
| ALL | 3103.50 | 1524.00 | 93.00 | 315.44 | 94.45 | 2.25 | 2.25 | 2.25 |

2. THIRD PARTY LIABILITY FACTORS

| DRIVING RECORD FACTORS | | | |
|------------------------|------|------|------|
| DR 3 | DR2 | DR1 | DR0 |
| 0.60 | 0.75 | 0.85 | 1.00 |

LIMIT FACTORS

Road Hazard

| Limit up to \$1,000,000 | | | | | | Limit over \$1,000,000 | | |
|-------------------------|--------|---------|---------|---------|-----------|-------------------------------|-----------|-----------|
| | | | | | | apply to \$1,000,000 premium. | | |
| Coverage | Limit: | 200,000 | 300,000 | 500,000 | 1,000,000 | 2,000,000 | 3,000,000 | 5,000,000 |
| Factor | | 1.000 | 1.042 | 1.110 | 1.220 | 1.136 | 1.245 | 1.396 |

Passenger Bodily Injury

| Coverage | Limit: | 200,000 | 300,000 | 500,000 | 1,000,000 | 2,000,000 | 3,000,000 | 5,000,000 |
|----------|--------|---------|---------|---------|-----------|-----------|-----------|-----------|
| Factor | | 0.750 | 0.795 | 0.875 | 1.000 | 1.218 | 1.400 | 1.686 |

Passenger Property Damage

| Coverage | Limit: | 5,000 | 10,000 | 25,000 | 50,000 |
|----------|--------|-------|--------|--------|--------|
| Factor | | 0.500 | 0.625 | 0.875 | 1.00 |

4. OUTSIDE ATLANTIC EXPOSURE - Applicable to all Taxis with any Outside Atlantic operation.

Liability and Accident Benefits = .010 for each percentage point of Outside Atlantic exposure.

Physical Damage = .005 for each percentage point of Outside Atlantic exposure.

Effective 100 days post approval

ANNUAL PREMIUMS - All Territories

TAXIS Class 77

| | | Liability (limit in 000's) | | | | | | | |
|-----------|----|----------------------------|------|------|------------------------------|-----|------|---------------|----|
| | | Road Hazard per vehicle | | | Passenger Hazard per vehicle | | | | |
| | | | | | END 6c | | | Bodily Injury | |
| Territory | DR | 200 | 500 | 1000 | 200 | 500 | 1000 | 5 | 50 |
| ALL | 3 | 1241 | 1378 | 1514 | 458 | 534 | 610 | 19 | 37 |
| | 2 | 1552 | 1723 | 1893 | 572 | 667 | 762 | 24 | 47 |
| | 1 | 1759 | 1952 | 2146 | 648 | 756 | 864 | 27 | 53 |
| | 0 | 2069 | 2297 | 2524 | 762 | 889 | 1016 | 31 | 62 |

| | |
|-----------------------------|----|
| Accident Benefits | 80 |
| 7 seats or less | |
| Uninsured Automobile | 22 |

| | |
|------------------|---|
| Collision | 225% of Class 07 premium (Driving Record 0, 1, 2 or 3) |
| Comprehensive | 225% of Private Passenger premium |
| Specified Perils | |

Over 7 Seats: For each seat over seven, charge applicable Public Bus Seat Rate for Passenger Hazard BI, PD, Accident Benefits and UA. Contact your Servicing Carrier for applicable rate.

Effective 100 days post approval

Section 11 – Supporting Actuarial Information

The following pages show the supporting actuarial information exhibits 11.a and 11.b.

Supporting Actuarial Information
2013
Company Name: Facility Association
Taxi

1. Provide the Selected Annual Loss Trend Rates Used in Deriving the Rate Level Indications in the Current Filing

| | Loss Trend Rates Underlying Rate Level Indications | | | | | | | | |
|--------|--|--------|------|------|------|------|------|------|-------|
| | TPL-BI | TPL-PD | AB | UM | COLL | COMP | AP | SP | SEF44 |
| Past | 4.4% | 2.4% | 7.6% | 7.6% | 0.1% | 5.1% | 1.8% | 5.1% | n/a |
| Future | 4.4% | 2.4% | 7.6% | 7.6% | 0.1% | 5.1% | 1.8% | 5.1% | n/a |

2. Provide the Expenses Provision Used in Deriving the Rate Level Indications in the Current Filing; Exclude Loss Adjustment Expenses and Health Levy

| | % of Premium | \$ Per Vehicle |
|-------------------|--------------|----------------|
| Variable Expenses | 20.0% | 0.0% |
| Fixed Expenses | 3.6% | 0.0% |
| Total Expenses | 23.6% | 0.0% |

3. Provide the Breakdown of the Percentage Variable Expenses Noted Above into the Following Categories

| | Variable Expenses |
|-----------------------------------|-------------------|
| Standard Commissions | 6.0% |
| Contingent Commissions | 0.0% |
| Finance Fees (should be negative) | 0.0% |
| Premium Tax | 4.0% |
| All Other | 10.0% |
| Total Variable Expenses | 20.0% |

