

Financial Indemnity Company

- A part of



KEMPER
SPECIALTY

Mailing Address

*For applications, endorsement requests
and other mail:*

**Financial Indemnity Company-
A part of Kemper Specialty**

PO Box 223687
Dallas, TX 75222-3687

For Payments:

Kemper Specialty

PO Box 660420
Dallas, TX 75266-0420

For overnight deliveries and couriers:

**Financial Indemnity Company-
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Executive Center II
8360 LBJ Freeway
Suite 400
Dallas, TX 75243

Important Phone Numbers:

Report a New Claim
888.253.7834

Claims Service
800.234.3606

Claims Service Fax
888.624.5318

Underwriting Service
888.342.6595

Underwriting Service Fax
800.218.8553

NSF Reimbursement Fax
214.570.7629

**Automated Policy Status,
Account Information & To Make a**

Payment:

888.834.7780 or

www.kemperspecialty.com

California

Product Guide PPA S Product

Effective: February 1, 2015

**Financial Indemnity Company-
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Kemper Specialty

A.M. Best Rating A (Excellent)

Coverages underwritten by one of the following companies:
Alpha Property & Casualty Insurance Company, Charter Indemnity Company,
Financial Indemnity Company, Unitrin County Mutual Insurance Company

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Underwriting Guidelines

ACCEPTABILITY OF RISK

The Company underwrites all business submitted. Final acceptability is determined after a complete review of the submitted information. Check all of the "Unacceptable Risk" sections for operators or vehicles that should not be submitted to Kemper Specialty. Since it is impossible to cover every aspect that might affect the acceptance of a risk, the Company must remain the final authority in the acceptance or continuation of any risk.

As part of the Underwriting Process, the Company may verify application information including discount proof, other operators and residents of the household

BINDING AUTHORITY

Appointed Brokers have no binding authority. For appointed Agents coverage can only be bound if the applicant meets all underwriting criteria.

APPLICATIONS

New business may be bound no earlier than the time and date the applicant signs a fully completed application and pays the required down payment.

Applications must be uploaded on or before the application effective date.

ENDORSEMENTS

Endorsements may be bound no earlier than the time and date of the request. Endorsements should be submitted through our website at www.specialty.kemper.com on or before the effective date of the endorsement.

RESTRICTED BINDING

Agents will not bind any coverage in an area where a hailstorm, hurricane, tropical storm, tornado, or flood watch or warning is in effect at the time of application. Kemper Specialty will not honor these applications. Brokers have no binding authority and should not submit any applications or endorsements for coverage in an area where a hailstorm, hurricane, tropical storm, tornado, or flood watch or warning is in effect.

PRIOR DAMAGE

Vehicles with acceptable existing damage may be written only after the agent or broker has inspected the vehicle. Photographs and a complete description must accompany the application. Vehicles with damage that may affect their safety and/or roadworthiness are unacceptable.

AGENT/BROKER DUTIES

The Agent's duty to the insured includes explaining:

1. All regular and occasional operators and all individuals age 16 and older living with the insured must be reported on the application and either rated on the policy or excluded from coverage.
2. Additional newly acquired vehicles must be reported within 5 calendar days.
3. The time for notifying Kemper Specialty of a replacement vehicle, where the replaced vehicle had Car Damage Coverage is 10 calendar days.
4. There are exclusions for undeclared drivers for Car Damage Coverage in the Policy Contract.
5. Under Car Damage, there are exclusions for unlisted drivers who have their driving privileges rescinded or license revoked or those who are under the age of getting a license. We will issue a policy to a driver with a suspended license, but unlisted drivers with a suspended or revoked license would not be covered for Car Damage. The suspended or revoked license exclusion doesn't apply to Liability coverage's, just Car Damage. In short, there is only Liability coverage for an unlisted driver with a suspended license unless the Permissive Use Buyback Endorsement is added.
6. The following exclusions have been added to the Car Damage section of our S Policy. Car Damage coverage does not apply:
 - a. To loss caused to the insured car when it is driven, operated or used with the insured's permission by a unlisted person who has their driving license suspended or revoked or who is under the minimum age to operate a vehicle in the state in which the vehicle is licensed.

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- b. To loss caused to the insured car when it is driven, operated or used by any person who resides in the insured's household or is a regular operator of the insured's car and such person is not listed or endorsed onto the policy prior to loss.
 - c. To loss to a rental vehicle rented by the insured or a relative if a rental vehicle company is precluded from recovering such loss from the insured or a relative pursuant to the provisions of any applicable rental agreement or state law.
 - d. Diminution in value to your insured car as a result of a loss.
7. The insured should read the Policy and contact their agent with questions.

APPLICATION

Complete the automated application fully and accurately. Transmit the application and proper down payment to the company. All supporting documentation must be maintained in your office and be made immediately available for audit at the company's request.

