





# Bulletin

No. A- 09/03

Property & Casualty

– Auto

## Automobile insurance underwriting rules

**To the attention of all insurance companies licensed**

**to transact automobile insurance in Ontario**

As announced in the White Paper, *Automobile Insurance Affordability Plan for Ontario: Next Steps*, the government has requested that the Superintendent undertake a review of underwriting rules, to be completed by October 2003.

Insurers have asked for flexibility in the application of their underwriting rules. It is in the public interest that applicants for insurance be written in the regular market and that only truly high-risks be forced to seek coverage from the Facility Association.

Pending completion of the underwriting rules review, insurers are permitted to insure risks that they would have declined to write based on their filed underwriting rules.

All exceptions pursued under this interim authority must be documented, indicating clearly the reason why an exception is being granted. The reason for any exception must still be consistent with the statutory standards set out in the *Insurance Act*. Documentation of the reasons for exception may form part of a compliance review undertaken by FSCO staff. Insurers are also required to provide to FSCO an outline of their procedures and their information system to capture the reporting of exceptions.

Insurers are not required to re-file underwriting rules based on this bulletin.

Enclosed are updated filing guidelines and technical notes. The forms and a description of how the forms are to be used are set out in the *Section 238 Underwriting Rules Filing Guidelines* (Attachment A). These guidelines are to be used for filing any proposed changes to underwriting rules.

Also enclosed are *Technical Notes for Automobile Insurance Underwriting Rules* (Attachment B). The *Technical Notes* will assist you in understanding the various considerations to take into account when developing your underwriting rules.

Insurers, brokers and agents are reminded that a written explanation must be provided to any consumer who is declined automobile insurance in the regular market. This written explanation should be clear and understandable by the consumer, and must reference the exact underwriting rule on which the refusal is based.

Insurers are also reminded that insurance cannot be declined because of a Non-sufficient Funds (NSF) incident. If there is an NSF incident and an insurer intends to cancel the policy, the insurer must follow the appropriate procedures under the statutory conditions. These statutory conditions (Regulation 777/93) provide that an insurance policy may be terminated by an insurer if the insured is given 15 days notice of termination by registered mail or 5 days written notice of termination if personally delivered.

If the insurer receives the outstanding premium before the end of the notice period, the policy should not be cancelled and the NSF will not count as a "non-payment cancellation." If the policy is properly terminated, however, the NSF will count as a "non-payment cancellation."

Insurers are also reminded that insurance cannot be declined because of not-at-fault accidents. Please refer to Exhibit 1 of the *Technical Notes* that outlines the requirements of Regulation 664.

Enforcement action will be taken if it comes to FSCO's attention that insurers are not following the requirements of the regulation or if insurers are declining automobile insurance without having filed a rule that would authorize them to do so. Enforcement action may include prosecution and/or a cease and desist order under the *Insurance Act*.

If you have any questions, please contact your rate analyst in the Automobile Insurance Division.

Bryan P. Davies

Chief Executive Officer and

Superintendent of Financial Services

July 29, 2003

Attachments (PDF):

- Attachment A - Section 238 Underwriting Rules Filing Guidelines
- Attachment B - Technical Notes for Automobile Insurance Underwriting Rules
- Appendix A - Summary of Information
- Appendix B - Certificate of an Official
- Appendix C - Underwriting Rules Exhibit
- Appendix D - Underwriting Rules Exhibit

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Last Modified: 8/23/2005 3:30:38 PM

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# *Section 238*
# *Underwriting Rules Filing Guidelines*

*Issued with*
*Financial Services Commission of Ontario Bulletin No. A-09/03,*
*Property & Casualty ) Auto*

July 29, 2003

## A. Purpose of the Guidelines

All insurers that are licensed to write automobile insurance in Ontario are required to make a filing in respect of their underwriting rules with the Financial Services Commission of Ontario (FSCO).

Subsection 238(3) of the *Insurance Act* requires that underwriting rules be filed in a form approved by the Superintendent together with other information as may be specified. These guidelines describe the form to be used for filing underwriting rules.

If an insurer is licensed to write automobile insurance, but does not write any contracts on Ontario Automobile Policy (OAP) 1, then only Appendix A and Appendix B need to be submitted. Similarly, if an insurer does write automobile insurance, but only on a fleet basis, then only Appendix A and Appendix B need to be submitted. Fleet means a group of not less than five automobiles that are under common ownership or management, of which at least five are commercial vehicles, public vehicles or vehicles used for business purposes, and of which any that are subject to a lease agreement for a period in excess of 30 days are leased to the same insured person.

