

# **FACILITY ASSOCIATION CLAIMS GUIDE**

**RISK SHARING POOL  
(RSP)**

**Revised: Effective February 1, 2009**

**FACILITY ASSOCIATION**  
**CLAIMS GUIDE: RISK SHARING POOL**

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# **FACILITY ASSOCIATION**

## **CLAIMS GUIDE**

### **Risk Sharing Pool**

#### ***INTRODUCTION***

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If a regular market company feels that a given risk is outside their underwriting parameters, they may transfer that risk to the RISK SHARING POOL, subject to the eligibility requirements outlined in the Risk Sharing Pool Procedures Manual.

It is expected that the claims will be handled on the basis of sound and proven methods and procedures. Prompt and fair settlements are expected.

#### ***CLAIMS REPORTING***

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The Facility Association Plan of Operation – Operating Principles contains the following compliance requirement for Claims reporting effective April 22, 2006 (effective January 1, 2007 in Nova Scotia):

- (1) A Member shall within twelve months from the date it receives a claim under a policy that has been transferred to an RSP, including any loss for which settlement expenses would be incurred by the member without there being any claims payment, report to the Association that it will be claiming against the RSP in connection therewith.
- (2) If a Member fails to comply with this requirement, the Association management may require the member to remove the claim from the RSP due to late reporting. In any such case the member shall have the right to appeal such decision to the Claims Committee and to the Board.

# LARGE LOSS REPORTING

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## I CATEGORIES

The Facility Association Claims Committee requires notice of any occurrence that meets any of the following conditions:

1. An aggregate incurred (paid and outstanding) loss of \$250,000 or more (total of all sub files). Note - The F.A. bases its reporting scheme on the TOTAL INCURRED for each file, i.e., all lines of reserve for the ENTIRE file.
2. If the file is separated by coverage, both the Accident Benefits incurred and the Tort incurred aspects of the file must be reported. This reporting will be accommodated under one F.A. claim number.
3. A policy limit reserve.
4. A serious bodily injury including but not limited to:
  - (a) fatality with dependants
  - (b) brain damage
  - (c) any plegia; para, quadra, hemi, etc.
  - (d) amputation of a limb at or above the elbow or knee
  - (e) serious disfigurement

These injuries shall be reported regardless of the Member's assessment of liability or the amount of the incurred loss.

5. An Ontario Accident Benefit claim that results in continuous payments under the disability section of the policy for two (2) years or more.
6. Any situation where an action has been instituted naming the Facility Association or where the Member may be exposed to an excess judgement under an END 44 must be directed to the F.A. Claims Department who will determine whether the claim should be referred to the Claims Committee for further action.

## II PROCEDURES

### Initial Report

1. All losses which qualify as a Large Loss must be reported within 60 days of the Member's knowledge of meeting the reporting criteria using FAC 50 and FAC 51 forms accompanied by an initial Summary Report (see Page 10). The FAC 50 should be marked "**INITIAL REPORT**". Please refer to the instructions on completing each form and report.

### Revision or Update

2. Anytime the incurred on a reported Large Loss increases or decreases by \$100,000 or more, a one page summary of the Liability, Medical and Legal status of each claimant, as well as the completed FAC 50 and Fac 51 must be forwarded to the Claims Committee within 30 days of the change.
3. All reported claims **MUST** be updated every six (6) months from the date of reporting with a one page summary of the Liability, Medical and Legal status of each claimant and forwarded to the Claims Committee.

### Closing

4. Any **REPORTED** claim which has been concluded, i.e., all subfiles or lines of reserves closed, must be reported to the Claims Committee using the FAC 52: "Large Claim Closure Worksheet" within 30 days of closure. This form is only required on PREVIOUSLY REPORTED LARGE LOSSES.
5. If the Member should determine that a reported claim no longer meets the reporting conditions after the Initial Report has been submitted to the Committee, the member should advise the Committee of the reasons for the disqualification of that particular file. **The file will continue to be reported until the Committee has advised the member of its decision on the reporting status.**

### **III GENERAL**

1. On the Initial Report to the F.A. once the Committee has reviewed the information contained on the FAC 50 and FAC 51 and the Summary Report, a YELLOW photocopy of the FAC 50 will be returned to the Member with the Committee comments, observations and suggestions.
2. Occasionally, the Claims Committee will disagree with the reserves being carried by the Member. In such cases, the Committee will advise the Member of this decision. The Member should then modify or adjust the reserve level and confirm to the Committee that the modification or adjustment has been completed.

