



HALLMARK

SPECIALTY PERSONAL LINES

Arizona

- | New Business: 1/19/15
- | Monthly Renewals: 2/18/15
- | Term Renewals: 3/20/2015

Personal Auto Program

- | Hallmark 123
 - | 1, 2 & 3 Month Terms
- | Hallmark 612 Month
 - | 6 Month Terms
 - | 12 Month Terms available for Paid-In-Full only



ELIGIBLE VEHICLES

Private passenger automobiles including cars, vans, pickup trucks and utility vehicles; not exceeding 1 ton load capacity are eligible for coverage. Vehicles must be owned or leased by an individual and may not be used for commercial purposes.

BINDING AND EFFECTIVE DATES

Producer must be properly appointed and issued a producer number prior to binding any policies. Applications for coverage must be consistent with the written program guidelines and producer agreement. The down payment or full premium must accompany the application or endorsement. Applications and endorsements processed through the Point Of Sale System ("POS") will be bound effective the date and time assigned by the system. All other applications and endorsements will be bound no earlier than the date and time the application is signed by the applicant and agent, provided the envelope containing the fully completed application along with all required documentation is postmarked within 48 hours from binding. If coverage is not bound as indicated, the effective date and time of coverage will begin no earlier than 12:01A.M. the day following the postmark. The postmark used is the U.S. Postal Service Postmark (a company postage machine meter mark is not considered U.S. Postmark).

Applications will not be accepted with a future effective date exceeding sixty days from the current date. Applications or endorsements may not be bound to cover a loss which occurred before the application is signed.

DOCUMENT RETENTION

For all policies issued by the agent through the POS system, it is the agents' responsibility to secure the required documentation upon binding and retain this information in the insured's file for a period of seven (7) years after the last policy renewal expiration date. Any and all documentation must be made available upon company request.

AGENCY FUNDS

Any Agency funds that are returned from the bank unpaid must be replaced immediately with good funds. Recurring instances of returned funds could result in immediate cancellation of the agency contract.

POLICY TERMS

Monthly Term Programs – Hallmark 123

- Initial terms are paid in full and renewed on a monthly term basis.

Semi-Annual Term Program – Hallmark 612

PAYMENT OPTIONS

Term	Down	Installments	1st Pay Day	Billing
6	16.67%	5	30 Days	30 Days
6	20.00%	5	30 Days	30 Days
6	25.00%	5	30 Days	30 Days
6	33.00%	4	30 Days	30 Days
6	40.00%	4	30 Days	30 Days
6	Paid-In-Full			
12	Paid-In-Full			

Annual Term policies allowed for Paid-In-Full only. No Annual Pay Plans.

INSTALLMENT FEE

All 6 month policies will be charged a \$9.00 installment fee.

NSF/RETURN PAYMENT ITEMS FEE

\$30.00 on ALL returned payment items.

LATE FEE

On all 6 month term policies, a \$7.00 late fee will be applied if payment is not received and accepted after 7 day grace period.

SR-22 FEE

The SR-22 Fee is \$20

POLICY FEE

- Policy fees will apply to all new and renewal business and are fully earned.
- Policy fees and SR-22 Fee will be charged on 612 renewals.
- Policy fees but not SR-22 Fee will be charged on 123 renewals.

Term	Fee
1 Month	\$7
2 Month	\$14
3 Month	\$21
6 Month	\$30
12 Month	\$30

FINAL UNDERWRITING AUTHORITY

THIS MANUAL MAY NOT ADDRESS every aspect that might affect the acceptance or continuation of a particular vehicle or driver. For this reason, the company RESERVES THE RIGHT TO remain the final authority in the acceptance or continuation of any risk.

ENDORSEMENTS

All endorsements that generate an additional premium must be paid pursuant to the calculation of premium due as generated by the POS system. (Examples may include but not limited to: adding a vehicle, coverage or driver, territory address change, driver class change, etc.) For date and time bound, please refer to the binding and effective date section.

