

NATIONS INSURANCE COMPANY

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NAIC # 13127

CALIFORNIA PRIVATE PASSENGER AUTOMOBILE MOTOR CLUB PROGRAM Restricted Non-Standard Auto Policy

**Underwritten by:
NATIONS INSURANCE COMPANY**

UNDERWRITING GUIDELINES

Effective 01/15/2015

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ACCEPTABLE APPLICATIONS

DO NOT BACKDATE COVERAGE.

We reserve the right to make final underwriting decisions regarding the acceptability of risks, limits of coverage and deductibles.

Producers have no binding authority. Provisional binding authority will be recognized based upon the following conditions being met.

Applications for new business must be transmitted by the Producer to the Company via a Nations Insurance Company approved electronic application upload. If you are unable to transmit via one of the approved electronic uploads, a copy of the complete application and all required documentation must be faxed immediately to Nations Insurance Company. Every question on the application must be answered (and explained where called for), the application must be properly signed by the Applicant and Producer, the required premium must be collected, and the risk must be acceptable according to all underwriting rules. The individual who signs the application must be the Applicant /Named Insured.

The Applicant / Named Insured must be a member of the Road America Motor Club or the Auto Knight Motor Club to be eligible to purchase insurance through this program. The Applicant must be 18 years of age or older. The Applicant must be an individual; policies with estates, receiverships, corporations, partnerships as the Applicant / Named Insured are not acceptable.

A new application will not be accepted for any former policyholder who has an unpaid balance due Nations Insurance Company, unless it is paid with the submission of the new application.

The completed, signed application and all required supporting documentation must be obtained and be available immediately for review as requested by Nations Insurance Company, and required items* submitted to Nations Insurance Company via electronic upload or postmarked within three (3) days from the date of the electronic upload of the application, as required. Documentation needed for applications written with a future effective date must be uploaded via our website at www.nations-ins.com or postmarked prior to the requested effective date. Nations Insurance Company has the right to review and the producer has an obligation to have all documents available for review, including but not limited to the following:

1. The insured's name and address, including the insured vehicle(s) garaging address. The garaging address must not be a P.O. Box.
2. The required down payment or full payment.
3. For each vehicle, the full description of the vehicle including year of manufacture, make, model and the complete vehicle identification number (V.I.N.)
4. Information for all drivers, including their correct driver's license numbers, loss history and current MVR. All household residents age 15 or older and any persons (including all children whether living with insured or not) that ever drive the cars must be listed as a driver or excluded from coverage on the application.
5. All waivers and exclusions signed, as required
6. Coverage limits and deductibles clearly identified
7. Producer's name, address, and producer code.
8. Photos for all vehicles with physical damage coverage. The photos must be submitted to the Company. (See "VEHICLE INSPECTION" section for details).
9. Appropriate proof of all applicable discount(s) eligibility and proof of non-fault or no-injury for all accidents. Proof of marriage is required whenever the insured and spouse have different last names and may also be requested in other cases.

***For producers that are set up for “Document Retention”, only the following items must be submitted to Nations Insurance Company concurrent with the submission of the application, as per the instructions above (however, all items noted above, even if not required to be submitted to Nations Insurance Company must be kept on file in the Producer’s office and available for review at any time by Nations Insurance Company):**

1. Motor Vehicle records (MVR’s)
2. Photos, if required (See “VEHICLE INSPECTIONS” section for details.)

CANCELLATIONS / NON-RENEWALS

Nations Insurance Company will determine the effective date of cancellation or non-renewal and send any required notice to the insured and any third party interest, as required.

FLAT CANCELLATION / RESCISSIONS

Not permitted except under the following circumstances:

The insured’s down payment made to the producer or Nations Insurance Company is not honored by the financial institution upon which it is drawn. If applicant’s down payment is returned for any reason by the financial institution upon which it is drawn, the policy will be rescinded and no coverage will have ever been afforded. No opportunity will be offered for replacement of the unpaid funds. If the insured’s down-payment was received and deposited by the producer, a request to rescind must be faxed to Nations Insurance Company along with a copy of the dishonored check (front and back) or documentation of a refused/ rejected/ disputed/ declined credit card payment. The fax requesting the rescission and the supporting documentation must be submitted to Nations Insurance Company within 20 days of the policy effective date. Replacement funds collected are to be used to rewrite the policy with a new effective date. Under no circumstances are funds to be collected by the producer with the understanding that the insured’s rescinded policy will be “reinstated”.