If the Committee has recommendations to make regarding the handling of the claim, the Committee will provide this input to the Member for consideration.

3. The setting of reserves for injuries in Ontario requires the consideration of whether the injury will meet the threshold criteria. The Claims Committee recommends that if it cannot be determined whether or not an injury will meet the threshold test, a reserve that reflects 100% of the assessed value be maintained.

# FORMS

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## **FAC 50: Large Claims Report: General**

The use of this form is to facilitate the reporting of claims which fall into the categories as outlined in the Large Losses section of this Guide in a simple condensed format. If the completion instructions are followed there should be sufficient information for the Claims Committee to adequately assess the claim.

A "Summary Report" MUST accompany the FAC 50 Initial Report. A description of the Summary Report follows this section. Once the Claims Committee has reviewed the submission, a YELLOW photocopy will be returned to the Member with any suggestions or recommendations from the Committee.

Retain copies of all F.A. forms and correspondence both to and from the F.A. This will assist anyone reviewing the file to determine the status of the F.A. file.

**NOTE: DO NOT SEND COPIES OF FILE REPORTS**

## Facility Association

# FAC 50 – Large Claims Report

<input type="checkbox"/> Initial Report <input type="checkbox"/> Revision <input type="checkbox"/> Update	F.A. Claim # :	Company #:								
Company Name and Address:		Claim #:								
Assured Name and Address:		Policy #:								
T.P. Limits:	AB Schedule:	Policy From Date (d/m/y):								
		Policy To Date (d/m/y):								
		Loss Date (d/m/y):								
Describe Circumstances of Accident & Liability Issues:										
Location of Loss (City/Province):		<b>Degree of Liability:</b>								
<i>NOTE: Attach "Summary Report" and a FAC 51 for each claimant with initial report.</i>		<input type="checkbox"/> Insured %								
		<input type="checkbox"/> Third Party %								
		<input type="checkbox"/> Other %								
Name of Claimant (1 Claimant + 1 Kind of Claim (KOL) Per Line)	FAC 51 (V)	Kind of Loss							Paid to Date	Reserve
		B.I.	P.H.	P.D.	Under Ins.	Un-insured	Acc. Ben.	Coll		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<b>Total All Coverages:</b>										
Signature of Claims Rep:									Date (d/m/y):	
Committee Comments:										
Reserves Appear: <input type="checkbox"/> High <input type="checkbox"/> Adequate <input type="checkbox"/> Low										
Initials:									Date (d/m/y):	

## FAC 50: LARGE CLAIMS REPORT - COMPLETION INSTRUCTIONS

<p><b>Line 1:</b> Initial Report Revision Update</p> <p>F.A. Claim #</p>	<p>Please check box so that we can distinguish the status of information being submitted.</p> <p><b>DO NOT COMPLETE.</b> This number will be provided to the Member via the acknowledgement copy from the Claims Committee.</p>
<p><b>Line 2:</b> Company #</p> <p>Company Name &amp; Address</p> <p>Claim #</p>	<p>Your Risk Sharing Pool Company #</p> <p>Reporting Company's name and address of underwriting Branch.</p> <p>Members reference number for that particular claim.</p>
<p><b>Line 3:</b> Assured &amp; Address</p> <p>Policy #</p>	<p>e.g., John Doe, City</p> <p>Policy that applies to this claim.</p>
<p><b>Line 4:</b> TP Limits</p> <p>AB Schedule</p> <p>Policy Term</p> <p>Loss Date</p>	<p>Section 3 policy limits.</p> <p>Indicate whether standard AB limits or the particular legislation applicable.</p> <p>Applicable term under which loss falls.</p> <p>Exact &amp; correct Date of Loss for this occurrence (dd/mm/yy).</p>
<p><b>Line 5:</b> Describe Circumstances of Accident &amp; Liability Issues</p>	<p>A brief description of the circumstances of this claim and any issues which may affect the liability.</p>

