

ELIGIBILITY

Our rules and guidelines serve only for initial risk selection. Final risk acceptability is subject to underwriting review and approval. Depending upon the circumstances, Echelon could change the coverage, adjust the premium or cancel the risk in accordance with the rules and guidelines published in this manual.

To be eligible for insurance, an applicant shall be insured for at least the statutory minimum automobile coverage. Evidence of a valid driver's license and/or previous driving experience for Canada (unless applicant provides a three year official copy of their driving record where previously licensed and previous carrier letter indicating number of years clear record) is a further requirement.

Complete and accurate information at the start will help to avoid later problems. We rely on you our Brokers to communicate all information to the underwriting unit where each risk will be case underwritten and re-underwritten annually.

UNDERWRITING RULES

A. Echelon General Insurance Company's rules for declining to issue, terminating or refusing to renew a contract are:

1. Outstanding premium amount owing to a policy issued by Echelon or finance by Primaco or Calico
2. Operator of vehicle, whose license is cancelled, lapsed or does not have one.
3. Non-disclosure and/or misrepresentation of pertinent information and/or missing pertinent information (e.g. accident(s), claim(s), conviction(s), operator(s), use, ownership, but not limited to).
4. Material change in risk (e.g. ownership, use, operator(s), permanent relocation outside Quebec, enhancements to vehicle, but not limited to).
5. Insurance fraud - when the applicant/insured or any person who is a regular or frequent driver of the vehicle has been found by a court of competent jurisdiction, in either criminal or civil proceedings, to have committed a fraud in any way connected with insurance.
6. Any driver who has sustained a criminal record involving the use of an automobile in an illegal activity or has a criminal record for insurance fraud (Theft or possession of stolen goods related to automobile)
7. If previously cancelled by Echelon, within the past 12 months for non-disclosure and/or misrepresentation.
8. Refusal to sign a QEF, the terms of which have been agreed upon as a condition of accepting the risk.
9. Vehicles located outside the province for 3 months or more.
10. Vehicles which are principally garaged and operated in a location which is not accessible year round.
11. One time or limited time insurance for the sole purpose of travel (usually visitor to province).
12. Private passenger vehicles used as distribution, transport or delivery vehicles (e.g. pizza, Chinese food, drug store, courier services, etc.).
13. Physical damage coverage only
14. Vehicles valued in excess of \$100,000 or new list price in excess of \$100,000
15. Vehicles 25 years or older.

16. Modified, customized, antique, restored, enhanced, homemade or kit automobile(s) or special paint job on vehicle (e.g. murals, flames or artistic design, but not limited to).
17. Health or drink problem or an operator requiring a periodic medical for licensing.
18. Mobile home or vehicle converted in a camper unit.
19. Principal driver with a LEARNER PERMIT

B. Echelon General Insurance Company's Rules for Risks to be referred

1. Age 25 and over and licensed over 3 years:
 - a. Three or more at fault or not accidents/claims in the last 6 years.
 - b. Three or more criminal code/serious convictions as listed in our manual, in the last 3 years.
 - c. Three or more major convictions as listed in our manual, in the last 3 years.
 - d. Nine or more minor convictions as listed in our manual, in the last 3 years.
2. Under age 25 **OR** licensed 3 years or less:
 - a. Two or more at fault or not accidents/claims in the last 6 years.
 - b. Two or more criminal code/serious convictions as listed in our manual, in the last 3 years.
 - c. Two or more major convictions as listed in our manual, in the last 3 years.
 - d. Six or more minor convictions as listed in our manual, in the last 3 years.
3. Daily workplace, or more than 10% use outside province.
4. Operator under age 21 who develops a surcharge of 60% or greater.
5. Vehicle 10 years of age or older with chapter B coverage's
6. Divers age 65 or older.

C. Echelon General Insurance Company's rules for refusing to provide or continue coverage are:

All Perils, Comprehensive or Specified Perils

1. Special or extraordinary or after market equipment valued over \$1500. on vehicles (other than standard factory installed equipment), including sound and electronic communication equipment which includes radios, tape players/decks, stereo players/decks, compact disc players, telephones, cellular telephones, CB radios, television, facsimile machines, computers and items of a similar nature. However, if a signed QEF 37A is purchased, then Echelon would provide or continue coverage.

All Perils, Collision, Comprehensive or Specified Perils

1. Vehicles with unrepaired damage, except in the case of glass damage, provided a QEF 13C is attached.
2. Vehicles 15 years and older.
3. Vehicles valued in excess of \$65,000 or rating group higher than 65.
4. Two thefts and/or attempted theft claim otherwise four or more physical damage accidents/claims in the last 6 years.
5. Collision coverage will not be provided unless either Comprehensive or Specified Perils coverage is also purchased

CLAIMS REPORTING

All claims are to be reported to an Echelon office. For after hours emergency claims service use 1-866-923-5666.

Note:

Claims for windshield repairs will not be paid if the Comprehensive deductible is greater than \$250.

BROKERS BINDING AUTHORITY

A broker may issue policies or place Echelon on risks specifically rated in this manual where:

- The risk is acceptable according to the underwriting rules described in this manual.
- Premiums are quoted in this manual for the risks and limits under consideration.

