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Rule 101: Definitions (continued)**D. Pleasure Use**

The vehicle is not used for driving to and from work or school nor for business, professional or vocational purposes.

E. Driving to and from work

The vehicle is used to drive between residence and place of employment or school, or part way. eg., to bus, railway or subway stations. Such use in a car pool or other share-the-ride arrangement is included. In some cases END 6a (Permission to Carry Passengers for Compensation) may be required.

F. Passengers carried for compensation**While going to and from work/school**

If while going to and from work or school, the insured uses the vehicle to carry passengers for compensation to and/or from work or school, the policy exclusion must be modified by using END 6a. The additional premium to be charged is 10% of the Liability premium.

The wording to be used on END 6a is as follows: "To carry passengers for compensation or hire to and/or from work while the Insured is going to and from work". If the insured is not an individual (e.g. a partnership, company, association or municipality) the words "the insured" are replaced by "the insured's partner" or "the insured's employee", as the case may be.

If compensation takes the form of giving a ride to someone in return for a ride, the use of END 6a is not required and there is no additional premium charge.

Volunteers

A volunteer is compensated for gas or mileage for the transportation of persons to medical appointments and the like. END 6a is not required and there is no additional premium charge.

As Part of Occupation

If the transportation of non-paying passengers is part of the insured's occupation (e.g. social worker) and employer reimburses for expenses, attach END 6a inserting 'as part of occupation' and rate for business use. If however, this occurs no more than once a week, attach END 6a and rate as driving to and from work.

G. Not Applicable**H. Owned/Leased**

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

I. Valid Operator's Licence**1. Definition**

A valid Canadian licence to drive the type of vehicle concerned. Where there is graduated licensing, a Level Two licence is a valid operator's licence.

A Learner's permit or a Level One licence (where there is graduated licensing) is not regarded as a valid operator's licence.

2. International Driver's Licence

An International Licence is not a valid licence in and of itself. It is a permit to drive in another country if the driver already has a valid licence. It is valid in Canada only for temporary residents e.g. embassy staff, exchange students, tourists.

Permanent residents must apply for a licence in the Canadian jurisdiction in which they reside. Where a driver holds an International Licence, the application must show complete details of the driver's licence upon which it was granted. This would include the country in which the valid licence was issued, drivers licence number, expiry date etc.

Note: See Rule 107: Driving Record for rating information on drivers with an International Licence.

J. Not Applicable**K. Not Applicable****L. Types of Licence Suspension****1. Suspension for Cause**

A suspension or cancellation of the operator's licence for a period exceeding two weeks resulting from a conviction or from the accumulation of demerit points. A suspension/cancellation/lapse because a fine was not paid is treated as an administrative suspension/ cancellation/lapse even if the fine resulted from a conviction.

2. Administrative Suspension/Cancellation/Lapse

A suspension/cancellation/lapse for a period of one year or more for any reason other than those outlined under Suspension for Cause.

M. Driver Training

Successful completion of a driver education course conducted by certified instructors. The successful completion must be verified by a certificate signed by an official of the driving school.

a.) The course must meet the mandated requirements and have the approval of the Provincial Safety League, the Provincial Department of Education or Government department having jurisdiction:

OR

b.) In jurisdictions where those organizations do not exist, or do not exercise jurisdiction, the course must be composed of a minimum of 25 hours classroom instruction plus 6 hours behind the wheel of a dual equipped vehicle with automatic transmission (8 hours in the case of a standard transmission).

Rule 106: Rating Class (continued)**Class 02**

- a) Pleasure use and commute use.
- b) No more than 2 drivers (excluding drivers rated under Class 05) and those drivers have held a valid driver's licence in Canada or U.S. for the past 9 years or more
- c) The vehicle is not used for driving to and from work or school more than 16 kilometers (10 miles) one way.
- d) The anticipated annual mileage does not exceed 24,000 km (15,000 miles)

Note: If there are 2 or more occasional drivers assigned to a vehicle, the vehicle cannot be rated Class 02.

Class 03

- a) Pleasure use and commute use.
- b) More than 2 drivers (excluding drivers rated under Class 05) and those drivers have held a valid driver's licence in Canada or U.S. for the past 9 years or more

Class 05

Occasional driver(s) licensed less than 9 years in Canada or U.S.