Failure to provide all necessary information could result in a delay in policy issuance or in a policy being issued at a premium higher than initially quoted.

RECORD KEEPING

The company will from time to time request access to and/or copies of documents that should be maintained in your office for audit purposes. This may include, but is not limited to, acceptance/rejection forms and properly executed Broker Agreements required by California Insurance Code section 1623.

NAMED INSURED

The policy may be written only in the name of an individual or in the names of a husband and wife or same gender domestic partners who are residents of the same household. Only one policy may be issued to an individual, husband and wife or same gender domestic partners.

A policy may not be written in the names of two or more individuals, including a parent and a child. If a vehicle is titled to two related persons, only one may be listed as the named insured. The company will list the second person as a designated covered person if requested.

Automobile leasing companies may be listed as additional insureds. However, no other businesses are acceptable as additional insureds.

Only one policy may be issued to family members residing in the same household unless the vehicles to be insured are titled and registered in different names and the same person does not appear on multiple titles or registrations as a co-owner. This rule does not apply to Named Non-owner policies which can be written for more than one family member residing in the same household.

MARRIED REQUIREMENTS

To be rated as married, a person and their spouse must be listed on the policy. Separated persons and widowed persons are rated as Single. Proof of Marriage is required for excluded spouses.

DOMESTIC PARTNER REQUIREMENTS

If a driver is listed as a registered domestic partner, the partner of the same gender 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 of the following: a Domestic Partnership certificate, driver license with the same address or co-owner, co-renter or co-lessor documentation.

NAMED NON-OWNER POLICIES

Liability coverage is available for operators of non-owned private passenger vehicles. This does not cover vehicles owned by resident relatives. Non-owner policies provide stated limits of liability protection (BI/PD, MED, Uninsured, Underinsured Motorists) for the named insured while driving a non-owned auto.

The named insured can be only one individual and coverage is provided only for the named individual while operating vehicles eligible for coverage under the Private Passenger Auto Policy that are not owned by the named insured or any resident relative. Coverage is not provided for any person other than the individual named insured, such as spouses, family members, etc. A separate policy is required for each individual.

Physical damage coverage for non-owner policies is not available. **Non-Owner coverage is not available for business use or artisan purposes.**

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PERMISSIVE USE BUYBACK ENDORSEMENT

A Permissive Use Buy Back Endorsement is available at a 10% surcharge which removes the reduction in coverage for any losses involving the operation, maintenance, or use of a covered vehicle in a crime and for losses involving an unlisted or undisclosed permissive user of any vehicle which qualifies as an insured vehicle in the Declarations page.

LESSOR LIABILITY ENDORSEMENT

In exchange for an increased premium, this endorsement can be added to the policy. The provisions in this endorsement are effective only while the insured car is leased by the insured, for a period of at least six (6) months, as documented by a standard form lease agreement with expressly stated insurance coverage requirements. During the term of the policy, the limits of coverage for damages the insured becomes legally obligated to pay, as defined by the policy, shall be those limits listed on the declarations page of the policy. This endorsement provides the following additional coverage for the lessor:

Bodily Injury:	\$100,000 per person \$300,000 per accident
Property Damage:	\$50,000 per accident

This additional coverage will apply to damages the lessor becomes legally obligated to pay that arise from and are legally related to a loss covered under the policy. The coverage provided by this endorsement is in addition to that listed on the declarations page and is available only to indemnify the lessor pursuant to the terms listed in the policy. If we terminate this policy, notice will also be mailed to the lessor.

ELIGIBLE OPERATORS

All operators of the vehicles to be covered and all residents of the household age 16 and older must be disclosed on the application. All residents of legal driving age must be rated or excluded from the policy. Operators must meet all underwriting guidelines and permanently reside and garage all vehicles in the same state. Non-excluded operators may not live or work in Mexico.

UNACCEPTABLE OPERATORS

The following operators are unacceptable. The company will not accept requests nor authorize the binding of coverage on the following risks.

Any operator who:

- is under the minimum State licensing age;
- whose license is currently revoked and will not be reinstated with an SR-22 filing;
- has a felony conviction involving the use of an automobile until they qualify for a Good Driver policy;
- has more than two drug and/or alcohol related vehicle convictions in the past 36 months;
- has more than two principally at-fault accidents in the past 36 months;
- has more than 30 Financial Indemnity Company points as defined on pages 10 and 11;
- Is a former policy holder who has had coverage cancelled and rewritten more than twice in the past 36 months unless policy is prepaid; or
- Is a former policy holder who has an unpaid balance due unless the balance due is submitted in addition to the required down payment for the policy.

