



Deerbrook...

The New Standard

for the Independent Agent Market

Arizona

Manual Revision

4/25/05

Strength

Stability

Innovation

Quality

Deerbrook Insurance Company

Agent Services

Agency / Customer Service:

Phone: 1-800-349-7342

Fax: 1-800-349-7341

(8 AM to 6 PM Monday – Friday and 8 AM to 2 PM on Saturday)

Automated Customer Billing:

Phone: 1-800-349-7342

(24 hours day 7 days a week to answer questions)

Customer Pay-by-Phone:

Phone: 1-866-430-2916

(24 hours day 7 days a week customers may make payments by credit card or check)

EZ-Pay:

Phone: 1-800-336-9400 (hit 1 twice – general inquiries and removal of a client from EZ-Pay)

Claims Reporting / Existing Claim Information:

Phone: 1-800-DEERBROOK (1-800-333-7276)

Fax: 1-800-995-2560

(24 hours a day / 7 days a week)

Glass ONLY Claims:

Phone: 1-800-626-4527

(24 hours a day / 7 days a week)

Internet Address:

www.deerbrook.com (24 hours a day / 7 days a week)

All new business policies must be processed using Deerbrook's InterLink system. If your agency is not on InterLink, contact your Agency Manager.

Manage and process your Deerbrook business through our Internet based technology created for Independent Agents.

Deerbrook Programs:

Deerbrook uses the following affiliates to write business in Arizona:

Company	Commission	
	New	Renewal
Deerbrook Insurance Company	10%	10%

Deerbrook Insurance Company Vision:
“Strength, Stability, Innovation, and Quality”

	<u>Page</u>
BINDING COVERAGE	4
<i>External Data Used in Binding</i>	4
<i>Submitted Documentation</i>	4
<i>Agency Retained Documentation</i>	4
<i>Weather Binding Restrictions</i>	5
<i>Agent EFT</i>	5
UNDERWRITING GUIDELINES – NEW BUSINESS	5
<i>Excluded Drivers</i>	5
<i>Unacceptable Drivers</i>	5
<i>Unacceptable Vehicles</i>	5
<i>Unacceptable Vehicle Usage</i>	5
<i>Business / Artisan Use</i>	6
<i>Former Deerbrook Policyholders Re-apply</i>	6
UNDERWRITING GUIDELINES – ENDORSEMENTS	6
TIER DETERMINATION	6
CANCELLATIONS / TERMINATIONS / REINSTATEMENTS	6-7
POLICY TERMS / COVERAGES / LIMITS	7
DISCOUNTS	7
<i>Antilock Brake Discount</i>	7
<i>Passive Restraint Discount</i>	7
<i>Homeowner Discount</i>	7
<i>Paid-In-Full Discount</i>	7
VIOLATIONS / ACCIDENTS / SURCHARGES	7
<i>Accident Verification / Surcharge</i>	7
<i>Multiple Violations / Accidents</i>	8
<i>Inexperienced Operator</i>	8
<i>Vehicle Surcharge</i>	8
VEHICLE SYMBOLS	8
CLAIMS	8
<i>Allstate’s 24 Hour Claim Service</i>	8
<i>Glass Claims</i>	8
BILLING & PAYMENT INFORMATION	8
<i>Bill Plans</i>	8
<i>Electronic Funds Transfer (EFT)</i>	8
<i>Customer Pay-by-Phone</i>	8
<i>Credit Card Payments</i>	8
<i>Non-Sufficient Funds (NSF)</i>	8
<i>Fees</i>	8
FINANCIAL RESPONSIBILITY FILINGS	9
COMPENSATION	9
<i>Reinstatement of Suspended Coverage</i>	9
<i>Payment of Compensation</i>	9
<i>Monthly Compensation Statement</i>	9
<i>Processing Your Commissions</i>	9

ADMINISTRATIVE REQUIREMENTS

Binding Coverage

Coverage can only be bound by the agency in Deerbrook's InterLink system. Specifically, all required consumer reports must be returned and underwriting rules applied by the system, before coverage can be bound. To bind coverage in Deerbrook, the "ISSUE" button in InterLink must be successfully executed.