A broker is in the best position to know or observe any undesirable characteristics of the client or operators of the vehicle and the vehicle itself. A broker should bind the risk only after obtaining all essential information and is satisfied the risk is acceptable.

Brokers are required to submit for all risks a fully completed and signed application, authorization form for each driver to the Societe De L'Assurance Automobile Du Quebec for driving record have collected or assume responsibility for the full estimated premium and sales tax. All applications/endorsements/authorization forms must be mailed to the underwriting unit within 72 hours from the time coverage is bound; otherwise the effective date of the coverage will be amended to the date received by Echelon.

Echelon reserves the right to withdraw binding authority of a Broker.

COMMISSION

Standard commission on new and renewal business is 15% for non-standard auto and 12.5% for non-standard commercial auto. If the policy is transferred to the Risk Sharing Plan the commission for new or renewal business would be reduced to 10%.

PAYMENT OPTIONS

FULL PAYMENT

Payment is made to the broker.

MONTHLY PAYMENT PLAN

The Monthly Payment Plan permits your clients to pay their private passenger automobile insurance premium monthly over the term of the policy.

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- Six or twelve month policies where the total annual premium payable under the contract exceeds \$300.
- The applicant/insured has not had more than one automobile insurance policy terminated by an insurer for non payment of premium during the thirty-six months before the contract takes effect.

ENROLLMENT

1. Collect down payment of 25% of the total premium. The down payment can be in the form of a certified cheque, money order, bank draft or cheque by the broker.
2. Complete the authorization form and have the applicant/insured sign it.
3. Collect a void cheque.

RENEWAL ENROLLMENT

Request for monthly payment plan on the next renewal can be done by collecting the 25% down payment provided the completed forms and banking information is received prior to renewal.

WITHDRAWAL DATES

The assignment of the withdrawal date depends on the expiry date of the policy. Installments will be debited on the same day of the month as the expiry date, commencing one month from the effective date.

E.G.

- Policy term April 17 to October 17. First withdrawal would be May 17th.
- Policy term August 2 to February 2. First withdrawal would be September 2nd.

ADDITIONAL PREMIUM

If an additional premium is required after the policy has been issued, either for an endorsement or other change to the policy, the additional premium and the allowable financing charge will be divided equally through the balance of the term of the policy to obtain a revised monthly installment.

If an endorsement is processed after the last scheduled installment has been debited, an invoice will be issued requesting payment in full.

The insured always has the right, at any point during the policy term, to pay the entire amount of an endorsement or any outstanding premium in a single payment.

RETURN PREMIUM

If a return premium results from a policy change, the return premium will be calculated, and applied to the next installment(s).

PAY PLAN RENEWAL

Renewals are continuous and the renewal policy declaration, along with a notice advising the new 25% down payment and monthly installments to be debited to the insured's bank account commencing on the renewal effective date will be sent the month prior to the renewal. If the insured does not accept renewal, the renewal documents must be returned by the renewal effective date to allow flat cancellation. Any premium collected will be refunded to the insured when the installment has cleared.

SERVICE FEES

Echelon will charge a service fee of 5% on the total premium payable under the contract. A payment default will result in a \$30 administration fee plus taxes.

COVERAGE EFFECTIVE DATE AND TIME

Coverage will commence as of the binding time and date indicated in the policy application or endorsement properly completed by the broker. **In no circumstance may coverage be shown as effective prior to the date and time of completion of the application form.** If there is any other insurance in force, binding may not be made effective before the expiry of that other insurance or if that other insurance is to be cancelled, a Liability Insurance Card may not be prepared before the insurer concerned has issued the notice of cancellation, or the insured has signed the request for cancellation, as the case may be. When coverage is to commence or at some future date, show the binding time as 12:01 a.m. local time and make the effective date on the application/endorsement the date coverage commences.

TERM OF RATES

All rates quoted in this manual are for a twelve month term
To calculate rates for a six month term, take 52% of the annual rate.
To calculate rates for a three month term, take 28% of the annual rate.

COVERAGE AVAILABLE

For:

- Motor vehicles of the private passenger, sports utility or station wagon type used for pleasure or business purposes.
- Motor Vehicles of the commercial type with a gross vehicle weight of 4500 kgs or less used for pleasure purposes only.
- Trailers intended for use with a private passenger automobile.

Civil Liability - not more than \$1,000,000.

All Perils & Collision - not less than \$500 deductible **EXCEPT for vehicle with a rating group of 60 or higher MINIMUM deductible \$1,000.**

Comprehensive & Specified Perils - not less than \$100 deductible **EXCEPT for vehicle with a rating group of 60 or higher MINIMUM deductible \$1,000 plus one tracking system device or an Approved Theft Deterrent System AND an intensive antitheft marking.**

QEF 34 – Accident Benefits

- (i) Death and dismemberment not more than \$15,000.
- (ii) Medical and funeral expenses \$2,000.

Note: Physical Damage coverage will not be written on new applications without Civil Liability coverage.

Note: Collision coverage only will not be provided unless either Comprehensive or Specified Perils coverage is purchased in conjunction with same.