Where an insurer is writing non-fleet automobile insurance on OAP 1, it must file Appendix A, Appendix B and the underwriting rules in Appendix C and/or Appendix D, as applicable.

For the purpose of these guidelines, underwriting rules are those rules that a company uses to either decline all coverages to a risk, or to deny certain coverages to a risk, or to limit coverage in some way such as offering only higher deductible levels or lower liability limits. Underwriting rules deal with the coverage that will or will not be provided. Rating rules, on the other hand, are rules used in determining the rate that is applicable to the risk, once the decision has been made to accept the risk.

These guidelines are for underwriting rules only. Changes to rating rules must be submitted separately using the *Section 410 Filing Guidelines* or *Section 413 Filing Guidelines*, as appropriate. Where changes are being proposed to either rating rules or underwriting rules in respect of endorsements, please refer to the *Endorsements Filing Guidelines*.

In these guidelines, PPA refers to private passenger automobile insurance. *Other Categories* refers to the following categories of automobile insurance:

| | | | |
|---|---|---|---|
| a. | Personal Vehicles | - | Motorcycles |
| b. | Personal Vehicles | - | Motor Homes |
| c. | Personal Vehicles | - | Trailers and Camper Units |
| d. | Personal Vehicles | - | Off-road Vehicles |
| e. | Personal Vehicles | - | Motorized Snow Vehicles |
| f. | Personal Vehicles | - | Historic Vehicles |
| g. | Commercial Vehicles | | |
| h. | Public Vehicles | - | Taxis and Limousines |
| i. | Public Vehicles | - | Other than Taxis and Limousines |

# B. Explanation of Appendices

**Appendix A: Summary of Information**

You must complete Appendix A each time you make an underwriting rule filing.

This appendix is a summary of information in respect of the categories written and identifies changes to underwriting rules. You are required to confirm **all** the categories of automobile insurance you write, or do not write, each time you submit an underwriting rule filing.

**Appendix B: Certificate of an Official**

A certificate of an official (see Appendix B) must accompany each underwriting rule filing. Any official (e.g. Automobile Manager, Underwriting Manager) who has knowledge of the company's underwriting rules and has authority to bind the company may sign the form.

**Appendix C: Underwriting rules for PPA**

You must file Appendix C if you write PPA insurance on a non-fleet basis. Even if there are no changes to underwriting rules for PPA (e.g. if you are changing your existing underwriting rules for one of the *Other Categories* only), you must file Appendix C so that FSCO always has a consolidated set of all your underwriting rules.

The following information is to be provided in Appendix C:

A. Underwriting rules for declining to issue, terminating or refusing to renew a contract, appropriately numbered; and

B. Underwriting rules for refusing to provide or continue a coverage (e.g. not providing physical damage coverage or declining certain deductible levels or liability limits), appropriately numbered; and

C. Definitions (e.g. definition of at-fault accident) and explanations to interpret the rules.

**Appendix D: Underwriting rules for *Other Categories***

You must file Appendix D if you write any of the *Other Categories* of insurance on a non-fleet basis. Even if there are no changes to underwriting rules for *Other Categories* (e.g. if you are changing your existing underwriting rules for only PPA), you must file Appendix D so that FSCO always has a consolidated set of all of your underwriting rules.

Underwriting rules for *Other Categories* written on a non-fleet basis are to be listed in Appendix D. Where you use alternative rules for the different categories within *Other Categories*, file the rules in separate exhibits (e.g for motorcycles it could be labelled as Exhibit D1, for motorhomes it could be labelled as Exhibit D2, etc.). If you have divided any of the *Other Categories* into sub-categories, please identify the sub-categories (by responding to question 2 in Appendix A) and attach separate exhibits if you use alternative rules for the sub-categories.

The following information is to be provided:

A. Underwriting rules for declining to issue, terminating or refusing to renew a contract, appropriately numbered; and

B. Underwriting rules for refusing to provide or continue a coverage (e.g. not providing physical damage coverage or declining certain deductible levels or liability limits), appropriately numbered; and

C. Definitions (e.g. definition of at-fault accident) and explanations to interpret the rules.

## C. Procedures

1. You must submit an underwriting rule filing where:

    - there is a change of status (i.e., in writing or not writing) a category of automobile insurance; or

    - you are proposing a change to your underwriting rules.

