



777 Bay Street, Suite 2400
P.O. Box 121
Toronto, Ontario
M5G 2C8

T: 416 863 1750
F: 416 868 0894
E: mail@facilityassociation.com

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO.: F17 – 030
DATE: MAY 8, 2017
SUBJECT: REMINDER: MAIL VOTE - AMENDMENTS TO THE PLAN OF OPERATION

With reference to Bulletin F17-017 (attached), members were asked to vote on several changes to the Facility Association Plan of Operation.

The changes are being proposed to the membership by the Facility Association Board of Directors and have been shared with the Canadian Council of Insurance Regulators.

Members who have not already done so are reminded to return the ballot at their earliest convenience.

The mail vote will formally close on May 15 2017.

If you have any questions regarding the proposed changes, please contact me directly at 416-644-4915 or at dsimpson@facilityassociation.com.

David J. Simpson, M.B.A., FCIP, C. Dir.
President & CEO

Attach.



777 Bay Street, Suite 2400
P.O. Box 121
Toronto, Ontario
M5G 2C8

T: 416 863 1750
F: 416 868 0894
E: mail@facilityassociation.com

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO.: F17 – 017

DATE: MARCH 16, 2017

SUBJECT: REPLY REQUIRED: MAIL VOTE - AMENDMENTS TO THE PLAN OF OPERATION

Members are asked to vote on several changes to the Facility Association Plan of Operation (Plan) via the attached ballot.

The changes are being proposed to the membership by the Facility Association Board of Directors (Board) and have been shared with the Canadian Council of Insurance Regulators (CCIR).

The proposed changes are attached for your review (Appendix I). Also attached are the changes presented in a tabular format showing the existing Plan wording, the proposed Plan wording, and a note explaining the change (Appendix II).

The proposed changes are quite significant, in that they will give the Board governance authority over the Underwriting Information Tracking System (UITS). Member requirements to participate in the UITS are already included in the Plan. No changes to the existing practical arrangements under which UITS data are transmitted, stored, and used are being contemplated at this time.

If approved, the proposed changes will do the following:

- Formalize the name as the Underwriting Information Plan (UIP)
- Give the Facility Association Board the authority to create and operate the UIP
- Give the Facility Association Board authority over the UIP Procedures Manual
- Give the Facility Association Board the power to authorize the auditing of members to ensure compliance with security and privacy requirements in connection with the UIP

Although the mail vote will formally close after 60 days, members are asked to return the ballot at their earliest convenience.

Cont'd...



Please note that the amendment is subject to the provision that, if approved, it will come into effect on the later of the date when all regulatory and member approvals have been obtained or the date to be named by the Board of Directors. Members are also reminded that amending the Plan of Operation requires approval of the proposed amendments by at least 51% of member votes within 60 days of the vote mailing and the appropriate regulatory approval. If the proposed amendments are approved, members will be advised of appropriate effective dates and implementation timelines.

If you have any questions regarding the proposed changes, please contact me directly at 416-644-4915 or at dsimpson@facilityassociation.com

David J. Simpson, M.B.A., FCIP, C. Dir.
President & CEO

Attach.



777 Bay Street, Suite 2400
P.O. Box 121
Toronto, Ontario
M5G 2C8

T: 416 863 1750
F: 416 868 0894
E: mail@facilityassociation.com

BALLOT

_____ as a member of the Facility Association hereby,
Company name

pursuant to Article XIX section 2 of the Plan of Operation of Facility Association;

approves and consents to disapproves of and opposes

The proposed amendment to the Plan of Operation of Facility Association is set out in the attachments to Bulletin F17-017. The amendment is subject to the provision that, if approved, it will come into effect on the later of the date when all regulatory and member approvals have been obtained or the date to be named by the Board of Directors.

