Facility Association Residual Market (FARM) Claims Guide

Effective October 1, 2025

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This Guide takes priority over all prior bulletins and instructions

Introduction

Purpose

Facility Association (FA) ensures the availability of automobile insurance to owners, lessees and licensed drivers of motor vehicles who are eligible.

Mission

To deliver on our Purpose through the efficient administration of automobile insurance residual market mechanisms; and by providing valued information to our Members. FA strives to enhance market stability through minimizing our market presence and impact, in an effort to provide consumers with the benefits of a healthy and competitive standard insurance market.

Vision

FA is recognized as an essential component of the Canadian P&C insurance industry, supporting Canadians and the Canadian economy through its highly efficient and effective administration of automobile insurance residual markets and data governance; FA is sought out for its objective opinion on residual markets and related issues.

Who We Are

FA is an unincorporated non-profit association of insurers. FA operates in Yukon, Nunavut, Northwest Territories, Alberta, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador. Every insurer licensed to write automobile liability insurance in these jurisdictions is a Member of FA. The affairs and business of FA is managed and controlled by a Board of Directors with authority Canada-wide. The President and CEO is responsible for the day-to-day operations of the organization and Management of staff.

What We Do

The Facility Association Residual Market (FARM) is an arrangement between FA and select Member automobile insurance companies who act as "Servicing Carriers." Servicing Carriers issue and endorse policies, receive premiums and adjust claims on behalf of the Member companies of FA. All policies written through the FARM are subject to the rules, rates and classification of FA. All Rules and Rates require regulatory approval for all jurisdictions the Residual Market serves.

Facility Association Plan of Operation

Operating Principles

Service Standards
Section 2 – Service Standards J. Policy records and claim records will be retained in accordance with the standards maintained for the Servicing Carrier's regular market book.

Articles of Association

Indemnification (Article XVI)

1. Other than with respect to an action, suit, claim or proceeding by the Association as against a Servicing Carrier, any person or member made a party to an action, suit or proceeding because such person or member served or is serving on the Board, the Audit and Risk Committee, the Governance and Human Resources Committee or other committee or sub-committee of the Association, or was or is an officer, member or employee of the Association, or acts or has acted as a Servicing Carrier pursuant to Article IX of these Articles, shall be indemnified and held harmless by the Association against all costs (including the amounts of judgments, settlements, fines or penalties) and expenses incurred in connection with such action, suit or proceeding; provided, however, that such indemnification shall not be provided in any matter in which the person or member shall be finally adjudged in any such action, suit or proceeding to have committed a breach of duty involving gross negligence, bad faith, dishonesty, willful misfeasance or reckless disregard of the responsibilities of his office. In the event of settlement of a matter before final adjudication, indemnification shall be provided only if the Association is advised by independent counsel that the person or member to be indemnified did not in counsel's opinion commit such a breach of duty.

2. The costs and expenses of such indemnification shall be prorated and paid for by the members, each contributing in accordance with Article V.

Records and Reports (Article XVII)

1. With the exception of any information, records, data or other material forming part of the UIP, which shall be maintained secure and confidential, the books of account, records, reports and other documents of the Association shall be open to inspection by any Member at such time and under such conditions and directives as the Board shall determine.

3. The books of account of Servicing Carriers shall be audited at least once a year by a firm of auditors designated by the Board.

Auditing of Members (Article XVIII)

FA may audit the records of any Member relating to the subject matter of the Plan of Operation and may establish what policies, records, books of account, documents and related material it deems necessary to carry out its functions. Such material shall be provided by the Members in the form and with the frequency reasonably required by FA.

Appeals (Article XIX)

Any Member or Servicing Carrier aggrieved with respect to any action or decision of the Board, Governance and Human Resources Committee, President and Chief Executive Officer or the Association or any Committee thereof, may make written request of the Board for specific relief. Any request so received will be considered and answered within 90 days.

Appeal Process

Servicing Carriers have the right to appeal. All appeals must be submitted 'in-writing' to FA Board of Directors. Servicing Carrier appeals must include pertinent details such as, the nature of any special circumstances which caused non-compliance and the controls put into place to prevent reoccurrence.
Appeals may be filed at any time by Servicing Carriers. Situations that may result in an appeal may include but are not limited to:

- Challenging comments made during individual claim file reviews.
- Challenging decisions made regarding claims file handling.
- Challenging decisions made if a file was underwritten incorrectly (as discovered during claims process).

Appeal Procedure

- Discuss concerns with the FA staff member who communicated the issue that is being appealed.
- Schedule a meeting with leadership of the FA staff member who initiated the issue in question.
- If resolution is not reached, the issue will be escalated to the VP of Underwriting, Claims & Operations for review. The Servicing Carrier will be asked at this time to submit their appeal 'in-writing' to the FA Board of Directors via email to the Office of the FA VP, Underwriting, Claims & Operations.
- The VP Underwriting, Claims & Operations makes a recommendation to the President and CEO and provides supporting evidence and obtains approval to proceed to the Claims Committee.
- The Claims Committee reviews FA Management's recommendation and provides a position on the proposed recommendation.
- The Claims Committee recommendations are taken by the President and CEO to the FA Board of Directors for review and will communicate a final decision to FA Management within 90 calendar days of the formal appeal being received in writing.
- FA Management will communicate the final decision of the FA Board of Directors to the Servicing Carrier within 5 calendar days of receipt of the decision.

In the event an appeal is denied, Servicing Carriers will be required to complete any action plan items, within 30 calendar days of written notification of the Board's decision.

Appointment of Claims Project Manager(s)

Servicing Carriers are required to designate a Claims Project Manager to liaise with FA. The designate will be the point of contact for all claims related correspondence between the Servicing Carrier and FA. Given the importance of the duties and responsibilities, a senior claims representative as a designate is strongly recommended. Consequently, it is also important that Servicing Carriers immediately notify FA of any Claims Project Manager changes.

