

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



CALIFORNIA

Personal Auto

Underwriting & Product Guide

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Underwritten by: Integon Preferred Insurance Company

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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.

- Drivers without a verifiable garaging address.
- Multiple National General Insurance policies in the same household.
- Spouses living in separate households.
- Named Non-owner policies with a Business Use or Artisan Use surcharge. If the vehicle is operated in the course of business, a loss will not be covered under the Named Non-owner policy.
- Risks with more than one Business/Artisan Use vehicle.
- Any household member of permit or driving age that is not listed as a driver and have not been excluded. (Do not include operators insured under a separate policy with limits equal to or greater than this policy).
- Policies that do not contain at least one operator with a valid driver's license or a foreign driver's license who is not excluded from the policy unless a Financial Responsibility Filing is required in order to obtain a valid driver's license.
- Policies that do not contain at least one Named Insured who is a rated driver on the policy
- Any risk with vehicles from more than one household.

Exception: College students and active duty military. A temporary additional garaging address for a student or military member is acceptable if all other household vehicles are garaged in California and insured by National General.

Unacceptable Drivers

The following drivers are ineligible for coverage:

- Driver without a verifiable garaging address.
- Driver not residing in the state of California a minimum of 7 months of the year.
- Driver or household member previously convicted of insurance fraud.
- Driver with more than 20 points in the last 36 months.
- Driver with a permanently revoked or suspended driver license, unless a financial responsibility filing is made.
- Driver with less than 18 months United States driving experience — **unless** a child on parent's policy or a driver with a foreign driver license.

Unacceptable Vehicles

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.

The following vehicles are not eligible for coverage:

- Vehicles not garaged in California a minimum of 7 months of the year.
- Vehicles primarily garaged in the District of Columbia, Hawaii, Massachusetts, Michigan, New Jersey, or New York or outside the United States.
- Vehicles that do not have a title or are not licensed for street use.
- Kit cars and dune buggies.
- Flatbed trucks, stake trucks, dump trucks, cutaway vans, and all other commercial type trucks.
- Salvage title vehicles are unacceptable for Physical Damage coverage.

Note: Salvage title vehicles are acceptable for Liability and Physical Damage coverage when all drivers qualify for California Good Driver and are required to be quoted when requested.

- Vehicles with physical damage that have a model year of 1980 or older.
- Vehicles leased or rented to other drivers by the named insured.
- Vehicles regularly available to drivers not listed on the policy.
- Vehicles insured for stated amount.
- Vehicles with altered suspension or a modified engine.
- Vehicles used for Artisan Use and visits more than two job sites a day.
- Any van, pickup truck, or utility vehicle used in business — **unless** it meets Artisan Use guidelines.
- 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.
- 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. Those risks should be referred to our Commercial Vehicle Program.
- Vehicles that have been declared a total loss.
- Vehicles with Original Cost New (OCN) greater than \$150,000.

- Any make/model listed below:

Make	Model	Make	Model
ARO	All Models	Laforza	PSV-L4
Aston Martin	All Models	Lamborghini	All Models
Audi	RS6, R8 Quattro	Lexus	LFA
Avanti	All Models	Lotus	All Models (except Elise, Exige, and Evora)
Bentley	All Models	Maserati	All Models
BMW	Z8	Maybach	All Models
Bricklin	All Models	McClaren	All Models
Bugatti	All Models	Mercedes	B F-CELL, CL63 AMG, CL65 AMG, CL600, SL600, SL63 AMG, SL65 AMG, S63 AMG, S65 AMG, S600, SLR, SLR McLaren, SLS AMG
Cadillac	All Hearses and Limousines	Morgan	All Models
Callaway	C12	Mosler	All Models
Checker	All Models	Nissan	All Stilleen models
Chevrolet	Lingenfelter, Hammer, and Mallet Corvettes; Grummans	Panoz	All Models
Chrysler	All Limousines	Pantera	All Models
Delorean	All Models	Pontiac	Lingenfelter Trans Am
Dinan	All Models	Porsche	All Ruf Models, 911 GT2 RS, 911 GT3 RS, 911 Turbo, 911 Turbo S, Carrera GT
Dodge	Shelby Durango	Rolls Royce	All Models
Ferrari	All Models	Roush	All Roush Mustangs
Ford	All Saleen Mustangs,	Ruf	All Models
GEM	All Models	Saleen	All Models
Hennessey	All Viper Models	Shelby	Cobras and Series 1
Honda	EV, FCX	Smart Cars	All Models (except Fortwo)
Hummer/American General	H1, Humvee	Spyker	All Models
Jensen	All Models	Tesla	All Models
Lada	All Models	Toyota	All HKS Enhanced Supra Turbos
		Vector	All Models

Coverages

The system will display available coverage limits automatically.