4. Provide the Health Levy per Vehicle Used in Deriving the Rate Level Indications in the Current Filing

Health Levy per Vehicle (\$) not apply to Taxi

5. Provide the ULAE Provision Used in Deriving the Rate Level Indications in the Current Filing

ULAE Provision (% Direct EP) 3.7% excess legal fee as % of ultimate losses applies to TPL only, and about 10% claim adjustment fee as % of premium applies to all coverages

6. Provide the (after-tax) Total Target Return on Equity and Corresponding Underwriting Profit Margin that Underlies the Indicated and proposed Rate Level Changes in the Current Filing

| | <u>Return on Equity</u> | <u>Underwriting Profit Margin</u> |
|-----------|-------------------------|-----------------------------------|
| Indicated | 12.0% | 5.6% |
| Proposed | -12.4% | -14.8% |

7. Provide the Premium to Equity Ratio Used to Convert the Target ROE into a Profit Margin

| | <u>Current Filing</u> | <u>Previous Filing</u> |
|--------------------|-----------------------|------------------------|
| BI | 2:1 | 2:1 |
| PD | 2:1 | 2:1 |
| Accident Benefits | 2:1 | 2:1 |
| Uninsured Motorist | 2:1 | 2:1 |
| Collision | 2:1 | 2:1 |
| Comprehensive | 2:1 | 2:1 |
| Specified Perils | 2:1 | 2:1 |
| All Perils | 2:1 | 2:1 |
| SEF 44 | 2:1 | 2:1 |
| Total | 2:1 | 2:1 |

8. Provide the Pre-Tax Investment Return on Equity and on Cash Flow that Have Been Used to Convert the Target ROE into a Profit Margin

| | <u>Current Filing</u> | <u>Previous Filing</u> |
|--------------------------------|-----------------------|------------------------|
| Investment Return on Equity % | 1.14% | 2.00% |
| Investment Return on Cash Flow | 1.14% | 2.00% |

9. Provide the Income Tax Rate Used to Convert the Target ROE into a Profit Margin

| | <u>Current Filing</u> | <u>Previous Filing</u> |
|-------------------|-----------------------|------------------------|
| Income Tax Rate % | 29.0% | 29.0% |

10. Provide the Claim Count Used as the Full Credibility Standard

| | Current Filing | Previous Filing |
|---------------------|-------------------|--------------------|
| BI | 2,164 | 2,164 |
| PD | 1,082 | 1,082 |
| TPL (if applicable) | 3,246 | 3,246 |
| Accident Benefits | 2,164 | 2,164 |
| Uninsured Motorist | 2,164 | 2,164 |
| Collision | 1,082 | 1,082 |
| Comprehensive | 1,082 | 1,082 |
| Specified Perils | 1,082 | 1,082 |
| All Perils | 1,082 | 1,082 |
| SEF 44 | 2,164 | 2,164 |
| Total | | |

11. Provide the Accident Year Experience Period Weights (beginning with the most recent accident year to the oldest accident year; e.g., 40%, 30%, 15%, 10%, 5%)

| | Current Filing | | | | | Previous Filing | | | | |
|---------------------|----------------|---------|---------|---------|---------|-----------------|---------|---------|---------|---------|
| | Year: 0 | Year:-1 | Year:-2 | Year:-3 | Year:-4 | Year: 0 | Year:-1 | Year:-2 | Year:-3 | Year:-4 |
| BI | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| PD | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| TPL (if applicable) | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Accident Benefits | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Uninsured Motorist | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Collision | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Comprehensive | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Specified Perils | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| All Perils | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| SEF 44 | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |

12. Provide the Selected Annual Premium Trend Rates used in Deriving the Rate Level Indications in the Current Filing

| | TPL-BI | TPL-PD | AB | UM | COLL | COMP | AP | SP | SEF44 |
|--------|--------|--------|------|------|------|------|------|----------|-------|
| Past | 0.1% | 0.0% | 0.0% | 0.0% | 1.5% | 1.2% | 1.5% | 1.2% n/a | |
| Future | 0.1% | 0.0% | 0.0% | 0.0% | 1.5% | 1.2% | 1.5% | 1.2% n/a | |

Supporting Actuarial Information
2013
Company Name: Facility Association
Taxi

1. \$ Direct Earned Premium by Calendar Year

| Calendar Year | TPL | AB | UM | COLL | COMP | AP | SP | SEF44 | TOTAL |
|-------------------------|-----------|--------|-------|--------|--------|-------|--------|-------|-----------|
| 01/01/2010 - 31/12/2010 | 1,430,390 | 23,208 | 5,266 | 39,255 | 24,008 | 1,530 | 41,744 | | 1,565,401 |
| 01/01/2011 - 31/12/2011 | 1,462,352 | 24,277 | 5,362 | 43,999 | 19,150 | 1,958 | 30,887 | | 1,587,985 |
| 01/01/2012 - 31/12/2012 | 1,534,029 | 25,400 | 5,534 | 58,164 | 22,334 | 2,407 | 29,866 | | 1,677,734 |