In addition, misrepresentation by the insured on the application for insurance or on any documentation submitted to the Company may result in rescission of the insurance contract.

NON-PAYMENT OF PREMIUM

If the insured fails to pay their installment prior to the due date, Nations Insurance Company will mail a notice of cancellation that provides at least 10 days notice. A policy canceled for Non-Payment of Premium will be subject to a fully-earned short-rate Cancellation Fee (See “FEES” section). In addition, any and all fully earned fees will be due. Payments made with invalid instruments or otherwise insufficient will be considered as null and void. Subsequently, any pending reinstatement will revert back to the previously noted cancellation date.

Other reasons a policy may be canceled for non-payment of premium to the Company (reasons other than the insured did not make their installment payment) include; the tendering of a short payment or failure to pay an additional premium when due. Nations Insurance Company may issue a “Notice of Intent to Cancel for Non-Payment of Premium”. Reinstatement may be considered if the premium due is paid prior to the cancellation date.

COMPANY REQUEST

If the Company cancels the policy, the earned and/or return premium will be calculated on a pro-rata basis. Nations Insurance Company will mail a notice of cancellation that provides at least 20 days notice. The reinstatement of a policy canceled for underwriting reasons may be considered only if the reason for cancellation is 1) remedied by requested additional information and or documents being furnished to Nations Insurance Company; and 2) the required information and/or documents are provided prior to the cancellation date; and 3) all monies due at that time of reinstatement are paid.

INSURED’S REQUEST

A policy canceled per the insured’s request will be subject to a fully-earned short-rate Cancellation Fee (See “FEES” section). All requests must be made in writing to the Company and must be signed by the Named Insured. Insured’s requests may be mailed or faxed to Nations Insurance Company. Cancellation will be effective no sooner than the day after the fax was sent to Nations Insurance Company or the postmark date on the envelope that contained the request. In the case of the insured’s

death, either the insured's spouse, executor or person granted power of attorney to execute the insured's affairs may request cancellation of the policy. A copy of the death certificate and if the requestor is not the insured's spouse, evidence of legal right to transact the deceased insured's affairs must accompany the request.

Exceptions:

1. In the case of *duplicate coverage*, earned and/ or return premium will be calculated on a pro-rata basis, based on our percentage of risk. Nations Insurance Company must receive the insured's signed request and a copy of the Declarations Page from the issuing carrier. The submitted Declarations Page must indicate concurrent coverage, and show the same vehicle(s) and coverage as the Nations Insurance Company policy. The cancellation request for duplicate coverage must be received within 30 days of the Nations Insurance Company policy effective date. All fees are fully earned.
2. Cancellation because of a *total loss* will be done only upon the receipt of the insured's request and will be processed effective the day after the loss, but only if the request is received within 30 days of the loss date. Otherwise, they will be processed as of the date received by the Company.
3. When an insured has *moved out of state*, we offer prorated cancellation in these cases.
4. Cancellations for policies not accepted by the insured because of producer or Company error will have the earned and/or return premium calculated on a pro-rata basis

CLAIMS

Insured's are to be instructed to report their claims by calling the phone number listed below. The direct reporting of claims speeds up the claim adjustment process and allows for the collection of more accurate information when communication is received directly by the insured, claimant, or attorney.

Toll Free Claims Number: (800) 292-1511

CONTACT US

Mail all correspondence and premium payments to:

Nations Insurance Company

P. O. Box 4687

Glendale, CA 91222-0687

Phone: (818) 660-1080

FAX: (818) 549-0560

COVERAGES OFFERED

COVERAGES

Bodily Injury Liability

When requested, Bodily Injury Liability (BI) must be written on all vehicles.

Property Damage Liability

When BI is written, Property Damage Liability (PD) must be written on all vehicles.

Medical Payments

Medical payments coverage may be written on autos covered for liability

Uninsured Motorists Bodily Injury

Uninsured Motorists Bodily Injury (UMBI) will be written on all autos covered for liability unless rejected in writing by the Named Insured. If elected, UMBI coverage must be on all covered autos. UMBI can only be written on policies providing BI coverage.

Uninsured Motorists Property Damage

Uninsured Motorists Property Damage (UMPD) will be written on all autos covered for UMBI (that do not have Collision coverage) unless rejected in writing by the Named Insured. UMPD can only be written on policies providing UMBI coverage. If elected, UMPD and/or CDW coverage must be on all covered autos, as applicable.

