



COMMERCE WEST INSURANCE COMPANY

PROTECTION PROGRAM

UNDERWRITING GUIDELINES

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BINDING AUTHORITY

The Company allows both agent and broker producers. The Producer's authority is governed by the Producer Agreement and by these Underwriting Guidelines as may be amended from time to time. Brokers are *not* allowed to bind coverage.

To ensure that coverage is bound, applications and endorsements must be completed fully, signed by the necessary parties and, together with the required supporting documentation, must be transmitted to the Company no later than ten (10) days after the effective date of the application or endorsement.

Binders written by the Producer are effective for a period up to thirty (30) days unless canceled sooner by Commerce West. Brokers are not allowed to write binders.

Commerce West reserves the right to return as *unbound* any application or endorsement submitted without proper documentation or signatures. Commerce West requires payment upfront for certain endorsement transactions before they can be bound, as defined in 'MAPFRE Connect'.

An agent or broker producer's binding authority is limited to a maximum of 25/50 for Bodily Injury and Uninsured Motorist Coverage and \$10,000 for Physical Damage Liability

THE COMPANY RESERVES THE RIGHT TO MAKE FINAL UNDERWRITING DECISIONS.

DRIVERS

UNACCEPTABLE DRIVERS

1. Any driver whose license is currently under suspension or revocation.
2. Any driver with any of the following within the previous three years:
 - a. Driving with a suspended or revoked license
 - b. Driving on the wrong side of road or freeway
 - c. Vehicular manslaughter
 - d. Vehicle theft
 - e. Explosive transportation
 - f. Minor driving with a BAC of 0.05% or more
 - g. Evading Peace Officer
 - h. Hit and run/injury/property damage
 - i. Two or more alcohol-related violation, including refusal of alcohol test and open container
 - j. Three or more principally at fault accidents
 - k. More than 4 minor moving violations
 - l. More than 11 rating surcharge points
 - m. Two or more serious/major violations
3. Any driver under 21 with any of the following:
 - a. Any alcohol-related violation, including refusal of alcohol test and open container, or
 - b. 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.*
 - c. 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.*
4. Any United States citizen or legal resident without a valid United States driver's license unless the license will be or has been reinstated with an SR-22 filing.
5. Any driver with an International, Foreign Driver's License or experience, failing to provide one or more of the following documents:
 - a. A copy of a driver's Matricula Consular card or license (even expired) from the driver's country of origin; or
 - b. A letter of experience
6. Any driver with any narcotics, drug or felony conviction involving a motor vehicle.*
7. Any currently excluded driver unless prior approval has been obtained from the Company.
8. Any prior Commerce West policyholder who:
 - a. Has been canceled and rewritten more than twice in the past three years,* or
 - b. Has an unpaid balance due, unless the outstanding balance is submitted in addition to the correct deposit premium for the new policy.

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

NAMED DRIVER EXCLUSIONS

Any person other than the Named Insured / registered owner of the vehicle and those individuals requiring an SR-22 filing may be excluded from coverage. All household members (other than the Named Insured) who meet the minimum licensing age must be listed or excluded. Drivers cannot be excluded from specific vehicles on a policy. Individuals who have never been licensed or have a permanently revoked license are unacceptable risks and must be excluded.

VEHICLES

UNACCEPTABLE VEHICLES

1. Vehicles with a cost new of \$50,000 or above for any of the following*:
 - a. Drivers without three years continuous driving experience
 - b. Drivers with more than one major violation in the past three years
 - c. Drivers with more than one principally at fault accident within the previous three years
 - d. Vehicles principally parked on the street
 - e. Vehicles that are not VIN etched or equipped with a passive anti-theft device
 - f. Principal operator is under age 21 or there is only one vehicle in a household with a driver under age 21
2. Vehicles not legally registered in California when the owners have been residents of California for over 30 days, except for qualifying military personnel.
3. Vehicles garaged outside of California.
4. Pickup trucks with flatbeds, stake beds, or utility beds, and pickup trucks or vans with racks for carrying pipe, lumber, glass, ladders, etc.
5. Vehicles not manufactured for sale/distribution in the United States (Gray Market).*
6. Step van, panel van or cut-away vans.
7. Aluminum or stainless steel cars.
8. Custom, rebuilt, altered, or modified vehicles including kit cars and Baja/Dune Buggies.
9. Any vehicle with permanent or removable advertising on it.
10. Vehicles registered to an individual other than the named insured.
11. Vehicles registered to an individual other than the named insured and/or spouse/registered domestic partner.

* Does not apply to Good Driver policies (where all rated drivers qualify as California Good Drivers).

