echelon
Insurance

ALBERTA
RECREATIONAL VEHICLE PROGRAM

NEW BUSINESS EFFECTIVE: JULY 1, 2023

RENEWALS EFFECTIVE: JULY 1, 2023

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BINDING AUTHORITY

Echelon General Insurance Company's Recreation Vehicle Program is designed to provide a competitive market for Recreational risks. This program requires careful underwriting to ensure proper risk evaluation and pricing. The application plays a critical role in the underwriting process. The Producer should ensure that the application is complete, correct, and provides all the information requested. You are in the best position to know or observe any undesirable characteristics of the risk. Coverage should be bound after obtaining all essential information and are satisfied the risk is acceptable.

Recreation Vehicles eligible for this program are as follows:

- All-Terrain Vehicles
- Snowmobiles

BINDING AUTHORITY

Producers are authorized to bind automobile insurance coverage for Recreational vehicles normally written by "Echelon" General Insurance provided:

- The broker has an active agreement to do business with Echelon;
- The applicant/named insured and all operators meet the qualifications outlined in this manual;
- Rates for all requested coverage are provided in this manual; and,
- A fully completed and signed application by all named insureds is submitted to Echelon.

Producers do not have authority to bind Echelon on any risk falling under "Risks We Do Not Write" or "Risk to Be Referred to Underwriting".

All risks submitted are reviewed and final risk acceptability is subject to underwriting approval. The applicant shall be insured for at least the minimum statutory automobile coverage required in the jurisdiction where he/she resides. Echelon reserves the right to change coverage, adjust premium or cancel the risk in accordance to the rules and guidelines published in this manual.

Binders and temporary liability certificates are limited to 30 days. If the policy is not received within 30 days and approval is provided by underwriting, a further temporary liability certificate may be issued to the insured.

Echelon must be **notified within 3 working days** of the effective date of any binder.

Echelon reserves the right to withdrawal binding authority.

UNDERWRITING RULES

To be eligible for insurance, the applicant must be the actual and registered owner of the recreational vehicle submitted for insurance coverage. All operators must hold a valid Alberta Class 5 License or equivalent and meet the rules and guidelines listed in this manual.

RISKS WE DO NOT WRITE

Section A. We will decline to issue, refuse to renew, or terminate a policy for the following reasons;

Ineligible Operators:

1. Outstanding earned premium owing on a prior Echelon policy.
2. All listed drivers in the household with a driver's license, whose license is under suspension, cancelled, lapsed or does not have one.
3. Driver(s) who have not obtained a valid Alberta driver's license.
4. Applicant(s), driver(s) and operators(s) not permanently residing in Alberta.
5. An operator of a vehicle who holds an international driving permit.
6. Non-disclosure and/or misrepresentation of pertinent information and/or missing pertinent information (e.g. accident(s), claim(s), conviction(s), operator(s), use, registration, but not limited to).
7. Material change in risk (e.g. registration, use, operator(s), permanent relocation outside Alberta, enhancements to vehicle, but not limited to).
8. 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.
9. Any driver who has sustained a criminal record involving the use of an automobile in an illegal activity in the past 3 years.
10. If previously cancelled by Echelon, within the past 12 months for non-disclosure and/or misrepresentation.
11. Where a signature is refused by the applicant(s) when required for a AB-S.E.F., as a condition of accepting the risk.
12. Convictions:
    - No more than 2 Minor convictions in the past 3 years.
    - Any Major convictions, in the past 3 years.
    - Any Criminal Code/Serious conviction in the past 3 years.
13. Claims:
    New Business:
    - Any at fault accidents/claims in the past 3 years.
    - No more than 1 at fault accident(s)/claim(s), in the past 6 years.

    Renewals:
    - No more than 1 at fault accident(s)/claim(s), in the past 6 years.

14. Combination of Accidents and Convictions:
    - Any at fault accident(s)/claim(s) more than 3 years old with more than one minor conviction or any suspensions related to convictions. This does not include any license suspension for administrative or medical suspensions.
15. No more than 1 (one) cancellation for Non-Payment within the past 3 years.
16. Any license suspension related to a conviction in the last 6 years. This does not include any license suspension for administrative or medical reasons.
17. Failure to co-operate with Claims or Underwriting departments during the investigation of or clarification of information required to adjust a loss or underwrite the risk. Information is limited to those questions contained on the approved Alberta Automobile Application (SPF 1) form.
18. Client that is abusive or threatening to any company or broker staff.
19. Risks requiring a Financial Responsibility filing or special certificate.

Ineligible Recreational Vehicles:

20. Unsafe, unfit, or total loss recreation vehicles where proof of repairs has not been received and cannot pass government safety specification.
21. Recreational vehicles that have been identified as rebuilt.
22. Recreational vehicles with non-repaired damage.
23. Recreational vehicles that require an appraisal to determine value.
24. Recreational vehicles operated for 6 months or more in the U.S.A., or being used regularly to commute into the U.S.A.
25. Recreational Vehicles, which are principally garaged and operated in a location, which is not accessible year round.
26. Trip permit, one time or limited time insurance for the sole purpose of travel (usually visitor to province).
27. Recreational vehicles used for business (see ATV/Snowmobile section for exception), commercial use and/or delivery vehicles (e.g. pizza, Chinese food, drug store, courier services, etc.).
28. Leased recreational vehicles, where the term of the lease is less than 1 year **or** the recreational vehicle is registered in the name of an individual.
29. Physical damage coverage only.
30. Modified, customized, restored, enhanced, homemade, special paint job on the recreational vehicle (e.g. murals, flames or artistic design, but not limited to).

Section B. We will decline to provide or continue coverage in the following cases:

All Perils, Collision, Comprehensive or Specified Perils:

1. Recreational vehicles with unrepaired damage.
2. 2 or more physical damage (Section C coverage) accidents/claims in the last 6 year.
3. 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, and items of a similar nature. However, if a signed AB-S.E.F. No. 38 is purchased, then Echelon would provide or continue coverage.

