

California

Private Passenger Automobile

Underwriting Guidelines



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2 BINDING COVERAGE UNDER PRODUCER AGREEMENT

As governed by the Producer Agreement, a Producer does not have the authority to bind coverage with the Company.

Original applications will be bound as of the date on the application, if all of the following conditions are met:

The application and all applicable documents are complete and signed by the applicant and Producer.

The down payment has been made on the date of the application.

The application is uploaded electronically to the Company and a policy number is issued;

The policy effective date does not precede the date the Producer received the down payment.

The application does not include any class or risk or type of insurance not specified in the Company Underwriting Guidelines.

The information contained within the application is, to the best of the Producer's knowledge, truthful and accurate.

THE COMPANY RESERVES THE RIGHT TO MAKE FINAL UNDERWRITING DECISIONS.

3 PROGRAM QUALIFICATIONS

The Pathway Program is only available to members of Nation Safe Drivers.

Nation Safe Drivers Travel Club.

This program provides the following benefits

- Accidental Death and Hospital Indemnity
- Travel Discounts on Hotels and Rental Cars
- Protection for lost or stolen credit cards and/or luggage

4 POLICY AND COVERAGE

4.1 POLICY TERM

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

4.2 POLICY TERRITORY

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

4.3 POLICY COVERAGES, LIMITS AND DEDUCTIBLES

Coverage	Limits	Deductibles
Bodily Injury Liability	\$15,000 / \$30,000 ¹	--
Property Damage Liability	\$5,000, \$10,000	--
Medical Payments	\$500, \$1,000	--
Comprehensive	--	\$400, \$500, \$600, \$750, \$1,000 \$2,500, \$5,000, & \$7,500
Collision (Must be written with Comprehensive) ²	--	\$400, \$500, \$600, \$750, \$1,000 \$2,500, \$5,000, & \$7,500
Lienholder Deductible	--	\$500
Special Equipment	Specified Value ³	Same as the Vehicles
Uninsured/Underinsured Motorists BI	\$15,000 / \$30,000	--
UM Collision Deductible Waiver	--	Waivers of \$400, \$500, \$600, \$750, \$1,000, \$2,500, \$5,000, & \$7,500
UM Property Damage	\$3,500	--

¹ Maximum unless otherwise approved by the Company

² Does not apply to drivers qualifying for Good Driver Discount.

³ Refer to Special Coverage section of the manual for binding limitations.

5 SPECIAL COVERAGE

5.1 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 deck and CD players. All Stereos/Sound Systems are covered up to a value of \$500 after application of the deductible.

5.2 NAMED NON-OWNER COVERAGE

This program offers casualty coverage 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. Physical Damage coverage is not available on a non-owner basis and business use of the vehicle is not acceptable.

5.3 UTILITY TRAILERS

Liability only when attached to an insured car, and less than 1500 lbs.

6 DRIVERS

6.1 UNACCEPTABLE DRIVERS

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

More than one 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
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.¹
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 driver without a valid driver's license unless the license will be or has been reinstated with an SR filing.

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 Western General Insurance Company 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.

¹ Does not apply to drivers qualifying for Good Driver Discount as defined in CA Ins Code 1861.025.

Unacceptable Drivers - Continued

Any risk where the Vehicle to Driver ratio exceeds 2.00. Vehicle to Driver ratio is determined by dividing the number of vehicle by the number of drivers. For example, a risk with 5 vehicle and 2 drivers would produce a ratio of 2.50 and be unacceptable without prior underwriting approval.

6.2 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.

6.3 DRIVER CLASSIFICATION

- **Years Driving Experience:** The number of years which an operator has been licensed to drive in any jurisdiction. All California licensed operators with less than three (3) years of California MVR experience can provide an out of state MVR or a copy of a Foreign Driver's license which will account for a total of 3 years or more of verifiable MVR experience.
- **Married:** An operator who is a legally married person. The definition of "married" excludes common law marriages.
- **Permanent Domestic Partner (PDP):** If a driver is listed as a registered domestic partner, the partner must be listed on the policy. Domestic Partners must share a common official residence. No more than two operators are allowed to be rated as Domestic Partners on a policy. Dependent children and relatives are not eligible. Acceptable proof includes one or the following: a Domestic Partnership certificate or signed Domestic Partner affidavit.

