

California

Personal Auto — ValuePlus Program

Revised April 20, 2021



UNDERWRITING & PRODUCT GUIDE

National General 
Auto, Home & Health Insurance

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Contact Information

Agency Policy System www.natgenagency.com

Click to Chat is available on the Policy Summary screen.

Customer Service

Customer Service Phone Number..... 1-877-468-3466

Customer Service Fax Number 1-877-849-9022

Customer Service Email service@ngic.com

Online Service www.mynatgenpolicy.com

Your customers can:

- ✓ View driver, vehicle, and coverage information
- ✓ Make a payment
- ✓ Request an ID Card

Claims Services

Report a New Claim (Available 24/7) 1-800-468-3466

Discuss a Pending Claim..... 1-888-233-4575

Commissions..... commacct@ngic.com

Addresses

Correspondence

National General Insurance
PO Box 3199
Winston-Salem, NC 27102-3199

Payments

National General Insurance
PO Box 89431
Cleveland, OH 44101-6431

Overnight Payments

National General Insurance
Attention: Lockbox Operations
800 Superior Ave E
Cleveland, OH 44114

The ValuePlus Program is only available to members of Nation Safe Driver. Membership can be purchased for \$4 per month.

Unacceptable Risks

These provisions do not apply when any driver on the policy qualifies as a Good Driver as defined in California Insurance Code section 1861.025 and the vehicles insured are private passenger auto type as defined in section 660 of the California Insurance Code.

- Multiple National General Insurance policies in the same household are unacceptable **unless**:
 - A child owns their own vehicle **or**
 - Unrelated residents/roommates are living in the same household.

Note: If two National General Insurance policies are written in the same household, the driver with lower limits must be excluded from the policy with higher limits.

When a household has policies from multiple insurance carriers, the household members who do not have a National General Insurance policy should be listed on the National General Insurance policy as Other Insurance.

- If a policy has a driver under 21 years of age **and** a vehicle with Original Cost New greater than \$50,000 **or** is Sport/Premium/High Performance.

Exception: When there is at least one other vehicle **and** at least one other Rated driver **and** all other drivers on the policy qualify as a Good Driver.

Unacceptable Drivers

The following drivers are ineligible for coverage:

- Drivers who are under the minimum state licensing age.
- Drivers with a permanently revoked driver license — **unless** the driver is excluded.
- Drivers with a felony conviction involving the use of an automobile — **until** they qualify for a Good Driver policy.
- Drivers with more than one drug- and/or alcohol-related vehicle conviction in the past 36 months.
- Drivers who have had more than one principally at-fault accident in the past 36 months.
- Drivers who have more than ten rating surcharge points.
- Drivers who have been convicted of vehicular manslaughter, criminal negligence, or negligent homicide.
- Drivers with a conviction for vehicle theft in the past 36 months.
- Drivers with a conviction for driving on the wrong side of the road or freeway in the past 36 months.
- Drivers with more than one conviction for driving while driver license is suspended or revoked in the past 3 years.
- Any driver who is under 21 years of age with any of the following:
 - Any alcohol-related violation — including refusal of alcohol test and open container **or**
 - A vehicle with a cost new of \$50,000 and over — **unless** there is more than one vehicle in the household and the young driver is not the primary driver **or**
 - A vehicle classified as Sports (S), Sports Premium (P), or High (H) performance — **unless** there is more than one vehicle in the household and the young driver is not the primary driver.

- Former policyholder who has had coverage canceled and rewritten more than twice in the past 36 months — **unless** the policy is prepaid.
- Former policyholder who has an unpaid balance due — **unless** the balance due is submitted in addition to the required down payment.
- Drivers who have been convicted of insurance fraud.
- Named insured who is under 18 years of age — **unless** parent or guardian signature accompanies the insured's signature on all areas of the application.

Unacceptable Vehicles

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

The following vehicles are not eligible for coverage:

- Vehicles with a cost new of \$50,000 or above for any of the following:
 - Drivers without 3 years continuous driving experience.
 - Drivers with more than one major violation in the past 3 years.
 - Drivers with more than one chargeable accident within the previous 3 years.
 - Vehicles that are not garaged.
 - Vehicles that are not VIN etched or equipped with a passive anti-theft device.
 - Principal driver is under 21 years of age or there is only one vehicle in a household with a driver under 21 years of age
- Vehicles garaged outside California.
- Vehicles not garaged in California at least 10 months of the year.

Note: For full-time students and members of the U.S. military, vehicles not garaged in the principal state are acceptable provided at least one vehicle is garaged in the state the policy was written.
- Vehicles not registered in the U.S.
- Vehicles registered to the insured's business or employer.
- Antique vehicles; obsolete or other vehicles with an inflated value.
- Custom, rebuilt, altered, and modified vehicles (including vehicles with lift kits over 6 inches and low riders under 3 inches); specially built vehicles (including kit cars and dune buggies/Baja buggies); off-road vehicles (does not include vehicles altered to accommodate people with physical impairments) — **unless** approved by Underwriting.
- Commercial and emergency vehicles.
- Taxis, rental cars, and any vehicle for hire.
- Vehicles equipped with cooking equipment or a bathroom.
- Motorhomes, travel trailers, or any vehicle that must be towed (does not include utility type trailers that are automatically covered for Liability).
- Vehicles not registered to an insured — **unless** leased under a long-term lease contract (6 months or more) from a leasing company.
- Vehicles with a load capacity greater than one ton **or** with a Gross Vehicle Weight (GVW) greater than 10,000 pounds except for vehicles classified as a pickup truck that are acceptable up to a GVW of 11,200 pounds.