GENERAL SECTION

APPLICATIONS

For any New Business, an approved and fully completed application must be signed by all named insured's and submitted to Echelon.

We request:

- A full estimated premium and required payment;
- Claims experience reports on all new applicants and all operators where required;
- Driver abstracts issued within the last 30 days for all operators where required;

It is important to ensure that applicants understand the need to disclose all accidents, claims, cancellations and convictions of all drivers even when the operator is not at-fault. Not at-fault collision accidents will not be a factor in rating.

CLAIMS REPORTING

All claims are to be reported to an Echelon office.
Toll Free: 1-866-252-2854 or 1-800-324-3566
Local: 905-214-7880
Fax: 905-214-7891 or 905-214-7892
Toll Free Fax: 1-866-291-1102
After Hours: 1-877-268-5976

COVERAGE EFFECTIVE DATE AND TIME

Coverage will commence effective the binding time and date as indicated on the policy application or endorsement. If the time bound is not indicated on the application of insurance, coverage will commence at 12:01 a.m. the following day. Under no circumstances may coverage be bound prior to the effective date and time, as indicated on the application form or endorsement. Therefore, coverage may not be bound as of 12:01 a.m. on the date the application form or endorsement is signed.

If there is another insurance policy in force, binding may not take effective prior to expiry of the other insurance. If the other insurance is to be cancelled, a Liability Insurance Card may not be issued before the other insurer has issued the notice of cancellation, or the insured has signed the request for cancellation. When coverage is to commence at a future date, the binding time should show 12:01 a.m. local standard time and the effective date on the application/endorsement should be the date coverage commences.

DELETION OF COVERAGE OR RECREATIONAL VEHICLE(S)

Where any part of a policy is deleted at the request of the insured, the pro rata unearned premium is refunded to the insured. The effective date for deletion should be documented as the day after the requested date, unless future dated and confirmed in writing. No backdating permitted.

DRIVER'S LICENSE

This indicates that the driver holds a valid driver's license to drive the type of vehicle insured. All operators must hold a valid Alberta Class 5 license. A learner's license, a level 1 graduated license, or an international license shall not be considered to be a valid driver's license. Any person required to reapply for licensing regardless of previous license class shall be regarded as a new driver.

ELIMINATION OF CENTS IN PREMIUM

Premiums must be shown in dollars only, for each 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, service representatives and/or underwriters will obtain 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.

LETTERS OF AUTHORIZATION (Letters of Brokerage)

Mid-term Letters of Authorization are not acceptable. If the insured wishes to change broker's mid-term, the policy must be cancelled and a new policy issued. We will allow pro-rata cancellation in these cases. We accept Letters of Authorization on renewal only. For full pay policies, the payment is required to be included with the Letter of Authorization.

MOVING FROM ONE PROVINCE TO ANOTHER

If the insured(s) moves to a new province where Echelon offers Recreational Vehicle Insurance, the insured(s) must sign off on their current policy and a pro rata cancellation will be offered. We require a fully completed and signed application to be submitted.

If the insured(s) moves to a new province where Echelon does not offer Recreational Vehicle Insurance the insured must cancel their Echelon policy(s) and arrange coverage upon their arrival in that province. The policy will be subject to a short rate cancellation.

POLICY TERM

All premiums are based on an annual term. All rates quoted in this manual are for twelve-months.

PREMIUM ADJUSTMENTS

Increase in Premium

Policy changes generating a premium in excess of $ 5.00 will be collected. The rates to be applied are those that are in effect at time of new business or renewal. 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 will be refunded to the insured except non-refundable charges for specific coverage's, such as AB-S.E.F. No. 43R or temporary addition of rider coverage.

REINSTATEMENTS

Under some circumstances, and subject to prior approval by Echelon Underwriting, reinstatement of a policy cancelled by Echelon may be allowed provided all conditions are met and the risk meets Echelon eligibility rules and guidelines. The request for reinstatement and any additional requested information and/or documentation must be received prior to the expiry date of coverage as shown on the registered letter of cancellation. The broker must collect any refund sent with the registered letter as well as, any other amount owing and any applicable service fees/charges. In all other situations, policies will not be reinstated. A new application may be considered.

RENEWALS

An offer to renew is produced 45 days prior to renewal date. 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 by the renewal 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. Producers do <u>not</u> have binding authority for late paid renewals. You must contact the underwriting department to obtain authorization to bind. Late paid renewals not bound in this manner are subject to the renewal being issued (with a new policy) effective the date payment is received by Echelon. If payment is received after our normal business hours, you must complete a new application in order to affect binding. No late payment grace period is permitted unless agreed to by the underwriting department.

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 accompanied by the full estimated premium.

THIRD PARTY LIABILITY

Multi vehicle policies with different Third Party Liability limits will not be written.

POLICY CANCELLATION

CANCELLATIONS

BY THE INSURER

Cancellation notification will be by registered mail or delivered in person providing the required notice period. Echelon will refund the unearned premium. Policy will be cancelled as per the Short Rate Cancellation table listed below.

BY THE INSURED

If insured submits a request for cancellation, which must be confirmed in writing, Echelon will refund the unearned premium of any prepaid premium, policy will be cancelled as per the Short Rate Cancellation Table listed below, subject to any minimum retained premium requirement.

FLAT CANCELLATION

Flat cancellation on new business **is not** permitted. Whenever a policy is cancelled at the request of the insured it is always subject to a minimum retained premium. The short rate table will be used for calculating the retained premium.

Flat cancellation will be allowed on renewal if all renewal documents (insured copy); including liability cards are returned to the company by the renewal effective date. Any premium collected will be refunded to the insured.