**FAC 50: LARGE CLAIMS REPORT - COMPLETION INSTRUCTIONS**  
 (cont'd)

<p><b>Line 6:</b> Location of Loss</p> <p>Degree of Liability</p>	<p>Where did loss occur as opposed to underwriting province.</p> <p>Please check box and enter percentage e.g., Insured 100%.</p>
<p><b>Line 7:</b> NOTE : Attach "Summary Report" and a FAC 51 For Each Claimant With Initial Report</p>	<p>This line <u>ONLY</u> applies to the Initial Report. A "Summary Report", as described in this Guide must be enclosed. A FAC 51 for each claimant must also accompany the Initial Report.</p>
<p><b>Line 8:</b> Name of Claimant          (1 Claimant &amp; 1 KIND OF CLAIM (KOL)</p> <p>FAC 51</p> <p>KIND OF CLAIM KOL</p> <p>Paid to Date</p> <p>Reserve</p>	<p>Provide the claimant's name for the "KIND OF CLAIM" the paid and reserve apply to on that line. NOTE: only one KIND OF CLAIM per line i.e., only BI or PH or PD etc. If that claimant also has a claim for another KOL, use a second line.</p> <p>If the reserve and paid require substantiation for that KIND OF LOSS then a FAC 51 must be completed and attached. Check this area if this applies for that claimant.</p> <p>Please check the applicable cover that applies. <u>ONLY</u> one KOL per line.</p> <p>Amounts paid for the checked KOL for that line and claimant.</p> <p>Amount of money anticipated to satisfy the indicated (checked) KOL.</p>

**FAC 50: LARGE CLAIMS REPORT - COMPLETION INSTRUCTIONS**  
(cont'd)

<p><b>Line 9:</b> Signature of Claims Rep</p> <p>Date</p>	<p>The Claims Rep or a Senior Claims Officer must review the submission to verify that it reflects the present position of the file.</p> <p><b>MANDATORY</b> field which must be filled in on the date the submission is made.</p>
<p><b>Line 10:</b> Committee Comments</p>	<p>LEAVE BLANK - this is for the F.A. Claims Committee use only.</p>

## SUMMARY REPORT (Synopsis)

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The Summary Report **must be** submitted with the "Initial Report" (FAC 50).

It should provide the F.A. Claims Committee with a complete overview of the claim. Its purpose is to provide the Committee with information which is pertinent to the file and is not contained in the completed accompanying FAC 50 and FAC 51 forms.

It should include synopses of medical information, reconstruction reports, statements, legal summaries and any information pertinent or unique to that particular claim. If the Committee requires additional information, the Committee will request it.

It must also elaborate on the intended action that is necessary to bring the claim to a satisfactory conclusion.

Note - The Committee will **NOT** accept copies of medical reports or assessments, legal opinions, reconstruction reports, etc. and would appreciate your adherence to this requirement.

## **FAC 51: Bodily Injury &/or Accident Benefits Worksheet: General**

The FAC 51 form is intended to supplement the FAC 50 and justify the various reserve calculations for injury claimants and their respective Kind Of Loss (KOL) checked off on the FAC 50. The form is only intended for individual claimants, e.g., only one claimant per FAC 51 but can demonstrate the calculation for that claimant for both Tort and Accident Benefits.

The form is divided into two sections: the information section and the reserve calculation for Tort and Accident Benefits. The top of the form deals with the pertinent individual information that will affect the calculation of the reserve. The bottom section of the form is the worksheet for either the Tort or Accident Benefits reserves or both. The calculations for the reserves should not consider any "PAID TO DATE" amounts. Paid Losses should only be reflected in the appropriate KOL section of the FAC 50. As well, the amounts of calculated reserve should be reflected in the appropriate KOL section of the FAC 50.