2. Each filing must contain a consolidated list of underwriting rules. Even if you are only proposing changes to underwriting rules for one category of automobile insurance, you must include underwriting rules for all categories of automobile insurance each time you submit a filing.

3. Underwriting rule filings should be sent to:

    Financial Services Commission of Ontario
    Automobile Insurance Division, Rates and Classifications Unit
    5160 Yonge Street, P.O. Box 85
    North York ON M2N 6L9

4. Once we have reviewed the rules and there are no outstanding issues, you will need to provide revised rate manual pages if the rules are included there.

# *Technical Notes for Automobile Insurance Underwriting Rules*

*Issued with*
*Financial Services Commission of Ontario Bulletin No. A-09/03*
*Property & Casualty ) Auto*

July 29, 2003

# *Technical Notes for Automobile Insurance Underwriting Rules*

## A. Introduction

All insurers that are licensed to write automobile insurance in Ontario are required to make a filing in respect of their underwriting rules with the Financial Services Commission of Ontario (FSCO).

The *Section 238 Underwriting Rules Filing Guidelines* set out the information that is required to be filed and the format for the filing. These *Technical Notes* identify the relevant legislation and regulations, and other specific items to take into consideration in developing your underwriting rules.

Underwriting rules are those rules that a company uses to decline all coverages to a risk, or to deny certain coverages to a risk, or to limit coverage in some way such as offering only higher deductible levels or lower liability limits. Underwriting rules deal with the coverage that will or will not be provided.

## B. Legislation and Regulations

The requirements to file underwriting rules are outlined in section 238 of the *Insurance Act (*the *Act),* R.S.O. 1990, chap. I.8, as amended.

- Under subsection 238(1), an insurer cannot decline to issue, terminate or refuse to renew a contract or refuse to provide or continue a coverage or endorsement except on a ground (underwriting rule) filed with the Superintendent.
- Subsection 238(2) requires every insurer to file underwriting rules with the Superintendent.
- Subsection 238(3) requires that underwriting rules be filed in a form approved by the Superintendent (i.e., the *Section 238 Underwriting Rules Filing Guidelines*) together with other information as may be specified.

An insurer will be prohibited from using an underwriting rule if the Superintendent is of the opinion that the rule, or the manner in which it is applied:

- is subjective;
- is arbitrary;
- has little or no relationship to the risk to be borne by the insurer in respect of an insured; or
- is contrary to public policy.

Certain rules are prohibited from use under O. Reg. 664 section 5 (Refusal to Issue Contracts). The regulation is repeated in Exhibit 1 for reference (note that the regulation may be amended from time to time).

In addition, termination of a policy after 60 days is governed by section 12 of the *Compulsory Automobile Insurance Act*, and the Statutory Conditions of OAP 1.

An underwriting rule may only be used if:

- it has been filed appropriately, that is, in accordance with the guidelines;
- fifteen days have elapsed since it was appropriately filed; and
- the insurer has not been notified by the Superintendent that the rule is prohibited.

## C. Technical Notes

Outlined below are specific items to take into consideration when preparing your underwriting rules filing. When you decline an automobile insurance risk, you will be required to provide, in writing, to the consumer, the reason for the declination based on the underwriting rules your company has filed with the FSCO. The exact rule is to be quoted.

### 1. Filing of Underwriting Rules

The *Section 238 Underwriting Rules Filing Guidelines* set out the format for the filing of rules. Please ensure you adhere to these guidelines to avoid delays in authorizing your rules. The FSCO must have on file at all times a **consolidated** list of underwriting rules. It is this official filing that will be referenced in the event that any market conduct or Ombudsman complaints arise. If an insurer uses underwriting rules that have not been appropriately filed and authorized by the Superintendent, it may be prosecuted under the *Act*. Therefore, it is important that your filed rules accurately and comprehensively catalogue the rules you will be using.

### 2. Disclosure of underwriting rules

An applicant or an insured must be given, in writing, the specific reason(s) he or she has been turned down for insurance, non-renewed or cancelled. In the case of non-renewal, 30 days notice must be provided to the insured based on section 236 of the *Act*. The written notice to the consumer must quote exactly the applicable filed underwriting rule(s) from the insurer's official filing.

