

COMMERCIAL LINES UNDERWRITING GUIDELINES

AUTHORITY LEVELS AND REFERRAL TRIGGERS

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1. INTRODUCTION

This document establishes the authority levels and referral triggers for commercial lines underwriting. These guidelines define the boundaries within which underwriters at various levels can make binding decisions and identify situations requiring additional review or approval.

Underwriters must operate within these authority parameters in conjunction with: - Industry-Specific Risk Acceptance Criteria (UW-GUIDE-2025-C01) - Coverage Limitations by Business Class (UW-GUIDE-2025-C02) - Rating Factors and Considerations by Industry (UW-GUIDE-2025-C03)

Note: Regional management may implement more restrictive authority levels based on market conditions, underwriter experience, or portfolio performance, but cannot expand authority beyond the limits established in this document.

2. UNDERWRITING AUTHORITY FRAMEWORK

The underwriting authority framework is structured to balance:

1. **Efficiency:** Enabling timely decisions and service to agents and insureds
2. **Consistency:** Ensuring uniform application of underwriting guidelines
3. **Risk Management:** Providing appropriate levels of review for complex or higher-risk accounts
4. **Professional Development:** Creating a structured progression of authority that supports underwriter growth

Authority is delegated based on: - Underwriter experience and demonstrated technical knowledge - Formal underwriting qualifications and designations - Performance track record - Regional and portfolio-specific considerations

All authority delegations must be: - Formally documented through the Underwriting Authority Management System (UAMS) - Reviewed at least annually - Updated following significant changes in job responsibilities - Validated through regular file audits

3. AUTHORITY LEVEL DEFINITIONS

Commercial underwriting authority is structured into the following progressive levels:

Level 1: Associate Underwriter

- Entry-level position
- Typically 0-2 years of relevant underwriting experience
- Focus on standard/preferred risks
- Requires regular review and oversight
- Limited independent binding authority

Level 2: Underwriter

- Intermediate position
- Typically 2-5 years of relevant underwriting experience
- CPCU or equivalent in progress (minimum 2 completed parts)
- Can handle standard and some non-standard risks
- Moderate independent binding authority

Level 3: Senior Underwriter

- Experienced position
- Typically 5-10 years of relevant underwriting experience
- CPCU or equivalent designation required
- Can handle complex risks and non-standard accounts
- Significant independent binding authority

Level 4: Underwriting Specialist

- Advanced technical specialist
- Typically 8+ years of relevant underwriting experience
- CPCU required plus additional specialized designations (ARM, AMIM, etc.)
- Industry or product specialization
- High binding authority for specialized areas

Level 5: Underwriting Manager

- Management position
- Typically 10+ years of relevant underwriting experience
- CPCU and management training required
- Team supervision responsibilities
- Extensive binding authority
- Exception approval authority

Level 6: Regional Underwriting Director

- Senior management position
- Typically 15+ years of relevant underwriting experience
- CPCU and advanced management training required
- Regional profit and growth responsibilities
- Maximum binding authority
- Branch exception authority

Level 7: Chief Underwriting Officer

- Executive position
- Typically 20+ years of relevant underwriting experience
- CPCU and executive leadership qualifications
- Corporate responsibility for underwriting results
- Ultimate binding authority
- Corporate exception authority

Note: All underwriters must complete required technical training for specific lines of business before authority is granted, regardless of experience level.

4. MONETARY AUTHORITY LIMITS

Monetary authority limits define the maximum values underwriters can bind without referral to a higher authority level. These limits vary by line of business and authority level.

4.1 PROPERTY LINES

Total Insured Value (TIV) Authority by Construction Type Frame/Joisted Masonry (Construction Classes 1-2)

Authority Level	Maximum TIV Per Location	Maximum TIV Per Policy
Level 1	\$1,000,000	\$3,000,000
Level 2	\$3,000,000	\$7,500,000
Level 3	\$7,500,000	\$15,000,000
Level 4	\$15,000,000	\$30,000,000
Level 5	\$25,000,000	\$50,000,000
Level 6	\$50,000,000	\$100,000,000
Level 7	No Limit	No Limit

Masonry Non-Combustible/Fire Resistive (Construction Classes 3-6)

Authority Level	Maximum TIV Per Location	Maximum TIV Per Policy
Level 1	\$2,500,000	\$5,000,000
Level 2	\$5,000,000	\$12,500,000
Level 3	\$12,500,000	\$25,000,000
Level 4	\$25,000,000	\$50,000,000
Level 5	\$50,000,000	\$100,000,000
Level 6	\$100,000,000	\$250,000,000
Level 7	No Limit	No Limit