To process endorsement requests submitted through the mail, we require:

- Agent number and name of representative handling request for change
- Policy number, effective date and requested change with all required information
- Additional premium

Signed endorsement requests are required for the following:

- Addition or Deletion of UM coverage (signed selection/rejection required)
- Deletion of any coverage or vehicle
- Request to exclude a driver (signed driver exclusion required)

POLICY ISSUANCE, RENEWALS AND LAPSE IN COVERAGE

Monthly Term Renewal certificates are mailed approximately 15 days prior to the expiration of the policy. All renewal certificates will be issued for a one (1) month term. The “due date” is the effective date of the renewal certificate. Premium MUST be postmarked or received in the agent’s office before the end of the “grace period” (pursuant to A.R.S. 20-1632.01) for coverage to continue without any lapse.

If payment is received by mail at the Company after the “grace period”, the policy will be reinstated effective 12:01 AM the day after the postmark of the insured’s envelope or the date and time the agent received the payment. If the date and time payment was accepted is not received from the agent, the policy will be reinstated effective 12:01 AM the day following the agent’s postmark. If payment is received by the agent and processed through the POS system, the policy will be reinstated effective the date and time the agent posted the payment.

The lapse in coverage period cannot extend beyond 60 days from the renewal date. If received after 60 days from the renewal date, the payment will be returned and a new policy must be submitted. A new SR-22 (Financial Responsibility filing) will need to be filed, if applicable.

Semi-Annual/Annual Renewal - Invoices will be mailed directly to the insured and billed in installments. Premium MUST be postmarked or received in the agent’s office before the end of the “grace period” (pursuant to A.R.S. 20-1632.01) for coverage to continue without any lapse.

SEVERE WEATHER “WATCH OR WARNING”

Whenever the National Weather Service issues a hurricane, tornado, hail or other severe weather watch or warning and the storm is within 100 miles of the location of the proposed risk, coverage acceptance is limited as follows:

- No new business policies may be written or bound.
- Physical Damage may not be endorsed onto existing policies.
- Renewals of the company’s expiring policies may be written in the normal manner providing there is no increase in exposure to the company.
- Normal binding authority will resume after the watch and/or warning is lifted by the National Weather Service, providing there is no forecast of an imminent reoccurrence.
- Applications with an effective date/postmark combination which violate the prohibitions listed above will be rejected and no coverage will have existed.

CLAIMS

All claims should be reported directly to our claims service, by calling 1-800-486-5616. Please have the insured report the claim. If the agent takes the claim and fails to fax or telephone the information within 24 hours, agent could be responsible for any fines imposed by the ARIZONA DEPARTMENT OF INSURANCE.

CANCELLATIONS

NO FLAT CANCELLATIONS. To effect a cancellation, the Company must be relieved of the obligation to provide coverage to the Insured and Lienholder (if applicable). A cancellation effective date will not be more than 30 days prior to receiving the request.

FINANCIAL RESPONSIBILITY PROCEDURES

Agent is responsible for issuing and filing the Financial Responsibility Certificate. Send original and second copy to the Arizona Department of Transportation along with insured's money order (if required). Persons requiring a Financial Responsibility filing must be an immediate family member (spouse or children) of the household.

COVERAGES

Liability Bodily Injury.....

LIMITS

\$15,000 / \$30,000
\$25,000 / \$50,000
\$50,000 / \$100,000 (6 Month Terms only)

Liability Property Damage.....

\$10,000 / \$15,000
\$25,000 / \$50,000 (6 Month Terms only)

Medical Payments.....
(Available for 6 Month Terms only)

\$1,000 / \$2,000 / \$5,000

UM/UIM Bodily Injury.....

\$15,000 / \$30,000
\$25,000 / \$50,000
\$50,000 / \$100,000 (6 Month Terms only)

Comprehensive.....
(Must be written in combination with Collision)

See Deductibles Below

Collision.....
(Must be written in combination with other than Collision - OTC)

See Deductibles Below

DEDUCTIBLES

Optional Combinations						
OTC	\$100	\$250	\$250	\$500	\$500	\$1,000
Collision	\$250	\$250	\$500	\$500	\$1,000	\$1,000

Towing and Labor.....
(Must have OTC/Collision to qualify for this coverage)
(Available for 6 Month Terms only)

\$50 per Disablement

Rental Reimbursement.....
(Must have OTC/Collision to qualify for this coverage)
(Available for 6 Month Terms only)

\$20 per Day, \$600 Maximum

Safety Glass Coverage.....
(Must be written in combination with Other Than Collision - OTC)

Purchase of this coverage eliminates the Physical damage deductible for windshield and other glass claims.

