

TABLE OF CONTENTS

| | |
|---|------|
| 1. Binding Authority | 3-N |
| 2. Policy and Coverages..... | 4-N |
| A. Policy Term..... | 4-N |
| B. Policy Territory..... | 4-N |
| C. Policy Coverages, Limits and Deductibles | 4-N |
| D. Special Coverages..... | 5-N |
| i. Stereos/Sound Systems | 5-N |
| ii. Additional Equipment/Modifications | 5-N |
| iii. Rental Reimbursement..... | 5-N |
| iv. Named Non-Owner..... | 6-N |
| v. Utility Trailers..... | 6-N |
| 3. Drivers..... | 7-N |
| A. Unacceptable Drivers..... | 7-N |
| B. Named Driver Exclusion..... | 8-N |
| C. Households With Multiple CWIC Policies - Cross Exclusion | 8-N |
| 4. Vehicles..... | 9-N |
| A. Unacceptable Vehicles..... | 9-N |
| B. Physical Damage Coverage Not Acceptable | 10-N |
| C. Unacceptable Vehicle Use | 10-N |
| 5. Discounts..... | 11-N |
| A. Good Driver Discount..... | 11-N |
| B. Persistency Discount..... | 11-N |
| C. Multi-Car Discount | 12-N |
| D. Mature Driver Discount | 12-N |
| E. Good Student Discount | 12-N |
| F. Daytime Running Lights Discount | 13-N |
| G. Anti-Theft Device Discount..... | 13-N |
| H. Anti-Lock Braking System Discount..... | 13-N |
| I. Passive Restraint Device Discount | 13-N |
| J. Vehicle Classification Discount..... | 13-N |
| K. Alcohol Education Awareness Discount | 13-N |
| L. Occasional Operator Discount | 13-N |
| M. Multi-Policy Discount..... | 13-N |

| | |
|---|------|
| 6. Surcharges..... | 14-N |
| A. Violations..... | 14-N |
| B. Violations in the Course of Employment..... | 14-N |
| C. Traffic School | 14-N |
| D. Multiple Occurrences..... | 14-N |
| Accidents..... | 15-N |
| E. Definition of “Principally at Fault”..... | 15-N |
| F. Vehicle Performance Surcharge | 16-N |
| G. Vehicle Classification Surcharge..... | 16-N |
| 7. Documentation and Procedures | 17-N |
| New Business..... | 17-N |
| i. ACORD Application..... | 17-N |
| a. Annual Mileage Calculation | 18-N |
| ii. Community Service Statement | 18-N |
| iii. Uninsured Motorist Vehicle Rejection/Selection Form..... | 18-N |
| iv. Named User Exclusion Form..... | 18-N |
| v. Inspections | 19-N |
| vi. Additional Documentation Requirements..... | 19-N |
| Endorsements..... | 20-N |
| i. Newly Acquired Vehicles..... | 20-N |
| ii. Deletion of Vehicles | 20-N |
| iii. Additional Drivers | 21-N |
| iv. Deletion of Driver..... | 21-N |
| v. Address Changes..... | 21-N |
| vi. Name Changes | 21-N |
| vii. Mileage Changes..... | 21-N |
| viii. Limit and Coverage Changes..... | 22-N |
| 8. Rating..... | 23-N |
| A. Driver Assignment..... | 23-N |
| B. Annual Miles Driven..... | 23-N |
| 9. Claims | 24-N |
| 10. Late Payments..... | 25-N |
| 11. Billing & Fees | 26-N |
| 12. Payment Plan Options and Timetables | 27-N |
| A. Six Month Policies..... | 27-N |
| B. Twelve Month Policies | 28-N |

BINDING AUTHORITY

The Company allows both agent and broker producers. The Producer's authority is governed by the Producer Agreement and by these Underwriting Guidelines as may be amended from time to time. Brokers are *not* allowed to bind coverage.

To ensure that coverage is bound, applications and endorsements must be completed fully, signed by the necessary parties and, together with the required supporting documentation, must be facsimiled or postmarked to the Company no later than three (3) days after the effective date of the application or endorsement.

Binders written by the Producer are effective for a period up to thirty (30) days unless canceled sooner by Commerce West. Brokers are not allowed to write binders.

Commerce West reserves the right to return as *unbound* any application or endorsement submitted without proper documentation or signatures.

An agent producer's binding authority is limited to a maximum of 100/300/50 (50/100/25 for vehicles where the primary driver is under the age of 25, who does not reside with his or her parents or is the registered owner of the rated vehicle) liability coverages and 30/60 for Uninsured Motorist coverage*. Higher limits are available but they cannot be bound without prior approval from the Company.

**These limitations do not apply to California Good Drivers.*

THE COMPANY RESERVES THE RIGHT TO MAKE FINAL UNDERWRITING DECISIONS.

POLICY AND COVERAGES

POLICY TERM

A policy may be written for a term of three (3) months, six (6) months or one (1) year.

POLICY TERRITORY

Policy coverage applies within the United States of America, its territories and possessions, and Canada. *The policy does not apply in Mexico.* Insureds operating their vehicles in Mexico should secure an automobile policy from an authorized Mexican insurance company at the point of entry.