Dated the _____ day of _____ 2017

Name

Per: _____

Title: _____

Please sign and return the Ballot to the attention of Tina Cheung by April 15, 2017
either by fax 416-842-0241 or email tcheung@facilityassociation.com



777 Bay Street, Suite 2400
P.O. Box 121
Toronto, Ontario
M5G 2C8

T: 416 863 1750
F: 416 868 0894
E: mail@facilityassociation.com

VOTING STATEMENT

ALL JURISDICTIONS

VOTING BY MEMBERS AT AN ANNUAL GENERAL OR SPECIAL MEETING, OR BY MAIL, SHALL BE BASED ON THE MEMBER'S TOTAL VOLUME OF VOLUNTARY AUTOMOBILE DIRECT WRITTEN PREMIUM FOR THE LATEST AVAILABLE FULL CALENDAR YEAR IN ALL JURISDICTIONS IN WHICH THE ASSOCIATION HAS OPERATED DURING SUCH YEAR WITH RESPECT TO COVERAGES REQUIRED TO BE OBTAINED BY INSURED IN ACCORDANCE WITH THE LEGISLATION APPLICABLE TO THEM WHERE THE AMOUNT OF SUCH PREMIUM HAS BEEN REPORTED THROUGH THE AUTOMOBILE STATISTICAL PLAN IN EACH CASE. THE MEMBER SHALL HAVE ONE VOTE FOR THE INITIAL \$1 OF SUCH PREMIUM AND ONE VOTE FOR EACH ADDITIONAL FULL \$5,000,000 OF SUCH PREMIUM.

Facility Association Residual Market Voting Rights Report

Jurisdiction: all jurisdiction

Source: total volume of voluntary automobile direct written premium in 2015

Votes	Company
9	<u>AIG Canada Group</u> AIG Insurance Company of Canada
29	<u>Alberta Motor Association Insurance Company</u> Alberta Motor Association Insurance Company
1	<u>Allianz Global Risk US - Group</u> Allianz Global Risks US Insurance Company
147	<u>Allstate Canada</u> Esurance Insurance Company of Canada (EICC) Pembroke Insurance Company Pafco Insurance Company Allstate Insurance Company of Canada Pembroke Insurance Company
1	<u>Arch Insurance Company</u> Arch Insurance Canada Ltd.
1	<u>Atlantic Insurance Company Limited</u> Atlantic Insurance Company Limited
339	<u>Aviva Canada Inc Group</u> Aviva General Insurance Company Aviva Insurance Company of Canada Aviva General Insurance Company S&Y Insurance Company Pilot Insurance Company Traders General Insurance Company Scottish & York Insurance Co. Limited Elite Insurance Company

Facility Association Residual Market Voting Rights Report

Jurisdiction: all jurisdiction

Source: total volume of voluntary automobile direct written premium in 2015

Votes	Company
25	<p><u>CAA Insurance Company Group</u> CAA Insurance Company</p>
14	<p><u>Chubb Group</u> Federal Insurance Company ACE INA Insurance Chubb Insurance Company of Canada</p>
4	<p><u>CNA Financial Corporation</u> Continental Casualty Company</p>
156	<p><u>Co-operators Group Limited Company</u> Co-operators General Insurance Company The Sovereign General Insurance Company Cumis General Insurance Company Coseco Insurance Company</p>
318	<p><u>Desjardins General Insurance Group Inc.</u> Certas Home and Auto Insurance Company Certas Home and Auto Insurance Company Certas Home and Auto Insurance Company Certas Direct Insurance Company State Farm Mutual Automobile Insurance Company The Personal Insurance Company</p>
19	<p><u>Echelon General Insurance Company</u> Echelon Insurance Insurance Company of Prince Edward Island</p>