TERRITORIAL LIMITATIONS

The policy provides coverage in Canada, United States and upon a vessel or aircraft serving ports or airports of these countries. We do not extend coverage to any other areas of the world (e.g. Germany, Great Britain or South America).

Anyone driving in Mexico must obtain insurance at the Mexican border from a Mexican insurer.

QEF 27A Legal Liability for Damage to Non-Owned Automobiles is unavailable outside of Canada and the United States.

MINIMUM POLICY PREMIUM

A minimum policy premium of \$100 is applicable, regardless of term for all automobile policies.

PREMIUM ROUNDING

Premiums must be shown in dollars only, for all coverage.

Premiums are to be taken to the nearest dollar, \$0.50 or more are rounded up except for return premiums which should be rounded to the next highest dollar.

INVESTIGATIVE REPORTS

Brokers and/or underwriters will automatically or using discretion obtains different kinds of reports from independent companies. The information received will help to ensure proper rating and risk classification.

These reports are ordered from external sources and can include government records, financial services, consumer reports and previous carrier reports.

RENEWALS

An offer to renew is produced 45 days prior to renewal. The offer provides details of coverage and premium and is to be kept by the insured if the renewal offer is accepted.

Payment should be accompanied by the payment stub.

If the payment for renewal is not received within 5 days of the expiry date, the policy will not be renewed. Echelon, at its option, may decide to issue a new policy commencing on the date that payment is received.

Expiry notices are produced 15 days after the renewal date.

If the policy has lapsed for 30 days or more the risk will be treated as new business requiring a fully completed and signed application, authorization form for each driver to the Societe De L'Assurance Automobile Du Quebec for drivers record and the broker has have collected or assumes responsibility for the full estimated premium and sales tax.

ADJUSTING PREMIUM FOR POLICY CHANGES DURING THE POLICY TERM

INCREASE IN PREMIUM

We will charge and collect mid-term policy changes which require premium. An additional premium of less than \$20.00 may be waived. This applies to changes such as:

- Mid-term addition of coverage (e.g. Collision)

- Mid-term addition of a driver.
- Mid-term change in Vehicle Rate Group (e.g. change from VRG 5 to VRG 12).

Premium due for policy changes must be collected or assume responsibility when the change is reported. The rates to be applied are those that are in effect on the actual day the change is reported. If an additional premium is not paid, the policy will be CANCELLED in accordance with the Statutory Conditions of the policy.

DECREASE IN PREMIUM

Any return premium over \$10.00 will be refunded to the insured except non-refundable charges for specific coverages, such as QEF 27A temporary addition of driver/coverage.

DELETION OF COVERAGE OR VEHICLES

The effective date for deletion should be documented as the day after the requested date, unless future dated.

INTERPROVINCIAL TRANSFERS

Echelon provides complete automobile insurance in Alberta, New Brunswick, Newfoundland, Northwest Territories, Nova Scotia, Ontario, Prince Edward Island, Quebec and the Yukon. As coverage, applications, policy wordings and endorsements may differ in each province, insureds moving to a new province must sign off their current policy to be cancelled pro rata and complete and sign a new application so a new policy can be issued.

PROVINCES WITH GOVERNMENT OPERATED AUTOMOBILE INSURANCE

Insureds that move to Saskatchewan, Manitoba or British Columbia must cancel their Echelon policies and arrange coverage upon their arrival in that province

PROOF OF PRIOR INSURANCE

If applicant is able to provide information for their most recent automobile policy, (name of insurer, policy # and expiry date) where they were the named insured or a listed driver. Driving Record is to be calculated based on the number of years licensed and at fault accident free.

POLICY CANCELLATION

BY THE INSURED

If for any reason the insured submits a request for cancellation, which must be confirmed in writing, Echelon will refund the unearned premium of any prepaid premium on a short rate basis using one of the following tables.

FLAT CANCELLATION OF A NEW POLICY IS NOT PERMITTED

BY ECHELON

Cancellation notification will be by registered mail or delivered in person providing the required notice period, Echelon will refund the unearned premium of any prepaid premium on a pro rata basis.

NON-RENEWAL OF POLICIES

We will provide 30 days written notice to the insured when we do not intend to renew a policy.

SHORT RATE CANCELLATION TABLE (ANNUAL)

Days In Force	% of Premium Retained	Days In Force	% of Premium Retained
1-3	8	181-184	55
4-7	9	185-188	56
8-11	10	189-192	57
12-15	11	193-195	58
16-19	12	196-199	59
20-23	13	200-203	60
24-26	14	204-207	61
27-30	15	208-211	62
31-34	16	212-215	63
35-38	17	216-219	64
39-42	18	220-222	65
43-46	19	223-226	66
47-49	20	227-230	67
50-53	21	231-234	68
54-57	22	235-238	69
58-61	23	239-242	70
62-65	24	243-245	71
66-69	25	246-249	72
70-73	26	250-253	73
74-76	27	254-257	74
77-80	28	258-261	75
81-84	29	262-265	76
85-88	30	266-268	77
89-92	31	269-272	78
93-96	32	273-276	79
97-99	33	277-280	80
100-103	34	281-284	81
104-107	35	285-288	82
108-111	36	289-292	83
112-115	37	293-296	84
116-119	38	297-299	85
120-122	39	300-303	86
123-126	40	304-307	87
127-130	41	308-311	88
131-134	42	312-315	89
135-138	43	316-318	90
139-142	44	319-322	91
143-146	45	323-326	92
147-149	46	327-330	93
150-153	47	331-334	94
154-157	48	335-338	95
158-161	49	339-341	96
162-165	50	342-345	97
166-169	51	346-349	98
170-172	52	350-353	99
173-176	53	354-365	100
177-180	54		

