

HALLMARK

COUNTY MUTUAL

Texas

Motorcycle Program

| New Business: 8/27/12
| Renewal Business: 10/26/12

| 12 Month Terms



Service is our Hallmark.



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 12:01 A.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.

POLICY ISSUANCE, RENEWALS & LAPSE IN COVERAGE

Invoices will be mailed directly to the insured and billed monthly in equal installments. Premium MUST be postmarked or received in the agent's office by the due date for coverage to continue without any lapse.

If payment is received by mail at the Company after the due date, 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.

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.

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.

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 re-occurrence.
- Applications with an effective date/postmark combination which violate the prohibitions listed above will be rejected and no coverage will have existed.

POLICY TERMS

Annual

COVERAGES:

BODILY INJURY/PROPERTY DAMAGE

(Includes Guest Passenger Liability)

\$30,000/\$60,000/\$25,000

\$50,000/\$100,000/\$25,000

\$100,000/\$300,000/\$50,000

\$100,000/\$300,000/\$100,000

PERSONAL INJURY PROTECTION - PIP

\$2,500

UM/UIM - BODILY INJURY

\$30,000/\$60,000

\$50,000/\$100,000

\$100,000/\$300,000

UM/UIMPD - PROPERTY DAMAGE

\$25,000 Deductible

MEDICAL PAYMENTS

\$1,000

\$2,500

\$5,000

\$10,000

TOWING AND LABOR

(OTC/Collision Required)

\$50 per Disablement

RENTAL REIMBURSEMENT

(OTC/Collision Required)

\$20 per Day, \$600 Maximum

DEDUCTIBLES

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

PHYSICAL DAMAGE COVERAGE

Physical Damage losses to motorcycles, including its custom parts or equipment, will be the LOWER of:

- Amount necessary to repair or replace the stolen or damaged motorcycle to its pre-loss condition, reduced by the applicable deductible shown on the declaration page.
- Actual Cash Value (resale values available in the N.A.D.A. appraisal guide) at the time of loss reduced by the applicable deductible shown on the declaration page, and by its salvage value if the insured retains the salvage.
- Limited Production Cruisers - Collision and Other Than Collision coverage is not allowed on Limited Production Cruisers (Symbol 96).

OPTIONAL CUSTOM EQUIPMENT

We define Custom Equipment as any equipment or accessories that are not factory standard. Factory standard equipment is the equipment on the motorcycle, as defined by the manufacturer, and determined from information included with the Vehicle Identification Number. The first \$3,000 of custom & safety equipment is included with Physical Damage coverage. Additional custom equipment is not covered unless specific coverage for that equipment is purchased; up to \$20,000 coverage for custom equipment may be purchased in addition to the \$3,000 coverage already included with Physical Damage.

A vehicle inspection and two (2) photographs are REQUIRED on all vehicles purchasing Physical Damage coverage that have Prior Damage or Custom Equipment. Customization may not exceed 50% of the current value of the vehicle without customization.

TRIKES AND SIDE CARS

If the vehicle is a trike or it has a side car, please notify us by checking the appropriate box on the Vehicle Screen on the rater.

There are basically 3 types of trikes and side cars.

If the trike or side car was designed and manufactured as a trike or as a side car then we can identify it's characteristics using a valid VIN. No other action is required.

If the trike or side car was originally designed and manufactured as a motorcycle and later converted to a trike or sidecar a couple of additional steps need to be completed:

- The base motorcycle VIN should be entered.
- Select the Trike or Side Car box on the Vehicle Screen.
- Add the value of the trike conversion and any other Optional Custom Equipment and enter the amount as "Optional Custom Equipment".
- The average trike conversion is \$10,000.

If the trike or side car was "Garage Built" or created by someone other than a standard motorcycle manufacturer, Comprehensive and Collision coverage will not be accepted.

DISCOUNTS:

SEASONAL "LAY-UP" DISCOUNT

A discount is applied to policies to account for the length of the riding season in a given state. The amount of the discount varies by climate. All coverage on the policy remains in effect during non-riding months.