Core Duties and Responsibilities

The core duties and responsibilities of Project Managers are:

- To ensure compliance with FA Claims Guides and procedures.
- To distribute FA bulletins as required.
- To ensure that losses, as defined in this guide, are reported in their totality, including those claims that are separated by coverage or sub-lines.
- To provide updates on large losses 'as required' and/or every 6 months as per the FA determined schedule.
- To address any correspondence and inquiries from the FA Claims Team and Claims Committee.
- To address any claims matters that are of concern to FA.
- To coordinate with the FA Compliance Team on any claims compliance reviews.

Facility Association Claims Committee

The FA Claims Committee is comprised of senior claims personnel from both Member Companies and Servicing Carrier(s). The FA Claims Committee usually meets approximately four (4) times annually.

Committee Objectives

The mandate of the Claims Committee is to lend its market expertise to the claims processes of FA or as instructed by Facility Association's Board of Directors or any of its Committees.

Large Loss Reporting Criteria

The FA Claims Team requires notice of any occurrence that meets **one or more** of the following criteria:

1. An aggregate total incurred (paid and outstanding) loss and reserves of **$500,000** or more (total of all sub-files).
   Note: FA bases its reporting on the total incurred for each file, i.e. all lines of paid to date/open reserves for the entire file. If the file is separated by coverage, both the Accident Benefits total incurred and the Bodily Injury total incurred aspects of the file sections must be reported. This reporting will be accommodated under one FA claim number.

2. A claim with **reported theft** of a vehicle that has an aggregate total incurred (paid and outstanding) loss and reserves of **$150,000** or more.

3. A claim reserved at 75% or greater of Third Party Liability, Uninsured or Underinsured policy limits.

4. A serious injury including but not limited to:
   (a) Fatality with dependents.
   (b) Brain injury with a Glasgow Coma Scale Score of 8 or less within 12 hours of the motor vehicle accident, and/or continuous hospital stay of more than 12 days in the 14 days subsequent to the motor vehicle accident.
   (c) Any plegia (para, quadra, tetra, hemi, etc.).
   (d) Amputation of a limb at or above the elbow or knee.
   (e) Serious disfigurement.
   (f) Loss of vision in both eyes.
   (g) A class 4 or class 5 impairment in one or more areas of function that occurs 2 years or more post-accident.

   Note: These injuries shall be reported regardless of the Servicing Carrier's assessment of liability or the amount of the incurred loss.

5. An Ontario Accident Benefits claim:
   (a) That results in continuous payments and/or entitlement under the disability section of the policy for two (2) years or more for Income Replacement Benefit, Non-Earner Benefit and/or Caregiver Benefit.
   (b) Where an insurer is in agreement with a submitted Application for Catastrophic Impairment Determination (OCF-19), either before proceeding to the Section 44 Insurer's Examination(s) or as a result of the Section 44 Insurer's Examination(s).

6. All class actions or situations where an action has been initiated naming FA or, where FA will be presented with the legal fees for defending such an action.

7. A claim that has a structured settlement (see next page for details).

8. A claim that FA has requested to review.

Structured Settlements

Servicing Carriers are encouraged to consider full and final settlement via a structured settlement when appropriate. Fees incurred to establish the structured settlement are reimbursable as a Legal and Professional expense provided that a reversionary clause to FA for a period no less than 10 years is included.

Servicing Carriers are required to annually submit information related to structured settlements as requested by Facility Association Central Office for year-end financial statement disclosure purposes. To support this reporting requirement, Servicing Carriers must maintain accurate records on structured settlements and have controls in place to ensure structured settlements are monitored and reversionary interest is credited back to FA where applicable.

Structured Settlements - Servicing Carrier Role and Responsibilities

- To immediately report the structured settlement when plaintiff lawyer agrees to a structured settlement by completing a FAC 50 form and provide FA with updates using FAC 51 forms until such time a final release is signed and a FAC 52 form completed;
- To settle claims in accordance with parent company's guidelines and procedures;
- To use the amounts settled as the basis to purchase the annuity agreement;
- To ensure that any fees and service amounts are added to the amounts for the company purchase of the annuity, as well, to make payments as directed;
- To ensure FA is named if the structure settlement purchased is commutable;
- To inform FA as requested of any new structures purchased within the year;
- To retain documentation in accordance with the FA retention policy.

The Large Loss Review Process

- All claims which qualify as a **large loss must be reported to the FA Claims Team within 60 days of the Servicing Carrier's knowledge or notice** of the claim(s) meeting the reporting criteria using the:
  - **Summary Report;**
  - **FAC 50;**
  - **FAC 51 (FAC 51 is for Accident Benefits and/or Bodily Injury Files only);**

  Note: The initial FAC 50 should be named "Initial Report."

- Once the claim has been reported to FA and the FA Claims Team and/or Claims Committee has reviewed the information contained on the Summary Report, FAC 50 and FAC 51 an acknowledgement may be sent to the Servicing Carrier Project Manager with comments, observations and/or suggestions.

- Occasionally, the FA Claims Team and/or Claims Committee will either question or make a recommendation on the reserves and/or other urgent issues. In such cases, FA will notify the Project Manager of the FA Claims Team and/or Claims Committee's comments and provide a due date to respond by. The Servicing Carrier may have to respond within 30 days or by the next regular due date of the 15th of their reporting month. As part of the response, the Servicing Carrier may need to:
  - Modify or adjust the reserve level in accordance with the FA Claims Team and/or Claims Committee recommendations; and/or
  - Provide an explanation to the FA Claims Team and/or Claims Committee of the rationale of the reserving.
  - Respond to other urgent issues raised.

- All reported claims must be updated every 6 months as per the FA determined schedule, or as required by the FA Claims Team. The updates require a Summary Report, FAC 50 and a FAC 51.

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

How to Report a Large Loss

In order to submit a new claim or update a large loss to FA, the following documents must be submitted to the FA Claims Mailbox: claims@facilityassociation.com

A. **Summary Report**
B. **FAC 50**
C. **FAC 51 if an Accident Benefits or Bodily Injury claim (Example: Theft and other property damage claims do not require a FAC 51)**

- Please ensure all lines are completed on any form being submitted. If the form field is not applicable, kindly note not applicable or "n/a."

