

**PRIVATE PASSENGER AUTOMOBILE
LIABILITY & PHYSICAL DAMAGE INSURANCE**

*New Business Effective 11/01/10
Renewal Business Effective 12/01/10*

**21st Century
General Agency Inc**

**Select Program
Underwriting Guidelines**

**Texas Nonstandard Auto Program
Direct Bill Program**

**21st Century General Agency
1761 International Parkway Suite 105
Richardson, Texas 75081**

**Office 1 (800) 745-1302
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Claims 1 (800) 256-5291**

DIRECT BILL/PAY PLAN PROCEDURES

This program is designed to simplify the sale and service of the personal auto policy by:

1. Allowing monthly payments to be made directly to 21st Century General Agency in lieu of a premium finance company;
2. Direct billing the insured for policy changes;
3. Direct billing the insured for renewals using a continuous billing cycle that has an extended number of monthly payments.

APPLICATION FOR COVERAGE

A 21st Century application should be completed, ensuring that all questions are answered and that all appropriate signatures are secured. Policies can be written on a ONE MONTH, SEMI-ANNUAL term or ANNUAL term.

PAYMENT OPTIONS - NEW BUSINESS:

1. Payment in Full. (No Power of Attorney accepted.) Attach to the application a check or money order for the entire gross premium made payable to 21st Century General Agency Inc.
2. Direct Bill/Pay Plan. The Insured selects the date of the first monthly payment. A monthly bill will be sent to the Insured approximately 12 days prior to the due date and will include an installment fee. The balance on the 6 Month policy will be billed in five (5) monthly installments and the balance on the 12 Month policy will be billed in eleven (11) monthly installments.

<u>Length of Policy Term</u>	<u>Downpayment %</u>	<u>Date of 1st Monthly Payment</u>
6 Month	16.67%	20 days from inception date and every 30 days thereafter
6 Month	21.00%	25 days from inception date and every 30 days thereafter
6 Month	26.00%	30 days from inception date and every 30 days thereafter
12 Month	8.34%	20 days from inception date and every 30 days thereafter
12 Month	11.00%	25 days from inception date and every 30 days thereafter
12 Month	14.00%	30 days from inception date and every 30 days thereafter

3. The Insured can select one of the Pay Plan options in "2" above and utilize an Automatic Bank draft for monthly payments. To enroll the Insured for automatic drafting (EFT), the initial down payment must be collected and submitted along with a signed and completed Electronic Funds Transfer Enrollment Form and a copy of a voided check. Automatic drafting will begin with the 1st payment on a new policy. If policy changes are made that will alter the amount of the Insured's monthly payments by more than \$5.00, an amended "Notice of Automatic Withdrawal" will be mailed to the Insured at least 10 days prior to drafting a new amount. Otherwise, the old payment amount will be drafted and the new payment amount will begin with the next month's draft. At renewal, the Insured will receive a renewal quote and notification of the renewal down payment that will be drafted on his renewal date and coverage will be renewed as of that date unless a written request not to renew the policy is received from the Insured.

COMMISSION

Agents will receive full term commission for all policies produced the preceding month via a commission statement that will be sent by the 15th of each month. Unearned commission adjustments will be made on the same commission statement based on collected premiums (excluding fees).

POLICY DISBURSEMENT

Newly issued policies will be mailed directly to the insured (and lienholders, if any) along with any requests for additional underwriting items. Agents will receive a copy of the policy and any memos sent to the insured.

UPDATES

At the time of production, any premium updates will automatically be processed as part of the initial premium. An explanation of what caused the update, as well as notification that the monthly payments, or monthly draft amounts will be higher than anticipated will be sent to insured.

Updates on policies that were initially paid in full will be handled in a similar manner except the update must be paid in full.

ENDORSEMENTS

The insured should contact the agent for assistance and advice about making policy changes. 21st Century will process change requests without additional down payment, but collection of additional down payment by the agent would be helpful in avoiding uncollectible premium if the policy is canceled at a later date. The endorsement premium will be spread over the remaining payments. In certain instances, the size of the additional premium and the number of payments or drafts left in the policy term may make it necessary to issue an immediate Notice of Cancellation. This will be explained to the insured by memo and cancellation could be stopped in most cases upon receipt of the premium requested.