RESPONSIBLE DRIVER DISCOUNT

A Responsible Driver Discount is applied to any driver who is not being charged for any Violations, Accidents or Violations on their policy.

MULTI-CYCLE DISCOUNT

Only cycles owned by the Named Insured and Resident Spouse may be listed on one policy. The amount of the discount increases with the number of vehicles on the policy. Up to 8 vehicles per policy.

COMPANION POLICY DISCOUNT

A Multi-Policy discount is applied when the principal named insured or principal named insured's spouse is listed as a rated driver on another policy with Hallmark Insurance Company.

ANTI-LOCK BRAKES OR TRACTION CONTROL DISCOUNT

A discount applies to any vehicle with ABS, anti-lock brakes or traction control.

CLAIM FREE RENEWAL

A Claim free renewal discount is applied when a policy has been in effect for an entire 12 month term and no at-fault claims have been filed during the previous 36 months.

PAID IN FULL DISCOUNT

A Paid in Full discount applies if the total amount due is collected at policy inception.

PROOF OF DISCOUNT MUST BE MAINTAINED FOR THE FOLLOWING DISCOUNTS:

TRANSFER DISCOUNT

Insured must show proof of insurance for the proceeding 6 months (<30 day lapse).

HOMEOWNER-RENTER INSURANCE DISCOUNT

A Homeowner-Renter discount applies if the named insured or spouse insures the contents of their dwelling; a copy of the declarations page from the current policy.

ANTI-THEFT DISCOUNT

An Anti-Theft Discount applies if each insured vehicle has a non-audible GPS tracking security system (LoJack) installed; proof includes a contract or receipt for installation.

RIDERS SAFETY COURSE DISCOUNT

Insured must have successfully completed a Motorcycle Safety Foundation Rider Course or other state certified motorcycle safety course within the past five years.

RIDERS SAFETY COURSE INSTRUCTOR DISCOUNT

Insured must have been a certified Instructor of a Motorcycle Safety Foundation Rider Course or other state certified motorcycle safety course within the past five years.

MOTORCYCLE ENDORSEMENT DISCOUNT

A discount applies for an owner and/or operator with a motorcycle endorsement on their driver's license.

RIDER GROUP OR ASSOCIATION DISCOUNT

Approved Rider Groups and Associations:

- A Brotherhood Aiming Towards Education (ABATE)
- Armed Forces – Active/Retired Military Personnel
- American Bikers Awareness Training and Education
- American Motorcyclist Association (AMA)
- American Voyager Association
- Blue Knights
- BMW Motorcycle Owners of America
- Christian Motorcyclist Association
- Concours Owners Group
- Gold Wing Riders Association
- Gold Wing Touring Association
- Honda Riders Club of America
- Harley Owners Group (HOG)
- Indian Rider's Group
- Kawasaki Good Times Owner Club
- Lehman Pride
- Moto Guzzi National Owners Club
- Red Knights
- Riders of Kawasaki
- Riders Association of Triumph
- Retreads
- Suzuki Owners Club of America
- United Sidecar Association
- Victory Riders Association
- Vulcan Riders Association
- Women on Wheels (WOW)

SURCHARGES:

FOREIGN DRIVER'S LICENSE/UNVERIFIABLE DRIVING RECORD

A surcharge is applied to any driver who does not have a valid United States or Canadian driver's license but has a valid foreign driver's license or international driver's license.

FINANCIAL RESPONSIBILITY FILING (SR22) SURCHARGE

A surcharge is applied to any listed operator for whom an SR22 filing has been issued.

SPECIAL HAZARD SURCHARGE

A surcharge is applied to vehicles enhanced to significantly increase performance beyond factory specifications through the introduction of a turbo kit, nitrous oxide kit, etc. The surcharge may also apply to vehicles with structural changes, modifications or altered frame. These modifications also make the Vehicle Ineligible.