- Gray market vehicles (i.e., vehicles imported into the U.S. that were not manufactured originally for distribution or sale in this country).
- Electric and experimental vehicles.
- Dump trucks, tow trucks, and wreckers.
- Vehicles used or equipped for use in speed contests or racing; other “hot rod” vehicles.
- Vehicles used for ride sharing services — including but not limited to Uber and Lyft.
- Vehicles used for deliveries (including, but not limited to, delivering pizza, magazines, newspapers, etc.); vehicles used for Uber services.
- Vehicles used for courier services.
- Vehicles owned or leased by a corporation, partnership, or other business.
- Vehicles leased or rented to other drivers by the named insured.
- Vehicles regularly available to drivers who are not listed on the policy.
- Vehicles available to multiple drivers, (e.g., for sales, farming, etc...).
- Customized vehicles in which the value of the customization exceeds 50 % of the current value of the vehicle without customization.
- Commercial vehicles.
- Farm class vehicles.
- Vehicles over 30 years old — **unless** the market value exceeds \$2,500.
- Vehicles with a junk title, dismantled title, fire damage title, flood damage title, hail damage title; or with title that has been “washed,” or altered.
- Vehicles with more or less than four wheels.
- Vehicles that are not roadworthy.
- Vehicles that are not registered for street use.
- Vehicles used to transport nursery or school children, migrant workers, hotel/motel guests, patients.
- Members of a van/car pool.
- Vehicles used for an escort service.
- Vehicles that transport explosives, chemicals, radioactive materials, or flammable substances.
- Vehicles with an incomplete chassis.
- Conversion vans requesting Comprehensive and Collision coverages.

Vehicles Unacceptable for Physical Damage Coverage

When a vehicle is classified as unacceptable and the policy qualifies as a Good Driver policy, a completed inspection form is required to write Physical Damage coverage. See [photo requirement section](#) for further explanation.

The following vehicles are unacceptable for Physical Damage coverage:

- Vehicles with a cost new or ISO rating symbol above:
 - \$10,000 or rating symbol 07 for model years 1975 and older
 - \$20,000 or rating symbol 13 for model years 1976 through 1980
 - \$65,000 or rating symbol 20 for model years 1981 through 1989
 - \$70,000 or rating symbol 26 for model years 1990 through 2010
 - \$70,000 for model years 2011 and newer.

Exception: All drivers on the policy qualify as a Good Driver.

- Salvage title vehicles.

Unacceptable Vehicle Usage

Vehicles used for any of the following are unacceptable:

- Vehicles used for pick up or delivery of any type (including mail/parcel post, messenger or courier service, newspaper, Uber drivers, etc.).
- Vehicles used for emergency or law enforcement.
- Vehicles used for any public or private livery transportation (e.g., limousines, taxis, buses, vanpools).
- Vehicles used to transport 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 as a residence.
- Pickup trucks and vans with a load capacity greater than one ton.

Coverages

The system will automatically display available coverage limits.

Liability

Bodily Injury/Property Damage

- Required on all motorized vehicles on a policy.
- 15/30/5 (10) are the only limits available.
- Required on named non-owner policies.
- Bodily Injury and Property Damage coverages must be written together.
- Required on all motorized vehicles on the policy when a Financial Responsibility Filing is requested.

Medical Payments

- An optional coverage that pays for reasonable medical and funeral expenses incurred by the insured, family members, and passengers as a result of an auto accident — regardless of fault.
- Limits must be the same for all vehicles on a policy.
- Bodily Injury coverage is required.
- Limits are per person per accident.

Uninsured/Underinsured

Uninsured Motorist/Underinsured Motorist (UM/UIM) Bodily Injury

- Required on all motorized vehicles with Bodily Injury coverage — **unless** rejected in writing.
- Limits cannot exceed Bodily Injury limits.
- Limits must be the same for all vehicles on a policy.
- Bodily Injury/Property Damage coverages are required.

Uninsured Motorist Property Damage

- Required on all motorized vehicles with Property Damage coverage — **unless** rejected in writing.
- If selected with Collision, UMPD becomes the Collision Deductible Waiver.
- \$3,500 (3.5) is the only limit available.

Physical Damage

Comprehensive/Collision

- Vehicles with model year more than 30 years old are not eligible for Comprehensive and/or Collision coverage — **unless** all drivers on the policy are Good Drivers.
- Comprehensive coverage is required on any vehicle with a Loss Payee.
- Different deductibles are allowed.
- Storage is not permitted.
- Collision coverage requires Comprehensive coverage on the policy.

Triple Deductible

If a loss occurs within the first 60 days after the new business, reinstatement, or renewal reinstatement with a lapse effective date, the deductible shown on the Declarations Page will be tripled. After 60 days, the deductible shown on the Declarations Page will apply.

Example:

- The Declarations Page shows \$500 deductible with Triple Deductible endorsement. If a claim occurs within 60 days of the new business, reinstatement, or renewal reinstatement with a lapse effective date, then \$1,500 deductible will be applied.
- If a claim occurs more than 60 days after the new business, reinstatement, or renewal reinstatement with a lapse effective date, then \$500 deductible will be applied.