ELIGIBLE VEHICLES

Eligible vehicles include private passenger automobiles, pickups, vans and utility vehicles.

UNACCEPTABLE VEHICLES FOR PHYSICAL DAMAGE COVERAGE

The following vehicles are unacceptable for physical damage coverage. The company will not accept requests nor authorize physical damage coverage to be bound on the following. **Note: Any vehicle defined in CIC 660 as a Private Passenger Auto that is part of a Good Driver Policy is eligible for coverage. A Good Driver policy is one in which all non-excluded operators qualify for the Good Driver discount.**

- Vehicles with existing damage **unless** inspected by the agent or broker and submitted with photos and a complete description of the damage (the damage cannot affect the safe operation of the vehicle);
- Any vehicle with over \$5000 in additional/custom equipment (refer to coverages);
- Vehicles with an original cost greater than \$75,000.

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UNACCEPTABLE VEHICLES FOR ANY COVERAGE

The following vehicles are unacceptable. The company will not accept requests nor authorize the binding of coverage on the following risks.

Note: Any vehicle defined in CIC 660 as a Private Passenger Auto that is part of a Good Driver Policy is eligible for coverage. A Good Driver policy is one in which all non-excluded operators qualify for the Good Driver discount.

- Vehicles garaged outside California;
- Vehicles not registered in the United States;
- Flat bed, stake or modified bed trucks;
- Step vans, panel vans or cut-away vans;
- Aluminum or stainless steel cars;
- Custom, rebuilt, altered, or modified vehicles (including vehicles with lift kits exceeding company minimums), and specially built vehicles (including kit cars and Dune/Baja Buggies), off-road vehicles (does not include vehicles altered to accommodate the handicapped);
- Commercial or emergency vehicles, taxis, rental cars, or any vehicle for hire;
- Vehicles equipped with cooking equipment or a bathroom.
- Motor homes, travel trailers, or any vehicles that must be towed. This does not include utility type trailers which are automatically covered for liability.
- Vehicles not registered to an insured, unless leased under a long-term lease contract from a leasing company;
- Vehicles with a load capacity in excess of one ton;
- Vehicles manufactured by Daewoo;
- Gray-market vehicles with a VINs which do not register in the rating system (those imported into the U.S. that were not originally manufactured for distribution or sale in this country);
- Electric or experimental vehicles (partially electronic vehicles are acceptable);
- Vehicles with an original cost greater than \$75,000;
- Vehicles that require over \$5000 additional custom equipment coverage.

UNACCEPTABLE VEHICLE USAGE

Vehicles used in any of the following are unacceptable.

- Vehicles used for pick-up or delivery of any type;
- Vehicles used for emergency or law enforcement;
- Vehicles used for any public or private livery transportation (limousines, taxis, busses or vanpools);
- Transporting nursery or school children;
- Vehicles used for short-term rentals;
- Vehicles used for snowplowing for hire;
- Vehicles used in racing, any type of speed or drag contest or any stunting activity;
- Vehicles used in delivery: mail/parcel post, messenger or courier service, newspaper;
- Vehicles used in business, except for farming, ranching, artisans, real estate sales or other sales-related occupations that do not involve delivery of any type or the carrying of passengers and co-workers in the course of business;
- Vehicles used as a residence;
- Vehicles leased or rented to other operators by the applicant;
- Vehicles available for use by operators not listed on the policy;
- Pickups and vans with a load capacity in excess of one ton; or
- Vehicles registered to the insured's business or employer.

Rating Guidelines

COMPUTER RATING

QUOTES

All applications must be uploaded through the company WebRater, located at www.specialty.kemper.com. No rating software is needed.

If assistance is needed, please call our tech support number,
866-859-5090 option 2.

DRIVER EXCLUSIONS

Any person other than the person shown in the Declarations may be excluded from coverage. Include the reason for the exclusion and driver license number in the Remarks section of the application. The named insured and the named insured's spouse, if applicable must sign exclusion of Named Driver Form.

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POINT CHARGE DETERMINATION

The experience period for both new and renewal business shall be the 36 months prior to the effective date of the policy. Using the driving records of individual drivers during the experience period, the rater will determine point charges from the Point Assignment Table. If more than one point charge results from a single incident, enter all accidents and violations from the incident in the rating software. The rater will automatically use the highest point charge.

ANNUAL MILEAGE DETERMINATION

Annual Mileage is one of the primary rating factors. As such, it should be determined by the applicant/insured based on their best estimate. The agent or broker should work with the applicant or insured in coming up with this determination. In a case where an application or request to add a vehicle is submitted without the annual estimated mileage and we receive no response from the applicant/insured from our request to provide this information we will use 14,000 annual miles for vehicles used to commute and 6,000 annual miles for pleasure use only vehicles. We will change the annual mileage used at any time we are notified by the insured of a new estimated annual mileage.