POLICY COVERAGES, LIMITS AND DEDUCTIBLES

| Coverage | Limits | Deductibles |
|--|--|---|
| Bodily Injury Liability | 15/30, 25/50, 50/100, & 100/300* | -- |
| Property Damage Liability | 5, 10, 25, 50*, & 100** | -- |
| Medical Payments | \$1,000 | -- |
| Comprehensive (Must be written with Collision) | \$70,000* | \$400, \$500, \$600, \$1,000 \$2500 & \$5000*** |
| Collision (Must be written with Comprehensive) | \$70,000* | \$400, \$500, \$600, \$1,000 \$2500 & \$5000*** |
| Rental Reimbursement | \$20 per Day - \$600 Maximum | - |
| Special Equipment | Specified Value (Maximum \$10,000)**** | Same as the Vehicle's |
| Uninsrd/Underinsrd Motorists BI | 15/30, 25/50 & 30/60* | -- |
| UM Collision Deductible Waiver | -- | Waivers of \$400, \$500, \$600, 1,000 \$2,500 & \$5,000*** |
| UM Property Damage | \$3,500 | -- |

* Maximum agent producer binding authority unless otherwise approved by the Company.

** PD Liability limits may not be higher than the per person BI Liability limits.

*** Deductibles of \$250 Comp. and \$250 Coll. will apply to lienholders, regardless of insured's deductible.

**** Refer to Special Coverages section of the manual for agent producer binding limitations.

Nation Safe Driver Program – In addition to the coverage options listed above, policyholders will receive membership in the Nation Safe Driver Program. This program offers various auto-related supplemental products (i.e., Travel & Rental Car Discounts, Lost Luggage Assistance & Stolen Credit Card Loans, Hospital Indemnity, Accidental Death & Dismemberment, Excess Accident Medical Expense, Daily Inpatient Hospital Benefit).

SPECIAL COVERAGES

Stereos/Sound Systems - When permanently installed by the vehicle manufacturer, Comprehensive and Collision coverage is provided at no additional cost for Stereos/Sound Systems, including radios, cassette decks and CD players. All other Stereos/Sound Systems are covered up to a value of \$500 after application of the deductible.

Coverage above \$500 is available by endorsement for Stereos/Sound Systems not permanently installed by the vehicle manufacturer, for vehicles with Comprehensive and Collision coverage. The rate for this additional coverage is obtained by subtracting \$500 from the current value of the Stereo/Sound System and rating the balance at \$5.00 per \$100 of value. A description of the Stereo/Sound System must accompany the request for this additional coverage.

Additional Equipment/Modifications - Items not installed as standard factory equipment are not covered unless they are shown on the application and an additional premium is paid. After-factory equipment and modifications include, but are not limited to:

| | |
|------------------------------------|---------------------------------|
| Accessories/Furnishings | Custom Paint |
| Antennas | Custom Wide-Tread Tires/ Slicks |
| Camper Shells | Scanners |
| Chrome/Alloy/Mag Wheels | Suspension Alterations |
| Citizen Band/Two-Way Mobile Radios | Telephones |
| Custom Bodywork and Chroming | Televisions and VCRs |

Comprehensive and Collision coverage for Additional Equipment/Modifications may be added at the rate of \$5.00 per \$100.00 of value. The vehicle's physical damage deductibles apply.

The agent producer's **binding authority** is limited to:

- \$3,000 for stereos, speakers and all other sound receiving/reproducing equipment
- \$5,000 for tires and rims
- \$10,000 in aggregate for all special equipment

Aggregate of Special Equipment cannot exceed the vehicle's Blue Book value.

Brokers do not have binding authority.

Rental Reimbursement – Rental Reimbursement of \$10 per day up to a maximum of \$300, is provided in the case of a total theft at no additional cost for vehicles with Comprehensive coverage.

Rental Reimbursement of \$20 per day, up to a maximum of \$600, is available by endorsement. This endorsement replaces the policy's standard rental coverage and applies to rental expenses resulting from any covered Comprehensive or Collision peril. The annual premium for this coverage is \$60.

Special Coverages – Continued

Named Non-Owner Coverage – Commerce West offers casualty coverages to cover a named driver while driving non-owned private passenger vehicles, within certain limitations. Coverage is excluded for any vehicles owned by the named driver or spouse. More than one driver can be included on the policy, however, there is a separate premium charge for each driver. Physical Damage coverages are not available on a non-owner basis. Business or Artisan use of the vehicle is not acceptable.

Utility Trailers - Comprehensive and Collision coverages for utility trailers are symbol rated, based on value, using the ISO Price/Symbol Chart. An insured cannot elect to have Comprehensive coverage without Collision. Nor can they elect to have Collision coverage without Comprehensive. A utility trailer does not qualify for the multi-car discount.

All of the following restrictions apply to the acceptability of utility trailers:

- Only personal use utility trailers are eligible
- Trailers with cooking or sleeping facilities or equipped with butane, propane or other flammable gasses are unacceptable.
- Trailers used as home, office, store, display trailer, passenger trailer or for business purposes are unacceptable.

DRIVERS

UNACCEPTABLE DRIVERS

Any driver with any of the following within the previous three years:

- One or more violation(s) for driving with a suspended or revoked license, or
- One or more violation(s) for driving on the wrong side of road or freeway, or
- One or more violation(s) for vehicular manslaughter, or
- One or more violation(s) for vehicle theft, or
- More than one alcohol-related violation, including refusal of alcohol test and open container, or
- More than one serious/major violation, or
- More than one chargeable accident, or
- More than 10 rating surcharge points

Any driver under 21 with any of the following:

- Any alcohol-related violation, including refusal of alcohol test and open container, or
- A vehicle with a cost new of \$50,000 and over, unless there is more than one vehicle in the household and the young driver is not the primary driver.*
- A vehicle classified as Sports (S), Sports Premium (P), or High (H) performance, unless there is more than one vehicle in the household and the young driver is not the primary driver.*

Any United States citizen or legal resident without a valid United States drivers license unless the license will be or has been reinstated with an SR filing.

