



**LONESTAR MANAGING GENERAL
AGENCY, INC.
MAVERICK PRIVATE
PASSENGER AUTO
UNDERWRITING GUIDE**

**UNDERWRITTEN BY:
OLD AMERICAN COUNTY MUTUAL
FIRE INSURANCE COMPANY**

**EFFECTIVE DATE: NEW BUSINESS MAY 07, 2012
RENEWALS JUNE 07, 2012**

Section I: General Information

I.1 Policy Term:

All Policy Terms are Semi-Annual (6-months) or Monthly. Lonestar MGA will not accept premium for greater than 6 months.

I.2 Binding and Coverage Effective Dates:

Applications for coverage must be consistent with the written program guidelines and the producer agreement, completed in their entirety, and signed by both the applicant and the producer. All business will be produced utilizing the Lonestar MGA point of sale application process. Policy issuance is automatic. The application, ID cards, receipt, named driver exclusions (515a), fax cover page, inspection form and policy declaration page are all produced at the point of sale. The policy effective date and time is controlled by the PTS software system and reflects when payment was made by the customer.

All applications must be faxed to the underwriting fax number of **877-428-8468**. The fax cover page will list all documents that should be included with your fax. All Undisclosed driver information reports are obtained and produced thru the Lonestar MGA system. There will be multiple excluded drivers per exclusion and the **named insured** must sign each exclusion form. Not at-fault accident verification must be submitted with the original application for credit to apply. If not available when the original application is taken, calculate the rate with the accident and collect initial premium based upon that rate. Not at-fault accident reports may be provided within 30 days for credit to apply at the inception date.

I.3 Named Insured - Who Can Be a Named Insured:

ONLY those listed below can be listed as the named insured:

- An individual
- A husband and wife provided they are both residents of the same household.
- A parent and child provided that the vehicle is titled in the child's name and the parent and child are both resident of the same household.

Two unrelated individuals, regardless of their relationship or whose name is listed on the title can NOT be listed on the policy as the named insured.

Two related individuals, who do not meet the requirements listed above can NOT be listed on the policy as the named insured.

If the named insured is under 18 years of age, the application must be signed by both the named insured and a parent or guardian.

I.4 Policy Fee:

The policy fee applies to all policies. This fee is fully earned at inception, but will be split among the down payment and 5 monthly installments for semi annual policy terms. This fee applies to all New Business policies and succeeding renewals.

Semi-Annual -	\$72.00
Monthly -	\$12.00

I.5 Theft Prevention Fee:

A fee must be paid to the Automotive Theft Prevention Fund, this fee is fully earned. Semi-Annual policies include \$1.00 per vehicle with each new and renewal policy issued. Monthly Policies include a \$0.17 per vehicle with each new and renewal policy issued.

I.6 Payment Options:

Submit total down payment, including appropriate percentage of the policy fee and 100% of all other applicable fees. Premium financed policies are not offered.

Policy Term	Down payment %	# of payments	1st bill due	Subsequent bills
Monthly	100%	N/A	N/A	N/A
Semi-Annual	17%	5	20	30
Semi-Annual	100%	N/A	N/A	N/A

I.7 Billing Service Charge Schedule:

All Installment invoices for semi-annual policy terms will include a \$3.00 Installment Charge.

I.8 Renewal Procedures:

Renewal policies will be mailed directly to insured. First installment will be due 10 days prior to the renewal date for all semi-annual policy terms. Monthly policy renewals will be due on the expiration date. Failure to pay by the expiration date may result in a lapse in coverage and be subject to our re-instatement procedures.

MAKE CHECKS PAYABLE TO LONESTAR MGA

A \$25.00 FEE WILL BE CHARGED FOR ANY INSURED'S CHECK RETURNED NSF.

RECEIPT OF PREMIUM BY THE PRODUCER DOES NOT CONSTITUTE RECEIPT BY THE COMPANY

I.9 Late Fee:

A \$7.00 Late Fee will be charged if payment is made after the due date.

I.10 Reinstatement Guidelines:

Policies may be reinstated with a lapse in coverage for up to 30 days after cancellation if cancelled for non-payment of premium.

I.11 Endorsements - Endorsement Processing Guidelines:**ENDORSEMENTS MUST BE PROCESSED THROUGH PTS**

Policy changes requests should be processed thru Lonestar MGA Policy Tracking System (PTS) when possible. Inspection forms and photos are required on any coverage other than Liability, PIP, and Med Pay. E & O Carriers recommend agents obtain a signed request for any policy change. It is not necessary to mail a copy of the signed request to Lonestar MGA, just scan to the system.