Collision Deductible Waiver

Collision deductible Waiver (CDW) will be written on all autos covered for UMBI (that have Collision coverage) unless rejected in writing by the Named Insured. CDW can only be written on policies providing UMBI coverage. If elected, UMPD and/or CDW coverage must be on all covered autos, as applicable.

Rental Reimbursement

May only be written on autos with Comprehensive / OTC and Collision (Physical Damage) coverage. If elected, coverage must be written on all covered autos with Physical Damage coverage.

Comprehensive (Other than Collision) and Collision

These coverages are optional. Deductibles do not have to match. The producer must inspect all vehicles with Comprehensive and Collision coverage and photos must be taken. See "VEHICLE INSPECTIONS" section for more information.

Additional Equipment

May only be written on autos with Comprehensive / OTC and Collision (Physical Damage) coverage. Coverage is provided at an additional cost for non-standard equipment items and may only be written for a value up to \$500. All equipment must be permanently attached to the vehicle. Coverage is excluded for the following unless coverage is requested and a premium charged: awnings, cabanas, camper shells, and custom enclosures for pickup trucks, chrome, alloy or magnesium wheels; citizens band or 2-way mobile radios, custom bodywork, custom chroming, custom paint and custom wide-tread tires or racing slicks.

Lessor Liability Endorsement

May only be written on policies with BI and PD that have a vehicle with an Additional Insured (Lessor) listed. This coverage increases the liability limits of the Additional Insured (Lessor) to 100/300/50 with respect to their interests in the automobile and when named as a defendant in a civil court of law.

Non-Owned Auto coverage (Non-Owner policy) is NOT offered.

LIMITS

\$15,000 / \$30,000

(Per Person / Per Accident)

\$5,000

\$10,000

(Per Accident)

\$500

(Per Person, Per Accident)

\$15,000 / \$30,000

(Per Person / Per Accident)

\$3,500

(Per Accident)

Deductible Amount

\$20 / \$400

(Per Day / Max per Occurrence)

DEDUCTIBLES*

\$500

\$1,000

DISCOUNTS

The following discounts are offered for this program:

Multi-Car Discount:

A discount will apply to applicable coverages when there is more than one vehicle on the policy and they are garaged at the same address.

Renewal Discount:

A discount will apply to applicable coverages when the Insured has had continuous liability insurance with Nations Insurance Company for a minimum of one (1) year.

Mature Driver Discount:

A discount will apply to applicable coverages for rated drivers age 55 and over that meet the following requirements:

1. The driver has been issued a driver improvement course certificate by a DMV certified school within the previous 3 years and a copy of the certificate has been submitted to the Company; and
2. The driver must not have taken the course pursuant to a court order.

The discount will be applied effective the date the certificate is received by the Company and will apply for up to three years from the completion date of the course. The course must be taken every three years to continue eligibility for the discount. The discount will be removed at renewal if the driver has a chargeable accident.

Passive Restraint Discount:

A discount will apply to applicable coverages for each vehicle that is equipped with factory-installed automatic seat belts or an air bag system.

For most vehicles, the VIN will provide the information needed to determine eligibility for this discount, however in some cases supporting documentation may be required.

Good Driver Discount:

A discount of 20% will apply to every driver that qualifies as a California Good Driver per CIC §1861.025. Vehicles that do not have a driver assigned will be rated with the Good Driver Discount only if all drivers on the policy qualify as Good Drivers per CIC §1861.025. In addition, if all drivers on the policy qualify as Good Drivers, the discount will be applied to applicable fees, as required by law. **Note:** In regards to the requirement of having been licensed continuously for the previous 3-years to qualify for the Good Driver Discount, in order for a foreign operator claiming that experience in a jurisdiction other than the U.S or Canada to qualify, a copy of his/her foreign driving record must be provided.

DRIVER ASSIGNMENT

The highest rated operator is assigned to the highest rated vehicle. If there are more vehicles than operators; the unassigned vehicle will be written using the "Extra Vehicle" factors for Years Driving Experience, Gender, and Marital Status with zero points. In addition, all applicable surcharges will be applied. All policies will be issued at the correct rates based on the information provided on the application and discovered during the underwriting process.

DRIVER CLASSIFICATION

The spouse of each married driver must be included or excluded as a driver on the policy. To be rated as married, drivers must be legally married.

In certain cases, objective evidence may be required to substantiate marital status. This will include cases where the spouse's last names do not match. In cases of Registered Domestic Partners, the persons will be rated as married as long as proof of registration with the California Secretary of State is received by the Company at the time of application or endorsement.

