

What Are Underwriting Rules?

Each insurance company employs underwriting staff who are responsible for investigating the factors affecting the probability of loss and the costs that the insurance company may have to pay out to the policyholder or a third party (an individual other than the policyholder or the insurance company who has suffered a loss and may be able to collect compensation under the policy). Underwriters have a wealth of statistical information, and it is from this that they calculate the likely risk and cost of insuring a particular individual.

When shopping for automobile insurance, or when trying to renew your automobile insurance policy, keep in mind that an insurance company's underwriting rules will affect whether or not you can obtain insurance - or continue to be insured - with that insurance company.

Check with HUNTERS to find out what your company's underwriting rules are and how they may affect you.

While underwriting rules differ from company to company, these are some of the more common rules:

- whether you or drivers in your household have had more than a certain number of at-fault accidents or driving convictions,
- whether you've had an automobile insurance policy cancelled a number of times because you failed to pay your premium, and
- whether you've failed in the past to provide correct or complete information when applying for automobile insurance.

All underwriting rules used by insurance companies must be filed with FSCO.

Once FSCO has reviewed and approved these rules, insurance companies may not use other rules to deny you coverage.

If an insurance company refuses to sell you an insurance policy, or to renew your policy, the company must advise you in writing of which rule (or rules) it has used to deny coverage to you.

Underwriting rules that do not comply with the Insurance Act or the regulations, such as those which are contrary to public policy, are prohibited. These include rules which deny insurance to individuals based on such factors as:

- religion, race, nationality or ethnic group,
- age, sex and marital status,
- where you live or the location of the vehicle, and
- whether you are newly licensed or a driver new to Canada.

Note: Factors such as age, sex, and marital status; where you live or the location of the vehicle; and whether you are newly licensed or a driver new to Canada ARE permitted as rating criteria (i.e., what the policyholder will pay for coverage).

Courtesy of the Financial Services Commission of Ontario – see more at www.ontarioinsurance.com

