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PUB Information Bulletin 2010-01

Date: Monday, 05 April 2010
To: All Agents and Brokers Writing Automobile Insurance
Subject: **FARM Monthly Reporting of Business Placements**

This is to remind users that with effect from April 1, 2010, all FARM business placements are to be reported using the revised reporting form as notified to recipients in our email dated February 3, 2010. The revised form is to be used for all FARM placement reports commencing with business placed in the FARM during March 2010 and subsequent. Agents and Brokers are advised to review and become familiar with the Guide to Completion accompanying this form. The form and guide may be found on the Board's web site at:

<http://n225h099.pub.nf.ca/down/PUB-MonthlyElectronicFASubmission.xls>

Following on efforts to improve and streamline the FARM placement reporting process we have identified inconsistencies in the reporting of some business placements at Column 16 of the FARM Monthly Report as follows:

1. Business Placement Code 16 - "Other". Upon review it has been determined that a number of these placements are being miscoded and should be reported as Code 9 "Type or Use of Vehicle" and not as Code 16 "Other". Examples of some of the types or uses of vehicles being incorrectly reported under Code 16 include:

Under Type of Vehicle

Modified vehicles including:

- Home made or kit vehicles
- Altered or customized vehicles
- Hot Rods

Motorcycle or Motorcycle over a specified CC rating
 Recreational vehicles including ATV, Snowmobile, Dirt Bike
 High performance vehicles
 High value vehicles

Under Use of Vehicle

Taxis
 Busses
 Vehicles used to carry passengers
 Commercial delivery vehicles
 Rental vehicles
 Police, fire or ambulance vehicles
 Vehicles used or kept in USA
 Vehicles used in race or speed tests

The examples provided above represent a small set of the many types or uses that insurers do not wish to underwrite and which result in the risk's placement in the FARM. In all cases where, the type of vehicle being insured or the purpose or use to which the vehicle will be put is the deciding factor in the risk being placed in the FARM, such placements must be coded as 9 under Column 16. Additional information provided under Column 18 should indicate the type of vehicle or its use resulting in the FARM placement.

2. Business Placement Code 16 - "Other". It has been determined that in a number of cases where Code 16 - "Other" is reported under Column 16 there is no additional explanatory information provided under Column 18. In all cases where Code 16 is provided as the reason for placement Column 18 must contain an explanation for the risk's placement in the FARM.
3. Business Placement Code 16 - "Other". Many placements under this coding provide additional information in Column 18 to the effect the driver has been licensed less than 1, 2 or 3 years and so forth. Upon questioning it has been determined these drivers have less than 7 years licensed driving experience and are rated lower in the FARM than with certain regular market insurers. Based on this finding the reason for placement is not the length of time licensed, but rather that rates are cheaper through the FARM. In these cases, the correct coding for these placements is Code 6 "Premium Lower than Other Markets". (*See item 5 below as well*)
4. Business Placement Code 10 - "Accident/Conviction History". It has been determined that in some cases the reported information on: At Fault Losses (Column 13); Minor HTA Convictions (Column 14); and Major Convictions (Column 15), does not support a placement code of 10. In most of these cases no additional explanatory information is provided under Column 18 of the report. When showing a Code 10 for placement reasons please ensure that in all cases the driving record history supports the placement code or, additional information explaining the rationale for the coding is provided at Column 18.
5. Business Placement Code 6 - "Premium Lower than Other Markets". In all cases where business is placed because the FARM premium is lower than other available markets the additional information in Column 18 must disclose the FA premium and the other market premium for the risk.

6. Business Placement Code 4 - “Declined by Other Markets”. In all cases where the business has been declined by another market the additional information in Column 18 must disclose the market declining and the rule or ground relied on to decline.

In all cases where inconsistencies, errors or omissions are identified the FARM reports will be returned to the agent/broker for correction and resubmission.

In cases where there may be a question as to the appropriate placement coding please feel free to contact Board staff at either of the following email addresses for clarification:

rbyrne@pub.nl.ca or roake@pub.nl.ca

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