NON RENEWAL

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

MID TERM CANCELLATIONS

Mid-term cancellations initiated by Echelon, after the policy has been in effect for more than 60 days can only be done for one of the following reasons;

a. Non-payment of or any part of the premium due under the policy;
b. The Insured has given false particulars of the described automobile;
c. The Insured has knowingly misrepresented or failed to disclose in an application for insurance, any fact required to be stated therein; or
d. For a material change in risk within the meaning of Statutory Condition 1.

SHORT RATE CANCELLATION TABLE (ANNUAL) - Subject to Minimum Retained Premium

ATVs

Month	Retained Premium	Month	Retained Premium	Month	Retained Premium
January	0%	May	10%	September	10%
February	0%	June	25%	October	0%
March	0%	July	25%	November	0%
April	5%	August	25%	December	0%

Notes:

1. For each specific month in the period of insurance charge the "Retained Premium" indicated above for that month. For example, An ATV insurance policy that was in effect only for the entire months of July and August will be subject to a 50% minimum Retained Premium (25% + 25%).
2. For part of a month charge the pro rata of the percentage applicable to the complete month. For example, in respect of an ATV insurance on that commences on June 7th.
   - 30 days minus 6 days = 24 days divided by 30 = .08 times 10% = 8%

SNOWMOBILE

Month	Retained Premium	Month	Retained Premium	Month	Retained Premium
January	25%	May	0%	September	0%
February	25%	June	0%	October	0%
March	15%	July	0%	November	10%
April	0%	August	0%	December	25%

ENDORSEMENTS

This section outlines the endorsements/policy change forms offered in conjunction with a Recreational Vehicle Policy written by Echelon, and 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.

Note: √ indicates product that endorsement is available for.

Endorsement and Description	ATV	Snowmobile
No. 1…Echelon Special Endorsement Agreement to provide coverage under section C for truck decks and trailers used exclusive for transporting the described vehicle. Premium: 3% of the declared value of the truck deck or Trailer (not to be prorated or waived).	√	√
AB-S.E.F. No. 9…Marine Use Excluded Endorsement (Amphibious Vehicles) In consideration of the premium charged it is hereby understood and agreed that the Insurer shall not be liable under the policy to which this endorsement is attached for loss or damage occurring while the automobile is used in or upon water or while it is being launched into or landed there from.	√	√
AB-S.E.F. No. 19(B)…Limitation of Amount Endorsement 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 a 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 applicable taxes and the client's signature is required.	√	√

AB-S.E.F. No. 23(A)…Lienholder, Mortgagee or Assignee Endorsement Echelon will provide a mortgage endorsement showing the lienholders interest is protected.	√	√
AB-S.E.F. No. 32…Off-Highway Vehicle Endorsement This endorsement is used to provide coverage for unlicensed drivers while the vehicle is being used.	√	√

Endorsement and Description	ATV	Snowmobile
AB-S.E.F. No. 38… Specified Limit(s) – Automobile Electronic Accessories and Electronic Equipment Endorsement This endorsement limits theft coverage for electronic accessories (other than factory installed) to the lesser of the actual value of the equipment or $1,500, unless the equipment is listed in the endorsement. 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 and documented on Notepad: Make, Model, Serial #, date purchased, name of vendor, amount paid and that copies of the bills of sale were seen. The insured's signature is required. Premium: $30 per $1,000 of the limit of coverage excess of $1,500.	√	√

CAE No. 38A…Agreed Limit for Recreation Vehicle Accessories and Equipment (Alberta Only) This endorsement is designed to limit the amount payable for physical damage to the described recreation vehicle accessories, chrome and equipment. The amount payable will be limited to the Actual Cash Value of the recreation vehicle accessories, chrome and equipment or the amount stated on the form, whichever is less. The coverage is subject to the deductible shown on the Certificate of Automobile Insurance. You can increase the value of chrome, accessories and equipment including taxes up to a maximum of $10,000 in total. Premium: $ 10 per $1000 of coverage.	√	√

Endorsement and Description	ATV	Snowmobile
AB-S.E.F. No. 40…Fire and Theft Deductible Endorsement This endorsement may be added to all vehicles covered under Al Perils, Comprehensive and Specified Perils.	√	√
AB-S.E.F. No. 43R… Limited Waiver Of Depreciation Endorsement (See above Motorhome, Trailer and ATV and Snowmobile Sections for definition, eligibility and premium.)	√	√
AB-S.E.F. No. 44…Family Protection Endorsement See rate tables for premiums.	√	√

DEFINITIONS

AGE

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

BUSINESS USE

Refers to any recreational vehicle which is customarily operated in a business, occupation or profession.

CLEAR RECORD

a) No at fault and/or chargeable accident for the number of years driving and no more than 2 minor violations involving the applicant (or the principal operator), the recreation vehicle, or any recreation vehicle 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 recreation vehicle by the applicant or principal operator or spouse.
Note: Such an accident (involving other than the insured recreation 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 No Fault legislation and/or the Quebec Compensation Agreement.

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

COMMUTE TO AND FROM WORK OR SCHOOL

Includes driving to and from a place of employment, school or part way to and from.

ENHANCED

Recreation vehicle has been enhanced by altering its <u>original factory specifications</u> either for increased horsepower or visual effects.

HOMEMADE

Recreation vehicle that was constructed with parts from different recreation vehicles and assembled by a non-professional builder.

HOUSEHOLD

Every driver in the household shall be interpreted to mean every person who:

a. Under law is authorized to drive,
b. Has permission to operate the recreation vehicle,
c. Is a member of the household and,
d. Holds a valid recreation vehicle license.

These individuals must be named on the application for insurance or endorsement.

LIST PRICE NEW

The retail selling price new (including taxes) of the recreation vehicle, including the value of any customizing features and all permanently attached equipment.

