

NATIONAL
GENERAL[®]
an **Allstate**[®] company



ARIZONA

Personal Auto

Underwriting & Product Guide

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Underwritten by: Integon National Insurance Company

Table of Contents

Unacceptable Risks	1
Coverages	4
Physical Damage Settlement Options	8
Discounts	9
Surcharges	12
Quote Information	13
Transaction Guidelines	19
Billing, Payments, and Fees	23
Document Retention and Review Requirements	25

Unacceptable Risks

Unacceptable risks include, but are not limited to, the following:

- A new business policy with more than 23 total policy points.
- A new business policy with more than 17 total driver points.
- A new business policy with more than four non-chargeable incidents.
- Multiple National General Insurance policies in the same household are unacceptable unless:
 - A child owns their own vehicle
 - Unrelated residents/roommates are living in the same household.

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

For households with 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.

- Policies with at least one vehicle not garaged in Arizona a minimum of 7 months of the year.

Note: For full-time students and members of the United States military, vehicles not garaged in the principal state are acceptable provided at least one vehicle is garaged in the state the policy was written.

Unacceptable Drivers

The following drivers are not eligible for coverage:

- Driver or household member who has been convicted of insurance fraud.
- Spouses living in separate households.
- Driver with a revoked driver license — whether driver license is permanently or temporarily revoked.
- Driver with a prior policy that has been non-renewed or canceled for underwriting reasons within the past 36 months.
- Driver with prior policy with insurance fraud.
- Driver with a prior policy with material misrepresentation within the past 36 months.

Unacceptable Vehicles

The following vehicles are not eligible for coverage:

- Vehicles without a valid United States garaging ZIP Code.
- All vehicles on policy have an out-of-state garaging ZIP Code.
- Vehicles without a title or not licensed for road use.
- Kit cars and dune buggies.
- Flatbed trucks, stake trucks, dump trucks, cutaway vans, and all other commercial type trucks.
- Vehicles leased or rented to other drivers by the named insured.
- Vehicles regularly available to drivers who are not listed on the policy.
- Vehicles insured for stated amount.
- Vehicles with an altered suspension or a modified engine.
- Vehicles used for Business Use or Artisan Use and:
 - Driven by employees
 - Not owned by the named insured or spouse
 - Vehicle type is motorhome, van conversion, trailer, camper, utility, bus conversion, semi, or cabriolet.
- Artisan Use vehicles that visit more than two job sites a day.
- Vehicles used for Route Use — **unless** the policy is written by National General via the Rural Letter Carriers (RLC) Auto Insurance Plan.
- Vehicles used for the following: emergency; racing; livery; delivery/pick up of goods (including, but not limited to, delivering magazines, newspapers, mail delivery (except RLC), and pizza); limousine and taxi service; hauling explosives.
- Postal unit or right-hand drive vehicles not used for route delivery.
- Non-RV type vehicles equipped with cooking equipment or a bathroom.
- Vehicles equipped with snow removal equipment. No exceptions — even for personal use on private property.
- Vehicles with a load capacity greater than one ton — **unless** there is a non-motorized RV-type vehicle on the policy.
- Gray market vehicles.
- Vehicles with Original Cost New (OCN) greater than \$150,000.

- Any make/model vehicle listed below:

Make	Model	Make	Model
American General	H1	Karma	All Models
ARO	All Models	Lada	All Models
Aston Martin	All Models	Laforza	PSV-L4
Audi	R8	Lamborghini	All Models
Avanti	All Models	Lexus	LF-A
Bentley	All Models	Lotus	Elan, Esprit
BMW	Z8	Maserati	28, 425, 430, Biturbo, Coupe GT, Gransport, Spyder
Bricklin	All Models	Maybach	All Models
Bugatti	All Models	McClaren	All Models
Cadillac	All Hearses and Limousines	Mercedes	B F-CELL, SL600, SL63 AMG, SL65 AMG, SLR, SLSAMG, Maybach
Callaway	C12	Morgan	All Models
Checker	All Models	Mosler	All Models
Chevrolet	Lingenfelter, Hammer, and Mallet Corvettes; Grumman	Nissan	All Stillen Models
Chrysler	All Limousines	Panoz	All Models
Delorean	All Models	Pantera	All Models
Dinan	All Models	Pontiac	Lingenfelter Trans Am
Dodge	Shelby Durango	Porsche	All Ruf Models, Carrera GT, 911 GT2, 911 GT3, 918 Spyder
Elio	All Models	Rolls Royce	All Models
Ferrari	All Models	Roush	All Roush Mustangs
Ford	All Saleen Mustangs, Ford GT, Think	Ruf	All Models
GEM	All Models	Saleen	All Models
GM EV1	All Models	Shelby	Cobras and Series 1
Hennessey	All Viper Models	Smart Cars	All Models (except Fortwo)
Honda	EV, FCX, FCX Clarity	Spyker	All Models
Hummer/American General	H1, Humvee	Toyota	All HKS Enhanced Supra Turbos
Jaguar	XJL	Vector	All Models
Jensen	All Models		