Liability

Bodily Injury/Property Damage

- Required on all motorized vehicles on a policy.
- Limits are required to be the same for all vehicles on a policy.
- Required on named non-owner policies.
- Bodily Injury and Property Damage coverages are required to be written together.

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 are required to be the same for all vehicles on a policy.
- Bodily Injury coverage is required.

Uninsured/Underinsured

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

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

Uninsured Motorist Property Damage

- UM/UMBI coverage is required.
- Limits are required to be the same for all vehicles on a policy.

Physical Damage

Comprehensive/Collision

- Vehicles with model year 1980 and older are not eligible for Comprehensive and/or Collision coverage — **unless** all drivers on the policy are Good Drivers.
- Comprehensive and Collision coverages are required on any vehicle with a Loss Payee.
- Different deductibles are allowed.
- Comprehensive coverage is required on a vehicle in storage.
- Collision coverage requires Comprehensive coverage on a policy.

Additional Customized Equipment and Parts (ACEP)

- Provides physical damage protection for any permanently installed add-on equipment that was not installed by the original automobile manufacturer and may be purchased for any vehicle covered by both Comprehensive and Collision coverages.
- Maximum coverage is \$5,000.
- Coverage is provided up to the lesser of actual cash value, actual cost to repair, or declared value.
- Before ACEP coverage applies to additional equipment, the equipment is required to be listed on the application and the proper premium paid.
- Comprehensive coverage is required.

National Roadside and Towing Services

The National Roadside and Towing Services roadside program is optional and is provided by Nation Safe Driver.

The insured is required to directly call National Roadside and Towing Services for 24-hour roadside and towing services. (The insured does not call their preferred tow company and send a receipt for reimbursement.)

At point of sale, advise the customer to directly call National Roadside and Towing Services at 855-327-1704 for 24-hour roadside and towing services. If an insured calls asking for roadside and towing services, instruct them to directly call National Roadside and Towing Services at 855-327-1704. (This number is NOT for customer service.)

Note: Coverage may only be added at new business, renewal, or with an endorsement to add a vehicle or replace a vehicle. Coverage may not be added as a midterm coverage endorsement.

Rental Reimbursement

- Reimburses the insured for rental expenses incurred while a covered vehicle is being repaired as the result of an accident.
- Comprehensive and Collision coverages are required on the vehicle.
- Limits are required to be the same for all vehicles on a policy.
- Coverage can only be added mid-term when there is a vehicle change on the policy.

Towing & Labor

- Reimburses the costs incurred for mechanical labor and towing to a nearby facility for each disablement on a covered vehicle — subject to a maximum limit each policy term.
- When one vehicle has Towing & Labor coverage, then all vehicles on the policy are required to have Towing & Labor coverage.
- Comprehensive and Collision coverages are required on the vehicle.
- Limits are required to be the same for all vehicles on a policy.
- Coverage can only be added mid-term when there is a vehicle change on a policy.

Value Coverage

Provides reduced coverages at a discounted rate.

- Business Use vehicles are unacceptable.
- Physical Damage coverage and Medical Payments coverage are not applicable when the driver:
 - Is driving under the influence of any alcoholic beverage, drug, or any combination of the two **or**
 - Does not have valid United States or foreign driver license.
- Rental Reimbursement coverage is not available in the Value Coverage Program.
- Coverage does not apply to non-owned vehicles.
- Coverage only applies to drivers who are listed on the policy Declarations Page. Minimum limits of Liability Only will be provided to permissive users who are not household members.
- The deductible will double when a loss occurs within 60 days of new business, reinstatement, or renewal reinstatement with a lapse effective date. (See **Double Deductible** below.)
- Storage Protection is not available.
- A “cash out” option is not available in lieu of repairing a vehicle due to damage from an accident.
- To receive full coverage, a Direct Repair Program (DRP) shop is required to be used to repair the vehicle. If insured does not use a DRP shop, National General Insurance will pay only 80 percent of the cost of the repairs.
- To be eligible for coverage, any auto theft claims are required to be reported to proper authorities within 48 hours of the theft.
- To obtain coverage for a new vehicle, it is required to be added to the policy within 72 hours of taking ownership.
- Stereo equipment is covered up to \$500 for OEM-installed equipment only.
- A \$7 fee will be included in the installment amount for Electronic Funds Transfer (EFT)/Auto Pay – Checking/Saving payment method. A \$12 fee will be included in the installment amount for Electronic Funds Transfer (EFT)/Auto Pay – Credit Card and all other payment methods (versus \$2 for Electronic Funds Transfer (EFT)/Auto Pay – Checking/Saving and \$9 for Electronic Funds Transfer (EFT)/Auto Pay – Credit Card and all other payment methods in the Standard Program).
- A \$3 Endorsement fee will be charged for any endorsement that alters the premium. (An Endorsement fee is not charged in the Standard Program.)