KIT

Recreation vehicle is a replica or a new version of a recreation vehicle that is delivered either in part or in whole to the purchaser.

MODIFIED/CUSTOMIZED

The vehicle has been modified and/or customized from its original factory specifications.

NAMED INSURED/ADDITIONAL DRIVERS

Where a driver and/or named insured are being added by revision, the following information is required:

- Address or place of residence;
- Confirm individuals insurable interest in recreational vehicle(s);
- Relationship to insured;
- Drivers license number;
- Date licensed;
- Details of any accidents or claims in the past 6 years, including not at-fault accidents;
- Details of any convictions in the past 3 years;
- Previous insurance history where required; and
- Whether insurance has ever been cancelled, denied, renewal refused, or restricted.

NON REPAIRED

The recreational vehicle is not yet repaired but, there is the intent to do so.

PREMIUM DETERMINATION

The individual risk is assessed on the total drivers assigned to a recreational vehicle.

1. Establish the number of years licensed according to the driver with the least number of years licensed.
2. Establish the number of year's accident free (driving record).
3. Determine:
   i. the total number of at-fault for all drivers,
   ii. the total number of convictions for all drivers,
   iii. the driver with the highest surcharge, then total the surcharge for both accidents and convictions and apply to the applicable premiums.
4. Assign this highest rated operator as the principal operator of the recreational vehicle.

PLEASURE USE

If in the application, the use of the recreational vehicle is stated as "pleasure", that word shall be regarded as including the use of the recreational vehicle as riding 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).

PRINCIPAL OPERATOR

An 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 1 vehicle. When two or more vehicles are insured, assign the highest rated operator to the highest rated vehicle, second highest rated operator to second highest rated vehicle, etc. The highest rated means the combination of operator and vehicle developing the highest premium. An operator who is listed as a principal operator on 1 vehicle insured by Echelon is not charged as an occasional operator on other vehicle(s) insured by Echelon.

RESTORED

The recreational vehicle has been repaired or undergone replacement of parts to restore it to its original new condition.

SPECIAL PAINT JOB

Paint that is not the manufacturer's original factory paint job (includes items such as murals, two tone paint job, but not limited to).

SUSPENSION OF OPERATORS LICENSE

Administrative type suspension

An administrative lapse or a suspension of a driver's license is a documented driver's license lapse for administrative or medical reasons that are not connected to driving offence convictions. Reasons can include non-renewal or expiry of a driver's license due to a consumer's oversight, temporary medical conditions, unpaid parking tickets, outstanding support payments to the Family Responsibility Office, and/or outstanding payment to the Motor Vehicle Accident Claims Fund. An Administrative Driver's License Suspension (ADLS) is also considered an administrative lapse because there is no driving offence conviction connected with the suspension.

Administrative type suspensions will not be considered for rating purposes, unless the length of an administrative lapse or a suspension of a driver's license is more than 12 months. Echelon may consider the period of time during which the license has lapsed or been suspended for the purposes of rating.

TERRITORIAL LIMITATIONS

The policy provides coverage in Canada and United States or upon a vessel plying between ports of these countries. We do not extend coverage to any other areas of the world (e.g. Germany, Great Britain, South America, etc.). Anyone driving in Mexico must obtain insurance at the Mexican border from a Mexican Insurer.

UNREPAIRED

Describes a vehicle that is left in a damaged state, with no intention to repair it.

ACCIDENTS AND CONVICTIONS

ACCIDENTS

At-Fault Accident

An occurrence for which the applicant, insured, or operator is deemed to be entirely or partially responsible and resulting in Third Party Liability (Bodily Injury and Property Damage) and/or Collision damage arising out of the ownership, use or operation of a recreational vehicle in consequence of which;

a. An amount has been paid or would have been paid but for the existence of No Fault Legislation and/or the Quebec Direct Compensation Agreement; 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.

Not At-Fault Accident

Damage to a recreational vehicle will not be deemed to be a "chargeable accident" if:

1. It occurred while the recreational vehicle was legally parked, providing the details are reported to police authorities within twenty-four hours of the occurrence.
2. It was caused by a hit and run driver, providing the details are reported to police authorities within twenty-four hours of the occurrence.
3. 100% of the repair cost was recovered or would have been recoverable, but for the existence of No Fault Legislation and/or the Quebec Direct Compensation Agreement.
4. 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.
5. A Collision loss for which an uninsured party is responsible and where the deductible has been recovered in full from an Unsatisfied Judgment or similar fund shall not constitute a chargeable accident under this definition.
6. Claim expenses only, shall not constitute a chargeable accident under this definition.

Note:

- An accident applies to all coverage for which driving record is a factor.
- 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.

ALLOCATION OF AT FAULT CLAIMS/ACCIDENTS

A. The primary rule that is followed is that an operator can be charged for an accident on only **ONE** vehicle, that being the highest rated vehicle that the driver is principal operator of. However,
   - If the driver is not the principal operator of a vehicle but operates one or more vehicle(s) occasionally, the driving record of the highest rated vehicle he/she operates will be charged with the accident(s). (In these cases the rating of the vehicle will be affected by both the principal operator and occasional operator).

B. When an at-fault accident is incurred under the policy, the accident is charged to the operator and the vehicle which incurred the loss. However,
   - If the driver is not the principal operator for that vehicle involved in the accident, but is the principal operator of another vehicle on the policy, the accident is to be charged to the highest rated vehicle on which the driver is the principal operator of.
   - If the operator is not a listed driver on any vehicle on the policy (for example: a friend who borrowed the vehicle) the accident is charged to the principal operator of the vehicle involved in the accident.
   - If a driver is being accident rated and is removed from the policy, the accident will continue to be charged to the principal operator of the vehicle involved in the accident.