VEHICLE INSPECTIONS/PHOTOGRAPHS - SPECIAL/CUSTOM EQUIPMENT

All requests to cover special or custom equipment must include photos and additional premium. Customization may not exceed 50% of the current value of the vehicle without customization.

Vehicle inspections along with two (2) photographs are REQUIRED on all vehicles with Prior Damage, Customization, or Business/Artisan Use.

Customization includes but is not limited to; special edition models, “special packages” whose suggested retail price new is \$500 or more, or value of the special equipment, parts or accessories added by anyone other than vehicle manufacturer or authorized dealer. Customization may not exceed 50% of the current value of the vehicle without customization.

NON-OWNER COVERAGE

The Named Non-Owner Coverage endorsement amends the policy so that it provides secondary Liability coverage (minimum limits only) for the named driver listed in the policy declarations page, while operating a non-owned private passenger automobile - motorcycles, mopeds, ATV's, motor homes, or any other recreational vehicles are not covered under this endorsement.

TERRITORIES

All territories are determined according to the zip code in which the vehicle is garaged.

PREMIUM CALCULATION

Premiums are calculated by using the Rate Order of Calculation table. Developed premium by line of coverage is rounded to the nearest whole dollar. For example: \$100.50 would be \$101.00 and \$100.49 would be \$100.00.

DISCOUNTS:

HOMEOWNER (Available on 6 month terms only)

The policy is eligible for the Homeowners Discount if:

A homeowner discount will be applied if the named insured or spouse owns the home or condo at the address shown on the application. Renter's and mobile home policies are ineligible. A copy of the homeowner declarations page must accompany the application. Verifiable proof of ownership must be maintained in the insured's file.

MULTI-CAR (Available with all terms)

A multi-car discount applies if we insure two or more vehicles on the same policy.

PRIOR COVERAGE DISCOUNT (Available on 6 month policies only)

A prior coverage discount will be applied if the insured has a policy that has been continuously enforce for at least 6months. Lapse between the effective date of our policy and the termination date of the prior policy may not exceed (30) days. All operators must be free of “At Fault” losses and major violations during the past twelve (12) months.

Proof should include the prior company's name, policy number, effective and expiration dates for the previous six (6) months and it MUST be maintained in the insured's file for policies entered through the POS system or accompany the application for discount to apply. Acceptable proof includes a policy declarations page, experience letter or ID card issued from the previous carrier. This discount applies to both new and renewal business.

If the prior coverage was from within the same agency a larger discount can be applied.

Prior Hallmark policies may be considered for this discount.

AGENCY INTERNAL TRANSFER PRIOR COVERAGE DISCOUNT

(Available with 6 and 12 month terms)

The Agency Internal Transfer discount will be applied if the insured has a policy that has been continuously in force for at least six months, there is no lapse between the effective date of the Hallmark policy and the termination date of the prior policy, and the prior policy was written by the same agency submitting the application to Hallmark.

Proof should include the prior company's name, policy number, effective and expiration dates, and it MUST be maintained in the insured's file. Acceptable proof includes a policy declarations page or experience letter issued from the previous carrier.

PAID IN FULL (Available on 6 month and Annual policies only)

A paid in full discount is applied when the total policy premium plus fees is collected at the inception of the policy.

FOREIGN DRIVER'S LICENSE SURCHARGE

The Foreign Driver's License Surcharge has been removed. If Foreign Driver's License is selected, proof of the following must be maintained to avoid the Surcharge for Unverifiable Driving Record:

- Foreign Driver's License
- Matricula
- Foreign Passport

FOREIGN TEMPORARY AZ RESIDENTS

Foreign Temporary AZ Residents are required to have a valid AZ Address and a Valid AZ Garaging Zip Code.

DRIVER TO VEHICLE ASSIGNMENT

Drivers are assigned by applying the highest rated driver to the highest rated vehicle, the second highest driver to the second highest vehicle, and so on. When there are more cars than drivers, the highest to highest rule is used, until there are no more drivers to assign, at that point, the Unassigned Driver Class is applied to remaining vehicles.

MARRIED VERSUS SINGLE CLASSIFICATION

Married drivers not living with their spouse must be rated as single unless career obligations or military service require them to live away from home for a period of time. Married means a driver living with their spouse or otherwise meeting the statutory definition of married.