### 3. Rules cannot be subjective or arbitrary

One of the standards in the *Act* is that underwriting rules cannot be subjective or arbitrary. That is, rules must not be written in vague or complicated terms that can be open to various interpretations. For example, a rule stating that an applicant would be declined because of "poor" payment history would obviously mean something different to everyone who reads it and does not allow the applicant or the FSCO to know precisely the basis for being declined.

A clear description of the characteristic considered and how it is applied must be contained in the underwriting rule filed. The rule should be based on specific and verifiable measurements. For example, the following rule would **not** be considered subjective or arbitrary:

> “ We will decline to issue, or refuse to renew a policy, where there have been four cancellations of a policy for non-payment of auto insurance premiums within the three years immediately preceding the date of application or renewal.”

If specific terminology is used, it should be defined. For example, an insurer may, for purposes of its underwriting rules, reference the definition of at-fault accident that the insurer uses in its approved risk classification system for classifying and rating purposes.

### 4. Rules must bear relationship to the risk

One of the standards in the *Act* is that underwriting rules must bear some relationship to the risk. While the *Section 238 Underwriting Rules Filing Guidelines* do not require that statistics be provided when filing rules, if a rule is challenged, you may be asked to provide such support.

### 5. Rules must not be contrary to public policy

One of the standards in the *Act* is that rules must not be contrary to “public policy”. While it is not possible to have an unqualified definition of “public policy”, any rule filed should take into consideration the *Human Rights Code* and the *Canadian Charter of Rights and Freedoms*. For example, underwriting rules based on religion, race, nationality or ethnic group of the applicant or individuals to be insured under the policy would be contrary to this legislation.

Examples of other factors contrary to “public policy” include declining insurance based on:

- age, sex or marital status of the individuals to be insured under the policy;
- newly licensed drivers, where this is the sole factor for the declination;
- drivers “new” to Canada;
- lapse in coverage;
- the principal location of the insured automobile, unless such a decision is for a business purpose and is not a pretext for unfair discrimination;
- the person to be insured under the policy has been convicted of an event unrelated to driving an automobile or automobile insurance;
- vehicles with U.S. exposure;
- withdrawal from a segment of the marketplace that could result in market disruption (e.g. declining “non-group” business.)

## 6. Rules that can be used

Included as Exhibit 2 are examples of rules that are acceptable. The review of the filing can be expedited where these rules are included.

## 7. Filing of rules for deductibles and limits of liability

The *Act* requires that underwriting rules be filed in circumstances where coverage is being limited. Rules must be filed if you will require minimum deductible levels on certain physical damage coverages or will not offer higher liability limits.

Deductibles are available on direct compensation - property damage (DC-PD) so that consumers can benefit from lower premiums. We will not accept any underwriting rule that imposes a minimum deductible level on direct compensation - property damage. The deductible level for DC-PD should be the consumer's decision based on the deductible levels for which the insurer has filed rates.

## 8. Deletion of coverage because of failure to have vehicle inspected

While there is no longer a regulation that requires inspection of a vehicle, some insurers are requiring inspection under certain circumstances. Insurers must file the conditions under which they would delete coverage or terminate a policy because of failure to have the vehicle inspected.

## 9. Rules used to cede to the Risk Sharing Pool

You do not need to file any rules you use to cede risks to the Risk Sharing Pool. As you will still be providing coverage to such risks, the decision to cede, and the criteria you use, do not fall within the underwriting rule filing requirements.

## 10. Underwriting rules for endorsements

Standard forms have been developed specifically for filing information on endorsements. This is a separate filing process. Refer to the *Endorsement Filing Guidelines* that were released in November 1996.

## 11. Rate manuals

You are not required to show the underwriting rules you use in your rate manual. If you do, you should ensure that you have followed the proper filing and authorization process for changing your underwriting rules before updating your manual pages.

## 12. Flexibility of underwriting rules

You may not decline a risk unless an appropriate underwriting rule has been filed and authorized.

However, you are permitted to accept a risk that your underwriting rules state could be declined. For example, though you have a rule filed that you will decline a risk with two at-fault accidents, you may choose to underwrite a risk that had two at-fault accidents because the policyholder was insured by you for 20 years and both of the at-fault accidents resulted in less than $500 damage.