The Triple Deductible endorsement can be removed for any vehicle on the policy. However, if it is removed during the first 60 days after the new business, reinstatement, or renewal reinstatement with a lapse effective date, a premium increase will occur.

Discounts

The system will request proof documentation required to retain discount automatically.

Alcohol Awareness Training

Available when a driver who has **only one** alcohol- or drug-related violation has completed a state-approved alcohol educational awareness program.

Note: If the applicant does not complete the program in the time period prescribed by the state, the discount will be removed.

Anti-Lock Brakes

Available when vehicle is equipped with factory installed 2-wheel or 4-wheel anti-lock braking system.

Anti-Theft Device

Active: A disabling device is categorized as active when a separate manual step is required to engage the device. A discount applies to Comprehensive coverage for each vehicle equipped with the following:

- An alarm-only device that sounds an audible alarm that can be heard at a distance of at least 300 feet for a minimum of 3 minutes **or**
- An active anti-theft device that disables the vehicle by making the ignition, fuel, or starting systems inoperable.

Passive: A disabling device is categorized as passive when a separate manual step is not required to engage the device. A discount applies to Comprehensive coverage of each vehicle equipped with a passive anti-theft device that disables the vehicle by making the ignition, fuel, or starting systems inoperable.

Daytime Running Lights

Available to each vehicle on a policy equipped with factory-installed daytime running lamps.

Good Driver

A discount will be applied to applicable fees (the Policy Fee) and premium on a *per vehicle* basis where all drivers (assigned to that) rated on the policy (vehicle) qualify as a Good Driver as defined in the California Department of Insurance Regulation 1861.025.

Note: When a Good Driver is not eligible for a Good Driver Discount policy because of the driving record or years of driving experience of another person on the policy, that person can be excluded.

In order to qualify for the Good Driver discount:

- Driver must have been continuously licensed for the past 36 months with a minimum of 18 months of U.S. or Canada [verifiable](#) driving experience and a minimum of 36 months total driving experience.
- When an applicant submits a copy of a foreign driver license to obtain the Good Driver Discount, contact the California Product Manager on how to process the discount.

In order to use a foreign driver license to qualify for the Good Driver Discount, we must receive a copy of the foreign driver license showing the following information:

- Country issuing the driver license
- Driver license issue date and expiration date
- Driver name and date of birth.
- During the previous 3 years has not been:
 - Charged no more than one DMV violation point during the past 36 months **or**
 - Found to be in violation of Section 23140 of the Vehicle Code **or**
 - The driver of a motor vehicle involved in an accident that resulted in the bodily injury or death of any person and was principally at fault.
- During the previous 10 years has not been convicted of:
 - A violation of Section 23140, 23152, or 23153 of the Vehicle Code (These are DUI-/alcohol-related violations.)
 - A felony violation of Section 23175 or 23190 or the Vehicle Code
 - A violation of Section 191.5 or paragraph (3) of subdivision (c) of Section 192 of the Penal Code.

Drivers who have had their driver license suspended within the previous 36 months are not eligible for the California Good Driver Discount.

Drivers with driver license status of expired qualify for the discount if proof of a valid driver license (renewed) is provided to us. If proof is provided within 60 days of the effective date, process the endorsement effective the original effective date of the policy. For other time period, use the date of proof as endorsement date.

The Good Driver Discount is applied to an extra vehicle when all drivers on the policy qualify for the Good Driver Discount.

Good Student

Available to each Rated driver who meets the following criteria:

- Has less than 3 years driving experience **and**
- Is a full time high-school, college, or university student **and**
- Provides a certified statement from a school official — at discount inception and annually thereafter — indicating that the student maintains at least a 3.0 grade point average.

Mature Driver

Available when the principal driver of a vehicle:

- Is 55 years of age or older **and**
- Has successfully completed a qualifying Mature Driver Improvement course within 36 months of the policy inception date **and**

Note: A driver is not eligible for this discount if they take the course as a result of an order or sentence imposed by the court.

- Has no accidents or violations in the previous 36 months.

The discount will be removed if the driver is involved in an at-fault accident or convicted of a moving violation or an alcohol/narcotics-related violation within 3 years after course completion.

The course must be taken every 3 years to continue eligibility for the discount.

Applied to extra vehicles on the policy when all drivers on the policy qualify for the discount.

Multi-Car

Available to all vehicles on policy when:

- A policy covers more than one PPA-type vehicle **or** one PPA-type vehicle with at least one motorized RV-type vehicle.
- All vehicles must be listed on the same policy and primarily driven by persons living in the same household.

Multi-Policy Discount

If the insured has an in force Integon National Insurance Company Form 3 Homeowner policy or a Form 6 Unit Owners Condominium policy and an Integon National Insurance Company Automobile policy, a multi-policy discount will apply.

Named Driver and Named Auto Endorsement

Coverage is only provided to the named insured and Rated drivers listed on the Declarations Page. When a driver who is not listed on the Declarations Page is driving an insured vehicle, Comprehensive and Collision coverages are not provided.

There is no coverage when driving a vehicle that is not listed on the policy (with permission or otherwise) — including rental cars. For example, if the insured borrows a vehicle, or rents a vehicle, or gets a loaner from a dealership, there is no coverage on that vehicle.

