Underwriting Guidelines

GENERAL GUIDELINES

ACCEPTABLE POLICY

- All household residents and regular operators must be either listed and rated or excluded on the Agency Auto policy. Exceptions to this rule are not allowed.
- If a SR-filing is required, we must insure all vehicles and operators on the policy.
- Policies with different limits are acceptable if drivers on the low limit policy are excluded from the high limit policy.

UNACCEPTABLE OPERATOR PROFILE

- Foreign driver's licenses are acceptable provided the license is issued by an authorized government agency in the insured's country of origin.
- More than two DWI convictions during the last 3 years.
- Under the minimum age for state licensing.
- Operators over age 75 that are not Prop. 103 Good Drivers.
- Risks with more than 10 points on any operator.
- Students attending school outside of California.
- Military personnel stationed outside of California.
- Any policy listing a minor (17 or under) as the Named Insured. Insurance contracts between a sole person of minority age and a company are not enforceable.

UNACCEPTABLE VEHICLE PROFILE

- No specific garaging address or principally garaged out-of-state
- Used for racing, emergency, livery, or taxi service, including vehicles used to transport daycare, nursery or school children, migrant workers, patients or hotel/motel guests.
- Used for retail or wholesale delivery, including magazine, newspaper, floral, food and pizza delivery, mail delivery, and escort service.
- Owned by a business.
- Are not garaged in insuring state six (6) months or more per year.
- Imported and were not manufactured for sale in United States (gray market cars).
- Limited production and/or exotic specialty vehicles.
- Equipped for snow plowing.
- Exotic vehicles, hot rods, limos, assembled from kits, rebuilt, substantially modified to change appearance or performance, or structurally altered.
- Vehicles with logos or advertising displayed, and those with ladder racks or other commercial apparatus.
- Customized with non factory installed equipment $5001 and greater.
- Not found in the company-defined symbol pages, except for newly released vehicles from major manufacturers.
- Business use that does not meet eligibility guidelines.
- Vehicles not registered in California.

- **UNACCEPTABLE COVERAGE**
- Physical damage only policies.
- Comprehensive without collision, or collision without comprehensive.
- Physical Damage on salvaged or reconstructed vehicles
- All vehicles on policy must have same Bodily Injury and Property Damage limits.
- Vehicles over 20 years old for physical damage are unacceptable.

MISCELLANEOUS UNACCEPTABLE
- Risks with material misrepresentation on the application.
- Applications where all pertinent rating information (license numbers, VINs, garaging location, operator date of birth, etc.) cannot be submitted immediately upon upload.

The company reserves the right to reject any risk.

MATERIAL MISREPRESENTATION

Complete and accurate information is required to initiate coverage. Material misrepresentation on the application may impact the insured's rights to policy benefits. Brokers should ask all questions directly of the applicant and clearly explain the consequences of providing false information. Material misrepresentation may result in the policy being declared null and void from inception or canceled. It is important that insureds are aware that a claim may not be paid if false or misleading information is provided. Misrepresentation includes:

- Failure to list all regular or household operators aged 14 and older, whether licensed or not.
- Use of a post office box or incorrect garaging ZIP code.
- Failure to report all accident and violations on the application, regardless of fault.
- Failure to accurately report vehicle usage or vehicles available for use.

Policy Rating

DISCOUNTS/ SURCHARGES

MULTI-CAR DISCOUNT

- Applies if more than one vehicle is insured on the policy.

MATURE DRIVER DISCOUNT

A Mature Driver Discount will apply if all named drivers who are 55 years of age or older have:

- Completed an Accident Prevention Course approved by the California Department of Motor Vehicles.
- The discount will apply for three years from the date the course was completed.

GOOD DRIVER DISCOUNT

Good Driver discount applies if the driver meets the following criteria:

- Driver has been licensed to drive a motor vehicle for the previous three years.
- Driver has a minimum of 18 months verifiable driving experience in the U.S. or Canada.
- Driver has had, during the previous 36 months, not more than one violation point count as determined by section 12810 of the California Vehicle code.

PERSISTENCY DISCOUNT

- Persistency Discount will be applied to all vehicles of a policy that have 60-months of continuous coverage with an AIG affiliated Company, with no more than a 90 day lapse. This discount will automatically apply to all renewal policies that qualify.

BUSINESS USE SURCHARGE

- Applies to vehicles regularly used for business or artisan purposes as described in the “Vehicle Rating” section of this manual.

ANNUAL MILEAGE DISCOUNT/SURCHARGE

- A discount/surcharge will apply to all policies based on the submitted mileage band. The valid mileage bands are: 1) 0 – 9,999; 2) 10,000 – 12,499; 3) 12,500 – 14,999; 4) 15,000 – 17,499; 5) 17,500 – 19,999; 6) 20,000 – 24,999; and 7) 25,000+

POLICY TERM

- Policies are issued for a six month or twelve month term.

