

UNDERWRITING GUIDELINES

UNACCEPTABLE RISKS

1. Any former Financial Indemnity policyholder who:
 - a. has an unpaid balance due, unless the balance due is submitted in addition to the correct down payment for the new policy or
 - b. has had coverage canceled and rewritten or reinstated with lapse more than twice in the past three years or any combination thereof.
2. Ambulances.
3. Amusement devices mounted on commercial vehicles.
4. Bobtail Liability (truck-tractor operating without associated, owned semi-trailer).
5. Concrete ready-mix vehicles.
6. Emergency or law enforcement vehicles.
7. Fast food delivery.
8. Garbage removal. (Unacceptable for liability coverage. Refer to company for physical damage coverage.)
9. House movers.
10. Ice cream vendors/dealers.
11. Leasing or rental firms.
12. Logging vehicles, except support vehicles.
13. Messenger/courier services.
14. Motor homes.
15. News dealers, including newspaper delivery and distribution.
16. Public or private livery vehicles, including limousines and taxi cabs.
17. Tow trucks.
18. Unlicensed drivers.
19. Common carriers.
20. Vehicles garaged in states other than California.
21. Vehicles leased or rented to others by insured.
22. Vehicles not licensed for use on public roads.
23. Vehicles requiring an I.C.C. filing or subject to the Motor Carrier Act of 1980.
24. Vehicles not manufactured for sale/distribution in the United States (Gray-market vehicles).
25. Catering risks with employees must provide evidence of Worker's Compensation coverage.
26. Dump Trucks for Hire
27. Vehicles with a radius of operations exceeding 500 miles.
28. The following private passenger vehicle types: Acura NSX, Delorean, Ferrari, Lamborghini, Maserati, Pantera, Plymouth Prowler.
29. The following operations/vehicle types are unacceptable when any operator is under age 21.
 - a. Demolition contractors
 - b. Cranes
 - c. Dump trucks in excess of 20,000 GVW
 - d. Lumber haulers
 - e. Sand and Gravel dealers
 - f. Structural iron and steel hauling; including rebar, pipe and metal tubing.
 - g. Limits higher than 15/30/10 on any high performance or sports car.
 - h. Catering Trucks
30. Antique, collectible or special interest type vehicles can only be written as part of a fleet risk.
31. Drivers whose motor vehicle report lists a felony conviction involving the use of an automobile, regardless of conviction date.
32. Drivers under age 21 or over age 70 with:
 - a. More than one major violation in the past three years or
 - b. More than one chargeable accident in the last three years or
 - c. More than eight driving record points in the past three years

UNDERWRITING GUIDELINES

RISKS REQUIRING SPECIAL RATING OR UNDERWRITING CONSIDERATION

While we write many of the following types of risks; their nature requires special underwriting consideration in the calculations of rate or require specific information be submitted with the application.