Double 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 doubled. After 60 days, the deductible shown on the Declarations Page will apply.

Example:

- The Declarations Page shows \$500 deductible with Double Deductible endorsement. If a claim occurs within 60 days of the new business, reinstatement, or renewal reinstatement with a lapse effective date, then \$1,000 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 Double 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 a discount automatically.

Anti-Theft Recovery Device

Available to each vehicle equipped with one of the following:

- A generic passive anti-theft deterrent system
- A generic active recovery or tracking device
- A factory-installed recovery or tracking device.

The Factory-Installed Anti-Theft and Recovery discount will be applied when a vehicle is equipped with an activated factory-installed tracking system.

Good Driver

When all drivers on a policy meet the following criteria, the policy will be placed in our Good Driver Program:

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

- Have a valid United States driver license **or** foreign driver license
- Have been continuously licensed for the past 36 months with a minimum of 18 months of United States or Canada driving experience and a minimum of 36 months total driving experience
- Have no more than one DMV violation point during the past 36 months
- Have not have been convicted of driving under the influence of any alcoholic beverage or drugs or any combination of the two within ten years immediately preceding the policy effective date.

Note: In order to use a foreign driver license to qualify for the Good Driver Discount, a copy of the foreign driver license is required to be received showing the following:

- Country issuing the driver license
- Driver license issue date and expiration date
- Driver name and date of birth.

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.

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

Good Student

Available when a rated driver:

- Has less than 5 years of experience
- Is enrolled as a full-time student in a high school, college, technical/vocational school, or university
- Is on the Honor Roll, Dean's List, or comparable list, holds a B (3.0) or better average, or academically ranks in the upper 20th percentile of their class.

Mature Driver

Available when the principal driver of a vehicle:

- Is 55 years of age or older
- Has no accidents or violations in the previous 36 months.
- Has successfully completed a qualifying Motor Vehicle Accident Prevention Course within 36 months of the policy inception date

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

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

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

Multi-Car

Available to all vehicles on a policy when:

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

Multi-Policy

Applied when the insured has another in-force policy with National General Insurance, (e.g., personal auto, motorcycle, commercial).

Occasional Driver

Applied to a vehicle operated by a driver who has less than 5 years driving experience when the number of drivers with 5 years or more driving experience is equal to or greater than the number of vehicles covered on the policy.

Persistency

Available when the named insured has had continuous coverage with an affiliate of National General Insurance — complying with the private passenger auto financial responsibility laws — for the previous 36 months. Insureds absent from the state due to military service may have a lapse in coverage up to 24 months.

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	\$0

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 percent 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 the agency files.

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 is required to 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 are required to 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.

Driver Eligibility

The policy is required to cover at least one named insured who is a rated driver. The named insured includes the person listed as the named insured and the spouse, if residing in the same household. Corporations, partnerships, estates, and receiverships are not acceptable as a named insured.

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

Note: An official government issued Matricula Consular identification card is acceptable proof of a foreign driver experience. Retain the document(s) in the customer file.

Operators are required to meet all underwriting guidelines and permanently reside and garage all vehicles in the same state. Non-excluded operators may not live or work in Mexico. Failure to report all operators or household members 14 years of age and older may constitute material misrepresentation of risk.