Business Income/Extra Expense Authority

Authority Level	Maximum Annual BI/EE Limit
Level 1	\$500,000
Level 2	\$1,500,000
Level 3	\$5,000,000
Level 4	\$10,000,000
Level 5	\$20,000,000
Level 6	\$50,000,000
Level 7	No Limit

High-Hazard Protection Class Authority (Protection Classes 8-10)

Authority Level	Maximum TIV
Level 1	\$500,000
Level 2	\$1,500,000
Level 3	\$3,000,000
Level 4	\$7,500,000
Level 5	\$15,000,000
Level 6	\$25,000,000
Level 7	No Limit

Minimum Deductible Authority

Authority Level	Can Approve Below Standard Deductible?
Level 1	No
Level 2	No
Level 3	Yes, up to 25% reduction
Level 4	Yes, up to 50% reduction
Level 5	Yes, up to 75% reduction
Level 6	Yes, any reduction
Level 7	Yes, any reduction

4.2 GENERAL LIABILITY

General Liability Limit Authority

Authority Level	Maximum Per Occurrence Limit	Maximum Aggregate Limit
Level 1	\$1,000,000	\$2,000,000
Level 2	\$1,000,000	\$3,000,000
Level 3	\$2,000,000	\$4,000,000
Level 4	\$3,000,000	\$6,000,000
Level 5	\$5,000,000	\$10,000,000
Level 6	\$10,000,000	\$20,000,000
Level 7	No Limit	No Limit

Products-Completed Operations Authority

Authority Level	Maximum Annual Revenue	Maximum Products Limit
Level 1	\$5,000,000	\$1,000,000
Level 2	\$15,000,000	\$2,000,000
Level 3	\$50,000,000	\$3,000,000
Level 4	\$100,000,000	\$5,000,000
Level 5	\$250,000,000	\$10,000,000
Level 6	\$500,000,000	\$15,000,000
Level 7	No Limit	No Limit

High-Hazard Operations Authority

Authority Level	Can Bind High-Hazard Classes?	Revenue Limit for High-Hazard
Level 1	No	N/A
Level 2	Limited Classes Only	\$2,500,000
Level 3	Yes, Most Classes	\$10,000,000
Level 4	Yes, All Classes	\$25,000,000
Level 5	Yes, All Classes	\$75,000,000
Level 6	Yes, All Classes	\$200,000,000
Level 7	Yes, All Classes	No Limit

4.3 WORKERS' COMPENSATION

Payroll Authority by Classification Standard Classifications (Hazard Groups A-C)

Authority Level	Maximum Annual Payroll
Level 1	\$2,500,000
Level 2	\$7,500,000
Level 3	\$20,000,000
Level 4	\$50,000,000
Level 5	\$100,000,000
Level 6	\$250,000,000
Level 7	No Limit

High-Hazard Classifications (Hazard Group D-G)

Authority Level	Maximum Annual Payroll
Level 1	\$500,000
Level 2	\$2,500,000
Level 3	\$7,500,000
Level 4	\$20,000,000
Level 5	\$50,000,000
Level 6	\$100,000,000
Level 7	No Limit

Experience Modification Factor Authority

Authority Level	Maximum Debit Mod
Level 1	1.15
Level 2	1.25
Level 3	1.50
Level 4	1.75
Level 5	2.00
Level 6	2.50
Level 7	No Limit

4.4 COMMERCIAL AUTO

Vehicle Count Authority

Authority Level	Maximum Vehicle Count
Level 1	10
Level 2	25
Level 3	50
Level 4	100
Level 5	250
Level 6	500
Level 7	No Limit

Liability Limit Authority

Authority Level	Maximum Auto Liability Limit
Level 1	\$1,000,000 CSL
Level 2	\$1,000,000 CSL
Level 3	\$2,000,000 CSL
Level 4	\$3,000,000 CSL
Level 5	\$5,000,000 CSL
Level 6	\$10,000,000 CSL
Level 7	No Limit

Radius of Operation Authority

Authority Level	Maximum Radius of Operation
Level 1	Local (0-50 miles)
Level 2	Intermediate (51-200 miles)
Level 3	Long-Haul Regional (201-500 miles)
Level 4	Long-Haul National (501+ miles)
Level 5	Long-Haul National (501+ miles)
Level 6	Long-Haul National (501+ miles)
Level 7	Long-Haul National (501+ miles)

4.5 SPECIALTY LINES

Umbrella/Excess Liability Authority

Authority Level	Maximum Limit
Level 1	\$1,000,000
Level 2	\$5,000,000
Level 3	\$10,000,000
Level 4	\$15,000,000
Level 5	\$25,000,000
Level 6	\$50,000,000
Level 7	No Limit

