

Mendota

INSURANCE

Texas

**Mendota Accurate Pricing (MAP) Program
Agent Underwriting Guidelines**

Administered by MIC Insurance Agency, Inc.

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Underwritten by
MIC Insurance Agency, Inc.

CUSTOMER SERVICE

All endorsements are to be processed via the **Internet** with a few exceptions which are listed below.

Please notify us of policy endorsements within 3 days of notification from the named insured.

The following requests must be submitted to the company via fax and are effective upon receipt:

- Reduction or elimination of coverage that requires a signed form.
- Deletion or exclusion of drivers
- Cancellation of policy – Named insured's signature with written request to cancel is required.

CLAIMS SERVICE

In the event of an accident, Mendota insureds experience fast, expert service from one of our experienced claims examiners.

CONTACT INFORMATION

GENERAL CONTACT INFORMATION

Mendota/Mendakota Insurance Company
3343 Perimeter Hill Dr., Suite 214
Nashville, TN 37211

Hours of Operation: 8:00A.M. – 6:00P.M. (CST)


Customer Service: 800-422-0792

Claims Reporting: 800-422-0793

**[CLICK HERE](#) TO SEE CUSTOMER SERVICE, CLAIM AND SALES MANAGER
CONTACT INFORMATION AS WELL AS HOURS OF OPERATION.**

APPLICATION SUBMISSION

UPLOAD PROCEDURES AND BINDING AUTHORITY

- Qualifying risks may be bound at the time and date on which the application is completed in full, signed and the required deposit premium is paid by the insured.
- Agent binding authority is 1 business day from the policy effective date. The application and required payment must be uploaded within 24 hours of the policy effective date.
- The Company require that you have the insured sign the application and any supplemental forms and retain in your files.
- Effective dates prior to the date the application is signed and bound by the producer are not acceptable.
- No paper applications will be accepted. All policies must be uploaded via .
- When a policy is successfully uploaded, the agent receives immediate confirmation, including a policy number.
- Signed documentation must be kept on file in the agent's office. Documentation must be made available in the event of a claim or company audit.
- Agents do not have the authority to bind the company on physical damage coverage mid-term on an existing policy unless an inspection is completed and appropriate documentation is kept in the agent's files. Any existing damage must be indicated on the change request.
- The agent's or insured's bank account will be swept no earlier than 3 days later for the amount indicated on the application Sweep days are based on date uploaded (by 5:45 pm CST):
 - Monday (includes Wednesday – Friday) 3 work days
 - Thursday (includes Saturday – Tuesday) 2 work days + Saturday and Sunday
- Brokered business is not acceptable.
- Any risk with an operator who is nationally or locally known to a large segment of the population (politician, celebrity, professional athlete, or entertainer) cannot be bound and must be submitted to our Business Center for approval.
- Risk cannot be bound if it appears as *unacceptable, ineligible, or submit for approval* in this manual.

NON-RESIDENT AGENTS

Non-resident agent licensing is only available with prior approval by company representatives.

SEVERE WEATHER BINDING AUTHORITY

No new coverage or increase to existing coverage may be bound on any risk or exposure located in an area for which a hurricane, tornado or other severe weather watch or warning has been posted. Normal binding authority will resume after the watch and/or warnings are lifted. Every auto written with physical damage coverage within 72 hours after the warnings are lifted must be inspected to determine if there is existing damage. The inspection and any damage must be indicated on the application.

DOCUMENTATION RETENTION AND AUDIT REQUIREMENTS

Proper documentation must be maintained in your files. Use the following as a guide for documentation retention.

<u>Maintain in Agency Files and available for audit:</u>		<u>Proof</u>
▶ Signed and dated application	▶ Proof of Home/Condo or Mobile Home ownership	HO Dec page, Real estate tax info, Mortgage statement or copy of Property title.
▶ Signed Named Driver Excluded form – 515A (if applicable)	▶ Proof of Prior Automobile Insurance	Renewal Notice, Non-renewal notice, Dec page with limits displayed, Letter of Experience on Company letterhead
▶ Signed Supplemental Automobile Application – UM, PIP or Custom Equipment (if applicable)	▶ Signed EFT form	

Random audits will be done by the company. For Proof of Prior Documentation use FAX #: (866) 385-0553. These audits will either be done on-site by a company representatives or a request to send documentation to the company. Documentation must be sent within 2 business days.