Coverages

The system will automatically display available coverage limits.

Liability

Bodily Injury (BI)/Property Damage (PD)

- Requires BI/PD coverages to be written together.
- Required on all motorized vehicles on a policy — **unless** a Storage Comp vehicle.
- Required on all motorized vehicles on policy when a Financial Responsibility Filing is requested.
- The same limits are required for all vehicles on a policy.

Accidental Death and Dismemberment

- An optional policy level coverage available for vehicles on a policy with BI coverage that pays when an insured is killed or dismembered in a motor vehicle accident.
- Two plans are available:
 - **Individual Plan** only applies to the named insured.
 - **Family Plan** applies to the named insured, spouse, and any unmarried children in the household who are under 19 years of age.
- Not available for vehicles in storage.

Medical Payments

- Optional coverage.
- Requires the same limits for all vehicles on a policy.
- Requires Bodily Injury coverage.

Uninsured/Underinsured Motorist

Uninsured Motorist (UM) Bodily Injury

- Required on all motorized vehicles with BI coverage — **unless** rejected.
- Limits cannot exceed BI limits.
- Requires the same limits for all vehicles on a policy.
- Limits must equal BI limits — **unless** lower limits are selected.

Underinsured Motorist (UIM) Bodily Injury

- Required on all motorized vehicles with BI coverage — **unless** rejected.
- Limits can exceed UMBI limits.
- Limits cannot exceed BI limits.
- Limits must equal BI limits — **unless** selected at lower limits.

Physical Damage

Comprehensive/Collision

- Comprehensive and Collision coverages are required on vehicles with a loss payee.
- Comprehensive coverage is required on all vehicles with Collision, Rental Reimbursement, Towing and Labor, and Additional Customized Equipment and Parts coverages and vehicles in storage.
- Comprehensive and Collision coverage are not available for any vehicle with a model year more than 20 years of age or for a vehicle with a salvage title.

Accident Forgiveness

Available to customers who meet the following requirements:

- No driver on the policy has any violations or chargeable accidents in the 12 months prior to the policy effective date.
- No driver on the policy has any major violations.
- No more than one chargeable accident in the 35 months prior to the policy effective date.

Accident Forgiveness is not available for policies that reinstate with a lapse.

The first at-fault accident will be forgiven.

- Rates are not impacted by the first accident.
- No surcharges will be applied.

Subsequent at-fault accidents during the experience period will cause the endorsement to be removed and points will be charged for all accidents that occurred in the previous 35 months — including the first (forgiven) accident. Only one forgiven at-fault accident can be on a policy at any given time during the experience period.

Note: Non-chargeable accidents are not considered.

If insured requests to remove Accident Forgiveness coverage, any forgiven accident will be surcharged at renewal. Accident Forgiveness removed from a policy for eligibility reasons, cannot be added back to the policy.

Additional Customized Equipment and Parts

- Provides physical damage protection for any permanently installed add-on equipment that was not installed by the original vehicle manufacturer.
- Requires equipment to be listed on the application and the proper premium paid.
- Available for any personal auto, pickup truck, conversion van, semi, or cabriolet type vehicle with Comprehensive coverage.
- Maximum coverage limit is \$4,000.
- Coverage is provided up to the lesser of actual cash value, actual cost to repair, or declared value.

Diminishing Deductible

With the Diminishing Deductible option, Comprehensive/Collision deductibles are reduced every claim-free year for every vehicle on the policy with Comprehensive and Collision coverages.

