GENERAL INSURANCE STATISTICAL AGENCY

Administrative Review of Assessments and Deficiency Fees

POLICY AND PROCESS

APPROVED OCTOBER 4, 2017

Background

Insurance Regulators across Canada require licensed insurers authorized to carry out business in their respective jurisdictions to report mandated statistical and financial information in accordance with requirements set out in the Automobile Statistical Plan (ASP), the Ontario Commercial Liability Statistical Plan (CLSP) and Financial Information (FI) which includes the Annual Balance Reconciliation (ABR).

GISA has been established by participating* Insurance Regulators and appointed as their statistical agent to provide governance, accountability and oversight of the mandated statistical plans. GISA's mission is to provide effective oversight of the statistical plans and related insurance data, and to ensure that timely, reliable and accurate information is efficiently produced.

**Alberta, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland & Labrador, Yukon, Nunavut and the Northwest Territories*

Industry Assessment Fees

GISA operates on a not-for-profit basis and is funded via assessments to the insurance industry on an annual cost recovery basis. Industry assessments are based on an approved budget and issued quarterly, in advance. Insurers are mainly assessed based on their company's percentage of previous year's "direct written premiums" within each regulatory jurisdiction.

Deficiency Fee System

Submitted data is reviewed for accuracy and completeness when received. Late or inaccurate data submissions are subject to the Deficiency Fee System. The Deficiency Fee Manual is accessible on GISA's website.

Administrative Review

An insurer that has a compelling reason to object to quarterly assessments or deficiency fees charged may, within specified timelines and process, request an Administrative Review by making a written submission directly to GISA at GISA@fsrao.ca

For objections related to *Quarterly Assessments*, a "compelling" reason for an Administrative Review is demonstrable inaccuracy of the amount(s) assessed against the insurer's percentage of "direct written premiums".

For objections related to *Deficiency Fees*, a "compelling" reason for an Administrative Review must be an event or occurrence over which the licensed insurer had little or no control. Examples include a major systems failure, a major power outage, an emergency office closure, or a similar situation that prevented the insurer from producing or reporting the mandated statistical information on time and error free. In these instances, early communication with GISA is encouraged.

Examples of situations that will not be considered by GISA as compelling include: breakdown in internal controls; staff shortages; transition; vacations; and similar situations within the control of the licensed insurer.

Administrative Review Process and Timelines

The following process and timelines have been developed for insurers who may, for compelling reasons, wish to request an Administrative Review of assessments or deficiency fee charges. Each request will be reviewed on a case-by-case basis, with a determination being made based on the merits of each case.

Insurers who request for Administrative Review must submit the request in writing to GISA within 30 days after the due date of payment.

The written submission should include details of the amounts payable including insurer name, address, contact person, nature of charges (assessments, deficiency or a combination), a detailed summary of charges and a written explanation from the insurer for the escalation.

GISA will acknowledge the written request for an Administrative Review and process it against procedures approved by its Board of Directors. The full review will normally be completed within 30 days of receipt. The final decision will be communicated to the insurer in writing and copied to the affected Regulator(s) and GISA's Statistical Service Provider.

For the details' requirements and escalation process, see Appendix A.

One-Time Global Fee Waivers or Exemptions

In exceptional circumstances, GISA may consider granting insurers an exemption from deficiency fees for a specified and limited period. An example for such an exemption might be where the Regulator implements reporting requirement changes or undertakes a large project that will impact industry reporting of mandated statistical information. In such instances, a global waiver or exemption from deficiency fees will be considered and duly communicated to the Industry via a signed letter from GISA's Corporate Treasurer.

GISA's Finance & Audit Committee will be informed of all the circumstances of waive or escalation request under the Administrative Review Policy. The report to the Committee will include action taken by GISA and a current status of the matter.

Where a matter is not resolved by the financial year-end of GISA, the matter and recommendation will be brought to the Finance and Audit Committee and then to the Board of Directors along with a recommendation.

Appendix A - <u>ESCALATIONS PROCESS – ADMINISTRATIVE REVIEW REQUESTS</u>

1. Insurer to send Fees Administrative Review Request to GISA directly within 30 days after the due date of payment.

2. GISA will acknowledge receipt of written submissions within 5 business days after the request has been received. The Statistical Service Provider will be copied on the acknowledgement.

3. If the submission does not include relevant details - amounts payable including insurer name, insurer's contact person, and nature of charges (assessments, deficiency or a combination), a detailed summary of charges and a written explanation from the insurer for the escalation – GISA will issue a "Notice" requiring such details. The Statistical Service Provider will be copied on the Notice issued.

4. If no details are received within 10 business days, GISA will send a letter to the insurer to advise that the file is being closed with no action taken and direction will be provided to the Statistical Service Provider to pursue collection as an outstanding payable. The impacted insurance regulator(s) will be copied on the letter issued.

5. When a written explanation is received, it will be reviewed by GISA. If required and as appropriate, the matter will be communicated with the insurer and GISA's Statistical Service Provider. The Statistical Service Provider will provide information required to support GISA's review. GISA's decision for adjustment, waive or full collection will be communicated to the impacted insurance regulator(s). GISA will then issue a letter to notify the insurer and the Statistical Service Provider of the final decision.

6. Upon the receipt of the signed letter from GISA's Corporate Treasurer, GISA's Statistical Service Provider will take the following necessary actions:

    1) Where the decision is to waive the fees, the outstanding accounts payable will be eliminated.

    2) Where the decision is to adjust the fees, the invoice will be regenerated and sent to the insurer.

    3) Where the decision is full collection, the Statistical Service Provider will pursue payment in accordance with established collection procedures and report status on a monthly basis.