2. \$ Estimated Ultimate Direct Claim Costs by Accident Year (Including Allocated Claim Adjustment Expenses)

| Accident Year | TPL | AB | UM | COLL | COMP | AP | SP | SEF44 | TOTAL |
|-------------------------|-----------|---------|---------|--------|--------|----|--------|-------|-----------|
| 01/01/2010 - 31/12/2010 | 2,753,501 | 114,172 | 82,379 | - | 2,052 | - | 7,395 | | 2,959,499 |
| 01/01/2011 - 31/12/2011 | 2,706,216 | 199,179 | 169,789 | 11,348 | 1,867 | - | 16,491 | | 3,104,890 |
| 01/01/2012 - 31/12/2012 | 2,835,579 | 361,066 | 82,265 | 12,471 | 29,867 | - | 26,395 | | 3,347,643 |

3. \$ Estimated Unallocated Claim Adjustment Expenses (ULAE) by Accident Year

| Accident Year | TOTAL | |
|-------------------------|---------|---|
| 01/01/2010 - 31/12/2010 | 258,420 | 3.7% excess legal fee apply to TPL ultimate losses plus |
| 01/01/2011 - 31/12/2011 | 258,928 | 10% of claim adjustment fee apply to total earned premium |
| 01/01/2012 - 31/12/2012 | 272,690 | |

4. % Expenses as percentage of Direct Earned Premium (Excluding Claim Adjustment Expenses and the Health Levy)

| Calendar Year | Variable Expenses | Fixed Expenses | Total Expenses |
|-------------------------|-------------------|----------------|----------------|
| 01/01/2010 - 31/12/2010 | 14.0% | 2.5% | 16.5% |
| 01/01/2011 - 31/12/2011 | 14.0% | 4.6% | 18.6% |
| 01/01/2012 - 31/12/2012 | 14.0% | 3.6% | 17.6% |

5. Breakdown of the percentage Variable Expense noted above into the following Categories

| Calendar Year | % Standard Commissions | % Contingent Commissions | % Finance Fees (Should be <0) | % Taxes | % All Other | Total Variable Expenses % |
|-------------------------|------------------------|--------------------------|-------------------------------|---------|-------------|---------------------------|
| 01/01/2010 - 31/12/2010 | 6.0% | 0.0% | 0.0% | 4.0% | 10.0% | 20.0% |
| 01/01/2011 - 31/12/2011 | 6.0% | 0.0% | 0.0% | 4.0% | 10.0% | 20.0% |
| 01/01/2012 - 31/12/2012 | 6.0% | 0.0% | 0.0% | 4.0% | 10.0% | 20.0% |

6 \$ Health Levy Per Vehicle

| Calendar Year | Health Levy Per Vehicle | Written Vehicles | Earned Vehicles |
|-------------------------|-------------------------|------------------|-----------------|
| 01/01/2010 - 31/12/2010 | n/a | | |
| 01/01/2011 - 31/12/2011 | n/a | | |
| 01/01/2012 - 31/12/2012 | n/a | | |

7. % Pre-Tax Investment Return

| Calendar Year | Pre-tax Investment Return |
|-------------------------|---------------------------|
| 01/01/2010 - 31/12/2010 | 2.50% |
| 01/01/2011 - 31/12/2011 | 2.00% |
| 01/01/2012 - 31/12/2012 | 1.14% |

8. Incremental Payment Pattern corresponding to the Estimated Ultimate Direct Claim and Claim Adjustment Expenses

| Coverage | % of Ultimate Direct Claim and Claim Adjustment Expenses Paid | | | | | | | | | |
|----------|---|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| TPL-BI | 1.4% | 20.1% | 28.0% | 25.2% | 7.8% | 10.2% | 3.4% | 1.0% | 1.0% | 1.9% |
| TPL-PD | 58.0% | 30.0% | 3.0% | 3.0% | 3.0% | 3.0% | - | - | - | - |
| AB | 16.5% | 39.0% | 34.0% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| UM | 16.5% | 39.0% | 34.0% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| COLL | 103.5% | (0.7%) | (0.7%) | (0.7%) | (0.7%) | (0.7%) | - | - | - | - |
| COMP | 102.4% | (1.2%) | (1.2%) | - | - | - | - | - | - | - |
| AP | 103.3% | (0.9%) | (0.9%) | (0.5%) | (0.5%) | (0.5%) | - | - | - | - |
| SP | 102.4% | (1.2%) | (1.2%) | - | - | - | - | - | - | - |
| SEF44 | | | | | | | | | | |

Notes:

1. For the province of Newfoundland and Labrador, for the category of automobile insurance for which this filing applies.
- 2.-3. For the province of Newfoundland and Labrador, for the category of automobile insurance for which this filing applies.
These estimates should be consistent with, and reconcilable to, the estimates underlying the derivation of the rate level indications included in this filing
4. Expense percentages should exclude claim adjustment expenses and the health levy.
7. Should be consistent with the investment yield as reported on the Company's P&C-1 Statement, Page 10.60, Row 46.
8. Provide historical triangles of paid losses, by accident year for the last ten years, by coverage that support the selected patterns.