Endorsements will be mailed directly to the insured [and lienholders, if any] with a copy to the agent. The insured will be advised to expect higher monthly installments beginning with their next bill. Refunds created by endorsements will lower the balance due and thus lower the monthly installment beginning with the next bill.

Endorsements on policies that were initially paid in full will be billed directly to insured and will require payment in full. Refund checks on policies paid in full will be made payable to the Insured and mailed directly to the Insured.

CANCELLATIONS

No flat cancellations are allowed. Mid-term cancellations require the written request of insured. Cancellation refunds will be made payable to the insured and sent to the agent for delivery.

REINSTATEMENTS

All reinstatements must be approved by the company.

PAYMENT OPTIONS - RENEWALS:

The insured will receive a notice of 21st Century General Agency's offer to renew along with a statement of funds due. A copy of the renewal quote and statement will be mailed to the agent.

1. Payment in Full. (No Power of Attorney accepted.) Attach to the application a check or money order for the entire gross premium made payable to 21st Century General Agency.
2. Direct Bill/Pay Plan. The insured will receive a notice of 21st Century's offer to renew along with a statement of funds due. The semi-annual term policy premium will be payable with a down payment and 5 equal installments. The annual term policy premium will be payable with a down payment and 11 equal installments. The down payment will be due on or before the renewal inception date with the **first installment due in 20, 25 or 30 days depending on the payment plan selected by the Insured**, and each subsequent installment due every 30 days. Each billing will be mailed approximately 12 days prior to the due date and will include an installment fee. A copy of the renewal quote and statement will be available to the Agent via our website.

Upon receipt of the insured's written request to renew and the appropriate down payment, a renewal policy will be issued. Requests to renew that are not postmarked prior to the expiration date will result in coverage terminating. To continue coverage, a new application and a down payment reflecting the loss of renewal discounts will be required.

IMPORTANT NOTE

In instances where coverages need to be discussed or explained in detail, the insured will be referred to the agent, who is in the best position to survey the needs of the insured.

1 MONTH POLICIES

BILLING PROCEDURE

1. When initial policy is prepared, the first renewal billing will be mailed. Thereafter, on receipt of premium, renewal billings will be enclosed with a new dec and ID card.
2. Renewal premium is due 5 days before expiration date. If premium is fully paid prior to expiration date, a new dec and ID card will be mailed along with next month's billing. Coverage expires if premium is not received prior to expiration.
3. If premium is not received prior to expiration, a 2nd notice is mailed 5 days after expiration. The notice reminds insured that the policy expired and offers to rewrite on payment of one month's premium and policy fee, with coverage lapsed through date of postmark on mailing of payment. This offer is void if full premium due is not post marked before the 60th day after the expiration of the policy. (Failure to remit full premium due by this date will require a new application, premium and policy fee in order to produce a new policy).
4. Each monthly policy extension will be fully earned.
5. Endorsements made during policy term will be made at no premium charge. All policies will be updated at renewal and premium billed appropriately.
6. Premium balances or credits resulting from underpayment and overpayment will be carried over and applied to next billing.

POLICY DISBURSEMENT

Policies and billings will be mailed directly to the insured, with copies sent to the Agent.

CANCELLATIONS

No flat cancellations are allowed. Mid-term cancellations require the written request of the insured. Cancellation refunds will be made payable to the insured and sent to the Agent for delivery.

**UNDERWRITING RULES & GUIDELINES
LIABILITY OR PACKAGE POLICIES ONLY
(Physical Damage Alone Not Written)
Effective 11-01-10 New
12/01/10 Renewal**

· **POLICY** - Texas Personal Auto Policy

· **POLICY TERM** –1, 6 or 12 month term

· **ELIGIBLE VEHICLES** - Privately owned

1. Private Passenger Automobiles.
2. Trucks with a standard pickup bed rated 3/4 ton or less (gross vehicle weight of 10,000 lbs. or less). Flat beds not written. Vehicles used commercially not written.
3. Vans and van-type vehicles not used commercially.
4. Trucks with a standard pickup bed rated ¾ ton or less and vans and van-type vehicles used by self-employed Artisans (painters, plumbers, carpenters, etc.) that drive to and from job sites by the Insured or immediate family. Vehicles driven by employees, sub contractors, of co-workers are not eligible. Flat beds are not written.

