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| **Category:**  **Standard** | | **Functional Area***:*  **Global Commercial Underwriting** |
| **Effective Date***:*  ***August 15, 2014*** | | **Date Issued***:*  ***August 15, 2014*** |
| **Owner:**  **Global Commercial Underwriting Committee** | | **Contact for Questions**:  **Global Commercial Head of Technical Underwriting** |
| **Approver**: **Global Commercial Chief Underwriting Officer** | | |
| **Purpose** | The purpose of this Standard is to establish the minimum requirements for use of commercial policy forms and endorsements. Additional standards and/or other guidance may be disseminated across geographies and/or product imposing additional requirements as long as they are consistent with this Standard. | |
| **Scope** | The requirements set out in this Standard apply to employees of AIG Property Casualty Commercial with responsibility for underwriting or managing insurance risks, policies and portfolios. | |
| **Operational Requirements** |  | |
| *Definitions* | This Standard defines two types of policy forms and three types of endorsements.  Standard Policy Forms:  A Standard Policy Form is designed for general use across a portfolio, subset of a portfolio or group of clients.  Manuscript Policy Forms:  A Manuscript Policy Form is designed to be used for a specific client.  It is not designed for general use across a portfolio, subset of a portfolio or group of clients. Manuscript Policy Forms also include any Standard Policy Form with modification made directly to the policy form itself for a specific client (as opposed to modification by endorsement). A policy form that is originally designed as a Manuscript Policy Form may, upon further review by product line management, be transitioned for general use. At that point the policy form shall be considered a Standard Policy Form as defined above.  Standard Endorsements:  A Standard Endorsement is designed for general use across a portfolio, subset of a portfolio or group of clients in connection with a particular Standard Policy Form.  Manuscript Endorsements:  A Manuscript Endorsement is designed to be used for a specific client.  It is not designed for general use across a portfolio, subset of a portfolio or group of clients.  Manuscript Endorsements also include any Standard Endorsement modified to be used for a specific client. An endorsement that is originally designed as a Manuscript Endorsement may, upon further review by the product line management, be transitioned for general use. At that point the endorsement shall be considered a Standard Endorsement as defined above.  Administrative Endorsements:  An Administrative Endorsement is an endorsement designed to modify or correct certain prescribed aspects of an insurance policy.  Specifically, it is designed to (i) correct typographical errors, or (ii) add, delete or modify insured entities, covered locations, numerical or monetary amounts such as limits, retentions or number of days, months or years, a premium payment installment schedule, or to correct errors. A Standard Endorsement template may be created for certain Administrative Endorsements that may be utilized by a product line regularly, | |
| *General Principles* | Underwriters should endeavor to use Standard Policy Forms and Standard Endorsements instead of Manuscript Policy Forms, and Manuscript Endorsements wherever possible. However, Manuscript Policy Forms and Manuscript Endorsements may be used subject to the Approval Procedures implemented by product line management and Legal as more fully described below. Administrative Endorsement can be used whenever necessary.  The use of Standard Policy Forms, Manuscript Policy Forms, Standard Endorsements and Manuscript Endorsements is a strategic business decision. The benefit of providing customized wording to clients must be weighed against the burden of developing, negotiating and administering policy form and endorsement usage as well as the risk of effecting unintended coverage consequences resulting from use of newly developed wording.    Policy form wording must be consistent with (i) underwriting intent, and (ii) applicable law.  Endorsement wording must be consistent with (i) the policy form it is amending, (ii) underwriting intent, and (iii) applicable law.  Underwriters must ensure that there are no conflicts or inconsistencies among Standard Endorsements, Manuscript Endorsements or Administrative Endorsements on any given policy. | |
| *Approval Procedures* | Product line management must implement written procedures for when forms and endorsements require review and approval by both product line management (and at what management level(s)) and Legal (“Approval Procedures”).  Approval Procedures should be developed in consultation with Legal, and must be approved by Legal. The Approval Procedures must be specifically tailored to the product(s) they apply to, and at a minimum must be designed to:   1. monitor, restrict and guide policy form and endorsement usage as required by product line management; and 2. ensure compliance with applicable law (including but not limited to the requirements stated in the Regulatory Filing and Usage Requirements section below).   The Approval Procedures should be posted in the forms library (see below). | |