All residents in the household who are at least 14 years of age (whether licensed or not) or anyone who regularly drives any vehicle listed on the policy (defined as at least 10% of that vehicle's usage) are required to be classified in one of the following categories:

- All household members or non-household members who drive a listed vehicle are required to be listed or excluded.
- The registered owner of the insured vehicles, if a person, is required to 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 percent of that vehicle's usage) is required to 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 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.
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 a driver license or learner permit is obtained 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.

Driver Eligibility Continued

Excluded

National General Insurance will exclude any driver from a policy other than the named insured — provided a completed and signed Driver Exclusion form is received. No coverage will be provided for any loss incurred while an excluded driver is operating the vehicle.

Exception: Individuals requiring a Financial Responsibility filing.

Named Non-Owner

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.
- Physical Damage coverage is not available.
- Bodily Injury and Property Damage coverages are required.
- 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 newest vehicle, second highest driver to second newest 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.

YEARS DRIVING EXPERIENCE means the years driving experience attained before the policy effective date. A policy shall NOT be changed mid-term due to a change in years driving experience.

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 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 following items are acceptable proof that marital status is married:

- Certified copy of marriage license.
- Joint state or federal tax filing — with a 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, 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 principally garaged. Post Office Box ZIP Codes cannot be used for rating. The garaging street address and ZIP Code is required to 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 is required to be garaged at the same location for at least seven 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.

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

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 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 is required to be garaged in California
- Liability limits are required to be equal or be greater than minimum required for out-of-state driver
- UMBI limits equal Liability limits.

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

Leased Vehicles

Vehicles that are leased in the insured's name and are not classified as Business Use or Artisan Use are acceptable at no additional premium. The lessee is required to 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 when the usage meets Business Use or Artisan Use guidelines.

Annual Mileage

Annual mileage is one of the primary rating factors. It is determined by the applicant/insured based on their best estimate. The broker can work with the applicant or insured to arrive at this determination. In a case where an application or request to add a vehicle is submitted without the annual estimated mileage and a response is not received from the applicant/insured to the request, annual miles of 12,001 will be used. The annual mileage used can be changed when notification is received from the insured of a new estimated annual mileage.

During the new business application process, applicants are required to provide the estimated annual mileage for each vehicle to be insured on the policy. If the applicant's estimated annual mileage is less than 9,001 miles for any vehicle on the application, the applicant may be required to provide the following information (as permitted by California Code of Regulations T. 10 § 2632.5 (c)(2)(C)):

- If the vehicle is used for commute purposes, the location of the workplace, school, or other destination where the vehicle will be driven and, if applicable, an estimate of the number of miles the vehicle will be driven in the course of employment.
- The number of days per week the vehicle will be used for commuting.
- An estimate of the number of miles to be driven for pleasure or other purposes.
- The approximate total number of miles driven for any time period within, but not to exceed, the previous 24 months.
- The reason for any differences between the estimate for the upcoming 12 months and the miles driven the previous 12 months.
- The current odometer reading of the vehicle to be insured. A picture of the odometer is acceptable in this situation.

Additionally, the applicant may also be requested to provide the following information:

- Service records which document the odometer reading of the vehicle to be insured.
- The use of technological devices provided by the insured or otherwise made available to the insured that accurately collect vehicle mileage information.

Annual miles may be adjusted after the policy inception date or upon the renewal of a policy, if the insured does not provide requested supportive documentation. If this support is not received when requested, a default annual mileage value of 12,001 will be utilized for rating purposes for New Business, endorsement and/or Renewal policies. The insured will be notified of any change to his/her annual miles estimate. Named Non-Owner policies will be rated at annual mileage of 10,000.

Vehicle Usage

Commute

The vehicle is used to drive back and forth to work or school.

A vehicle driven part way to and from work or school (e.g., to a railroad or bus depot) is considered driving back and forth — whether or not the vehicle is parked at the depot during the day.

Pleasure

The vehicle has personal use with any weekly mileage total, other than driving to and from work or school. Business use is not allowed.

Business Use

Applies when an insured vehicle is used regularly for business errands or personal transportation related to the driver's employment. Acceptable definitions of Business Use are:

- Vehicles owned or leased by the named insured or spouse and used during the course of business and for personal use. Examples include realtors, clergy, plumbers, carpenters, electricians, and consumer-oriented direct sales and service representatives.
- Vehicles owned by a partnership or corporation and provided to the named insured or spouse for personal use only.
- Only one Business Use vehicle is allowed on a policy.