SHORT RATE CANCELLATION TABLE (SIX MONTH)

Days In Force	% of Premium Retained	Days In Force	% of Premium Retained
1	15	87-88	58
2-3	16	89-90	59
4-5	17	91-92	60
6-7	18	93-94	61
8-9	19	95-96	62
10-11	20	97-98	63
12-13	21	99-100	64
14-15	22	101-102	65
16-17	23	103-104	66
18-19	24	105-106	67
20-21	25	107-108	68
22-23	26	109-110	69
24-25	27	111-112	70
26-27	28	113-114	71
28-29	29	115-116	72
30-31	30	117-118	73
32-33	31	119-120	74
34-35	32	121-123	75
36-37	33	124-125	76
38-39	34	126-127	77
40-41	35	128-129	78
42-43	36	130-131	79
44-45	37	132-133	80
46-47	38	134-135	81
48-49	39	136-137	82
50-51	40	138-139	83
52-53	41	140-141	84
54-55	42	142-143	85
56-57	43	144-145	86
58-59	44	146-147	87
60-62	45	148-149	88
63-64	46	150-151	89
65-66	47	152-153	90
67-68	48	154-155	91
69-70	49	156-157	92
71-72	50	158-159	93
73-74	51	160-161	94
75-76	52	162-163	95
77-78	53	164-165	96
79-80	54	166-167	97
81-82	55	168-169	98
83-84	56	170-171	99
85-86	57	172-184	100

SHORT RATE CANCELLATION TABLE (THREE MONTH)

Days In Force	% of Premium Retained	Days In Force	% of Premium Retained
1-15	38	46-60	86
16-30	50	61-75	98
31-45	70	76-92	100

REINSTATEMENT

Cancellation because of non-payment of any premium due may be rescinded if proper payment is received by Echelon prior to the effective date of the termination of coverage. If the insured, now with this cancellation, has had more than one automobile insurance policy terminated by an insurer for non-payment of premium during the preceding thirty-six months, or this is the second default during the policy term, reinstatement of a policy which was cancelled for payment default will not be permitted.

DEFINITIONS

AGE

Means the age on the last birthday at the date the policy becomes effective.

BUSINESS USE

Refer to any private passenger, sport utility or station wagon type vehicle which is customarily operated in a business, occupation or profession.

COMMUTE (DRIVING TO WORK)

Includes driving to and from a place of employment, school or part way to and from, or use of the vehicle in a car pool or other share the ride arrangements.

ACCIDENT

Accident means an occurrence resulting in Civil Liability or Collision damage arising out of the ownership, use or operation of an automobile, in consequence of which:

- a. An amount has been paid or would have been paid but for the existence of The Quebec Direct Compensation Agreement and/or Ontario No Fault legislation; or
- b. A loss remains unsettled or unpaid and for which the insured or applicant is deemed to be responsible; or
- c. A civil suit is pending against the insured or applicant.

Note:

- 1. Damage to a vehicle will not be deemed to be a "chargeable accident" if:
 - i. it occurred while the vehicle was legally parked, providing the details are reported to police authorities within twenty-four hours of the occurrence; or
 - ii. it was caused by a hit and run driver, providing the details are reported to police authorities within twenty-four hours of the occurrence; or

- iii. 100% of the repair cost was recovered or would have been recoverable but for the existence of the Quebec Direct Compensation Agreement and/or Ontario No Fault legislation; or
 - iv. an occurrence in which the insured or applicant's degree of fault is determined as zero either by the fault determination rules or the dispute resolution mechanism.
2. A collision loss for which an uninsured party is responsible and where the deductible has been recovered in full from an Unsatisfied Judgement or similar fund or would have been recoverable but for the existence of the Alberta accident claims fund, shall not constitute a chargeable accident under this definition.
3. Claim expenses only, shall not constitute a chargeable accident under this definition.
4. THIS NOTE DOES NOT AFFECT THE OPERATION OF SURCHARGES. An accident applies to all coverages for which driving record is a factor.
5. An accident as defined above, even if unreported, is always taken into account in rating even if there was no insurance in effect or the amount of the loss was repaid to the insurer by or on behalf of the applicant. **Fault, not claim payment is the determining factor.**

CLEAR RECORD

- a. No at fault and/or chargeable accident involving the applicant (or the principal operator), the automobile, or any automobile for which it has been substituted.
- b. There has been no at fault and/or chargeable accident arising out of the use or operation of any other vehicle by the applicant or principal operator or spouse.

Note: Such an accident (involving other than the insured vehicle), occurring after the commencement of this insurance, shall be taken into account, only if a claim in respect thereof, is made under this insurance, or would have been made but for the existence of the Quebec Compensation Agreement and/or Ontario No Fault legislation.