EXCLUSIONS

- The Named Insured (1st person listed on the policy) may not be excluded or deleted
- A spouse may be excluded
- A non-driving or non-licensed spouse must be excluded from coverage
- Drivers with their own vehicle or own insurance must be listed on the application as either active or excluded.
- Registered owners must be listed on the policy. They may be excluded, if excluded they cannot be listed as Driver I (Named Insured).
- All exclusion forms must be signed by the Named Insured(s) before they are effective.

SPECIAL RULES

1. Active military and their spouses may furnish an out-of-state driver's license and their military ID.
2. Collision and Other Than Collision not written without Liability coverage.
3. Collision and Other Than Collision are only written in combination.
4. If spouse is excluded, proof of marriage may be required.

VIOLATION CLASSIFICATIONS

Violation	1st Occurrence	Each Additional
At-Fault-Accident	3	3
DWI	1	7
Major Violation	5	5
Intermediate Violation	3	3
Minor Violation	1	2
Not-at-Fault Accident	0	0
Unverifiable MVR*	3*	N/A
Non-Moving Violations	0	0
Prohibited Risk	12	12

**Unverifiable MVR Surcharge does not apply to drivers with an international license.*

CHARGEABLE PERIOD AND PROCEDURES

Violation points are assigned to operators for chargeable accidents and violations.

The chargeable period is the 36 month period prior to the effective date of the policy. When a driver is added mid-term, accidents and violations will be charged for the 36 month period prior to the date the driver is added.

If two or more violations or accidents are from the same occurrence, charge for only one of the violations or accidents unless accident occurs in conjunction with a DWI/DUI, then both violation and accident will be charged. The order of selection for determining the chargeable violation is: (1) Major, (2) DWI/DUI, (3) Accident, (4) Intermediate, (5) Minor Violation.

Accidents noted on the MVR or application will be considered at-fault unless proof is secured to verify that the insured was not-at-fault. Accidents involving animals are not-at-fault, which do not result in a point charge. Accidents involving hitting another vehicle or object as a result of swerving to avoid an animal are at-fault.

MAJOR VIOLATIONS

Driving while license suspended
 Failure to stop and render aid
 Felony involving vehicle
 Fleeing or attempting to elude a police officer
 Hit and run
 Leaving scene of accident
 Reckless driving
 Speed contest

INTERMEDIATE

Altered driver license
 Driving on sidewalk
 Driving without valid license
 Education program required
 Excessive acceleration
 Failure to control vehicle
 Passing stopped school bus
 Excessive speed (>20 mph)
 Wrong side of roadway
 Wrong way on one-way

MINOR VIOLATIONS

Includes all other moving violations (other than Speeding or Seat Belt violations) not listed under Major or Intermediate Violations.

SALVAGE TITLES

1. The following title types are acceptable for all coverages:
 - Salvage
 - Fire Damage
 - Flood Damage
 - Hail Damage,
 - Washed
 - Altered
 - Taxi
2. Unacceptable usage continues to be Vehicles used for deliveries, including, but not limited to:
 - Livery
 - Pizza Delivery
 - Courier Services
 - Paper Delivery
3. Claims, repairs and total loss evaluations will be based on the Actual Cash Value for the appropriate title type.
4. The following title are not acceptable:
 - Junk
 - Dismantled

UNACCEPTABLE / INELIGIBLE OR PROHIBITED RISKS FOR NEW BUSINESS

1. Operators with a permanently revoked or canceled license, unless that driver is excluded from coverage.
2. Operators under the minimum age for state licensing
3. Operators without a garaging address
4. Any Driver that convicted of insurance fraud.
5. Named insureds under the age of 18 unless parent or guardians signature accompanies the insured's signature on all areas of the application.
6. Any driver with more than 10 points.
7. Any driver with 3 or more claims regardless of fault within any 12 month time period.
8. Any driver with more than 1 DWI/DUI in the past 3 years.
9. Any driver under age 25 with any alcohol or drug related violation.
10. Any driver with an "At Fault" Accident and DWI/DUI in a 12 month period if separate occasions.
11. Any policy with three or more accidents regardless of fault in the past (12) months. All drivers combined.
12. Any driver with vehicular manslaughter, criminal negligence, or negligent homicide.
13. Any driver with a physical impairment including impairments resulting from aging that affects their ability to drive, unless their vehicle has been modified to offset their impairment. Any special equipment must be fully described. Driver must submit a Medical Statement signed by Physician.
14. Drivers over the age of 75 unless current doctors statement indicating ability to drive safely.
15. Moving out of state during policy period.
16. If the Named Insured or any listed drivers on a policy fail to respond to a request for information they may be considered an Unacceptable, Ineligible or Prohibited Risk. The policy may be cancelled or surcharged up to 12 points
17. Any driver that is an employee or family member of an employee of Hallmark Insurance Company or an affiliated company; or any driver that is an agent, employee or family member of an agent.
18. Named insureds who refuse to disclose information requested on the application or who fail to respond to a request for information by Hallmark staff may be considered an Unacceptable, Ineligible or Prohibited Risk. The policy may be cancelled or surcharged up to 12 points. (based on AZ Market Conduct results)

