



CALIFORNIA AUTO UNDERWRITING AND RATING GUIDE

EFFECTIVE AUGUST 1, 2013

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GENERAL RULES AND PROCEDURES

ELIGIBILITY

OWNERSHIP - only vehicles owned or leased by individuals or by husband and wife or registered domestic partner, and registered and garaged in California are eligible for coverage under the company's private passenger type policy form. The Named Insured, or a relative of the named insured who is permanently residing in the household, must be the Registered Owner or Lessee of the vehicle, and the vehicle must be registered in California. The insured must be resident in California, and the vehicle garaged in California, for at least ten months of the year.

TYPE OF VEHICLE - only four-wheeled vehicles of the private passenger, station wagon, pickup or van types are eligible for coverage on the private passenger type policy. If pickups or vans are greater than one ton capacity or are used for delivery purposes, application for coverage is not acceptable.

DOCUMENTATION TO BE MAINTAINED BY THE PRODUCER

The producer is responsible for maintaining the original copy – including signatures – of the application and any subsequent policy forms or correspondence generated by the producer, including but not limited to, change requests, endorsements, exclusions, waivers, claim forms and cancellation requests, in accordance with any applicable statutes or regulations.

A copy of the registration for each insured vehicle and documentation for the Mature Driver Discount, if applicable, are to be maintained by the agency. Proof for non-fault accidents should be sent by fax to "Underwriting" at (800) 722-0216 on the same day an application is uploaded or a driver is added.

For vehicles with ~~if~~ Physical Damage Coverage ~~is included~~, a Vehicle Inspection must be performed by the producer, including pictures of all four sides of each vehicle, with a copy maintained in the producer's file. ~~The Company reserves the right to request photographs.~~

BINDING

In order for coverage to be bound, the producer must have a valid Producer's Agreement with WAIC, submit the policy information electronically and the gross down payment by EFT, and not bind any risk designated as an UNACCEPTABLE RISK in the Underwriting rules on Page 5.

BINDER/POLICY FEE AND PASS-THROUGH ASSESSMENT

A policy fee of \$15 will be charged for processing each new application. If all rated drivers on the policy at new business qualify for the Good Driver Discount, it will be applied to the policy fee. The fee is fully-earned at policy inception and is not subject to refund. There will be a pass-through per vehicle per year of \$1.00 for the Fraud and Theft Investigation and Prosecution Fee, \$0.30 for the Consumer Automobile Insurance Services Fee, and \$0.50 for the Fraud Interdiction Program, which will not be included in the calculation of premium for any coverage.

UNINSURED MOTORIST COVERAGE

Uninsured Motorist coverages must be provided for every vehicle on a multiple-vehicle risk unless it is rejected for all vehicles. If Uninsured Motorist coverage is not desired, a named insured, listed as such on the application, must sign the rejection. The Uninsured Motorist BI limits must be equal to the BI liability limits, unless the rejection form is signed or a named insured provides us with a written statement waiving higher limits in favor of lower ones.

WHOLE DOLLAR RULE

All premiums for each coverage must be rounded to the nearest whole dollar. A premium of \$.50 or more will be rounded to the higher whole dollar.

POLICY FORM AND COVERAGES

Workmen's Auto Insurance Company uses the 2006 ISO SPECIAL PERSONAL AUTO POLICY in this automobile insurance program, with the following changes:

- The definition of "newly acquired auto" is expanded,
- Coverage for physical damage is restricted to named operators only,
- Coverage for transportation expenses coverage is restricted to losses due to theft,
- Coverage for audio and video equipment is limited to \$350, and
- No coverage is provided for non-factory special equipment.

The following coverages and limits are available:

- BI/PD Liability with limits of 15/30/5, 15/30/10, 25/50/10, and 25/50/25;
- Medical Payments with limits of \$500, \$1000, and \$2,000;
- Uninsured Motorist BI at 15/30 and 25/50; UMPD at \$3500; UM Collision Damage Waiver;
- Comprehensive and Collision with deductibles of \$250, \$500, and \$1000;
- Towing & Labor with a limit of \$50 per disablement;
- Full Transportation Expenses of \$20 per day up to a maximum of \$600; and
- **Roadside Assistance with a 15-mile towing limit and a maximum of five dispatched services annually.**

*Workmen's will not write Physical Damage without Liability. Towing & Labor and Full Transportation Expenses are available only to vehicles with physical damage coverage. **Roadside Assistance covers all vehicles scheduled on the policy.***

CANCELLATIONS

All earned premiums will be charged. There is a \$15 service fee for checks returned NSF.