Note: No split rating- when a loss is charged to one of the two sections of the driving record, the section which is unaffected by the actual loss must be rated with the same driving record as the section effected by the loss.

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 (but not limited to):

Examples:

- Fail to notify police
- Fail to report damage to highway property backing up/unsafe/illegal/improper: any type
- Crowding driver's seat
- Door opening/illegal/obstructing traffic: any type
- Emergency vehicle/operating with no regard for safety
- Driving imprudently
- Driving off roadway (including shoulder/sidewalk/median): any type
- Flagman/disobeying
- Following too closely (including tailgating)
- Headlights/parking lights/improper/lack of use: any type
- Lack of control of vehicle: any type
- Passing infraction: any type except school bus or school/playground zone
- Pedestrian crossing violation: any type
- Radar warning device in motor vehicle: if illegal in province
- Railway crossing: any type
- Safety zone violation: any type
- Signaling offences: any type
- Slow driving/endangering other: any type
- Speeding: any type, except when listed as major or serious
- Stopping/illegal/improper: any type
- Tires/defective/worn: any type
- Towing/prohibited/unsafe: any type

- Traffic signals/regulating lights: any type
- Traffic signs/disobeying any legal sign except parking regulations
- Trailer: improper attachments/improper towing
- Turns/illegal/improper: any type
- Unsafe move
- Unsafe vehicle: any type
- Wrong side of road/wrong way: any type
- Yield, failing to: any type
- Improper speeding in a school or playground zone

Note: Parking tickets or other infractions governed by local bylaws are not considered convictions for rating purposes.

MAJOR

Convictions for any of the following offences under any Act governing highway traffic or for any offence substantially the same whether committed within or outside Canada (but not limited to):

Examples:

- Exceeding the speed limit by 50 km/h or more
- Fail to report damage to highway property
- Failure to stop on request of or obey directions of a police officer
- Driving without insurance
- Novice driver failing/refusing breath sample (not identified as a criminal code conviction)
- Any conviction shown in the list of serious convictions, but not identified as a criminal code conviction
- Fail to obey school crossing stop sign
- Improper passing of a school bus
- Improper passing in a school or playground zone
- Graduated License (where applicable):
- Permit novice driver in contravention of cond./rest
- Drive on prohibited highway
- Drive at unlawful hour
- Driving without due care and attention
- Use of cell or mobile communication device while driving
- Distracted driving other than use of cell or mobile communication device while driving

SERIOUS/CRIMINAL

Convictions for any of the following offences under the Criminal Code of Canada or under any Act governing highway traffic or under any other Act or for any offence substantially the same whether committed within or outside Canada or any conviction which appears on a Driver Record Abstract identified as a Criminal Code conviction (but not limited to):

Examples:

- Criminal negligence committed in the operation or use of a motor vehicle

- Careless driving
- Manslaughter committed in the operation or use of a motor vehicle
- Driving while license under suspension
- Dangerous driving
- Driving without due care and attention
- Driving without insurance
- Device II
- Racing
- Impaired driving
- Failure or refusal to submit to a breath or blood test
- Failure to pass a breath or blood test
- Failure to stop/remain at the scene of an accident
- Failure to stop for a police officer, resulting in a suspension of license for a period in excess of 3 (three) months
- Novice driver fail/refuse breath sample

Notes:

1. Where a conviction shown is not recorded on the Driver Record Abstract as a Criminal Code Conviction but is shown under any Act governing highway traffic or any other Act within Canada or any other offence substantially the same committed within or outside Canada, that conviction is considered a Major conviction.
2. 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.

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

DISCOUNTS

DISCOUNTS

Multi-Vehicle – Applies when more than one motor vehicle (excluding personal auto) is insured with Echelon.
The discount is automatically included in our rating.

RATING TERRITORIES

TERRITORY 1

Calgary District – ***Stat Code 101***
The City of Calgary

TERRITORY 2

Northern District – ***Stat Code 105***
That portion of the Province of Alberta lying north of Latitude 55 North, which includes but is not limited to the Peace River Block.

TERRITORY 3

A. Medicine Hat – Lethbridge – Red Deer District – ***Stat Code 100***
- (i) The Cities of Medicine Hat and the Town of Redcliff
- (ii) The City of Lethbridge
- (iii) The City of Red Deer

B. Remainder of Province – ***Stat Code 100***
The remainder of the Province of Alberta.

TERRITORY 4

Edmonton District – ***Stat Code 102***
Being Townships 52, 53 and 54, Ranges 23, 24 and 25, west of 4^{th} Meridian, which includes but is not limited to:
Edmonton City, St. Albert, Lancaster Park, Sherwood Park, Namao

LOCATION DIRECTORY

This "Directory" lists certain cities, towns, etc., alphabetically and shows the applicable Rating Territory and Statistical Location Plan Code. For places not listed, see complete territory descriptions above.