The major problem that should be considered is the claimant who could possibly make a claim under both the Tort and the Accident Benefits sections of the auto policy.

**In this situation, the FAC 51 can be used to calculate both reserves but if there is a separation of the files due to "conflict of interest" issues, or company policy, separate FAC 51's can be completed by the separate claims Reps but both MUST be submitted with the INITIAL REPORT.**

If there are separate claim numbers then the respective FAC 51's should reflect the company claim number for the appropriate KOL. The "Summary Report" can cover the different issues for Tort and Accident Benefits.

## Facility Association FAC 51 – Bodily Injury A/O Accident Benefit Worksheet

Company #:	Company Name and Address :	Your Claim #:
Claimant:	Age:	Sex:
		Employment:
		Annual Income:
Marital Status:	Dependants:	Time in Hospital:
		W.S.I.B. / WCB Benefits <input type="checkbox"/> Yes <input type="checkbox"/> No
		Position in Accident: <input type="checkbox"/> Driver <input type="checkbox"/> Assd.Vehicle <input type="checkbox"/> Passenger <input type="checkbox"/> T.P. Vehicle <input type="checkbox"/> Pedestrian

Nature & Extent of Injuries:

Ontario Tort <input type="checkbox"/>		Ontario AB <input type="checkbox"/>		Other Province <input type="checkbox"/>	
OMPP <input type="checkbox"/>	Bill 164 <input type="checkbox"/>	Bill 59 <input type="checkbox"/>	Bill 198 <input type="checkbox"/>	Other <input type="checkbox"/>	

A	B	C
<b>General Damages:</b> \$	<b>Weekly Wages</b> \$	<b>Future Wage Loss / LOCA</b> \$
FLA: (net) \$	Less Liability % \$	Other \$
Deductible \$	<b>Sub Total:</b> \$	T/P Costs \$
Less Liability % \$	Less Accident Benefits \$	Defense Costs \$
<b>Sub Total:</b> \$	Less Collaterals \$	Housekeeping / Home Maint \$
Deductible (Bill 164) \$	<b>Sub Total:</b> \$	Future Meds \$
PJI. X Years \$	PJI. X Years \$	<b>Total of C:</b> \$
<b>Total of A:</b> \$	<b>Total of B:</b> \$	<b>Grand Total of A + B + C:</b> \$

### Disability Income Weekly Benefit Calculation:

Gross / Net = \$	+ Additional Income \$	
X % =	Less Collaterals \$	= Weekly maximum \$
X weeks = \$		
Meets Post 104 Definition <input type="checkbox"/> Yes <input type="checkbox"/> No		
Accepted as CAT <input type="checkbox"/> Yes <input type="checkbox"/> No		
Tabular Reserves <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>If Yes \$</b>	
<b>Ontario Accident Benefits:</b> <input type="checkbox"/> OMPP <input type="checkbox"/> Bill 164 <input type="checkbox"/> Bill 59 <input type="checkbox"/> Bill 198	<b>Other Province</b> <input type="checkbox"/> Other	
Loss Transfer Applicable: <input type="checkbox"/> Yes <input type="checkbox"/> No		\$
Disability Income Benefit (from above)		\$
Care Giver Benefit (Dependent Care)	\$ X weeks	\$
Attendant Care Benefit	\$ X weeks	\$
Housekeeping	\$ X weeks	\$
Dependant Care Benefit or O.D.B. or N.E.B.	\$ X weeks	\$
Medical (include transportation)		\$
Rehabilitation Expenses – Vocational		\$
Rehabilitation Expenses		\$
Visitor Expenses Benefits		\$
Clothing Expenses Benefits		\$
Death Benefits		\$
Funeral Benefits		\$
Other Pecuniary Losses		\$
If CAT - Case Management Expenses		\$
<b>Grand Total of Accident Benefits</b>		<b>\$</b>