Driver Rating

NAMED INSURED

- Named insured must be an individual age 18 or older. Businesses, communities, religious groups or other legal entities are not acceptable.
- If the owner of the insured vehicle is a minor, a parent or legal guardian's name and signature must precede the owner's.
- Only spouses, or resident relatives, of named insured may also be listed as a named insured. Individuals or businesses that have an insurable interest in the covered vehicles may be listed as an Additional Interest. All other insureds may be listed as operators.

DRIVER INFORMATION

- All household members or regular vehicle operators who are of eligible driving or permit age must be listed or excluded, whether they drive or not.
- Driver class is determined from the years driving experience, sex and marital status of the operator. To be classified as married, both spouses must be residents of the same household. Single includes divorced, separated, widowed, living apart while still married, or living together while not married.
- Permanent Domestic Partner (PDP) requirements:
  1. PDP residents must share a common official residence or domicile.
  2. PDP residents must be co-owner, co-renters, or co-lessor.
  3. All PDP family members must be listed on the same policy.
  4. For insureds to be rated as PDP, we may require proof of the above rules. This proof could be a California Driver's License from both operators showing a common household.
  5. No more than two operators are eligible to be rated as PDP on any single policy.
  6. Dependent children and relatives are not eligible.

DRIVER ASSIGNMENT

- Our DRS rating software assigns the highest rated driver to the highest rated vehicle.
- If the number of drivers exceeds the number of vehicles, the policy is rated using the operator developing the highest rating factor.
- When there are more vehicles than drivers, the Extra Vehicle classification (EV) is assigned to the remaining vehicle(s) with zero (0) points.
- If all rated operators qualify for the good driver discount then the good driver discount will apply to the EV class.

DRIVER EXCLUSIONS

Any member of the insured's household age 14 and over, whether licensed or not, must be listed on the application or excluded.

- To exclude a driver, complete the named driver exclusion agreement included in the application.
- Named insured or registered owner MAY be excluded provided the named driver exclusion agreement is included with the application.
- Drivers with revoked licenses must be excluded unless obtaining as SR-22 Filing.
- Driver exclusions may only be superseded by an endorsement request to list and rate the excluded driver.

SR-22 FILINGS

- A flat $15 charge, earned at inception, will be applied for each filing per policy term.
- SR-22 policy numbers are assigned at upload. Policy numbers are also available through www.aig4auto.com.
- Policy liability limits must meet state statutory limits for the state requiring the filing. All vehicles owned by the driver must be insured on the policy.
- The filing name must appear exactly as it reads on the driver's license.
- Filings are not available for drivers with an unverifiable driving record or a foreign driver's license. If we are unable to verify driving record on a driver with an FR filing, the policy will be canceled.

STUDENTS

- Students attending school in state should be rated using the garaging location of the vehicle.
- Students with a permanent address in the risk state but attending school out of state are not acceptable. Please contact Customer Service to obtain a policy in that state.

MILITARY

- Active duty military are acceptable if they reside in the risk state at least nine months of the year. If the insured is in the military, the vehicle(s) must be garaged and registered in California.

DRIVER POINTS

- All violations and accidents (regardless of fault) occurring within the 36 months prior to the effective date of the policy must be disclosed.
- Violations and accidents arising out of a same day, same location occurrence are charged using the highest rated violation or accident.
- Only charged accidents or violations from a single occurrence are considered when determining whether an incident is a first or additional occurrence.
- AIG Agency Auto uses CLUE and motor vehicle reports to verify accidents and violations.
- AIG Agency Auto attempts to match violations listed on the application to those discovered on the MVR report. Should the insured be charged twice for the same violation contact customer service and the duplication will be promptly resolved.
- Accidents are charged based on the conviction date and violations are charged on the conviction date.

AT-FAULT ACCIDENTS

For Underwriting and Rating purposes, every accident will be considered to be "at-fault" EXCEPT those occurring under the following circumstances (any exceptions will be counted as a not at-fault incident):

- Applicant's automobile was lawfully parked.
- Judgment or reimbursement was obtained from responsible party.
- Struck in rear and not convicted of moving traffic violation.
- Struck by hit-and-run driver and such accident was reported by applicant to proper authorities within 24 hours.
- Applicant was not convicted of a moving traffic violation in connection with the accident and the other operator of the vehicle involved in such accident was convicted of a moving traffic violation.
- Applicant was adjudicated not to be liable by a court of competent jurisdiction.
- Accidents involving Physical Damage, limited to and caused by flying gravel, missiles, falling objects.
- Accidents involving damage by contact with animals or fowl.
- The operator at the time of accident was on duty as a paid or volunteer member of any Police or Fire Department, First-Aid Squad, or any Law Enforcement Agency.