· **INELIGIBLE VEHICLES**

1. All vehicles with fiberglass and/or plastic bodies (Corvette, Fiero) and exotics including but not limited to the following specific automobiles: Dodge Stealth Turbo, Jaguar, Mercedes, Mitsubishi 3000 Turbo or 3000 GT - Turbo, Nissan 300 ZX, Porsche, Toyota MR-2 Turbo, and Triumph, **1 ton vehicles**.
2. Vehicles used, and/or designed, for racing or for exhibition or with altered engines. (Modified, souped up, etc.)
3. Long and short term rental and leasing operations.
4. Commercial or emergency vehicles, taxis, newspaper delivery, mail collection or delivery. (courier service, pizza, fast food, newspapers, etc.)
5. Vehicles garaged outside of Texas.
6. Liability on public livery conveyance or bus.
7. Liability on vehicles used for transportation or distribution of ammunitions and explosives.
8. Liability on caravans, motor coaches, motorhomes, and mobilehomes.
9. Liability and Physical Damage coverage on recreational (road buggies, dune buggies) vehicles.
10. Liability and Physical Damage coverage on antique or vintage vehicles, kit cars, altered, custom built or remodeled vehicles.
11. Physical Damage coverage on any vehicle with cost new or current value in excess of \$40,000.00
12. OTC without Collision, or Collision without OTC.
13. Salvage Titles-Call Company for Approval.
14. **Physical Damage Coverage on a vehicle insured on a 1 month term policy.**

· **INELIGIBLE DRIVERS**

1. Any risk with an operator who is engaged in illegal activities or business, whether convicted or not, or who has criminal record..
2. Any celebrity persons, meaning actors (with a guild and/or association membership), professional athletes, (with league membership), Olympic athletes, college athletes, radio personalities, news broadcasters, musicians, authors/writers (of published works where the income generated from these activities/occupations is more than 30% of the total income for the individual), and models.
3. If the applicant or the driver has been charged with:
 - A. Two or more driving while intoxicated.
 - B. Negligent homicide or murder by auto
 - C. Hit and run or failure to stop and render aid or leaving the scene of an accident.
 - D. Aggravated assault with a motor vehicle.
 - E. Involuntary manslaughter.
4. Operators with more than 12 points
5. Any operator with two major violations (As defined on our chargeable points in rating section).
6. Any operator age 15 or under.

· **MANDATED COVERAGE**

All coverage, vehicles or operators that are not eligible for coverage that are endorsed onto a policy will be rated with highest classification, not less than 12 points, symbol 34, as well as being increased 500%: resulting in a maximum of \$20,000 annual premium. The policy will also be Non-Renewed.

· **DO NOT BIND** - Applicable to Liability and Physical Damage

The following risks must be "Submitted" for acceptance:

1. If any applicant or driver is under 17 years of age or 75 years of age or older. (Drivers 75 or older submit with medical questionnaire on 21st Century form.)
2. Applicant or any driver who has more than two "At Fault" accidents in the past three years.
3. Risks where the applicant or any driver is either physically or mentally impaired.
4. Military under age 20.
5. **Any risk with more vehicles than drivers. (Call for pre-approval on exceptions)**
6. Any vehicle requiring physical damage coverage on stereos, custom radios, and other sound reproducing equipment or citizen band radios, two-way radios, or telephones.
7. Any vehicle requiring coverage for more than \$1,500 in custom equipment.
8. Any applicant whose occupation is related to auto sales or repair. (New and used car lots, body shops and repair garages.)
9. Any risk with a drug offense.

· **BINDING** - Binding is permitted only for producers who are properly appointed.