Notes: Class 05

- 1) The vehicle is first rated as if there are no occasional drivers licensed less than 9 years in Canada or the U.S.; premium is then charged for such occasional drivers by adding the Liability, Collision or the Collision portion of All Perils premium for Class 05. It is not permissible to issue a policy solely at Class 05 rates.
- 2) The Liability limit and All Perils/Collision deductible for Classes 05 drivers must be identical to the limit and deductible provided for the vehicle.
- 3) Class 05 develops its own driving record, based on the experience of the driver(s) concerned.
- 4) If there are two or more occasional drivers licensed less than 9 years in Canada or the U.S.:
 - a) **One vehicle:** Only one Class 05 premium shall be charged but it shall be based on the experience of the driver who produces the highest premium. It shall reflect all claims for all Class 05 drivers combined.
 - b) **Number of vehicles equal to number of occasional drivers licensed less than 9 years in Canada or the U.S.:** Charge a Class 05 on each vehicle.
 - c) **Number of occasional drivers licensed less than 9 years in Canada or the U.S. exceeds the number of vehicles:** Starting with the Class 05 driver who generates the lowest driving record, each occasional driver licensed less than 9 years in Canada or the U.S. shall be assigned to the vehicle with the highest rate group.

Example:

Policy covers 3 cars, 3 principal operators, and 4 occasional drivers (4 Class 05).

Vehicle 1 rate group 5
 Vehicle 2 rate group 10
 Vehicle 3 rate group 13

Driver 1 Class 05 – licensed 6 months
 Driver 2 Class 05 – licensed 3 years
 Driver 3 Class 05 – licensed 5 years
 Driver 4 Class 05 – licensed 2 years

Driver 1 assigned to vehicle 3.
 Driver 4 assigned to vehicle 2.
 Driver 2 assigned to vehicle 1.

- 5) A Class 05 premium shall not be charged for a driver whose licence is Learner or Level One.
- 6) If there are two or more occasional drivers assigned to a vehicle, the vehicle cannot be rated Class 01 or 02.

Class 07

- a) Business use or business and pleasure use. All drivers have held a valid driver's licence in Canada or U.S. for the past 9 years or more.
- b) No occasional driver licensed less than 9 years in Canada or U.S. unless a separate Class 05 premium is charged.

Class 10

Principal operator is licensed 0–2 years in Canada or U.S.

Class 11

Principal operator is licensed 3–4 years in Canada or U.S.

Class 12

Principal operator is licensed 5–6 years in Canada or U.S.

Class 13

Principal operator is licensed 7–8 years in Canada or U.S.

Rule 107: Driving Record**A. Clear Record**

Previous Insurance History must be obtained on the applicant and all drivers shown on the application or added to an existing policy. For commercial vehicles, Previous Insurance History must be ordered on the applicant.

Verification of Previous Insurance History begins with the insurance immediately preceding the commencement of the FA policy and works backwards. Without proof of prior insurance, a maximum Driving Record 1 is applicable.

1. Vehicles Owned by Individuals

Where vehicles are owned by individuals, the principal operator has held a valid licence throughout the period concerned. Licence suspensions can affect Clear Record.

Rule 107: Driving Record (continued)

Calculating Clear Record with a Licence Suspension/Cancellation/Lapse (continued)

Notes:

If the licence of the person reported as the principal operator is currently suspended/cancelled/lapsed see Rule 31: Suspension of Operator's Licence.

If a licence suspension and gap in insurance are in the same time frame e.g. the licence suspension is the reason for the insurance gap, do not charge for both. Charge whichever produces the greater impact on the driving record.

B. Driving Record Entitlement

Period of Clear Record 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
At least 4 years	4
At least 5 years and qualifies under Rule 107.C	5

Notes:

1. A chargeable accident resulting in only Liability to a third party will affect only the rating of Liability coverage. A charge 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 will develop its own driving record.
3. Where a private passenger vehicle replaces another, it acquires the driving record of the replaced vehicle **except** when there is also a change of principal operator.
4. A loss history report or letter from the prior carrier in Canada or the U.S. is required to confirm claims free experience for all driving records. Where a loss history report or letter from the previous insurer verifying claims free experience in Canada or the U.S. is not available, the insured shall be eligible for a maximum of Driving Record 1.
5. Class 05 is rated separately from the underlying class based on the operator(s) concerned.
6. Gaps in insurance coverage within the 5 years immediately preceding the effective date of the insurance shall have the following effect on the assignment of driving record:
 - a. If a gap in insurance coverage is 24 consecutive months or more in the past 5 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 5 years and the gap is the result of a cancellation for 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 5 years and the gap is for any reason other than one cited above, 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.