Coverage suspension for all coverages except Comprehensive is permitted. Coverage suspensions are not allowed in the first policy period. The period of suspension must be at least 30 days.

An Agency can bind a policy immediately and/ or up to 3 days from the writing date.

Agents have binding authority up to \$500,000 (Bodily Injury limits \$500/\$500 – Property Damage limits \$100).

Coverage cannot be bound to be effective more than 30 days in advance.

Backdating of applications is not allowed.

All residents who are of eligible driving or permit age (15) must be listed, rated, or excluded whether they drive or not. Physical damage coverage will not be provided for any unlisted residents.

External Data Used in Binding

All of the following is used to rate and underwrite the policy:

- LIS (Loss Information System) Report – on household
- Undisclosed Driver Information from LIS Report
- Financial Stability Report – Ordered on named insured and spouse (if no spouse, next oldest other operator) and used to determine down payment.
- Motor Vehicle Report – ordered on all operators.
 - If the state DMV system is down, the application may be submitted without the MVR. However, the issued policy premium may change if additional violations are found when underwriting orders the MVR.
 - Agents are encouraged to input violation dates even when insured is unsure about exact date. Deerbrook will not double charge for violation if a similar one is found on MVR.

Submitted Documentation

The following documents must be submitted to the Deerbrook Imaging Server via fax at **1-888-923-8362** within 72 hours after the agent binds the transaction. The InterLink system will provide the agency with the ability to print a fax cover sheet listing the documents that must be faxed to Deerbrook. An agent-number-specific bar coded separator page will be available to print with each new business or endorsement transaction. The agent will place the separator page between each document and fax to the Deerbrook-specific toll free imaging fax server. Failure to send the following documents to Deerbrook may result in loss of discounts, re-tier placement or cancellation of the policy. Agents should keep copies of all submitted documentation in their offices in case of audit.

- **Signed Named Driver Exclusion Form**

- **Signed UM Selection / Rejection Form**
- **Proof of Prior Insurance**
 - Proof must be from the applicant unless the applicant is less than age 25 in which case proof from the parent's policy will suffice
 - Renewal Notice, Non-Renewal Notice, Assigned Risk Removal Letter, or current Declarations Page is acceptable
 - If the expiration or renewal date on the proof is more than 3 days after the effective date on application, Deerbrook will require a copy of a current bill and/or declarations page.
 - ID Cards are acceptable with a current bill, and must together show at least six-months continuous coverage. Insurance Company screen prints showing six-months continuous coverage in-force and expiration date are acceptable. ID Cards by themselves are not acceptable.
- **Proof of Prior BI Limits**
 - Declarations Page showing limits is required only if prior BI limits are greater than the state's financial responsibility limit.
 - Insurance Company screen prints showing the policy in-force for at least six-months and the expiration date is acceptable if prior BI limits are shown.
- **Proof of Homeownership**
 - Declarations Page from current Homeowners policy
 - Tax Bill
 - Mortgage Coupon
 - Deeds that list the correct address
 - Tax records or property appraisals are acceptable if done within the last year and indicate a homestead or information that is a residential structure with the name and address matching the insurance application.

Deerbrook will not require T-docs for anti-lock brakes that are standard equipment based on the VIN. If optional equipment is present and the agent calls Dallas then the discount will be given with proof.

Agency Retained Documentation

Routine audits will be performed on a random basis. Agents are to retain the following documents:

- Copy of the Application with all applicable signatures
- Copy of driver's license of the named insured (not every operator) issued by the state of application
- Copy of the Credit / Debit Card Authorization form

Weather Binding Restrictions

Physical Damage coverage may not be written or bound in any area where the National Weather Service has issued a "watch" or "warning" of impending weather catastrophe, disaster or severe weather warning including but not limited to flood, hail, tornado, windstorm, tropical storm and hurricane.

Every vehicle written or bound during the 48 hour period immediately after the lifting of a “watch” or “warning” must be inspected by the agent to insure no damage was incurred as a result of the incident.

Agent EFT

All transactions input through InterLink will automatically be closed out on that day. It is sent on a policy-by-policy basis. The agent is required to deposit funds into the EFT account within 24 hours to be certain that sufficient funds are available. Interlink will retain all detailed records of the EFT transactions performed for reconciliation. A monthly EFT detail report will continue to be generated for all transactions that have not converted to InterLink.