- All documents being submitted per reporting period should be submitted in one combined email that indicates in the subject line: initial report or update, insured's name, policy number, claim number and FA claim number (if a claim number is known).

- All emails and inquiries must be submitted from only the Claims Project Managers to FA.

A. Summary Report

The objective of a Summary Report is to provide the FA Claims Team and/or Claims Committee with sufficient information to facilitate the review of claims records. The Summary Report must be submitted for each claimant with an open claim and is to be provided with **every initial claim submission and update report.**

The FA Claims Team and the Claims Committee expects that the following information is provided in Summary Reports:

- A complete overview of the claim including information pertinent to the file.
- A 'synopsis' of medical information, reconstruction reports, legal summaries, etc. and any information relevant or unique to that particular claim.
- The intended action to bring the claim to conclusion.

Note: Refer to Summary Report for all required information.
The FA Claims Team will not accept copies of full medical reports or assessments, legal opinions, reconstruction reports, etc. unless specifically requested.

B. FAC 50 (Large Claims Report)

The FAC 50 form facilitates the reporting of claims meeting the reporting criteria in accordance with the categories provided in this Claims Guide in a condensed format. Accurate and full completion of this document allows sufficient information for FA to adequately assess the claim. It is also important that the company reporting number is provided on this document. The FAC 50 is to be provided with **every initial claim submission and update report.**

- Any paid losses and the amounts of calculated reserve must only be reflected in the appropriate Type of Loss sections.
- Ensure that all claims, even closed losses or claimants, are recorded on the FAC 50. For instance, record the Collision paid out and the Tort claim that has settled, even if there is still an ongoing Accident Benefit claim.
- Submit one FAC 50 form with all of the claims lines noted. Only attach additional FAC 50 forms if more lines are required. Do not submit a FAC 50 per Type of Loss.

C. FAC 51 (Bodily Injury and/or Accident Benefits Worksheet)

The FAC 51 form is intended to supplement the FAC 50 and provides the various reserve calculations for injury claimants. The FAC 51 is intended for individual claimants, e.g. only one claimant per FAC 51. The FAC 51 is to be provided with **every initial claim submission and update report.**

The FAC 51 is divided into two sections:

i) Information
ii) Reserve calculation: The 'Information Section' provides pertinent individual information that supports the reserve calculation whereas the Reserve calculation is a worksheet that supports calculations for Tort and/or Accident Benefits.

*Note: Calculations for the reserves should **not** consider any "paid to date" amounts.*

Submitting FAC Forms

A Summary Report and FAC 50 are required on all initial reports and updates. If there are open Bodily Injury and/or Accident Benefit claims, then a FAC 51 is also required on all initial reports and updates. A Summary Report and FAC 51 must be submitted for each claimant with an open claim.

In circumstances where a line of business has been concluded (i.e. Collision, Accident Benefits, Bodily Injury) a FAC 52 form must be submitted to FA for the line of business and any other concluded lines of business.

The Project Manager is requested to indicate the following on the subject line:

- Initial Report or Update
- Insured's Name
- Policy Number
- Claim Number
- FA Claim Number

How to Update Large Loss Information

All reported claims must be updated every 6 months as per the FA determined schedule, or as required by the FA Claims Team. The updates require a Summary Report, FAC 50 and a FAC 51.
Note: The updated Summary Report/FAC Forms should include new/updated information that was not previously provided.

No Longer Meets Reporting Conditions or Only Open For Subrogation or Recovery

If the Servicing Carrier should determine that a reported claim no longer meets the reporting conditions after the Initial Report has been submitted to the FA Claims Team, the Servicing Carrier must advise the FA Claims Team of the reasons for the disqualification of that particular file on a FAC 52 form.

If the reported claim is now settled and only remains open for subrogation or recovery purposes after the Initial Report has been submitted to the FA Claims Team, the Servicing Carrier must advise the FA Claims Team on a FAC 52 form.

How to Close a Large Loss File

FAC 52

- In circumstances where a line of business has been concluded (i.e. Collision, Accident Benefits, Bodily Injury) a FAC 52 form must be submitted to FA.

- A Servicing Carrier may also include a Summary Report and/or FAC 51 if they feel the information is relevant or if significant change(s) have occurred.

- Please ensure a FAC 52 is submitted to FA within 30 days of when each line of business is closed. For instance, a FAC 52 will be submitted when the Collision closes and then again when all Bodily Injury claimants are closed.

Separation of Claims Files

In those circumstance whereby a separation of claims files is required due to a conflict of interest or Servicing Carrier's policy, separate Summary Reports, FAC 50 and FAC 51 forms may be completed; however all documents must be submitted in one email from the Project Manager as the initial report and update reports.

If separate claim numbers were assigned then the respective form must reflect the assigned claim number for the appropriate Type of Loss.

Use of Approved Forms

FA will only accept submission of large loss claims information on approved Summary Report, FAC 50, 51 & 52 forms. Servicing Carriers in-house or generic forms will not be accepted.
Note: We recommend obtaining the Summary Report and Forms directly from the FA Website in order to ensure Servicing Carriers are using the most current version.

When to Submit the Forms

- Initial: All claims which qualify as a large loss must be reported to the FA Claims Team within 60 days of the Servicing Carriers knowledge of the claim(s) meeting the reporting criteria.

- Updates: Please submit the update by the 15th of the month it is due.
    - All reported claims must be updated every 6 months as per the FA determined schedule, or as required by the FA Claims Team.

Where to Obtain Downloadable Forms

Downloadable forms can be obtained from the FA Website:
https://www.facilityassociation.com/members/resources/Forms

Where to Submit Claims Forms

All forms must be submitted to the following email address: claims@facilityassociation.com

Best Practice for Reconciliation

Our experience indicates that a best practice is for Servicing Carriers to routinely review and reconcile open claims reported to FA with the Servicing Carriers' own records. A request for a detailed list of open claims can be submitted to the following email address: claims@facilityassociation.com

Alphabetical Listing of Common Topics

Coding for Ontario Accident Benefits Insurer's Examination Expenses
In accordance with direction provided by General Insurance Statistical Agency (GISA), all statistical plan reporting companies in Ontario are required to report all Insurer Initiated Examinations Costs under Kind Of Loss (KOL) Code 86 as an allocated claim expense. This is reimbursable under the Legal and Professional Expense process.