Location	Rating Territory	Stat. Code	Location	Rating Territory	Stat. Code	Location	Rating Territory	Stat. Code
Airdrie	3	100	Clairmont	2	105	Fort Vermillion	2	105
Alix	3	100	Claresholm	3	100	Fox Creek	3	100
Andrew	3	100	Coaldale	3	100	Gibbons	3	100
Athabaska	3	100	Coalhurst	3	100	Grand Centre	3	100
Banff	3	100	Cochrane	3	100	Grande Cache	3	100
Barrhead	3	100	Cold Lake	3	100	Grande Prairie	2	105
Bashaw	3	100	Consort	3	100	Grimshaw	2	105
Bassano	3	100	Coronation	3	100	Hanna	3	100
Beaumont	3	100	Crossfield	3	100	Hardisty	3	100
Beaverlodge	2	105	Crowsnest Pass	3	100	High Level	2	105
Beiseker	3	100	Daysland	3	100	High Prairie	2	105
Bentley	3	100	Delburne	3	100	High River	3	100
Berwyn	2	105	Devon	3	100	Hines Creek	2	105
Black Diamond	3	100	Didsbury	3	100	Hinton	3	100
Blackfalds	3	100	Drayton Valley	3	100	Hythe	2	105
Bob Accord	3	100	Drumheller	3	100	Innisfail	3	100
Bonnyville	3	100	Eckville	3	100	Jasper	3	100
Bowden	3	100	Edmonton	4	102	Killam	3	100
Bow Island	3	100	Edson	3	100	Lac la Biche	3	100
Boyle	3	100	Elk Point	3	100	Lacombe	3	100
Breton	3	100	Evansburg	3	100	Lamont	3	100
Brooks	3	100	Fairview	2	105	Lancaster Park	4	102
Bruderheim	3	100	Falher	2	105	Leduc	3	100
Calgary	1	101	Foremost	3	100	Legal	3	100
Calmar	3	100	Forestburg	3	100	Lethbridge	3	100
Camrose	3	100	Fort Chipewyan	2	105	Lloydminister	3	100
Cardston	3	100	Fort MacLeod	3	100	Magrath	3	100
Carstairs	3	100	Fort McMurray	2	105	Manning	2	105
Castor	3	100	Fort Saskatchewan	3	100	Mannville	3	100

LOCATION DIRECTORY CONT.

Location	Rating Territory	Stat. Code	Location	Rating Territory	Stat. Code	Location	Rating Territory	Stat. Code
Marwayne	3	100	Rimbey	3	100	Valleyview	2	105
Mayerthorpe	3	100	Rocky Mountain House	3	100	Vauxhall	3	100
McLennan	2	105	Rycroft	2	105	Vegreville	3	100
Medicine Hat	3	100	Saint Albert	1	102	Vermillion	3	100
Medley	3	100	Saint Paul	3	100	Viking	3	100
Milk River	3	100	Sedgewick	3	100	Vulcan	3	100
Millet	3	100	Sexsmith	2	105	Wabamun	3	100
Mirror	3	100	Sherwood Park	4	102	Wainwright	3	100
Morinville	3	100	Slave Lake	2	105	Warburg	3	100
Mundare	3	100	Smoky Lake	3	100	Wembley	2	105
Namao	4	102	Spirit River	2	105	Westlock	3	100
Nanton	3	100	Spruce Grove	3	100	Wetaskiwin	3	100
Nobleton	3	100	Stavely	3	100	Whitecourt	3	100
Okotoks	3	100	Stettler	3	100			
Olds	3	100	Stirling	3	100			
Onoway	3	100	Stony Plain	3	100			
Oyen	3	100	Strathmore	3	100			
Peace River	2	105	Sundre	3	100			
Penhold	3	100	Swan Hills	3	100			
Picture Butte	3	100	Sylvan Lake	3	100			
Pincher Creek	3	100	Taber	3	100			
Ponoka	3	100	Thorhild	3	100			
Provost	3	100	Thorsby	3	100			
Rainbow Lake	2	105	Three Hills	3	100			
Raymond	3	100	Tofield	3	100			
Redcliff	3	100	Trochu	3	100			
Red Deer	3	100	Turner Valley	3	100			
Redwater	3	100	Two Hills	3	100			

ALL TERRAIN VEHICLES (ATV) AND SNOWMOBILES

DEFINITIONS

All Terrain Vehicles (ATV)

Means a self-propelled vehicle licensed but not for road use, travelling on 4 or more low pressure tires, excluding those vehicles that meet the definition of a private passenger vehicle. It is designed for use off road on rugged terrain, or on both land and water.

Medium: Engine displacement up to 250 CC and the horsepower not exceeding 25HP.

Heavy: Engine displacement over 250 CC and the horsepower exceeding 25HP.

Snowmobile:

A self-propelled vehicle designed for travel exclusively on snow or ice and is supported in part by skis, belts or cleats.

Toboggan/Sled/Trailer

A carrier which can be attached to or pulled behind a snowmobile.

ELIGIBILITY

1. Used for the owner's personal recreational purposes.
2. Minimum premium$ 50.
3. Rates are for a period of 1 year (12 months) – no other policy term is available.
4. The ATV or snowmobile insured must be owner operated only. This does not include loaning the vehicle to family members. Complete driver information is required – failure to notify Echelon may result in cancellation of the policy.
5. Occasional business use (less than 50%). Apply 25% surcharge to Section C coverage.
    - i.e.-as part of occupation drives across leased land to check battery sites, or instruments.
6. All policies will be issued with Endorsement AB-S.E.F. No. 9.- Marine Use Excluded.
7. All policies will be issued with the Endorsement AB-S.E.F. No. 32- Recreational Vehicle.

VALUE

The value is determined by the list price new including any applicable taxes, attachments and/or equipment.

RISKS WE DO NOT WRITE

1. ATVs or snowmobiles with more than $2,000,000 liability.
2. ATVs valued in excess of $ 50,000 or list price new in excess of $ 50,000.
3. Snowmobiles valued in excess of $ 35,000 or list price new in excess of $ 35,000.
4. Two or three wheeler ATVs.
5. Dune Buggy style ATVs.
6. Snowmobiles over 1200 CC.
7. Snowmobile with a maximum gross vehicle weight of over 2,000 lbs. (1 ton, 908 kg).
8. Applicant(s), driver(s), operator(s) of an ATV or snowmobile less than 21 years of age.
9. Modified or homemade ATVs or snowmobiles.
10. Kitty Kat style snowmobiles.

AVAILABLE COVERAGE(S)

ATVs and snowmobiles used for pleasure purposes.
Trailers intended for use with ATVs and snowmobile (see trailer section for rates).