Artisan Use

Applies when a vehicle is used to carry tools and incidental supplies from an insured's home to a job site, provided the vehicle is:

- Individually owned or leased by the named insured or spouse.
- Used exclusively by the named insured and family members — not employees.
- Used to travel to no more than two job sites per day.
- Not used to pick up or deliver supplies, materials, or goods or to tow a trailer carrying tools or supplies.
- Only one Artisan Use vehicle is allowed 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 rate the risk accurately 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 are required to be submitted 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 our underwriting materials to other Agents or brokers or to accept applications from them for risks they have underwritten or will service outside the office. Violations will result in immediate termination of the agency agreement.

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 occurrence has been lifted, the Agent is required to inspect the vehicle before initiating Physical Damage coverage. Message 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.

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., 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 — 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 Agent of Record is not encouraged. When an insured insists on changing Agents, a request to change the Agent of Record is required to be 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 is required to be written as a new business policy in the Agent Code and in a company in which the Agent is licensed to write business.

Undeclared Drivers

In the event 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 at www.natgenagency.com.

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 endorsement 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 permitted only 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 to 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 is required to 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 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, the Agent can process the cancellation. A signed written request from the named insured is required. The Agent is required to 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, the Agent is required to 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, the vehicle will be deleted from the policy the day after the loss. If the total loss vehicle is the only vehicle on the policy, a letter is sent a letter to the insured requesting the replacement vehicle information or asking if the policy should be canceled.

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 within 30 days of a cancellation date or expiration date provided certain criteria are met. Policies may be reinstated with or without lapse — depending on number of days since expiration or cancellation.

Company cancellations or non-renewals are not eligible for reinstatement. A policy may be rewritten when 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 is required to pay all balances due before money received can be applied to the renewal.

Renewal Down Payments

The renewal down payment is required to be received prior to the renewal effective date to ensure no lapse in coverage. A policy can be renewed with a lapse in coverage if the customer makes the renewal down payment within 30 days after the renewal effective date.

If payment is received after 30 days, National General Insurance will write another policy with a current effective date.

Billing, Payments, and Fees

Term of Policy

Policy terms of 6-months and 12-months 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 is required to 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 is required to 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 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 are required to be received by National General Insurance at least ten business days prior to the next draft. Requests to stop Electronic Funds Transfer (EFT)/Auto Pay are required to be received by National General Insurance 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

Acquisition Expense

A \$25 fee is charged for 6-month term policies and a \$50 fee is charged for 12-month term policies. This fee covers the cost of acquiring, setting up, and renewing a policy. Fee will be reduced when Good Driver Discount is applicable.

California Vehicle Assessment and Fraud

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

Cancellation

A \$10 fee is charged when a customer cancels the policy before the renewal date. Early cancellation can be by customer request or due to non-payment.

Convenience

A \$5 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.

FR Filing

A \$20 fee is 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).

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	\$2
Recurring Credit Card/Debit Card	\$9
Direct Bill	\$9

Late

A \$10 fee is charged for late payments.

Non-Sufficient Funds

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

Roadside

A \$48 fee for the 6-month term or a \$96 fee for the 12-month term is charged when Roadside coverage is selected.

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 the Agent completes 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 five 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 five 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 an Agency To Do requires documentation be submitted to National General Insurance, uploading documents through the system is the fastest and easiest way to ensure receipt of the customer's documentation immediately.

Go Paperless

Enroll National General 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 to register online for Self-Service.

eSignature

New business customers can choose to electronically sign (e-sign) Point of Sale (POS) policy documents that require a signature — eliminating the need to obtain a handwritten signature.

The following eSign options are available:

- Customer Self-Service (when a new business customer is on the phone)
- Unique URL/PIN Authentication
- Agent Vendor eSign Process.

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 (New Business Customer Is on the Phone)

When a new business customer is on the phone, a valid e-mail 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 e-sign 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.

Unique URL/PIN Authentication

The insured is required to provide a valid email address during the quote process; to receive eSignature text messages, a valid cell phone number is required to 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 is required to click the **Sign** button within the email and/or text body.

Agent Vendor eSign Process

When new business customers choose to sign POS policy documents electronically, the Agent's own eSign vendor can be used. (Contact the Marketing Representative for a list of eSign vendors accepted by National General Insurance.)

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.

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 electronically sign documents that require a signature, the Agent is required to obtain signatures on the printed documents and retain those documents in the customer file.