We will require:

- Confirmation that Inspection Form and Photos have been completed if applicable
- Policies must be in force (expiration date in the future) for Lonestar MGA Insurance to process the endorsement.

PTS will provide you with:

- A printed confirmation that should be scanned to the system.
- Amount of down payment required, which should be collected from the insured at the time of endorsement.
- New Installment Amount for Semi-Annual policies.
- A new Declaration page and ID Card will be printed for the Insured.

Endorsement effective date will be 12:01 a.m. the date following receipt by Lonestar MGA Insurance. However, where applicable the company will consider any properly documented loss as a covered loss if it occurs between the date and time the endorsement is processed in the PTS and 12:01 a.m. the following date.

Lonestar MGA Insurance will require a signed request for the following types of changes:

- Deletion of UM/UIM or PIP (signed rejection required)
- Exclude driver (signed 515A Exclusion Endorsement required)
- Insured Request Cancellation
- Any reduction or removal of coverage, vehicle or driver
- Any endorsement adding premium

NOTE: Down Payment required on all additional premium endorsements.

ENDORSEMENT REQUESTS NOT PROCESSED THROUGH PTS (Extreme and Unusual Circumstances)

Circumstances when you cannot process endorsements through PTS are extremely rare and unusual. If, however, you are unable to process the endorsement request thru the PTS, fax the request immediately to Lonestar, using a Lonestar MGA Auto Insurance [Endorsement Request Form](#). Include the policy number and signatures of both the agent and the insured. Mail the original including any down payment, inspection form and photos required.

NOTE: Down Payment required on all additional premium endorsements.

Endorsements adding Coverage

New photos/inspections will be required if any of the following coverage's are added to an existing vehicle regardless of if photos/inspections were previously provided for the vehicle or not:

- OTC/Coll Coverage
- Vehicle deleted in their entirety and then added back with coverage other than BI/PD Only.
- Special Equipment

We do not require new photos/inspections for endorsements changing the following coverages:

- Add rental reimbursement or towing and labor coverage's
- Decrease the deductible to OTC/Coll

Driver class changes:

Only allowable at renewal, unless adding/changing/removing drivers from the existing policy.

Vehicle Changes:

All replacement and additional vehicles require company notification within 30 days of acquisition.

ENDORSEMENT DOWN PAYMENT REQUIREMENTS:

NOTE: Down Payment required on all additional premium endorsements.

Semi-Annual - Collect a minimum of 20% of the difference between the 6-month premium before the change and the new 6-month premium. Use the following example to determine amount of down payment required. Any installment due should also be collected at this time. If the insured pays the down payment for the endorsement, yet fails to pay the current installment that has been billed, the policy may remain canceled for non-payment.

Semi-Annual Example: Policy current total premium is \$550.00, add vehicle during the 3rd month of the policy term. Rating the new vehicle alone you get a 6-month premium of \$500.00. 20% of \$500.00 = \$100.00 down. The pro-rata additional premium will be \$250.00 but the \$100.00 down payment is required to cover one month additional premium and ensure that your insured receives a bill with enough notice to make payment before the policy cancels. If you are unsure how to compute the additional down payment, you may collect a flat \$50.00 when adding a vehicle for liability only and \$100.00 when adding a vehicle if physical damage is included.

Monthly – 100% of the premium increase must be collected at the time the endorsement is processed.

Return premium endorsements require no down payment.

The credit will be applied reducing one or all of the future installments. If the endorsement is not being phoned in, advise the insured to make any payments as billed. Pending return premium endorsements do not take the place of any installment amount billed for.

I.12 NSF Check Policy:

If an insured's check is returned by the bank or other financial institution for payment the policy will return to its prepayment status and a \$25 NSF Fee will be applied to the policy.

I.13 Severe Weather Restrictions:

All binding authority is suspended in areas where the National Weather Service has issued a hurricane, flood, tropical storm, and/or tornado "watch" or "warning" and is within one hundred (100) miles of the location of the proposed risk there may be no increased exposure. No new policy or coverage may be bound. No endorsement of existing policies may be requested which will have the effect of increasing the MGA's exposure. Renewals of the MGA's expiring policies may be written in the normal manner providing there is no increase in exposure to the MGA.