**FAC 51: BODILY INJURY AND/OR ACCIDENT BENEFIT WORKSHEET**

<p><b>Line 1:</b> Company Number</p> <p>Company Name &amp; Address</p> <p>Your Claim #</p>	<p>Your Risk Sharing Pool Company #</p> <p>Reporting Company's name and address of underwriting branch.</p> <p>Report <u>all</u> reference claim numbers for this claimant; e.g., if file separated and separate claim numbers apply to Tort and Accident Benefits, show all applicable numbers.</p>
<p><b>Line 2:</b> Claimant Name</p> <p>Age</p> <p>Sex</p> <p>Employment</p>	<p>Individual's name who is making claim <b>ONLY 1 CLAIMANT PER FAC 51.</b></p> <p>The number of years since birth or the birth date (either is acceptable).</p> <p>Male or Female.</p> <p>If Tort issue: present status – type of work. If AB issue: present status plus any applicable previous employment that might affect the calculation.</p>
<p><b>Line 3:</b> Marital Status</p> <p>Dependants</p> <p>Time in Hospital</p> <p>W.S.I.B. / W.C.B Benefits</p> <p>Position in Accident</p>	<p>Applicable status at the time of loss.</p> <p>Those that will affect the calculation.</p> <p>Number of days claimant was in the hospital.</p> <p>Check appropriate box to determine if the entitlement or lack of entitlement will affect the reserve calculation.</p> <p>Check appropriate box for this claimant.</p>

**FAC 51: BODILY INJURY AND/OR ACCIDENT BENEFIT WORKSHEET**  
(cont'd)

<b>Line 4:</b> Nature & Extent of Injuries	Complete description of the resultant injury or injuries suffered in this accident and/or any associative medical problems that may affect the reserve calculation.
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The remainder of the form is divided into the Tort and/or Accident Benefits reserve calculation. If the loss occurs in Ontario or Ontario auto legislation is applicable, please check the appropriate area indicating the applicable regulation in either calculation for this particular claimant.

For claims occurring in provinces other than Ontario, please check the **"OTHER"** area.

## **FAC 52: Large Claim Closure worksheet - General**

This form is primarily used to advise the Facility Association Claims Committee that a REPORTED Large Loss, i.e., a file that has been reported to the Claims Committee which has met the requirements for reporting as contained in this Guide, has been concluded.

This form is **NOT** to be used if a claim is not a reporting file or if only one aspect of the file has been concluded, e.g.: the AB has been cashed out but the BI or PH is still outstanding. The form must reflect all payments under ALL "KIND OF LOSS" headings as shown on the form.

Any expenses which have been or are to be recovered from the F.A. should be shown in the column entitled "Expense (charged to F.A.)" under the appropriate KOL. These would be expense payments as outlined in the "Legal and Professional Fees" section of this Guide. All other expenses paid on this particular file should be shown in the "Expense (Not Charged to F.A.)" under the appropriate KOL.

**Facility Association**

**FAC 52 - Large Claim Closure Worksheet**

Company #:	Name:	Address:
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**NOTE - Final Closing Notice on previously reported losses only.  
ALL Lines of Coverage must be closed prior to submission to F.A.**

Named of Insured:		Policy #:
F.A. Claim #:	Co. Claim #:	Date of Loss (d/m/y):

Kind of Loss Payments	BI	PH	PD	UIM/Under Ins.	Comp/Coll	AB
Loss	\$	\$	\$	\$	\$	\$
Expense	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$
<b>Grand Total (All Items):</b>				<b>\$</b>		

Signed:	Date:
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## LEGAL & PROFESSIONAL FEES

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The Facility Association will accept transfer of only the Claims Expenses listed below.

Any item included in First Party Legal disbursements which is investigated (e.g., Police Reports - Surveillance Reports) do not qualify and are to be deleted from the amount transferred to the RSP.

### **Expense Codes**

- A.** First Party Legal
  
- B.** Alternate Dispute Resolution Services
  - Accounting Services
  - Actuarial Services
  - Architectural Services
  - Engineering Services
  - Notarial Services
  - Court Stenographers' Transcripts
  - Coroners' Court Transcripts
  - Medical Reports
  - Autopsy Reports
  - Arbitration
  - Translations