- Third Party Liability (Bodily Injury and Property Damage) - not more than $2,000,000
- Direct Compensation – Property Damage
- Accident Benefits - as prescribed by Statute
- All Perils/Collision- $250 minimum deductible
- Comprehensive/Specified Perils- $100 minimum deductible
- Uninsured Automobile
- AB-S.E.F. No. 43R - Limited Waiver Of Depreciation Endorsement
- AB-S.E.F. No. 44 - Family Protection Endorsement - not more than $2,000,000

Note: Physical damage coverage will not be written on new applications without liability (bodily injury and property damage), accident benefits and uninsured automobile coverage.
Note: Deletion of driving coverages is not permitted.

AB-S.E.F. No. 43R...LIMITED WAIVER OF DEPRECIATION ENDORSEMENT

This endorsement removes the right to deduct depreciation from the value of an automobile when settling a total loss claim within the first 24 months of the original delivery date. This endorsement is available only on policies issued to individuals who are the original owner/lessee of a new private passenger, sports utility, or station wagon type vehicle and provide a copy of the bill of sale. If there is a substitution mid term and this endorsement is carried and is still required on the new vehicle it is not necessary to charge again.

The premium charge for this endorsement is $30 per vehicle for twelve months (not to be pro rated or waived).

ENDORSEMENTS FOR PHYSICAL DAMAGE COVERAGE

Physical damage coverages are subject to the following endorsements: Refer to the endorsement section for and explanation.

- AB-S.E.F. No. 19(B) - Limitation of Amount
- AB-S.E.F No. 40 - Fire and Theft Deductible

MINIMUM RETAINED PREMIUM

A minimum retained premium of $100 is applicable. This applies to cancellations initiated by either the insured or Echelon.

PAYMENT RULES AND GUIDELINES

PAYMENT IN FULL

ONE TIME PAYMENT

Payment may be made by using one of the following payment methods, cash, cheque, certified cheque, debit card, money order, visa or visa debit, mastercard or mastercard debit, on line banking (not available for new business submission), and/or electronic funds transfer.

Notes:

1. Postdated cheques and/or partial payments are not accepted.
2. Guaranteed funds are payments received in the form of cash, certified cheque and money order.
3. Outstanding premium on prior Echelon policy must be paid in full before a new policy can be issued.

New Business: Payment in full must accompany the application for insurance on all new business submissions using one of the payment methods described above.

Additional Premium: New business miscalculation of premium or mid term changes generating additional premium will result in an invoice being mailed to the client for the outstanding amount to be paid immediately. Failure to make the payment will result in cancellation of the policy by registered letter for non-payment.

Returned Premium: New business miscalculation of premium or mid term changes generating return premium, will result in a refund cheque being mailed to the insured.

Renewals: Renewals are issued with a statement of account. The Broker or Echelon must receive the renewal payment prior to 12:01 a.m. the day of renewal. If the payment is not received by this time, the renewal is deemed to have lapsed. Echelon has no grace period.

ONLINE BANKING

An insured may choose to pay his/her existing Echelon Policy premium though on line banking. Online banking is available through most financial institutions. The insured simply adds Echelon General Insurance Company as a bill payee on their bank's internet site using their policy number as the account number.

Note:

1. If payment is made by online banking transaction and it is received after the date of lapse or cancellation, the payment will not be accepted and will be returned by cheque to the insured.
2. On line banking is not available for new business submissions.

CREDIT CARD PAYMENT OPTION

Echelon only accepts Visa, Visa debit, MasterCard, or MasterCard debit. The Payment Authorization form must be fully completed signed and clearly indicate the Credit Card Payment option. Upon issuance of the policy the entire amount will be charged to the insured's credit card.

Additional Premium: New business miscalculation of premium or for mid term changes generating additional premium, will be charged to the credit card directly. Notice period to insured is 7 days.

Returned Premium: New business miscalculation of premium or for mid term changes generating a return premium, will be refunded to the credit card directly.

Renewal: Echelon will charge the credit card directly for the renewal premium on the effective date of the renewal, unless otherwise notified. If the insured does not accept the renewal, then all renewal documents must be returned by the renewal effective date to allow flat cancellation. Any premium collected will be refunded when the installment has cleared.

Note: A payment default will result in an administration fee, see "Echelon Payment Authorization Form" for additional details.

ELECTRONIC FUND TRANSFER (EFT) PAYMENT OPTION

The insured may choose to pay his/her insurance premium in full by EFT. The Payment Authorization form must be fully completed signed and a void cheque must be attached. The entire amount will be withdrawn from the insured's bank account at the time of policy issuance.

Additional Premium: New business miscalculation of premium or for mid term changes generating additional premium, will be collected directly from the insured's bank account. Notice period to the insured is 7 days.

Returned Premium: Echelon will issue a refund cheque to the insured for new business miscalculation of premium or for mid term changes generating a return premium.

Renewal: Echelon will collect the renewal payment electronically from the insured's bank account on the day of the renewal. If the insured does not accept the renewal, then all 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.

Note: A payment default will result in an administration fee, see "Echelon Payment Authorization Form" for additional details.

CANCELLATION FOR NON PAYMENT FOR FULL PAYMENT POLICIES

The registered letter of cancellation for non-payment will provide the insured with the amount of premium required including the $50 administration fee. This payment will be required prior to the date and time of cancellation in order for the policy to be reinstated. If the Broker accepts payment, you, the broker, are required to notify Echelon General Insurance Company.

If payment is being made after the policy cancellation date has passed, approval is required from Echelon General Insurance Company to accept the payment. The decision to reinstate resides with Echelon's underwriting department. A new policy application may be required instead of a reinstatement.

PAYMENT PLANS

The Echelon payment plans permit your client to pay their insurance premium monthly, biweekly or semi monthly over the term of the policy (12 months).

ELIGIBILITY

- Annual policies where the total 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.