Passive Restraint

Available when vehicle is equipped with a factory-installed occupant restraint only on the driver side **or** both driver and passenger sides.

Nation Safe Driver

The Nation Safe Driver program provides roadside assistance such as mechanical assistance, tire service, battery service, fuel/fluid delivery, and locksmith services. A maximum of two call-outs per year are included, with towing up to 10 miles.

Quote Information

Accidents and Violations

Experience Period

The experience period is 36 months or less prior to the policy effective date. The conviction date is used for violations and the occurrence date is used for accidents.

Accident Threshold

Threshold	Amount
Property Damage	\$1,001
Injury	\$1
Non-Threshold Incidents	\$1

Not-at-Fault Accidents

Acceptable proof of not-at-fault is:

- A copy of the police report or court documents clearly indicating not-at-fault.
- A letter from the previous carrier.
- A letter from the Agent or from the named insured containing details of not-at-fault, such as:
 - Vehicle involved in the accident was legally parked at the time of the accident.

Exception: When the parked vehicle rolls from the parked position, the person who parked the vehicle is responsible.
 - Insured was reimbursed 51 % or more of the property damage loss by, or on behalf of, the person responsible for the accident or has a judgment against such person for 51 % of the property damage loss.
 - Insured's vehicle was struck in the rear by a vehicle headed in the same direction and the insured was not convicted of a moving traffic violation in connection with the accident.
 - Vehicle was struck by a "hit-and-run" driver and the accident was reported to proper authority within 24 hours.
 - Insured was not convicted of a moving traffic violation in connection with the accident; driver of the other vehicle involved in the accident was convicted of a moving violation in connection with the accident.
 - Accident was caused by flying or falling objects such as flying gravel, missiles, or falling objects.
 - Accident was caused by contact with animal or fowl.

Exception: Accidents caused as a result of swerving to avoid hitting an animal or fowl are at-fault.
 - Accident occurred when using vehicle in response to an emergency when the driver of the vehicle at the time of accident was a paid or volunteer member of any Police or Fire Department, First Aid Squad, or any law enforcement agency. This exception does not include an accident occurring after the vehicle ceases to be used in response to such emergency.
 - Accident was a solo vehicle accident that was caused principally by a hazardous condition that a driver would not have noticed or could not have avoided.

Keep these documents in your agency files.

Vehicle History Rating

National General Insurance will obtain a Vehicle History Report — based on Vehicle Identification Number (VIN) — from AutoCheck (a part of Experian). A vehicle history score/code is assigned based on characteristics found in the report. The following are a few of the vehicle characteristics:

- Prior vehicle damage
- Number of title changes (i.e., number of owners)
- Length of ownership
- Branded title (e.g., salvage, flood, junk, rebuilt).

A customer can request a copy of their Vehicle History Report from the AutoCheck Insurance Client Help Desk at 855-568-2664.

SR-22 Filings

An SR-22 filing fee per filing will apply to each term in which a filing is maintained. The fee is fully earned in the event of cancellation. Each individual requiring a filing will be charged a fee. A policy with an SR-22 must include Bodily Injury coverage. National General Insurance files an SR-22 form with the state to confirm Liability coverage for a specified driver. Drivers requiring an SR-22 filing cannot be excluded.

Note: Storage Protection is not available when there is a driver on the policy who requires an SR-22. All vehicles listed on the policy must retain Liability coverage.

Foreign Driver License

National General Insurance will accept drivers with a foreign driver license. They will be rated using the total number of years driving experience.

Note: Matrícula Consular Cards are valid proof of foreign driving experience.

Driver Eligibility

- All household members or non-household members who drive a listed vehicle must be Listed or Excluded.
- The registered owner of the insured vehicle, if a person, must be Rated or Excluded.
- Corporations, partnerships, estates, and receiverships are not acceptable as a named insured.
- Anyone who regularly drives any vehicle listed on the policy (defined as at least 10 % of that vehicle's usage) must be Rated or Excluded.

Exception: At renewal, in-force policies will renew with the current driver status — including Listed, Non-Driver, or Other Insurance. Only Rated and Excluded driver statuses are available for new business policies and when endorsing a new driver on the policy.

Rated

At least one named insured or spouse must be a Rated driver. All Rated drivers are evaluated in the various rate calculations.

Rated drivers [may](#) include:

- Any **household** member who has a U.S. or foreign driver license (valid, suspended, or expired) or learner permit **or** who is 16 years of age.

Note: Matrícula Consular Cards are valid proof of foreign driving experience.

- Any **non-household** member who regularly drives any of the vehicles on the policy at least 10 % of the vehicle's usage.
- Any driver requiring an SR-22 filing.
- Drivers who have a revoked driver license **and** who do not have an FR Filing **must be excluded**.

Excluded

National General Insurance will exclude any driver from a policy other than the named insured — provided we receive a completed and signed Driver Exclusion form.

Exception: Individuals requiring a Financial Responsibility filing.

A driver who has a permanently revoked driver license is an unacceptable risk — **unless** that driver is Excluded.

A driver who has never been licensed in the U.S. or a foreign country is unacceptable and must be Excluded.

Note: Matrícula Consular Cards are valid proof of foreign driving experience.