1. Applications on unacceptable risks or coverages not shown on the rate chart shall not be bound at anytime.
2. Binding is subject to a fully completed and signed application being received by 21st Century General Agency Inc. within 72 hours after the effective date unless otherwise authorized. Otherwise, no coverage bound until accepted and acknowledged by 21st Century General Agency, Inc.
2. In the event a risk is bound and a policy is not issued to close, premium will be charged pro rata for period binder was in effect, subject to \$50.00 minimum.

· **RATING CLASSIFICATION**

515A ENDORSEMENT - (Named Driver Exclusion) is required on each member, age 14 or older, of insured's household if not rated as a driver of insured vehicle(s). **EACH SPOUSE MUST BE RATED AND CANNOT BE EXCLUDED WITHOUT COMPANY APPROVAL. IF A SPOUSE IS ALLOWED TO BE EXCLUDED BOTH THE INSURED AND THE EXCLUDED SPOUSE MUST SIGN THE 515A.**

DRIVER CLASSES

Age	Male		Female	
	Married	Single	Married	Single
18 and Under	8MM	8SM	8MF	8SF
19 and 20	7MM	7SM	7MF	7SF
21 and 22	6MM	6SM	6MF	6SF
23 and 24	5MM	5SM	5MF	5SF
25 thru 29	4MM	4SM	4MF	4SF
30 thru 34	DMM	DSM	DMF	DSF
35 thru 39	EMM	ESM	EMF	ESF
40 thru 49	2MM	2SM	2MF	2SF
50 thru 59	1MM	1SM	1MF	1SF
60 thru 64	AMM	ASM	AMF	ASF
65 thru 69	BMM	BSM	BMF	BSF
70 thru 99	CMM	CSM	CMF	CSF

- **Married means residing with spouse.** If not residing with spouse, rate as single. Common law marriage rated as single unless documentation confirming length of common law marriage is provided with application.

* Use the Driver Class and point total of the driver producing the highest total premium. If two or more cars are insured, apply the highest class points total to the highest rated car.

* If one driver and two or more cars, rate the driver on the car producing the highest total premium and rate the other car(s) as 1MM or 1MF, whichever is applicable.

POINT SYSTEM

Based on the last 3 years of driving record of the applicant and each driver. List and total for each driver separately.

A charge will be made for all "At Fault" accidents and major violations. Other violations arising out of "At Fault" accidents or major violations will not be charged. In all other instances, multiple violations arising out of the same occurrence, shall be rated as 1 violation using the highest point charge applicable.

Example:	5/15/06 DWI		5/15/06 1 st Accident	
	5/15/06 Accident	> 8 pts.	5/15/06 Speeding	> 3 pts.
	5/16/06 DWI		5/18/06 Speeding	
	5/16/06 speeding	> 5 pts.	5/18/06 Ran Red Light	> 2 pts.

	CHARGEABLE POINTS	
MAJOR VIOLATIONS	<ul style="list-style-type: none"> • Any violation involving use or possession of alcohol or drugs, including refusal of breath test • Driving wrong way on one-way street, driving wrong side of road • Fleeing or attempting to elude police • Reckless driving • Speed Contest (racing), including excessive acceleration • Operating a vehicle without consent • Operating a vehicle while license suspended or without current license authority including No Drivers License (violation date prior to issue date of license) • Use of illegally obtained drivers license ***** <p>Operators charged with, whether or not convicted of, the following violations are not eligible for coverage:</p> <ul style="list-style-type: none"> * Negligent Homicide (not acceptable) * Felony (not acceptable) * Hit and Run or leaving or failure to stop at scene of accident (not acceptable) * Aggravated assault with motor vehicle (not acceptable) * Involuntary manslaughter (not acceptable) <p style="text-align: center;">*(See Mandated Coverage Rules)</p>	<p>5 each occurrence</p> <p>If accident & major violation arise out of same occurrence a charge will be made for both.</p>
VIOLATIONS OTHER THAN MAJOR OR MINOR	<ul style="list-style-type: none"> • Careless driving or negligent driving • Disregard traffic control officer & device • Failure to observe traffic lights, sign, RR crossing gate or any other traffic control device including failure to stop for a school bus • Improper passing • Violation of drivers license restriction 	2 each
MINOR VIOLATIONS	<ul style="list-style-type: none"> • All other moving violations, including non-restraint of a child. <p>Non-moving violations shall include (but not be limited to) helmet, sticker, equipment or no liability insurance violations. Speeding.</p>	0 each - 1st 2 occurrences 2 each occurrences in excess of 2
ACCIDENTS	<ul style="list-style-type: none"> • All considered at fault unless evidence of operator's noncontributory negligence furnished. Determination to be made by Company. All one vehicle accidents chargeable including hit and run. 	3 - 1st accident 4 - each additional accident - (submit if over 2)
OPERATOR OR MISCELLANEOUS CHARGES	<p>Unobtainable 3 year MVR - (exception for 1st time licensed with reasonable explanation)</p> <p>Drivers 15 to 23 years if age</p> <p>Drivers 24 years if age or older without a reasonable explanation</p>	0 points 2 points