| *Regulatory Filing and Usage Requirements* | Laws in many jurisdictions prohibit, restrict or otherwise regulate the use of policy forms and endorsements in certain situations, and vary across jurisdictions, lines of business and types of client. For example, laws in certain jurisdictions may require that a policy form or endorsement be submitted to an insurance regulator(s) for review and/or approval before or after it is used. This requirement may apply to policy forms or endorsements designed to be used by a specific client (Manuscript Policy Forms or Manuscript Endorsements) and/or policy forms or endorsements designed for general use by underwriters across a portfolio, subset of a portfolio or group of clients (Standard Policy Forms or Standard Endorsements).  Whether a policy form or endorsement must be submitted for regulatory review or approval is a separate and distinct question from whether a policy form or endorsement is designed by a particular business unit for general use or a specific client. Thus, the requirement to submit a policy form or endorsement to a regulator for review and/or approval could apply to Manuscript Policy Forms, Manuscript Endorsements, Standard Policy Forms, Standard Endorsements or even Administrative Endorsements, depending on the laws of the relevant jurisdiction.  All policy forms and endorsements must comply with regulatory filing and usage requirements. Product line management is responsible for ensuring that the Approval Procedures adhere to all filing requirements, and for communicating and working with Legal, which will advise product line management on the filing and usage requirements**.** | |
| *Forms Library* | Product line management is required to maintain an electronic library of all Standard Policy Forms and Standard Endorsements approved for use. Each Standard Policy Form and Standard Endorsement shall include an identifying number and edition date on each page. As stated above, the Approval Procedures should also be included in the library or made available on the Product Tower’s Underwriting Site.    To the extent required or advisable based on consultation with Legal, product line management should develop a method to monitor and track usage of Manuscript Policy Forms and Manuscript Endorsements, as some jurisdictions may limit the number of times they may be used before a filing or pre-approval submission to an insurance regulator is required, thus necessitating tracking. To the extent necessary or appropriate, the monitoring, tracking and storing of Manuscript Policy Forms and Manuscript Endorsements should be addressed in the Approval Procedures. | |
| *Personal Authority Statements* | Personal Authority Statements may grant the authority to create policy form and endorsement wording, namely Standard Policy Forms, Manuscript Policy Forms, Standard Endorsements and/or Manuscript Endorsements. Underwriters who have been provided with such authority in their Personal Authority Statements are subject to the requirements set forth in this Standard and in the applicable Approval Procedures. | |
| *Renewals* | Unless otherwise required by product line management, previously approved Manuscript Policy Forms and Manuscript Endorsements may be used at renewal of the policy for which the Manuscript Policy Form or Manuscript Endorsement was used without re-review or re-approval if there are no material changes in risk. Material changes in risk include, but are not limited to, material changes to policy terms, exposures, new legal or regulatory precedents or other potentially adverse developments. Product line management’s approach to renewals should be set forth in the Approval Procedures.  Standard Policy Forms and Standard Endorsements, by virtue of being approved for general use, are available for use on renewals. If a Standard Policy Form or Standard Endorsement has been updated, the underwriter should endeavor to replace the expiring form with the updated version.  Upon review at renewal, underwriters should endeavor to replace Manuscript Policy Forms with Standard Policy Forms and Manuscript Endorsements with Standard Endorsements. | |
| **Related Global Commercial Underwriting**  **Documents** | * AIG PC Underwriting Policy * Product Development Policy * Authority Management Standard | |
| **Roles and Responsibilities** |  | |
| *Global Commercial Underwriting Committee* | The Global Commercial Underwriting Committee is responsible for establishing and maintaining global underwriting policies and standards, and is accountable for ensuring that they are consistently and uniformly implemented locally. | |
| *Global Product Line underwriting managers* | Global product line underwriting managers are responsible for establishing and maintaining global product underwriting standards, guidelines and procedures, including the Approval Procedures required by this Standard, and are accountable for ensuring that they are consistently and uniformly implemented in their product areas. | |
| *Regional and local product line managers* | Regional and local product managers are responsible for establishing and maintaining regional/local product underwriting standards, guidelines and procedures, including but not limited to the Approval Procedures required by this Standard, and are accountable for ensuring that they, along with all applicable global and product underwriting standards, guidelines and procedures, are consistently and uniformly implemented in their geographic areas. | |
| *All Employees* | All employees performing functions subject to this Standard must adhere to its principles, as well as all other applicable standards, guidelines and procedures. | |
| **Regional/Country Specific Requirements** | Regional/local Standards and Guidelines must be developed and implemented where product line management and Legal determine there is the need for regional/local clarification or to comply with regional/local rules and regulations. Any conflict between Global and regional/local standards must be identified, documented, escalated and addressed in accordance with applicable AIG corporate policies. All records involving this [Standard](#SalesMarketing) must be retained in accordance with the AIG Property Casualty Records Management Standards and the applicable country Retention Schedule. | |
| **Reference to Corporate Policies** | In designing standards, procedures and guidelines under this Standard, full consideration must be given to all relevant AIG Corporate Policies, AIG Property Casualty Policies and supplemental guidance. | |
| **Updates** | *The “Manuscript Endorsements” Standard has been replaced in its entirety with this Standard.*  *September 29th, 2015: Template Updated.* | |