Facility Association Residual Market Voting Rights Report

Jurisdiction: all jurisdiction

Source: total volume of voluntary automobile direct written premium in 2015

Votes	Company
135	<p><u>Economical Mutual Group</u></p> <p>Economical Mutual Insurance Company Federation Insurance Company of Canada The Missisquoi Insurance Company Perth Insurance Company Waterloo Insurance Company</p>
1	<p><u>Everest Insurance Company of Canada</u></p> <p>Everest Insurance Company of Canada</p>
	<p><u>Farmers Mutual Reinsurance Plan</u></p>
1	Algoma Mutual Insurance Company
2	Ayr Farmer's Mutual Insurance Company
2	Bertie & Clinton Mutual Insurance Co.
1	Brant Mutual Insurance Company
1	Cayuga Mutual Fire Insurance Company
1	Dufferin Mutual Insurance Company
2	Dumfries Mutual Insurance Company
1	West Elgin Mutual Insurance Company
1	Erie Mutual Insurance Company
1	Germania Mutual Insurance Company
1	Grenville Mutual Insurance Company
1	Halwell Mutual Insurance Company
1	HTM Insurance Company
1	Hay Mutual Insurance Company
1	Howard Mutual Insurance Company
1	Howick Mutual Insurance Company
2	Kent & Essex Mutual Insurance Company
2	Lambton Mutual Insurance
1	L & A Mutual Insurance Company
1	McKillop Mutual Insurance Company
1	Norfolk Mutual Insurance Company
1	North Blenheim Mutual Insurance Company
1	North Kent Mutual Insurance Company

Facility Association Residual Market Voting Rights Report

Jurisdiction: all jurisdiction

Source: total volume of voluntary automobile direct written premium in 2015

Votes	Company
1	Heartland Farm Mutual Inc.
4	Peel Mutual Insurance Company
2	Edge Mutual Insurance Company
1	South Easthope Mutual Insurance Company
1	Townsend Mutual Insurance Company
1	Usborne & Hibbert Fire Insurance Company
1	Wabisa Mutual Insurance Company
1	Westminster Mutual Insurance Company
1	West Wawanosh Mutual Insurance Company
1	Yarmouth Mutual Insurance
1	Middlesex Mutual Insurance Company
2	Town & Country Mutual Insurance Company
1	Tradition Mutual Insurance Company
3	Trillium Mutual Insurance Company
1	<u>Fortress Insurance Company</u> Fortress Insurance Company
29	<u>Gore Mutual Insurance Company</u> Gore Mutual Insurance Company
1	<u>Groupe Promutuel Federation de societes</u> Promutuel de l'Estuaire societe mutuelle
16	<u>Guarantee Company of North America</u> The Guarantee Company of North America
1	<u>Hartford Fire Insurance Company</u> Hartford Fire Insurance Company
6	<u>Heartland Farm Mutual Group</u> Heartland Farm Mutual Inc.

Facility Association Residual Market Voting Rights Report

Jurisdiction: all jurisdiction

Source: total volume of voluntary automobile direct written premium in 2015

Votes	Company
455	<p><u>Intact Group</u></p> <p>Novex Insurance Company Intact Insurance Company Intact Insurance Company Canadian Direct Insurance Incorporated belairdirect/The Nordic Insurance Company of Canad Intact Insurance Company Belair Insurance Company Inc. Novex Insurance Company Intact Insurance Company Trafalgar Insurance Company of Canada Jevco Insurance Company</p>
14	<p><u>La Capitale General Insurance</u></p> <p>Unica Insurance Inc. / Unica Assurances Inc.</p>
3	<p><u>Liberty Mutual Insurance Company</u></p> <p>Liberty Mutual Insurance Company</p>
3	<p><u>Lloyds Underwriters</u></p> <p>Lloyd's Underwriters</p>
2	<p><u>Millennium Insurance Group</u></p> <p>Millennium Insurance Corporation</p>
1	<p><u>Mitsui Sumitomo Insurance</u></p> <p>Mitsui Sumitomo Insurance Company Limited</p>