Any driver with an International or Foreign Drivers License or experience are subject to prior approval from the Company unless the driver provides evidence of a valid drivers license issued in the United States or Canada for at least 3 years.*

Any driver with any narcotics, drug or felony conviction involving a motor vehicle.*

Any currently excluded driver unless prior approval has been obtained from the Company.

Any prior Commerce West policyholder who:

- has been canceled and rewritten more than twice in the past three years,* or
- has an unpaid balance due, unless the outstanding balance is submitted in addition to the correct deposit premium for the new policy.

* Does not apply to drivers qualifying for Good Driver Discount.

Unacceptable Drivers – Continued

Named Driver Exclusions – Any person may be excluded from coverage except for individuals requiring an SR-22 filing. All household members who meet the minimum licensing age must be listed or excluded. The registered owner of the insured vehicle(s), if a person, must be rated or excluded. Drivers cannot be excluded from specific vehicles on a policy. Individuals who have never been licensed or have a permanently revoked license are unacceptable risks and must be excluded.

HOUSEHOLDS WITH MULTIPLE COMMERCE WEST POLICIES-CROSS EXCLUSION

In the case of multiple Commerce West policies within the same household, all drivers must be mutually cross-excluded regardless of coverages or limits on each of the policies. Liability coverage from the driver's policy and physical damage coverages from the vehicle's policy will be in effect should a loss occur when the driver is covered under one Commerce West policy and vehicle is within the same household and covered under another Commerce West policy. Without the mutual cross-exclusion, the Company will not waive the "regular use" condition of "Your insured car" definition; therefore, the vehicle will only have coverage under the policy in which it is listed.

VEHICLES

UNACCEPTABLE VEHICLES

- Vehicles with a cost new of \$50,000 or above for any of the following*:
 - Drivers without three years continuous driving experience.
 - Drivers with more than one major violation in the past three years.
 - Drivers with more than one chargeable accident within the previous three years.
 - Vehicles that are not garaged.
 - Vehicles that are not VIN etched or equipped with a passive anti-theft device.
 - Principal operator is under age 21 or there is only one vehicle in a household with a driver under age 21.
- Vehicles not legally registered in California when the owners have been residents of California for over 30 days, except for qualifying military personnel.
- Vehicles garaged outside of California.
- Pickup trucks with flatbeds, stakebeds, or utility beds, and pickup trucks or vans with racks for carrying pipe, lumber, glass, ladders, etc.
- Vehicles not manufactured for sale/distribution in the United States (Gray Market).*
- Step van, panel van or cut-away vans.
- Aluminum or stainless steel cars.
- Custom, rebuilt, altered, or modified vehicles including kit cars and Baja/Dune Buggies.
- Any vehicle with permanent or removable advertising on it.
- Antiques and Classics.
- Vehicles registered to unrelated individuals on the same policy unless all vehicles on the policy are registered or co-registered to a named insured.
- Pickups and vans owned by a business (including farming or ranching).
- Vehicles registered to the insured's business or employer, or with the insured's business or employer named as an additional insured.
- Ambulances, fire, police, salvage equipment or public passenger carrying vehicles (Taxis, Jitneys, Buses, etc.).
- Trucks, Vans or Utility vehicles with load capacities in excess of one ton and/or with more than two axles.
- Vehicles with less than four wheels.
- Motorhomes and Recreational Vehicles.
- "Drive Yourself" vehicles (short-term rentals).
- Vehicles used for off-roading.

* Does not apply to Good Driver policies (where all rated drivers qualify as California Good Drivers).
Proposed

Physical Damage Coverage Not Acceptable:

- Vehicles with a salvage title.
- Vehicles with current value less than \$2,500.
- Vehicles with a cost new or ISO rating symbol above:
 - \$10,000 or rating symbol 07 for model years 1975 and older, or
 - \$20,000 or rating symbol 13 for model years 1976 through 1980, or
 - \$65,000 or rating symbol 20 for model years 1981 through 1989, or
 - \$80,000 or rating symbol 26 for model years 1990 through 2010, or rating symbol 59 for model years 2011 and newer.
- Vehicles made by the following manufacturers are ineligible for coverage:
 - Bentley
 - Rolls Royce
 - Ferrari
 - Lamborghini
 - Maseratti
 - Maybach
 - Bugatti
 - Aston Martin

UNACCEPTABLE VEHICLE USE

Vehicles used in any of the following are unacceptable:

- Vehicles used for transporting nursery or school children.
- Vehicles used for racing, any type of speed or drag contest, or any stunt activity.
- Vehicles used for pick-up or delivery of any type.
- Vehicles used for emergency or law enforcement.
- Vehicles used for any public or private livery transportation (limousine, taxis, busses or vanpools).
- Vehicles used for short term rentals.
- Vehicles used for snowplowing for hire.
- Vehicles used as residence.
- Vehicles leased or rented to other operators by the applicant.
- Vehicles available for use by operators not listed on the policy.
- Vehicles used for business, artisan, farming, or ranching.

* Does not apply to Good Driver policies (where all rated drivers qualify as California Good Drivers).