- c. (i) Automobile(s) of individuals - applicant and principal operator continuously in possession of a valid operator's license.
- (ii) Automobiles of Partnerships, Companies and Corporations - applicant has owned and or leased the automobile or one for which it has been substituted.

Note: Where the automobile is used solely for pleasure purposes, it shall be rated in the same manner as though the principal operator is the applicant.

DRIVER TRAINING - WITH AND WITHOUT

Driver training means successful completion of a driver education course as verified by production of a certificate and given by a driving school authorized by the Government of Quebec, provided that the course meets the mandated requirements of:

- a. Thirty (30) hours of driving lessons at school;
- b. Eight (8) hours behind the wheel of private passenger automobile.

A new driver (not applicable to drivers with learner's permits) with driver training shall be deemed to qualify for and be rated at no less than Driving Record 3, provided that such person -

- (i) is accident free at the time of application,
- (ii) remains accident free,
- (iii) remains convictions free, and
- (iv) drivers license has not been suspended, cancelled or lapsed.

A new driver (not applicable to drivers with learner's permits) without driver training shall be rated with a driving record 0.

Note 1: Accident-free means having a clear record.

Note 2: The driver does not become eligible for a higher driving record until he/she has completed the required number of years driving without an accident.

DRIVER UNDER AGE 25

Means a male or female driver of the automobile is a resident in the household of which the applicant is a member, or a person employed as a driver, who is under 25 years of age.

LICENSE SUSPENSION - IMPACT ON DRIVING RECORD

In the event that any suspension, cancellation and/or lapse of the license has been operative during the past five years, whatsoever the cause, (except administrative suspensions less than one year) the driver shall be regarded as having held a valid license as of the day of reinstatement of the license.

PLEASURE USE

If in the application, the use of the automobile is stated as "pleasure", that word shall be regarded as including the use of the automobile as driving between the place of residence and the place of employment, or part way to and from place of employment (e.g. to a bus, railway or subway station).

Note: Automobile of Clergymen (with no other gainful occupation) shall be rated as "pleasure".

PRIVATE PASSENGER AUTOMOBILE

A motor vehicle of the private passenger, sport utility or station wagon type, used for pleasure, family or business purposes.

A motor vehicle of the commercial type, with a gross vehicle weight of 4500 kgs. or less, used for pleasure purposes.

PRIVATE PASSENGER VEHICLES & RATING

Use **private passenger** premiums for all coverages for **private passenger automobiles** except where otherwise noted.

VALID OPERATOR'S LICENSE

Valid operator's license means that the applicant holds a valid operator's license to drive the type of vehicle insured. A learner's license or a license to operate a motorcycle or motor scooter shall not be considered as valid operator's license.

VEHICLE USE OUTSIDE THE PROVINCE OF QUEBEC

If the daily work place, or there is more than 10% vehicle use outside the province of Quebec, surcharge Civil Liability 50%.

DRIVING EXPERIENCE OUTSIDE CANADA

Anyone newly licensed in Quebec, with previous driving experience outside Canada:

- Rate at driving record 0 except if the applicant produces a letter of previous driving experience and three year official copy of their driving record outside Canada, he/she will qualify for up to driving Record 3. His/Her future driving record shall be developed on his/her Quebec experience.
- Maximum 6 month policy term

PRIVATE PASSENGER CLASS CHART

PRINCIPAL OPERATOR RATE CLASSES

AGE OF PRINCIPAL OPERATOR	UNMARRIED MALE	MARRIED MALE	FEMALE
16-18	10	08	18
19-20	11	08	18
21-22	12	09	19
23-24	13	09	19
25-29	04	01,02,03,07	01,02,03,07
30+	01,02,03,07	01,02,03,07	01,02,03,07

Class codes age automatically on renewal.

Principal Operator - The operator who will have the most use of the vehicle. If there are an equal number of vehicles and operators in the household, each operator should be rated as principal operator on at least one vehicle. When two or more automobiles are insured, assign the highest rated driver to the highest rated vehicle, second highest rated driver to second highest rated vehicle, etc. Highest rated means the combination of operator and vehicle developing the highest premium.

An operator who is listed as a principal operator on one vehicle insured by Echelon is not charged as an occasional operator on other vehicles insured by Echelon.

Where the vehicle use falls within two or more classes, the highest rated class will apply.

Married - Legally married and residing with spouse.

Common-law relationships - A man and woman who have cohabited continuously for a period of not less than 3 years, or 1 year where a child has been born through the union and the natural parents are still living together will be rated in the same manner as a person legally married and residing with spouse.

CLASS DESCRIPTION

Class 01

- a. Pleasure only.
- b. Principal operator, whether applicant or not, is:
 - Unmarried male driver age 30 or over, or
 - Married male driver age 25 or more, or
 - Female driver age 25 or more.
- c. Principal operator has continuously held a valid operator's license for at least the past three years.*
- d. No male driver under 25 years of age, except class 06 driver.
- e. No unmarried female driver under 25 years of age.
- f. Not more than two drivers per automobile in the household each of whom has held a valid operator's license for the past three years.*
- g. Automobile not used for driving to and from work # or for professional or vocational purposes.
- h. Average and anticipated mileage not exceeding 16,000 km per annum.
*NOTE: This requirement does not permit any suspension, cancellation or lapse of the license during the past three years.
#Refer to Note following class 02.