Professional Liability Authority

Authority Level	Maximum Limit
Level 1	\$500,000
Level 2	\$1,000,000
Level 3	\$3,000,000
Level 4	\$5,000,000
Level 5	\$10,000,000
Level 6	\$25,000,000
Level 7	No Limit

Cyber Liability Authority

Authority Level	Maximum Limit
Level 1	\$500,000
Level 2	\$1,000,000
Level 3	\$3,000,000
Level 4	\$5,000,000
Level 5	\$10,000,000
Level 6	\$15,000,000
Level 7	\$25,000,000

5. NON-MONETARY AUTHORITY RESTRICTIONS

Non-monetary restrictions define limitations on authority based on qualitative risk characteristics.

5.1 INDUSTRY RESTRICTIONS

Industry Risk Category	Minimum Authority Level Required
Preferred Risk	Level 1
Standard Risk	Level 1
Non-Standard Risk	Level 2
High-Hazard Risk	Level 3
Difficult Placement	Level 4
Prohibited with Exceptions	Level 5
Special Risk Unit Only	Level 6+ and SRU Approval

Specific Industry Authorities

Industry	Minimum Authority Level
Manufacturing	
Light Manufacturing (BIC 2000-2999)	Level 1
Heavy Manufacturing (BIC 3000-3999)	Level 2
Chemical Manufacturing	Level 3
Food Processing	Level 2
Construction	
Residential Contractors	Level 2
Commercial Contractors	Level 1
Heavy Construction	Level 3
Roofing Contractors	Level 3
Hospitality	
Hotels without Pools/Restaurants	Level 1
Hotels with Pools/Restaurants	Level 2
Bars/Taverns	Level 3
Special Event Venues	Level 3
Transportation	
Local Delivery	Level 1
Regional Trucking	Level 2
Long-Haul Trucking	Level 3
Hazardous Material Transport	Level 4
Retail	
Standard Retail	Level 1
High-Value Merchandise	Level 2
Liquor Stores	Level 2
Professional	
Standard Office	Level 1
Financial Institutions	Level 2
Healthcare Providers	Level 2
Technology Services	Level 2

5.2 COVERAGE RESTRICTIONS

Property Coverage Authorities

Coverage	Minimum Authority Level
Standard Fire, EC, VMM	Level 1

Coverage	Minimum Authority Level
Special Form Coverage	Level 1
Replacement Cost	Level 1
Flood Zone B, C, X	Level 1
Flood Zone A, AE	Level 3
Flood Zone V, VE	Level 5
Earthquake (Low Risk Zones)	Level 2
Earthquake (High Risk Zones)	Level 4
Equipment Breakdown	Level 1
Electronic Data Processing	Level 1
Business Income-Ordinary	Level 1
Business Income-Extended	Level 2
Boiler & Machinery	Level 2
Builders Risk	Level 2
Inland Marine	Level 2
Crime Coverage	Level 1
Spoilage Coverage	Level 2

Liability Coverage Authorities

Coverage	Minimum Authority Level
Premises Operations	Level 1
Products-Completed Operations	Level 1
Personal & Advertising Injury	Level 1
Fire Legal Liability	Level 1
Limited Pollution Liability	Level 3
Employee Benefits Liability	Level 1
Hired & Non-Owned Auto	Level 1
Host Liquor Liability	Level 1
Liquor Liability	Level 2
Special Events Coverage	Level 2
Garagekeepers Liability	Level 2
Professional Liability	Level 3
Cyber Liability	Level 3
Employment Practices Liability	Level 3
Directors & Officers Liability	Level 4
Fiduciary Liability	Level 3
Environmental Liability	Level 4

5.3 ACCOUNT CHARACTERISTICS

Building Age Authorities

Building Characteristic	Minimum Authority Level
New to 10 years	Level 1
11-25 years with updates	Level 1
26-50 years with updates	Level 2
51-75 years with updates	Level 3
76-100 years with updates	Level 4
100+ years with updates	Level 5

Building Characteristic	Minimum Authority Level
Any age without updates	Level 3

Business Experience Authorities

Business Experience	Minimum Authority Level
5+ years in business	Level 1
3-5 years in business	Level 1
1-3 years in business	Level 2
New venture with experienced management	Level 3
New venture with limited experience	Level 4

Financial Condition Authorities

Financial Condition	Minimum Authority Level
Strong financial position	Level 1
Moderate financial position	Level 2
Challenged financial position	Level 3
Recent bankruptcy (3+ years)	Level 4
Recent bankruptcy (<3 years)	Level 5