Widowed and divorced drivers will be rated as single.

DRIVER EXCLUSIONS

All regular and occasional operators (whether they reside in the household or not), and all persons in the insured's household age 15 or older (whether they have a license or not) must be listed on the application as a driver or excluded from coverage.

The Named Insured may be excluded. All married insured's must give driver information for the spouse in the drivers section of the application, or exclude the spouse with a signed Named Driver Exclusion.

DRIVING RECORD POINT SURCHARGES

We order MVR's and Claim History Reports (CLUE) on every risk. Please encourage the applicant to fully disclose his or her driving record to avoid premium adjustments or cancellation/rescission. Point surcharge is determined by using the driving record of individual drivers for the 36 months preceding the policy effective date. For violations, Conviction Date is used to determine whether or not the violation falls within the surcharge period. Use the highest point charge for multiple point charges arising out of one occurrence. Point charges may differ from section 12810 of the California Vehicle Code*. Please refer to the Vehicle Code Violations list attached to this manual for a comprehensive list of point surcharges and violation classification.

A policy will not be reclassified and re-rated for point charges expiring during the policy term. Rewrites for this purpose are not allowed.

***Note:** When determining point counts for the application of the Good Driver Discount, points are assigned in accordance with section 12810 of the California Vehicle Code.

Violation Type / Accident	Surcharge Points	
	1 st Offense	2 nd & subsequent
Minor Violations	0,1, or 2*	0,1,2,3 or 4*
Major Violations	3	6
At-Fault Accidents	2	5

**Please refer to the Vehicle Code Violations list for a comprehensive list of point surcharges.*

MINOR VIOLATIONS

Please refer to the Vehicle Code Violations list attached to this manual for a comprehensive list of point surcharges and violation classification.

The following minor violations will not be surcharged:

1. The operator at the time of the violation was on duty as a paid or volunteer member of any Police or Fire Department, First Aid Squad or any Law Enforcement Agency.
2. All minor moving violations occurring in commercial vehicles. The employer's statement that they occurred while on company business and in a company commercial type vehicle must accompany the application or endorsement.
3. Dismissed traffic violations. No more than one per 18-month period will be removed.

MAJOR VIOLATIONS

Please refer to the Vehicle Code Violations list attached to this manual for a comprehensive list of point surcharges and violation classification.

ACCIDENTS

Documentation as to chargeability and/or the insured's declaration may be necessary in order to properly rate accidents. This documentation can consist of a police report, a written statement from the other party's insurance carrier or from the insured's previous insurance carrier or similar legal document verifying that the insured was not at fault. Signed statements (including policy "counter" reports) or letters from the insured's attorney are not acceptable. The insured's declaration, under penalty of perjury, attesting to his or her accident history will be considered as acceptable proof. If it is later discovered that the declaration contains a fraudulent or material misrepresentation, the policy may be canceled pursuant to California Insurance Code sections 661 and 1861.03c (1), and we may take any other action authorized by law including possible denial of any pending claim. Police reports are not acceptable proof of no-injury.

The following accidents will **not** be considered chargeable, if the applicant/insured demonstrates the following:

1. Applicant's/insured's automobile was lawfully parked.
2. Judgment or reimbursement was obtained from the responsible party.
3. Operator was struck in the rear and not convicted of a moving traffic violation.
4. Operator was struck by a hit-and-run driver and such accident was reported to the proper authorities within 24 hours.
5. Operator was not convicted of a moving traffic violation in connection with the accident and the operator of the other vehicle involved in such accident was convicted of a moving traffic violation.
6. Operator was finally adjudicated not to be liable by a court of competent jurisdiction.
7. Accidents involving Physical Damage limited to and caused by flying gravel, missiles, falling objects or by contact with animals or fowl.
8. Operator at the time of the accident was on duty as a paid or volunteer member of any Police or Fire Department, First Aid Squad, or any Law Enforcement Agency.
9. Accidents occurring while operating a bus or any local transit system.
10. The accident was a solo vehicle accident that was principally caused by a hazardous condition of which the driver, in the exercise of reasonable care, would not have noticed (i.e. "black ice").
11. Operator determined to be 50% or less at-fault.
12. Non-injury accident in which the total amount of damage to property did not exceed \$750 (effective for accidents that occurred on or before 12/10/11) or \$1,000 (effective for accidents that occur/occurred on 12/11/11 or after).

