

# UNDERWRITING PRACTICES REGULATIONS with EXPLANATORY NOTES

## Overview

Starting August 1, 2003, it will be prohibited for an insurance company to deny a person insurance coverage on the grounds of

- age
- gender
- marital status
- age of vehicle (except antiques, etc.)
- previous coverage by Facility Association
- a previous refusal of insurance coverage
- previous not-at-fault accidents
- making late payments (unless they were more than 30 days late, or were the first in a series of monthly payments)
- a lapse in auto insurance coverage less than two years long (unless it was because of a driver’s licence suspension)

Starting July 1, 2003, insurance companies must provide clear, plain and understandable reasons, in writing, to any person being denied auto insurance coverage.

Proposed	Analysis
1. These regulations may be cited as the <i>Automobile Insurance Underwriting Practices Regulations</i>	1 This section gives the short title of these regulations, and provides for their citation.
<p>2. (1) In these regulations,</p> <p>“antique vehicle” means a motor vehicle that is registered as an antique vehicle pursuant to the <i>Motor Vehicle Act</i> and the regulations made under it;</p> <p>“reconstructed vehicle” means a reconstructed vehicle as defined in the <i>Motor Vehicle Act</i>.</p> <p>(2) Unless the context otherwise requires, words defined in Part VI of the Act have the same meaning when used in these regulations.</p>	<p>2(1) This subsection provides that definitions for antique and reconstructed vehicle under the <i>Motor Vehicle Act</i> will apply to these regulations.</p> <p>2(2) This subsection confirms that words used in a similar context in Part VI (Automobile Insurance) of the <i>Insurance Act</i> have the same meaning in these regulations.</p>
3. (1) Subject to subsection (2), these regulations apply to all contracts on or after August 1, 2003.	3(1) This subsection provides that no insurance company can refuse or terminate insurance coverage on the grounds outlined in these

	regulations starting August 1, 2003.
<p>3. (2) Section 5 applies to all contracts and applications for automobile insurance on or after July 1, 2003.</p>	<p>3(2) Under this subsection, an insurer will have to start giving reasons to consumers as to why they have been refused insurance coverage, starting July 1, 2003.</p>
<p>4. (1) An insurer must not</p> <ul style="list-style-type: none"> <li>(a) refuse to issue a contract;</li> <li>(b) refuse to renew a contract;</li> <li>(c) terminate a contract; or</li> <li>(d) refuse to provide or continue any coverage or endorsement in respect of a contract,</li> </ul> <p>on any grounds set out in subsection (2).</p> <p>(2) The prohibited grounds for refusal or termination for the purposes of subsection (1) are</p> <ul style="list-style-type: none"> <li>(a) the age of the insured, the applicant, or any other person who is or would be an insured under the contract;</li> <li>(b) the sex or marital status of the insured, the applicant, or any other person who is or would be an insured under the contract;</li> <li>(c) the age of the vehicle that is or would be insured under the contract, unless the vehicle <ul style="list-style-type: none"> <li>(i) is an antique vehicle,</li> <li>(ii) is a reconstructed vehicle, or</li> <li>(iii) has been substantially modified for enhanced performance; and</li> </ul> </li> <li>(d) whether the insured, the applicant, or any other person who is or would be an insured under the contract <ul style="list-style-type: none"> <li>(i) is or has been insured by the Facility Association, whether or not the insured, applicant, or other person has completed any minimum period of insurance coverage previously required by the Facility Association,</li> <li>(ii) has been declined insurance or refused a renewal of insurance by an insurer,</li> <li>(iii) has claimed under a policy of automobile insurance as a result of an accident for which the insured, applicant, or other person was at fault,</li> <li>(iv) has an unsatisfactory claims record, if the claims record includes any claim resulting from an accident for which the insured, applicant, or other person was not at fault,</li> <li>(v) failed to make any payment to an insurer, other than the first payment of a periodic payment plan, unless the payment was made</li> </ul> </li> </ul> <p>not</p>	<p>4(1) This subsection sets out what actions an insurance company cannot do on the basis of the grounds outlined in the subsection 4(2).</p> <p>4(2) This subsection outlines the grounds by which an insurance company cannot take any action mentioned in subsection 4(1).</p> <p>4(2)(a) Age cannot be used as a reason to deny a person insurance coverage.</p> <p>4(2)(b) Sex or marital status cannot be used as a reason to deny a person insurance coverage.</p> <p>4(2)(c) A vehicle's age cannot be used as a reason to deny a person insurance coverage - unless the vehicle is an antique, reconstructed, or otherwise substantially modified for performance enhancement.</p> <p>4(2)(d)(i) A person cannot be denied insurance coverage for being insured by - or having been insured by - Facility Association.</p> <p>4(2)(d)(ii) A person cannot be denied insurance coverage because they had previously been declined or refused a renewal of an insurance policy.</p> <p>4(2)(d)(iii) and (iv) A person cannot be denied insurance coverage because they have had previous insurance claims for not-at-fault accidents, regardless of the person's claims history.</p> <p>4(2)(d)(v) A person cannot be denied insurance coverage because they missed a payment to an insurance company - unless that payment was either the first of a monthly payment schedule or was more than a month overdue.</p>

<p>more than 30 days after the date on which it was due,</p>	
<p>4. (2) (d) (vi) had a lapse in coverage under a contract of automobile insurance for less than 24 months, unless the lapse resulted directly or indirectly from the suspension of the driver's licence of the insured, applicant or other person, or (vii) possesses a characteristic that is unrelated to the underwriting risk that is or would be assumed under the contract.</p>	<p>4(2)(d)(vi) A person cannot be denied insurance coverage because they did not have insurance coverage for less than two years - unless that lapse resulted from a driver's licence suspension.  4(2)(d)(vii) A person cannot be denied insurance coverage for some characteristic that is irrelevant to his or her driving ability.</p>
<p>5. (1) An insurer that (a) refuses to issue a contract; (b) refuses to renew a contract; (c) terminates a contract; (d) refuses to provide or continue any coverage or endorsement in respect of a contract; or (e) changes the classification of risk assumed under a contract, if the change results in an increased premium, must provide the insured or the applicant with notice of the refusal, termination or change, together with clear written reasons that are sufficient to permit the insured or the applicant to determine why the insurer acted as it did without the need to refer to any other information.</p> <p>(2) An insured or applicant who considers that an insurer has not complied with subsection (1) may refer the matter to the Superintendent.</p>	<p>5(1) A consumer has the right to be given reasons, in writing, from his or her insurance company if the company refuses insurance coverage, refuses to renew coverage, terminates coverage, refuses to provide or continue an element of insurance coverage, or changes the consumer's risk category with the result of a higher premium.</p> <p>5(2) If a consumer thinks that their rights under subsection (1) have not been met, they have the ability to raise the issue with the Superintendent of Insurance.</p>