5.4 LOSS HISTORY RESTRICTIONS

Loss Ratio Authorities (3-Year Period)

Loss Ratio	Minimum Authority Level
<30%	Level 1
30-50%	Level 1
51-70%	Level 2
71-90%	Level 3
91-120%	Level 4
>120%	Level 5

Loss Frequency Authorities (3-Year Period)

Claim Count Per Million Premium	Minimum Authority Level
0-5 claims	Level 1
6-10 claims	Level 2
11-15 claims	Level 3
16-20 claims	Level 4
>20 claims	Level 5

Severity Threshold Authorities (Individual Claims)

Claim Severity	Minimum Authority Level
<\$25,000	Level 1
\$25,000-\$50,000	Level 2
\$50,001-\$100,000	Level 3
\$100,001-\$250,000	Level 4
\$250,001-\$500,000	Level 5
>\$500,000	Level 6

6. MANDATORY REFERRAL TRIGGERS

Mandatory referral triggers identify situations that require review by higher authority levels regardless of an underwriter's assigned authority level.

6.1 NEW BUSINESS REFERRALS

The following new business situations require mandatory referral:

Financial Triggers

- Premium exceeding underwriter's authority level
- Requested coverage limits exceeding authority level
- Deviation from standard pricing >15%
- Schedule rating credits/debits >15%
- Target premium-to-exposure ratio not achieved
- Proposed premium below minimum premium guidelines
- Premium financing with <25% down payment

Risk Characteristic Triggers

- Prohibited class of business with exception request
- Operations in foreign countries without international policy
- Construction/occupancy type exceptions
- Protection class exceptions
- Building age exceptions without full updates
- Adverse loss history with inadequate corrective actions
- Deductible exceptions below minimum guidelines
- Coverage exceptions beyond standard forms
- Manuscript endorsement requests
- Limited or missing underwriting information

Specialized Situation Triggers

- Professional or management liability for publicly traded companies
- Environmental exposures requiring specialized coverage
- Excess coverage without control of primary layer
- Risks with bankruptcy filing within past 5 years
- Risks with lapsed coverage for >30 days
- Business with litigation against prior insurers
- Crane, scaffold, or bridge work for construction risks
- Clients of targeted producers (list maintained separately)
- Quota share/layered/shared placements

6.2 RENEWAL REFERRALS

The following renewal situations require mandatory referral:

Performance Triggers

- Loss ratio exceeding 80% for 3-year period
- Loss ratio exceeding 100% for 1-year period
- Premium increase >25% from expiring
- Premium decrease >15% from expiring
- Exposure change >30% (up or down)
- Coverage reduction to maintain pricing
- Non-renewal recommendation
- Conditional renewal with substantial changes

Change in Risk Triggers

- Change in operations to higher hazard category
- New location in catastrophe-prone area
- Change in management/ownership
- Financial downgrade or concerning indicators
- Unresolved loss control recommendations
- New products or services introduction
- Acquisition of another business
- Change in claims handling procedures
- International expansion
- Significant employment practice changes

6.3 MIDTERM CHANGE REFERRALS

The following midterm change situations require mandatory referral:

- Coverage limit increases >25%
- Addition of coverage forms/endorsements
- New locations with different risk characteristics
- Change in business operations/processes
- Change in ownership structure
- Reduction in protective safeguards
- Acquisition of new business entities
- Midterm premium adjustment >20%
- Exposure increase >30%
- Addition of high-hazard operations

6.4 CLAIMS-TRIGGERED REFERRALS

The following claims situations trigger mandatory referral:

- Single loss exceeding \$100,000
- Aggregate losses exceeding 50% of annual premium
- Any product liability claim
- Any professional liability claim
- Any employment practices claim
- Any environmental claim
- Any cyber liability claim
- Any claim with punitive damages

- Pattern of similar claims indicating systemic issue
 - Claims with coverage disputes
 - Claims resulting from regulatory violations
 - Claims with potential media attention
-

7. SPECIAL HANDLING REQUIREMENTS

Special handling requirements apply to certain categories of business regardless of authority level.