ENDORSEMENTS

If any automobile, driver or coverage is added during the policy term, the premium for the endorsement will be based on the rates in effect at the inception date of the policy.

If a policy is endorsed to provide coverage for an unacceptable vehicle, the premiums for that vehicle will be surcharged and the policy will be cancelled or non-renewed.

RENEWALS

Policies will be reviewed and re-rated at expiration using current rates, point counts and classifications.

VEHICLE SYMBOLS

The rater automatically assigns vehicle symbols for eligible vehicles. If a vehicle does not appear on our list and is otherwise eligible for coverage then please call your Underwriting Service Team for assistance.

Coverage for Additional/Custom Equipment is not considered in the symbol assignment, and is not afforded unless it is declared on the application and a premium is paid. Refer to the **Coverage & Claims** section of this manual for details.

Vehicle Identification Number (VIN)

The Company's system uses the VIN to verify vehicle and symbol. If the VIN on the application is incomplete or incorrect, it may result in delayed processing, incorrect rating or cancellation for unacceptability.

VEHICLE AGE

Vehicle age changes January 1st. Example: A 2013 vehicle on January 2013 is considered 1 year old. On January 1st of the following year, the vehicle is considered 2 years old.

UPDATES

When a policy is issued at an amount higher than the amount quoted, the company will send a letter to the insured along with the new policy. The letter will show the updated premium amount and reason(s) for the update. Any down payment shortage will be due immediately; the additional amount owed (if acceptable) will be divided equally among all remaining installments.

If the update is reduced or eliminated by a later endorsement, an outstanding installment bill will not be reissued. However, the reduced installment amount due (available by calling the company) may be paid. The remaining premium due will then be spread among the remaining unbilled installments.

If the policy is issued at an amount lower than the amount quoted, the return premium will be divided equally among the remaining installments. If the policy is paid in full, the balance will be refunded (refer to the Refund Checks section of the Direct Bill Program).

TERRITORIES

The rater automatically assigns territories 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.

CANCELLATIONS

INSURED'S REQUEST

The named insured may cancel the policy either by returning the policy to the company or by giving the company written notice. All insured requested cancellations will be cancelled pro-rate.

UNDERWRITING / NON-PAYMENT

A pending cancellation for underwriting reasons will not interrupt the billing cycle. If both, underwriting and non-payment cancellations are pending; the policy will not be reinstated unless conditions are satisfied for both.

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RETURN PREMIUMS

Unearned premium, if any, will be refunded to the named insured. If both, underwriting and non-payment cancellations are pending; the cancellation with the earliest effective date will be used to calculate the cancellation return premium.

REINSTATEMENTS

Policies cancelled for lack of information may be reinstated only if all information is received prior to the effective date of cancellation and the policy is not cancelled for non-payment of premium. Policies may be eligible for midterm reinstatement. Policies can be reinstated at renewal with up to a thirty day lapse.

Discount Guidelines

DISCOUNT PROOF

If acceptable proof of eligibility for discounts is not available when the application is completed, quote the policy and collect the down payment based on the undiscounted premium.

Supporting documentation for any discount required to be maintained in your office must be available upon request.

DEFENSIVE DRIVING COURSE DISCOUNT

A discount on all coverages (except Additional Equipment and Rental Reimbursement Coverages) will be given to insureds age 55 or older that successfully complete a Mature Driver Improvement course approved by the Department of Motor Vehicles. The discount does not apply or may be discontinued if the insured has had a chargeable accident during the three years following the course completion date. The discount also does not apply if the insured took the course pursuant to a court order. The insured's eligibility for the premium reduction is three years from the date of the completion of the course. The course must be taken every three years to continue eligibility for the insurance discount.

MULTIPLE CAR DISCOUNT

A discount will be given if two or more vehicles are registered to the named insured as an individual and covered on the same policy. The multiple car discount does not apply to trailers and they will not be counted in determining if other vehicles are eligible for the discount.

GOOD DRIVER DISCOUNT

(See California Department of Insurance Regulation 2632). A discount will be given on all coverages for drivers that qualify as a Good Driver. **To qualify as a good driver, a driver must:**

1. Have been continuously licensed to drive a motor vehicle for the previous three years, which can be verified by a Motor Vehicle Report, and
2. During the previous three years has not:
 - a. Had more than one violation point determined as follows:
 - Count one 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.
 - 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.
 - 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 as defined on page 10. A driver may also be determined to be principally at fault for such accident where the accident was a solo vehicle accident, subject to the exceptions on page 10.
 - 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. Refer to page 10 for a definition of "principally at fault".
3. During the previous seven (ten years effective January 1, 2006) years has not been convicted of:
 - a. A violation of Section 23140, 23152, or 23153, of the Vehicle Code.
 - b. A felony violation of Section 23175 or 23190 of the Vehicle Code.
 - c. 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, 1996.

