

Rule 1: Filed Underwriting Rules

The following are the reasons for cancellation and non-renewal, which have been filed with the regulatory authorities in all jurisdictions.

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

1. The risk does not meet the object of the Facility Association which is to ensure the availability of automobile insurance, as required by law, in those provinces and territories of Canada in which the Association operates, to the owners and licensed drivers of motor vehicles who would otherwise have difficulty obtaining such insurance.
2. The applicant does not have an insurable interest in the vehicle.
3. The vehicle is registered in a jurisdiction other than one in which the application for coverage is being completed or the vehicle is not operated at any time in a jurisdiction in which the Association operates. If the vehicle is registered in another jurisdiction in which Facility Association operates, the vehicle may be insured through an Agent/Broker and Servicing Carrier licensed in that jurisdiction.

For example: The vehicle is registered in Newfoundland but the application is being completed in Alberta. The vehicle must be registered in Alberta or an Agent/Broker in Newfoundland must complete and submit the application for coverage in Newfoundland.

4. The driver of the vehicle does not hold a valid operator's licence. If the licence of the only driver is suspended, Facility Association shall provide a policy covering Comprehensive or Specified Perils cover only until there is a driver holding a valid operator's licence. See Rule 31: Suspension of Operator's Licence and Rule 14: Minimum Coverage.
5. The application is incomplete, has not been signed by the applicant, or has not been bound by the Agent/Broker.

6. The Applicant/Agent/Broker refuses to provide the sufficient valid information to write the risk. "Sufficient valid information to write the risk" includes data to properly rate the risk and to report the risk information in accordance with the Automobile Statistical Plan.
7. The vehicle is not in the possession of the applicant (i.e., has been stolen or cannot be located). This restriction is not intended to be used as a denial of a valid theft claim.
8. A certificate of mechanical fitness and road worthiness has not been provided in accordance with the Manual of Rules and Rates e.g. home made vehicles, rate group listed as A.
9. Non-payment of premium for the current policy period (for purposes of termination only).

B. Rules for refusing to provide or continue a coverage are:

Physical damage coverage shall not be provided where an applicant or any person who is a regular or frequent operator of the vehicle, has, within the immediately preceding thirty-six months:

- i) When making a previous application for automobile insurance, given false particulars of an automobile to be insured to the prejudice of the insurer;
or
- ii) Knowingly misrepresented* or failed to disclose in an application any fact required to be stated therein;
or
- iii) Has contravened a term of an insurance contract or been convicted of fraud in relation thereto;
or
- iv) Wilfully made a false statement in respect of a claim.

The Servicing Carrier shall refer all refusals or non-continuance to the Facility Association prior to declining coverage.

* Misrepresentation means an applicant has either had a policy cancelled by registered letter for material misrepresentation or has had a claim denied for material misrepresentation.

Rule 1: Filed Underwriting Rules (continued)**C. Minimum Deductibles**

Physical damage insurance shall be provided at the following minimum deductible amounts:

Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)		Deductible Amount applicable to the coverage under which the claims were made
In previous Twelve months	In previous Thirty-six months	
3	-	\$1,000
-	3	\$500
-	4	\$1,000
-	5 or more	\$2,500

ANY HIGHER MINIMUM DEDUCTIBLE PROVIDED FOR IN THIS MANUAL SHALL OVERRIDE THESE AMOUNTS.

Refer to individual sections in this manual for the minimum deductibles applicable to each type of vehicle or class of business.

Note: Higher deductibles shall only be imposed when there have been a sufficient number of claims under any given coverage to warrant such application. For example one Collision loss and three Comprehensive losses in the previous 12 months will result in the application of a \$1,000 deductible on Comprehensive only. Only if the insured has sustained three Collision losses as well, would \$1,000 deductible be applied to the Collision coverage.

- D.** Vehicles insured for Comprehensive/Specified Perils only shall be renewed once and then lapsed at the next renewal. Vehicles insured for Comprehensive/Specified Perils only shall not be written as new business.
- E.** Certain endorsements require a signature. Where no signature is obtained, the policy may be cancelled in accordance with the Statutory Conditions or issued without the endorsement or the endorsement may be deleted and the policy re-rated accordingly. See Rule 15: Endorsement Forms.

F. a) Private Passenger Automobiles/Recreational Vehicles

Physical damage coverage shall not be provided or continued for Private Passenger or Recreational vehicles (excluding motor homes) valued at \$325,000 or more.

b) Commercial Vehicles/Public Vehicles/Motor Homes

Physical damage coverage shall not be provided or continued for Motor Homes, Commercial or Public Vehicles valued at \$500,000 or more.

Physical damage shall not be provided for Off-Road Commercial Vehicles. e.g. logging trucks used solely in the bush.