High-Profile Accounts

- Definition: Public entities, large publicly traded companies, high-profile individuals
- Requirement: Consultation with Regional Director and Marketing required
- Documentation: Special Account Handling form (UW-SAH-01)
- Servicing: Designated as “Gold” service level

Program Business

- Definition: Business written under specific program arrangements
- Requirement: Adherence to program guidelines and referral to Program Manager
- Documentation: Program Compliance Checklist (UW-PCL-01)
- Exception Process: Program Manager approval required for all exceptions

Quota Share/Layered Placements

- Definition: Risks where we share participation with other carriers
- Requirement: Referral to Lead Underwriter and Treaties Manager
- Documentation: Participation Agreement (UW-PA-01)
- Authority: Minimum Level 4 authority required

High Catastrophe Exposure

- Definition: Locations in Tier 1 wind zones, high-hazard flood/earthquake zones
- Requirement: Catastrophe Modeling required
- Documentation: CAT Exposure Analysis Form (UW-CAT-01)
- Authority: Minimum Level 3 authority required

Multinational Accounts

- Definition: Businesses with operations in multiple countries
- Requirement: Consultation with International Department
- Documentation: International Exposure Worksheet (UW-INT-01)
- Authority: Minimum Level 3 authority required

Distressed Accounts

- Definition: Accounts with significant loss issues, non-renewals, or coverage gaps
 - Requirement: Submission to Special Risk Unit
 - Documentation: Distressed Account Analysis (UW-DAA-01)
 - Authority: Minimum Level 4 authority and SRU approval required
-

8. AUTHORITY LEVEL ASSIGNMENT PROCESS

Authority levels are assigned through the following process:

Initial Authority Assignment

1. Review of underwriter qualifications and experience
2. Evaluation of technical knowledge through assessment
3. Consideration of relevant designations and education
4. Review of performance in previous roles
5. Completion of required training modules
6. Recommendation from direct supervisor
7. Approval by Regional Underwriting Director

Authority Level Progression

1. Minimum time in current authority level (typically 12-24 months)
2. Demonstrated technical proficiency
3. Completion of advanced training requirements
4. Portfolio performance metrics meeting or exceeding targets
5. File audit scores >90%
6. Recommendation from Underwriting Manager
7. Approval by Regional Underwriting Director

Authority Level Documentation

All authority levels must be: - Documented in the Underwriting Authority Management System (UAMS)
- Communicated formally to the underwriter - Reviewed during performance evaluations - Updated as changes occur - Validated through periodic file audits

Authority Level Restrictions

Authority may be restricted based on: - Adverse audit findings - Portfolio performance issues - Training deficiencies - Compliance violations - Extended absence from role

Authority Level Reinstatement

Restricted authority may be reinstated through: - Completion of remedial training - Demonstration of improved technical skills - Satisfactory audit results - Improved portfolio performance - Supervision period with satisfactory results

9. EXCEPTIONS HANDLING PROCESS

Exceptions to authority levels may be necessary in certain business situations.

Temporary Authority Extensions

- Purpose: To handle specific opportunities exceeding normal authority
- Process: Request via Authority Exception Form (UW-AEF-01)
- Approval: Next level manager plus Regional Director
- Duration: Valid for specific opportunity only
- Documentation: Must be stored in UAMS and account file

Emergency Authority Provisions

- Purpose: To maintain service during emergencies/disasters
- Activation: By Chief Underwriting Officer or designee
- Scope: Limited to affected region/period
- Communication: Formal announcement via emergency protocols
- Documentation: Post-event audit required

Fast-Track Authority Process

- Purpose: To expedite decisions on pre-qualified accounts
- Eligibility: Accounts meeting specific criteria (see Appendix C)
- Process: Automated referral through Fast-Track system
- Approval: Automated or rapid-response team
- Limitations: Subject to aggregate exposure caps

Authority Delegation Requirements

- Purpose: To allow temporary delegation during absence
- Process: Formal delegation via Authority Delegation Form (UW-ADF-01)
- Duration: Maximum 30 days
- Limitations: Cannot exceed delegator's authority
- Documentation: Must be stored in UAMS

Business Needs Exceptions

- Purpose: To accommodate specific business opportunities
- Process: Request via Strategic Opportunity Form (UW-SOF-01)
- Approval: Regional Director and VP of Underwriting
- Business Case: Must include financial justification and risk mitigation
- Follow-up: 90-day performance review required

10. APPENDICES

Appendix A: Industry Classification Risk Level Table

Appendix B: Authority Level Qualification Requirements

Appendix C: Fast-Track Eligible Account Criteria

Appendix D: Regional Authority Modifications

Appendix E: Referral Process Workflows

Appendix F: Documentation Requirements by Authority Level

Appendix G: Special Risk Unit Submission Guidelines

Appendix H: Authority Audit Procedures

DOCUMENT CONTROL

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1.0	01/10/2023	Initial document	T. Johnson	
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2.5	01/10/2024	Updated authority levels and referral triggers	E. Martínez	
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