- Comprehensive and Collision coverages are required.
- For every claim-free year, the credit balance increases by 25% at each annual renewal — up to a maximum of 100%.
- Credit can be applied toward the Comprehensive or Collision deductible for any covered vehicle during a claim.
- Towing and labor only claims do not reset the deductible credit to 0%.
- Any other claim (excluding Towing/Labor) will prevent earning another 25% deductible credit at the next annual anniversary.
- The deductible credit is reset to 0% for the following:
 - Comprehensive or Collision deductible is changed on any vehicle.
 - Comprehensive coverage is removed and later re-added.
 - Claim is filed within the last 12 months.
- The deductible credit does **not** apply when an undisclosed household driver is involved in a loss. The deductible credit resets to 0%.

Mexico Physical Damage

- Provides Physical Damage coverage for any accident that occurs in Mexico within 50 miles of the United States border.
- Requires Comprehensive and Collision coverages.
- Repairs are required to be completed in the United States.
- Requires Liability insurance to be purchased from a licensed Mexico insurance company and proof of coverage is required at the time of loss.
- Does not cover towing and labor or rental reimbursement.

Rental Reimbursement

- Reimburses the insured for rental vehicle expenses incurred while a covered vehicle is being repaired as the result of an accident — subject to a maximum per day limit/maximum number of days per accident limit.
- Comprehensive coverage is required on the vehicle.
- Limits are required to be the same for all vehicles on a policy.

SureDrive

- Provides for a “full-size” vehicle (“full-size” as defined by rental agency).
- Requires the rental vehicle to be rented from a commercially licensed rental agency.
- SureDrive is limited to the time reasonably required to either repair the Insured's vehicle (up to 30 days) or until an offer to pay the Actual Cash Value (ACV) of the vehicle is extended in the event of a total loss — whichever is less.
- Rental agency bills National General Insurance directly — the insured never sees the invoice.
- Additional Auto Protection Plan and Total Protection Plan products are not available for vehicles with SureDrive.

Towing & Labor

- Reimburses the costs incurred for mechanical labor and/or towing to a nearby facility for each disablement on a covered vehicle — subject to a maximum limit per occurrence/per policy term.
- Comprehensive coverage is required on the vehicle.
- Limits are required to be the same for all vehicles on a policy.

Physical Damage Settlement Options

Actual Cash Value (ACV)

Settlement is based on current market value/actual cash value of the vehicle. ACV is computed by subtracting depreciation from replacement cost.

Original Equipment Manufacturer

- Available on motorized personal auto, pickup, and conversion van type vehicles with a model year that is 10 years old or less. Coverage will be removed on the first renewal after vehicle becomes 11 years old.
- Not available for vehicles rated as antique or classic cars, restored autos, motor homes, or trailers.
- For repair of a covered vehicle, National General Insurance will specify the use of parts that are made by the original equipment manufacturer.
- For repair of a non-owned vehicle, National General Insurance may specify the use of mechanical, non-safety-related parts not made by the original manufacturer. These parts will be at least equal in terms of fit, quality, performance, and warranty to the original manufacturer parts they replace.
- Available for any vehicle with Comprehensive and Collision coverages.
- Comprehensive and Collision deductibles still apply.

Replacement Cost

Replacement cost is the current amount that must be paid for a new vehicle — same model year, make, model, and equipment as the covered vehicle — without adjustment for depreciation.

- Pays the cost to replace a new vehicle when there is a comprehensive or collision total loss — including theft.
- Only available when the insured vehicle:
 - Has Comprehensive and Collision coverages
 - Is a model year that is 2 years old or less from the current calendar year
 - Has not been previously titled
 - Is insured with Comprehensive and Collision Replacement Cost coverages within the first year of ownership.
- Coverage is not available for leased vehicles.
- Deductible are required to be the same as Comprehensive and Collision.
- If the covered vehicle is a total loss, National General Insurance reserves the right to replace the vehicle or to pay the total loss in money.
- Coverage is removed on the first renewal after a vehicle becomes 3 years old.
- Coverage is not provided under this provision for a non-owned, temporary substitute, or rental vehicle.
- Coverage is not available for utility trailers.

Discounts

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

Accident Free Claim Free

Available when all rated drivers on the policy have no violations or incidents during the past 35 months.

Advance Quote

Available for new business policies that meet the following criteria:

- The policy is quoted 1 or more days before the policy effective date.
- All required rating information is provided by the customer.
- The policy has prior insurance with no lapse in coverage.

