

**EXAM 6 – CANADA, FALL 2016**

2. (2.5 points)

Explain whether the following situations are permitted according to Ontario regulations.

a. (0.5 point)

After a recent promotion, an insured informed their personal automobile insurer of their new salary and their premium decreased.

b. (0.5 point)

An insured moved from their downtown residence to the suburbs. Their personal automobile premium decreased.

c. (0.5 point)

An insured recently started driving for a car-sharing service. Their insurer found out and wants to charge the insured a higher premium.

d. (0.5 point)

An insurance company is advertising a premium discount on personal automobile policies by virtue of owning a credit card.

e. (0.5 point)

An insured's usage-based insurance program data was used to deny their personal automobile claim.

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## EXAM 6C FALL 2016 SAMPLE ANSWERS AND EXAMINER'S REPORT

<b>QUESTION 2</b>	
<b>TOTAL POINT VALUE: 2.5</b>	<b>LEARNING OBJECTIVE(S): A2</b>
<b>SAMPLE ANSWERS</b>	
<b>Part a:</b> 0.5 point	
<ul style="list-style-type: none"> <li>Prohibited. Insurer can't use insured profession to set premium.</li> <li>Prohibited. Insurer can't use income level for rating purpose.</li> </ul>	
<b>Part b:</b> 0.5 point	
<ul style="list-style-type: none"> <li>Allowed, if the change is due to her changing rating territory.</li> <li>Prohibited, if the change is due to the use of residence history.</li> </ul>	
<b>Part c:</b> 0.5 point	
<ul style="list-style-type: none"> <li>Allowed. His insurer is in his right to charge more since the additional risk is related to the use of a vehicle for mercantile activities.</li> <li>Allowed. There is a larger exposure as the mileage driven annually will be higher.</li> </ul>	
<b>Part d:</b> 0.5 point	
<ul style="list-style-type: none"> <li>Prohibited. Insurer can't use the fact that insured has a credit card or not to affect pricing.</li> <li>Prohibited. An insurer can't use credit information to set premium.</li> </ul>	
<b>Part e:</b> 0.5 point	
<ul style="list-style-type: none"> <li>Prohibited. Insurer can't use UBI program information to adjust or deny a claim.</li> <li>Prohibited. Insurer can only use UBI program information for discount-setting.</li> </ul>	
<b>EXAMINER'S REPORT</b>	
<p>Candidates were expected to demonstrate knowledge about automobile insurance regulation in Ontario, like the permitted use of variables for rating purposes or the permitted use of information to adjust a claim.</p>	
<b>Part a</b>	
<p>Candidates were expected to demonstrate knowledge that profession and/or income level cannot be used to set premium for a PPA in Ontario.</p> <p>A common mistake was to say that using the profession is allowed in Ontario for a PPA.</p>	
<b>Part b</b>	
<p>Candidates were expected to demonstrate knowledge that the rating territory can be used to set the premium. Some candidates also got full credit using the arguments that an insurer can't use the residency history.</p> <p>A common mistake was stating that the insurer could not use the insured's residential location (not to be confused with residential history).</p>	

## EXAM 6C FALL 2016 SAMPLE ANSWERS AND EXAMINER'S REPORT

### Part c

Candidates were expected to demonstrate knowledge that an additional premium can be charged if the vehicle is used for a mercantile activity (with an endorsement or a change to a commercial policy).

A common mistake was to not providing an explanation. Partial credit was given when the answer was correct.

### Part d

Candidates were expected to demonstrate knowledge that credit information cannot be used in Ontario for a PPV.

A common mistake was stating that credit information can be used.

### Part e

Candidates were expected to demonstrate knowledge that a UBI program cannot be used to adjust or deny a claim.

Common mistakes included:

- Not providing an explanation.
- Not answering whether it is permitted or not and only arguing that a UBI program cannot be used to refuse a customer or to renew a risk.