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### Regulatory amendments re lapse in automobile insurance

Please be advised that Regulation 2003-15, the *Prohibited Underwriting Practices Regulation* and Regulation 2004-139, the *Automobile Rating Classification Regulation* are being amended.

The *Prohibited Underwriting Practices Regulation*, currently prohibits insurance companies from terminating or refusing to issue or renew contracts of automobile insurance on the basis of a lapse in coverage, unless that lapse results from the termination of a policy of automobile insurance, as a result of a failure to pay premiums due under the contract, or suspension of the person's driver's license for an offence related to the use or operation of an automobile. The amendment will increase the period of lapse that cannot be considered from 12 months to less than 24 months.

The amendment to the *Automobile Rating Classification Regulation* will prohibit insurers from using a lapse in coverage for a period of less than 24 months as an element of a risk classification system. However, a lapse that results from termination of a policy of automobile insurance, as a result of a failure to pay premiums due under the contract, the termination of a contract for failing to disclose a conviction or claim where the conviction or claim would likely have led to a higher premium being charged, or the suspension of the person's driver's license for an offence related to the use or operation of an automobile, will be permitted to be used.

These amendments will become effective on April 1, 2009.



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