MATERIAL MISREPRESENTATION OF RISK

Misrepresentation is insurance fraud! We expect applicants to truthfully and fully complete an application for insurance. If misrepresentation is discovered, we may cancel the policy and/or collect the additional premium due from inception. A misrepresentation may also prevent recovery under the contract or policy if:

- The misrepresentation, omission, concealment, or incorrect statement is fraudulent or is material to our accepting the risk; or
- If we had known the true facts we would not have issued the policy, would have charged a higher premium, or would not have issued the policy with the same coverages or coverage limits.

POLICY PERIOD

Six (6) month policy terms are available. Annual terms are available for approved agencies.

SECOND NAMED INSURED

Two named insureds may be listed on a policy. The second named insured does not have to be the named insured's spouse.

RATING TERRITORIES

Rating territories are defined by zip code. Use the zip code in which the vehicle is principally garaged. P.O. boxes are not acceptable as garaging locations.

VEHICLE SYMBOLS

For rating purposes, every vehicle is assigned the company's own Make/Model/Style symbols. The Make/ Model/Style symbol applies to Bodily Injury, Property Damage, Medical Payments, Uninsured/Underinsured Motorist, Uninsured Motorist Property Damage, Personal Injury Protection, Comprehensive, and Collision coverages.

For Named Operator Policies (Named Non-Owner), Make/Model/Style symbol "666666" is assigned.

PAYMENT PLANS

Mendota utilizes a direct bill program. Please submit all payments gross. Do not retain commission.

Installment notices are sent directly to the insured's. Please encourage your insured to use EFT for payments, to submit payments online at www.MyMendota.com or to mail payments to the address provided on the bill. Payments must be received by the due date indicated on the bill. Any payments submitted to you by the insured directly must be uploaded to Mendota using our Web site at www.mendota-insurance.com.

The following payment options are available: (the system will display payment plan based on eligibility)

Payment Plan	Policy Term	Down payment Percentage	Remaining # of Installments
Paid-in-Full	6 or 12 month	100.00%	N/A
6 Pay	6 month	33.00%	5
6 Pay	6 month	25.00%	5
6 Pay	6 month	22.00%	5
6 Pay	6 month	20.00%	5
6 Pay	6 month	16.70%	5
12 Pay	12 month	25.00%	4
12 Pay	12 month	15.00%	10
12 Pay	12 month	12.00%	11
12 Pay	12 month	10.00%	11


EFFECT OF POLICY CHANGES ON INSTALLMENTS

Premium adjustments that result from a policy endorsement will bill the insured enough premium to maintain coverage up to the next installment. The remainder of the additional premium will be equally distributed over the remaining installments.

We will bill the insured directly for any additional premium. However, we recommend that you collect a partial payment and upload the money at the same time you submit the endorsement. The insured has 15 days to pay the premium. The billing will charge enough premium to cover up to the next installment billing. If the premium is not paid, the policy will be subject to cancellation. Return premiums will be reflected in the next installment or will be returned if no installments are remaining.

PAYMENT OPTIONS

ELECTRONIC FUNDS TRANSFER (EFT)

Down payments should be made to the company via EFT from the agent or insured's bank account via .

For installment payments via insured EFT (the easy way to pay), the insured will be notified as to when the account will be swept for the payment and the amount. Insured EFT may be set up using an insured's checking account, savings account or credit card.

ADDITIONAL PAYMENT OPTIONS

The use of insured credit cards for payment of policy down payment or installments is also available. We accept Visa, MasterCard, Discover and American Express.

FEES

INSTALLMENT SERVICE FEES

6/12 Pay EFT-Only Payment Plan – EFT Payments An \$5.00 service charge will be applied to each installment for all EFT payments on 6/12 Pay EFT required payment plans. This will not be charged on the initial down payment. This does not apply to Agent EFT payments.

All Other Payment Plans – All Payment Types

For all other payment plans, an \$5.00 service charge will be applied to each installment which increases \$.50 for each \$250 annual premium or fraction thereof exceeding \$500. This is not charged if the policy is paid in full or on the initial down payment.

NON-SUFFICIENT FUNDS (NSF) FEE

Policies with payments returned to the company for non-sufficient funds will be charged a \$25 NSF fee.

REWRITE FEE

A Rewrite fee is not currently charged in Texas.

MIDTERM REINSTATEMENT FEE

Policies reinstated after cancellation for non-payment will result in a \$10 charge.

LATE FEE

A \$10 fee will be charged if the installment payment is not received within three (3) days after the due date.