7. Where an accident or conviction surcharge (15% or more) is applied to a vehicle premium, a maximum of Driving Record 3 shall be allowed.
8. See New Driver Rule 108 to establish Driving Record for New Drivers.
9. Credit for Driving Experience Outside Canada
Driving experience gained outside Canada or the United States will not be recognized. Drivers with experience outside Canada or the United States will be rated as new drivers.
10. International Drivers Licence
As a new resident of Canada, the principal operator is required to apply for a driver's licence in the jurisdiction in which he or she will be living. Driving Record 0 applies until a Level 2 or regular licence is issued.
11. Tourist or Temporary Resident
 - A. If the principal operator is a non-resident of Canada touring North America, the remarks section of the application must indicate:
 - 1) that the principal operator is a non-resident;
 - 2) the country where the principal operator normally resides;
 - 3) the anticipated length and purpose of the visit. If touring, the remarks section must indicate the anticipated itinerary. See Rating Territory in the appropriate section of this manual.
 - B. If the principal operator is a non-permanent/temporary resident, the remarks section of the application must indicate:
 - 1) that the principal operator holds an international licence.

Or

 - 2) that the principal operator holds a valid licence for the jurisdiction of U.S. residence.

Rule 108: New Drivers**A. New Driver Definition**

A new driver is a person who has held a valid operator's licence to drive a private passenger vehicle for a period of less than 5 years in Canada or the U.S.

B. Learner's Permit/Level One

(Level One/Level Two apply to those jurisdictions with Graduated Licensing)

Where the applicant, actual owner or sole operator holds only a Learners Permit or Level One licence, the risk will only qualify for Driving Record 0 until a valid operator's licence is obtained. If there is another operator in the household, that operator must be designated as the principal operator of the vehicle and rated accordingly. In all other cases, a driver with a Learners Permit or Level One licence shall not be rated as a driver or considered in the determination of class and driving record.

Where the Learner/Level One driver is rated as the principal operator, there is no requirement to obtain the name and licence number of the driver who will accompany the Learner/Level One driver. In the event information on the accompanying driver is provided, no driving record abstract or previous insurance history report is to be ordered for that driver.

C. Driving Record**Valid Licence with Driver Training**

A new driver with driver training shall be rated at Driving Record 3, provided the driver has no at fault accidents, or no licence suspensions at the commencement of the period of insurance. If any of these events happen during the policy term, at the next renewal the Driver Training Credit shall be rescinded and driving record shall be based on the number of years Clear Record.

Driving Records 4 and 5

The driver does not become eligible for Driving Records 4 and 5 until the actual completion of the required number of years without an accident.

Without Driving Training

A new driver shall be credited with one year 'Clear Record' in addition to that for which the risk qualifies, to a maximum of Driving Record 3, provided the driver has no at fault accidents, or no licence suspensions at the commencement of the period of insurance. If any of these events happen during the policy term, at the next renewal the New Driver Credit shall be rescinded and driving record shall be based on the number of years Clear Record.

D. Not Applicable**E. Not Applicable****F. Statistical Reporting**

As long as a new driver has no at fault accidents, the Type of Business code to be reported under the Automobile Statistical Plan is 8 if the driver has Driver Training or 9 if the driver does not have Driver Training. This requirement is only applicable for the first five years in which the driver holds a valid operator's licence.

Rule 110: Vehicle Rate Group

For most vehicles the rate group can be found in the Rate Group Table, which lists vehicles by manufacturer, model and year. The separate Vehicle Model/Manufacturer cross-reference listing should assist in determining a vehicle's manufacturer.

If a current year make/model is not listed but it was listed in the previous year, use the rate group for the previous year. If it was not listed in the previous year (new model), contact your Servicing Carrier. The Servicing Carrier shall provide you with the Rate Group assigned by the Vehicle Information Centre.

To establish the rate group for model years prior to the earliest year shown in the Rate Group Tables, see Rate Group "A".

The presence of after market equipment may affect the rate group.

Rate Group "A"

The rate group is based on the insured's estimate of the vehicle's value. See the table at the beginning of the rate pages.

If estimated value is greater than \$15,000

Where the vehicle's estimated value is \$15,000 or more, the following requirements apply:

If the vehicle is newly acquired from a dealer, a copy of the purchase agreement, confirming the vehicle's make/model, year, serial number and purchase price, must be sent to the Servicing Carrier.

In any other circumstance, the value must be substantiated by an appraisal from an independent appraiser acceptable to the Servicing Carrier at the applicant's expense.