Named Non-Owner Policy

A named non-owner policy provides Liability coverage for individuals who do not own a vehicle and who do not have regular or frequent access to any vehicle for personal use. The rating territory is based on the named insured's resident ZIP Code — which cannot be out of state. This coverage is in excess of any other coverage.

- Coverage only applies to non-owned vehicles that are not available for regular use.
- If the named insured is married, the spouse is the only other driver who may be covered on the policy.
- Coverage does not extend to other household members (besides the spouse when named insured is married) or other permissive drivers.
- Vehicles cannot be listed on the policy.
- Only Liability coverage is available.
- Bodily Injury and Property Damage coverages are required.
- Physical Damage coverage is not available.
- Financial Responsibility filings are acceptable.
- Business Use or Artisan Use is not acceptable.
- Discounts and surcharges are applicable.

Vehicle and Driver Assignment

Policy premium is determined by assigning the highest rated driver to the highest rated vehicle, second highest rated driver to second highest rated vehicle, and so on.

Highest rated driver refers to the driver whose years driving experience, sex, marital status, and points develop the highest premium. If there are more vehicles than drivers, rate each additional vehicle with the “excess vehicle” factors for variables related to the driver.

Driver Marital Status

National General Insurance classifies persons who are not legally married as single for rating purposes. Married driver rates are only applied to those who are legally married and residing in the same household. Drivers who are married but living in separate households, widowed, separated, or divorced are rated as single.

California recognizes domestic partnership for same-sex and different sex couples. Insureds who advise they have a Certificate of Domestic Partnership should be rated as married. The June 26, 2015, U.S. Supreme Court ruling regarding the right to a same-sex marriage did not invalidate or change any of the California Family Code sections related to registered domestic partners.

The following items are acceptable proof that marital status is married:

- Certified copy of marriage license.
- Joint state or federal tax filing — must be current year or prior year filing.
- Utility bill in both names and billing date within the past 90 days. (Examples of utility bill include gas, electric, water, cable, telephone [including cell phone]).

Important: Verify that the address on the utility bill and the garaging address on the policy are the same.

A photocopy of the proof is acceptable.

Garaging Location

Each vehicle will be rated based on ZIP Code in which the vehicle is primarily garaged. Post Office Box ZIP Codes cannot be used for rating. The garaging street address and ZIP Code must be given for all Post Office Box mailing addresses.

For vehicles primarily garaged at the named insured's primary or secondary residence, at least one vehicle must be garaged at the same location a minimum of 10 months of the year.

The following are exceptions to the same location rule:

- Students away from home at school with a vehicle titled in the insured's name.
- Members of the U.S. military who are stationed out of state.
- Vehicle is garaged out of state and the territory code for that garaging location ZIP Code is an acceptable territory. Any vehicle garaged out of state with an unacceptable territory code is unacceptable.

Note: Unacceptable states are District of Columbia, Hawaii, Massachusetts, Michigan, New Jersey, and New York and outside the U.S.

Out-of-State Risks

An out-of-state risk is a student or member of the U.S. military who:

- Temporarily resides in a state other than the policy rating state **and**
- Garages an insured vehicle in that state, but permanently resides in California.

To be an acceptable risk:

- At least one vehicle on the policy must be garaged in California a minimum of 10 months of the year **and**
- Liability limits must equal or be greater than minimum required out-of-state limits **and**
- UMBI limits must equal Liability limits.

Unacceptable states are District of Columbia, Hawaii, Massachusetts, Michigan, New Jersey, and New York and outside the U.S.

Leased Vehicles

Vehicles that are leased in the insured's name and are not classified as Artisan Use or Business Use are acceptable at no additional premium. The lessee should be listed as the named insured or spouse and the leasing company as the loss payee/additional interest.

Vehicles leased by an individual for business use are acceptable if the usage meets Business Use or Artisan Use guidelines.

Prior Damage/Vehicle Inspection

A vehicle inspection — including photos of the vehicle — is not mandatory. If National General Insurance discovers a vehicle has existing damage, we will notify you to take photos of the vehicle. In this case, you should obtain five photos (one from each corner of the vehicle and the sticker inside the door showing the vehicle identification number). Retain the photos of the vehicle in your file with the application documents — **unless** otherwise instructed to furnish the photos to National General Insurance.

Annual Mileage

We will accept the insured's expected annual mileage estimate. Annual mileage is based on the estimated number of miles driven annually for 12 months following policy inception. This is based on the insured's estimate and supporting documentation. The annual miles may be adjusted if proof is not received when requested. When satisfactory proof of annual mileage is provided by the customer within 60 days of the policy effective date, the annual mileage changes should be effective on the term effective date — not the date proof is received or date endorsement is processed.

We will accept the insured's expected annual mileage estimate at new business or endorsement transaction. If the expected annual mileage figure is unknown, possible methods of estimating annual mileage would include odometer comparison and estimated annual mileage. Customers will be requested to update their mileage estimates at renewal. If no response is received, annual mileage will be assumed to be the default of 12,000. However, in this case, the revised estimate will not be increased by greater than 1,000 miles per renewal for a vehicle assigned to a Rated driver.

Vehicle Usage

Artisan Use

Applies when a private passenger vehicle is **registered to the applicant** and used in his or her business/occupation or vehicles registered to the insured's business or employer **or** with the insured's business or employer named as an additional insured.

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

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

Only one Business Use or Artisan Use vehicle can be on a policy.