UNACCEPTABLE/PROHIBITED VEHICLES FOR NEW BUSINESS

1. Vehicles garaged outside of Arizona, including vehicles used by students attending school outside of Arizona.
2. Police, emergency or other related public service vehicles.
3. Pickup trucks, vans or utility vehicles with a load capacity greater than 1 ton.
4. Homemade or custom built vehicles, Dune buggies, off road vehicles, all-terrain vehicles, motorcycles, camper vans, motor homes.
5. Trucks with a flat or stake bed, dump trucks or wreckers.
6. Vehicles with altered suspensions; including lift kits or low riders.
7. Vehicles used or equipped for use in speed contests or racing, or other "Hot Rod" vehicles.
8. Vehicles used for deliveries, including, but not limited to: pizza delivery, courier services, paper delivery.
9. Vehicles owned or leased by a corporation, partnership or other business.
10. Vehicles used for livery or public conveyance such as: Taxis, Limousines or Day Care Vans.
11. Vehicles leased or rented to other operators by the applicant.
12. Rare, Classic or Vintage type vehicles.
13. Grey Market vehicles or vehicles not originally manufactured to meet U.S. standards.
14. Vehicles that are regularly made available to non-listed drivers.
15. Vehicles available to multiple drivers for sales, farming, etc.
16. Customized vehicles in which the value of the customization exceeds 50% of the current value of the vehicle without customization.
17. Commercial vehicles.
18. Farm Classes.
19. Vehicles with a Junk Title or Dismantled Title.

VEHICLES INELIGIBLE FOR PHYSICAL DAMAGE COVERAGE

1. Vehicles with a value in excess of \$40,000.
2. Vehicles greater than 30 years old.
3. Convertible type or convertibles, T-Top or removable top vehicles.
4. Any vehicle used as a crash test vehicle.
5. Any vehicle with a failed frame mechanical inspection.
6. Any vehicle reported as stolen.

UNACCEPTABLE /INELIGIBLE / PROHIBITED RISK, OR VEHICLE ADDED DURING POLICY TERM

If ineligible during the policy term and outside the cancellation period, the policy will be up-rated.

BUSINESS OR ARTISAN USE

Business Use: Includes, but is not limited to: private passenger automobiles used by sales or service representatives, insurance agents, real estate agents or other professionals visiting multiple locations. Vehicles owned by the insured and used in a business for occasional errands are also acceptable.

Artisan Use: A single vehicle, not exceeding 1 ton load capacity which is used to transport tools or other materials, to no more than 2 job sites per day; where such transport is incidental to the insured's trade or business. The vehicle must be operated solely by the named insured or other resident relatives.

Vehicles used to transport explosives, flammable materials, or equipment weighing more than 500 pounds are NOT ACCEPTABLE for Artisan use.

Trades not eligible for coverage include: Pest Control, Roofing, Landscape, Lawn Care and Painting. Multiple (more than 1) Artisan Use Vehicles are not eligible for coverage.

RATE CAP AND PREMIUM ENDORESMENTS

The intent of the Rate Cap is to eliminate large premium increases or decreases to renewal offers. As of 12/2/2012 a rate cap will be applied to all renewals.

Any Premium Endorsement that is made to a “Caped” policy will remove the Rate Cap. A Premium Endorsement that would appear to cause a premium increase to a policy may actually cause a decrease and vice-versa. Removing the Rate Cap as a result of a Premium Endorsement may also give the appearance of a “Rate Change” where a change has not actually occurred.