Applications with an effective date/postmark combination, which would violate the prohibitions listed above, will be rejected and no coverage will exist. New Business and Endorsement acceptance procedures will resume forty-eight (48) hours after the "watch" or "warning" has been lifted by the National Weather Service. Each auto must be inspected by the agent to determine pre-existing damage.

I.14 SR-22 Filings:

SR-22-FILINGS-FINANCIAL RESPONSIBILITY FILING - Endorsement #571

A \$5.00 SERVICE FEE FOR PROCESSING WILL BE CHARGED TO THE POLICY WITH AN SR-22 FILING, THAT IS FULLY EARNED. This charge will continue on each succeeding renewal until the filing is no longer required.

**SR-22 filings will be made for the Named Insured and spouse only.* Other included drivers requiring an SR-22 must obtain their own insurance policy. A Non-Owner policy may be written for a driver requiring an SR-22 filing who does not own a vehicle. The reason the SR-22 is required must be included in order for us to make the filing. The reason can be found on the Suspension Letter from the Texas Department of Public Safety. You may attach a copy of the suspension letter. An SR-22 filing will not be made unless the reason is included. If the SR-22 is not filed for any reason, the filing fee will be refunded.

SR-22a - Effective 1/1/98 an SR-22a may be required by the DPS in cases involving a judgment against a driver as a result of an at-fault accident and will not be done.

* *There may be a \$100.00 reinstatement fee required by DPS in addition to Lonestar MGA's fee. The state's fee should NOT be sent to Lonestar MGA, but forwarded on to The Texas Department of Public Safety along with the driver's license number. If the state-filing fee is included with payment to Lonestar MGA, it will be applied toward the insured's balance and the agent will have to collect an additional \$100.00 Filing Fee for the DPS.*

When required, the State's filing fee should be sent with reference to the driver's name and driver's license number to the following address:

**Texas Department of Public Safety:
Safety Responsibility Bureau
5805 N. Lamar
Austin, TX 78752
Phone: (512) 424-2600.**

I.15 Cancellations:

All cancellations will be computed on a pro-rata basis.

Policies cancelled for underwriting reasons during the first 60 days of the policy period may be considered for reinstatement upon receipt of required information prior to the final cancellation date and if there is no premium due at the time of reinstatement.

Policies may be cancelled for non-payment of premium at any time during the policy period provided that the MGA give 10 days written notice prior to the cancellation date.

Policies cancelled at the insured's request must be made in writing to Lonestar Managing General Agency, Inc. and include the insured's signature or the insured may return their policy to the MGA. The cancellation date will be no earlier than 12:01 a.m. of the day following the date the request was faxed or mailed, as evidenced by the U.S. Postal Service postmark.

In case of the insured's death, either the spouse or power of attorney may request cancellation. A copy of the death certificate must accompany the request.

I.16 Retention of risk:

Lonestar MGA may use MVRs, CLUE, A-Plus, Household Driver and DMV (title) reports to determine if any risk is properly rated. Rates may be adjusted, driver exclusions requested, or policy cancelled, as needed, based upon information received via these reports.

THIS MANUAL MAY NOT ADDRESS EVERY ASPECT THAT MIGHT AFFECT THE ACCEPTANCE OF A PARTICULAR VEHICLE OR DRIVER. FOR THIS REASON THE MGA MUST REMAIN THE FINAL AUTHORITY IN THE ACCEPTANCE OR CONTINUATION OF ANY RISK.

I.17 Endorsements to the Texas Standard Personal Auto Policy

The Following Endorsements shall apply all policies written in the Lonestar MGA Maverick Program. All endorsements must be explained to all customers and acknowledged on