ACCIDENT AND VIOLATION TABLE	1st Offense	Each Add'l
Homicide or manslaughter involving vehicle	5	5
Felony involving use of a motor vehicle	5	5
Hit & run or failure to stop at scene of accident	5	5
Driving on the Wrong Side of the Road	5	5
Reckless Driving	5	5
Drag Racing, Speed Contest, Exhibition of Speed	5	5
Elude or disobey police officer	5	5
Driving with a suspended or revoked license	5	5
Any Major moving violation not listed above	5	5
ACCIDENT		
At-fault accident with bodily injury	3	5
At-fault accident with property damage only >=$750	5	5
DRUG & ALCOHOL		
Driving while under the influence of drugs or alcohol	2	5
Refusing alcohol test (Implied Consent)	2	5
SPEEDING		
Speeding	1	1
MINOR VIOLATIONS		
Driving wrong way on one way street	1	1
Failure to yield	1	1
Failure to report an accident	1	1
Following too closely	1	1
Traffic Device/Signal	1	1
Any Minor moving violation not listed above	1	1
REQUIRED OTHER		
Business Use	2	-

Vehicle Rating

GARAGING RULES

- Territories are defined by ZIP code. Use the ZIP code for the location where the auto is principally garaged.
- For ZIP codes not listed, please contact Customer Service.
- Principal place of garaging must be in risk state at least 6 months per year for at least one vehicle on the policy.
- If one or more vehicles are temporarily out of the country during the policy term, the applicant should be informed that there is no coverage outside the U.S, U.S. Territories, and Canada.

ACCEPTABLE VEHICLE USE

ACCEPTABILITY

Private passenger automobiles owned by an individual or by a husband and wife who are residents in the same household are eligible for coverage. The named insured or spouse must be the registered owner of the vehicle. A pickup or van will be considered a private passenger auto if it has a load capacity of 1,500 pounds or less and is used for pleasure, commuting, or farm use.

PLEASURE, COMMUTE AND FARM USE

- Pleasure: vehicles not used for business or commercial purposes or for commuting to work or school.
- Commute: vehicles used to drive back and forth to work or school.
- Farm: vehicles primarily used on a farm, ranch or orchard.

ARTISAN / BUSINESS USE

Artisan and business use are acceptable if the vehicle meets all the conditions in the underwriting guidelines and the following restrictions. A surcharge applies if vehicle is customarily involved in the duties of the applicant or any other person regularly operating the vehicle in an occupation, profession or business other than going to or from the principal place of employment.

Acceptable business use includes:

- Vehicles used to make regular and frequent trips for business errands, such as trips to the post office, financial institutions, retail stores or business offices.
- Vehicles owned by real estate or insurance agents, lawyers, doctors, accountants or other similar professions.
- Vehicles used by domestic employees such as maids, nannies and chauffeurs on a regular basis.
- Vehicles used by sales or service representatives, or for consumer-oriented home sales, such as make-up, kitchen or similar sales.
- Home healthcare workers are acceptable if patients are not transported.
- Multiple stop delivery not allowed.

Artisan use vehicles used to transport tools or supplies between the operator's home and job sites are acceptable if:

- Vehicle operator is an artisan performing a craft or a trade, such as carpentry, painting, plumbing or masonry. Distribution, retail, or delivery businesses are not allowed.
- Vehicle visits, on average, no more than 2 job sites per day. More than two job sites per day are unacceptable.
- Only the applicant or other family members may operate vehicle. No employee operators are permitted.
- Vehicle is customarily driven within a radius of 50 miles from garaging location.
- The named insured is the registered owner of the vehicle. Vehicle cannot be titled in company name.
- There is only one artisan use vehicle on the policy.
- Vehicle is not used to transport explosives, chemicals, flammables or more than 500 pounds of equipment.
- Vehicle load capacity is less than one ton.

VEHICLE SYMBOLS

- AIG Agency Auto uses company-defined liability symbols which are automatically assigned by our rating software. Physical damage coverages use ISO symbols.
- Please confirm that Vehicle Identification Number (VIN) is correct since symbols will be assigned based on the VIN.
- If a newly release vehicle from a major manufacturer is not yet listed by DRS or FSC, please contact Customer Service for assignment.

MODEL YEAR

- The model year of the auto is the year assigned by the auto manufacturer.