UNDERWRITING GUIDELINES NEW BUSINESS

Although we expect agencies to strictly adhere to our risk management policy, we reserve the right to use Underwriting judgement in our risk decision process.

Excluded Drivers

All members of the household who are of eligible driving or permit age must be a rated operator or excluded. There is no “listing” of household residents. The following are rules for excluding drivers:

- Any driver may be excluded from the policy except individuals requiring an SR-22 filing.
- Unlicensed operators will be considered for rating, unless excluded.
- Drivers cannot be excluded from specific vehicles on a policy.
- Individuals who have never been licensed or have a permanently revoked license are unacceptable risks and must be excluded.

Unacceptable Drivers

The following are considered as unacceptable drivers for Deerbrook:

- An individual whose driver's license has been permanently revoked. The policy may be written if the operator with revoked license is excluded from the policy
- Deerbrook will not issue a policy if all applicants are unlicensed
- An individual who does not possess a valid US driver's license issued in the state of application (military risks must only possess a valid US license) unless the operator moved to the state within the past 60 days and that operator secures a license from the Application State within 30 days
- An individual who is not a resident of the state of application, unless (s)he intends to move to the application state within 30 days of the application date
- An individual who does not have a telephone number where they can be reached
- An individual who is a permitted driver and the only named insured
- An individual who has been convicted of insurance fraud
- An individual with an international or foreign driver's license
- Under age 15, regardless of time licensed or permitted

Unacceptable Vehicles

The following vehicles are considered unacceptable:

Arizona

- Cabs and cutaway vans
- Any vehicle with less than four wheels
- Any vehicle registered to a business/corporation, or rented and leased to others
- Any vehicle not garaged and registered in the application state
- Any vehicle with a title stamped “salvage” when physical damage coverages are requested
- Any vehicle not designed for use on public roads (e.g. dune buggies),
- Any exhibition auto that is used for daily transportation or racing
- Any vehicle with an altered suspension (raised or lowered from factory design)
- Any vehicle with a cost in excess of \$150,000. This restriction also includes the following make/models: Bricklin/Jensen, Excalibur, Aston Martin DB7, Bentley-all models, BMW Z8, Lamborghini Diablo VT, Mercedes V12 models, Porsche 911 Turbo, Rolls Royce-all models, Shelby Series 1.
- Any motor-home or motorcycle
- Any vehicle with a load capacity in excess of one ton or with a gross vehicle weight in excess of 10,000 lbs.
- Any gasoline or explosive hauling vehicles or any vehicle used for similar purposes
- Any vehicle equipped for snowplowing
- Kit Cars
- Non-owned Automobiles
- Any customized, modified or restored vehicle
- Risks having 2 or more artisan use vehicles

Unacceptable Vehicle Usage

The following are considered as unacceptable vehicle usage for Deerbrook:

- Organized racing or speed contests
- Regularly used as an emergency or law enforcement vehicle. However, it is permissible to insure a vehicle that a volunteer fireman uses to get to the site
- Retail or wholesale delivery, including but not limited to: laundry, mail/parcel post delivery, magazine, newspaper, retail food, or beverage delivery (including pizza delivery)
- A messenger or courier service
- Public or private livery transportation, e.g. limousines, taxis, buses or van pools (except shared expense pools), including vehicles used in a service designed to transport nursery, school children, retirement home residents, or medical patients
- Wide or oversized load escort service
- Auto business operations, e.g. selling, servicing, transporting, storing, parking, or fueling of motor vehicles
- Towing, repossession, driver training, or security work
- Hauling for hire (debris, junk, etc...)
- Short term rentals
- Livery / hauling business or for the regular transportation of clients / customers

Business or Artisan Usage

The following is considered acceptable business or artisan usage (15% surcharge):

- Sales or service representatives, or for direct home sales
- Real Estate agents or insurance agents, lawyers, doctors, accountants or other professionals visiting multiple locations
- Domestic employees while the vehicle is owned by an insured

- Employees to make regular and frequent trips for business errands
- The regular transportation of tools and /or supplies between the operator's home and job site
- Deerbrook does not allow signage on the sides of vehicles

Former Deerbrook Policyholders – Re-apply

Requirements for re-applying to Deerbrook are as follows:

- All prior unpaid balances must be collected with the down payment including prior unpaid cancellation fees and late fees. These balances should be submitted with a separate check with the old policy number, or Deerbrook may cancel the policy.
- All new business rules apply.
- Prior Deerbrook customers cancelled for fraud or misrepresentation are unacceptable.
- Prior Deerbrook policies cancelled for loss experience in the past 3 years are unacceptable.
- Deerbrook and Northbrook cannot be used to satisfy the prior insurance requirement.

