

FROM: Director, Worldwide Markets                      EXTN: 6677  
DATE: 21 April 2005    REF: Y3546  
SUBJECT: **Canada: Fire, Theft, Collision (“FTC”) Business with respect to commercial vehicles written in class 51, class 61 or class 99.**  
ATTACHMENTS: Appendix 1: Regulatory position for FTC business by province/territory

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ACTION POINTS: **Underwriters to comply with requirements when writing Canadian FTC business**

DEADLINE(S): **Immediate**

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## Purpose of Bulletin

To outline how Fire, Theft, Collision (“FTC”) business must be handled in order to meet Canadian regulatory requirements.

This bulletin should be read by the Compliance Officers of managing agents, active underwriters and Lloyd’s brokers writing or handling Canadian FTC business.

## Background

Under the laws of the provinces and territories of Canada, FTC business is classified as automobile if the policy includes public road exposure, notwithstanding the fact that no liability insurance is provided. It is an offence to provide this cover other than in accordance with the relevant statutory provisions relating to automobile insurance. These may provide that, among others:

- Only statutory filed forms can be used.
- Only filed and approved rates and rate classification systems for individually rated vehicles can be used – **fleets of five or more vehicles are not subject to filed rates.**
- Certain underwriting practices are prohibited.
- Data must be reported to statistical agencies.
- Insurers must share in residual market mechanisms and pay various levies.

Further details of the regulatory position are shown in Appendix 1.

It should be noted that FTC business cannot be written as property.

## Requirement

In order to comply with Canadian provincial and territorial law, and after consultation with the Lloyd’s Market Association’s (LMA) Canadian Business Panel, the current position is that FTC business with public road exposure:

1. May only be currently written in Alberta and Nova Scotia because the necessary rate and/or form filings have not been made in the other provinces and territories.

2. May only be written using approved rates, where applicable, and approved forms.
3. Must be coded with Lloyd's Risk Code MG (USA and Canada Motor Vehicle Physical Damage).
4. Must be reported to Lloyd's Canada through the Lineage portal.

Any underwriter wishing to write FTC business in any other province should contact the LMA's Canadian Business Panel, which works closely with the Canadian Attorney in making the necessary filings. Specific enquiries on this matter should be referred to:

Graham Wood (LMA) Telephone: 020 7327 4595  
Email: [graham.wood@lloyds.com](mailto:graham.wood@lloyds.com)

As and when there are changes to the regulatory position, the Canadian procedure manual on [www.lloyds.com](http://www.lloyds.com) and the Lineage portal will be updated.

### Further Information

If you have any further queries regarding the content of this Market Bulletin, please contact:

Lloyd's Worldwide Markets Services Telephone: 020 7327 6677  
E-mail: [market.services@lloyds.com](mailto:market.services@lloyds.com)  
Location: Box 190b, Gallery 1

Lloyd's Canada Contact Centre: Telephone: +1 (514) 864 5444  
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This bulletin has been sent to active underwriters and the compliance officers of managing agents and Lloyd's brokers.

The information contained in this market bulletin is provided in order to support managing agents in meeting their commitment ***'to protect Lloyd's licences and authorisations to conduct insurance business in the UK and overseas'***. The information will also help underwriters decide, prior to binding, how a risk can be underwritten in compliance with Lloyd's trading rights in the country concerned.

More detailed information on Lloyd's trading rights may be found on [www.lloyds.com/worldwide](http://www.lloyds.com/worldwide). Select the appropriate country from the Lloyd's trading status box (located on the right hand side of the web page) and this will take you to the Quick Reference Guide for the country selected. More detailed information may then be obtained for certain countries by selecting 'Manual' from the menu on the left hand side of the screen. You will be asked to input a user name and password. Please contact the Worldwide Markets Services (contact details as above) in order to obtain this information.

Julian James  
Director, Worldwide Markets

**COMMERCIAL VEHICLES**

**STATUS**

**21-Apr-2005**

**Class 51:** vehicle is used regularly or frequently beyond a radius of 100 miles

**Class 61:** vehicle is used regularly or frequently beyond a radius of between 50 - 100 miles

**Class 99:** vehicle is used regularly or frequently within territorial U.S.A.

**FILED RATES**

**APPROVED FORMS**

PROVINCE/TERRITORY	CLASS OF VEHICLES	REQUIREMENT	FILED TO DATE	REQUIREMENT	APPROVED TO DATE	CAN BUSINESS BE WRITTEN
		SINGLE (UP TO 4) VEHICLES		SINGLE VEHICLES AND FLEETS		
		<b>Note: Fleets of 5 or more vehicles are not subject to filed rates.</b>				
		Physical Damage	Physical Damage Filing	Physical Damage	Physical Damage Filing	
BRITISH COLUMBIA	51	Yes	Not Filed	Yes	Yes	No
	61	Yes	Not Filed	Yes	Yes	No
	99	Yes	Not Filed	Yes	Yes	No
ALBERTA	51	No	No rate filing required	Yes	Yes	Yes
	61	No	No rate filing required	Yes	Yes	Yes
	99	No	No rate filing required	Yes	Yes	Yes
SASKATCHEWAN	51	No	No rate filing required	Yes	Approval Pending	No
	61	No	No rate filing required	Yes	Approval Pending	No
	99	No	No rate filing required	Yes	Approval Pending	No
MANITOBA	51	No	No rate filing required	Yes	No	No
	61	No	No rate filing required	Yes	No	No
	99	No	No rate filing required	Yes	No	No
ONTARIO	51	Cannot be written - all mandatory coverages must be included i.e. liability and accident & benefits				No
	61					
	99					
QUEBEC	51	Yes	Not Filed	Yes	Yes	No
	61	Yes	Not Filed	Yes	Yes	No
	99	Yes	Not Filed	Yes	Yes	No
NEW BRUNSWICK	51	Yes	Approval Pending	Yes	Yes	No
	61	Yes	Approval Pending	Yes	Yes	No
	99	Yes	Approval Pending	Yes	Yes	No
NOVA SCOTIA	51	Yes	Exempt	Yes	Yes	Yes
	61	Yes	Exempt	Yes	Yes	Yes
	99	Yes	Exempt	Yes	Yes	Yes
P.E.I.	51	Yes	Not Filed	Yes	Yes	No
	61	Yes	Not Filed	Yes	Yes	No
	99	Yes	Not Filed	Yes	Yes	No
NEWFOUNDLAND	51	Yes	Approval Pending	Yes	Yes	No
	61	Yes	Approval Pending	Yes	Yes	No
	99	Yes	Approval Pending	Yes	Yes	No
NUNAVUT	51	No	No rate filing required	Yes	No	No
	61	No	No rate filing required	Yes	No	No
	99	No	No rate filing required	Yes	No	No
N.W.T.	51	No	No rate filing required	Yes	No	No
	61	No	No rate filing required	Yes	No	No
	99	No	No rate filing required	Yes	No	No
YUKON	51	No	No rate filing required	Yes	No	No
	61	No	No rate filing required	Yes	No	No
	99	No	No rate filing required	Yes	No	No