Policies canceled by notice at company election will not be subject to reinstatement. Policies canceled for non-payment of a premium amount may be reinstated, subject to a \$10 late fee. If the delinquent premium is received prior to the cancellation date, reinstatement will be made without lapse in coverage. **Subject to Company approval,** policies may be reinstated with lapse up to 30 days following the effective date of cancellation, with a credit for the time coverage was not in effect, provided there is sufficient time remaining in the term to issue a renewal offer for the next term. Policies will be reinstated effective the day of receipt by the Company. If, however, the payment is received by the producer and bound using the waic.com website, the reinstatement will be effective the day following binding, but in the event of a claim, coverage will normally be extended to include losses occurring after the date and time of binding. If a policy cannot be reinstated with lapse, a new application will be required.

An insured may cancel by returning the original policy or binder or by means of a signed request stating the date coverage is to cease. A signed lost policy release will also be honored as valid evidence of cancellation. No requests for cancellation will be made effective earlier than **fifteen ten** days prior to the date of receipt by the company. The return premium will be computed on a pro-rata basis.

Any application that is to be voided must be faxed the same day it was uploaded. Any request to void an application received after this period will be cancelled pro-rata, not voided. All fees charged are fully earned.

If an applicant's or insured's premium downpayment is justifiably dishonored by any financial institution, no coverage will be in effect as of the date coverage was to begin or continue. If an insured's premium payment that reinstated a policy for which a statutory notice of cancellation notice had previously been issued is dishonored by any financial institution, the policy will be canceled as of the date specified in the cancellation notice, and no coverage will have been in effect as of that date.

RENEWALS

It is the intention of the company to notify the insureds of the expiration of their coverage and to furnish the insureds with a renewal quotation at least twenty days in advance of expiration. Such offers to renew will be mailed directly to the policyholder.

If the policyholder remits the premium payment for the renewal to WAIC and the payment is received prior to expiration, the policy will be continued with no lapse in coverage. If the payment is received within 30 days after expiration, the policy will be renewed with lapse effective the day of receipt. **Subject to Company approval,** the producer may accept payments for 30 days after the expiration date, but the website *must* be used to record the payment. The renewal will be effective the day following binding, but in the event of a claim, coverage will be extended to include losses occurring after the date and time of the website binding.

PAYMENT PLANS

All policies are direct bill. Commission statements are mailed monthly. Premium financing is not accepted.

NEW BUSINESS

Full Pay Option - Applications may be submitted fully pre-paid for 3, 6, or 12 months.

Installment Payment Plan - There are Payment Plans available for the 6-month and 12-month terms. Consult the rating vendor software for eligibility. There will be a \$12 billing fee for each installment. The billing fee will be reduced to \$5 for policies on an EFT billing plan.

Payment Required with Application - Gross payment of the full premium for full-pay policies, or of the down payment for the installment plan, must be submitted with the application. Commission may not be retained.

UPDATES AND ENDORSEMENTS

Upates - If premium differentials on New Business result because of errors or incorrect information, the difference will be distributed among the remaining installments. A single bill will be issued if the policy is on the full-pay plan. The producer's Information Sheet sent with the policy will include a notification of the uprate or downrate, and the producer is responsible for explaining the change to the insured.

Endorsements – Premium changes as a result of endorsements will be spread among the remaining installments. Additional premiums will be billed in full if no installments remain or if the policy is on the full-pay plan. Endorsements requested by the policyholder may be subject to a \$3 endorsement fee.

Endorsements must be processed using the Company's website. If an endorsement is sent in via fax or mail the effective date and time of the endorsement will be 12:01 AM the day following the Company receipt date.

RENEWALS

Full Payment Options - The insured will be offered full-pay 3-month or 6-month renewal options. A 12-month full-pay renewal is also available at two times the billed rate for six months.

Installment Payment Plan – An installment plan will be offered with a 6-month term. All renewal and installment billings are subject to a \$12 billing fee. The renewal and installment fees will be reduced to \$5 for policies on an EFT billing plan.

PRIVATE PASSENGER UNDERWRITING

Good Drivers - It is the intent of Workmen's Auto Insurance Company to provide a Good Driver Discount Policy to any person qualifying as a "Good Driver" as defined by Section 1861.025 of the California Insurance Code, its underwriting criteria notwithstanding.