6.4 MARRIED REQUIREMENTS

All married applicants must either add or exclude their spouse. Widowed persons are rated as Single. The company may require proof of marital status.

7 VEHICLES

7.1 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.¹

Vehicles that are not VIN etched or equipped with a passive anti-theft device.⁵

Principal operator is under age 21 or there is only one vehicle in a household with a driver under age 21.⁵

Vehicles not manufactured for sale/distribution in the United States (Gray Market).

Vehicles not legally registered in California when the owners have been residents of California for over 30 days, except for qualifying military personnel.

Antiques and Classics.

Custom, rebuilt, altered, or modified vehicles including kit cars and Baja/Dune Buggies.

Vehicles with a load capacity (ton rating) in excess of one ton or gross vehicle weight of greater than 10,000 pounds.

Vehicles used to transport person(s) or property for a fee, including, but not limited to, pizza delivery, newspaper delivery, flower delivery, etc.

Ambulances, Fire, Police or Salvage Equipment.

Public Passenger Carrying Vehicles (Taxis, Jitneys, Buses, etc.).

Vehicles used for racing.

Vehicles with less than four wheels.

Motorhomes and Recreational Vehicles.

“Drive Yourself” vehicles (short-term rentals).

Vehicles used for transporting nursery or school children.

¹ Does not apply to drivers qualifying for Good Driver Discount as defined in CA Ins Code 1861.025 and the vehicles insured are private passenger type vehicles as defined in CA Ins Code 660.

7.2 PHYSICAL DAMAGE COVERAGE NOT ACCEPTABLE¹

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
\$70,000 or rating symbol 26 for model years 1990 and newer, or
\$70,000 or rating symbol 60 for model years 2011 and newer

7.3 VEHICLE USAGE

Vehicle Use classification is determined by how the vehicle is used. The rate will be determined using one of the five following classifications:

Pleasure Use - Vehicles used only for Pleasure Use does not include driving to and from school or work (full or part-time), or to carpooling or commute station that is greater than 3 miles from home. Nor does it include the shuttling of household members to work or school.

Work <15 Miles Use - Vehicles used for personal use including driving to or from work less than 15 miles one way at least one day per week or two days per month.

Work 15+ Miles Use - Vehicles used for personal use including driving to or from work 15 or more miles one way at least one day per week or two days per month.

Business Use: Private passenger vehicles registered to the applicant and used in his or her business/occupation, or vehicles registered to the insured's business or employer, or with the insured's business or employer named as an additional insured.

Acceptable Business use includes, but is not limited to:

- Vehicles used by sales or service representatives;
- vehicles used by real estate or insurance producers, lawyers, doctors, accountants or other professionals visiting multiple locations;
- Vehicles used in a business for occasional errands;

Unacceptable business use includes, but is not limited to:

- Pickup or delivery of goods (including, but not limited to: newspapers, pizza or other food items);
- Vehicles used as a limousine, taxi service, livery conveyance or emergency vehicle;
- Vehicles used for the transportation of nursery or school children, workers or hotel/motel guests;
- Vehicles with a load capacity of one ton or greater.

¹ Does not apply to drivers qualifying for Good Driver Discount as defined in CA Ins Code 1861.025 and the vehicles insured are private passenger type vehicles as defined in CA Ins Code 660.

Vehicle Use - Continued

Artisan Use¹: Private passenger vehicles registered to the applicant and used in his or her business/ occupation, or vehicles registered to the insured's business or employer, or with the insured's business or employer named as an additional insured.