ENDORSEMENTS

An Endorsement Fee (see “FEES” section) will be charged for all premium changing endorsements, except for endorsements processed due to producer or company error.

Endorsements can be submitted online via the Nations Insurance Company website at www.nations-ins.com or the Diamond Producer Processing Portal. Producers can also submit endorsement requests by faxing or mailing them to Nations Insurance Company on a Nations Insurance Company Endorsement Request Form. The form must include the policy number and all information, including the Named Insured’s signature, rejections, exclusions, etc (when applicable), as well as supporting documentation (i.e. photos) necessary to process the request. Any required additional premium and/or fees collected by the producer should be submitted to Nations Insurance Company via the Nations Insurance Company website, the Diamond Producer Processing Portal, or by attaching an agency trust check to the endorsement request submitted (if being mailed).

All endorsement requests to reduce or delete coverage (including increasing deductibles), exclude driver(s), or requests to cancel a policy for Insured Request must be signed by the Named Insured. These changes will be effective the date requested, provided that the request is received or postmarked within three (3) days of the request.

Endorsement requests to increase coverage (including decreasing deductibles) will be effective the date they are uploaded on our website or Diamond Producer Processing Portal, or the day after postmark. In the absence of a valid U.S. postmark on endorsements that are mailed, the date received by Nations Insurance Company will be used.

FEES

All fees are fully earned and non-refundable. All fees due will be deducted from any return premium due the insured.

Policy Fee - \$30 (\$24 - Good Drivers*)

A Policy Fee fully earned at inception will apply to all new business and renewal policies.

Fraud Fee - \$1.75 (per vehicle)

A \$1.75 per vehicle annual (\$.87 semi-annual) fee must be collected and submitted to the State each year; this fee is fully earned. All policies include the appropriate per vehicle fees with each new and renewal policy issued. In addition, a Fraud Fee will be added for any/all vehicles being added to the policy by endorsement mid-term.

Installment Fee - \$12.00

Each installment payment will have an Installment Fee added. This does not apply to the new business and renewal down payments.

Endorsement Fee - \$7.00 (\$5.50 – Good Drivers*)

An Endorsement Fee will apply to all endorsements resulting in a premium change, except for endorsements resulting from a Company or producer error.

Late Fee - \$12 (\$9.50 – Good Drivers*)**

A Late Fee will apply to payments received after the scheduled installment payment due date.

Reinstatement Fee* - \$17 (\$13.50 – Good Drivers*)**

A Reinstatement Fee will apply if a payment is accepted after the cancellation or expiration date of the policy. Policies will be reinstated with a lapse in coverage if a payment is accepted after the cancellation or expiration date.

(continued on next page)

Financial Responsibility (SR-22) Filing Fee - \$20.00

An SR-22 Filing Fee will be charged for each SR-22 issued.

NSF Fee - \$20.00

An NSF Fee will be charged for any payment not honored by the financial institution upon which it is drawn.

Cancellation Fee - \$44 (\$35 – Good Drivers*)

A Cancellation Fee will be charged when the policy is canceled due to non-payment or insured's request.

**Note: Good Driver fees will apply when all drivers on the policy qualify as California Good Drivers, as per CIC §1861.025.*

***Note: Either the Late Fee or Reinstatement Fee will be charged for any one occurrence of a late payment. We will not charge both for the same occurrence.*

The above fees are in addition to any dues/fees charged for membership in the Road America Motor Club or Auto Knight Motor Club. Membership in the Road America Motor Club or Auto Knight Motor Club is required in order to purchase insurance through this special Nations Insurance Company program. Nations Insurance Company will collect membership fees on behalf of Auto Knight if the applicant is not already a member of the Auto Knight Motor Club.

FINANCIAL RESPONSIBILITY (SR-22) FILINGS

Policies must carry Bodily Injury and Property Damage coverage in order for an SR-22 to be issued. Only Owner's Filings are offered and we must insure all vehicles registered to the named insured and/or their spouse, as well as the driver issued the filing and/or their spouse. Filings will not be provided for any excluded drivers, non-residents or unrelated individuals.

SR-22 filings will be made to reinstate only California driver's licenses. If an SR-22 is requested for a license issued in another state, the SR-22 request will be declined. SR-22 filings will be made for the Named Insured, spouse and eligible listed drivers. Nations Insurance Company charges a one-time SR-22 Fee (See "FEES" section) for each SR-22 issued. This fee is fully earned and non-refundable.