CREDIT DISCOUNTS

Applicable to BODILY INJURY, PROPERTY DAMAGE, OTC & COLLISION. (NO DISCOUNTS FOR DRIVERS TRAINING OR DEFENSIVE DRIVING) Discounts will be added together before they are applied.

LIMITED ENDORSEMENT FORMS-The Insured has the option of having four endorsements attached to the Texas Personal Automobile Policy. Upon receipt of a signed request from the Insured, the company will reduce the premiums on Bodily Injury, Property Damage, Other Than Collision and Collision Coverages. This reduction in premiums will apply regardless of the Credit Discounts, including the Maximum Credit Discounts, which are allowed.

These Limited Endorsement forms may be attached to a 1-month term, 6-month term, and 12-month term policy.

When purchased, the Limited Endorsement forms are purchased as a group.

Endorsement #	Name of Endorsement
OACM.AuthDriv.003.a	Authorized Driver Endorsement
OACM.ContLiab.006	Contractual Liability Exclusion
OACM.MisrepFraud.009	Misrepresentation or Fraud Endorsement
OACM.CP.013a	Covered Person Endorsement

21st CENTURY DISCOUNT If continuously in force with 21st Century General Agency Inc. for six (6) months, and there have been no at fault accidents, a premium discount of 5% will be allowed.

PRIOR COVERAGE DISCOUNT is allowed on policies that have been in force for a minimum of a six (6) month term at anniversary date with no more than a total 30 days lapse. Copy of the prior declaration page MUST accompany application. NO EXCEPTIONS. A discount of 20% is allowed.

MULTICAR CREDIT DISCOUNT – (No prior coverage Discount allowed) If more than one (1) car is insured under the same policy and such vehicles are individually owned (husband and wife, resident in same household), a premium discount of 30% will be allowed on each automobile. **This discount is reduced to 28% when Prior Coverage Discount is allowed.**

HOMEOWNER DISCOUNT - A 5% discount will be applied if the Insured owns their own home. (Permanent dwelling, other than mobile or trailer). Proof of home ownership is required.

PREFERRED RISK DISCOUNT - A 13% discount for Liability and a 10% discount for physical damage will be applied if the insured meets the following qualifications:

1. Named Insured must be 25 to 69.
2. No driver on the policy has a major violation in the prior 3 years or requires an SR-22.

EFT PAYMENT/PAYMENT IN FULL DISCOUNT- A 3% will be allowed if the Insured authorizes the company to withdraw payments electronically (i.e. checking account or bank draft) or pays the term premium in full.

LIMITED ENDORSEMENT FORMS

15% PREMIUM REDUCTION

Only applicable upon the signed request of the Insured
Applicable to BODILY INJURY, PROPERTY DAMAGE, OTC & COLLISION
Applicable to 1-month term, 6-month term, and 12-month term policies.
Applicable regardless of Credit Discounts and the Maximum Credit Discounts allowed.

DETERMINATION OF TERRITORY

The zip code of the principal garaging location shall be used to determine the territory.

STUDENTS - vehicles operated by students who attend school away from home will be rated according to the territory rates of the school or the home, whichever is higher.

