## 6.4 PA Authority Review and Updates

The Program Manager/Product Line Manager should conduct Program Underwriting Authority reviews at regular intervals and update the Authority via an addendum or the creation of a new document using the template approved for use by AIG GLCR and the Division Chief Underwriting Officer.

\*Note: most AQI “D” programs will require an annual review - see 6.4.2.

For clarity, any changes in authority or a program-specific ‘approved forms update’ qualifies as requiring an update to the Program Underwriting Authority.

The Program Underwriting Authority may be amended at any time at the discretion of the AIG Programs CUO based upon developing market conditions or risk and conveyed via a Producer Bulletin.  Such changes will not satisfy the PM/PLM review requirements.  In addition, such changes must be posted and permanently maintained on the Programs Website and easily accessible by the PA for reference purposes as needed.

All material changes to Program Underwriting Authority Statements must be approved by the Division CUO and/or the appropriate PLO prior to distribution to the PA.

The CUO will review and update the templates used for Underwriting Authority documents at least annually and store them in the Divisional document repository.

### 6.4.1 Authority Delegation Rules – Existing programs

Anytime the PM/PLM identifies an issue with the Program Underwriting Authority that requires a change or clarification, so long as it’s an “incidental change”, such change(s) will be documented by an Authority Addendum approved by the appropriate division staff (typically, the PM/PLM) with commensurate authority.

“Incidental Change” is defined as minor in nature, often resulting from clarification of rates, rules, or forms usage and does not have a material impact the Program nor expands/narrows the eligibility parameters established for the Program.  Examples of incidental changes include but are not limited to:

* expansion of the program territory in non-windstorm/CAT prone states,
* premium or limits authority,
* updated approved form list.

Both the PA and/or Division 66 may look to expand a Program, particularly one with significant growth and profit opportunities.   A ‘material change,’ requires a resubmission to the CUO and/or the appropriate Product Line Officer, for review and prior approval.

“Material Change” is defined as a significant change to the Program not previously contemplated when initially underwritten by the PM.  As such, the changes/new exposures require a submission to the Division CUO for review and approval.   Examples of material changes include but are not limited to:

* Expansion of eligibility into areas not previously contemplated in our prior underwriting, actuarial, claims or loss control analysis.
* Unique program specific endorsement(s) not previously approved.
* Adding new line of business (example:  adding property to a casualty only program).

Upon learning of a material change, the PM will assess the changes in the same manner as they would when initially on-boarding a new Program and make their recommendation the PLM, the appropriate PLO(s) and the CUO.  Their assessment should include how the change will impact overall profitability/RAP.   If needed, , the PM may also wish to discuss with Actuarial, Loss Control and/or Claims before proceeding.

Once conceptually agreed upon by the CUO and/or appropriate PLO(s), the PM has the option of documenting the change via an addendum to the existing PA Authority, or through the development of a new PA Authority document and, in either case, will forward their draft to their designated PLM for review and approval.

Once reviewed and approved by the PLM, the draft will be sent to the Division CUO for review and final approval.

Upon approval of the final Program Underwriting Authority document from the CUO, the PM/PLM will proceed with executing same with the PA, with the fully executed copy retained in the Divisional document repository.

**Note:**  any ‘material change’ to a Program that previously required the SME Global CUO’s approval requires resubmission and approval prior to implementation of any such change.

### 6.4.2 Program Rehabilitation Plans: AQI “D” Programs

A program with a prior year end AQI score of “D” requires an annual Program Underwriting Authority update that specifically addresses the loss drivers that are adversely impacting profitability.   Where solutions are readily identifiable, the rehabilitation plan should be discussed and agreed to by the PA and documented via an Addendum, with the fully executed copy retained in the Divisionaql document repository.

If needed, a PASS review should be scheduled to discuss all aspects of the Program and the agreed upon strategy to achieve profitability.

If, after Divisional review, it is unlikely that the Program can achieve profitability, the PM/PLM should initiate the formal termination of the Program.

**Note:**  A rehabilitation plan is not necessary if the unprofitability is the sole result of a large loss event(s) that has been previously addressed and/or unlikely to occur again.