Business Use

Applies when a private passenger vehicle is used regularly or frequently for business errands or personal transportation related to the insured's employment.

Acceptable Business use includes, but is not limited to:

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

Unacceptable Business Use includes, but is not limited to vehicles:

- Used for livery, taxi, or limousine or to transport children, workers, or hotel guests
- Used in any form of pick up or delivery of goods or property
- With a load capacity of one ton or greater.

Only one Business Use or Artisan Use vehicle can be on a policy.

Transaction Guidelines

Binding New Policies

An Agent in good standing with National General Insurance has the authority to bind coverage according to the terms and conditions in this Guide. New business applications cannot be bound or effective until the following conditions are met:

- The Agent has obtained adequate information to accurately rate the risk and has done so.
- The application and all applicable forms and documents are completed and signed by the applicant and the appointed Agent.
- The down payment has been collected.

All applications must be submitted within 96 hours of the policy effective date.

A policy cannot be effective earlier than the time and date that an accurate rate is generated, the applicant and Agent have signed the application, and the down payment or payment in full has been collected by the Agent.

National General Insurance reserves the right to reject or cancel any risk not bound in accordance with these rules. Agents do not have authority to issue policies, endorsements, or cancellation notices — **unless** specifically authorized by National General Insurance in writing.

Brokering is not permitted. It is not acceptable to give our underwriting materials to other Agents or brokers or to accept applications from them for risks they have underwritten or will service outside your office. Violations will result in immediate termination of the agency agreement.

MVR/Loss History Reports Chargeback Process

At the close of each month, we review all quotes that included an order of a Motor Vehicle Report (MVR) and/or Loss History Report. We then use the total number of quotes with reports ordered to calculate the percentage of these policies that were bound. This bound percentage is then compared to the Agent's chargeback threshold. If the bound percentage is greater than or equal to the chargeback threshold, then no chargeback is applicable. If the bound percentage is less than the chargeback threshold, then the Agent is charged for all of the unbound MVRs and Loss History Reports during that specific month.

We run the comparison between the bound percentage and chargeback threshold 2 months in arrears. This ensures the Agent has time to bind any outstanding quotes with a report ordered. As an example, chargebacks on the commission statement in June are charged for reports ordered on unbound quotes in April.

The chargeback calculations are done at the state and product level. The agency's monthly commission statement will reflect any MVR/Loss History Report chargebacks.

Hazardous Weather Binding Restrictions

If a hurricane, tropical storm, tornado, hail storm, or flood occurs or a warning is placed in effect, **do not** bind any new Physical Damage coverage. Physical Damage coverage can be added when the moratorium or warning is lifted. If binding coverage within 48 hours after a warning or moratorium has been lifted, you must inspect the vehicle before initiating Physical Damage coverage. Note the application that an inspection was completed.

New Business

- Do not bind any new policies with Physical Damage coverage.
- Liability Only policies can be bound.

Endorsements

- Do not add or replace a vehicle with Physical Damage coverage.
- Do not add Physical Damage coverage to an existing Liability Only vehicle.
- Do not lower a Physical Damage deductible for an existing vehicle.
- Do not increase Physical Damage coverage on an existing vehicle.
- All other types of endorsements can be bound.

Reinstatements

- Policies with Liability Only coverage are eligible for reinstatement.

Misrepresentation of Risk

Misrepresentation of a risk is insurance fraud. Each applicant has the responsibility and obligation to truthfully complete an application for insurance and to inform National General Insurance of any and all changes during the policy period. Failure to do so could result in denial of a claim or rescission of the policy.

The Agent is responsible for helping the applicant fully disclose all material facts. To avoid possible misrepresentation and to ensure the accuracy of quoted premiums:

- Verify the vehicles and/or drivers are not listed in our program as an unacceptable risk.
- Make sure the applicant understands and answers all questions. Ask the applicant all questions on the application concerning business use, prior vehicle damage, past insurance fraud, and felonies.
- Inform the applicant that National General Insurance uses MVRs, C.L.U.E., credit reports, vehicle history reports, and other available reports to assist in verifying information and rating the policy.
- All losses and accident activity — both at-fault and not-at-fault — must be disclosed.
- Verify the garaging address of all vehicles.
- Verify that **all** residents of the household who are of eligible driving age or permit age (whether they drive or not) and all drivers who regularly drive the insured vehicles are listed and rated on the application.

Agent of Record

We believe that insureds and Agents are best served by renewing existing policies with the Agent who produced the policy; therefore, we do not encourage changing Agent of Record. When an insured insists on changing Agents, we require a request to change the Agent of Record signed by the insured **prior to the renewal effective date**. Agent of Record changes will be effective at renewal and cannot be made midterm.

Policies written directly through National General Insurance **cannot** be transferred to an Agency policy via an Agent of Record form. The policy must be written as a new business policy in your Agent code and in a company in which you are licensed to write business.

Undeclared Drivers

In the event we discover a previously undeclared driver, National General Insurance reserves the right to make appropriate policy and coverage changes. In addition, failure to report all drivers to National General Insurance may constitute material misrepresentation of risk and can result in denial of a claim.

Endorsements

Endorsement requests should be submitted on or before the endorsement effective date using our agency policy system.

Premium adjustments resulting from policy changes will be made at the time of endorsement or incorporated into future installment bills. If all installment payments have been received, premium adjustments will be billed or credited directly to the insured.