CUSTOM EQUIPMENT

All custom equipment for pickups, vans and utility vehicles must be on file with a specific value and serial number. A photo is required on each item. A 21st Century Customization Form must be completed and an additional premium must be paid. Deductibles shown on OTC and Collision coverages apply.
\$15.00 per \$100.00 of value

1 MONTH	0-5 Points			Over 5 Points		
	PIP	UM - BI	UM - PD	PIP	UM - BI	UM - PD
No Discount	30.00	15.00	8.00	69.00	19.00	19.00
With Renewal/Prior Cov. Discount	15.00	8.00	4.00	34.00	9.00	9.00
Multicar w/ Renewal/Prior Cov	13.00	6.00	3.00	29.00	8.00	8.00
Multicar w/out Renewal/Prior Coverage	25.00	13.00	7.00	57.00	16.00	16.00

6 MONTHS	0-5 Points			Over 5 Points		
	PIP	UM - BI	UM - PD	PIP	UM - BI	UM - PD
No Discount	180.00	90.00	48.00	413.00	113.00	113.00
With Renewal/Prior Cov. Discount	90.00	45.00	24.00	207.00	57.00	57.00
Multicar w/ Renewal/Prior Cov	75.00	38.00	20.00	174.00	48.00	48.00
Multicar w/out Renewal/Prior Coverage	150.00	75.00	41.00	342.00	93.00	93.00

12 MONTHS	0-5 Points			Over 5 Points		
	PIP	UM - BI	UM - PD	PIP	UM - BI	UM - PD
No Discount	360.00	180.00	96.00	825.00	225.00	225.00
With Renewal/Prior Cov. Discount	180.00	90.00	48.00	413.00	113.00	113.00
Multicar w/ Renewal/Prior Cov	152.00	75.00	41.00	347.00	95.00	95.00
Multicar w/out Renewal/Prior Coverage	299.00	150.00	80.00	686.00	188.00	199.00

Uninsured Underinsured Motorist Increased Limits Factor-applies to above premiums.

Limits: Bodily Injury Factor
\$30,000 / \$60,000 1.05

Note: UM/UIM - PD not available without UM/UIM - BI. Refer to Mandated Coverage Rule.

MISCELLANEOUS COVERAGES - Available on vehicles with Physical Damage Coverage.

TOWING & LABOR (524A), \$40.00 per disablement \$ 10.00 \$ 20.00
RENTAL REIMBURSEMENT (523C) \$25/day, \$750 max. \$ 20.00 \$ 40.00
(Rental and Towing must be sold together)

CUSTOM EQUIPMENT

\$ 15.00 per \$100.00 of value

All custom equipment for pickups, vans and utility vehicles must be on file with a specific value and serial number. A photo is required on each item. Company Customization Form must be completed and an additional premium must be paid. Deductibles shown on OTC and Collision coverages apply.

***MEXICO COVERAGE-LIMITED**

Endorsement 551, Mexico Coverage-Limited, will be added to each policy.

. POLICY FEE - Fully earned, regardless of term.	<u>1 Month</u>	<u>6 Month</u>	<u>12 Month</u>
	\$10.00	\$60.00	\$115.00
If SR22 required -	Not Available	\$80.00	\$130.00

* **BILLING INSTALLMENT FEE** A minimum of \$3.00 per month, increased by \$.50 for each \$250.00 or fraction thereof by which the new and renewal premium plus policy fee total exceeds \$500.00. The installment fee is based upon the new or renewal policy premium and is not adjusted in the event of a premium bearing endorsement to the insurance policy.

* **REINSTATEMENT FEE** **\$6.00 per reinstatement Fully earned fee charged when a notice of cancellation has been issued, but is not yet effective**, and funds and/or requested information or item(s) are received prior to the effective date of cancellation, resulting in no lapse in coverage. This fee does not apply to 1 month policies. All reinstatements must be approved by the company.

. **NOTICE**

Since it is not possible to make rules to cover every situation, final decisions with respect to acceptance of risk, underwriting, rates, etc., are reserved to the Company.