RENEWAL REINSTATEMENT FEE

A Renewal Reinstatement fee is not currently charged in Texas.

POLICY FEE

A \$60 policy fee will be added to six month policies. A fee of \$120 will be added to annual policies. This fee is not subject to discounts and commission is not paid.

COMMISSIONS

Please refer to your most recent commission schedule for your current commission level.

UNACCEPTABLE RISKS-NEW BUSINESS

INELIGIBLE POLICIES:

- Vehicles from more than one household may not be listed on a single policy.
- Policy may not have an Estate, Receivership, Corporation or Partnership as named insured.
- Policy may not cover any personnel employed in illegal enterprises and/or occupations.
- Physical Damage only policies. Physical Damage only coverage is allowed on an individual vehicle after the initial New Business policy has been written, and only if it is a multi-vehicle policy and at least one other vehicle affords full coverage (liability and physical damage).
- Stated value policies.
- Policies with more than 5 vehicles.
- Policies with 3 or more At-Fault Accidents.
- Policies with 5 or more Not-At-Fault Accidents.
- Policies with 3 or more Major violations.

INELIGIBLE DRIVERS:

- Named insured who has never been licensed (spouse never licensed acceptable with a signed exclusion).
- Any operator with a revoked driver's license.
- Any operator who has been convicted of insurance fraud.
- Named insureds must be at least 18 years old. Drivers under 18 are eligible to be added, but they may not be the Named insured.

INELIGIBLE VEHICLES:

- Limited production and/or exotic specialty vehicles.
- Vehicles used for racing or modified or customized for the purpose of participating in any type of competition: show, speed, sound, timed event, etc.
- Vehicles with modified suspensions which jump, rock or bounce and/or suspensions modified with lift kits or greater than six inches. Eligible lifted aftermarket suspensions are only covered through the Custom Equipment coverage added to the policy.
- Vehicles manufactured for sale outside of the United States (gray market).
- Vehicles used for pickup or delivery of goods, limousine or taxi service, any vehicle for hire, emergency service or any commercial use. This includes transporting nursery school or school children, migrant workers, hotel/motel guests or entertainers and/or equipment.
- Vehicles equipped with cooking equipment or bathrooms.
- Vehicles which are regularly made available to non-listed drivers
- Vehicles equipped for snowplowing.
- Vehicles not titled in Texas or garaged outside of Texas for more than two months per year.
- Vehicles classified as kit cars, also aluminum or stainless steel cars, hot rods, or vehicles substantially modified or structurally altered to change appearance or performance.
- Vehicles leased or rented to other operators by the applicant.
- Flat bed, stake or modified trucks, step vans, panel vans, cutaway vans, motor homes, or converted buses.
- Vehicles with a load capacity greater than 1 ton or gross vehicle weight greater than 10,000 pounds.
- Vehicles not found in the company defined symbol pages, except newly released vehicles from a major manufacturer.
- Vehicles with an ACV over \$60,000.

ADDITIONAL RESTRICTIONS FOR VEHICLES WITH PHYSICAL DAMAGE COVERAGE

- Vehicles 20 years and older are unacceptable for physical damage coverage for new business policies.
- Salvaged or reconstructed vehicles are unacceptable for physical damage coverage.

POLICY ELIGIBILITY

There must be a verifiable garaging location for each vehicle. A P.O. Box garaging address is not acceptable.

DRIVER ELIGIBILITY

- All licensed operators in the household, all other regular operators of the vehicle, permit holders, and all residents of the household age 14 and older must be listed on the application. (Regular operators are those who have regular or frequent care, custody or control of the vehicle.)
- All operators must have a valid U.S. driver's license. Exceptions:
 - Valid TX ID, matricula, passport, or foreign/international licenses are acceptable (surcharge applies).
 - Suspended U.S. licenses are acceptable (including SR22s).
- All drivers must be Texas residents and no driver may live or work in Mexico.

VEHICLE ELIGIBILITY

Vehicles must be private passenger automobiles owned, legally possessed subject to a written conditional sales agreement or leased by an individual, husband and wife resident of the same household or by two independent resident operators.