Anti-Theft Recovery

Available for each vehicle on a policy that is equipped with an active recovery device or tracking system, (e.g., LoJack). Cannot be applied in combination with any other anti-theft discount on the same vehicle.

Commercial Driver License

Available to any rated driver who meets the following criteria:

- Has a valid, active commercial driver license.
- Performs in an occupation that requires use of the commercial driver license.
- Drives a minimum of 15,000 miles per year for that occupation.

Credit ZIP Match

The Credit ZIP Match discount applies if all garaging ZIP Codes match the ZIP Code returned from the credit score. The discount is not available for named non-owner policies.

Double Deductible

Available for new business policies written with the optional Double Deductible endorsement.

- If a loss occurs during the first 45 days after the policy first becomes effective, the deductible listed on the Declarations Page for Collision and/or Comprehensive coverage is doubled. This increased deductible amount applies to all Collision and/or Comprehensive coverage claims occurring within the first 45 day period. If the elected deductible is \$500 and a loss occurs in the first 45 days, the deductible becomes \$1,000.
- If a loss occurs more than 45 days after the policy first becomes effective, the deductible listed on the Declarations Page for Collision and/or Comprehensive coverage is the amount for which the insured will be responsible. If the elected deductible is \$500 and loss occurs after day 45, the deductible remains \$500.
- Double Deductible discount is applied to the policy for the entire new business term.

DynamicDrive

Applies to drivers participating in the National General DynamicDrive program who provide a valid email address and install the approved application on their smartphone.

Electronic Funds Transfer (EFT)/Auto Pay

Available for policies with payments that transfer automatically from a savings account or checking account.

Note: This discount does not apply for payment transfers set up from a credit card or debit card.

Good Student

Available to each Rated driver between the ages of 16 and 24 who annually meets the following criteria:

- Has a valid United States driver license or learner permit.
- Is a full-time high school, college, or technical/vocational school student or is enrolled in an academic home study program and for the preceding quarter or semester:
 - Is listed on a Dean's List, Honor Roll, or
 - Maintains a cumulative "B" (3.0) average or better or
 - Is ranked scholastically in the upper 20% of their class or
 - Is ranked in the top 20% of a national standardized test (e.g., SAT, ACT, PSAT, PACT).

Note: A copy of the test results is required.

Proof is retained by the Agent.

Homeowner

Available to the named insured or spouse who own a home **or** have a Full-Timer policy.

Note: Does not include mobile homes.

In-Agency

Available to insureds if the agency that is writing the new National General Insurance policy has the existing personal lines auto policy with the insured and that policy has been in-force for at least 12 months.

Proof of discount eligibility is part of the review process; proof is retained by the Agent.

Mobile Home

Available to the named insured or spouse who own the mobile home in which they reside and the mobile home is 10 years old or less.

Multi-Car

Available for all vehicles on a policy when the policy covers more than one private passenger auto.

All vehicles are required to be listed on the same policy and primarily driven by persons living in the same household.

Multi-Policy

Available to the insured who also has one or more of the following policies with National General Insurance or an affiliated company:

- Agency Controlled Homeowners (HO3)
- Homeowners (HO3)
- Motorcycle
- Renters (HO4).

New Business

Available on all New Business policies.

New Vehicle

Automatically applied to current calendar year vehicles. The discount is removed automatically at renewal when the vehicle model year is no longer in the current calendar year.

Paid In Full

Available for the insured who pays 100% of the total premium by cash, check, EFT/Auto Pay, credit card, or debit card at the inception of a policy term.

Go Paperless

Available at new business to the named insured who chooses to receive policy documents electronically and provides and maintains an active, valid email address. If an email is returned undelivered, the documents will be sent via regular mail and the discount will be removed.

- If the insured endorses Paperless onto the policy mid-term, the discount will be applied effective the day the insured confirms their paperless preference.
- If the insured requests to receive policy documents by conventional mail, the discount will be removed.

Restricted/Limited Coverage

Available for policies written with the optional Restricted/Limited Coverage endorsement that limits coverage to only those individuals and vehicles specifically listed on the policy.

- The following endorsement is attached:
 - The Named Driver and Named Auto Only endorsement restricts coverage to the named insured and rated drivers listed on the Declarations Page. There is no coverage when using a vehicle not listed on the policy (with permission or otherwise) — including rental cars.
- The Double Deductible applies with a reinstatement or lapse.
- Not available on Named Non-Owner policies.
- Reduced Coverage Disclosure form is required.