UNACCEPTABLE RISKS - The following types of risks are unacceptable to the company, other than for Good Drivers:

For Any Coverages

1. Drivers with 2 or more major violations in the past thirty-five months.
2. Drivers with 3 or more at-fault accidents in the past thirty-five months.
3. Drivers with a conviction in the last 35 months for commission of a felony involving a motor vehicle.
4. Drivers with a suspended or revoked license, unless it can be reinstated with an FR filing.
5. Drivers with an FR filing when all vehicles in the household are not insured with Workmen's.
6. Named insureds under 18 years of age.
7. Applicants with a prior balance due to Workmen's Auto Insurance Company.
8. Applicants with a prior conviction for insurance fraud.
9. Applicants who had a policy rescinded, canceled or non-renewed by Workmen's due to fraud or misrepresentation in connection with an application or claim.
10. Applicants or drivers without a permanent garaging address. Motels and hotels are unacceptable.
11. Applicants listing a PO Box or other mail drop location as a garaging address.
12. Applicants or any rated driver that does not have a valid proof of identity (photo ID is required).
13. Vehicles used as public livery or as taxis, including vehicles used to transport nursery or school children, migrant workers, or guests of hotels or nursing homes.
14. Vehicles used for emergency purposes or for scheduled or speedy delivery of items including but not limited to food, parcels, newspapers and magazines.
15. Vehicles with ~~altered suspensions, raised, or lowered~~ any modification which mechanically or structurally alters the vehicle's performance or appearance.
16. Vehicles used in a personal vehicle sharing program.
17. Vehicles used to carry explosives or flammable substances.
18. Vehicles leased or rented by the applicant or named insured to others.
19. Policies listing vehicles from more than 1 household.

For Physical Damage Coverages

1. Any vehicle with a cost new (MSRP) over \$50,000 or with an ISO rating symbol over 19 for 1989 and older vehicles, over 23 for 1990 through 2010 vehicles, or over 53 for 2011 and newer vehicles.
2. Vehicle models which are not or have not been distributed or sold in the United States; grey-market vehicles such as the European versions of Mercedes and BMW.
3. Vehicles not registered in the United States.
4. Vehicles with existing damage unless documented by the producer and approved by the Underwriting Department prior to binding and submitting the application.
5. Antique, classic, custom, kit, limited production, show or racing cars.
6. Non-Factory Special Equipment.
7. Vehicles with salvage titles.
8. Vehicles requiring Stated Amount or Stated Value coverage.

RATING RULES

GENERAL INSTRUCTIONS

The company web site and software provided by rating vendors provides accurate quotations for all risks. The rate is determined by the Frequency Band, Severity Band, Driver Class, Point Count, Annual Mileage, and for Physical Damage, the Symbol and Model Year.

The driver classification and point count of the highest rated driver is applied to the vehicle developing the highest premium for that driver. Registered Domestic Partners are rated as "Married". All rating factors, discounts, and surcharges are used in making this determination. If there are extra vehicles, each driver is assigned, and then any extra vehicles are rated with the lowest available rating class (XS) with no driving record points. The Good Driver discount will be applied to any excess vehicles only if all drivers on the policy qualify for the discount.

DRIVING SAFETY RECORD

All moving violations and chargeable accidents for the past thirty-five months are counted, using the violation date. For multiple point count charges arising out of one occurrence, only the highest charge involved is used. Points are not combined if there are two or more drivers.

Accidents

First2
 Second3
 Each additional.....4

A driver may be considered to be principally at fault in an accident if the driver's actions or omissions were at least 51 percent of the proximate cause of the accident, and in accidents not resulting in death, if the damage to the property of any one person caused by the accident exceeded \$750.00 for accidents which occurred prior to 12/11/11, or \$1,000 for accidents which occurred on or after 12/11/11.

For not-at-fault accidents, the Company will investigate to determine whether:

1. The vehicle was lawfully parked at the time of the accident;
2. The vehicle was struck in the rear, and the driver was not convicted of a moving violation in connection with the accident;
3. The driver was not convicted of a moving violation and the operator of another vehicle involved in the accident was;

4. The vehicle was damaged as a result of a "hit and run" accident and the accident was reported to legal authorities within a reasonable time;
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.")