BUSINESS USE/ ARTISAN USE GUIDELINES

- Pickups rated one ton or less, vans and utility type vehicles used only as a private passenger vehicles are eligible provided such vehicles are not used in the occupation, profession, or business of the insured other than farming/ranching.
- If the business use consists solely of carrying tools and supplies between the named insured's residence and a job site, **an Artisan risk is acceptable if:**
 - the vehicle is individually owned;
 - the vehicle is operated solely by the named insured and covered family members;
 - the named insured has no more than one vehicle in this category, and
 - the vehicle visits no more than three job sites per day, and
 - the vehicle has no visible signs or business logos.
 -
- The following are also **acceptable business use:**
 - vehicles used by sales or service representatives, or for consumer oriented direct home sales on a full-time basis (e.g., Avon, Mary Kay, Tupperware);
 - vehicles used for mail delivery;
 - vehicles used by real estate or insurance agents, lawyers, doctors, accountants or other professionals visiting multiple locations;
 - vehicles owned by the insured and used by domestic employees (e.g., maids, chauffeurs);
 - vehicles used in a business for occasional errands.

UNDERWRITING ELIGIBILITY

Policies will be automatically assigned to an Underwriting Segment based on the following:

- **PRIOR INSURANCE**

Prior insurance for Underwriting Segment placement purposes means that the named insured has proof of prior private passenger automobile liability insurance that covered the named insured or rated spouse for a continuous six month period with no more than a thirty day lapse in coverage. Prior liability limits and length of lapse are also considered. (Minimum limits are defined as 30/60 or lower for Underwriting Segment placement.)

Note: Mendota as proof of private passenger automobile liability insurance is unacceptable, unless one of the following conditions is met:

- The named insured is moving to a new state.
- The insured is listed on another Mendota policy for at least a continuous six month period and the other policy is remaining in force. (e.g. Child coming from parent's policy or parent coming from a child's policy.)

- **NON-CHARGEABLE INCIDENTS**

Includes comprehensive losses greater than \$1000 and not-at-fault accidents with paid loss.

RENEWAL UNDERWRITING

- Policies will be reviewed for Underwriting Segment placement every renewal based on new business guidelines.
- The prior insurance information determined at the policy inception will remain for the life of the policy provided coverage does not lapse. In the event of a lapse at renewal, we will recalculate the prior insurance status if the policy was previously issued with zero days' lapse in coverage.
- Prior limits are not reevaluated at renewal.

DRIVER/VEHICLE ASSIGNMENT

We do not require you to assign drivers to specific vehicles. We determine an average rating factor for rated drivers and then apply that factor to all vehicles on the policy. If there are more drivers than vehicles on the policy, the highest rated drivers (up to the number of vehicles on the policy) are used.

COVERAGE OPTIONS

Policy Minimums

- All private passenger automobile policies are required to have Bodily Injury Liability and Property Damage Liability meeting at least the minimum limits as prescribed in the Texas Motor Vehicle Safety Responsibility Act.
- Bodily Injury Liability, Property Damage Liability, Uninsured/Underinsured Motorist Liability, Medical Payments, Personal Injury Protection, Towing and Labor Costs, and Rental Reimbursement limits must be the same on all vehicles on a multi-car risk.

Bodily Injury Liability

See limit options chart for available limits.

Property Damage Liability (PD)

Property Damage limits can only be written when BI coverage is afforded. See limit options chart for available limits.

Uninsured/Underinsured Motorists Bodily Injury Liability Coverage and Uninsured Motorists Property Damage Liability Coverage

- Uninsured/Underinsured Liability Motorists and Uninsured Motorists Property Damage Liability coverage can only be written on policies providing Bodily Injury/Property Damage coverages.
- Uninsured/Underinsured Motorists Liability and Uninsured Motorists Property Damage Liability limits cannot exceed the limits of Bodily Injury and Property Damage Liability.
- Coverage Rejection and Selection of Lower Limits - If an Insured wishes to reject or purchase lower limits of Uninsured/Underinsured Motorists Liability and Uninsured Motorist Property Damage Liability coverage, the insured must sign the appropriate Uninsured/Underinsured Motorists Form. If the rejection form is not signed, coverage will be added at minimum limits as prescribed in the Texas Motor Vehicle Safety Responsibility Act.
- A \$250 deductible applies to Uninsured Motorist Property Damage Liability coverage.

Medical Payments Coverage

- This is an optional coverage and can only be purchased when Liability coverage is written.
- Medical Payments coverage cannot be purchased if Personal Injury Protection Coverage is selected.