Acceptable Artisan occupations similar to usages such as, carpenter, plumber, repairman that are principally parked at a job location for the majority of the workday. Vehicles used to transport tools or other materials by the insured in a trade or business are acceptable provided:

The total number of utility vehicles (pickups and vans) cannot exceed the number of resident relatives who are artisan contractors;

- The vehicle is operated solely by the named insured and listed family members;
- The vehicle must not be used to transport flammable liquids, chemicals or explosive materials;
- The vehicle may have a toolbox, a rack (for ladders, pipe or building materials), or a tool rack (tools and equipment are not covered);
- The vehicle is not used to pick up goods or deliver property. Vehicles may be used to carry up to 500 pounds of non-finished goods and materials relating to the work to be performed;
- The vehicle is used to visit no more than 5 sites per day within a 50 mile radius;
- The vehicle may have signage, which indicates insured's name and type of service (i.e., "Joe's Pool Cleaning")

7.4 GEOGRAPHIC ZONES

The rater automatically assigns geographic zones based on the garaging ZIP code. If the insured uses a post office box as a mailing address, the physical garaging address of each vehicle, including zip code, must also be provided. New zip codes (as a result of the USPS issuing a new one) are added to the frequency and severity bands as they are requested, then added to the next filing.

¹ All artisan risks require 2 photos (including liability only) and a copy of the registration.

8 DISCOUNTS

8.1 GOOD DRIVER DISCOUNT

(Applies to 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 1861.025. In order to qualify, a driver must:

Driver of the insured vehicles must be continuously licensed for the prior 3 years with a minimum of 18 months United States or Canada driving experience and a minimum of 3 years total driving experience, and

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 fault.

Note: The definition of “Principally at Fault” can be found in Section 9 of this manual.

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: 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.

8.2 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 Western General Insurance Company provides one (1) or more additional in force policies to other family members living in the same household.

8.3 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.

8.4 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.

8.5 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.

8.6 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.

8.7 ANTI-LOCK BRAKING SYSTEM DISCOUNT

(Applies to Bodily Injury Liability, Property Damage Liability and Collision Coverage 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.

8.8 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.

8.9 ALCOHOL EDUCATIONAL AWARENESS DISCOUNT

(Applies to Bodily Injury Liability, Property Damage Liability, Medical Payments, Comprehensive and Collision coverage only)

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. The discount will apply to the vehicle that the driver who qualifies for the discount is assigned to.

9 SURCHARGES

9.1 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. Driving record points are assigned based on the violation conviction date, not the occurrence date.

9.2 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...)

9.3 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".

9.4 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.

9.5 ACCIDENTS

Chargeable accidents are assessed three (3) surcharge points for the first fault accident and eight (8) surcharge points for each additional fault accident. An accident is considered chargeable if the occurrence resulted in liability (BI/PD) or collision damage exceeding \$750 prior to 12/01/2011 and \$1,000 for those accidents after 12/01/2011 and the driver was at least 51% 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.

9.6 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 \$1,000.

It shall be rebuttably presumed a driver is not principally at fault if the accident occurred under any of the following circumstances:

- 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;
- The vehicle was struck in the rear by another vehicle, and the driver has not been convicted of a moving traffic violation in connection with the accident;
- 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;
- 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;
- The accident resulted from contact with animals, birds or falling objects;
- 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;

Definition of “Principally At Fault” - Continued

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”) or in the exercise of reasonable care could not have avoided (for example, avoiding a child running into the street).

It shall be conclusively presumed that a driver is not principally at-fault for an accident if the provisions of Insurance Code Section 488.5 apply.

9.7 VEHICLE PERFORMANCE SURCHARGE

(Applies to all coverage except Comprehensive)

Vehicles identified as either Intermediate (I), Sports (S), Sports Premium (P), or High (H) performance by their ISO Symbol will be assessed a performance surcharge.

9.8 SALVAGED VEHICLE SURCHARGE

(Applies to Bodily Injury Liability, Property Damage Liability, Comprehensive, and Collision only)

A surcharge will apply when a vehicle possesses a Salvaged title.

9.9 NAMED OPERATOR ENDORSEMENT BUY BACK OPTION

(Applies to Comprehensive and Collision coverage only)

A surcharge will apply to Comprehensive and Collision coverage when the insured opts to “buy back” coverage for permissive operators (not named on the policy).

9.10 NAMED VEHICLE ENDORSEMENT BUY BACK OPTION

(Applies to Comprehensive and Collision coverage only)

A surcharge will apply when the insured opts to “buy back” coverage for uninsured borrowed vehicles.