The SR-22 will print in the producer's office after the upload of the application. The SR-22 is to be provided to the insured.

MILEAGE RATING

As allowed and/or required per CCR §2632.5 (c) (2), the following annual mileage procedures will be used:

Vehicles included at the time of New Business or vehicles added by endorsement will be rated with an estimated annual mileage of 13,000 if an estimated annual mileage for the vehicle is not provided. In the case of a replacement vehicle, the mileage on the vehicle being replaced will be used in the absence of an estimated annual mileage on the replacement vehicle. If the insured later provides an estimated annual mileage, the mileage will be changed and the vehicle will be rated accordingly. At renewal, a Renewal Questionnaire will be mailed advising the Insured of the current mileage each vehicle is being rated with and requesting that the Insured provide the estimated annual mileage for the upcoming term. If the Insured provides an updated estimated annual mileage, the mileage for the applicable vehicle(s) will be rated accordingly. If the Insured does

not provide an updated estimated annual mileage, the vehicle will be rated at a minimum of 13,000 or will be kept at the previous mileage number if higher.

POLICY TERMS AND PAYMENT OPTIONS

POLICY TERMS:

Policies can be written for a 6-month (semi-annual) or 12-month (annual) term. Nations Insurance Company will not accept premium for a term greater than twelve months. Policy terms cannot be changed subsequent to the issuance of a new or renewal policy.

PAYMENT OPTIONS:

1. **Paid-In-Full Policy:** Requires full term policy premium and all fees. For the purpose of providing monthly payments; only company sponsored installment plans are allowed; **no premium financing will be accepted.**
2. **Payment Plans (Direct Bill or EFT):** Please contact Nations Insurance Company for available payment plans.

Installment Payments

All checks are to be made payable to Nations Insurance Company. An NSF Fee (see "FEES" section) will be charged for any insured's payment not honored by the financial institution upon which it is drawn.

Before accepting a payment from an insured, producers should first verify the payment amount and that the policy is in effect. If already canceled, Producers must call for approval before accepting payment. Installment payments received by the producer must be forwarded to Nations Insurance Company via our website at www.nations-ins.com or the Diamond Producer Processing Portal. For agency EFT, the payment will be debited from the producer's trust account the following business day. Receipt of premium by the producer does not constitute receipt by the Company. Coverage provided will be based on the date and time the payment was received by Nations Insurance Company on their website or on the Diamond Producer Processing Portal.

In addition, the websites are capable of accepting electronic payments using the Insured's credit card (Visa and MasterCard) or the Insured's debit card with the Visa or MasterCard logo. Required data (account and security numbers) must be entered correctly in order to avoid the payments being rejected by the financial institution.

Note: For the purpose of determining when a payment has been made, Nations Insurance Company will consider a *mailed* payment to be tendered as of the day after the United States Postal Service postmark date on the envelope that contained the payment. In the absence of a postmark, the payment will be considered tendered as of the date it was physically received by Nations Insurance Company. Reinstatements for lapsed policies for which a mailed payment was received, will be made effective as of the date "tendered". For payments made to Nations Insurance Company by phone or on the website or Diamond Processing Portal, the payment will be considered tendered as of the date and time the payment was accepted, however a lapsed policy will be reinstated effective the following day.

RENEWAL PROCEDURES

No later than twenty (20) days prior to the policy expiration date, a renewal offer will be sent to the Insured. The insured will be given the option to pay their policy in full or have their premium billed in installments. The insured must postmark the total renewal down payment prior to the due date to maintain coverage and avoid a policy lapse. Subject to Company approval, policies may be renewed with lapse, subsequent to the receipt of the renewal payment, within the first twenty (20) days after the policy expiration date.

Policies will be reviewed at each annual anniversary of the policy inception date for program acceptability. At that time, we will re-run MVR's and will rate the policy with any new/additional MVR activity. Policies that are no longer acceptable per these Underwriting Guidelines will be non-renewed at this time, as allowed by the CA Insurance Code.

SURCHARGES

The following surcharges will be applied as applicable:

VEHICLE SURCHARGES:

High Risk Vehicle Surcharge:

A surcharge will apply to applicable coverages for the vehicles listed below, in addition to other similar performance / sports vehicles not listed:

1. Any salvaged vehicle;
2. Any Grey Market vehicle;
3. Any kit, modified, or specialty vehicle; and
4. Any vehicles listed below:

Acura NSX	Daimler	Lotus
Aston Martin	Delorean	Maserati
Austin Cooper	Dual Ghia	Mini Cooper (Model Years prior to 2001)
Avanti	Excalibur	Pantera
Bentley	Facel II	Plymouth Prowler
BMW M6	Ferrari	Porsche (except 914)
Chrysler Prowler	Hummer (except H2 & H3)	Rolls Royce
Cobra	Lamborghini	Viper
Cord	Lancia	
Corvette	Lola	

Note: Only one surcharge will be applied per vehicle, if applicable.