Personal Injury Protection (PIP)

- PIP is mandatory on all policies when Liability coverage is written. If coverage is not desired, the insured must sign the appropriate rejection form.
- If the rejection form is not signed PIP coverage will be added with a limit of \$2500.
- PIP coverage must be rejected if Medical Payments Coverage is selected.

Comprehensive Coverage (COMP)

- Comprehensive coverage must be written with a deductible.

Collision Coverage (COLL)

- Collision coverage must be written with a deductible.
- Collision coverage cannot be written without Comprehensive coverage.

Rental Reimbursement Coverage (RR)

Rental Reimbursement coverage cannot be written without Comprehensive and Collision coverage.

Towing and Labor Costs Coverage (TOW)

Towing and Labor Costs Coverage, coverage cannot be written without Comprehensive and Collision Coverage's.

Custom Equipment (CSEQ)

- Custom parts and equipment coverage cannot be written without both Comprehensive and Collision coverage.
- Coverage Specifications – Custom Equipment Coverage provides physical damage coverage for custom equipment, devices or accessories other than electronic equipment. This includes any equipment, other than that which is standard equipment factory installed by the vehicles' original manufacturer, such as custom paint, decal, strip work, or installed equipment which mechanically or structurally changes the auto and results in an increase in performance or change in appearance. Standard equipment factory installed by the vehicles original manufacturer is covered under Comprehensive or Collision coverage.
- All items covered under Customized Equipment coverage must be described in the Custom Equipment Coverage Schedule. No coverage will be afforded to items not listed on the application.
- All items to be covered under Customized Equipment coverage must be permanently installed on the vehicle. Equipment designed to be removed is not eligible for Customized Equipment coverage.
- Available amounts up to \$5,000.

Electronic Equipment Coverage (ELEQ)

- Electronic Equipment Coverage cannot be written without Comprehensive and Collision coverage.

- Coverage Specifications – Electronic Equipment Coverage provides physical damage coverage for audio, visual or data receiving, transmitting or reproducing devices or accessories. This includes any equipment, other than that which is standard equipment factory installed by the vehicles' original manufacturer, including but not limited to radios, stereos, tape decks, compact disk systems, MP3 devices, navigation systems, DVD devices, VCR's, telephones, etc. Standard equipment factory installed by the vehicles original manufacturer is covered under Comprehensive or Collision coverage.
- All items covered under Electronic Equipment coverage must be described in the Electronic Equipment Schedule. No coverage will be afforded to items not listed on the application.
- All items covered under Electronic Equipment coverage must be permanently installed on the vehicle. Equipment designed to be removed is not eligible for Electronic Equipment coverage.
- Available amounts up to \$5,000.

Value Plus Liability Coverage (VPL)

- Value Plus liability coverage can only be written on policies providing Bodily Injury and Property Damage liability coverage.
- If selected, Value Plus liability coverage automatically applies to Bodily Injury, Property Damage, Medical Payments, Personal Injury Protection, Uninsured/Underinsured Motorists Liability and Uninsured/Underinsured Motorists Property Damage Liability coverage unless the coverage is rejected or not selected
- Coverage Specifications - Value Plus Liability Coverage provides for:
 - raising the age of a dependent child as a family member from under 23 to under 26;
 - eliminating the liability step-down limits feature to state minimum FR limits for other than family members;
 - extending limits of liability for legal liability of the lessor only to 100/300/50;
 - eliminating the liability step-down limits feature to state minimum FR limits for any insured involved in DWI or DUI accident.

Value Plus Physical Damage Coverage (VPPD)

- Value Plus physical damage coverage can only be written on policies with vehicles purchasing either Comprehensive and/or Collision coverage.
- Coverage Specifications - Value Plus Physical Damage Coverage provides for:
 - automatic excess coverage for a non-owned rental vehicles rented for less than 30 days by you or a family member;
 - inclusion of up to \$1,000 of coverage for both Custom Equipment and Electronic Equipment coverage;
 - use of new OEM parts on vehicles up to 5 years old;
 - eliminating the deductible on loss to a windshield;
 - increasing the maximum storage limit to \$750 for any one loss;
 - inclusion of Limited Mexico Coverage.
 - Eliminating the deductible for a total theft loss and On-Star or other Vehicle Recovery System aided in the recovery.

Non-Owner Coverage (Named Operator Policy)

- Named operator policies provide liability protection (BI/PD, MED, PIP, UM/UIM) for an individual who does not own a vehicle or have access to any personal use vehicles on a regular basis.
- Coverage is provided for the named insured only. There is no coverage for spouses or permissive users.
- Named operator policies are not available if the insured operates a vehicle used for business or artisan use.