DISCOUNTS

Commerce West offers the following discounts:

Good Driver Discount (All Coverages) – A discount will be applied on a *per vehicle* basis where all drivers assigned to that vehicle qualify as “Good Drivers” as defined in the California Department of Insurance Regulation 2632.13. In order to qualify, a driver must:

1. Have been continuously licensed to drive a motor vehicle for the previous three (3) years in any jurisdiction as defined in CCR § 2632.13(j); and
2. During the previous three (3) years has not:
 - a. Had more than one violation point determined as follows:
 - (1) Had more than one (1) violation point for each violation point which has been assessed by the California Department of Motor Vehicles under California Vehicle Code Section 12810, Subsections (a), (b), (c), (d), (e), (g), and (h), for traffic violation convictions with conviction dates not more than three years preceding the effective or renewal date of the policy and which have not been made confidential under the California Vehicle Code.
 - (2) For violations not occurring in California, one violation point will be counted for each violation point which would have been counted had the violation occurred in California.
 - (3) Count one violation point if a driver was involved in an accident which resulted only in damage to property if the driver was principally at fault in the accident.
 - b. Been found to be in violation of Section 23140 of the Vehicle Code.
 - c. Been the driver of a motor vehicle involved in an accident which resulted in the bodily injury or death of any person and was principally at fault¹.
3. During the previous ten years has not been convicted of:
 - A violation of Section 23140, 23152, or 23153, of the Vehicle Code.
 - A felony violation of Section 23175 or 23190 or the Vehicle Code.
 - A violation of Section 191.5 or paragraph (3) of subdivision (c) of Section 192 of the Penal Code.Section 3 applies only to violations occurring after January 1, 1999.

***Note:** Any person who claims that he or she meets the criteria of above based entirely or partially on a driver's license and driving experience acquired anywhere other than in the United States or Canada is presumed to be qualified as a “Good Driver” if he or she has been licensed to drive in the United States or Canada for at least the previous 18 months and meets all other criteria listed above for that period. In order to qualify for the discount, we require proof that no injuries resulted from any accident shown on the application, Motor Vehicle Record, or CLUE Report.*

Persistency Discount - Persistency for renewal may be used as a secondary rating factor as defined by CCR section 2632.5 (11). The current factor for persistency is 1.000.

¹ The definition of “Principally at Fault” can be found in the **Definition of “Principally at Fault”** section of this manual
Proposed

Multi-Car Discount (Applies to all coverages) - When there are multiple vehicles insured under a single policy, a multi-car discount will be applied to all listed vehicles provided they are registered to a named insured and garaged at the same address. The Multi-Car Discount is also available for a single car policy if Commerce West provides one (1) or more additional in force policies to other family members living in the same household.

Mature Driver Discount (Applies to all coverages) – The Mature Driver Discount is available for drivers 55 or more years of age who have completed a State approved Driver Safety Course and who are rated as the principal operator of a vehicle. A copy of the Certificate of Completion must be submitted to the Company to obtain the discount. The discount is applicable for a period of three (3) years from the date of the certificate. In order to continue to receive this discount, the driver must enroll and successfully complete the Driver Safety Course once every three (3) years.

This discount does not apply in the event the insured completed the course due to a court order. The Company may discontinue the discount of any insured found to be at fault in an accident, or is convicted of a moving violation or traffic related offense involving alcohol or narcotics.

Good Student Discount (Applies to all coverages except Comprehensive) – Drivers with less than three (3) years of licensed experience may be eligible for a discount if they qualify as “Good Students”. The driver must be a full time student (12 or more units) with a Grade Point Average of 3.0 or better. A copy of the most current grade report must be submitted to the Company in order for the discount to be applied. The discount will be discontinued at each renewal pending receipt of an updated grade report verifying the driver’s “Good Student” status.

Daytime Running Lights Discount (Applies to all coverages except Comprehensive) – Vehicles equipped by the manufacturer with Daytime Running Lights (DRL) are eligible for a discount. If DRL was optional rather than standard equipment for the vehicle, proof that the optional equipment was purchased must be submitted.

Anti-Theft Device Discount (Applies to Comprehensive coverage only) – Discounts are available for vehicles equipped with either factory or after-factory alarms, disabling devices and/or tracking devices. If the anti-theft device (ATD) was not factory installed as standard equipment, proof of installation and type of device must be submitted in order to receive the discount.

Anti-Lock Braking System Discount (Applies to Bodily Injury Liability, Property Damage Liability and Collision coverages only) – Vehicles equipped with factory installed Anti-Lock Braking Systems (ABS) are eligible for a discount. If ABS was optional rather than standard equipment for the vehicle, proof that the optional equipment was purchased must be submitted.

Passive Restraint Device Discount (Applies to Medical Payments coverage only) – Discounts are given for vehicles equipped with factory installed passive restraint devices (PRD) in the driver-side-only position and for devices in both front seat positions.

Vehicle Classification Discount (Applies to Bodily Injury and Property Damage Liability coverages only) – A discount will apply on Bodily Injury and Property Damage coverages to certain vehicles. The comparative rating services will apply the discount to the appropriate vehicles.

Alcohol Educational Awareness Discount - A discount will be provided to applicants who have completed a state approved alcohol educational awareness program. This discount will be available provided the applicant has no more than one alcohol or drug related violation. If the applicant does not complete the program, in the time period prescribed by the state, the discount will be withdrawn.

Occasional Operator Discount – A discount will be applied to any rated operator(s), who is not a primary operator, age 22 and under when there are more drivers than vehicles in the household and the policy is a family risk. The discount will not apply to any driver under the age of 22 who is not a child of the insured, or any driver over the age of 22 or any Non-Owned policy.