- OACM.PhysDam.001
 - The Company will pay the cost to restore your covered auto to its pre-loss condition. The amount we pay may be based upon the cost of the aftermarket or recycled use parts, at the Company's option. If you choose a more expensive part, you may be responsible for the difference in cost.
 - There is no coverage under Part D – Coverage for Damage to Your Auto, for any equipment on or in your covered auto that was not installed at the factory unless coverage is shown for the equipment in the Declarations Page.
 - If repair or replacement of your covered auto or part of your covered auto results in betterment of the vehicle or the part, **you will be required to pay the difference** in order to get your auto repaired or replaced.
- OACM.AuthDriv.003a
 - Coverage for Part D – Coverage for Damage to Your Auto is only provided if your covered auto is being operated or otherwise controlled by you or another person listed on the Declarations Page. No coverage is afforded if you loan your car to someone else or if you fail to tell us about people who have access to and operate the vehicle. **You must notify us of any and all drivers for coverage to exist under Part D – Coverage for Damage to Your Auto.**
- OACM.Storage.004
 - In the event that your covered auto requires storage following an accident, you must authorize us to have it moved to a facility of our choice at our expense.
- OACM.DelFee.005
 - The policy no longer provides coverage for liability or physical damage if your covered auto or any auto that you are operating is being used to carry, transport or deliver people, property or goods for a fee. This includes, among other things, delivering food, newspapers or flowers. **If you engage in the activity of carrying, transporting or delivering items or people in exchange for compensation, you must disclose this on your application for insurance.**
- OACM.ContLiab.006
 - There is no coverage under Part A – Liability Coverage where liability for the loss is imputed or assumed solely because you signed a contract that references your automobile liability policy. If you rent an auto, you should notify the rental company of this change to your policy, as there may be optional coverage that you can purchase from such a company.
- OACM.AutoTerm.007
 - If someone other than you and your family member becomes the owner of the auto, then coverage for that auto will automatically terminate at the time possession, title or right of control is passed on to the new owner.

- OACM.CP.013c
 - Liability coverage is only provided for you, your family members, and other residents of your household who are listed on the Declarations Page or other people using your covered auto with your express or implied permission.
Coverage under Part A – Liability Coverage will not be provided if any unlisted family member or resident is operating the auto.
- OACM.OutOfState.016
 - If you are involved in an accident in a state or providence that has compulsory insurance laws for non-residents, we will honor that province or state's requirements as to liability coverage. However, we will not automatically provide first party coverage or increased limits for first party coverage in states that have no-fault or similar insurance laws.

Section 2: Claims

Please encourage your insured to report their claims by calling the below numbers. Reporting directly not only helps speed up the claims handling process but information is more accurate when communicated directly by the insured, claimant, or attorney. This number is on the I.D. card, no accord loss notice is required.

Dallas Phone	(214) 570-8538
Fax	(877) 428-8810
Toll Free	(877) 428-8466

Section 3: Coverages

3.1 LIABILITY:

Limits:	Bodily Injury	\$30,000/\$60,000
	Property Damage	\$25,000

INSPECTION AND PHOTOGRAPHS REQUIRED FOR ALL COVERAGE
EXCEPTION: LIABILITY, PIP AND MED PAY.

3.2 COLLISION AND OTHER THAN COLLISION:

1. Use standard industry symbols for all vehicles. Contact the Underwriting Department for vehicles not assigned a symbol.
2. Completed vehicle inspection form and photos must accompany the application.
3. Must be written together.
4. NO Collision and OTC Coverage may be written without Liability.
5. Permissible deductible combinations listed below:

	<i>1</i>	<i>2</i>	<i>3</i>
<i>OTC</i>	\$250	\$500	\$1000
<i>COLLISION</i>	\$250	\$500	\$1000

3.3 PERSONAL INJURY PROTECTION:

Limit: \$2,560 Coverage per person

Personal Injury Protection will be written on all autos covered for liability unless rejected in writing by the named insured. If elected, PIP must be included on all covered autos.

3.4 MEDICAL PAYMENTS:

Limit: \$500 Coverage per person

Medical Payments coverage may only be written on vehicles covered for liability, and only if PIP has been rejected.

3.5 UNINSURED/UNDERINSURED MOTORISTS:

UM/UIM will be written on all autos covered for liability unless rejected in writing by the insured. If elected, UM/UIM must be included on all vehicles on the policy. Vehicle inspection form and photos required on all vehicles with Uninsured/Underinsured Motorist Property Damage coverage. Limits for UM/UIM are identical to primary liability limits.

Limits:	Bodily Injury	\$30,000/\$60,000
	Property Damage	\$25,000

3.6 RENTAL REIMBURSEMENT:

Endorsement #523c (\$20 per day, \$600 maximum). Rental Reimbursement only written on vehicles covered for Collision and Other than Collision coverage.