Renewals

Accident surcharges are added and removed at every six-month renewal. After initial tier placement, policies will not be re-tiered at renewal.

UNDERWRITING GUIDELINES ENDORSEMENTS

The following documents are required to bind an endorsement and must be remitted to the Deerbrook Service Center:

- Signature to exclude a driver
- Signature to delete either a named insured or spouse
- Signature to change the UM/UIM selection or remove the coverage
- Proof for discounts/tier placement
 - Prior Insurance
 - Prior BI limit change
 - Homeownership

For "Add Operator" endorsements, an MVR will be ordered and should be reconciled by the agency prior to issuing the endorsement change.

When adding a car with physical damage coverage(s) or adding physical damage coverage(s) to an existing vehicle, the agency must inspect the vehicles and complete the prior damage fields within InterLink. These are the same requirements for new business.

InterLink does not allow the backdating of endorsements. An agency can add or replace a vehicle requiring the same coverage up to 30 days prior to the current date by contacting the Service Center. If the insured wants to add coverage that was not already on the policy, such coverage will be effective at the time the Deerbrook Service Center is notified by the agent.

All other new business underwriting guidelines apply to endorsements as well:

- Unacceptable drivers
- Unacceptable vehicle usage
- Unacceptable vehicles

TIER DETERMINATION

InterLink will automatically determine the appropriate rating tier based upon the following items:

Prior Insurance

- A policy will be classified "Prior Insurance" if the named insured can prove that he/she had automobile liability insurance coverage from another carrier in force for at least six consecutive months immediately preceding the date of last application with Deerbrook
- This will include lapsed days and prior BI limits
- Proof of prior insurance and BI limits must be faxed to the Deerbrook Service Center

Non-Chargeable Incidents

- Includes not-at fault accidents found during a review of Motor Vehicle Reports and/or CLUE reports for each driver on the policy during the chargeability period
- The number of Comprehensive claims of \$500 or more for each driver on the policy

Financial Stability

- This information is ordered through InterLink
- InterLink will not provide any information contained on the customer's credit report, this information is ordered, received, and used only by InterLink for tier placement
- InterLink will assign the policy to one of nine Insurance Financial Stability Groups, numbered 1 through 9

CANCELLATIONS

If a customer's payment for the minimum amount due is not received on a bill by 7 days after the bill's due date, the policy is placed into cancel pending status and the next bill is a notice of cancellation. If the customer does not make a payment of at least 50% of the amount due on a cancel notice by the due date, the policy will terminate and will not be reinstated. The policy will have to be rewritten.

Flat cancellations are not permitted after the policy inception.

TERMINATIONS

There are four instances when a policy is terminated:

- Customer does not pay at least 50% of the minimum amount due on the cancellation notice
- Customer requests the policy to be terminated
- Deerbrook initiates the termination
- Payment not received on renewal bill

If the policy has a credit balance, a refund is issued to the insured immediately with appropriate explanation.

REINSTATEMENTS

A policy about to go out of force will receive a Reinstatement Notice when a customer:

- Makes a payment of the minimum amount due
- Makes a policy change that results in a credit endorsement of the minimum amount due
- Combines a payment and credit endorsement of the minimum amount due

If a customer pays with a check that is returned by the bank:

- Reinstatement notice is void
- Original cancellation date stands
- Notified with Insurance Special Notice

Policies canceled for any reason cannot be reinstated after the cancellation date.

A new application must be submitted and the policy rated via InterLink to obtain coverage.

POLICY TERM

All policy terms will be six months.