LIMITS AND DEDUCTIBLES

LIABILITY COVERAGES

Bodily Injury (\$000)	Property Damage (\$000)	Medical Payments	Personal Injury Protection Coverage	Uninsured Motorists (\$000)	Uninsured Motorists Property Damage (\$000)
30/60	25	500	2,500	30/60	25
50/100	50	1,000	5,000	50/100	50
		2,500	10,000		
		5,000			
		10,000			

PHYSICAL DAMAGE COVERAGES

Comprehensive (Deductible)	Collision (Deductible)	Rental Reimbursement	Towing and Labor	Custom Equipment	Electronic Equipment
100	100	20 Per Day	50 per Disablement	\$ 250 increments, from \$250 up to \$5,000	\$ 250 increments, from \$250 up to \$5,000
200	200	600 Max. Limit	75 per Disablement		
250	250	OR			
500	500	30 Per Day			
1,000	1,000	900 Max Limit			
		OR			
		35 Per Day			
		1,050 Max Limit			

POLICY DISCOUNTS

The following discounts vary by coverage, underwriting segment, and by combination of other policy discounts:

OWNERSHIP OF RESIDENCE PROPERTY DISCOUNT

Named Insured must own a home, condo/townhouse or mobile home, and it must be their primary residence, and all insured vehicles must be garaged at the home.

MULTI-CAR

Two or more vehicles are insured on the policy for at least bodily injury and property damage coverages.

PAID-IN-FULL

Credit will apply on new business when the company receives the full quoted premium amount with the completed application. This credit will apply at renewal provided payment of the full renewal premium is received prior to the renewal effective date.

VEHICLE SURCHARGES

USE OF VEHICLE SURCHARGE

- Applied to any private passenger automobile used in or for business, and which qualifies for our program per our eligible vehicle guidelines; or
- Applied to Pickups, Vans, and SUVs that qualify for our program per our eligible vehicle guidelines based on the definition of an Artisan risk.

HIGH PERFORMANCE VEHICLE SURCHARGE

Applies to vehicle types of Porsche and Jaguar only.

INELIGIBLE VEHICLE

If a vehicle is added to a policy midterm that is an ineligible make or model based on the New Business Eligibility, this surcharge will be applied.

DRIVER SURCHARGES

INEXPERIENCED OPERATOR

Applies to any operator age 19 or older who has not been licensed for the previous 35 month experience period.

INELIGIBLE OPERATOR

If an operator is added to a policy midterm that does not meet the New Business Driver eligibility, this surcharge will be applied at the time of the change.

UNVERIFIABLE MVR

A surcharge is applied if an operator does not have a verifiable MVR record for the previous 35 month experience period.

NOTE: Does not apply if the policy is being charged an inexperience operator surcharge, a foreign license surcharge or if the operator is less than 19 years old.

FOREIGN LICENSE

If an operator does not have a US driver's license but does have a valid foreign license, this surcharge will be applied until they obtain a valid US driver's license.

DRIVER RECORD

UNDERWRITING EXPERIENCE PERIOD

- The experience period for use in determining Driving Record is 35 months preceding the effective date of the new or renewal policy.
- To determine if the accident or violation took place in the chargeable period, use the occurrence date rather than the conviction date.
- If multiple violations and/or accidents occur on the same day all violations and/or accidents are counted.
- Out of state violations and accidents are chargeable.
- Forfeitures of bail or nolo contendere pleas shall be treated as convictions.
- No more than 18 total violations(Major and Minor)/At-Fault Accidents per driver is permitted.

AT-FAULT INDEX

- The At-Fault Index considers the number of at-fault accidents and the recency of at-fault accidents that occurred during the experience period involving each individual driver while operating a private passenger automobile, commercial vehicle, motorcycle or recreational vehicle.
- Accidents caused by the driver swerving to avoid an object and colliding with another object are considered at-fault.
- Accidents noted on the MVR or application will be assumed to be at-fault unless proof (police report, letter from prior carrier or proof of payment by other company) is received to verify insured was not at-fault.

NUMBER OF MAJOR VIOLATIONS

The Number of Major Violations considers those that occurred during the experience period involving each individual driver while operating a private passenger automobile, commercial vehicle, motorcycle or recreational vehicle. Please refer to the table below for major violation classifications.