3.7 TOWING AND LABOR:

Endorsement #524a (\$40.00 per disablement, maximum \$120 for 6 month policy)

3.8 ADDITIONAL EQUIPMENT

Inspection form required - to afford coverage for any modifications to the vehicle, or any equipment, which is not standard on the make and model vehicle scheduled, it must be described on the inspection report and premium paid for the coverage. (Replacement of factory-installed equipment with a higher valued item must also be scheduled). Additional Equipment only written on vehicles covered for Collision and Other than Collision coverage, and with the proper premium charge.

Equipment includes any custom equipment, non-factory installed, which modifies the vehicle's appearance or performance, including but not limited to:

Radio, Glass or chrome, Chrome, alloy or mag wheels, T-Tops/Campers or toppers, Custom bodywork, Custom paint, Custom/wide tread tires Custom engine work/parts, Custom interior work (carpeting, seat covers, paneling, furniture, appliances, including van conversions).

Rate Calculation, Semi Annual Policies:

- (a) Total Custom equipment value multiplied by 15% = Premium.
- (b) Minimum premium for special equipment is \$100.00.
- (c) Maximum total value eligible for coverage \$3,000.00.

3.9 MEXICO COVERAGE:

Endorsement 551 (limited) is not offered. Endorsement 550a Broad Form is available for \$12.00 per vehicle for 6 months. This coverage is for infrequent trips to Mexico no more than 25 miles from the boarder.

Coverage	Limits
Liability	Bodily Injury 30,000/60,000 Property Damage 25,000
Collision and Other Than Collision	Deductibles \$250, \$500, \$1000
Personal Injury Protection	\$2,500 per person
Medical Payments	\$500 per person <i>(Only available if PIP has been rejected.)</i>
Uninsured Motorist	Bodily Injury 30,000/60,000 Property Damage 25,000
Rental Reimbursement	\$20 per day / \$600 Maximum <i>Collision and OTC required for Rental Reimbursement Coverage.</i>
Towing and Labor	\$40 per disablement, \$120 Maximum per 6 month policy term
Additional Equipment	Maximum Coverage \$3000 <i>Collision and OTC required for additional equipment coverage.</i>
Mexico Coverage	550a Broad Form

Section 4: Underwriting Rules

4.1 Eligibility:

- Private passenger automobiles;
- Utility vehicles (including pickup trucks, vans and SUVs) not exceeding 1 ton load capacity, not exceeding 10,000 lbs. in Gross Vehicle Weight (GVW) and owned or leased by an individual.

4.2 No US Drivers License - Foreign Drivers License - Acceptability Rules

Drivers without a valid US Drivers' License are UNACCEPTABLE UNLESS they provide proof of acceptability as described in "ACCEPTABLE PROOF".

Unacceptable Drivers' License status includes, but is not limited to:

1. Revoked
2. Suspended (Unless Lonestar is filing an SR22)
3. Expired
4. No current license including those listed above.
5. Never licensed

ACCEPTABLE PROOF

Any Driver Without a Valid US Drivers' License must provide one of the following:

1. US Documentation:
 - a. A valid military I.D. and the expired Drivers' License.
 - b. An 'Expired' Texas Drivers' License with no points, accidents, or other violations, and the driver can no longer renew their Drivers' License due to no Social Security Number.
 - c. Suspended or Revoked Licenses are NOT acceptable.
2. Foreign Documentation:
 - a. Drivers' License
 - i. Foreign or international Drivers' License,
 - ii. An 'Expired' Texas Drivers' License with no points, accidents, or other violations, and the driver can no longer renew their Drivers' License due to no Social Security Number. Suspended or Revoked Licenses are NOT acceptable.
 - b. Other Forms Of Identification
 - i. Matricula,
 - ii. Non-US Photo Voter Registration Card from North, Central, or South America ,
 - iii. Passport from North, Central, or South America.

Similar forms of I.D. from other countries will NOT be accepted.

4.3 Unacceptable Risks:

Unacceptable Operator Profile

1. Any driver without a current valid Drivers' License who does not meet the requirements listed under "No US Drivers License - Foreign Drivers License - Acceptability Rules". A revoked, suspended or expired Drivers' License is NOT a valid Drivers' License.
2. Drivers with more than 16 points of surcharge in the past three years.
3. Drivers under the age of 21 with more than 8 points of surcharge in the past three years.
4. Any driver with three or more accidents during the past three years regardless of fault.
5. Drivers with more than one accident in the past 12 months.
6. Drivers with more than 2 DUI/DWI convictions in the past 5 years.
7. Drivers with one DUI/DWI conviction associated with an at fault accident.
8. Any driver using the vehicle for delivery in the course of employment, such as courier services, pizza delivery, etc.
9. Entertainers or celebrities.
10. Applicants who live in Mexico.
11. Transient workers who do not live and work in one area in Texas.
12. Persons engaged in illegal activities, including drug related.
13. Mentally impaired drivers, if the disability affects the ability to operate a motor vehicle.