Senior Driver

Available to the principal driver of the vehicle who:

- Is 55 years of age or older
- Has successfully completed a qualifying Motor Vehicle Accident Prevention Course within the past 36 months
- Has no at-fault accidents or moving violations since completing the accident prevention course.

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.

Student Away at College

Available for any rated driver on a policy who:

- Is between 16 – 24 years of age.
- Is enrolled in a college or university that is at least 100 miles from home and does not have a vehicle at school.
- Possess a valid United States or foreign driver license.
- Has a marital status of single.

Discount does not apply for a student that is an excluded driver.

Work From Home

Available for any rated driver on a policy who works for an employer and works from home at least 3 days per week. A letter from the employer is an acceptable form of proof.

Surcharges

Artisan Use

Applied if a private passenger vehicle is used to carry tools and incidental supplies from the insured's home to a job site.

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

- Used in any form of pick up or delivery of goods
- Used to transport flammable liquids, chemicals, or explosive materials
- Owned by a corporation or partnership
- Used to visit more than two job sites per day
- Driven by someone other than the named insured or resident relative.

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

Business Use

Applied if a private passenger vehicles is used regularly or frequently for business errands or personal transportation related to the insured's employment.

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.

Registration Mismatch

Applied if the vehicle registration and title are registered out of state.

Revoked Driver License

Applied to any driver who has a revoked driver license.

SR-22

Applied if any driver on a policy has a Financial Responsibility Filing (SR-22) issued by Integon National Insurance Company.

Suspended Driver License

Applied to any driver who has a suspended driver license but does not require a Financial Responsibility filing.

Unverifiable Driving Record

Applied if a driver:

- Has only a foreign or international driver license (including Puerto Rico)

Note: An official government issued identification is acceptable proof of a foreign driver license, (e.g., a Matricula Consular ID card or a passport). Retain those documents in the customer file.

- Is 20 years of age or older and cannot verify 24 months on an MVR
- Is 19 years of age and cannot verify 12 months on an MVR.

A driver with a learner permit will not receive a surcharge during the first 12 months of the policy term. The surcharge is assessed at the annual anniversary if an MVR cannot be obtained.

Quote Information

Accidents and Violations

Experience Period

The experience period is 35 months or less prior to the policy effective date. The occurrence date is used for accidents and violations.

Accident Threshold

Threshold	Amount
Non-Threshold Incidents	\$0
Comprehensive Coverage	\$1,001
Property Damage	\$1,001
Injury	\$1,001
Negligence %	51%

Non-Chargeable Incidents (NCIs)

Consistent with statute, NCIs are not considered for rating or determining underwriting tier. Those NCIs include:

- UM/UIM, Personal Injury Protection, and Medical Payment losses
- Not-at-fault accidents — including single car incidents
- Comprehensive losses
- Waived violations or accidents.

Not-at-Fault Accidents

All accidents are chargeable — **unless** proof of not-at-fault is provided. 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.
 - Insured was reimbursed by, or on behalf of, the person responsible for the accident or has a judgment against such person.
 - 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 authorities within 24 hours by the applicant or resident driver.
 - Insured was not convicted of a moving traffic violation in connection with the accident.
 - Insured was adjudicated not to be liable by a court of competent jurisdiction.
 - Insured received a traffic citation that was dismissed or nolle prossed.
 - Insured can provide written information establishing that they were not-at-fault and this information is not contradicted.
 - Accident was caused by flying or falling objects or contact with animal or fowl.
 - Accident occurred when using a 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.

Keep these documents in the agency files.

Insurance Score

For applicants 18 years of age or older, National General Insurance will request credit information to develop an insurance score used in determining tier. To obtain the most accurate quote information, include applicant's full name, current address, and Social Security Number (SSN). Although an applicant is not required to provide their SSN it helps determine a more accurate estimate. If an applicant has recently moved, prior address may be used.

No one will be denied coverage based on their credit history.

A customer can request a copy of their credit report by calling the credit reporting agency. Only the customer can request this information; it cannot be provided to National General Insurance or the customer's Agent.

Insurance Experience

A rating factor is applied based on the applicant's insurance history — such as length of time insured, number of carriers, etc. The insurance history information is obtained from a third party consumer report.

SR-22 Filings

An SR-22 is required under certain circumstances (e.g., as a result of a DUI, DWI, or other serious moving violation). 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 if there is a driver on the policy who requires an SR-22. All vehicles listed on a policy must retain Liability coverage.