Business Use Surcharge:

A surcharge will apply to applicable coverages for vehicles used in the course of business. See “VEHICLE USE” section for clarification and acceptability guidelines.

UNACCEPTABLE DRIVERS

IMPORTANT NOTICE

To the extent the operation of these rules would deny coverage to a Good Driver, as defined by law, these rules shall not apply.

The following is a list of unacceptable drivers:

1. Any driver with a felony conviction involving a motor vehicle, or who was cited for hit and run or vehicle theft.
2. Any driver with a felony narcotics or drug conviction involving a motor vehicle in the past ten (10) years.
3. Any driver with two (2) or more at-fault accidents in the past five (5) years.
4. Any driver with two (2) or more majors in the past five (5) years or three (3) or more in the past 7 years.
5. Drivers with revoked license.
6. Any driver with less than three years driving experience.
7. The following drivers are unacceptable based on the combination of their years of driving experience (based on the number of verifiable continuous years that the driver has been licensed to drive) and driving record (driving activity below is considered for the previous three (3) years):

Years Driving Experience

<=4 years

Driving Activity

Any driver with more than two (2) minor violations or with any major or at-fault accident is unacceptable.

5-7 years

Any driver with a combination of more than three (3) incidents; in addition, no more than one (1) of those incidents can be either an at-fault accident or a major violation.

8-10 years

Any driver with more than four (4) of a combination of minor violations, major violations, and at-fault accidents.

11+ years

Any driver with more than four (4) of a combination of minor violations, major violations, and at-fault accidents. Five (5) is acceptable as long as none of them are at-fault accidents or major violations.

UNACCEPTABLE VEHICLES/RISKS

Eligible vehicles are private passenger automobiles and utility vehicles (pickup trucks and vans) not exceeding 1 ton load capacity, not exceeding 10,000 lbs. in Gross Vehicle Weight (GVW) and owned or leased by an individual.

IMPORTANT NOTICE

To the extent the operation of these rules would deny coverage to a Good Driver, as defined by law, these rules shall not apply.

(continued on next page)

RISKS NOT ELIGIBLE FOR ANY COVERAGE

1. Commercial type vehicles such as flatbed or stake-bed vehicles, step, utility, or panel vans/trucks, 12 or 15 passenger vans or similar vans designed or meant for commercial transportation and vehicles registered to a commercial entity.
2. Non-owned vehicles.
3. Any vehicle not registered in a state or territorial jurisdiction of the United States.
4. Vehicles not garaged in California at least 11 months of the year, including vehicles used by students attending school outside of California.
5. Vehicles used for work are unacceptable unless the Business Use Surcharge has been applied. (See "SURCHARGES" and "VEHICLE USE" for details.)
6. Vehicles used for racing or speed contests (professional or amateur).
7. Vehicles used for emergency or law enforcement (including volunteer status).
8. Vehicles used for deliveries; for example: messengers or courier services, pizza/ food delivery, newspaper delivery or distribution, mail/parcel post delivery, etc.
9. Vehicles used for public livery; for example: buses, taxis, limousines, vanpools (this does not apply to share-the-expense carpools), and shuttle service.
10. Vehicles used to transport nursery or school children, elder care, or other medical patients.
11. Vehicles rented to others (short-term or long-term).
12. Any vehicle with more than \$2,500 in damage (until damage has been repaired).
13. Baja bugs, Dune Buggies, or similar off-road vehicles, or vehicles used off-road.
14. Motorcycles, Motor Homes, Travel Trailers, Campers, or any other recreational vehicle.
15. Custom, rebuilt, altered, modified and specially built vehicles (including kit cars). This includes vehicles with an altered suspension (raised or lowered from factory design) or vehicles with more than \$500 of additional equipment.
16. Vehicles with more or less than four (4) wheels.
17. Vehicles with a cost new or current value (ACV) above \$40,000 or any vehicle with a current market value in excess of its ISO symbol value.
18. Classic or antique vehicles. This includes "hot rods" or other vehicles used for show.
19. Grey Market vehicles.
20. Vehicles that are not in safe mechanical condition.
21. Applications insuring people at different households or addresses.
22. Any vehicle listed below:

Acura NSX	Dodge Stealth	Maserati
Alfa Romeo	Dodge Viper	Mercedes Benz (other than 190 and C-series)
Aston Martin	Dual Ghia	Mitsubishi 3000GT, Eclipse, or Lancer
Audi 4000,5000, Quattro, R8	Dusenberg	Nissan 350Z, 370Z or GT-R
Austin Cooper	Facel II	Pantera
Austin-Healy MG	Ferrari	Peugot
Avanti	Fiat (model years < 2010)	Plymouth Prowler
Bentley	Ford Mustang GT, Cobra, or Saleen	Porsche (except 914)
BMW M6	Ford Shelby	Rambler
Bradley	Hummer (except H3)	Rolls Royce
Cadillac Escalade or XLR	Infiniti Q45	Rover
Chevrolet Corvette	Jaguar (except X-type)	Scion FR-S
Chrysler Prowler	Jensen Healy	Sterling
Citroen	Lamborghini	Subaru Brat, BRZ or SVX
Cobra	Lancia Scorpion	Triumph
Cord	Land Rover (except LR2)	Volkswagon (VW) Bus or Thing
Daimler	Lincoln Blackwood	Yugo
Delorean	Lotus	

When the ineligible vehicle rules are waived as a result of a Prop 103 Good Driver Policy, the following must be submitted for approval prior to binding the risk (regardless of the coverages requested):

1. A current California vehicle registration showing the insured as the registered owner of the vehicle; and
2. Three (3) photos (2 photos showing all four sides of the vehicle and 1 showing a legible VIN plate); and
3. Evidence that the vehicle is in compliance with California Code of Regulations section 2632.19(b)(3).

VEHICLE INSPECTIONS

The broker/producer must inspect each vehicle to ensure it is in fact the vehicle being insured and to verify whether or not the vehicle has existing damage. Current photos (i.e. taken concurrently with the completion of the application and/or endorsement) of the vehicle(s) taken by the broker are required as follows:

For new business, two photos that provide an unobstructed view of all four sides of the vehicle are required for all vehicles requesting physical damage coverage.

For endorsements, two photos that provide an unobstructed view of all four sides of the vehicle are required for the following scenarios:

1. A vehicle with Physical Damage Coverage is being added to the policy; or
2. Physical Damage Coverage is being added to a vehicle that is already on the policy; or
3. Comprehensive / OTC and Collision deductibles are being lowered/decreased; or
4. Vehicle was deleted and then added back to the policy and Physical Damage coverage is requested.
5. Physical Damage Coverage was requested to be deleted, and then later requested to be restored after the coverage was removed.

Exception: Inspection requirements (including photos) may be waived if the vehicle being insured is a new, unused vehicle purchased or leased from a dealer and we are provided with a copy of the bill of sale, purchase order, or conditional sales contract (no more than 1 day old) that contains a full description of the vehicle, including all options and accessories. The sales contract may not be handwritten.

Vehicles with existing damage: In addition to the photo requirements above, if there is existing damage, additional photos clearly showing all damage are required.

Do not include physical damage coverage on any vehicle until photos have been taken by the producer.

VEHICLE SYMBOLS

Use the Company specific assigned Liability symbols for rating liability coverage. For any new vehicle not listed on the company symbol list, we will use the symbol listed for the previous year for the same Make, Model and Sub-model, when applicable.

Use ISO symbols for rating all vehicles with Physical Damage coverage. For all vehicles not specifically assigned a symbol by ISO, the ISO procedures for determining those Rating Symbols based on model year, value, etc should be used. Contact the Underwriting Department for questions regarding these procedures.

VEHICLE USE

All vehicles are considered to be used for pleasure, unless a Business Use Surcharge is applied. The Applicant / Named Insured must complete a Business Use Exclusion, which applies to any/all vehicles that are not being rated with the Business Use Surcharge.

BUSINESS USE SURCHARGE

Private passenger autos and pickup trucks where the vehicle is used occasionally in the course of business are eligible if the Business Use Surcharge is applied. Commercial vehicles, vehicles registered to a business or corporation, vehicles used for livery or hauling, and vehicles which regularly transport clients/customers are ineligible. All other applicable underwriting rules, including those relating to eligible types of business use or eligible vehicles still apply and must be met.