END 19 and END 40

Where the rate group is shown as A or the estimated value is greater than \$15,000 a completed and signed END 19 (Limitation of Amount) must be attached to the policy where the policy provides physical damage coverage. END 40 must be attached to the policy where there has been a prior fire or total vehicle theft loss within the past 60 months and the policy provides physical damage coverage. Where the policy provides only Liability and Accident Benefits, attachment of END 19 and END 40 is not required.

Rule 111: Multi Vehicle Discount

Where two or more vehicles are owned by an individual or by individuals living in the same household and the vehicles are insured by the same Servicing Carrier for concurrent terms and:

- (a) all qualify for Class 01, 02 or 03 rates, the full rate is charged in respect of the highest-rated vehicle and a discount of 10% is allowed from the Third Party Liability, Accident Benefits and Collision rates that apply to the other vehicles; OR
- (b) all qualify for Class 01, 02, 03 or 07 rates, the full rates are charged in respect of the Class 07 vehicles and a discount of 10% is allowed from the Third Party Liability, Accident Benefits and Collision rates that apply to the Class 01, 02 or 03 vehicles.

Notes

1. There must be one vehicle for which the full rate is paid
2. This discount is not allowable in respect of any of the vehicles if there is an occasional driver licensed less than 9 years in Canada or U.S. (Class 05)
3. For the purposes of this rule, the following vehicles shall not be counted:
 - a. A "farmer's vehicle" that is allowed a reduction from the normal rate in accordance with Rule 105.
 - b. A vehicle that is actually subject to another section of this manual e.g. a motor home

Rule 112: Not Applicable**Rule 113: Not Applicable**

**FACILITY ASSOCIATION NEWFOUNDLAND & LABRADOR RULES AND RATES MANUAL
PROPOSED CHANGES FOR FILING 2007**

Rule	Current wording in manual	Revised wording	Change from current wording																																												
GENERAL RULES & PROCEDURES																																															
1:C Minimum deductibles	Physical Damage insurance shall be provided at the following minimum deductible amounts: <table border="1"> <tr> <td colspan="2">Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)</td> <td rowspan="2">Deductible amount applicable to the coverage under which the claims were made</td> </tr> <tr> <td>In previous Twelve months</td> <td>In previous Thirty-six months</td> </tr> <tr> <td>3</td> <td>-</td> <td>\$1,000</td> </tr> <tr> <td>-</td> <td>3</td> <td>\$500</td> </tr> <tr> <td>-</td> <td>4</td> <td>\$1,000</td> </tr> <tr> <td>-</td> <td>5 or more</td> <td>\$2,500</td> </tr> </table>	Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)		Deductible amount applicable to the coverage under which the claims were made	In previous Twelve months	In previous Thirty-six months	3	-	\$1,000	-	3	\$500	-	4	\$1,000	-	5 or more	\$2,500	Physical damage insurance shall be provided at the following minimum deductible amounts: <table border="1"> <tr> <td colspan="3">Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)</td> <td rowspan="2">Deductible amount applicable to the coverage under which the claims were made</td> </tr> <tr> <td>In prior 12 months</td> <td>In prior 36 months</td> <td>In prior 60 months (fire and/or total theft)</td> </tr> <tr> <td>3</td> <td>-</td> <td>2</td> <td>\$2,500</td> </tr> <tr> <td>-</td> <td>3</td> <td>-</td> <td>\$1,000</td> </tr> <tr> <td>-</td> <td>4</td> <td>-</td> <td>\$2,500</td> </tr> <tr> <td>-</td> <td>5 or more</td> <td>-</td> <td>5% of value (minimum \$5000)</td> </tr> <tr> <td></td> <td></td> <td>3 or</td> <td>no coverage</td> </tr> </table>	Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)			Deductible amount applicable to the coverage under which the claims were made	In prior 12 months	In prior 36 months	In prior 60 months (fire and/or total theft)	3	-	2	\$2,500	-	3	-	\$1,000	-	4	-	\$2,500	-	5 or more	-	5% of value (minimum \$5000)			3 or	no coverage	Increases minimum deductibles when there is increased claims activity. This may decrease rates for some insureds on new business and renewals.
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		3 or	no coverage																																												
1:F.b Filed Underwriting Rules	NEW	Physical damage coverage shall not be provided or continued for buses valued at \$750,000 or more.	Adds information already contained in Public Vehicles section of manual.																																												
12: Application form	Every application for insurance must be made on the approved Facility Association Application form where available and must be fully completed and signed by the applicant where required. See also Rule 12 H Computer Generated Application Forms. Commercial, Garage, Public, experience-rated and some specially rated risks will require completion of supplementary questionnaires.	Every application for insurance must be made on the approved Facility Association Application form where available and must be fully completed and signed by the applicant where required. See also under Rule 12: H. Computer Generated Application Forms. Commercial, Garage, Public, Experience-rated and some specially rated risks will require completion of supplementary questionnaires. A copy of the vehicle ownership(s) for all owned vehicles being insured will be required with the application.	Adds requirement for copy of ownership. This has no impact on rates.																																												
16:H Minimum premiums for midterm	NEW	Note 2: When a vehicle, not newly acquired, is substituted for another on the policy or added to the policy for less than 7 days there will be a	Applies charge when insureds put vehicles on and off policies beyond a reasonable number of times. More realistically covers cost of handling these transactions.																																												