Coverage

LIABILITY LIMITS

Bodily Injury and Property Damage coverages can be written as follows:

15,000/30,000/5,000	20,000/40,000/20,000
15,000/30,000/10,000	25,000/50,000/10,000
15,000/30,000/12,500	25,000/50,000/15,000
15,000/30,000/15,000	25,000/50,000/20,000
17,500/35,000/12,500	20,000/40,000/20,000
17,500/35,000/15,000	25,000/50,000/25,000
20,000/40,000/10,000	50,000/100,000/25,000*
20,000/40,000/15,000	100,000/300,000/50,000*
* - 50/100/25 and 100/300/50 limits available only on policies where all rated drivers qualify for Good Driver Discount.	

MEDICAL PAYMENTS

Medical Payments coverage is offered with the following limits:

$500	$1,000	$2,000	$5,000

If selected, all autos on a multi-car policy must have the same limits.

UNINSURED/UNDERINSURED MOTORIST

Uninsured/Underinsured Motorist Bodily Injury (UMBI) and Uninsured Property Damage (UMPD) coverage are offered as follows:

- UMBI will be applied to every auto liability policy at limits equal to the BI liability limits, unless the insured submits a written request to reject or select lower limits.
- All autos on a multi-car policy must have the same UMBI limits.
- If UMBI limits are lower than BI limits, an “Election of Lower Limits” form must be signed.
- UMPD coverage shall be made available under every motor vehicle liability policy that does not include Collision coverage.
- When an insured requests UMPD coverage in conjunction with physical damage coverage, collision damage waiver will be applied in lieu of Uninsured Motorists property damage. The premium for this coverage is based on the selected collision deductible.

PHYSICAL DAMAGE DEDUCTIBLES

- Physical Damage must be written in conjunction with liability coverage.
- The following deductible options are available:

COMPREHENSIVE	COLLISION
$250	$250
$500	$500
$1,000	$1,000

ADDITIONAL EQUIPMENT COVERAGE

Coverage may only be written when Comprehensive and Collision coverages are also afforded. Additional equipment is not covered unless the equipment is specifically listed on the application and an additional premium is charged.

The deductible for a comprehensive or collision loss to the additional equipment is $50. If a deductible is applied to any other covered loss, the $50 deductible for additional equipment is waived. Additional equipment may be written up to $5000.

- Coverage may only be written on vehicles with Comprehensive and Collision coverages.

ACCEPTABLE ADDITIONAL EQUIPMENT INCLUDES, BUT IS NOT LIMITED TO:

- Electronic equipment designed for the reproduction of sound, such as radios, tape decks, or compact disc players.
- Electronic equipment that receives or transmits; audio, visual, or data signals, such as CB radios, telephones, two-way mobile radios, or TV monitors.
- Custom furnishings or equipment such as optional wheels, covers, camper body, tires, custom paint, custom seats, height-extending roofs, winches, roll bars, running boards and handicap equipment, which are not considered standard or optional equipment from the vehicle manufacturer.

UNACCEPTABLE ADDITIONAL EQUIPMENT INCLUDES:

- Equipment not permanently installed in the vehicle.
- Radar detectors.
- Custom murals.
- Equipment for which value cannot be determined.
- Personal property carried in the vehicle.
- Bathroom facilities, such as sinks, tubs and toilets.
- Equipment intended for cooking.
- Vehicles that have been heavily modified by the dealer or a conversion company for show, travel, or camping are beyond the scope of this program and may not be afforded adequate coverage.

TOWING AND LABOR COVERAGE

- Coverage may be written with Comprehensive and Collision.
- Must be provided at the same limit on every vehicle with physical damage coverage.
- Coverage limits are $50 per disablement.

RENTAL REIMBURSEMENT

- This coverage may be written on vehicles with Comprehensive and Collision coverages.
- If RR coverage applies to more than one vehicle, then coverage limits must be equal.
- Coverage may only be added at inception, renewal, or when a vehicle is added.
- Available limits are $15/$450.

LIENHOLDER DEDUCTIBLE ENDORSEMENT

For risks which have $500 or $1,000 deductible Comprehensive and Collision, the lien holder deductible endorsement will apply. If the vehicle is a total loss, or is abandoned to or repossessed by the lien holder, a $250 comprehensive and collision deductible shall be applicable to losses adjusted and payable to the lien holder. In the case of losses adjusted and payable to the insured, the deductible amount printed on the declarations page shall apply.

NON-OWNER COVERAGE

A named operator policy provides liability protection to an individual who does not own or have access to any personal use vehicle on a regular basis, including vehicles owned by household members.

- Coverage applies only to the Named Insured listed on the Declaration Page and does not extend to other household members.
- Coverage does not apply to vehicles owned by the Named Insured.
- Only BI, PD, Med Pay, and UMBI may be written on a non-owner policy. Increased liability limits are not acceptable.
- Business or Artisan use is not acceptable.