NUMBER OF MINOR VIOLATIONS

The Number of Minor Violations considers those that occurred during the experience period involving each individual driver while operating a private passenger automobile, commercial vehicle, motorcycle or recreational vehicle. Please refer to the table below for minor violation classifications.

VIOLATION CLASSIFICATIONS:

Incident
Major Violations
Driving while under the influence of alcohol/drugs (includes open bottle violations)
Driving while driver's license is suspended, cancelled or revoked
Felony or gross misdemeanor
Fleeing or eluding police
Hit and Run / Fleeing the scene of an accident
Homicide, manslaughter, or assault with a motor vehicle
Operating without owners consent
Racing / Drag Racing
Reckless Driving
Careless Driving
Minor Violations
Speeding
School Bus Violations
Minor Violations (this includes misc. moving traffic violations i.e. following to close, driving wrong side of road, failure to yield, and other minor violations not already listed above)
Accidents
At-Fault Accidents

EXCEPTIONS (EQUIPMENT VIOLATIONS AND NOT AT-FAULT ACCIDENTS)

Equipment violations are not considered a minor or major violation and will not be included in the rating.

Accidents occurring under the following circumstances are considered not at-fault:

- The vehicle involved in the accident was legally parked at the time of the accident. If the parked vehicle rolls from the parked position then any such accident is charged to the person who parked the auto.
- The vehicle involved in the accident was struck in the rear by another vehicle and the applicant was not convicted of a moving traffic violation in connection with this accident.
- The auto operated by the applicant or any resident operator is struck by a "hit-and-run" vehicle, and the applicant reported the accident to the police within 24 hours of discovering the accident.
- The applicant was not convicted of a moving traffic violation in connection with the accident, and the operator of the other vehicle was convicted of a moving traffic violation.
- Accidents involving Physical Damage, limited to and caused by flying gravel, missiles, falling objects or by contact with animals or fowl.
- The applicant is not at fault as evidenced by a written statement from the insured establishing facts demonstrating lack of fault which are not rebutted by information in the insured's file from which the insurer in good faith determines that the insured was substantially at fault.
- The owner or operator of the insured's automobile has been reimbursed for equal to or greater than 50% of the damage or loss by, or on behalf of, another person responsible for the accident or has a judgment against such other person for equal to or greater than 50% of the property damage loss.

CANCELLATIONS, REWRITES, BALANCES & CHANGES

FLAT CANCELLATIONS

Flat cancellations are not permitted after policy inception except for:

- Proof of other concurrent coverage, or
- Down payment checks returned for insufficient funds will be voided at inception and no coverage provided.

TOTAL LOSS

In the event of a total loss, coverage will be cancelled on the totaled vehicle effective one day after the loss if proof of the total loss is submitted. If proof of total loss is not submitted, coverage will be cancelled on the totaled vehicle if requested by the named insured. The effective date of such cancellation will be the later of either the postmark or the request date.

CANCELLATIONS REQUESTED BY NAMED INSURED

Cancellations requested by the named insured, must be in writing and must include the insured's signature. If requested by the named insured the effective date of the cancellation will be the later of the day received by us or the insured's requested date. If a loss payee is listed on the policy, a 10-day notice of cancellation will be sent to the loss payee. The cancellation date will be effective at the end of the loss payee's notification period.

CALCULATION OF EARNED PREMIUM

Earned premium on canceled policies is calculated based on the reason for policy cancellation. The calculation methods are detailed below:

- Insured's Request: pro-rata
- Non-Payment of Premium: pro-rata
- Company Cancel: pro-rata

REWRITE OF CANCELLED POLICIES

Policies that have been cancelled for 30 days or less can be rewritten. The policy will be treated as new business and will require a rewrite application and down payment. The rewrite application must be submitted to the company with the most recent billing statement. A new policy number will be assigned and a new effective date as indicated on the application.

MID-TERM REINSTATEMENT OF CANCELLED POLICIES

Under certain circumstances, we allow reinstatement of eligible Personal Auto policies after mid-policy period cancellation due to nonpayment of premium. To be eligible for reinstatement, the policy must be within 10 days of the cancellation date and meet a number of additional criteria.



will indicate when a policy may be eligible for reinstatement, and direct you on how to proceed.