Contact Information
For Claims related queries:
Email: claims@facilityassociation.com
FA General Phone No. 1-800-268-9572

For any appeals or escalations:
Please send contact to the attention of the Vice President, Underwriting, Claims & Operations: mail@facilityassociation.com

Data Accuracy
Servicing Carriers are responsible for the accurate, timely, and complete claims data. Claims data includes loss/expense payments, reserves and recoveries.

Documentation Standards
Servicing Carriers are expected to ensure all transactions and claims handling procedures can be supported with relevant documentation.

Errors Made By The Servicing Carrier
The FARM is not responsible for errors the Servicing Carrier commits whether that is over indemnifying or failure to identify an exclusion etc. It is the Servicing Carrier's responsibility to report accurately and the FARM is only responsible for the amount of the loss. Should it later be found that an error occurred, resulting in an overpayment, the Servicing Carrier must make the correction to allocated expenses and/or indemnity (credit back to FA if necessary) within 30 days of being notified by FA or becoming aware.

Ex-gratia Payments
Any voluntary payments to individuals or organizations where the Servicing Carrier is not obligated to make the payment but does so out of customer service or as a goodwill gesture, the Servicing Carrier is responsible for this portion. All ex-gratia payments must be coded as an expense and is not reimbursable via the Legal and Professional Expense process. Examples include waived deductibles, rentals in excess of limits, and service fees etc.

Fraud is Detected After Claim Payments Are Made
If the Servicing Carrier should determine that a reported claim is no longer payable due to fraud after the claim payments are made, the Servicing Carrier must report this within 30 days to Facility Association. The Servicing Carrier will repay to FA any monies they receive from the responsible party. Any fees charged by a Collection Agency or legal fees to recoup the monies are reimbursable via the Legal and Professional Expense process.

Harmonized Sales Tax (HST) on Ontario Accident Benefits Claims
Any applicable HST is to be paid in addition to Ontario Accident Benefits policy limits. As such these indemnity payments will be paid by the FARM and should be included in totals reported on FAC 50, 51 and 52 as applicable.

Loss of Use (Rental Coverage) Limit
The Servicing Carrier has the option to offer increased limits for Loss of Use (Rental Coverage) above the minimum limit of $900, to the policyholder(s) at the time the policy is purchased for an additional premium charge.

Point of Contact
Project Managers are the designated point of contact for FA. Therefore, all inquiries from your staff must be directed through the Project Manager to FA.

Priority of Ontario Accident Benefit Claims
A Servicing Carrier must proactively investigate priority of payment on an Ontario Accident Benefit claim submissions within specified timelines. This includes commencing any arbitration actions. Should a Servicing Carrier fail to investigate, put on notice and/or commence arbitration within the timelines, FA reserves the right not to reimburse the claim. The FAC 51 and Summary Reports submitted must make mention of priority issues of Ontario Accident Benefit claimants and steps taken to investigate priority of coverage.

Recoveries
If the Servicing Carrier should receive a recovery after the claim payments are made, the Servicing Carrier will repay to FA any monies they receive from the responsible party. Any fees charged by a Collection Agency or legal fees to recoup the monies are reimbursable via the Legal and Professional Expense process.

Retention Policy
The retention of records by any Servicing Carrier relating to the subject matter of the Plan of Operation which includes the FARM, must follow the Statutory Requirements as set out for Insurance Companies at the Provincial and Federal level. In addition, records supporting the transmission of data to the FARM shall be retained for at least ten years from the date the claim was closed.

Salvage
For FARM policies, Facility Association has historically considered salvage costs to be included as part of the Servicing Carrier allowance for claims expense and hence not eligible for direct reimbursement. As such, for Servicing Carrier trial balance and ASP1 reporting purposes, Facility Association management has instructed Servicing Carriers to report salvage costs as paid expense. The consequence of the FARM requirement is that Servicing Carriers are required to report salvage costs differently for FARM than they are for ASP or for Risk Sharing Pool reporting. Facility Association management was asked to revisit this approach. Effective December 12, 2019, the Facility Association Board approved a change to existing FARM reporting practice to allow Servicing Carriers to report costs associated with salvage and subrogation transactions (including, but not limited to, towing and storage expenses and sellers fees paid to auctioneers) paid by Servicing Carriers in the course of settling FARM claims as paid loss (indemnity) to allow for reimbursement from the Facility Association Membership at large.

Most Servicing Carriers will elect to sell the salvage at auction. In some cases, Servicing Carriers may elect to enter into an agreement with a purchaser of the salvage for an agreed upon flat fee that is a percentage of the Actual Cash Value. Any contracts entered into by the Servicing Carrier for a vendor to have exclusive right to purchase salvage on FARM claims, must be approved by FA prior to being entered into.
Should an insured wish to retain salvage, they shall make payment in the amount of the current Actual Cash Value.

If the Servicing Carrier should receive a salvage payment after the claim payments are made, the Servicing Carrier will repay to FA any monies they receive from the responsible party. Any fees charged by a Collection Agency or legal fees to recoup the monies are reimbursable via the Legal and Professional Expense process.

Subrogation
Servicing Carriers are required to investigate and pursue all possibilities for subrogation opportunities including loss transfer on Ontario Accident Benefits claims. Should the Servicing Carrier fail to investigate, pursue or begin subrogation on a claim, the portion of the claim that could have been subrogated, will be the Servicing Carriers responsibility. All payments that could have been subrogated must be coded as an expense and are not reimbursable via the Legal and Professional Expense process.

Subrogation must commence as soon as practicable on the claim and cannot be delayed until the file is closed. Reasonable expenses incurred to pursue subrogation (legal fees) is reimbursable via the Legal and Professional Expense process.

Unfair or Deceptive Acts and Practices
If a Servicing Carrier is found to have committed an act that is considered to be an Unfair or Deceptive Act or Practice, then none of the legal fees to defend an action and any damages awarded may be submitted via the Legal and Professional Expense process.