14. Physically impaired drivers, if the disability affects the ability to operate a motor vehicle. If the car is equipped to offset impairment the special equipment required must be described.
15. Drivers over age 80 for new business.
16. Drivers with adverse prior claims history.
17. Military Personnel with a ranking of E3 or below.
18. Temporary residents.

Unacceptable Vehicle Profile

1. Any vehicle over 30 years old, antiques, obsolete models, rare and gray market vehicles.
2. Vehicles garaged outside Texas, including vehicles used by students attending school outside Texas.
3. Any risk where the number of vehicles is exceeds the number of rated drivers by more than one. (Example: A policy with 2 drivers may have no more than 3 vehicles).
4. Vehicles used in speed contest or racing, altered or "Hot Rod" vehicles.
5. Police or emergency vehicles.
6. Vehicles used for deliveries, for example: Courier services, pizza delivery, etc.
7. Vehicles used for public livery, for example: Taxis, Limousines, etc.
8. Suzuki Samurai, Dune Buggies, or similar off-road vehicles.
9. Jeep CJ5 or CJ7 models prior to 1987.
10. Vehicles owned or leased by a corporation or partnership engaged in the practice of medicine or law, or engaged in providing professional architecture or engineering services.
11. Vehicles used in the business of a trucker.
12. Vehicles used in business except Artisan Use as described under Business Use.
13. Vehicles owned or leased by a corporation or partnership.
14. Vehicles not titled to or not in the process of being titled to the named insured (or spouse)
15. Any vehicle that has a TV screen or computer monitor visible to the driver. (This does not include navigation systems that come as standard equipment from the factory on certain cars.)
16. Vehicles not leased or owned by (titled to) the named insured or vehicles rented to others.
17. Parade or show cars; altered vehicles (we will allow alterations in case of physical handicap); kit cars; RV or RV equipped vehicles; wreckers; tow trucks; buses; step vans; flat beds; dump trucks; or vehicles with a load capacity 1 ton or greater.
18. Classic Autos: A classic auto is an auto over 10 years old and which because of limited production or exceptionally fine workmanship, is a rarity or of historic interest.
19. Replica autos
20. Vehicles with fiberglass or stainless steel bodies.
21. Vehicles used to carry explosive or flammable materials.
22. Mobile homes, trailers, motor homes, or any vehicle used as a primary residence.
23. Conversion vans or conversion trucks.

Vehicles Unacceptable for Physical Damage Coverage

1. Vehicles over 12 model years old. Any exceptions must be approved in advance by faxing an inspection report and photos, for underwriting approval prior to taking an application.
2. Special vehicles with Indianapolis 500 pace car insignia.
3. Private passenger automobiles valued with a symbol over 18 (21 for 2011 and later models).
4. Vehicles with a value over \$40,000.
5. Vehicles with existing damage unless prior underwriting approval is obtained, by submitting an inspection report and photos prior to taking an application.
6. ANY VEHICLE LISTED IN THE FOLLOWING TABLE:

Alfa Romero	Dodge Viper	Lotus
Audi 4000	Ferrari	Maserati
Audi 5000	Fiat	Mercedes
Audi Quattro	Ford Shelby/Cobra	Mitsubishi 3000 GT
BMW	Hummer	Pantera
Buick Reatta	Infiniti Q45	Peugot

Cadillac Escalade, XLR	Jaguar	Plymouth
Chrysler Prowler	Lexus	Porsche
Corvette	Lincoln Aviator	Prowler
Delorean	Lincoln Blackwood	Sterling
Dodge Stealth	Lincoln Navigator	Yugo

Miscellaneous Unacceptable Risks

1. Risks with Material Misrepresentation on the application.
2. Applications where all pertinent rating information is not available prior to binding coverage. This information would include but is not limited to the following; Drivers License Numbers, VIN's, Garaging Location, Operator Date of Birth.

MAXIMUM VALUE For Physical Damage Coverage On Any Vehicles Is \$40,000.