**FACILITY ASSOCIATION NEWFOUNDLAND & LABRADOR RULES AND RATES MANUAL
PROPOSED CHANGES FOR FILING 2007**

Rule	Current wording in manual	Revised wording	Change from current wording
changes		\$50 charge for each such transaction in excess of 2 in a 30 day period or more than 12 in a 12 month period.	This may increase rates for some insureds on mid-term changes.
18:E.5 Cancellation of renewals in outlying areas	<p>In areas where ICS or a similar courier service is not available, an Agent/Broker may flat cancel a renewal by faxing a request to the Servicing Carrier within 10 days of the renewal effective date, as long as the renewal documents and liability cards reach the Servicing Carrier's office within 25 days of the renewal effective date.</p> <p>The fax must provide the insured's name, policy number, date of the request, Agent/Broker's signature, copy of the liability card and the statement 'We are returning the above renewal for flat cancellation.'</p> <p>Agent/Brokers who need to use this procedure must make arrangements to do so with their Servicing Carriers in advance. They must provide their Servicing Carriers with written confirmation that courier service is not available in their area.</p>	No longer applicable	<p>Deletes rule as there is no disadvantage to using Canada Post or advantage to using courier.</p> <p>All renewals should reach the Servicing Carrier within 15 days to be eligible for a flat cancellation regardless of the method of delivery.</p> <p>This should have little impact on rates.</p>
24:C How to allocate chargeable accidents	<p>Paragraph 2 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.</p>	<p>Paragraph 2 A chargeable accident will affect the rating of both Liability and Collision coverages.</p>	<p>Eliminates split driving records and creates consistency in charging for at-fault claims with all driving records.</p> <p>This may increase rates for some insureds with at-fault accidents.</p>
25:D Conviction definitions		<p>Serious Failure to have Ignition Interlock installed and functioning when it is a requirement for driver's licence reinstatement</p>	<p>Adds conviction to 'Serious' list.</p> <p>This may increase rates for a small number of insureds on new business and renewals.</p>
33: Vehicles used outside province of registration	Previously in bulletin	<p>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.</p> <p>Region 1 – Atlantic Provinces Rate as New Brunswick Territory 3</p>	Puts back part of normal handling per instructions outlined in previous bulletin. Missed when new manual was sent for approval.

**FACILITY ASSOCIATION NEWFOUNDLAND & LABRADOR RULES AND RATES MANUAL
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Rule	Current wording in manual	Revised wording	Change from current wording
		Region 2 – Central (Ontario and Quebec) Rate as Ontario Territory 20 Region 3 – West and North Rate as Alberta Territory 4	This has no impact on rates.
37: Driver Training Vehicles	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.	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.	Clarifies that rating is based on the trainer to ensure consistency in handling. This may have minimal impact on rates decreasing rates for a few insureds on new business and renewals.
PRIVATE PASSENGER			
102: Clean driver discount	Clean driver discount	Clean driver discount - No longer available	Eliminates discounting of premium and is consistent with FA's position as the market of last resort rather than attracting customers to FA. This may increase rates for some insureds on new business and renewals.
105: Special Classification Procedures	2. Farmers	2. Farmers - Credit no longer available	Eliminates discounting of premium and is consistent with FA's position as the market of last resort rather than attracting customers to FA. Affects less than 12 existing policies. This may increase rates for some insureds on new business and renewals.
107:A.4	Suspension of Operator's Licence can be one of two types: a. Suspension for cause: A driver's licence suspension or cancellation for more than two weeks resulting from a conviction or an accumulation of demerit points. b. Administrative Suspension/Cancellation/Lapse: A suspension/cancellation/lapse for one year or more for any reason other than those outlined in item a. In the event that any suspension (as defined above) of the licence has been operative during the past five years, the driver shall be regarded	Suspension of Operator's Licence can be one of two types: A. Suspension for cause: A driver's licence suspension or cancellation for more than two weeks resulting from a conviction or an accumulation of demerit points. - For the total of all suspensions within the last 5 years, deduct 1 year for each year (or partial year) of suspension from the driving record (maximum Driving Record 3). Examples: 1. Risk is eligible for Driving Record 5. One operator has 6 month suspension for	Simplifies the approach to determine driving record and clarifies wording.