Facility Association Residual Market Voting Rights Report

Jurisdiction: all jurisdiction

Source: total volume of voluntary automobile direct written premium in 2015

Votes	Company
58	<p><u>Northbridge Financial Corporation</u></p> <p>Federated Insurance Company of Canada Zenith Insurance Company Northbridge Personal Insurance Corporation Tokio Marine & Nichido Fire Insurance Co. Ltd. Northbridge Commercial Insurance Corporation Northbridge General Insurance Corporation</p>
9	<p><u>Old Republic Insurance Company of Canada</u></p> <p>Old Republic Insurance Company of Canada</p>
5	<p><u>Optimum Insurance</u></p> <p>Optimum West Insurance Company Optimum Insurance Company Inc.</p>
8	<p><u>Peace Hills General Insurance Company</u></p> <p>Peace Hills General Insurance Company Peace Hills General Insurance Company</p>
10	<p><u>Portage la Prairie Mutual Ins</u></p> <p>Portage la Prairie Mutual Insurance Company (The)</p>
1	<p><u>Protective Insurance Company</u></p> <p>Protective Insurance Company</p>
140	<p><u>Royal & Sun Alliance Group</u></p> <p>Western Assurance Company Canadian Northern Shield Insurance Company Royal & Sun Alliance Insurance Company of Canada GCAN Insurance Company Unifund Assurance Company</p>

Facility Association Residual Market Voting Rights Report

Jurisdiction: all jurisdiction

Source: total volume of voluntary automobile direct written premium in 2015

Votes	Company
1	<u>Saskatchewan Mutual Insurance Company</u> Saskatchewan Mutual Insurance Company
1	<u>Sentry Insurance a Mutual Company</u> Sentry Insurance a Mutual Company
15	<u>SGI Canada Insurance Services Ltd.</u> SGI Canada Insurance Services Limited Coachman Insurance Company
294	<u>TD Insurance Group</u> TD Home and Auto Insurance Company TD General Insurance Company Security National Insurance Company Primmum Insurance Company
8	<u>The Commonwell Mutual Insurance Group</u> The Commonwell Mutual Insurance Group
99	<u>The Travelers Insurance Companies Inc.</u> The Dominion of Canada General Insurance Company Chieftain Insurance St. Paul Fire and Marine Insurance Company Travelers Insurance Company of Canada
1	<u>United General Insurance Corporation</u> United General Insurance Corporation
130	<u>Wawanesa Mutual Insurance Company</u> The Wawanesa Mutual Insurance Company
1	<u>XL Speciality Insurance Company</u> XL Specialty Insurance Company

Facility Association Residual Market Voting Rights Report

Jurisdiction: all jurisdiction

Source: total volume of voluntary automobile direct written premium in 2015

Votes	Company
20	<u>Zurich Insurance Company Ltd</u> Zurich Insurance Company Ltd
2581	

PROPOSED AMENDMENTS TO THE PLAN OF OPERATION

1. Amend Article V by deleting section 2 and replacing it with the following:

“2. All of the data necessary to enable the proper determination of participation in Association Business and appropriate sharing shall be reported to the Statistical Agency by each member promptly as required.”

2. Amend Article VII Section 7 by adding as subsection (m) the following:

“(m) monitor and where deemed appropriate authorize the auditing of members to ensure compliance with security and privacy requirements in connection with the UIP.”

3. Insert as Article XIV the following:

“I. Article XIV. UNDERWRITING INFORMATION PLAN

- 1) The Association shall provide and administer an underwriting information plan “UIP” in order to enable the provision to the members of appropriate information to enable informed risk identification and rating.
- 2) Each member is required to participate in the UIP and to report to or in accordance with the direction of the Association, in each jurisdiction in which such member operates, in the manner and at the time directed, all information directed to be provided as set out in the Procedures Manual of the UIP.
- 3) Subject to any applicable legislative requirements the Board is authorized to create a Procedures Manual for the UIP, such Procedures Manual to provide for all aspects of the operation of the UIP and, in particular but without limiting the generality of the foregoing:
 - a) the information required to be reported;
 - b) the reporting format for such information;
 - c) the timing for reporting;
 - d) the method of transmission of such information;
 - e) the right and means available to the Association to verify the information;
 - f) the use to which the information may be put and any restrictions applicable;
 - g) the requirements for security and privacy in connection with the information;
 - h) the determination and method of sharing of the cost of operation of UIP;
 - i) the rights of enforcement by the Association including deficiency fees and penalties.