Underwriting Tiers

National General Insurance competitively prices risks for all categories — from low risk to higher risk.

All risks are written in the lowest priced underwriting tier for which they qualify. Any risk submitted for a tier for which it does not qualify will be issued in the lowest tier for which it does qualify.

At the inception of a policy, National General Insurance considers factors for rating auto liability insurance. Those factors include, but are not limited to:

- Number of days since the prior policy lapsed
- Prior or current Bodily Injury Liability limits
- Insurance score
- Age of named insured when determining the lowest applicable program tier.

Proof of Prior (POP)

POP is not required if during the quoting process a hit is received on current carrier that validates prior company, prior coverage dates, **and** prior limits.

If no hit is received on current carrier or current carrier only validates prior company and prior coverage dates, the customer is required to provide:

- Proof of prior Bodily Injury limits
- Proof of six months previous continuous coverage. Multiple policies can be submitted to reach the six-month minimum.

Note: A prior National General Insurance policy is not acceptable POP.

If required proof is not received within 21 days of the policy inception date, POP is removed. If POP is received within 45 days, proof will be applied effective back to the policy inception date. If POP is received more than 45 days after the policy inception date, proof is not be applied on the policy.

To be considered acceptable POP, a document issued by a prior United States or foreign insurance company containing all the following information is required:

- Applicant listed as a named insured or as a driver on a personal auto, commercial, or motorcycle policy
 - Prior company name
 - Bodily Injury limits
- Note:** If the proof is written in another language and the prior limits cannot be determined, the minimum POP limits apply.
- Policy expiration date.

The following documents are acceptable POP:

- Declarations Page
- Renewal/Renewal Offer Declarations Page
- Letter from previous carrier
- ID card (only acceptable for minimum Liability limits)
- Commercial Policy
- Motorcycle Policy.

A billing statement is **not acceptable** POP.

End-of-Term Transfers

For policies being transferred to National General Insurance at the end of the prior policy term, the following company-issued documentation is acceptable POP:

- Renewal Offer
- Non-Renewal Notice
- Prior Declarations Page
- ID card (only acceptable for minimum Liability limits).

Driver Eligibility

A policy requires at least one named insured to be a rated driver. The named insured includes the person listed as the named insured and that person's spouse if residing in the same household. Corporations, partnerships, estates, and receiverships are not acceptable as a named insured.

The named insured or spouse are required to have a valid United States or foreign driver license.

Note: An official government issued identification is acceptable proof of a foreign driver license, (e.g., a Matrícula Consular ID card or a passport). Retain those documents in the customer file.

All residents in the household who are at least 14 years of age (whether they have a driver license or not) **or** anyone who regularly drives any vehicle listed on the policy (defined as at least 10 % of that vehicle's usage) are classified in one of the following categories.

Rated

At least one named insured or spouse is required to be a rated driver. All rated drivers are evaluated in the various rate calculations.

Rated drivers include:

- Any **household** member who has a driver license or learner permit **or** who is 17 years of age or older.
Note: When a listed driver turns 17 years of age, that driver is required to become a rated driver — **unless** in another Driver Status category — as of the effective date of the next renewal term whether they have obtained a driver license or learner permit or not.
- Any **non-household** member who regularly drives any of the vehicles on a policy at least 10 % of the vehicle's usage.
- Any driver requiring an SR-22 filing.

Excluded

National General Insurance will exclude any driver from a policy — provided a completed and signed Driver Exclusion Form is received.

Exception: Individuals requiring a Financial Responsibility filing.

Individuals who have a revoked or permanently revoked driver license are unacceptable risks — **unless** they are excluded.

Any driver other than the named insured can be excluded.

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.
- Uninsured Motorist Property Damage/Underinsured Motorist Property Damage 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

National General Insurance uses Average Driver Factor for driver assignment and to determine the rate per vehicle. The Average Driver Factor is based on driver classification, violation and accident points, discounts and surcharges, and a point by age factor by 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.

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 is required for all Post Office Box mailing addresses.

At least one vehicle on the policy is required to be garaged in Arizona a minimum of 7 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 United States 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.