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PROPOSED CHANGES FOR FILING 2007**

Rule	Current wording in manual	Revised wording	Change from current wording
	<p>as having held a valid licence for the period since the date first licensed (subject to a maximum of five years) minus the total of the time for which the licence was suspended during that period. The result shall be rounded to the next lower full number of years, subject to a maximum net result of three years (Driving Record 3). There shall be no New Driver credit as described in Rule 108.</p> <p><i>Examples:</i></p> <ol style="list-style-type: none"> 1. Driver has been licensed for 5 years and has 6 months suspension for demerit points. Risk now qualifies for Driving Record 3. 2. Driver has been licensed for 5 years and has 30 months suspension for unpaid fines. Risk now qualifies for Driving Record 2. <p>Note: Refer to Rule 107:B re Driving Entitlement also.</p>	<p>demerit points. Risk now qualifies for Driving Record 3.</p> <ol style="list-style-type: none"> 2. Risk is eligible for Driving Record 4. One operator has 18 month suspension for convictions. Risk now qualifies for Driving Record 2. <p>B. Administrative Suspension / Cancellation / Lapse: A suspension / cancellation / lapse for one year or more for any reason other than those outlined in item A.</p> <ul style="list-style-type: none"> - If the total time the driver's licence has been suspended / cancelled / lapsed is 1 year or more in the past 5 years, the driving record will be reduced by 1 for every year (or partial year) suspended / cancelled / lapsed. - If the total time suspended / cancelled / lapsed is less than 1 year in the past 5 years, the driving record will not be affected. <p><i>Examples:</i></p> <ol style="list-style-type: none"> 1. Risk is eligible for Driving Record 5. One operator has 10 month suspension for unpaid fines. Risk still qualifies for Driving Record 5. 2. Risk is eligible for Driving Record 4. One operator has 30 month suspension for unpaid fines. Risk now qualifies for Driving Record 1. <p>Note: Refer to Rule 107:B re Driving Record Entitlement also.</p>	<p style="text-align: center;">This should have little impact on rates.</p>
107:A.4	New	<p>Ignition Interlock Under the Interlock Programme, the length of the licence suspension shall be calculated from the date the licence was suspended to the date the Interlock Programme was entered.</p> <p>For example: Licence was suspended from</p>	Adds instructions for determining time suspended when driver enters Interlock Programme.

**FACILITY ASSOCIATION NEWFOUNDLAND & LABRADOR RULES AND RATES MANUAL
PROPOSED CHANGES FOR FILING 2007**

Rule	Current wording in manual	Revised wording	Change from current wording
		January 1 to July 1. The driver entered the Interlock Programme on March 1. The total time the driver's licence is considered to have been suspended is 2 months (January 1 to March 1) not 6 months.	This may decrease rates for a small number of insureds on new business and renewals.
107:C Admission to driving record 5	Note 7 Subsequent Renewals For a Driving Record 5 risk to retain that category at renewal, there must be continued compliance with the requirements specified in Section A of this rule – EXCEPT that, if the only deviation is that there has been one accident during the preceding five years, that accident is treated as 'forgiven' and Driving Record 5 rates are continued.	Note 6 Subsequent Renewals For a risk to be renewed at Driving Record 5, it must continue to meet the Driving Record 5 requirements.	Discontinues forgiveness for at-fault accidents on renewals. This may increase rates for a small number of insureds on renewals.
108:C New drivers – driving record	Valid Licence with Driver Training A new driver with driver training shall be rated at Driving Record 3, provided the driver has no at fault accidents, or no licence suspensions at the commencement of the period of insurance. If any of these events happen during the policy term, at the next renewal the Driver Training Credit shall be rescinded and driving record shall be based on the number of years Clear Record. Driving Records 4 and 5 The driver does not become eligible for Driving Records 4 and 5 until the actual completion of the required number of years without an accident. Without Driver Training A new driver shall be credited with one year 'Clear Record' in addition to that for which the risk qualifies, to a maximum of Driving Record 3, provided the driver has no at fault accidents, or no licence suspensions at the commencement of the period of insurance. If any of these events happen during the policy term, at the next renewal the New Driver Credit shall be rescinded and driving record shall be based on the number of years Clear Record.	Drivers will be rated according to the number of years licensed, licence suspensions, at fault accidents and gaps in insurance. Drivers will be rated on actual experience in Canada or the United States and no additional credits will be allowed.	Eliminates discounting of premium and is consistent with FA's position as the market of last resort rather than attracting customers to FA. This may increase rates for some insureds on new business and renewals.
111: Multi vehicle	Multi vehicle discount	Multi vehicle discount - No longer available	Eliminates discounting of premium and is consistent with FA's position as the market of