12. Pickups and vans owned by a business (including farming or ranching).
13. Vehicles registered to the insured's business or employer, or with the insured's business or employer named as an additional insured.
14. Ambulances, fire, police, salvage equipment or public passenger carrying vehicles (Taxis, Jitneys, Buses, etc.).
15. Trucks, Vans or Utility vehicles with load capacities in excess of one ton and/or with more than two axles.
16. Vehicles with less than four wheels.
17. Motorcycles, motor scooters and autocycles
18. Motorhomes, Travel Trailers, Campers, Golf Carts, Dune Buggies, and ATV's
19. Vehicles rented or leased by you for a period of less than 6 months. Any vehicle made available for rent or lease for any period of time, including but not limited participation in an on-line ride sharing enterprise.
20. Vehicles used for off-roading.
21. Vehicles used to participate in an online Transportation Network including but not limited to Lyft, Sidecar, or Uber

LIMITS OF LIABILITY NOT ACCEPTABLE

1. Underwriting approval is required when limits of liability requested exceed binding authority.

PHYSICAL DAMAGE COVERAGE NOT ACCEPTABLE

1. Vehicles with a salvage title without underwriting approval.*
2. Vehicles with current value less than \$2,500.*
3. Vehicles without prior physical damage coverage, unless one of the following requirement are met:
 - a. Four (4) photographs are required (Front- including license plate, Drivers side, Passenger side and Rear- including license place) to be submitted to the company.
 - b. Proof of current physical damage coverage is verified via consumer report.
 - c. Proof of Sale, showing the vehicle was sold to the Named Insured as "New" within 30 days of the request to add physical damage coverage to the policy.
 - d. In those cases wherein a vehicle currently on the policy is being endorsed for physical damage, four (4) photographs meeting the above criteria are required.

4. Vehicles with a cost new greater than \$80,000 or RAPA symbol "P".*
5. Vehicles made by the following manufacturers are ineligible for coverage*:
 - Aston Martin
 - Bentley
 - Bugatti
 - Ferrari
 - Lamborghini
 - Lotus
 - Tesla
 - Maserati
 - Maybach
 - Mercedes Benz
 - Porsche
 - Rolls Royce
6. Antique and Classic vehicles. An Antique is defined as a vehicle 25 years or older. A Classic is defined as a vehicle of 20 -24 years old.

UNACCEPTABLE VEHICLE USE

Vehicles used in or for any of the following are unacceptable:

1. Transporting nursery or school children
2. Racing, any type of speed or drag contest, or any stunt activity
3. Pick-up or delivery of any type
4. Emergency or law enforcement
5. Public or private livery transportation (limousine, taxis, busses or vanpools)
6. Short term rentals
7. Snowplowing for hire
8. Residence
9. Leased or rented to other operators by an insured
10. Available for use by operators not listed on the policy
11. Business, artisan, farming, or ranching

* Does not apply to Good Driver policies (where all rated drivers qualify as California Good Drivers).

VIOLATIONS IN THE COURSE OF EMPLOYMENT

Violations received while operating a motor vehicle for compensation during the hours of employment are not surcharged provided a written declaration from the employer is submitted stating the violation(s) was received in the course and scope of the insured's employment. However, the following violations received in the course of employment will not be waived:

- Section 14601.(a) - (Driving when privileges suspended or revoked...)
- Section 14601.1(a) - (Driving when privileges revoked or suspended...)
- Section 14601.2(a) - (Driving when privileges suspended or revoked...)
- Section 20001 or 20002 - (Duty to stop at scene of accident...Duty upon injury or death)
- Section 20008.(a) - (Duty to report accidents)
- Sections 23103, 23104, 23152, or 23153 – (Reckless driving, Driving under the influence)

DEFINITION OF “PRINCIPALLY AT FAULT”

For the purposes of determining whether a driver is “principally at fault” in an accident, the driver's actions or omissions must be at least 51% of the proximate cause of the accident, subject to the exceptions set forth below, and, in accidents not resulting in death, if the total loss or damage caused by the accident exceeds the following amounts:

- **\$1,000** for loss occurring on or after December 11, 2011.

A driver shall not be considered to be principally at fault if the accident occurred 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 to be lawfully parked, but shall be considered as 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 legal authorities within a reasonable time after the accident;
5. The accident resulted from contact with animals, birds or falling objects;
6. The driver was responding to a call of duty as a paid or volunteer member of any police or fire department, first aid squad, or of any law enforcement agency, while performing any other governmental function in a public emergency;
7. The accident was a solo vehicle accident that was principally caused by a hazardous condition of which a driver, in the exercise of reasonable care, would not have noticed (for example, “black ice”).