In order to qualify for the discount, we require proof (see **Chargeable Accidents** on page 10.) that no injuries resulted from any accident shown on the application or Motor Vehicle Record.

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RECONDITIONED VEHICLE SURCHARGE

VINs will be checked when MVRs and CLUE reports are run. This surcharge will be automatically applied if a vehicle is identified as having been salvaged or reconditioned following severe damage. WebRater will also return a message notifying the agent that the vehicle has been identified as being a reconditioned “compromised vehicle”.

A “compromised vehicle” is defined as a vehicle that has incurred a debilitating event that increases the probability of future losses as determined by numerous industry studies. A vehicle that has severe frame damage or flooded electrical systems would be labeled a Compromised Vehicle because of the increased probability of failure on the road.

Although services such as AutoCheck or CarFax can be utilized to try to avoid surprises, there may be owners who aren't aware that their vehicle was once damaged. If a vehicle had been identified as reconditioned, your client may want more information. Please advise them to contact:

**Red Mountain Technologies
2200 Woodcrest Place, Suite 300
Birmingham, AL 35209
1-800-332-2608**

Direct Bill Guidelines

BILLING DUE DATE

The billing due date is based on the policy expiration date. Therefore, if the policy expiration date is the 30th of the month, each payment will be due on the 30th, even if the policy began on the 31st.

BILLING PROCEDURES

The initial bill is sent to the insured. A revised bill will not be issued unless there is 15 days prior to the payment due date.

Bills indicate the minimum payment and total balance due. Bills are also produced when a balance exists after cancellation or expiration.

PAYMENT OPTIONS

We have a variety of payment options from paid in full to installment billing with various down payments. We also have the option of the insured being directly billed by us or having their installment payment automatically withdrawn from their checking or savings account (EZ Pay Program). When you quote us using our online WebRater or a comparative rater, the payment options available for that quote will be displayed.

For renewing policies, the renewal payment bill is mailed prior to policy expiration and is due the effective date of the renewal.

KEMPER EZPAY PROGRAM

NEW BUSINESS

Lower down payments and lower installment fees are available when the insured chooses to participate in the Kemper EZPay Program. The Kemper EZPay Program is a direct withdrawal from the insured's checking or savings account for installment payments. Credit or Debit cards can also be used for recurring payments.

We encourage you to enroll your policyholders in Kemper EZPay. This program increases retention, ensures timely payment and saves money on postage. The custom software automatically produces the enrollment form.

You may also enroll your policyholders in EZPay any time during the policy term. The EZPay enrollment form is available on the Kemper Specialty web-site, or can be requested through the automated policy and billing information system.

ENDORSEMENT PREMIUM

Additional and return premium endorsements will be divided equally among remaining unbilled installments, unless the policy premium is paid in full.

Outstanding bills will not be revised unless the endorsement is processed at least 15 days before the current billing due date. The insured should always pay the full amount of any outstanding bill.

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PAYMENTS

INSTALLMENT PAYMENTS

All payments should be made payable to the Company. The following payment methods are available:

- **Payments Via Website** – Two easy payment methods are available from our website (www.kemperspecialty.com).

In Office Payments - You may accept payments from insured's in your office and transmit the payment electronically. Select the "EFT Payments" option.

Insured Payments – Insureds can make interim payments. Payments may be made by debit or credit card (Visa or MasterCard) or from a checking or savings account. These options are available through our website (www.kemperspecialty.com) or by calling 866.605.6388. Recurring electronic payments can be scheduled to take payments from a client's debit card, credit card, or checking account.

INSTALLMENT SERVICE FEE

The installment fee for policies enrolled in any Kemper EZPay Program is \$6 with a \$6 down payment charge. If the policy is enrolled in our EZPay Program with a debit or credit card, the installment fee will be \$10 with a \$6 down payment charge. For all other pay plans there is a fee of \$12 per installment and a \$6 down payment charge.

REFUND CHECKS

If the policy account balance is overpaid, excess policy premium will be applied to the renewal if the policy is within 60 days of renewal. If the policy is more than 60 days from renewal or the renewal is refused, a refund check is issued.

Refund checks due to credit endorsements will be issued 15 days after the endorsement is processed, since a car that is sold is often replaced. This procedure allows the company a chance to process the endorsement for the replacement auto.

Refund checks due to cancellation will be mailed within 15 business days of the cancellation effective date. Refund checks due to overpayment of premium will be mailed within 15 business days after the last payment was received.

RETURNED DOWN PAYMENT

If the applicant's credit card or down payment check is returned or refused by the bank, the application for insurance coverage will automatically be null and void.