If a Servicing Carrier incurs legal fees in civil or criminal court in regards to possible insurance fraud (as considered under the Insurance Act, Criminal Code of Canada, and/or provincial legislation) committed by the insured or claimant, then all reasonable legal fees are reimbursable via the Legal and Professional Expense process.

Eligible Legal and Professional Expenses

Reimbursement of Legal & Professional Expenses
Servicing Carriers submitting Legal and Professional Expenses which qualify for reimbursement from FA must use the FARM Legal and Professional Fees Reimbursement Form. It is also important that all mandatory fields are fully completed on the form in order to facilitate processing.

In circumstances wherein the expenses are associated with a Large Loss, FAC 52 forms must be provided.

Types of Claims Eligible for Submission of Legal and Professional Fees / Expenses in Category I is limited to:

- Bodily Injury Claims/Tort/Passenger Hazard/Uninsured and Underinsured Motorist

Types of Claims Eligible for Submission of Legal and Professional Fees / Expenses in Category II is limited to:

- Statutory Accident Benefits Schedule Claims (Ontario only)

Types of Claims Eligible for Submission:	Deductible:	All FARM Eligible Provinces:	Category:
• Bodily Injury Claims/Tort/Passenger Hazard/Uninsured and Underinsured Motorist	$10,000 deductible applies to **Legal Fees Only**	Yes	I
• Statutory Accident Benefits Schedule Claims	No	Ontario Accident Benefits Claims	II

*** Category I Schedule can be found on page 19.**
*** Category II Schedule can be found on page 20.**

Deductible of Legal Fees Only on Bodily Injury / Tort / Passenger Hazard / Uninsured / Underinsured Motorist Claims
A $10,000 deductible applies to the Legal Fees incurred on the following claims: Bodily Injury / Tort / Passenger Hazard / Uninsured / Underinsured Motorist.

Example 1 – Bodily Injury Claim

- $9,500 in legal expenses occur
- $1,000 surveillance expenses occur
- The FARM will reimburse $1,000

Example 2 – Bodily Injury Claim

- $15,000 in legal expenses occur
- $1,000 surveillance expenses occur
- The FARM will reimburse $6,000

(The $10,000 deductible would apply to legal expense in this situation)

Reimbursement of In-House Legal Expenses
FA will reimburse Servicing Carriers for the cost of in-house legal expenses provided they qualify under reimbursable expenses and must be billed to individual files.

It will be the responsibility of the Servicing Carriers to make the appropriate submission to FA for reimbursement of these fees within 365 days of the claim closure.
Note: Interim billing for Expenses will not be accepted.

Flat Fees Billing of In-House and Retained Counsel
Some Servicing Carriers have negotiated preferred rates for retained counsel and/or pay a flat fee by file type to in-house or retained counsel. In these instances, the FARM will reimburse the Servicing Carriers for these fees. Given that flat fee arrangements will not track disbursements and hourly breakdown, on these files only, an invoice indicating the claim number, date of loss, claimant and plaintiff names and the amount payable noting it is a flat fee arrangement will be accepted as appropriate documentation by FA.

Deadline for Reimbursement Requests
All requests for reimbursement must be submitted within **365 days of the claims being closed.**
Note: Interim billing for Expenses will not be accepted.

Eligible Legal and Professional Claims Expenses
FA will reimburse Servicing Carriers for approved Legal and Professional Claims Expenses (as per the following schedule) resulting from any one claim occurrence under Category I and/or Category II. If a file has both a Tort component and an Accident Benefit component both claiming legal expenses, separate forms will need to be submitted for each claim.

Category I Schedule:

Reimbursable Expenses:	Non-Reimbursable Expenses:

• Accident Reconstruction Investigation (including Engineering and Biomechanical Reports)
• Accounting Services
• Actuarial Services
• Architectural Services
• Autopsy Reports
• Collection Fees To Reclaim Payments
• Coroners' Court Transcripts and Reports
• Court Stenographers' Transcript Fees
• Extended Police Reports and Officer Notes
• Legal Defence Fees
  ○ Reasonable hourly fees for lawyers and support staff
  ○ Reasonable charges in accordance with internal procedures for the Servicing Carrier for mileage, meals, hotel when travel is necessary
  ○ Reasonable postage and photocopy fees
  ○ Reasonable fees to pursue subrogation
• Investigation Services (does not include third party adjuster investigation fees)
• Medical Reports (Tort Defence Medical and Assessment Reports)
  ○ Does not include:
  • Copies of clinical notes and records;
  • No show fees;
  • Late cancellation fees
• Notarial Services
• Private Mediation and Arbitration (includes Mediator Fees and Defence Fees)
• Surveillance
• Translation for Legal Proceedings and Tort Defence Medical Examinations
	• Adjusting Expenses
	• Autoplus Report Charges
	• Environmental Clean Up Expenses are paid as an indemnity
	• Environmental Engineering Consultation and Professional Fees are paid as an indemnity
	• Ex-gratia Payments
	• Normal Police Report and Collision Reporting Center Reports
	• Ordinary Claims Handling Expenses
	• The Following Legal Defence Fees:
	  ○ Local, long-distance, or cell phone charges, incoming or outgoing fax fees
	  ○ Legal opinions from a second defence firm
	  ○ Third party adjuster investigation fees
	  ○ Legal fees incurred to review, provide a legal opinion or defend against an estoppel or other error made by the staff of a Servicing Carrier
	  ○ Fees from more than one defence firm unless:
	  • A conflict arises;
	  • The original firm ceases to exist;
	  • The original lead lawyer changes firms; and/or
	  • The action changes venue to another province

Category II Schedule:

Reimbursable Expenses:	Non-Reimbursable Expenses:

• Accident Reconstruction Investigation (includes Engineering and Biomechanical Reports)
• Accounting Services
• Actuarial Services
• Architectural Services
• Autopsy Reports
• Collection Fees To Reclaim Payments
• Coroners' Court Transcripts and Reports
• Court Stenographers' Transcript Fees
• Extended Police Reports and Officer Notes
• Legal Defence fees
  ○ Reasonable hourly fees for lawyers and support staff
  ○ Reasonable charges in accordance with internal procedures for the Servicing Carrier for mileage, meals, hotel when travel is necessary
  ○ Reasonable postage and photocopy fees
  ○ Reasonable fees to pursue subrogation
• Investigation Services (does not include third party adjuster investigation fees)
• Medical Reports (SABS Insurer's Examination)
  ○ Does not include:
  • Copies of clinical notes and records;
  • No show fees;
  • Late cancellation fees
• Notarial Services
• Private Mediation and Arbitration (Including Mediator Fees, LAT filing fees and Defence Fees)
• Subrogation Expenses
• Surveillance
• Structured Settlement Fees when the reversionary clause is to FA for at least the next ten years
• Translation for Legal Proceedings and Insurer Initiated Medical Examinations
	• Adjusting Expenses
	• Autoplus Report Charges
	• Ex-gratia Payments
	• Normal Police Report and Collision Reporting Center Reports
	• Ordinary Claims Handling Expenses
	• The Following Legal Defence Fees:
	  ○ Local, long-distance, or cell phone charges, incoming or outgoing fax fees
	  ○ Legal opinions from a second defence firm
	  ○ Third party adjuster investigation fees
	  ○ Legal fees incurred to review, provide a legal opinion or defend against an estoppel or other error made by the staff of a Servicing Carrier
	  ○ Fees from more than one defence firm unless:
	  • A conflict arises;
	  • The original firm ceases to exist;
	  • The original lead lawyer changes firms; and/or
	  • The action changes venue to another province

Appendix A: FAC 50: Large Claims Report

FAC 50 – Large Claims Report Effective Month Day, Year – V 2.0

Company Number:	FA Claim Number:	Type of Claim Summary Is Submitted For:
Date Form Is Completed:	Reporting Period Form Pertains To:	Completed By:
Insured Name:	Underwriting Jurisdiction:	Fraud Indicators Present: (Please explain)
Optional Benefits:	Endorsements:	

Initial Report ☐ Revision ☐

List All Claimants and Types of Claims Open/Closed for Each:

RSP Member ☐ Servicing Carrier ☐

Company Claim Number:

Company Policy Number:

Company Name and Address:

Degree of Liability

Insured %
Third Party %
Other %

Insured Address:

T.P. Liability Limit:	Vehicle Type:	Policy Effective Date (mm/dd/yyyy):	Policy Expiry Date (mm/dd/yyyy):	Loss Date (mm/dd/yyyy):

Large Loss Criteria: Please Select

Describe Circumstances of Accident & Liability Issues:

Please Provide Details of the Reserve History:

☐ USA Claim/Exposure
☐ Excluded Driver on Policy

Location of Loss (City, Province/State):

Vehicle Type: Please Select

NOTE: Attach "Summary Report" and a FAC 51 for each claimant with open Accident Benefits, Bodily Injury, Passenger Hazard, Underinsured, or Uninsured claims with each report. Provide the Paid Loss and Expenses on Each Claim Type Even Closed Claims and/or Claimants.

Name of Claimant (1 Claimant = 1 Type of Loss Per Line)	FAC 51 Provided	Summary Provided	Type of Loss								Amount to Date			
			Bodily Injury	Passenger Hazard	Physical Damage	Under Insured	Uninsured	Accident Benefits	Third Party Property Damage	Other	Paid Loss	Paid Expense	Reserve Amount	Claim Closed
	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐				☐

Appendix B: FAC 51: Bodily Injury Worksheet

FAC 51 - Bodily Injury Worksheet Effective November 1, 2022

Company Number:	FA Claim Number:	Company Name:	Company Claim Number:
Date Form is Completed:	Reporting Period Form Pertains To:		Completed By:
Claimant Name:	Dependents:	Gender:	Occupation:
Date of Birth:	Jurdisdiction:	Other Insurers Involved (LTD, AB, Own Underinsured Coverage, etc.):	
Marital Status:	WSIB/ WCB: Yes ☐ No ☐		
Position in Described Vehicle: Driver ☐ Passenger ☐ Pedestrian ☐ TP Vehicle Occupant ☐ Cyclist ☐			
Optional Benefits:	Endorsements:		Date of Loss:
Claimant Counsel Law Firm:	Carrier Counsel Firm:		Annual Income:
Claimant Counsel Lawyer Name:	Carrier Counsel Lawyer Name:		Employment Status:
Collaterals Being Received:			
Nature & Extent of Initial Injuries:			
Collateral Benefits Available:			
Time in Hospital:	Medical Interventions/Treatment:		
Current Status of Claimant:			
Status of Claim Proceedings:			

A		B		C	
General Damages:	$	Wages	$	Future Wage Loss / LOCA	$
FLA: (net)	$	Other Wage	$	Housekeeping/Home Maintenance	$
Deductible	$	Less Liability %	$ 0.00	Future Meds	$
Less Liability %	$ 0.00	Sub Total:	$ 0.00	Other	$
Sub Total:	$ 0.00	Less Accident Benefits	$	Sub Total:	$ 0.00
Deductible	$	Less Collaterals	$	T/P Costs	$
P.I. X Years	$ 0.00	Sub Total:	$ 0.00	Defense Costs	$
		P.I. X Years	$ 0.00	Total of C:	$ 0.00
Total of A:	$ 0.00	Total of B:	$ 0.00	Grand Total of A + B + C:	$ 0.00

Please provide details of any coverage questions, contributory negligence, pre-existing, concurrent or subsequent injury, illness or medical conditions.

Please provide details of any Present Values and Annuity Quotes.