You must document the reasons for the exception. Your reasons for the exception must be consistent with the statutory standards. The documentation of reasons for exception may be reviewed by FSCO. Insurers are also required to provide to FSCO an outline of their procedures and their information system to capture the reporting of exceptions.

There should be only a few exceptions. If there are consistently standard exceptions being used, the underwriting rules may need to be amended and re-filed with FSCO.

**13. Rates and Risk Classification System**

When you are making an underwriting rule exception, the rates and risk classification system, by which you underwrite such a risk, should be filed and approved by FSCO.

**14. Rules must be mutually exclusive**

Underwriting rules should not contradict each other. For example, "will not accept logging trucks" or "will not accept logging trucks with 1 at-fault accident". One or the other, but not both should be present. The rules must be mutually exclusive.

**Exhibit 1**

# O. Reg. 664, section 5

5(1) No insurer shall decline to issue, refuse to renew or terminate any contract of automobile insurance or refuse to provide or continue any coverage or endorsement solely because,

(a) the applicant or another person who would be an insured person under the contract is or was insured by the Facility Association; or

(b) another insurer declined to issue or renew another contract of automobile insurance for the applicant or another person who would be an insured person under the contract.

(2) In deciding whether to issue, renew or terminate any contract of automobile insurance or to provide or continue any coverage or endorsement, the insurer shall not consider,

(a) the existence of a physical or mental disability affecting a person who would be an insured person under the contract;

(b) the number of persons who would become insured persons under the contract or their state of health or life expectancy;

(c) the occupation, profession or employment circumstances of any person who would be an insured person under the contract;

(d) the level of income of any person who would be an insured person under the contract;

(e) the existence or non-existence of a medical, surgical, dental or hospitalization plan or any other arrangement or plan providing coverage to a person who would be an insured person under the contract for services and treatment that the insurer would otherwise be required to pay for under the *Statutory Accident Benefits Schedule*;

(f) the existence or non-existence of an income continuation benefit plan, a sick leave plan or any other arrangement or plan providing coverage to a person who would be an insured person under the contract for benefits that the insurer would otherwise be required to pay for under the *Statutory Accident Benefits Schedule*;

(g) a request by the applicant to purchase any optional benefit established under paragraph 10 of subsection 121(1) of the Act;

(h) any past claim under Schedule C of the Act or under the *Statutory Accident Benefits Schedule* arising out of an incident for which a person who would be an insured person under the contract was not at fault; or

(i) any past claim under section 263 of the Act for loss or damage, arising directly or indirectly from the use or operation of an automobile, for which a person who would be an insured person under the contract was not at fault.

(3) In deciding whether to issue, renew or terminate a contract providing only third party liability coverage in any amount and the benefits and coverages described in subsection 265(1) (uninsured automobile coverage) and section 268 (statutory accident benefits) of the Act, the insurer shall not consider whether a person who would be an insured person under the contract has made any past claim for loss or damage to an automobile, including its equipment, caused by any peril other than collision or upset.

# Examples of Acceptable Underwriting Rules

The following are examples of acceptable underwriting rules. A risk could be declined where there are:

1. 2 or more at-fault accidents in the preceding 3 years **OR** 2 at-fault accidents in the preceding 5 years
2. 1 or more Criminal Code convictions in the preceding 3 years
3. 1 or more major convictions in the preceding 3 years including operating a vehicle without insurance, or making a false statement in the certificate of insurance required for the issuance, validation or transfer of a vehicle permit.
4. 4 or more minor convictions in the preceding 3 years **OR** 3 minor convictions in the preceding 3 years
5. 1 or more cancellations for material misrepresentation in the preceding 3 years
6. 1 or more convictions for auto insurance fraud in the preceding 10 years
7. 3 or more cancellations for non-payment of premium in the preceding 3 years
8. 1 at-fault accident in the preceding 5 years and 2 minor convictions within the preceding 3 years
9. 1 at-fault accident in the preceding 5 years and 2 minor convictions within the preceding 3 years and 2 cancellations for non-payment of premium within the preceding 3 years
10. 1 at-fault accident in the preceding 5 years and 1 minor conviction within the preceding 3 years and 2 cancellations for non-payment of premium within the preceding 3 years
11. 2 minor convictions within the preceding 3 years and 2 cancellations for non-payment of premium within the preceding 3 years