**FACILITY ASSOCIATION NEWFOUNDLAND & LABRADOR RULES AND RATES MANUAL
PROPOSED CHANGES FOR FILING 2007**

Rule	Current wording in manual	Revised wording	Change from current wording
discount			last resort rather than attracting additional business to FA. This may increase rates for a small number of insureds on new business and renewals.
STANDARD ENDORSEMENT FORMS			
END 29	Additional Coverage as Respects Operation By Named Persons	Additional Coverage as Respects Operation By Named Persons - Not available on Facility Association policies	Discontinues use of endorsement due to no demand. This has no impact on rates.

Facility Association
Newfoundland and Labrador
Private Passenger Vehicles

Elimination of Clean Driver Discount

Data : Facility Association Download as of 9 Feb. 2007, Policies written from Jan. 2006 to Dec. 2006

Written Exposures in Years (0)	(1)	(2)	(3)	(4)	(5)	(6) = sum{(1):(5)}	(7)	(8)	(9)	(10)=1/((8)*[1-(9)]+[1-(8)])
Coverage	5 Years Accident Free & 3+ Years Conviction Free	6 Years Accident Free & 3+ Years Conviction Free	7 Years Accident Free & 3+ Years Conviction Free	8 Years Accident Free & 3+ Years Conviction Free	9+ Years Accident Free & 3+ Years Conviction Free	Exposures Eligible for Clean Driver Discount	Exposures for All Drivers	% of Risks with Clean Driver Discount	Current Clean Driver Discount	Off-Bal. Factor for Clean Driver Disc. Elimination (Proposed / Current)
Third Party Liability	165	105	104	69	2,159	2,601	6,244	41.6%	20%	1.0908
Collision	65	37	41	30	783	956	2,810	34.0%	20%	1.0730
TPL + Coll.	230	141	145	99	2,942	3,556	9,055			

Note : Clean Driver discount is 20%

Facility Association
Newfoundland and Labrador
Private Passenger Vehicles

Elimination of Multi-Vehicle Discount
Using New Brunswick Data as a Proxy

Data : Facility Association Download as at 9 Feb 2007
New Brunswick Policies written from Jan 2006 to Dec 2006.

Coverage	Written Exposures with Multi-Vehicle Discount (1)	Written Exposures without Multi-Vehicle Discount (2)	Total Written Exposures (3)	Multi-Vehicle Discount (4)	Off-Balance Factor (5)=(3)/((1)*[1-(4)]+(2))
Third Party Liability	1	8,879	8,880	10%	1.0000
Accident Benefits	1	8,535	8,536	10%	1.0000
Collision	2	2,434	2,436	10%	1.0001
<u>TPL+AB+Coll.</u>	<u>4</u>	<u>19,848</u>	<u>19,852</u>		

Note : Newfoundland and Labrador Multi-Vehicle Discount is 10%

Facility Association
Newfoundland and Labrador
Private Passenger Vehicles

Changes in Driving Record Assignments
due to
Elimination of New Driver Credit
and
Elimination of Accident Forgiveness

Third Party Liability

Data : Facility Association Download as of 9 Feb. 2007, Policies written from Jan. 2006 to Dec. 2006

Elimination of New Driver Credit

Written Exposures with Type of Business 8 / 9, Claim Free New Drivers without conviction

A Data	Current Years Licensed	Driving Record				Total 0-3
		0	1	2	3	
	0	332	5	1	4	342
	1	101	353	8	11	473
	2	20	118	351	10	499
	Total 0-2	453	476	360	25	1,314