Appendix C: FAC 51: Accident Benefits Worksheet

FACILITY ASSOCIATION

FAC 51 - Accident Benefit Worksheet Effective November 1, 2022

Company Number:	FA Claim Number:	Company Name:	Company Claim Number:
Date Form is Completed:	Reporting Period Form Pertains To:		Completed By:
Claimant Name:	Dependents:	Gender:	Occupation:
Date of Birth:	Underwriting Jurisdiction:		Priority:
Marital Status:	WSIB/WCB: Yes ☐ No ☐		
Position in Described Vehicle: Driver ☐ Passenger ☐ Pedestrian ☐ TP Vehicle Occupant ☐ Cyclist ☐ Other Please Explain:			
Optional Benefits:	Endorsments:		Date of Loss (mm/dd/yyyy):
Claimant Counsel Law Firm:	Carrier Counsel Firm:		Annual Income:
Claimant Counsel Lawyer Name:	Carrier Counsel Lawyer Name:		Employment Status:
Nature & Extent of Initial Injuries:			
Collateral Benefits Available:			
Time in Hospital:	Medical Interventions/Treatment:		
Current Status of Claimant:			

Ontario Accident Benefits in Force: OMPP ☐ Bill 164 ☐ Bill 59 ☐ Bill 403/96 ☐ Bill 34/10 2010 ☐ Bill 34/10 2014 ☐ Bill 34/10 2016 ☐

Disability Income Weekly Benefit Calculation: Income Replacement Benefit ☐ Non-Earner Benefit ☐ Caregiver Benefit ☐

Gross = $ | 70% of Gross=$ | Policy Maximum = $ | Monthly CPP-D & LTD Being Received: $

$ x % = $ | Less Collaterals $ = $ x weeks = $ | Applied for CPP-D Yes ☐ No ☐ In Dispute ☐

Meets Post 104 Definition:	Yes ☐	No ☐	In Dispute ☐	HST Included Below: Yes ☐ No ☐
Meets Catastrophic Definition:	Yes ☐	No ☐	In Dispute ☐	
Tabular Reserves	Yes ☐	No ☐	If Yes $	
OCF-19 Expected:	Yes ☐	No ☐	OCF-19 Received? Yes ☐ No ☐	
Section 31 Exclusions:	Yes ☐	No ☐	In Dispute ☐	
Section 53 Material Misrepsentations:	Yes ☐	No ☐	In Dispute ☐	
LAT Application Received:	Yes ☐	No ☐	In Dispute ☐	
Loss Transfer Applicable:	Yes ☐	No ☐	In Dispute ☐	

				Paid To Date	Reserves	Total	Closed
Disability Income Weekly Benefit				$	$	$	☐
Caregiver Benefit (Dependent Care)	$	x	weeks	$	$	$	☐
Attendant Care Benefit	$	x	months	$	$	$	☐
Housekeeping	$	x	weeks	$	$	$	☐
Medical (include transportation and Section 25 assessments)				$	$	$	☐
Rehabilitation Expenses				$	$	$	☐
Visitor Expenses Benefits				$	$	$	☐
Clothing Expenses Benefits				$	$	$	☐
Death Benefits				$	$	$	☐
Funeral Benefits				$	$	$	☐
Legal Expenses				$	$	$	☐
Cost of Section 44 Examinations and Section 25 Catastrophic Assessments				$	$	$	☐
If CAT - Case Management Expenses				$	$	$	☐
Total Accident Benefits				$ 0.00	$ 0.00	$ 0.00	☐

Please provide details of any issues that are in dispute.

Please provide details on Present Values and Annuity Quotes on CAT.

Appendix D: FAC 52: Large Claims Closure Worksheet

FACILITY ASSOCIATION

FAC 52 – Large Claim Closure Report Effective November 1, 2022

Company Number:	FA Claim Number:	Type of Claim Summary is Submitted For:
Date Form Is Completed:	Reporting Period Form Pertains To:	Completed By:
Insured Name:	Legal Reimbursment Pending?: (FARM ONLY) Yes ☐ No ☐	Underwriting Jurisdiction:
Optional Benefits:	Endorsements:	Fraud Identified (If Yes, Provide Details):
☐ Initial Report ☐ Update — Private Passenger ☐ Commercial ☐ Other ☐	Company Claim Number: / Company Policy Number:	Servicing Carrier ☐ RSP Member ☐
Company Name and Address:		Degree of Liability: Insured % / Third Party % / Other %
Insured Address:		
T.P. Liability Limits:	Policy Effective Date (MMDDYYY): / Policy Expiry Date (MMDDYYY): / Loss Date (MMDDYYY):	Fraud Indicators: Yes ☐ No ☐ / Fraud Indicators Resolved: Yes ☐ No ☐
Describe Circumstances of Accident & Liability Issues:		
Please provide details of the reserve history:		
Location of Loss (City, Province/Or State):	Was the File Settled With A Structured Settlement? No ☐ Yes ☐	Date Effective: (MMDDYYY)

NOTE: Provide the Paid Loss and Expenses on Each Claim Type Even Closed Claims and/or Claimants.
OPTIONAL: Include a Summary Report and/or FAC 51 to provide relevant information or if significant change(s) have occurred.

Name of Claimant (1 Claimant + 1 Type of Loss Per Line)	Type of Loss: Bodily Injury	Passenger Hazard	Physical Damage	Underinsured	Uninsured	Accident Benefits	Third Party Property Damage	Other	Amount to Date: Paid Loss	Paid Expense (Charged to FA)	Paid Expense (Not Charged to FA)	Reserve Take Down	Reserve Increase For Final Payment	Claim Closed
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
	☐	☐	☐	☐	☐	☐	☐	☐						☐
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	☐	☐	☐	☐	☐	☐	☐	☐						☐
Total									$0.00	$0.00	$0.00	$0.00	$0.00	

Comments (Provide Explanation for any Reserve Increases Required For Final Payment. Provide Breakdown of Settlement Lump and/ or Partial Sum by Coverage Heading. Provide Details on Any Structured Annuities).

If a claim no longer meets Facility Association's Large Loss Reporting Criteria or if a claim is now settled and only remains open for subrogation or recovery purposes, please provide details below.