**NOTE: The above rules do not include all definitions and explanations that would need to be provided with the underwriting rules.**

**Company Name:** ______________________________

**Group Name:** ______________________________

## Summary of Information

1. For **each** of the following categories of automobile insurance, indicate the status by checking the box under one of column a, b, or c. The statuses are:

    a. the insurer **does not write** contracts of automobile insurance in the category on OAP 1.

    b. the Insurer writes contracts of automobile insurance on OAP 1 in the category, **but only on a fleet basis**.

    c. the Insurer writes contracts of automobile insurance on OAP 1 on a **non-fleet basis** in the category and the Insurer's underwriting rules are set out in the attached Appendix C and/or D, as applicable.

| **Category** | **a.** | **b.** | **c.** |
|---|---|---|---|
| Personal Vehicles - Private Passenger Automobiles | ❑ | ❑ | ❑ |
| Personal Vehicles - Motorcycles | ❑ | ❑ | ❑ |
| Personal Vehicles - Motor Homes | ❑ | ❑ | ❑ |
| Personal Vehicles - Trailers and Camper Units | ❑ | ❑ | ❑ |
| Personal Vehicles - Off-road Vehicles | ❑ | ❑ | ❑ |
| Personal Vehicles - Motorized Snow Vehicles | ❑ | ❑ | ❑ |
| Personal Vehicles - Historic Vehicles | ❑ | ❑ | ❑ |
| Commercial Vehicles | ❑ | ❑ | ❑ |
| Public Vehicles - Taxis and Limousines | ❑ | ❑ | ❑ |
| Public Vehicles - Other than Taxis and Limousines | ❑ | ❑ | ❑ |

2. Does the Insurer divide *Other Categories* into sub-categories for the purposes of underwriting (e.g. mopeds are a sub-category of motorcycles)? If yes, list each sub-category, and the category in which the sub-category falls. Underwriting rules for the sub-categories that are written on a non-fleet basis must be listed in Appendix D.

______________________________

______________________________

3. What was the date of the last authorized underwriting rule filing?

____________________________________________________________

____________________________________________________________

4. Has there been any change in status in writing a category or sub-category since the last underwriting rule filing?

____________________________________________________________

____________________________________________________________

5. Briefly describe any additions, deletions or changes from the last underwriting rule filing by referencing the rule number in the current and/or last underwriting rule filing.

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________________________________________________

6. Individual to whom questions concerning this filing may be addressed.

Name: ____________________________________________

Title: ____________________________________________

Address: ____________________________________________

____________________________________________

____________________________________________

____________________________________________

Phone No.: ____________________________________________

Facsimile No.: ____________________________________________

E-mail: ____________________________________________

## CERTIFICATE OF AN OFFICIAL

I, ______________________________ , ________________________________________________
*(Name of Official)* *(Position held)*

of ____________________________________________________________________ (the "Insurer")
*(Official Name of Company)*

CERTIFY THAT:

1. I have knowledge of the matters that are the subject of this certificate.

2. The changes requested are in compliance with the *Section 238 Underwriting Rules Filing Guidelines*.

3. The information and each document contained in the filing accompanying this certificate are complete and accurate.

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________________________________ ________________________________
*Signature of Official* *Date, Location*

**Company Name:** ______________________________

**Group Name:** ______________________________

**Category of Insurance:** Personal Vehicles - Private Passenger Automobiles

# Underwriting rules exhibit

## A. The Insurer's rules for declining to issue, terminating or refusing to renew a contract are:

1.

2.

3.

(Number and list all such rules.)

## B. The Insurer's rules for refusing to provide or continue a coverage are:

1.

2.

3.

(Number and list all such rules.)

## C. Definitions and explanations to interpret the rules are outlined below:

(e.g. provide a definition of at-fault accident and how the definition is applied)

**Company Name:** ______________________________

**Group Name:** ______________________________

**Category of Insurance:** ______________________________

# Underwriting rules exhibit

## A. The Insurer's rules for declining to issue, terminating or refusing to renew a contract are:

1.

2.

3.

(Number and list all such rules.)

## B. The Insurer's rules for refusing to provide or continue a coverage are:

1.

2.

3.

(Number and list all such rules.)

## C. Definitions and explanations to interpret the rules are outlined below:

(e.g. provide a definition of at-fault accident and how the definition is applied)