We will reimburse you for any bank fees incurred due to the insured's returned check.

RETURNED PAYMENTS

ELECTRONIC SWEEP

If a payment was uploaded, the policy will be processed as if the insured's payment was made directly to the company. You will be reimbursed for any bank fees incurred due to the insured's returned check. If the returned payment occurs on the down payment, the policy is cancelled back to inception

The company must be notified immediately upon receipt of a returned check. A copy of the document should be faxed to 972-570-7629 for reimbursement.

RETURNED INSTALLMENT PAYMENT

If the insured's check for an installment payment, deposited by the company, is returned by the bank, the insured will be charged a \$20 NSF fee for the returned check and a cancellation notice for non-payment of premium will be issued. If the insured replaces the payment it must be Certified Funds or Money Order.

If the agent or broker accepts and uploads a payment to satisfy an NSF payment, they must collect certified funds. Kemper Specialty will not reimburse an agent or broker for dishonored funds that were uploaded to replace an NSF payment.

AGENT OR BROKER RETURNED PAYMENTS

Checks that are returned to the company have been presented for payment twice. When your checks are returned to the company:

- The company will contact you to advise that a CERTIFIED CHECK must be delivered to the company within three business days to replace the returned check. A notice with the same information will also be faxed to your office. Failure to comply with these requirements may cause your contract with the company to be terminated.
- The company will not subtract individual policy payments from your commissions to cover returned checks.

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- If two checks are returned within six months of each other, or if three checks are returned within 12 months of each other, the company will terminate your contract for non-performance.

ELECTRONIC WITHDRAWAL NOT HONORED

When the company is authorized to electronically withdraw payments from an agent's or broker's account, the electronic withdrawal occurs three business days after submission of the transaction(s) to the company. If an electronic withdrawal is not honored:

- You will be contacted by the company and advised that the electronic funds transfer was not honored. You will be required to either
 - 1) verify that the required funds will be in the account if the electronic transfer is resubmitted, or
 - 2) deliver a CERTIFIED CHECK to the company within three business days.
- The company will not subtract individual policy payments from your commissions to cover dishonored electronic funds transfers.
- If two electronic transfers are not honored within six months of each other, or if three electronic transfers are not honored within 12 months of each other, the company will terminate your contract for non-performance.

LATE INSTALLMENT PAYMENTS

A policyholder's installment payment is not considered late when the payment is uploaded on the due date or received by an authorized representative on the due date. If the policy holder mails the payment it must be postmarked the day before the due date to avoid a late fee being charged.

RENEWAL PAYMENTS

To renew the policy, the payment for at least the required minimum amount must be **postmarked or uploaded by the renewal expiration date**. Otherwise, coverage will terminate.

POLICY FEE

There is a policy fee on all new and renewal policies. The fee is fully earned when the policy is issued. The fee is \$20 for new and renewal policies. The fee is subject to the Good Driver Discount when the policy is a Good Driver policy (all drivers on the policy qualify for the Good Driver Discount).

MANUAL PAYMENT PROCESSING FEE

A manual payment processing fee of \$5 applies to all payments not processed through our automated payment options and to all change requests that are not submitted through our online endorsement system.

SR22 FILING

A \$15 fee will be charged when an SR22 is first added to the policy. SR22 fees are fully earned at inception and not refundable in the event of cancellation. We offer SR22's for States in which our Company is licensed, please contact Underwriting if an out of state SR22 is needed.

ENDORSEMENT FEE

A \$3 endorsement fee will be charged to the policy for any endorsement change made to the policy. Changes made to the policy to correct a company error will not be charged.

REINSTATEMENT FEE

If the policy is cancelled or not renewed because we did not receive the premium payment on or before the due date and we choose to reinstate the policy, a fee will be charged for that.

CANCELLATION FEE

A \$50 cancellation fee will be charged if the policy cancels because the insured requests cancellation prior to termination of the policy term.

CA STATE FRAUD CHARGE

In accordance with CA law, the company will apply a \$.87 charge for each vehicle insured per 2 calendar quarters. The Fraud Charge will be calculated and charged at new business, renewal or when a vehicle is added by endorsement to an existing policy.

FEES

All fees and returned check charges are earned when they occur and are not refundable.

Coverage & Claims Guidelines

COVERAGES

Bodily Injury

\$15,000 / 30,000
\$25,000 / \$50,000
\$50,000 / \$100,000
\$100,000 / \$300,000

- All vehicles must have same BI limits

Property Damage

\$5,000
\$10,000
\$25,000
\$50,000
\$100,000

- All vehicles must have the same PD limits
- PD limit cannot exceed the per occurrence limit for BI coverage.