1. Vehicles with a value over \$100,000 or vehicles over 15 years old for Physical Damage and over 20 years old for Liability coverage will require a completed vehicle inspection form be submitted with the application. A completed U-9 Inspection Statement form is required for passenger vehicles and light trucks (to 10,000 GVW). A complete U-16 Truck and Tractor Inspection Statement form is required for medium weight and heavy vehicles as well as truck-tractors.
2. Catering trucks will all be classified as Commercial vehicles and cannot contain any drivers under the age of 21. All catering risks with employees must provide evidence of Worker's Compensation coverage.
3. Vehicles with special equipment used in the operation of the business, which would significantly increase exposure to loss (i.e. cranes, welders, well-drilling machinery, etc.). If written, an operations exclusion will be placed on the policy excluding bodily injury, property damage and medical payments coverage while the equipment is being used in the operation of the business.
4. Fleets of ten or more vehicles (excluding trailers) must be submitted for a rate calculation. Please submit a completed ACORD or FIC application and include current earned premium and loss valuations for the prior three years.
5. Drivers under a physician's or medical practitioner's care for an ongoing health or vision related condition will be asked to provide a completed Medical statement.
6. Risks Requiring DMV (MCP 65) or PUC Filings
If written, the following special guidelines apply.
 - a. Coverage will be afforded by our Commercial Vehicle Policy. FIC does not offer a Truckers Policy.
 - b. We DO NOT provide cargo coverage.
 - c. Coverage will be written on an **ANNUAL** basis only.
 - d. A \$50 fully earned fee will be charged on each policy requiring a DMV or PUC filing. This fee will be charged on each new and renewal policy issued.
 - e. Of the several Certificate of Insurance forms required, we will file only the MCP 65, DMV Certificate of Insurance for Motor Carriers of Property form.
 - f. If we issue a DMV or PUC filing, Hired Car and Non-Ownership coverages will automatically be added to the policy and a premium will be charged for these coverages.
 - g. Before we will make a DMV or PUC filing, we must insure all commercial vehicles owned and operated by the insured.
 - h. To delete a vehicle from a policy with a DMV or PUC filing, the insured must furnish proof that they no longer own or operate the vehicle. A bill of sale is acceptable proof.
 - i. All MCP65 filing holders will be required to use the Prepaid or 25.0% downpayment and 10 payment billing plan.

UNDERWRITING GUIDELINES

DEFINITIONS

The classifications described below apply to liability and physical damage coverages:

1. Weight

- a. Gross Vehicle Weight (GVW) - The maximum loaded weight specified by the manufacturer for which a single vehicle is designed.
- b. Gross Combined Vehicle Weight (GCVW) - The maximum loaded weight specified by the manufacturer for a combination truck-tractor and semi-trailer or trailers for which the truck - tractor is designed.

2. Vehicle Body Type Definitions

Private Passenger Auto – Vehicles of the compact, sedan and station wagon type.

Sport Utility Vehicle – Vehicles classified as Utility Vehicles or Sport Utility Vehicles.

Sport and Luxury Vehicle – Vehicles classified as Sport and/or Luxury Vehicles.

We reserve the right to make the final judgment.

Pickup Trucks - maximum load capacity of one ton.

Fifth Wheel Trucks – Pick-up trucks with a load capacity of greater than one ton but have a maximum GVW of 16,000 lbs.

Step/Delivery Van – A *Step Van* has GVW of up to 10,000 pounds, a *Delivery Van* has GVW more than 10,000 pounds.

Catering Van/Truck – Cannot be used for “timed” delivery.

Flat Bed Truck – A truck with no form of load barrier or wall on bed.

Stake Body Truck – A *Flat Bed Truck* with a “fence type” wall affixed around the bed.

Straight Truck – A truck with an enclosure affixed around the bed, commonly known as a “Box” truck.

Refrigerated Truck – a *Straight Truck* with a cooling unit mounted on the enclosure.

Dump Truck – An open-bed truck with three walls and a rear door affixed around the bed.

Tank Truck – A truck with a large tank resting on its bed; the tank cannot have a glass liner.

Truck Tractors – A motorized vehicle that is equipped with a fifth wheel coupling device for semi-trailers (commonly called semi-trucks). If Tractor does not have a corresponding trailer listed on the application, an *Unidentified Trailer* should be added.

Small Service or Utility Trailers – For trailers having an overall length of 12 feet or less, the Liability is automatically covered (provided they are listed) on the policy by the corresponding power unit.

Large Service or Utility Trailers – For trailers having an overall length of over 12 feet.

Semi-Trailers – Trailers that are equipped with a fifth wheel coupling device for use with a truck-tractor. **Examples include but are not limited to Dry Freight Trailers, Refrigerated Trailers, Dump Trailers, Flat Bed Trailers, and Livestock Trailers.** (Bogies used to convert containers into semi-trailers shall be included.).

