

Date 28 March 2024

Recipient Stakeholders Writing Automobile/Motor Business in Canada

Subject Automobile/Motor insurance Q&A

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| <i>Purpose:</i> | To provide further guidance on the Canada Automobile/Motor Business |
| <i>Affects:</i> | Stakeholders writing Automobile/Motor business in Canada |
| <i>Line of Business:</i> | Automobile |
| <i>Jurisdiction:</i> | Canada |
| <i>Effective:</i> | Immediately |

What you need to know

This bulletin provides further guidance on the Canada Automobile/Motor business. Lloyd's has obtained from the Alberta, Ontario, and British Columbia automobile regulatory bodies further clarification and guidance on various coverages and endorsements.

1- Are Aggregate limits permissible on Commercial Fleet Policies?

Aggregate limits on physical damage are permissible in **Ontario and Alberta**. However, please note that the policy form and endorsements would need to be already approved by the regulators in both provinces before use. We are currently working on getting appropriate forms approved and we will notify the market when they are ready for use.

2- Can Commercial Excess Liability coverage be offered as a standalone product?

Excess automobile liability policies may be issued as a standalone insurance or as part of an umbrella policy. However, please be aware that the terms of the primary (underlying) automobile insurance policy are incorporated by reference into the excess policy (including the policy's termination date).

In **Ontario and Alberta**, for Excess Automobile Third Party Liability cover written on the Standard Excess Automobile Policy (Third Party Liability Only) - SPF 7, rates for Commercial non-fleet (i.e., IRCA) business do not need to be filed and approved by the regulator prior to use.

For private insurers offering Commercial Excess Liability cover in British Columbia as a supplement to AutoPlan, there is no policy form filing or rate filing requirements.

While policy forms for optional coverages are not mandated, all automobile insurance contracts in British Columbia must comply with the specific form and content requirements set out under [The Motor Vehicle Act](#) (British Columbia).

3-Are Subscription policies permissible?

In **Ontario and Alberta**, it is permissible for multiple insurers to subscribe to provide coverage under a commercial automobile insurance contract or on a non-owned automobile cover, provided each subscribing insurer holds the requisite auto license in the relevant province(s)¹. However, a commercial automobile insurance policy whereby multiple insurers may subscribe to provide coverage under the policy needs to be approved by the regulators. Please note that we are currently creating a subscription policy form to be approved by the regulators.

Where multiple syndicates comprise 100% of the capacity, the subscription policy wording will permit Coverholders to identify either the lead syndicate or all subscribing syndicates. We will notify the market once the policy form is approved, and it will subsequently be added to the Informco library.

4- How should stakeholders add unlimited Towing and Storage expense coverage under the physical damage section of the policy?

Where the Coverholder is using the Limitation of Amount endorsement-SEF 19 in Alberta (or the equivalent OPCF 19 in Ontario) to limit the coverage under the optional physical damage section of the policy, and wishes to also add unlimited Towing and Storage expense coverage under the optional physical damage section of the policy, it is recommended that such unlimited Towing and Storage expense coverage be offered as an endorsement to the policy. This could be accomplished by amending the SEF 19 or creating a new, standalone endorsement; in both scenarios, such endorsement would need to be approved by the regulators in Ontario and Alberta. Please note that we are currently creating a new endorsement to be approved by the regulators. We will notify the market once approved, and it will subsequently be added to the Informco library.

5- Should Non-Owned Trailers cover be considered as Automobile business?

Non-Owned Trailers coverage is considered automobile business. Any form of automobile business such as Non-Owned Trailers or APD can be issued on the same policy as other coverages (e.g., cargo, commercial general liability-CGL). However, the automobile coverages must be shown on a separate section of the policy, with the applicable declarations and endorsements.

¹ For automobile insurance programs underwritten by two or more carriers where one is not a Lloyd's syndicate, all carriers must be licensed to offer automobile insurance in the relevant province(s).

6-Informco library access

As a reminder, access to the Informco library is provided to stakeholders issuing automobile policies via the Lloyd's market only.

Please continue to review all communications on the Automobile business in Canada and send any questions to lloydsCanada@lloyds.com.

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