Appendix E: Summary Report

FACILITY ASSOCIATION

Summary Report Effective November 1, 2022

Company Number:	FA Claim Number:	Type of Claim Summary is Submitted For:
Date Form is Completed:	Reporting Period Form Pertains To:	Completed By:
Insured Name:	Gender:	Underwriting Jurisdiction:
Optional Benefits:	Endorsements:	Date of Loss:

Initial Report ☐ Revision ☐

Name of Claimant Whom Summary Pertains To:

RSP Member ☐ Servicing Carrier ☐

Private Passenger ☐ Commercial ☐ Other ☐

Company Name and Address:

Company Claim Number:

Insured Address:

Company Policy Number:

T.P. Liability Limits:	Location of Loss (City, Province/State):	Policy Effective Date (mm/dd/yyyy):	Policy Expiry Date (mm/dd/yyyy):	Loss Date (mm/dd/yyyy):

Complete overview of the claim including pertinent information such as:
•Facts, liability, quantum, fraud identified, information relevant or unique to the claim
•Claimants details and background (age at time of MVA, employment etc.)
•Coverages (questions, exclusions, issues in dispute, optional coverage or collaterals)

Synopsis of:
•Medical information (claimants injuries, current condition (including ongoing treatment, return to activities of daily living and work) and expected future condition/impairments)
•Accident reconstruction reports impairments
•Recommendations and evaluation of counsel and the status of any legal proceedings including outstanding productions and dates of completed and pending matters

The intended work plan including any action to bring the claim to conclusion. Also include any additional relevant information in this box.

Appendix F: Legal and Professional Fees Reimbursement Request Form

Request for Reimbursement of Legal and Professional Fees
(effective September 3, 2024)

Watch Instruction Video

SECTION 1 Input Basic Information:

Field Name	Input/Select	Message warning
Date of form submission		Missing entry
Supplementary submission		Missing entry
Date of entire file closure		Missing entry
Company name		Missing entry
Company #		Missing entry
Policy #		Missing entry
Company claim #		Missing entry
Date of Loss		Missing entry
Underwriting Province		Missing entry
Claim type		Missing entry
Claim category type		Missing entry

SECTION 3 Check all steps are complete before submitting form:

Select 'Yes' for steps complete:	
No	1. All entries are complete and message warnings are clear
	2. Prepare supporting documentation into a single PDF file:
No	a. Organize supporting documentation in the same order as amounts listed below
No	b. Highlight requested dollar amounts on each supporting documentation
No	c. Ensure correct "Type of service" is selected and corresponds to supporting documentation
No	3. Prepare Request for Reimbursement Form into a single PDF file
	Check for missing entries and incomplete steps above

SECTION 2 List itemized request for reimbursement:

Vendor Name	Invoice Number	Type of Service	Amount Including Taxes ($)	If amount does not match invoice provide explanation	Message warning (populates when detected)
		Subtotal Legal Defence Fees	$0.00		
		Deductible Applicable for Category I only	$0.00		
		Subtotal Net Legal Defence Fees	$0.00		
		Subtotal Fees (excludes Legal Defence)	$0.00		
		Net Total FA Estimated Legal and Professional Fees Reimbursement	$0.00		

Notes:
[1] Completed forms may be submitted to claimsinvoice@facilityassociation.com
[2] For any questions or concerns completing this form (e.g. drop down value needs update), contact claimsinvoice@facilityassociation.com

Appendix G: Glossary of Terms

ACCIDENT: An unexpected event which happens by chance and is not expected in the normal course of events.

ACCIDENT BENEFITS: First party benefits that insured persons are entitled to receive if injured or killed in an automobile accident.

ACCURACY: Data submitted is correct and reflect the claim system(s).

ALL PERILS: All Perils combines Collision or Upset coverage and Comprehensive coverage. It also covers certain types of theft that are excluded under comprehensive, including theft of the automobile by a person residing in the insured's household and theft of the vehicle if stolen by an employee who drives or uses, services or repairs the described automobile.

AUTOMOBILE INSURANCE: Coverage on the risks associated with driving or owning an automobile. It can include collision, liability, comprehensive, medical, and uninsured motorist coverages.

BODILY INJURY: Where an injured person or their estate, are entitled to compensation by the negligent party. Sometimes also referred to as tort. The negligence of at fault party and any contributory negligence by the injured party or deceased is taken into account when determining damages.

COLLISION: Collision or upset coverage indemnifies the insured for damage to the vehicle caused by collision with another vehicle, person, object, or the surface of the road; or by upset.

COMPLETENESS: Data submitted is comprehensive and comprises of all required reportable data.

COMPREHENSIVE: This coverage protects an insured automobile against all perils other than collision or upset.

LARGE LOSS CLAIMS: The claims which meet the criteria for large loss as mentioned in the claims guide.

LIABILITY COVERAGE: Provides financial protection for the insured's legal liability for injury to other people (Bodily Injury) and damage to the property of others (Property Damage).

PASSENGER HAZARD: When a passenger files a claim against the driver and owner of the car they were in. If the passenger was also the vehicle owner, then the passenger would only sue the driver because you cannot sue yourself.

PROJECT MANAGER: A designate from a Servicing Carrier who will be the point of contact for all claims related correspondence between the Servicing Carrier and FA.

RELEVANCE: Only required or permissible data is submitted.

RESERVE: Reserves are estimated amounts which are meant to account for all possible future payouts on claims, as well as legal costs and other related expenses.

SPECIFIED PERILS: This coverage specifies the perils or causes of loss insured against. The specified perils are: fire, theft or attempted theft, lightning, windstorm, hail, or rising water, earthquake, explosion, riot or civil disturbance, falling or forced lading of aircraft or of parts thereof, the standing, sinking, burning, derailment, or collision of any conveyance in or upon which a described vehicle is being carried on land or water.

SUMMARY REPORT: The summary report submitted during the initial and update reporting of the claim with sufficient information along with FAC 50 to facilitate the FA Claims Team / Claims Committee review.

TIMELINESS: Data is submitted within applicable timelines.

TORT: It is a civil wrong or harm committed against another. The injured party has a right of action against the wrongdoer.

UNINSURED MOTORIST COVERAGE: First party coverage that indemnifies for damages caused by an unknown driver or driver and/or owner without any insurance coverage.

UNDERINSURED MOTORIST COVERAGE: First party coverage that indemnifies for damages that exceed the insurance coverage available to a driver and/or owner.