Rule 2: Premium Quotations

The Agent/Broker is responsible for calculating premiums in accordance with this manual, including the "base" premiums applicable to experience (fleet) rated risks. Experience rated risk premiums are calculated at Driving Record 0.

Where there is any doubt on the matter, the Servicing Carrier will be pleased to assist in establishing risk classifications, but the Servicing Carrier shall not make premium quotations except where the manual does not provide for the particular coverage required.

The Servicing Carrier shall require clarification from the Agent/Broker if the information on the application contradicts the quoted premium.

Rule 3: Risks Not Specifically Provided For

For any type of vehicle, coverage or use that is not specifically provided for in this manual, Agents/Brokers must contact their Servicing Carrier and provide details in writing when requested to do so. Where the Servicing Carrier requires assistance in these circumstances, the Servicing Carrier shall contact FA Head Office.

Note: "Excess Automobile Liability Insurance" (POL 7) or "Lessor's Contingent Insurance" (POL 8) are not available through Facility Association.

**FACILITY ASSOCIATION NEWFOUNDLAND & LABRADOR RULES AND RATES MANUAL
PROPOSED CHANGES FOR FILING 2007**

Rule	Current wording in manual	Revised wording	Change from current wording																																												
GENERAL RULES & PROCEDURES																																															
1:C Minimum deductibles	<p>Physical Damage insurance shall be provided at the following minimum deductible amounts:</p> <table border="1"> <thead> <tr> <th align="center" colspan="2">Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)</th> <th rowspan="2">Deductible amount applicable to the coverage under which the claims were made</th> </tr> <tr> <th align="center">In previous Twelve months</th> <th align="center">In previous Thirty-six months</th> </tr> </thead> <tbody> <tr> <td align="center">3</td> <td align="center">-</td> <td align="center">\$1,000</td> </tr> <tr> <td align="center">-</td> <td align="center">3</td> <td align="center">\$500</td> </tr> <tr> <td align="center">-</td> <td align="center">4</td> <td align="center">\$1,000</td> </tr> <tr> <td align="center">-</td> <td align="center">5 or more</td> <td align="center">\$2,500</td> </tr> </tbody> </table>	Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)		Deductible amount applicable to the coverage under which the claims were made	In previous Twelve months	In previous Thirty-six months	3	-	\$1,000	-	3	\$500	-	4	\$1,000	-	5 or more	\$2,500	<p>Physical damage insurance shall be provided at the following minimum deductible amounts:</p> <table border="1"> <thead> <tr> <th align="center" colspan="3">Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)</th> <th rowspan="2">Deductible amount applicable to the coverage under which the claims were made</th> </tr> <tr> <th align="center">In prior 12 months</th> <th align="center">In prior 36 months</th> <th align="center">In prior 60 months (fire and/or total theft)</th> </tr> </thead> <tbody> <tr> <td align="center">3</td> <td align="center">-</td> <td align="center">2</td> <td align="center">\$2,500</td> </tr> <tr> <td align="center">-</td> <td align="center">3</td> <td align="center">-</td> <td align="center">\$1,000</td> </tr> <tr> <td align="center">-</td> <td align="center">4</td> <td align="center">-</td> <td align="center">\$2,500</td> </tr> <tr> <td align="center">-</td> <td align="center">5 or more</td> <td align="center">-</td> <td align="center">5% of value (minimum \$5000)</td> </tr> <tr> <td></td> <td></td> <td align="center">3 or</td> <td align="center">no coverage</td> </tr> </tbody> </table>	Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)			Deductible amount applicable to the coverage under which the claims were made	In prior 12 months	In prior 36 months	In prior 60 months (fire and/or total theft)	3	-	2	\$2,500	-	3	-	\$1,000	-	4	-	\$2,500	-	5 or more	-	5% of value (minimum \$5000)			3 or	no coverage	<p>Increases minimum deductibles when there is increased claims activity.</p> <p>This may decrease rates for some insureds on new business and renewals.</p>
Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)		Deductible amount applicable to the coverage under which the claims were made																																													
In previous Twelve months	In previous Thirty-six months																																														
3	-	\$1,000																																													
-	3	\$500																																													
-	4	\$1,000																																													
-	5 or more	\$2,500																																													
Number of Automobile Insurance Claims under each coverage (All Perils, Collision, Comprehensive, Specified Perils)			Deductible amount applicable to the coverage under which the claims were made																																												
In prior 12 months	In prior 36 months	In prior 60 months (fire and/or total theft)																																													
3	-	2	\$2,500																																												
-	3	-	\$1,000																																												
-	4	-	\$2,500																																												
-	5 or more	-	5% of value (minimum \$5000)																																												
		3 or	no coverage																																												
1:F.b Filed Underwriting Rules	NEW	Physical damage coverage shall not be provided or continued for buses valued at \$750,000 or more.	Adds information already contained in Public Vehicles section of manual.																																												