Certain types of endorsements will be reviewed by National General Insurance and additional information may be requested as a result of the transaction being performed.

Cancellations

Flat Cancellations

Flat cancellations after policy inception are only permitted for one of the following reasons:

- National General Insurance is notified within 30 days of the policy effective date that there is duplicate coverage on the vehicle equal to or greater than the National General Insurance policy. A copy of the Declarations Page from the other policy and the named insured's written request must be submitted.
- The named insured did not take possession of the vehicle during a vehicle purchase and there are no other vehicles listed on the policy. The named insured must request the cancellation.

A Cancellation fee is not charged for a flat cancellation.

Insured Requested

Insured requested cancellations are calculated pro rata and are reduced by a Cancellation fee. This fee is fully earned and no commission is paid on the fee. The Cancellation fee requires the equity date to adjust by the amount of the fee throughout the policy period.

When you receive a request to cancel a policy from a named insured, co-named insured, or resident spouse who is listed on the Declarations Page, you can process the cancellation. A signed written request from the named insured is required. You must retain the insured's signed written request and any necessary proof documents.

The cancellation effective date can be:

- 10 days or less in the future
- 30 days or less in the past.

Note: When the cancellation effective date is more than 30 days in the past, you must send National General Insurance a cancellation request signed by the insured along with proof of other coverage.

When Claims declares a vehicle is a total loss and National General Insurance retains the salvage vehicle, we will delete the vehicle from the policy the day after the loss. If the total loss vehicle is the only vehicle on the policy, we will send a letter to the insured requesting them to provide replacement vehicle information or advise if they wish to cancel the policy.

Company Requested

Cancellation for Non-Payment

If the initial down payment is non-sufficient or dishonored, the National General Insurance policy becomes null and void.

If payment for a billed installment is not received by the due date, a notice of cancellation may be sent to the insured, Agent, and any loss payee or additional interest. If payment is received **before** the cancellation effective date, the cancellation will not take effect and the policy will remain in-force. If payment is received **on or after** the cancellation effective date, the cancellation will take effect. Cancellations for non-payment of premium are calculated pro rata.

Reinstatements

Policies may be eligible for reinstatement, with no lapse in coverage, within 15 days of a cancellation or expiration date. Renewal policies may be eligible for reinstatement, with a lapse in coverage, within 15 – 30 days after the cancel date. In addition, certain criteria must be met in order to reinstate a policy, such as providing a statement of no loss, satisfactory payment, and outstanding proof documentation, if applicable.

New business policies canceling due to non-sufficient funds may not be eligible for reinstatement. A policy may be rewritten if the insured meets current guidelines and satisfies any outstanding balance; the rate may change.

Renewals

A renewal offer will be sent to the named insured prior to the policy expiration date according to the statutory requirements. The insured must pay all balances due before money received can be applied to the renewal.

Renewal Down Payments

The renewal down payment must be received prior to the renewal effective date to ensure no lapse in coverage.

Billing, Payments, and Fees

Term of Policy

Six-month and twelve-month term policies are offered and will display in the system when available.

Payments

All National General Insurance payment invoices are billed directly to the insured **except** the down payment, which must accompany the application. Each invoice will contain a schedule of remaining payments.

All refunds are mailed directly to the insured.

When an Agent accepts an insured's check, it should be made payable to National General Insurance or the agency. When an insured's check is made payable to National General Insurance, the check should be endorsed to the agency account by signing or stamping the check and indicating "For Deposit Only".

When an insured's check is returned to the agency for non-sufficient funds reasons, National General Insurance will reimburse the Agent — including any associated bank fees up to a maximum of \$25. Agent notification must be received at National General Insurance within 20 calendar days of the date the insured's check was written in order to receive reimbursement.

Acceptable methods of payment are:

- Down Payment — VISA, Discover, American Express and MasterCard credit card or debit card, agent sweep, or electronic check
- Installment Payment — VISA, Discover, American Express and MasterCard credit card or debit card, agent sweep, or electronic check
- Electronic Funds Transfer (EFT)/Auto Pay — VISA, Discover, American Express or MasterCard credit card, checking account, or savings account.

Electronic Funds Transfer (EFT)/Auto Pay

If the Electronic Funds Transfer (EFT)/Auto Pay payment method is available, an insured may complete a National General Insurance Electronic Funds Transfer (EFT)/Auto Pay Authorization Agreement at new business or at renewal and choose to have monthly installments electronically withdrawn from:

- A personal checking account or savings account **or**
- Credit card or debit card.

National General Insurance will provide the named insured a draft schedule of Electronic Funds Transfer (EFT)/Auto Pay transactions.

If a change occurs on the policy resulting in a premium change, a revised statement will be issued in advance confirming the new amount to be drafted. Agents should notify insureds that National General Insurance will continue drafting based on the current draft schedule until the revised statement is issued.

Requests to change account information or draft dates must be received by National General Insurance at least 10 business days prior to the next draft. Requests to stop Electronic Funds Transfer (EFT)/Auto Pay must be received by National General at least 3 business days prior to the next draft. For account information changes, a new Electronic Funds Transfer (EFT)/Auto Pay Authorization Agreement is required.

Renewal down payments will automatically be drafted from the named insured's account — **unless** a written request to stop the draft is received.