Class 02

- a. Pleasure.
- b. Principal operator, whether applicant or not, is:
 - Unmarried male driver age 30 or over, or
 - Married male driver age 25 or more, or
 - Female driver age 25 or more.
- c. No male driver under 25 years of age, except class 06 driver.
- d. No unmarried female driver under 25 years of age.
- e. Not more than two drivers per automobile in the household.
- f. Automobile not used for driving to and from work # more than 16 km one way.

#NOTE: In class 01 and 02 the phrase "Driving to and from Work" includes automobiles used in car pools or other share-the-ride arrangements, and automobiles driven part way to or from work, such as to a bus, railway or subway station.

Class 03

- a. Pleasure.
- b. Principal operator, whether applicant or not, is:
 - Unmarried male driver age 30 or over, or
 - Married male driver age 25 or more, or
 - Female driver age 25 or more.
- c. No male driver under 25 years of age, except class 06 driver.

Class 04

- a. Pleasure.
- b. Principal operator, whether applicant or not, is:
 - Unmarried male driver age 25 to 29
- c. No male driver under 25 years of age, except class 06 driver.

Class 07

- a. Business or business and pleasure.

- b. Principal operator, whether applicant or not, is:
 - Unmarried male driver age 30 or over, or
 - Married male driver age 25 years or more, or
 - Female driver age 25 or more
- c. No male driver under 25 years of age, except class 06 driver.

OCCASIONAL OPERATOR CLASS 06 – Male driver under 25 years of age

1. The automobile will be rated under Class 01, 02, 03, 04, 07 as though there was no occasional driver or drivers under 25 years of age, then coverage for such driver or drivers will be charged for as Class 06.
2. Where there is only one automobile insured and there is more than one Occasional Driver under 25 years of age, charge only one Class 06 premium; apply the highest premium developed from all occasional drivers.
3. Subject to 10 below where there is more than one automobile and there are two or more underage operators, the premium shall be based on either:
 - (i) the highest rated youthful operator as Principal Operator; or
 - (ii) all youthful Occasional Drivers (Class 06)
 Whichever of the above develops the highest premium.
4. Where there are two or more Occasional Drivers under 25 years of age, male or female, the Principal Operator is to be rated as Class 03.
5. It is not permissible to issue a policy solely in respect of Class 06 drivers.
6. Where the policy is rated under Class 08, 09, 10, 11, 12, 13, 18 or 19, no Class 06 charge shall be made.
7. A Class 06 operator is rated separately for Civil Liability, and Collision. These coverages must be identical to those provided on the vehicle on which he is being rated. The 06 driver establishes his own driving record and accident/conviction record.
8. The individual who drives the automobile “most” is considered the Principal Operator. Where there are two or more automobiles in the household, a separate driver must be allocated as Principal Driver of each of the automobiles. For example, one driver shall not be rated as Principal Driver of both automobiles and additional drivers in the household as Occasional Drivers only.
9. If there is one occasional underage driver not classified as Principal Operator, charge Class 06 on the highest rated automobile.
10. A class 06 premium for underage driver(s) shall only be charged when the number of drivers exceeds the number of automobiles.

DRIVING RECORD

See definition of “Clear Record”

The following requirements are to be met.

	Driving Record
“CLEAR RECORD” for the one year immediately prior to the effective date of the policy or any renewal thereof.	1
“CLEAR RECORD” for the two years immediately prior to the effective date of the policy or any renewal thereof.	2
“CLEAR RECORD” for the three years immediately prior to the effective date of the policy or any renewal thereof.	3
“CLEAR RECORD” for the four years immediately prior to the effective date of the policy or any renewal thereof.	4

“CLEAR RECORD” for the five years immediately prior to the effective date of the policy or any renewal thereof. 5

“CLEAR RECORD” for the six years immediately prior to the effective date of the Echelon renewal only. 6

(Driving record 6 is not available on new business)

Risks not qualified for 6, 5, 4, 3, 2 or 1 0

There is no accident forgiveness.

Note: If the principal operator of the vehicle has no previous insurance in the last 5 years, Driving Record 0 applies.

- A. The driving record established applies to all coverages for which driving record is a factor.
- B. Where an applicant owns or leases less than five automobiles, each automobile will qualify separately for Driving Record.
- C. An automobile substituted for another, of a similar type or use, acquires the Driving Record of the replaced automobile.
- D. Where an additional automobile is acquired which is not a substitute for another, such additional automobile will qualify separately for its own Driving Record.

DISCOUNTS

EXTRA VEHICLES (FAMILY) DISCOUNT

To qualify, an insured and/or spouse, son or daughter must insure more than one private passenger car or pleasure use truck with Echelon. They must live in the same household and be the principal operators of each vehicle. Applicable to classes 01, 02, 03 and 07 only.

Not applicable if there is an occasional male or female driver under the age of 25.

The discount is 5% and applied to the principal vehicles Civil Liability and Collision premiums.