9.11 TRIPLE (3X) DEDUCTIBLE BUY BACK OPTION

(Applies to Comprehensive and Collision coverage only)

The insured can opt to “buy back” the triple deductible option and the triple deductible will not apply to the policy. (The lien holder will always have a \$500 deductible regardless of the options selected by the insured).

10 DOCUMENTATION AND PROCEDURES

10.1 NEW BUSINESS

All new business submissions require the following:

1. Electronically Generated Applications – fully completed and signed by the applicant and the Producer
2. State mandated Community Service Statement.
3. California Uninsured Motorist 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. De-Valuation Form - when needed, for all salvaged vehicles rated on the policy.
6. 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 at the time the application is submitted.

10.1.1 Electronically Generated Applications

Fully completed and signed by the applicant and the Producer.

Note: All of the following persons must be disclosed

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.

- ***Annual Mileage Calculation*** – *We will accept the insured's expected annual mileage estimate. If the expected annual mileage figure is unknown, possible methods of estimating annual mileage would include odometer comparison and estimated annual mileage:*
 - Odometer Comparison – The vehicle's current odometer reading minus the odometer reading on the bill of sale equals the total miles driven since the insured purchased the vehicle. This number is then divided by the number of months since the date of purchase and the result is then multiplied by twelve (12). The resulting number is the average annual mileage driven by the insured.

- Estimated Annual Mileage – When the insurer is unable to use the odometer comparison method, the minimum annual mileage assigned to the vehicle is 12,300. The insured is notified when this method is used.

10.1.2 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 insured's do not wish to complete the form, they may elect to check the box declining to provide the information.

10.1.3 California Uninsured Motorist Coverage Rejection/Selection Form

If an insured elects to decline Uninsured Motorist coverage, a California Uninsured Motorist Coverage Rejection/Selection Form, signed by both the Insured and the Producer, must also accompany the Application.

10.1.4 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.

10.1.5 Photos

Photos (4) are required at the time the application is submitted for all vehicles requesting physical damage coverage. New vehicles written within 72 hours of purchase do not require photos.

10.1.6 Additional Documentation Requirements

Along with the fully completed Application, the Community Service Statement and the California Uninsured Motorist 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 16 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.
- **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.
- Proof of **Marriage**

11 ENDORSEMENTS

Endorsement requests must be submitted via our Electronic system and must be dated and signed by the Producer.

Endorsement Request forms along with all supporting documentation must be postmarked within three (3) days of the Producer's receipt of the Insured's request for endorsement.

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 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).

11.1 NEWLY ACQUIRED VEHICLES (ADDITIONAL OR REPLACEMENT)

Request for vehicle additions or substitutions require the following documentation and information **within 72 hours of purchase**:

- **Annual Mileage** as calculated using one of the formulas presented in the "Annual Mileage Calculation" 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.
- **Photos** (4) are required at the time the application is submitted.
- **De-Valuation Form** for all salvaged vehicles rated on the policy.

11.2 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.

11.3 ADDITIONAL DRIVERS

Any driver to be added to a policy must meet the same qualifications as drivers on a new business application 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 16 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.

11.4 DELETION OF DRIVER

Requests to delete drivers require an explanation for the deletion (i.e., divorced, moved out, deceased, etc.). We 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.

11.5 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 driver's license numbers for any new household or garaging address residents, *regardless of age*.

11.6 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 driver's license number of the spouse and any other new members of the household.

11.7 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.

11.8 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.
- Increases in Bodily Injury Liability limits, when Uninsured Motorist Bodily Injury (UMBI) coverage is also provided, require a revised California Uninsured Motorist 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.
- Deletion of Uninsured Motorist coverage requires a revised California Uninsured Motorist Coverage Rejection/Selection form, signed and dated by both the Named Insured and the Producer.

12 RATING

12.1 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 with a neutral driver class factor.