Fees

California Vehicle Assessment and Fraud

A \$1.76 fee will be charged per vehicle per year for 12-month term policies; \$0.88 will be charged semi-annually per vehicle for 6-month term policies. The state-mandated fee is used to fund the investigation and prosecution of fraudulent automobile insurance claims.

Cancel

A \$50 fee will be charged when a customer cancels their policy before the renewal date. Early cancellation can be by customer request or due to nonpayment.

Convenience

A \$5 fee will be charged for processing any payment by phone with the assistance of a Customer Service Representative

Endorsement

A \$7 fee will be charged for any endorsement that alters the premium. (Endorsements made within 72 hours of the new business effective date are not charged the fee.)

Financial Responsibility (FR) Filing

A \$15 fee will be charged for each person on a policy for whom a Financial Responsibility SR-22 filing is made. (Refer to SR-22 Filings in this Guide.)

A \$25 SR-22 Reinstatement fee will be charged for an SR-22 filing after a lapse in coverage.

Installment

The Installment fee is included in the installment amount and on new and renewal down payments. The amount of the fee is based on payment method.

Electronic Funds Transfer (EFT)/Auto Pay	
Checking/Saving	\$ 9
Recurring Credit Card/Debit Card	\$13
Direct Bill	\$13

MVR

A fee will be charged for any renewal policy that orders a Motor Vehicle Report (MVR). Only applies to MVRs ordered directly by National General Insurance or General Agent

Non-Sufficient Funds

A \$25 fee will be charged on all returned checks that were not honored by the bank.

Policy

A \$35 fee will be charged to cover the cost of acquiring, setting up, and renewing a policy. Fee will be reduced when Good Driver Discount is applicable.

Reinstatement

A \$20 fee will be charged to reinstate a lapsed policy. Fee will be reduced when Good Driver Discount is applicable.

Rewrite

A \$25 fee will be charged to rewrite a policy that has been cancelled more than 60 days. This applies if the policy is not eligible for reinstatement.

Document Retention and Review Requirements

It is important to maintain complete and accurate records on all insurance transactions conducted on behalf of National General Insurance. When you complete a sale or policy endorsement, an Agency ToDo prints a list of documents required to be submitted to National General Insurance or to be retained in your customer file. These documents — whether paper or electronic form — should be retained for at least 5 years from the policy expiration date (or if coverage was never bound, from the date on which the policy quote was rejected). If State Law requires such documents be retained longer than 5 years, comply with the state requirement.

All agency records pertaining to the business of National General Insurance are open for evaluation and inspection during routine reviews. Upon request, you will be required to present specific documentation. Failure to provide the documentation within the allotted time period will result in a failed review.

Uploading Policy Documents

When an Agency ToDo requires documentation be submitted to National General Insurance, uploading documents through the system is the fastest and easiest way to ensure we receive the customer's documentation immediately.

Go Paperless

Enroll your National General Insurance customers in paperless document delivery — adding value for your customer and reducing calls to your office. Paperless document delivery provides the insured immediate access to Declarations Pages, Policy Booklets, endorsements, renewals, and other documents.

Note: The insured will continue to receive printed invoices and cancelation notices delivered by the U.S. Postal Service.

The only requirement for an insured to Go Paperless is a valid email address.

Insureds choosing to Go Paperless will receive a welcome email advising them to register for online Self-Service.

eSignature

Your new business customers can choose to sign Point of Sale (POS) policy documents that require a signature electronically (eSign) — eliminating the need for you to obtain a handwritten signature.

The following eSign options are available:

- Customer Self Service
- Unique URL/PIN Authentication
- Agent Vendor eSign.

Note: The eSign options are only available for new business point of sale documents requiring a signature. The eSign options are not available for signature documents generated by endorsements or renewals.

Customer Self-Service

When a new business customer is on the phone, a valid email address is required in order to choose eSign. When the policy is bound, the insured and co-named insured (if applicable) will receive an email advising them to 1) register for a self-service account **and** 2) review and eSign their documents.

Note: Registration is a one-time process required for the insured to set up their ID and password for future access to their policy information.

When an insured does not eSign the documents within 3 days of receiving the email, the New Business Packet will be printed and mailed to them via the U.S. Postal Service using the address on the policy. Failure to submit the requested information to National General Insurance could result in an increase in policy premium or even cancellation of the policy.

Unique ULR/PIN Authentication

The insured must provide a valid email address during the quote process; to receive eSignature text messages, a valid cell phone number must be provided. When the policy is bound, the insured will receive an email from Service@NGIC.com and/or text message providing a unique URL and 4-digit PIN required to eSign policy documents. To complete the eSignature process, the insured must click the **Sign** button within the email and/or text body.

When an insured does not eSign the documents within 3 days of receiving the email and/or text, the New Business Policy Packet is printed and mailed via the U.S. Postal Service using the address on the policy. Failure to submit the requested signature documents to National General Insurance could result in an increase in policy premium or even cancellation of the policy.

Agent Vendor eSign

When your new business customers choose to sign POS policy documents electronically, you can use your own eSign vendor. (Contact your Marketing Representative for a list of eSign vendors accepted by National General Insurance.)

You are responsible for obtaining the signature on all documents that must be signed — regardless of the signature option selected by the insured. In the event the insured does not electronically sign documents that require a signature, you must get the printed documents signed and retain those documents in your customer file.