Uninsured Motorist Bodily Injury

\$15,000 / \$30,000
\$25,000 / \$50,000
\$30,000 / \$60,000
\$50,000 / \$100,000
\$100,000 / \$300,000

- All vehicles must have same UMBI limits
- Limit must be equal to or lower than BI limits

Underinsured Motorist Property Damage

\$3,500 (including Collision Deductible Waiver)

Medical Payments

\$1,000
\$2,000
\$5,000

- Limits are per person/per accident
- Limits must be the same on all vehicles

Comprehensive and Collision Deductibles

\$250
\$425
\$500
\$1000
\$2500
\$5000

- Comprehensive and Collision must be written together.
- Comprehensive deductible can be less than but may not exceed the Collision deductible.
- Deductibles can vary on a multi-car policy.
- Physical damage only policies are not available.

The following are unacceptable for coverage:

- Cellular telephones;
- Citizens band radios, scanners, and two-way mobile radios;
- Radar or laser detection equipment;
- Tapes, records, CDs, or their containers;
- Equipment for cooking or bathroom
- Sound reproduction equipment not permanently installed by the manufacturer and not installed in the opening of the dash or console formally used for that purpose.

RENTAL REIMBURSEMENT

\$20/day, \$600 maximum

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\$30/day, \$900 maximum

- Physical damage coverage required
- Mileage charges not covered

ACCIDENTAL DEATH AND DISMEMBERMENT

\$5,000

\$10,000

- Coverage is optional
- It is a Policy level coverage

ADDITIONAL/CUSTOM EQUIPMENT

The amount of coverage requested must be listed on the application and an additional premium must be paid for coverage to exist. The company web rater will quote this coverage based on the cost new of additional/custom equipment entered. The physical damage deductibles apply to additional/custom equipment. Standard equipment installed by the auto manufacturer (factory) is covered under physical damage coverage. Equipment option or furnishings (including customization packages) installed after leaving the factory, as well as those options not considered part of the standard equipment package are considered additional/custom equipment.

It is your responsibility at the time of the application to ask the applicant questions about custom furnishings and equipment and provide this information to the Company.

STEREO/SOUND SYSTEMS

Stereo/sound systems installed by the manufacturer as standard factory equipment are covered under physical damage, up to their actual cash value, subject to the deductibles shown in the Declarations.

All other stereo/sound systems are covered under physical damage up to a value not to exceed the original manufacturer's value, subject to the deductibles shown in the Declarations.

Additional coverage may be purchased. To rate the additional coverage, subtract the value of the original manufacturer's stereo/sound system from the current value of the stereo/sound system and rate the balance using the company web rater.

BUSINESS USE

A Business Use Classification will apply to all coverages on the following vehicle uses and types:

1. Personally-owned/registered private passenger vehicles used in business (e.g., realtors, home sales – Avon or Amway type products);
2. Artisan-type risks – Self-employed, owner-operated contractors, drywallers, gardeners, etc. Pickups, vans and utility vehicles used by the insured in his/her business or employment. **Vehicles used in wholesale or retail delivery are unacceptable.** Please refer to the Unacceptable Risks list for a complete listing. All vehicles must still meet the Private Passenger guidelines and policy contract definitions. Vehicles must be:
 - a. One ton or less load capacity;
 - b. Owned by the named insured (individually owned/registered – no business names) and not require a Motor Carrier Permit;
 - c. No flatbed, stake bed or modified/altered vehicles;
 - d. Driven by the named insured. Employee-driven vehicles are not permitted;
 - e. In a case where an application or request to add a vehicle with business use is submitted without the annual estimated mileage and we receive no response from the applicant/insured from our request to provide this information we will use 15,000 annual miles for vehicles used for business use.

Unless there is an indication on the application that the self-employed artisan with a pickup/van has another vehicle that is used for business on a commercial policy, the classification will apply. Only one Business Use Classification per policy.

CLAIMS PROCEDURES

All losses must be reported directly to the company by telephone or fax, by either the agency or the insured. Claims may be reported 24 hours a day, 7 days a week.

TOLL FREE CLAIMS REPORTING 1-888-253-7834

No person has authority to assign an adjusting firm or authorize repairs without express per-file authority from company claims personnel. All claims will be managed by the company's claims staff.

POLICY AND CLAIM STATUS INQUIRIES

Please use the following numbers to report claims information:

To phone a First Notice of Loss Report- 1-888.253.7834

To fax a First Notice of Loss Report- 1-877.444.8282

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To fax all correspondence on claims-

1-888.624.5318

We also encourage the use of our Web page. Just log on at www.kemperspecialty.com and follow the easy-to-use instructions. Questions regarding the Web site may be directed to our Website Tech Support at 1-866.859.5090

Points Assignment Table

ACCIDENTS & VIOLATIONS

Count all moving violations and chargeable accidents for the past three-year experience period received while operating a private passenger automobile, motorcycle or commercial vehicle. Use the violation date when there is a conviction date for violations appearing on the driving record. If the conviction date is not yet posted, the violation will not be charged. For multiple point count charges arising out of one occurrence use only the highest charge involved.