MATURE DRIVER DISCOUNT

AGE	CIVIL LIABILITY	COLLISION
45-55	5%	5%
56-65	10%	10%
66-70	5%	5%

SURCHARGES

GENERAL

Surcharges are applied to a vehicle as a result of an accumulation of At-Fault Accidents and/or Convictions.

Surcharges are applicable to all vehicle types.

For each operator, including Class 06 the surcharge is determined separately. Apply the highest surcharge to the principal operator and/or class 06 rates.

Add the surcharges for accidents and convictions together. Apply total surcharge to Civil Liability and Collision or the collision portion of All Perils Coverages.

When two or more automobiles are insured, assign the highest rated driver to the highest rated vehicle, second highest rated driver to second highest rated vehicle etc. Highest rated means the combination of operator and vehicle developing the highest premium.

ACCIDENT SURCHARGES

For purposes of establishing a surcharge an at-fault chargeable accident is an occurrence:

- happening within the last 3 years; and
- arising from the ownership of any vehicle by any listed driver; and/or
- due to the use or operation of any vehicle by any listed driver.

Where any responsibility for Civil Liability, or Collision Damage is evident whether or not a claim has been/will be paid against an insurance policy, or a loss remains unsettled or unpaid, or a civil suit is pending.

ACCIDENT FREQUENCY SURCHARGE IN PAST 3 YEARS	SURCHARGES
1 or 2 accidents	NIL
3 rd accident	30%
Each additional	10%

CONVICTION SURCHARGES

For the purposes of establishing a surcharge a conviction is defined as:

- Any moving traffic offence and/or other offense under any Act governing Highway Traffic, or
- Any offense under the Criminal Code of Canada (or any similar Act.)

occurring within the past 3 years.

For operators who have a surcharge for convictions, (excluding those that are included in the class 06 rate) the surcharge is to be applied to the principal operator premium provided that the principal operator does not have a conviction record warranting a higher premium.

If the operator with the conviction surcharge is rated as the principal operator of more than one vehicle, apply the surcharge to the highest rated vehicle.

If the class 06 operator with the highest surcharge is not the rated class 06 operator apply their surcharge rating to the rated class 06 operator.

CONVICTION SURCHARGES IN PAST 3 YEARS	SURCHARGES
Minor: 3 convictions 4 convictions Each additional	NIL 25% 15%
Major: 1 conviction Each additional conviction	15% 10%
Criminal Code/Serious: 1 conviction Each additional conviction	50% 100%

N.B.: However, in the case of a conviction relating to the operation of a vehicle while impaired, the surcharge is reduced to 25% from the time the vehicle is equipped with a device approved by the Societe de l'assurance automobile du Quebec, that is designed to ascertain the presence of alcohol in the driver's body and to prevent the vehicle from being started.

CONVICTIONS

Minor

Convictions of any moving traffic offenses, other than those specifically listed in "major" and "criminal code/serious" below under any Act governing highway traffic or any offenses substantially the same committed outside Canada.

Note: Seat Belt, parking tickets, or other infractions governed by local bylaws are not considered convictions for rating purposes.

Major

Convictions of the following offenses under any Act governing highway traffic or offenses substantially the same committed outside Canada:

- fail to report an accident
- failing, in the event of an accident, to give his/her name and license number to the police or any other person entitled to such information
- improper passing of a school bus
- improper speeding in a school or playground zone
- leaving the scene of an accident, if highway traffic act
- driving with no insurance
- accident with no insurance
- driving without another authorize person
- registration not renewed

Criminal Code/Serious

Convictions of the following offenses under the Criminal Code of Canada or under an Act governing highway traffic or any other Act or any offenses substantially the same whether committed within or outside Canada or any convictions which appear on a Driver Record Abstract identified as Criminal Code convictions:

- criminal negligence committed in the operation or use of a motor vehicle
- manslaughter committed in the operation or use of a motor vehicle
- driving while license under suspension
- racing
- careless driving
- driving without due care and attention
- dangerous driving
- impaired driving
- failure or refusal to submit to a breath or blood test
- failure to pass a breath or blood test
- failure to stop at the scene of an accident (Hit & run)
- failure to stop for a police officer, resulting in an extended suspension of license (greater than three months)
- leaving the scene of an accident, if Criminal Code of Canada
- imprudent driving

Note: If convictions for impaired driving and failure or refusal to take a breath or blood test relate to the same occurrence they will be considered as one conviction.

Convictions Associated with Accidents

Some convictions are usually associated with an accident and full details should be disclosed. Accordingly, Echelon will charge for an at fault accident unless the applicant/insured can provide police or other suitable evidence that no accident occurred.

Conviction examples:

- fail to report an accident
- criminal negligence
- vehicular manslaughter
- failure to remain at the scene of an accident
- failure to report damage to highway property

ENDORSEMENT/POLICY CHANGE FORMS

This section outlines the endorsements/policy change forms offered in conjunction with an Automobile Policy by Echelon, a brief explanation of the endorsement and our method of handling.

Note: The client **MUST** be provided with a fully completed copy of all policy change forms that apply to the vehicle/policy.

QEF 5A - LEASE OR LEASING

For use on all policies covering vehicles leased on a long-term basis in excess of 30 days where a separate policy is issued to each lessee.

A copy of the endorsement must be given to both the lessee and lessor.

Rate as if owned by the lessee.