COVERAGES / LIMITS

Bodily Injury

15/30	20/40	25/50	25/100
50/100	100/300	200/300	300/300
250/500	300/500	500/500	

Property Damage

10,000	25,000	50,000	100,000
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Collision Deductibles:**

200	250	500	750
1000			

**Collision is not sold without Comprehensive

Comprehensive Deductibles:**

100	150	250	500
750	1000		

**Full Glass coverage is available for all deductibles.

Uninsured/ Underinsured Motorist - Bodily Injury

15/30	20/40	25/50	25/100
50/100	100/300	200/300	300/300
250/500	300/500	500/500	

Medical Payment

1000	2000	5000	
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Towing and Labor

Limit /	25	50
Per Occurrence:	75	

This coverage is written on a per vehicle basis
Collision and Comprehensive coverage is required.

Rental Reimbursement

\$20/day	\$30/day	\$40/day	\$50/day
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Note: Collision and Comprehensive coverage required.

Sound System

Limit / Occurrence: Sound System coverage provides coverage for sound systems in excess of \$1000. Sound System Coverage cannot be purchased without Comprehensive Coverage.

DISCOUNTS

Antilock Brake Discount

The Antilock Brake Discount applies to any 1983 and newer automobile equipped with factory installed four wheel antilock braking systems.

Passive Restraint Discount

Discount applies to 1974 and subsequent insured automobiles equipped with federally approved airbags or 1981 and subsequent

insured automobiles equipped with factory installed automatic motorized seat belts.

Note: Insured automobiles equipped with both will receive only the larger of the two discounts.

Homeowner Discount

Discount applies when the insured owns a home, condominium, town home or a manufactured home that is used as their primary residence.

Paid-In-Full Discount

A Paid-In-Full Discount will be applied to Bodily Injury, Property Damage, Medical Payments, Collision, Comprehensive, Comprehensive with Glass, all Uninsured and Underinsured Motorists, Lease and Loan, Towing, Labor, Rental Reimbursement and Sound System coverages if the total premium is paid in full at the time the initial payment is due on a new policy or by the renewal effective date on a renewal policy. The discount will remain for the entire policy term as long as any additional endorsement premium is paid in full at the time of the endorsement.

VIOLATIONS/ACCIDENTS/ SURCHARGES

Deerbrook uses the incident date, not the conviction date, to determine the number of points charged. 36 months prior to the effective date is the chargeable period for violations.

Accident Verification / Surcharge

Deerbrook will order Motor Vehicle Records, claim history, and Undisclosed Driver Information for all operators listed on the application. Final underwriting and rating of a policy is subject to data received from these sources. Agency should ask all questions of the applicant to avoid up-rate or policy cancellation. It is the agent's responsibility to inform and submit proper proof to Deerbrook if violations and/or accidents listed on the application are not chargeable in accordance to Arizona law.

A Non-Verifiable Driving Record surcharge will apply to drivers whose driving records cannot be verified by the state's Bureau of Motor Vehicles.

Multiple Violations / Accidents

If there are multiple points resulting from one occurrence (conviction) on the same day, at the same location, only the highest point charge will be used.

Inexperienced Operator

A surcharge will be assigned to a vehicle whose principal operator has been licensed and/or permitted to operate a motor vehicle pursuant to the laws of the state for less than three years for Bodily Injury, Property Damage, and Collision coverages in the United States or Canada. In all cases the surcharge would be applied for a maximum of 3 years.

Vehicle Surcharge

A surcharge shall be applied to the Collision and Comprehensive rates of certain automobiles. InterLink will automatically calculate and apply the appropriate surcharges.

VEHICLE SYMBOLS

Deerbrook uses Company-defined automobile symbols, which InterLink will automatically generate. A correct Vehicle Identification Number (VIN) must be obtained so InterLink can create a valid symbol and quote.

CLAIMS

Allstate's 24 Hour Claims Service 1-800-DEERBROOK

All claims should be submitted by the insured within 24 hours from the time of the loss.

Allstate's claim organization is available to handle Deerbrook claims 24 hours a day, 7 days a week, 365 days a year. All new claims are to be reported to the Allstate National Claim Service Center in St. Petersburg, Florida.