Points are surcharged based on the following point count configuration:

Minor Violations	1 Point
Intermediate Violations	2 Points
First DUI	2 Points
Second DUI	4 Points
First Major Violation	2 Points
Second & subsequent Major Violations	4 Points
First Chargeable Accident	4 Points
Second & subsequent Chargeable Accidents	5 Points

Chargeable Accidents

If an accident is indicated as being non-chargeable or involving only property damage, documentation or the applicant's certification must be furnished describing the accident and showing the fault and damages declared. For a non-chargeable accident, the documentation shall consist of (1) a police report, (2) a written statement from a prior insuring company stating the applicant was less than 51% at fault, (3) a similar legal document verifying the applicant was reimbursed for damages, or (4) the applicant's certification under penalty of perjury that the accident was not at fault.

A driver shall be considered to be principally at-fault in an accident if:

- The driver's actions or omissions were at least 51% of the legal cause of the accident and either the accident resulted in bodily injury or death or, for an accident that resulted in only property damage, the total loss or damage caused by the accident exceeded \$1,000.00 for accidents occurring on or after December 11, 2011 and \$750 for accidents occurring prior to December 11, 2011.
- The prior insurer determined that the driver was principally at-fault.
- The driver confirms and our records support that the driver was principally at-fault
- Information obtained by us determines that the driver was principally at-fault
- The driver provides a declaration, under penalty of perjury, that the accident was at-fault

A driver is not considered at-fault for an accident under any of the following circumstances:

1. The vehicle was lawfully parked at the time of the accident. A vehicle rolling from a parked position shall not be considered lawfully parked and shall be considered in the operation of the last operator.
2. 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.
3. The driver was not convicted of a moving traffic violation and the operator of another vehicle involved in the accident was convicted of a moving traffic violation.
4. The driver's vehicle was damaged as a result of contact with a vehicle operated by a "hit and run" operator of another vehicle and the accident was reported to the legal authorities within a reasonable time after the accident.
5. The accident resulted from contact with animals, birds or falling objects.
6. 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 (i.e. black ice) or in the exercise of reasonable care could not have avoided (child running into intersection).
7. The vehicle was used in response to an emergency if the operator of the auto at the time of the accident was paid or a volunteer member of any Police, Fire Department, First Aid Squad or any law enforcement agency.

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Driving Under the Influence of Alcohol

Driving under the influence of alcohol
Open container
All other alcohol-related violations

Drunk driving
Refusal of alcohol test (Implied consent law)

Major Violations

Hit and run
Reckless driving
Speed contest
Exhibition of speed (other than normal speeding)
Eluding a police officer
Violation of anti-theft laws
Operate vehicle without consent
Careless Driving (23128B)

Unlawful use of driver license
Driving wrong way upon on-ramp (21664)
Failure to yield to approaching vehicles (21801 A & B)
Unsafe turn (22107)
Any felony involving a motor vehicle.
All drug-related violations
Negligent Driving (22517)

Intermediate Violations

Defective equipment
Driving while license suspended/restricted
Cell phone usage violations

Failure to have vehicle under control
Improper lane change

Minor Violations

One-way street or highway
Speed
All other minor moving violations

Stop violations
Failure to operate equipment

Violations received while operating a motor vehicle for compensation during the hours of employment should not be charged, provided the applicant has submitted a written declaration, made under penalty of perjury, stating the violation was received while operating a motor vehicle for compensation during the hours of employment. This applies only to individuals whose specific duties include driving their employer's motor vehicles or individuals who have authority in their name from the Public Utilities Commission to operate as a highway carrier and who are the registered owners or lease operators of the motor vehicle used in the operation as a highway carrier.

However, charges for the following violations cannot be waived.

1. Subdivision (a) of Section 14601.
2. Subdivision (a) of Section 14601.1.
3. Subdivision (a) of Section 14601.2.
4. Section 20001 or 20002.
5. Subdivision (a) of Section 20008.
6. Sections 23103, 23104, 23152, or 23153.

Multiple Occurrences- 3 POINTS

Any driver who has three or more separate chargeable occurrences on his/her driving record in the past three-year experience period is charged three points, in addition to the points charged for the violations and/or accidents. The occurrences can be chargeable accidents, chargeable violations or any combination of both.

Dismissals - Traffic Safety School

The state masks the first Traffic School dismissal. Subsequent citations within 18 months will show on the MVR, even if the driver attends class again. Dismissed violations, which appear on the MVR will be included in the total point count.