12.2 ANNUAL MILES CALCULATION

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, we 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. We 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, we may issue a policy using the appropriate default annual mileage figure:
Primary Vehicles: 12,300
Excess Vehicles: 7,000
 - c. If the information provided does not support the Insured's estimated annual miles, we may issue a policy using a reasonable objective mileage estimate based upon the information provided.
 - d. We 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, we shall, at least every three years, request an insured to provide the estimate annual miles he or she expects each vehicle will be driven during the twelve month period following policy renewal. We may also require or request information necessary to support the mileage estimate from the Insured during this process (See sections 3 and 4 below)

Annual Miles Calculation - Continued

- b. the insured does not provide the estimated annual miles or does not provide any required or requested information, we may issue a policy using the greater of the expiring annual miles or the appropriate default annual mileage figure:
Primary Vehicles: 12,300
Excess Vehicles: 7,000
- c. If the information provided does not support the insured's estimated annual miles, we may issue a policy using a reasonable objective mileage estimate based upon the information provided.
- d. We shall inform the applicant of the mileage figure which it will use to rate the policy.
- 3. We 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(s) to be insured.
 - f. The reason for any differences between the estimate for the upcoming twelve months and the miles driven the previous twelve months.
- 4. We may request but shall not require an insured to provide the following information:
 - a. Service records which document the odometer reading of the vehicle(s) 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.
- 5. We may obtain and use smog check odometer readings to estimate annual miles driven.

13 CLAIMS

To insure the most immediate and efficient response, the policy holder should report claims directly to the Company at 1-800-758-3311.

14 LATE PAYMENTS

Payments must be postmarked PRIOR to the due date to reinstate a policy without a lapse. Payments mailed to the wrong addresses and then returned will be considered late payments and original postmark dates will not be used for reinstatements.

All payments received in a 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 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:

Return payments will result in flat cancellation.

Returned payments 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.

Returned payments mid-term will result in cancellation that will reflect a date 11 days in the future.

15 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:

- **New Business Policy Fees** – All policies will be charged a policy fee at new business and at renewal. This fee is in addition to any applicable installment fee. This fee is fully earned upon cancellation.
- **Installment Fees** – There is a fee on every installment, including the deposit, for all pay plans.
- **EFT Fees** – There is a fee on every installment, including the deposit, for all EFT transactions. This fee is in lieu of the non-EFT installment fee.
- **Endorsement Fee** – A fee will be charged to a policy when an insured requests change to their policy.
- **Returned Mail Fee** – A fee will be charged to a policy when any mailed correspondence to the insured is returned for any reason.
- **Reinstatement Fees** – When a policy has been cancelled for any reason and is subsequently reinstated, a reinstatement fee will be charged.
- **Rewrite Fee** – When a policy has been cancelled for over 30 days and subsequently rewritten, a fee will be charged.
- **Cancellation Fee** – A fee will be charged to a policy when the insured requests cancellation.
- **Returned Item Fee** – A fee is charged whenever the bank does not honor a payment. If the Company agrees to accept replacement funds those funds must be in the form of a cashier's check, credit card or money order. If those replacement funds are accepted and the coverage is reinstated, the reinstatement fee will be charged *in addition to* the Returned Item fee.
- **Credit Card and Check Convenience Fee** – A fee is charged when a credit card or check is used for payment of premium online or by telephone.
- **MVR Fee** – A fee will be charged for each ordered Motor Vehicle Report (MVR) used during the new business process and for each new report used at renewal.

Fees – Continued

- **Registration Service Fee** – A fee will be charged when it is necessary to order a vehicle registration for an insured vehicle.
- **SR-22 Fee** – A fee will be charged for an SR-22 filing at new business. A fee will be applied to the policy for any SR-22 reinstatement filings.
- **CA Vehicle Assessment & Fraud Fee**- A fee will be charged per vehicle per year. The fee is used to fund the investigation and prosecution of fraudulent automobile insurance claims as per the California Department of Insurance Code, Sections 1872.8, 1872.81 and 1874.8.

16 PAYMENT PLAN OPTIONS

Three and Six months plans are available.

A 3-month term is Pay in Full only.

A six-month policy term premium is equal to 50% of an annual term premium.

One month's equity equals 16.67%.

If date falls on non-business day, installment will be due the following business day.

The remaining 5 installments will bill every 30 days.