Multi-Policy Discount – If the insured has an in force MAPFRE or Commerce West Insurance Company Homeowner, Condo or Tenants policy, a multi-policy discount will apply.

SURCHARGES

VIOLATIONS

Violations are classified as either **Minor** or **Serious/Major**. Minor violations are assessed one (1) rating surcharge point per incident. Serious/major violations are assessed two (2) points for the first incident and eight (8) points for each additional incident.

Violations in the Course of Employment - Violations received while operating a motor vehicle for compensation during the hours of employment are not surcharged provided a written declaration from the employer is submitted stating the violation(s) was received in the course and scope of the insured's employment. However, the following violations received in the course of employment will not be waived:

- Section 14601.(a) - (Driving when privileges suspended or revoked...)
- Section 14601.1(a) - (Driving when privileges revoked or suspended...)
- Section 14601.2(a) - (Driving when privileges suspended or revoked...)
- Section 20001 or 20002 - (Duty to stop at scene of accident...Duty upon injury or death)
- Section 20008.(a) - (Duty to report accidents)
- Sections 23103, 23104, 23152, or 23153 – (Reckless driving...Driving under the influence...)

Traffic School - The first Traffic School dismissal will not appear on the MVR. Subsequent citations within 18 months will show on the MVR even if the driver attends Traffic School again. Those dismissed citations that appear on the MVR will be surcharged. If there are two (2) or more dismissals appearing on the MVR, that person would not qualify as a "Good Driver".

Multiple Occurrences – Drivers with three (3) or more occurrences within the previous 3 years experience period will be charged three (3) points *in addition to* the accident and/or violation points for those occurrences. The occurrences can be chargeable violations, chargeable accidents, or any combination of both.

ACCIDENTS

Chargeable accidents are assessed three (3) surcharge points for the first fault accident and eight (8) surcharge points for each additional fault accident. Any accident will be considered chargeable unless documentation is submitted proving that the insured was not principally at fault. Acceptable proof of no-fault would include:

- Police Report that clearly indicates who the at-fault party is.
- Letter of Experience from the insured's insurance carrier at the time of loss.
- Written statement from the other party's insurance carrier accepting fault.
- Legal document verifying the insured was reimbursed for damages.
- Insured self-certifications may also be acceptable, however, in the event an at-fault accident is declared a non-fault accident by the insured using self-certification, the policy may be subject to cancellation for material misrepresentation.

Note: We will charge for any undisclosed accidents that appear on any investigative report we obtain.

Definition of "Principally at Fault"

For the purposes of determining whether a driver is "principally at fault" in an accident, the driver's actions or omissions must be at least 51% of the proximate cause of the accident, subject to the exceptions set forth below, and, in accidents not resulting in death, if the total loss or damage caused by the accident exceeds \$1000.00 (as defined in CA REG-2010-00011 §2632.13).

A driver shall not be considered to be principally at fault if the accident occurred under any of the following circumstances:

1. The vehicle was lawfully parked at the time of the accident. A vehicle rolling from a parked position shall not be considered to be lawfully parked, but shall be considered as in the operation of the last operator;
2. The vehicle was struck in the rear by another vehicle, and the driver has not be convicted of a moving traffic violation in connection with the accident;
3. The driver was not convicted of a moving traffic violation and the operator of another vehicle involved in the accident was convicted of a moving traffic violation;
4. The driver's vehicle was damaged as a result of contact with a vehicle operated by a "hit and run" operator of another vehicle and the accident was reported to legal authorities within a reasonable time after the accident;
5. The accident resulted from contact with animals, birds or falling objects;
6. The driver was responding to a call of duty as a paid or volunteer member of any police or fire department, first aid squad, or of any law enforcement agency, while performing any other governmental function in a public emergency;
7. The accident was a solo vehicle accident that was principally caused by a hazardous condition of which a driver, in the exercise of reasonable care, would not have noticed (for example, "black ice").

Vehicle Performance Surcharge (Applies to all coverages except Comprehensive) – Vehicles identified as either Sports (S), Sports Premium (P), or High (H) performance by their ISO Symbol will be assessed a performance surcharge.

Vehicle Classification Surcharge - (Applies to Bodily Injury and Property Damage Liability coverages only) - A surcharge will apply to Bodily Injury and Property Damage coverages for certain vehicles. The comparative rating services will apply the surcharge to the appropriate vehicles.

DOCUMENTATION AND PROCEDURES

NEW BUSINESS

All new business submissions require the following:

1. ACORD California Personal Automobile Applications – fully completed and signed by the applicant and the Producer.
2. State mandated Community Service Statement.
3. California Uninsured Motor Vehicle Rejection/Selection Form – when coverage is declined or accepted at a level lower than Bodily Injury Liability limits.
4. Exclusion of Specified Individuals – when needed, listing all excluded individuals and signed by the applicant.
5. Additional documentation as noted below.

New Business applications require the original signature of the Named Insured (who must also be listed as Driver #1) and the Producer. Applications and all required additional forms and documentation are to be facsimiled or postmarked to Commerce West no more than three (3) days after the effective date of the application.

1. **ACORD Application** - Commerce West accepts ACORD California Personal Automobile Application forms for new business submissions. The ACORD Application must be legible, completed fully and accurately and signed by both the named insured and the Producer.

Note: *All of the following persons must be disclosed in the “Residents & Driver Information” section of the ACORD Application:*

All resident and non-resident primary or occasional operators of all insured vehicles.
All full time and part time residents (**no matter how old**) of the insured’s household.
All full time and part time residents (**no matter how old**) of all garaging locations.
All dependents away at school or in the military.
All registered and co-registered owners of all insured vehicles.