Unidentified Trailer – Intended for “bobtail liability” haulers, or for the Truckman that owns only a tractor cab.

3. Size Classes

Light Trucks - GVW of 10,000 pounds or less. The following vehicle body types fall into this category:

- Pickup <= ½ ton 4x2
- Pickup > ½ ton 4x2
- Pickup <= ½ ton 4x4
- Pickup > ½ ton 4x4
- Pickup w/5th wheel 0-10k
- Step Van 0-10k
- Straight Truck 0-10k
- Flatbed Truck 0-10k
- Stake Truck 0-10k
- Refrigerator Truck 0-10k
- Dump Truck 0-10k
- Tank Truck <= 1400 gallons

Medium Trucks - GVW of 10,001 - 20,000 pounds. The following vehicle body types fall into this category:*

- Pickup w/5th wheel 10-20k
- Delivery Van >10k
- Catering Van/Truck
- Straight Truck 10-20k

- Flatbed Truck 10-20k
- Stake Truck 10-20k

UNDERWRITING GUIDELINES

- Refrigerator Truck 10-20k
- Tank Truck > 1,400 gallons

Heavy Trucks - GVW of 20,001 - 45,000 pounds. The following vehicle body types fall into this category:*

- Straight Truck > 20K
- Flatbed Truck > 20k
- Stake Truck > 20k
- Refrigerator Truck > 20k
- Dump Truck 20-45k

Extra Heavy Trucks - GVW over 45,000 pounds. The following vehicle body types fall into this category:*

- Dump Truck > 45k
- Truck Tractor > 45k

Truck Tractors - Heavy - GCVW of up to 45,000 pounds. The following vehicle body types fall into this category:*

- Truck Tractor < 45k

Truck Tractors - Extra Heavy - GCVW over 45,000 pounds. The following vehicle body types fall into this category:*

- Dump Truck > 45k
- Truck Tractor > 45k
- (A truck type tractor is defined as a motorized vehicle that is equipped with a fifth wheel coupling device for semi-trailers, either with or without a body for carrying materials or commodities.)

Trailers - load capacity of more than 2,000 pounds, except semi-trailers.

Semi-trailers - load capacity of more than 2,000 pounds and equipped with a fifth wheel coupling device for use with a truck-tractor. (Bogies used to convert containers into semi-trailers shall be included.)

Service or utility trailers - trailers or semi-trailers having load capacities of 2,000 pounds or less. This applies to physical damage coverage only. Liability is automatically covered.

***Requires a minimum liability limit of \$750,000 CSL as per California Vehicle Code Division 14.85.**

4. Business Use Classes

- a. Service Use - any vehicle used to transport equipment, tools, incidental supplies and personnel of the insured to or from a job location. This classification applies only to those vehicles that are principally parked at a job location for the major part of a working day or to transport supervisory personnel between different job locations. Also included in this classification are those vehicles exceeding one (1) ton load capacity used for "pleasure use only".
- b. Retail Use - vehicles used for purposes of picking up property from or delivering property to, individual homes.
- c. Commercial Use - vehicles used to pickup or deliver property and not classified as either Retail or Service Use.
Note: Miscellaneous use is considered Commercial Use.

5. Radius Classes

- a. Local (0 - 50 miles) - no regular or frequent operation of the vehicle beyond 50 miles from the place of principal garaging.
- b. Intermediate (51 - 200 miles) - operation of the vehicle more than 50 miles from the place of principal garaging but no regular or frequent operation beyond 200 miles from the place of principal garaging.
- c. Long Distance (201-300 miles) - operation of the vehicle more than 200 miles from the place of principal garaging but no regular or frequent operation beyond 300 miles from the place of principal garaging.
- d. Extended (301 - 500) - no regular and frequent operation of the vehicle more than 500 miles from the place of principal garaging.

Note: Regular and frequent means consistent principal and/or customary trips more than two (2) times in any given month during a policy period, and includes any common or customary personal use.