CHECKS NOT HONORED BY THE BANK

- New Business: Policies with down payment checks returned for insufficient funds will be voided at inception and no coverage provided.
- In-Force Business: Payments returned to the company for non-sufficient funds will be charged a \$25.00 NSF fee. To keep coverage in force, replacement of the dishonored check including any NSF Fee, by certified funds (i.e., money order, cashier check) must be received prior to the cancellation date specified on the notice. If payment is not timely and the policy cancels, the insured must re-apply for a new policy.
- If a pending cancellation has been issued on a policy and the check submitted for payment to reinstate the policy is not honored by the bank, the reinstatement will be rescinded and the policy will remain cancelled as of the cancellation effective date on the original cancel notice.

EXCESS AND OUTSTANDING BALANCES

Company reserves the right to waive excess or outstanding balances of \$5.00 or less, except that the actual return premium shall be allowed at the insured's request.

CHANGES AND ENDORSEMENTS

- Endorsement requests will be effective as requested provided postmark is within 3 business days. Transactions received with a postmark greater than 3 days for the requested effective date will be adjusted to 12:01 a.m. of the date following the postmark, unless prior underwriting approval was received.
- Premium adjustments as a result of endorsement activity shall be calculated pro rata and will be billed and incorporated into future installments. If all payments have been received, premium adjustments will be billed or credited separately.
- All premium adjustments reflect rates and rules in force at time of policy inception.
- Premium adjustments are made as a result of changes in autos, drivers and/or coverages. Adjustments are not made mid-term for attained driver age or the addition or aging of chargeable violations.
- Reduction or Rejection of any Uninsured Motorist coverage requires the signature of the named insured on a completed Uninsured Motorists Coverage Selection/Rejection form. These changes will be effective no earlier than the postmark date of the request.
- Changes to Bodily Injury or Property Damage coverage limits will also cause a corresponding change in related Uninsured Motorists coverage limits unless a new Selection/Rejection Form is received.

RENEWALS

RENEWAL OFFERS

The renewal payment must be received prior to the effective date of the renewal. If payment is not received by this date, the policy will expire and no further coverage will be afforded. An expiration Notice will be mailed confirming that the policy has expired.

RENEWAL REINSTATEMENTS

- If the renewal premium is received by the company within 30 days of the policy expiration date, the policy may be reinstated effective 12:01 a.m. the date after postmark, with a lapse in coverage. A policy that has been expired more than 30 days cannot be reinstated and must be treated as new business.
- Additionally, under certain circumstances, we allow reinstatement with no lapse in coverage for eligible Personal Auto policies after policy expiration. To be eligible for reinstatement, the policy must be within 10 days of the expiration date and meet a number of additional criteria.

RENEWAL RATING

Policies will be re-rated in accordance with this manual at each renewal.

RATE CAPPING

On occasion, changes to the rating program can cause substantial increases in premium on renewal policies. To minimize the impact of these changes on customers, we have added a process to cap renewal premium increases. Renewal premium increases, prior to the application of additional driver points and renewal endorsements, will be capped at 100% for 6 month policy terms and 100% for 12 month policy terms. This process will take place at every renewal.

SUSPENSION OF COVERAGE

Suspension of coverage is not permitted under any situation.

NAMED DRIVER EXCLUSION

- A specific named driver may be excluded from all coverage. The named insured must sign the exclusion endorsement and list the excluded named operator(s). The exclusion will apply to the new business policy term and all subsequent renewals and may only be superseded by an endorsement request to add the excluded person(s) to the policy as a driver.
- To exclude a specific named driver during the policy term, submit a properly completed and signed the exclusion endorsement showing the effective date of the change. An amended declarations page will be issued. The exclusion endorsement will only be superseded by a request to add the excluded person(s) to the policy as a driver.
- The following restrictions apply:
 - We will not write two policies in a household with different limits.
 - An SR-22 filing will not be made for an excluded driver.
 - Named insured's may not be excluded. (Spouses may be excluded.)

FINANCIAL RESPONSIBILITY FILINGS

- SR-22 Filings may be made for any named insured or resident operator if required, provided the driver is not excluded from the policy. Any policy with a SR-22 must offer liability limits, which satisfy minimum financial responsibility requirements for the state where the filing is made. Financial Responsibility Filings will only be provided for this state. Any operator requesting a filing must have a verifiable driver record.
- The Company will issue a SR-26 cancellation upon lapse or expiration of the policy.
- The fee for each filing and subsequent policy term renewal is \$25, which is fully earned and non-refundable in the event of policy cancellation. A separate check for \$100 made payable to the Texas Department of Public Safety must accompany the application.