- 4) The Board shall have authority to give such direction and enter into such arrangements and agreements as it may feel appropriate in order to create and properly operate the UIP.
 - 5) The Association and each of its members shall take all reasonable steps to ensure that all information provided in connection with the UIP is at all time maintained separate, distinct and apart from any information provided by members pursuant to any statistical plan or plans maintained by the applicable legislation of any jurisdiction, and the Association shall require any person or entity contracted by the Association to engage in any aspect of the operation of the UIP to take such steps.
 - 6) The Association and each of its members shall take all reasonable steps to ensure that any information collected in connection with the UIP is at no time permitted to fall into the custody or control of any “institution” within the meaning of the Ontario Freedom of Information and Protection of Privacy Act or any successors or amendments thereto, or of any similar applicable legislation in any other jurisdiction, and the Association shall require any person or entity contracted by the Association to engage in any aspect of the operation of the UIP to take such steps.”
4. Amend each of the Articles currently numbered XIV and higher by increasing the Article number by one number.
 5. Amend the current Article XVI (now XVII) by deleting Section 1 and replacing it with the following:

“I. 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.”
 6. Amend the current Article XX (now XXI) Section 3 by inserting as subsection (m) the following:

“(m) Underwriting Information Plan Manual” and by renumbering the current subsection (m) as (n).”
 7. Amend the provisions of Article VI Section 5 by deleting the words “Article XVIII” and replacing them with the words: “Article XIX.”

Article/Section	Current (version dated Jan 1 2017)	Proposed	Reason for the change
<p>Article V Replacing Section (2)</p>	<p>2. (a) All of the data necessary to comply with any of the distribution procedures shall be reported to the Statistical Agency by each member.</p> <p>(b) In order to facilitate proper identification of eligible risks and proper rating of risks each member is required to participate in any underwriting information tracking system operated on behalf of the automobile insurance industry by the Insurance Bureau of Canada or other contracted entity in any jurisdiction in which such member operates and to report to the Insurance Bureau of Canada or such other contracted entity all information as required by such system.</p> <p>(c) The Association and each of its members shall take all reasonable steps to ensure that all information provided by members to the Insurance Bureau of Canada or such other contracted entity in connection with any such underwriting information tracking system is at all times maintained separate, distinct and apart from any information provided by members pursuant to any statistical plan or plans mandated by the legislation of any jurisdiction.</p> <p>(d) The Association and each of its members shall take all reasonable steps to ensure that any information collected by the Insurance Bureau of Canada or such other contracted entity pursuant to such underwriting information tracking system is at no time permitted to fall into the custody or control of any “institution” within the meaning of the Ontario Freedom of Information and Protection of Privacy Act or any successors or amendments thereto, or of any similar legislation in any other jurisdiction.</p>	<p>2. <i>All of the data necessary to enable the proper determination of participation in Association Business and appropriate sharing shall be reported to the Statistical Agency by each member promptly as required.</i></p>	<p>Article V Section (2)(b)(c)(d) replaced by new Article XIV</p>

Article/Section	Current (version dated Jan 1 2017)	Proposed	Reason for the change
Article VII Section (7)	Adding subsection (m)	<i>(m) monitor and where deemed appropriate authorize the auditing of members to ensure compliance with security and privacy requirements in connection with the UIP.</i>	
New Article XIV Underwriting Information Plan	N/A	<p><i>Article XIV. UNDERWRITING INFORMATION PLAN</i></p> <p><i>1) The Association shall provide and administer an underwriting information plan “UIP” in order to enable the provision to the members of appropriate information to enable informed risk identification and rating.</i></p> <p><i>2) Each member is required to participate in the UIP and to report to or in accordance with the direction of the Association, in each jurisdiction in which such member operates, in the manner and at the time directed, all information directed to be provided as set out in the Procedures Manual of the UIP.</i></p> <p><i>3) Subject to any applicable legislative requirements the Board is authorized to create a Procedures Manual for the UIP, such Procedures Manual to provide for all aspects of the operation of the UIP and, in particular but without limiting the generality of the foregoing:</i></p> <ul style="list-style-type: none"> <i>a) the information required to be reported;</i> <i>b) the reporting format for such information;</i> <i>c) the timing for reporting;</i> <i>d) the method of transmission of such information;</i> <i>e) the right and means available to the Association to verify the information;</i> <i>f) the use to which the information may be put and any restrictions applicable;</i> <i>g) the requirements for security and privacy in connection with the information;</i> <i>h) the determination and method of sharing of the cost of operation of UIP;</i> 	Provides the Facility Association with Governance oversights and responsibilities with respect to the UIP.