Out-of-State Risks

An out-of-state risk is a student or member of the United States military who:

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

To be an acceptable risk:

- At least one vehicle on the policy is required to be garaged in Arizona a minimum of 7 months of the year.
- Liability limits are required to be equal to or greater than minimum required out-of-state limits.
- UMBI limits are required to equal Liability limits.

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.

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 require submission within 48 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 National General Insurance underwriting materials to other Agents or brokers or to accept applications for risks underwritten or serviced outside of the appointed agency office. Violations will result in immediate termination of the agency agreement.

MVR/Loss History Reports Chargeback Process

At the close of each month, all quotes that included an order of a Motor Vehicle Report (MVR) and/or Loss History Report are reviewed. The total number of quotes with reports ordered is used 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.

A comparison is run 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, the agent is required to inspect the vehicle before binding 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 a 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 vehicle and drivers are not listed in the National General Insurance program as an unacceptable risk.
- Ensure 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 a policy.
- All losses and accident activity — both at-fault and not-at-fault — are required to 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

Insureds and Agents are best served by renewing existing policies with the Agent who produced the policy; therefore, changing the Agent of Record is not encouraged. In order to change the Agent of Record, a Request to Change the Agent of Record form is required to be signed by the insured prior to the renewal effective date. Agent of Record changes are 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 will be written as a new business policy in the applicable Agent code and company in which the agency is licensed to write business.

Undeclared Drivers

In the event that a previously undeclared driver is discovered, National General Insurance reserves the right to make appropriate policy and coverage changes.

Endorsements

Endorsement requests should be submitted 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 vehicles 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 is required.
- 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.

Insured Requested

Insured requested cancellations are calculated 90% pro rata.

When the Agent receives 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, 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, Arizona law requires that a company give a 7-day Grace Period before canceling a policy. The cancellation is effective on the date the notice is mailed to the policyholder. If payment is received prior to the end of the Grace Period, the cancellation will not take effect and the policy will remain in-force.

Cancellations for non-payment of premium are calculated 90% 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 is required 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 statutory requirements. The insured is responsible to pay all balances due before money received can be applied to the renewal.

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, American Express, Discover, and MasterCard credit card or debit card, agent sweep, or electronic check.
- Installment Payment — VISA, American Express, Discover, and MasterCard credit card or debit card, agent sweep, or electronic check.

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

Fees

Anti-Theft Prevention

A \$.50 fee is charged at new business and each renewal per insured vehicle. Only applies to vehicles with Liability coverage. This is a state-mandated fee that transfers to the Motor Vehicle Theft Prevention Trust Fund.

Convenience

A \$3 fee is charged to process payments taken over the phone by a Customer Service Representative rather than using one of the several other payment options available. This fee is fully earned.

Financial Responsibility Filing

A \$25 fee is charged for each person on a policy for whom an SR-22 filing is made.

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.

(EFT)/Auto Pay

Checking/Saving	\$ 9
Recurring Credit Card/Debit Card	\$12
Direct Bill	\$12

Late

Payments received 7 days after the due date are charged a \$10 fee and it is fully earned.

Non-Sufficient Funds

A \$35 fee is charged for all returned checks that were not honored by the bank.

Reinstatement

A \$25 fee is charged to reinstate or rewrite a policy.

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 the 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 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, the agency 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 a Policy ToDo requires documentation be submitted to National General Insurance, uploading documents through the policy system is the fastest and easiest way to ensure immediate receipt of the policy documents.

ePosting

At new business, the policy contract and all amendatory endorsements that do not contain the insured's personal information are posted online via the self-service portal. Any forms that are revised **or** added to the policy due to an endorsement or renewal **and** do not contain the insured's personal information will be added to the ePosting Forms PDF Packet.

Customers can go to the agency policy system to view, print, and save the policy documents in the ePosting Forms PDF Packet.

Note: The cover letter and Declarations Page will advise the insured how to access the policy documents.

Go Paperless

Enroll National General Insurance customers in paperless document delivery — adding value for the customer and reducing calls to the agency. 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 United States 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

New business customers can choose to sign Point of Sale (POS) policy documents that require a signature electronically (eSign) — eliminating the need 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 an 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 via the United States 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 URL/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~~ [clicks](#) 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 United States 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

New business customers can 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.)

The Agent is responsible for obtaining the signature on all documents that are required to be signed — regardless of the signature option selected by the insured. In the event the insured does not sign documents that require a signature electronically, the Agent should obtain signatures on the printed documents and retain those documents in the agency's customer file.