Failure to disclose all of the above is grounds for concealment and/or misrepresentation which may result in policy rescission and no coverage or defense provided in the event of a claim.

NEW BUSINESS - ACORD Application (Continued)

- a. **Annual Mileage Calculation** – Annual mileage will be calculated in accordance with the ANNUAL MILES DRIVEN section of this manual.
2. **Community Service Statement** – The California Department of Insurance requires that a completed Community Service Statement form be submitted with all new business applications. The Community Service Statement form is to be completed by the insured. If insureds do not wish to complete the form, they may elect to check the box declining to provide the information.
3. **California Uninsured Motor Vehicle Coverage Rejection/Selection Form** – If an insured elects to decline Uninsured Motorist coverages or has selected Uninsured Motorist Bodily Injury limits less than their Bodily Injury Liability limits, a California Uninsured Motor Vehicle Coverage Rejection/Selection Form, signed by both the Insured and the Producer, must also accompany the ACORD Application.

Note: If the Insured's Bodily Injury Liability limits are 50/100 or higher and they accept 30/60 Uninsured Motorist Bodily Injury limit, they have the highest UMBI limit available and the Rejection/Selection form would not be needed.

4. **Named User Exclusion (if applicable)** – The Named User Exclusion form requires the applicant's signature and a listing of all the following persons if they are **not** to be rated as drivers on the policy:

All full time and part time residents of the household over the age of 15.

All full time and part time residents of all garaging locations over the age of 15.

All dependents away at school or in the military.

All registered and co-registered owners of the insured vehicles.

5. Photos – Photos (2) are required for all vehicles requesting physical damage coverage unless proof of prior physical damage coverage is submitted, or the sales contract accompanies the application indicating the vehicle sold as “NEW” within 30 days of the effective date of the application.

6. Additional Documentation Requirements – Along with the fully completed ACORD Application, the Community Service Statement and the California Uninsured Motor Vehicle Rejection/Selection form (when required), additional documentation must also be submitted:

- **Proof of non-fault** for any accident noted on the application as not chargeable. Please see Page 15-N for a list of acceptable proof of non-fault.
- **Proof of accidents in the course and scope of employment** where the driver was responding to a call of duty as a paid or volunteer member of any police or fire department, first aid squad or of any law enforcement agency, while performing any other governmental function in a public emergency.

Note: Fault accidents occurring during employment in circumstances other than as stated above are chargeable.

- Copy of most recent **Grades Report** to support a Good Student Discount.
- Copy of **Mature Driver Completion Certificate** to support Mature Driver Discount.
- Support for Married Driver rate when named insured and spouse or Certified Registered Domestic Partner have different last names.
- Copy of Vehicle Registration
- **Listing of all stereos/sound systems and additional equipment/modifications** showing current value for each item and/or system to be covered under a Special Equipment endorsement.
- Copy of **Producer’s quote** showing all information used to obtain the quoted premium.

ENDORSEMENTS

Endorsement requests must be submitted on either the Commerce West Endorsement Request form or an ACORD Personal Policy Change Request form and must be dated and signed by the Producer.

Endorsement Request forms along with all supporting documentation must be facsimiled or postmarked to Commerce West within three (3) days of the Producer's receipt of the Insured's request for endorsement. Facsimile transmission of the Endorsement Request form is acceptable.

In the limited circumstance where the supporting documentation (i.e. proof of non-fault, etc.) is not available within three (3) days of the Producer's receipt of the Insured's request for endorsement, the Endorsement Request form must still be submitted to Commerce West within three (3) days and the Producer must indicate in the remarks section of the form when the required documentation will be submitted (in no event more than seven (7) additional days).

1. **Newly Acquired Vehicles (Additional or Substitute)** – Request for vehicle additions or substitutions require the following documentation and information:
 - **Annual Mileage:** See ANNUAL MILES DRIVEN section of this manual.
 - Name(s) of **Registered Owner(s)**.
 - **Usage** of vehicle.
 - Name and address of any **Loss Payee or Leasing Company** if applicable.
 - Copy of Vehicle Registration
2. **Photos** (2) are required by the Company unless proof of prior physical damage coverage is provided or the sales contract indicating the vehicle sold as “NEW” within 30 days of the effective date of the endorsement is provided. In those cases wherein a vehicle currently on the policy is being endorsed for physical damage, proof of prior physical damage coverage must be submitted to waive the photo requirement.
3. **Deletion of Vehicle** – Request for vehicle deletions require that the annual mileage(s) for the remaining insured vehicle(s) be recalculated and stated on the Endorsement Request form.

4. Additional Drivers – Any driver to be added to a policy must meet the same qualifications as drivers on a new business application (see page 5-N) and must not be currently excluded. The following documentation is to be submitted with the request to add the driver:

- **Proof of non-fault** for any accident noted on the application as not chargeable. Please see Page 13-N for a list of acceptable proof of non-fault.
- **Proof of accidents in the course and scope of employment** where the driver was responding to a call of duty as a paid or volunteer member of any police or fire department, first aid squad or of any law enforcement agency, while performing any other governmental function in a public emergency.

Note: Fault accidents occurring during employment in circumstances other than as stated above are chargeable.

- Copy of most recent **Grades Report** to support a Good Student Discount.
- Copy of **Mature Driver Completion Certificate** to support Mature Driver Discount.
- Support for Married Driver rate when named insured and spouse or Certified Registered Domestic Partner have different last names.