B Rearrangement of D.R. in A according to Years Licensed	Proposed Years Licensed	Driving Record				Total 0-3
		0	1	2	3	
	0	342				342
	1	101	372			473
	2	20	118	361		499
	Total 0-2	463	490	361	0	1,314

C B Total - A Total	Proposed Changes in Exposures to Driving Records					
	Driving Record	0	1	2	3	Total 0-3
	Change	+10	+14	+1	-25	0

Elimination of Accident Forgiveness

Written Exposures with Driving Record 5 and various Claim Free Years

D Data	Current Driving Record 5 Written Exposures	Claim free Year(s)						Total
		0	1	2	3	4	5 & Up	
		14	10	4	2	2	652	684

E Rearrangement of D.R. 5 according to Years Licensed	Proposed Driving Record 5 Written Exposures	Claim free Year(s)						Total
		0	1	2	3	4	5 & Up	
		-	-	-	-	-	652	652

F Changes of D&E combined	Proposed Changes in Exposures to Driving Records							
	Driving Record	0	1	2	3	4	5	Total 0-5
	Change	+14	+10	+4	+2	+2	-32	0

Calculation of Off-Balance Factor

G Driving Record Relativities	Driving Record						
	0	1	2	3	4	5	
	Relativity	1.375	1.128	1.030	1.000	0.870	0.806

H Data	Current Written Exposures								
	Driving Record	0	1	2	3	4	5	Total 0-5	Wt. Avg. Rel.
	W.E.	445	614	629	1,229	2,619	684	6,220	0.9664

I =H+C+F	Proposed Written Exposures								
	Driving Record	0	1	2	3	4	5	Total 0-5	Wt. Avg. Rel.
	W.E.	469	638	634	1,206	2,621	652	6,220	0.9693

J Off-Balance factor **1.0030**

= I Wt.Avg.Rel.
/ H Wt.Avg.Rel.

Facility Association
Newfoundland and Labrador
Private Passenger Vehicles

Changes in Driving Record Assignments
due to
Elimination of New Driver Credit
and
Elimination of Accident Forgiveness

Collision

Data : Facility Association Download as of 9 Feb. 2007, Policies written from Jan. 2006 to Dec. 2006

Elimination of New Driver Credit

Written Exposures with Type of Business 8 / 9, Claim Free New Drivers without conviction

A Data	Current		Driving Record			
	Years Licensed	0	1	2	3	Total 0-3
	0	12	27	3	16	58
	1	1	20	11	15	47
	2	8	11	12	20	51
	Total 0-2	21	58	26	51	156

B Rearrangement of D.R. in A according to Years Licensed	Proposed		Driving Record			
	Years Licensed	0	1	2	3	Total 0-3
	0	58				58
	1	1	46			47
	2	8	11	32		51
	Total 0-2	67	57	32	0	156

C B Total - A Total	Proposed Changes in Exposures to Driving Records					
	Driving Record	0	1	2	3	Total 0-3
	Change	+46	-1	+6	-51	0

Elimination of Accident Forgiveness

Written Exposures with Driving Record 5 and various Claim Free Years

D Data	Current		Claim free Year(s)					
	Driving Record 5	0	1	2	3	4	5 & Up	Total
	Written Exposures	9	6	3	2	1	215	236

E Rearrangement of D.R. 5 according to Years Licensed	Proposed		Claim free Year(s)					
	Driving Record 5	0	1	2	3	4	5 & Up	Total
	Written Exposures	-	-	-	-	-	215	215

F Changes of D&E combined	Proposed Changes in Exposures to Driving Records							
	Driving Record	0	1	2	3	4	5	Total 0-5
	Change	+9	+6	+3	+2	+1	-21	0

Calculation of Off-Balance Factor

G Driving Record Relativities	Driving Record						
	0	1	2	3	4	5	
	Relativity	1.277	1.117	1.031	1.000	0.857	0.757

H Data	Current Written Exposures							Total 0-5	Wt. Avg. Rel.
	Driving Record	0	1	2	3	4	5		
	W.E.	234	315	303	528	1,194	236	2,810	0.9584

I =H+C+F	Proposed Written Exposures							Total 0-5	Wt. Avg. Rel.
	Driving Record	0	1	2	3	4	5		
	W.E.	289	320	312	479	1,195	215	2,810	0.9658

J Off-Balance factor **1.0077**

= I Wt. Avg. Rel.
/ H Wt. Avg. Rel.