NOTE: If a change during the policy period results in a risk that would otherwise not have been eligible for coverage, refer to the company for applicable rate. The policy will be up-rated and non-renewed.

4.4 Inspections:

NOTE: Inspections are required on the following coverages:

Collision, Other Than Collision and UMPD.

MANDATORY VEHICLE INSPECTION REQUIREMENTS -

1. Producer will inspect each vehicle and complete an inspection form. Two photos are required as indicated on the inspection form.
2. Inspection form must be signed by both the insured and the producer.
3. Inspection form becomes part of the application and must be submitted with the original application.
4. Do not include physical damage coverage on any vehicle until inspection, with photos, is completed.
5. Vehicle inspection form will be waived if a current bill of sale (within 10 days of effective date) is provided. Must be from a national reputable car dealership.

DISCOUNTS

MAXIMUM TOTAL DISCOUNT: - 40%

Maximum discount for each coverage on each vehicle is 40%. The following discounts apply to BI, PD, OTC and COLL only.

1. Multi-Car Discount – 20%

A 20% Discount will be applied to each vehicle of a multi-car risk.

2. Home Owners Discount – 5%

Applies to owner occupied homes, condominiums, townhouse or mobile homes. Evidence of ownership includes one of the following:

- Mortgage Payment Booklet or Statement
- Copy of Homeowner or Dwelling Policy Declaration Page
- Tax Statement
- Deed of Trust

The address of any proof must match the Policy address and the named insured or spouse must be listed. The discount will still apply if the spouse is excluded.

3. Prior Coverage Discount and Renewal Discount

Prior Insurance Discount – 10%

Applies to all new policies, when the applicant was previously insured for at least six (6) months with no more than a thirty (30) days lapse in coverage. The Prior Coverage Discount may NOT be applied at the point of sale unless acceptable proof of prior coverage will accompany the original application. If proof of prior coverage is to be submitted at a later date the premium or down payment amount collected at point of sale must NOT be discounted.

Proof of Prior Coverage may be one of the following items and should be Independently verified by the producing agent:

- Declarations Page
- Renewal Declaration or Certificate
- Renewal Offer or Non-Renewal Notice
- Liability Insurance Card (with agent verification), written in USA.

Renewal Discount – 5% per 6 month Term

A 5% renewal discount will apply after each 6 month policy term with Lonestar MGA during which no claims or chargeable accidents occur, until the maximum allowable combination of Prior Coverage and renewal discounts of 30%.

MAXIMUM Prior + Renewal Combined Discount - 30%

The discount cannot exceed 30% for the combination of prior insurance and renewal.

4. PAID IN FULL DISCOUNT – 5% (Applies to 6 Month Term only)

A paid in full discount will apply only if all of the required premium and fees are collected at the inception of the policy.

General Surcharges

BUSINESS USE – 20%

Apply the Business Use surcharge to BI, PD, OTC and Collision for:

1. Private passenger automobiles used in business;
2. Utility vehicles owned or leased by an individual and engaged in Artisan Use.

Artisan Use is defined as ONE utility vehicle used by the insured for business as a contractor or artisan to transport tools and supplies incidental to the insured's trade or business. The vehicle is eligible for coverage, provided the vehicle is used in a construction or contractor's related trade listed below:

- Carpentry Heating and Air Conditioning
- Electricians and Electrical Contracting
- Plaster/Drywall
- Masonry,
- Tile & Marble work,
- Plumbing,
- Floor Laying,
- Glasswork,
- Landscaping

Trades NOT eligible include:

- Pest Control
- Roofing
- Painting

Multiple Artisan Use vehicles are not eligible.

Vehicles not eligible for the Business Use Surcharges include:

1. Vehicles with advertisements or logos
2. Vehicles that go outside of a 75 mile radius
3. Vehicles used in the delivery or pick-up of goods or persons for hire.

DRIVING RECORD CHARGES**1. MAJOR VIOLATIONS - 5 POINTS (Applies to BI, PD, OTC and Collision)**

- (a) DWI, DUI, Education program required, or failure to undergo testing under implied consent law.
- (b) Speed contest or racing.
- (c) Fleeing from or attempting to elude a police officer.
- (d) Leaving scene of accident, hit and run, or failure to stop and give information.
- (e) Reckless driving, or similar charge.
- (f) Negligent homicide or any felony conviction arising out of the operation of a motor vehicle
- (g) Driving while unlicensed or while license is suspended or revoked.