5. Deletion of Driver – Requests to delete drivers require an explanation for the deletion (i.e., divorced, moved out, deceased, etc.). Commerce West may, in certain circumstances, require that the deleted driver be excluded. If the deletion of driver changes the annual mileage and/or use of any insured vehicle, the new mileage and/or use must be indicated on the Endorsement Request form.

6. Address Changes – Changes of address require the following information:

- Indicate whether the change is for the mailing address, garaging address or both.
- If the mailing address is a P.O. Box, include the actual garaging address.
- Provide one-way commute distances and annual mileage based on the new address.
- Provide names, birth dates and drivers license numbers for any new household or garaging address residents, *regardless of age*.

7. Name Changes – Name changes for the Named Insured or any driver require the following:

- Reason for change in name (i.e., recently married, legally changed, etc.).
- If name has been changed due to marriage, provide the name, birth date and drivers license number of the spouse and any other new members of the household.

- Support for Married Driver rate when named insured and spouse or Certified Registered Domestic Partner have different last names.

8. Mileage Changes – Requests for change in annual mileage must be substantiated by at least one of the following:

- Change in commute distance due to change in garaging location or employment/school location.
- Driver's participation in a "ride share" program or public transportation for commute.
- Odometer reading documentation (i.e., smog certificates) that clearly states what the odometer readings were on specific dates so that actual elapsed mileage can be calculated. The dates must be a minimum of three (3) months apart, with the most recent date within thirty (30) days of the change request.
- Change in household residents or vehicles that would have a substantial impact on the usage of the vehicle.
- See ANNUAL MILES DRIVEN section of this manual

9. Limit and Coverage Changes – Eligibility requirements and additional forms are as follows:

- Increases in Liability limits require that all non-excluded drivers on the policy currently meet the same qualifications as drivers on a new business application (see page 5-N).
- Increases in Bodily Injury Liability limits, when Uninsured Motorist Bodily Injury (UMBI) coverage is also provided, require a revised California Uninsured Motor Vehicle Coverage Rejection/Selection form, signed by the Insured, **unless** the Insured increases the UMBI limit to the same level as the Bodily Injury Liability limit or to the maximum available limit of 30/60.
- Deletion of Uninsured Motorist coverages requires a revised California Uninsured Motor Vehicle Coverage Rejection/Selection form, signed and dated by both the Named Insured and the Producer.

RATING

DRIVER ASSIGNMENT

Drivers are assigned to vehicles using the highest-to-highest method. The driver generating the highest premium will be assigned to the vehicle generating the highest premium; the driver with the second highest premium will be assigned to the vehicle with the second highest premium, etc. When there are more drivers than vehicles, the lowest rated driver, in excess of the number of vehicles, will not be included in the rating. Only the driving record points of the assigned driver are charged against each vehicle. Also, each driver is only rated on one vehicle. Consequently, when there are more vehicles than drivers, the excess vehicles will be rated using the excess vehicle factor table.

ANNUAL MILES DRIVEN

The annual mileage estimate will represent the annual mileage the insured expects the vehicle to be driven for the twelve months following policy inception or renewal. As set forth in CCR section 2632.5 Commerce West may also require or request information from the insured to support the estimate.

- 1.** For new business or vehicles added during the term of the policy:
 - a.** The insured shall provide the miles he or she expects each vehicle will be driven during the twelve month period following policy inception. Commerce West may also require or request the information necessary to support the mileage estimate from the insured during this process (see sections 3 and 4 below) as set forth in CCR section 2632.5 (C), (D), and (E).
 - b.** If the insured does not provide the estimated annual miles or does not provide required or requested information Commerce West may issue a policy using the appropriate default annual mileage figure:
 - i.** Primary Vehicles: 9,000
 - ii.** Excess Vehicles: 6,000
 - c.** If the information provided does not support the insured's estimated annual miles, Commerce West may issue a policy using a reasonable objective mileage estimate based upon the information provided.
 - d.** Commerce West shall inform the applicant of the mileage figure which it will use to rate the policy.
- 2.** For renewal business:
 - a.** During the renewal process, Commerce West shall, at least every three years, request an insured to provide the estimated annual miles he or she expects each vehicle will be driven during the twelve month period following policy renewal. Commerce West may also require or request information necessary to support the mileage estimate from the insured during this process (see sections 3 and 4 below).
 - b.** If the insured does not provide the estimated annual miles or does not provide required or requested information Commerce West may issue a policy using the greater of the expiring annual miles or the appropriate default annual mileage figure:
 - i.** Primary Vehicles: 9,000
 - ii.** Excess Vehicles: 6,000

- c. If the information provided does not support the insured's estimated annual miles, Commerce West may issue a policy using a reasonable objective mileage estimate based upon the information provided.
 - d. Commerce West shall inform the applicant of the mileage figure which it will use to rate the policy.
 - 3. Commerce West may require or request an insured to provide the following information:
 - a. If the vehicle is used for commute purposes, the location of the workplace, school, or other destination where the vehicle will be driven and, if applicable, an estimate of the number of one-way miles the vehicle will be driven for commute purposes
 - b. The number of days per week the vehicle will be used for commuting
 - c. An estimate of the number of miles to be driven for pleasure or other purposes
 - d. The approximate total number of miles driven for the twelve months following policy inception or renewal
 - e. The current odometer reading of the vehicle to be insured.
 - f. The reason for any differences between the estimate for the upcoming 12 months and the miles driven the previous 12 months
 - 4. Commerce West may request but shall not require an insured to provide the following information:
 - a. Service records which document the odometer reading of the vehicle to be insured.
 - b. The use of technological devices provided by the insurer or otherwise made available to the insured that accurately collect vehicle mileage information.