PRE-AUTHORIZED CHEQUING PLAN (PAC)

Enrollment

1. Collect down payment (minimum two months premium). The down payment can be in the form of a certified cheque, money order, bank draft, Visa or MasterCard, or Electronic Funds Transfer (EFT). Collection of a separate down payment is not required if insured chooses the funds to be withdrawn via EFT (preferred method).
2. Complete the Payment Authorization Form and have the applicant/insured sign it.
3. Collect a void cheque for pre-authorized chequing.

Monthly Payment Plan

The policy owner authorizes Echelon to automatically withdraw the premium payments from their bank account on a monthly basis over the term of the policy. Premiums are collected by means of electronic deductions that have been arranged through Canadian Banks, Trust Companies, Credit Unions, or any other financial organization where the client has chequing privileges.

The down payment can either be collected at the time of binding and sent to Echelon along with the application, or can be collected electronically from the insured's bank account at the time the policy is issued. Once the policy is issued the insured will receive a statement of account outlining the monthly payment schedule.
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 1 month from the effective date.
Example:

- Policy term April 17 to April 17, first withdrawal would be May 17th.
- Policy term August 2 to August 2, first withdrawal would be September 2nd.

Bi-Weekly Payment Plan

Insured selects first installment day for the month and the following installments will be set to every 14 days for each payment due date after that. The objective is to have the installments set for the same day of the week, every other week following the first installment date selected. When selecting the first installment date it needs to be within the first 21 days of the policy inception.

Semi Monthly Payment Plan

Insured selects two installment dates for a month. One must be between the 1st and 15th of the month and the other between the 16th and 30th. The objective is to have the installments taken on the selected dates each month.

CREDIT CARD MONTHLY PAYMENT PLAN

The policy owner authorizes Echelon to automatically charge their credit card on a monthly basis over the term of the policy. A separate down payment is not required as the down payment will be charged to the credit card upon the issuance of the policy. Once the policy is issued the insured will receive a statement of account outlining the monthly payment schedule.

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 1 month from the effective date. Example:

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

ADDITIONAL PREMIUM PAYMENT PLANS

If an additional premium is required after the policy has been issued, calculate the additional mid term premium plus provincial sales tax when applicable and collect same from the insured (cash, certified cheque, credit card, or debit card). The withdrawal amount will remain the same until the next renewal. If up front payment is not feasible for the insured the remaining installments may be increased accordingly.

RETURN PREMIUM PAYMENT PLANS

If a return premium results from a policy change, the return premium will be calculated, and applied to the next installment(s). Refunds will be held for about 10 business days to allow the funds to clear and a cheque will be issued to the insured, excluding credit card payment plan where refund is applied directly to the credit card.

PAY PLAN RENEWALS

Renewals are continuous and the renewal policy declaration, along with a notice advising the new monthly installments to be debited to the insured's bank account or charged to the insured's credit card commencing one month prior to the renewal date. 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.

CONVERTING FROM ONE PAYMENT PLAN TO ANOTHER

Request to change payment plans can only be done on renewal. If the complete forms are received at least 6 weeks prior to the renewal effective date a down payment does not need to be submitted with the request to change payment plan. If this requirement cannot be met a down payment must be submitted with the payment plan change request.

CHANGE TO BANKING INFORMATION

In the event that a client changes their chequing account number, or transfers to a different financial institution, a new "VOID" cheque and Echelon Payment Authorization Form must be completed. The new forms must be sent to Echelon General Insurance Company at least 15 days prior to the payment withdrawal date. The insured should be advised to maintain sufficient funds in their old account to cover any scheduled withdrawals during the change process.

FEES

- The fee is 3% of the total premium payable under the contract for the 12 month term.
- A payment default will result in an administration fee being charged. See "Echelon Payment Authorization Form" for additional details.

PAYMENT PLAN CANCELLATION FOR NON PAYMENT

Non Payment Cancellation (Payment Plan)

Echelon General Insurance Company will collect withdrawals electronically from the client's bank account on the specified withdrawal date. If the required funds are not available on the first attempt, a notice is provided to the broker only. It is the responsibility of the broker to contact the insured to advise them that their regular monthly withdrawal was unsuccessful and to ensure that funds are available for the second attempt that will be made. Should the second attempt also be unsuccessful, a registered letter of cancellation for non-payment will be processed.

Registered Letter Of Cancellation (Non Payment)

The registered letter of cancellation for non-payment will provide the insured with the amount of premium required including the $50 administration fee. This payment will be required prior to the date and time of cancellation in order for the policy to be reinstated. If the broker accepts payment, you, the broker, are required to notify Echelon General Insurance Company.

If payment is being made after the policy cancellation date has passed, approval is required from Echelon General Insurance Company to accept the payment. The decision to reinstate resides with Echelon's Underwriting Department. A new policy application may be required instead of a reinstatement.

Reinstatement

All regularly scheduled payments will resume if the policy is reinstated. Any other payments that were missed prior to the policy being reinstated will be scheduled for withdrawal 7 days from the date that the reinstatement payment was made. If that payment is unsuccessful the policy may be cancelled for non payment.

Note: Three returned payments in the policy term will result in the monthly pay plan being removed as an option for premium payment for the remainder of the term.

PREMIUM FINANCING CONTRACT

Echelon will permit premium finance contracts from third party finance companies (including brokers) subject to the following:

1. Contract must accompany the new business or renewal.
2. Full premium must accompany the new business or renewal.
3. All premium refunds will be sent to the finance company.
4. Additional premiums may be financed with full payment to Echelon.
5. In the event of cancellation initiated by the finance company, notice to the insured and any interested party will be sent by regular mail. The agent/broker is responsible to notify the insured according to the terms of the finance contract. Echelon will cancel the policy as if the insured had requested cancellation using the short rate table.
6. Reinstatement is at the sole discretion of Echelon, a new application may be required.