The applicant may provide a sworn statement "under penalty of perjury" that a police report or a statement from the other party's or applicant's insurer is unavailable and that the accident was not-at-fault.

Violations

Major
 First.....4
 Each additional6

- Drunk Driving
- Refusal of Alcohol Test (Implied Consent Law)
- Speed Contest or Exhibition of Speed
- Felony involving a motor vehicle
- Hit and Run
- Driving under the influence of alcohol, drugs or narcotics.
- Vehicular Manslaughter
- Reckless Driving
- Transporting Explosives
- Driving over 100 MPH

Serious Minor Violations

2 Points Each

- Driving on a revoked or suspended license
- Following too close; failure to yield
- Open Container, Closed Container, and other liquor or drug violations not listed as Majors
- Careless Driving

Other Minor Violations

1 Point Each

- Speeding and all other moving violations

ANNUAL MILEAGE

Vehicles are rated based on the mileage each is driven annually. Workmen's Auto will verify mileage in accordance with Section 2632.5 of the California Insurance Regulations. The Company's default annual mileage is 10,000 miles.

SYMBOLS

ISO symbols are used without modification for rating Bodily Injury, Property Damage, Medical Payments and Physical Damage coverages on all vehicles. Workmen's Auto has adopted the Bureau VSR (Vehicle Series Rating) program, which modifies vehicle physical damage rating symbols to reflect actual loss experience for each model.

POLICY TERM

12-month policies are rated at 200% of the semi-annual rate, and quarterly policies at 50% of the semi-annual rate.

TERRITORIES AND RATING BANDS

California has been divided into territories of zip codes having similar loss frequency and severity. These territories have separate rating bands by coverage.

DISCOUNTS AND SURCHARGES

GOOD DRIVER DISCOUNT

A 20% discount will be applied to all vehicles assigned to a driver qualifying for "good driver" status under Section 1861.025 of the California Insurance Code and Sections 2832.12 and 2832.13.1 of the California Insurance Regulations.

To qualify for the discount, a driver must:

1. Be licensed to drive in any jurisdiction during the three years prior to the term effective date;
2. Have no more than one CA DMV violation point during the three years prior to the term effective date;
3. Have no convictions of certain driving under the influence related driving offenses during the ten years prior to the term effective date, as defined by CA

Vehicle Code Sections 23140, 23152, 23153, 23550 and 23566, or a violation of Section 191.5 or paragraph (3) of subdivision (c) of Section 192 of the Penal Code; and

4. Have no at-fault accidents that resulted in bodily injury or death during the three years prior to the term effective date.

A driver with driving experience outside the United States or Canada may qualify for "good driver" status provided that he or she has been licensed to drive in the United States or Canada during the eighteen months prior to the term effective date and satisfies the requirements of 2. 3. and 4. above.

The Good Driver discount will be applied to any excess vehicles only if all drivers on the policy qualify for the discount. Drivers who do not qualify for the Good Driver discount may be excluded from coverage by the named insured, which may qualify the policy for the discount.

MULTIPLE CAR DISCOUNT

A ~~17.5%~~ 20% discount will apply to ~~Liability coverages and a 10% discount will apply to Physical Damage~~ all coverages except Towing and Labor, Transportation Expenses and Roadside Assistance if two or more vehicles are registered to the named insured ~~or a resident relative~~ and covered on the same policy.

MATURE DRIVER DISCOUNT

A 5% discount will be applied to all liability coverages for any vehicle rated using a driver age 55 or older who has successfully completed a Mature Driver Improvement Course approved by the Department of Motor Vehicles. A copy of a valid certificate must be maintained in the producer's records.

MULTI-POLICY DISCOUNT

A 5% discount will apply to all coverages except Towing and Labor, Transportation Expenses and Roadside Assistance if the named insured has a Renter's (HO4) or Condominium (HO6) insurance policy in force with Workmen's. If the effective date of the HO4 or HO6 policy is prior to the auto policy effective date, or within 30 days afterward, the discount will be applied as of the auto policy effective date. Otherwise, the discount will be applied as of the HO4 or HO6 policy effective date.

SPECIAL RISK CATEGORIES

NAMED NON-OWNER COVERAGE

Casualty coverages only are available on a named non-owner basis. The policy will be rated the same as a policy insuring an owned automobile. Only one driver may be listed on the policy. UMPD coverage is unavailable.