Commerce West may obtain and use smog check odometer readings to estimate annual miles driven.

CLAIMS

To insure the most immediate and efficient response, we prefer that claims be reported directly by the policyholder or claimant. Our trained claims staff will begin processing and investigating the claim at the time it is reported. Claims should be reported directly to the Company at 1-800-244-1545. We will send you a confirmation of each claim reported to us.

LATE PAYMENTS

Payments must be postmarked PRIOR to the due date to reinstate a policy without a lapse.

All payments received in an agent producer's office on a cancelled policy will be subject to review for acceptance. If the payment is accepted, the lapse date will be the DATE AFTER POSTMARK. The policy will have a lapse in coverage from the effective date of cancellation until the effective date of the reinstatement and a reinstatement fee will be charged.

If a claim should occur between the time the agent producer accepted the money and the reinstatement date, due diligence will be conducted by the Claims Department to assess coverage.

We will NOT reinstate any policies wherein an insured's check is returned due to non-sufficient funds. The Guidelines are as follows:

NSF check to Commerce West Insurance Company or the agent producer on new business will result in flat cancellation.

NSF check on the down payment for new business and the policy has a future cancellation date due to Underwriting Reasons/Substantial Increase in Hazard Insured Against will result in flat cancellation.

NSF check to Commerce West Insurance Company or the agent producer at renewal will result in flat cancellation.

NSF check to Commerce West Insurance Company or the agent mid-term will result in cancellation that will reflect a date 11 days in the future.

NOTE: A policy will not be canceled if the unpaid balance due is under \$10.00. The unpaid balance will be billed with the next installment or, if no installments remain, at renewal.

BILLING & FEES

Our Automated Policy Status Line (“CWIC Line”) is available 7 days a week, 24 hours a day. This service allows you to retrieve policy status, the date and amount of the last payments received and the current amount due through an automated system. To access this service, dial (800) 210-6421.

Billing information is also available on the CWIC web site www.commercewest.net.

FEES

All fees are fully earned. When payments are received, any outstanding fees will be paid first and the remaining monies will be applied to the premium balance.

Fees are assessed as follows:

- **Anti-Fraud-** A \$0.90 fee charge is per vehicle, per six-month policy period, to fund the investigation and prosecution of fraudulent automobile insurance claims as per the California Department of Insurance Code, Section 1872.8.
- **Installment Fees** –Please see the pay plan timetables for the deposit requirements and installment amounts for the various payment plans available.
- **Reinstatement Fees** – When a policy has been cancelled for any reason and is subsequently reinstated, a \$20.00 reinstatement fee will be charged. GDD is applied to the Reinstatement fee when applicable.
- **Non-Sufficient Funds Fees** – A \$25.00 fee is charged whenever the bank does not honor a check. If the Company agrees to accept replacement funds those funds must be in the form of a cashiers check or money order. If those replacement funds are accepted and the coverage is reinstated, the \$20 reinstatement fee will be charged *in addition to* the \$25.00 NSF fee.
- **Cancellation Fee** – A \$40.00 fee is charged when a policy is cancelled at the insured’s request.
- **Live Service Payment Convenience Fee** – A \$5.00 fee is charged when a payment is made via a live customer service representative.

PAYMENT PLAN OPTIONS AND TIMETABLES

SIX MONTH POLICIES¹

| | Full Pay | 50% Dn 1 Install | 50% Dn 3 Install (Monthly Install at Renewal) |
|-----------------------------|-----------------|------------------------------|--|
| Deposit Premium Required | 100% | 50% + \$10.00 | 50% + \$10.00 |
| Deposit Premium Due | With App | With App | With App |
| Second Installment Amount | N/A | 50% + \$10.00 | 16 2/3% +\$10.00 |
| Second Installment Billed | N/A | 45 days after inception date | 60 days after inception date |
| Second Installment Due Date | N/A | 60 days after inception date | 75 days after inception date |
| Third Installment Amount | N/A | N/A | 16 2/3% +\$10.00 |
| Third Installment Billed | N/A | N/A | 90 days after inception date |
| Third Installment Due Date | N/A | N/A | 105 days after inception date ² |

¹ A six-month policy term premium is equal to 50% of an annual term premium. One month's equity equals 16.67%.

² The remaining installment will be billed 30 days after third bill and due 15 days after billing date.

TWELVE MONTH POLICIES¹

| | Annual Full Pay | Annual 50% Dn 1 Install |
|-----------------------------|------------------------|--------------------------------|
| Deposit Premium Required | 100% | 50% + \$10.00 |
| Deposit Premium Due | With App | With App |
| Second Installment Amount | N/A | 50% + \$10.00 |
| Second Installment Billed | N/A | 135 days after inception date |
| Second Installment Due Date | N/A | 150 days after inception date |
| Third Installment Amount | N/A | N/A |
| Third Installment Billed | N/A | N/A |
| Third Installment Due Date | N/A | N/A |
| Fourth Installment Amount | N/A | N/A |
| Fourth Installment Billed | N/A | N/A |
| Fourth Installment Due Date | N/A | N/A |
| Fifth Installment Amount | N/A | N/A |
| Fifth Installment Billed | N/A | N/A |
| Fifth Installment Due Date | N/A | N/A |

¹ One month's equity equals 8.33%
Proposed