

# FACILITY ASSOCIATION

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**TO: MEMBERS OF THE FACILITY ASSOCIATION**

**ATTENTION: CHIEF EXECUTIVE OFFICER**

**BULLETIN NO.: F04-044**

**DATE: SEPTEMBER 23, 2004**

**SUBJECT: ALBERTA RISK SHARING POOL BACKDATING REQUIREMENTS**

As mentioned in Bulletin F04-036 (revised) dated September 7, 2004, the Board of Directors of Facility Association has approved the following procedures:

1. Companies ceding grid risks on a backdated basis must do so on an “all or nothing” basis (i.e. all vehicles re-rated and found to be subject to the grid maximum must be ceded). Please note that only grid risks may be ceded on a backdated basis and risks eligible for backdating include those with renewal effective dates one day before in force policies are re-rated and prior.
2. Companies must provide written notification to Facility Association **prior to October 1, 2004** indicating they will need to cede grid risks post-October 1, 2004 and backdate the cession of those risks.
3. Companies re-rating their Alberta auto “books” after October 1, 2004 will need to generate an Excel or Excel compatible file showing all vehicles subject to the grid and transmit it to Facility Association.
4. Companies then cede **all** grid risks to the Alberta Pool. The company CEO will be required to sign off that they have done so.
5. Facility Association staff will match the vehicles listed in (3) above against vehicles ceded to ensure companies have complied with these conditions.
6. This process will only be allowed to January 31, 2005 and is “in-force” business only. No backdating for New Business is allowed other than the 15 days outlined in the Risk Sharing Pool Procedures Manual.

These special procedures have been developed in anticipation that member companies may not be able to re-rate all in-force policies by October 1, 2004 to determine whether or not they will be impacted by the regulated grid premium.

If you wish to take advantage of the backdating process, please complete the attached form and return to the Facility Association. Additional technical information follows on page 3.

David J. Simpson, M.B.A., FCIP  
President & C.E.O.

## **ADDITIONAL TECHNICAL INFORMATION**

All grid risks being ceded to the Risk Sharing Pool must meet the eligibility requirements as outlined in the Risk Sharing Pool Procedures Manual (Draft) shown on the Facility Association website.

The backdating provision does not apply to non-grid risks.

There are no special transaction codes associated with risks being ceded on a backdated basis. Use the normal transaction codes.

Examples:

- A. Policy has a term of April 15, 2004 to April 15, 2005. Vehicle premium is re-calculated on October 20, 2004 effective October 1, 2004 and grid rates now apply. Cede vehicle using transaction code D. Vehicle is accepted in the Pool effective October 1, 2004
- B. Policy has a term of November 20, 2004 to May 20, 2005. Vehicle premium is re-calculated on December 1, 2004 effective October 1, 2004 and grid rates apply. Cede vehicle using transaction code D for the time from October 1, 2004 to November 20, 2004.

If grid rates apply on renewal November 20, 2004 cede vehicle using transaction code C. Renewal is accepted in the Pool effective November 20, 2004 because the renewal effective date was prior to the in force policy premium re-calculation date of December 1, 2004.

A chart of typical transactions and the accompanying transfer codes is found on page III-10 in the Risk Sharing Pool Procedures Manual (Draft) shown on the Facility Association website. A complete list of codes and their use is found in Appendix PI-5 in the same manual.

The Excel file being generated by insurers should be sent electronically to Angela Sobers at [asobers@facilityassoc.com](mailto:asobers@facilityassoc.com) before January 31 2005.

January 31 2005 is the cut off date for ceding risks to the pool on a backdated basis.

If all grid risks on the list are not transferred, there will be no backdating allowed on any grid risk, and they will all be considered ceded one day after the postmark date.

**ALBERTA RISK SHARING POOL BACKDATING REQUIREMENTS**

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**Part One of this form must be sent to the Facility Association prior to October 1 2004**

**To: Facility Association**  
**Fax: 416-868-0894**

**From:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
(name/title)

This form serves to notify Facility Association that \_\_\_\_\_  
(name of insurance company)  
is unable to re-rate grid risks by the October 1 2004 requirement, and therefore will be ceding grid risks on a backdated basis.

It is agreed and understood that all grid rated risks will be ceded to the Alberta Risk Sharing Pool.

It is agreed and understood that this process is only allowed until January 31, 2005.

It is agreed and understood that a file will be generated showing all vehicles subject to the grid and will transmit that listing to the Facility Association prior to January 31, 2005.

I understand as the CEO of the company is required to sign off that all risks have been ceded to the Alberta Risk Sharing Pool.

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**Part Two of this form must be sent to the Facility Association prior to January 31 2005 or as soon as all grid risks have been ceded to the Alberta Risk Sharing Pool.**

**To: Facility Association**  
**Fax: 416-868-0894**

**CEO SIGN OFF**

I \_\_\_\_\_ Chief Executive Officer for the above mentioned company(s)  
(name of CEO)

hereby verify that all grid risks have been ceded to the Alberta Risk Sharing Pool and that the listing sent to the Facility Association is correct and accurate.

**Signed** \_\_\_\_\_ **Date:** \_\_\_\_\_