BUSINESS USE - PICKUPS AND VANS

Pick-ups and vans (limited to one ton or less) registered to an individual or husband and wife and used for making sales calls, transportation of materials and tools to the job site, occasional delivery of finished products, but NOT routine delivery of goods, may be rated as private passenger automobiles. **If the annual mileage is less than 20,000 miles, documentation supporting the lower mileage must be sent by fax to "Underwriting" at (800) 722-0216 on the same day the application is uploaded or the vehicle is added to the policy.** Any business use must be disclosed to Workmen's Auto Insurance Company.

FINANCIAL RESPONSIBILITY FILINGS

FR Filings are available for any Named Insured and spouse or registered domestic partner.

In addition to the normal premium, a twenty dollar (\$20) fully earned fee is charged for each filing.

DRIVER EXCLUSIONS

Exclusions of named persons are acceptable to the company. Generally, the company will accept exclusion endorsements on members of the household who have never learned to drive and never held a driver's license.

However, any applicant who qualifies as a Good Driver under Section 1861.025 of the California Insurance Code may exclude any other drivers who would prevent the Good Driver from purchasing a good driver discount policy, the above rules notwithstanding.

SPECIAL EQUIPMENT

Workmen's Auto does not provide a market for Special Equipment installed on a vehicle. Any equipment which was not installed by the original manufacturer is excluded from coverage.

Audio/Video: Audio and video equipment is covered under physical damage coverages only if installed by the original manufacturer, and the amount of coverage afforded is limited to \$350.

LIENHOLDER DEDUCTIBLES

Policies with deductibles higher than \$250 will be endorsed to show that only \$250 applies to the lienholder.

TOWING & LABOR

Towing & Labor with a limit of \$50 per disablement is available to vehicles with physical damage coverage. If one vehicle with physical damage coverage on a multiple-car policy has Towing and Labor, all vehicles with physical damage coverage must have Towing & Labor. The annual charge per vehicle for Towing & Labor is \$15.

TRANSPORTATION EXPENSES

Full Transportation Expenses (Rental Reimbursement) with a limit of \$20 per day up to a maximum of \$600 per occurrence is available to vehicles with physical damage coverage. If one vehicle with physical damage coverage on a multiple-car policy has Transportation Expenses, all vehicles with physical damage coverage must have Transportation Expenses. The annual charge per vehicle for Transportation Expenses is \$56.

ROADSIDE ASSISTANCE

Roadside Assistance covers all vehicles scheduled on the policy, providing towing up to 15 miles; locksmith, tire, battery and map service; fluid delivery; and theft reward. A maximum of five dispatched service calls are provided annually. The annual charge per policy for roadside assistance is \$50.

POLICY INFORMATION

WORKMEN'S AUTO ON THE INTERNET

Every Workmen's Auto producer has its own web page, located at www.waic.com. To access your producer page, click on "Manage Your Policies". Enter the numeric digits of your producer code in the "User Name" field, and your password in the "Password" field. If you don't know your producer password - or if you do know your producer password and would like to change it - contact Technical Support at (800) 697-6117, extension 1398.

Using your producer page, you have the ability to:

- Review policy information
- Process change requests
- Post payments
- Bind reinstatements and reinstatements with lapse
- Bind renewals and renewals with lapse
- Review and download your EFT history
- Create, save and work with quotes
- Review the status of claims
- Download the current underwriting guide

STATUS LINE

As a back up to www.waic.com, Workmen's Auto Insurance Company also provides Status Line, our telephone-based policy inquiry option. Status Line can provide you with policy status and billing information as of the close of the prior business day in the event you are away from your computer or unable to access the internet.

Status Line is also available for use by your policyholders, providing them with their policy status and billing information. Status Line will also direct the policyholder to contact you in the event they need coverage bound immediately.

To access Status Line, dial (800) 927-8221. You will be prompted to enter your agency code. Status Line can provide you with a brief policy status, and then provide options for further information regarding policy billings and payments.

TOLL-FREE NUMBERS TO CONTACT WORKMEN'S AUTO INSURANCE COMPANY

(800) 927-8221 - Underwriting, Customer Service, and billing issues, or to reach Status Line

(800) 722-0216 - Underwriting FAX line, for correspondence, proof of non-fault, and endorsements

(888) 811-4054 - All Claims calls, including first notice of loss

(800) 697-6117 - Main Number, for Technical Support (x1398), Marketing Coordinator (x1211), and all other calls.