

Canadian Bulletin

Ref: AU-23-002

Date 27 February 2023

Recipient Stakeholders Writing Automobile Business in Canada

Subject Update on Lloyd's Market Consultation -Canada Automobile/Motor

Attachment Appendix : Relevant definitions

<i>Purpose:</i>	Update on Lloyd's Market Consultation -Canada Automobile/Motor
<i>Affects:</i>	Stakeholders writing Automobile business in Canada
<i>Line of Business:</i>	Automobile
<i>Jurisdiction:</i>	Canada
<i>Effective:</i>	Immediately

What you need to know

Background

On November 1, 2022, Lloyd's commenced a market consultation regarding a proposal to exit certain segments of the automobile/motor business in Canada. The consultation is now closed.

Lloyd's received robust and constructive feedback during the consultation from various managing agents and Lloyd's brokers.

What this means to you

Updated Guidance from Lloyd's

Based on the feedback received, Lloyd's is proposing the following:

1) Subject to a heightened governance and oversight framework being implemented with the support of managing agents, the market will continue to be permitted to underwrite the following segments of the automobile/motor business in Canada:

- Personal and individual rated commercial automobile in the Province of Quebec where rates will continue to be filed;

- Miscellaneous automobile (recreational vehicles) in the current permitted provinces where rates will be continued to be filed; and
- Automobile Physical Damage cover written as a standalone product (without the third-party liability and accident benefits component) in those provinces where it is permissible.

2) Commercial Fleet business will remain a permitted class across Canada. Commercial Fleet Insurance is an automobile Fleet of five or more vehicles (except in the Province of Manitoba where it is ten vehicles) that are under common ownership and are used for business, commercial or public purposes.

3) The reinsurance of Personal Automobile, Miscellaneous Automobile, Individually Rated Commercial Automobile, and Standalone Physical Damage policies remains permissible across Canada.

A working group has been established with managing agents that underwrite automobile/motor in Canada.

Until such time as the heightened governance and oversight framework has been implemented, managing agents are permitted, with respect to their existing Canadian auto portfolio, to continue to operate their Canadian auto portfolios on a “business as usual” basis. Existing portfolios can continue to be underwritten, renewed and grow. However, no new coverholders will be granted authority to underwrite auto in Canada, and no authority for existing coverholders to expand into new provinces or territories may be granted.

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APPENDIX

Relevant Definitions:

Commercial Fleet; Commercial Fleet Insurance is an automobile Fleet of five or more vehicles (except in the Province of Manitoba where it is ten vehicles) that are under common ownership and are used for business, commercial or public purposes.

Individual rated commercial automobile: A vehicle or vehicles used primarily for business purposes that due to the number of vehicles in question do not constitute a commercial fleet.

Automobile Physical Damage; Collision and comprehensive insurance, which may be optional or mandatory auto coverages depending on the province.

Miscellaneous automobile (recreational vehicles); includes Motorcycles, All Terrain Vehicles (ATV), and Snowmobiles that are not licensed to be used on public roadways.

Personal automobile: insurance of automobiles for personal use only, which excludes any business use of the vehicle.