There is no premium charge for this endorsement.

QEF 13C – COMPREHENSIVE COVER - DELETION OF GLASS

To be used in conjunction with an underwriting assessment of a risk when we do not want to continue providing glass breakage coverage to an applicant/insured because of high risk or claims frequency, but the balance of Comprehensive coverages are still available. The insured's signature is required.

There is no premium reduction when the endorsement is applied.

QEF 16 - SUSPENSION FOR STORAGE AND QEF 17 – REINSTATEMENTS AFTER STORAGE ENDORSEMENT

Not written

QEF 19 – SECTION B LIMITATION OF AMOUNT

The standard auto policy insures the vehicle up to a limit of the actual cash value in the event of a loss. This endorsement is required when Echelon wishes to provide cover only up to a specific amount. In the event of loss Echelon's liability is limited to the Actual Cash Value or the amount stated on the endorsement, whichever is the lesser.

A dollar amount must be specified including tax and the client's signature is required.

QEF 20 - LOSS OF USE EXTENSION

The standard automobile policy provides loss of use by total theft subject to a daily limit and maximum amount of coverage.

This endorsement provides indemnity for expenses incurred by the insured for rental of a substitute automobile, including taxicabs and public means of transportation, as a result of loss of use of the automobile arising from collision and other insured perils. It improves the coverage provided in the standard auto policy by removing the 72 hour waiting period and the daily limit.

Coverage available is \$900 with no limit restrictions. This coverage is provided for private passenger vehicles for which a suitable replacement can be found.

Also, insured must carry All perils or Comprehensive coverage on automobile(s) insured with Echelon.

The premium charge for the endorsement is \$50.

QEF23A - MORTGAGE ENDORSEMENT

Echelon will provide a mortgage endorsement showing the lienholder's interest is protected, provided the client has or purchases All Perils or Collision or Comprehensive and/or Specified Perils coverage.

The endorsement is issued for a 5 year (60 month) term. Unless changes occur on the policy, the lienholder will not receive any additional documents. We can renew after 5 years if requested to do so.

The complete/exact name and address of each lienholder must be provided (including postal code).

QEF 27A - CIVIL LIABILITY FOR DAMAGE TO NON-OWNED AUTOMOBILE(S)

Extends the Physical Damage coverage to non-owned automobiles when the insured has agreed to be responsible for damage or is responsible by law. This endorsement is available only on policies issued to individuals and for private passenger, sports utility or station wagon type vehicles.

Also, insured must carry All perils or Collision and Comprehensive coverage on automobile(s) insured with Echelon.

Coverage - Collision deductible same as insured automobile(s).
Comprehensive deductible same as insured automobile(s).

Maximum limit of \$30,000 in Canadian currency

The premium charge for this endorsement is \$30. flat premium regardless of policy term

QEF 28 - REDUCTION OF COVERAGE AS FOR NAMED DRIVERS

Not written. Always rate on the highest rated driver, exclusion of this individual is not permitted.

QEF 34 – ACCIDENT BENEFITS

Annual rates per insured vehicle

Death Benefits, Dismemberment, Medical expenses

Principal Sum/Medical Expenses	Classes 01, 02, 03, 04, 07	All Other Classes
\$5,000/\$2,000.	\$6.	\$12
\$10,000/\$2,000.	\$12.	\$18
\$15,000/\$2,000.	\$18.	\$24

QEF 37 (A-B) – MODIFIED COVERAGE ON SOUND SYSTEMS AND OTHER ELECTRONIC COMMUNICATIONS EQUIPMENT

QEF 37A-LIMITATION OF AMOUNT

This endorsement limits Section B coverage for electronic accessories (other than original equipment) to the lesser of the actual value of equipment or \$1,500. To obtain a higher limitation of amount: an inspection of the vehicle must be performed to confirm that the equipment exists. For all types of equipment, we require that the following information be obtained: make, model, serial number, date purchased, name of vendor, amount paid and that copies of the bills of sale were seen. The insured's signature is required.

The premium charge for the endorsement is \$50.00 per \$1,000. of the limit of coverage excess of \$1,500 subject to a maximum of \$10,000.

QEF 37B-EXCLUSION OF EQUIPMENT

No coverage is provided for any electronic equipment (other than original equipment).

QEF 43 (A TO E) Change to loss payment endorsement

NOT APPLICABLE WITH US

QEF 45 – WARRANTY APPLICABLE TO THEFT OF THE ENTIRE AUTOMOBILE

The purpose of this endorsement is to allow insurers, when insuring automobiles with a high exposure to theft of the entire automobile, to require that anti-theft or tracking systems be installed and maintained in working order and/or that the requirements specified in the endorsement be met.

DEDUCTIBLE FACTORS:

Deductible	Collision	Comprehensive	Specified Perils
100	--	1.000	1.000
250	--	0.880	0.880
500	1.000	0.810	0.810
750	0.897	0.770	0.770
1,000	0.828	0.750	0.750
1,250	0.782	0.730	0.730
1,500	0.747	0.720	0.720
1,750	0.724	0.715	0.715
2,000	0.701	0.710	0.710
2,250	0.695	0.705	0.705
2,500 and more	0.690	0.700	0.700