2. INTERMEDIATE VIOLATIONS & ACCIDENTS - 3 POINTS**(Applies to BI, PD, OTC and Collision)**

- (a) Accident; single car accidents will be considered at fault. Other accidents will be considered chargeable unless proof is submitted with the application indicating that the insured was not at fault. Contributory notations on the police report will be considered at fault. POINTS ARE ADDED TOGETHER FOR BOTH A CHARGEABLE ACCIDENT AND ANY OTHER VIOLATION OCCURRING ON THE SAME DATE.
- (b) Failure to yield to an emergency vehicle.
- (c) Driving too fast for conditions, excessive acceleration, and failure to control speed or vehicle.
- (d) Driving on wrong side of road, driving wrong way, or driving on the sidewalk.
- (e) Failure to stop or remain stopped for a school bus.
- (f) Displaying altered driver's license, or unlawful use of driver's license.
- (g) Consumed alcohol while driving.
- (h) Following too close.

3. MINOR MOVING VIOLATIONS - 1 POINT first violation, 2 POINTS each additional**(Applies to BI, PD, OTC and Collision)**

- (a) Speeding.
- (b) Disregarding any stop sign, red light, or any official traffic control device.
- (c) Failure to yield right of way.
- (d) Unsafe lane change.
- (e) Illegal or Improper turn or backing.

4. MINOR NON-MOVING VIOLATIONS - 1 POINT (Applies to BI, PD, OTC and Collision)

- (a) Expired license or failure to display license.
- (b) No seat belt.
- (c) Violated DL Restriction.
- (d) Failure to use turn signal.

5. UNVERIFIABLE MVR/RECORD - 5 POINTS (Applies to BI, PD, OTC and Collision)

Surcharge any driver for whom a 3-year MVR is unobtainable or who has been licensed less than 2 years UNLESS proof of completion of driver's training/education course is provided.

6. OUT OF STATE DRIVERS LICENSE - 0 POINTS (Applies to BI, PD, OTC and Collision)

New Texas residents must secure a Texas driver's license within 30 days. Military Personnel are not required to obtain a Texas Drivers License.

7. FOREIGN OR INTERNATIONAL DRIVERS LICENSE - 2 POINTS (Applies to BI, PD, OTC and Collision)

A 2 point surcharge will apply to operators who have a foreign or international driver's license. The surcharge may only be removed if, within 60 days of the policies effective date, a valid Texas Driver's license is obtained and we receive notification of a valid driver's license number.

8. NO SURCHARGE FOR THE FOLLOWING

- (a) No motor vehicle inspection sticker.
- (b) Defective equipment.
- (c) Citation for no evidence of liability insurance.

ANY ACCIDENT OR VIOLATION NOT LISTED, CALL FOR CLARIFICATION

Rate Classes

Single - Any persons who does not meet the "Married" qualification listed below. This includes married persons who do not live together in the same household and residence.

Married - Must live in the same household and residence with an opposite gender spouse with whom they share a legal marriage certificate.

Driver Assignment

- Point surcharge is determined by using the driving record of individual drivers for 35 months preceding the policy effective date.
- The highest rated operator is assigned to the highest rated vehicle.
- More autos than operators-the unassigned vehicle may be written at the unassigned driver class factor with zero points.
- All policies will be issued at the correct rates based on information from the application and underwriting investigation.

Driver Exclusions

All persons in the insured's household age 14 or older must be listed on the application. All drivers MUST be properly licensed; otherwise, those persons must be excluded with endorsement #515A. If a Business Use surcharge applies, any employee of the insured must be listed on the application and be properly licensed; otherwise, employees must be excluded with endorsement #515A. The named insured may not be excluded, except with the approval of underwriting prior to submitting the application. All married insured's must give driver information for the spouse in the drivers section of the application, or exclude the spouse with a signed endorsement #515A.

Territories

Territories are defined by ZIP code and County. Use the ZIP code and county for the location where the vehicle is principally garaged.

Model Year

The Model Year of the auto is the year assigned by the manufacturer.

Symbols

Use standard industry symbols for rating all vehicles. Contact the Underwriting Department for vehicles not assigned a symbol in PTS. Maximum Acceptable Cost New is \$35,000.

Cancellations

All cancellations will be processed on a Pro-rata basis.