Note: Agents should provide customers with the number listed above to submit a claim. All claims should be submitted by the insured.

Glass Claim

All glass only claims are to be referred to Glass Claim Express, by calling 1-800-626-4527.

The center will ask the customer if they have a choice of repair facility. If the customer's choice is part of the Network, the program benefits and guarantee will be explained and an appointment made. If the choice is not part of the USA-GLASS Network, the center will still contact the customers chosen repair facility and make an appointment if possible.

BILLING & PAYMENT INFORMATION

Bill Plans

New business down payment amount will vary by tier and number of NCI's which will automatically be calculated. Amounts vary from 20% to 50%. Certain tiers will be allowed to pay 16.7% down if they sign up for EZ-Pay.

The remaining balance subsequent to the down payment will be collected in 4 equal monthly installments. All renewal premiums will be collected in 6 equal installments.

Credit Card Payments

Deerbrook accepts credit cards for new and renewal business payments within InterLink. Visa, MasterCard, and Discover are acceptable. An authorization form is available within InterLink and must be signed by the insured and maintained by the agent.

Electronic Funds Transfer (EZ-Pay)

Deerbrook offers customers the option to pay premium installments with Electronic Funds Transfer (EZ-Pay) in certain tiers. If a customer can sign up for EZ-Pay it will be indicated in InterLink. All customers are eligible to sign up for EZ-Pay on renewal.

- There is a check box in InterLink which must be marked if the customer wishes to enroll in EZ-Pay

- The customers' signature and a voided check must be included with the InterLink generated form, and retained in the agent's office.

FED Down Payment

This applies only to business that is written with prior insurance without a lapse. For any policies that are written with an effective date that is 2 or more days after the issue date, a down payment of 16.7% will be offered regardless of tier or if they sign up for Easy Pay. In addition, any business in IFS 1 or 2 will be offered a down payment of 16.7% that would be regardless of tier, Easy Pay or effective date. So the future effective date requirement does not apply to IFS 1 or 2 business.

Customer Pay-by-Phone

Customers may make payments by credit card or check 24 hours a day, 7 days a week by calling 1-866-430-2916. Payments will be accepted up to and including the cancellation effective date.

Non-Sufficient Funds (NSF)

If a payment check is returned from the bank due to non-sufficient funds in the account, Deerbrook will charge a \$25 NSF fee for in force policies or if new business, the application will be cancelled and no fee will apply.

Please note that new business policies with down payments that are returned by a bank for non-sufficient funds will be voided back to inception of the policy. Agencies should notify Deerbrook no later than 24 hours after they discover that the policies' down payment is NSF.

Fees

Fee Type	Amount	Description
NSF	\$25	Charge on all returned checks
Installment	\$3 / \$5 / \$8	Varies by tier
EZ-Pay	\$1	Applies to all installments
Termination	\$50	Applies to all terminations for non-payment of premium during the first policy term
Policy Fee	\$10	Applies to all new business policies

FINANCIAL RESPONSIBILITY FILINGS (SR-22)

When a SR-22 filing is needed, a check box in InterLink will need to be marked whether (1) the filing is being created in the agents' office or (2) Deerbrook is to make the filing. For filings created in the office using InterLink the application control number will be used on all SR-22 and SR-26 filings.

COMPENSATION

Reinstatement of Suspended Coverage

The Agent of Record will receive commission in all cases for coverages reinstated after being suspended in prior policy terms.

Payment of Compensation

Payment of agency compensation will be an electronic credit to your designated bank account. The Bank account and

authorization should be set up at the time you contract with Deerbrook. Commissions will be calculated at the end of the month. The Compensation statements are mailed on the eleventh (11th) business day of the following month. Commission checks are deposited into the bank on the **thirteenth** (13th) business day. Compensation statements will be considered notification of the amount electronically transferred. IRS 1099's will be calculated at the close of the year and should be sent by January 31.

Monthly Compensation Statement

The information appearing on your Monthly Compensation Statement provides you with complete information to support your monthly commission payment. Any questions you might have concerning the premiums recorded in your account can be directed to 1-800-349-7342.

Processing Your Commissions

The agent number (producer number) assigned to you is the key to properly recording your business. All policies processed using InterLink will automatically insert your producer number.