<p><i>New</i></p> <p>Article XIV</p> <p>Underwriting Information Plan</p> <p><i>Cont'd....</i></p>	<p><i>N/A</i></p>	<p><i>i) the rights of enforcement by the Association including deficiency fees and penalties.</i></p> <p>4) <i>The Board shall have authority to give such direction and enter into such arrangements and agreements as it may feel appropriate in order to create and properly operate the UIP.</i></p> <p>5) <i>The Association and each of its members shall take all reasonable steps to ensure that all information provided in connection with the UIP is at all time maintained separate, distinct and apart from any information provided by members pursuant to any statistical plan or plans maintained by the applicable legislation of any jurisdiction, and the Association shall require any person or entity contracted by the Association to engage in any aspect of the operation of the UIP to take such steps.</i></p> <p>6) <i>The Association and each of its members shall take all reasonable steps to ensure that any information collected in connection with the UIP is at no time permitted to fall into the custody or control of any "institution" within the meaning of the Ontario Freedom of Information and Protection of Privacy Act or any successors or amendments thereto, or of any similar applicable legislation in any other jurisdiction, and the Association shall require any person or entity contracted by the Association to engage in any aspect of the operation of the UIP to take such steps.</i></p>	
--	-------------------	---	--

Article/Section	Current (version dated Jan 1 2017)	Proposed	Reason for the change
Article XIV	Renumber from XIV to XV	Article XV – Joint Liability for Association Business	Renumbering due to new Article XIV inserted
Article XV	Renumber from XV to XVI	Article XVI – Indemnification	Same as above
Article XVI Replace Section (1)	Renumber from XVI to XVII 1. The books of account, records, reports and other documents of the Association shall be open to inspection by any member at such times and under such conditions and directives as the Board shall determine.	Article XVII – Records and Reports 1. <i>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.</i>	Same as above Ensures member companies do not have access to competitors' confidential data.
Article XVII	Renumber from XVII to XVIII	Article XVIII – Auditing of Members	Same as above
Article XVIII	Renumber from XVIII to XIX	Article XIX – Appeals	Same as above
Article XIX	Renumber from XIX to XX	Article XX – Amendments	Same as above
Article XX Amend Section (3) by inserting subsection (m) and renumber current subsection (m) as (n)	Renumber from XX to XXI (m) such additional manuals, forms and procedures adopted and approved in accordance with the Plan.	Article XXI – Plan of Operation and Rules of Operation (m) <i>Underwriting Information Plan Manual</i> (n) such additional manuals, forms and procedures adopted and approved in accordance with the Plan.	Same as above Adds the Underwriting Information Plan Manual to the list of manuals which make up the “rules” as defined in the Plan.
Article XXI	Renumber from XXI to XXII	Article XXII– Representative Actions and Law	Same as above

Article/Section	Current (version dated Jan 1 2017)	Proposed	Reason for the change
Article VI Section (5)	5. Members present in person or by proxy and representing 51% or more of the total votes held by all members shall constitute a quorum at any meeting of the Association. Except as otherwise provided in Article IV, Section 2 of Article VI and Article XVIII, all questions before a properly-called meeting of members where the quorum is present shall be decided by a simple majority of the votes cast in person or by proxy upon such question.	5. Members present in person or by proxy and representing 51% or more of the total votes held by all members shall constitute a quorum at any meeting of the Association. Except as otherwise provided in Article IV, Section 2 of Article VI and <i>Article XIX</i> , all questions before a properly-called meeting of members where the quorum is present shall be decided by a simple majority of the votes cast in person or by proxy upon such question.	Updated Article reference by replacing 'Article XVIII' with "Article XIX".