VIOLATIONS ACCIDENTS & CLAIMS

Points are assigned to operators for Violations, Accidents and Claims.

The chargeable period is the 36 month period prior to the effective date of the policy. When a driver is added mid-term, Violations, Accidents and Claims 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/Drugs violation, then both the violation and the accident will be charged. The order of selection for determining the chargeable violation is:

- 1) Major Violation
- 2) DWI / Drugs
- 3) Intermediate Violations
- 4) At-Fault Accidents
- 5) Claims
- 6) Not-At-Fault Accidents
- 7) Minor Violations

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. Accidents involving hitting another vehicle or object as a result of swerving to avoid an animal are at-fault.

MAJOR VIOLATIONS

- Felony involving a motor vehicle
- Fleeing or attempting to elude police officer
- Operating a motor vehicle without the owner's consent
- Hit and run
- Leaving the scene of an accident
- Speed contest
- Reckless driving
- Careless operation of a vehicle
- Failure to stop and render aid
- Driving while license is suspended

	PTS	
0	0	
1	3	
2	6	
3	9	
4	12	Unacceptable
5	20	

DWI

- Driving under the influence
- Open bottle container

	PTS	
0	0	
1	1	
2	9	
3	15	Unacceptable
4	20	
5	25	

INTERMEDIATE VIOLATIONS

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

	PTS	
0	0	
1	1	
2	6	
3	9	
4	12	Unacceptable
5	20	

AT-FAULT-ACCIDENT

- Any accident not listed as Not-At-Fault
- Hitting an object as the result of swerving for an animal

	PTS	
0	0	
1	3	
2	6	
3	9	Unacceptable
4	12	

CLAIMS

Any claims made with a payout greater than \$1.

	PTS	
0	0	
1	2	
2	5	
3	8	
4	12	Unacceptable

NOT-AT-FAULT ACCIDENT

- Caused by an animal (contact required)
- Vehicle was lawfully parked
- Vehicle was struck in the rear and driver was not convicted of a violation
- Vehicle was struck by a 'hit-and-run" and police report was made
- Driver was At-Fault but the accident is not chargeable

	PTS	
0	0	
1	2	
2	5	
3	8	
4	12	Unacceptable
5	20	

MINOR VIOLATIONS

- Speeding <20 mph
- Seat belt violations
- Non-moving violations
- Any violation not listed under Major Violations or Intermediate Violations

	PTS	
0	0	
1	0	
2	1	
3	3	
4	5	
5	8	
6	12	Unacceptable
7	20	

PAYMENT OPTIONS

All policy terms are Annual

- 11% down – 10 monthly installments (on the policy effective day)
- 19% down – 10 monthly installments (on the policy effective day)
- 25% down – 3, 6, 9 months (on the policy effective day)
- Paid In Full

FEES

- Policy Fee – \$0
- Policy Rewrite Fee – \$0
- Late Fee - \$7
- SR22 Fee – \$0
- Installment Fee – \$5
- NSF/Return Payment Fee - \$30
- Texas Auto Theft Prevention Fee - \$2

MINIMUM PREMIUM

There is a minimum premium amount per vehicle of \$75 annually.

POLICY ISSUANCE, RENEWALS & LAPSE IN COVERAGE

Invoices will be mailed directly to the insured and billed monthly in equal installments. Premium MUST be postmarked or received in the agent's office by the due date for coverage to continue without any lapse.

If payment is received by mail at the Company after the due date, 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 agents postmark. If payment is received by the agent and process 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.

SPECIAL RULES

- Valid Texas Driver's License is required.
- Active military and their spouses may furnish out-of-state drivers license and military ID.
- If the spouse is excluded, proof of marriage may be required.
- Collision and Other Than Collision not written without Liability coverage.
- Collision and Other Than Collision are only written in combination.
- If spouse is excluded, proof of marriage may be required.
- A surcharge applies to a policy, if Hallmark has paid a claim connected with that policy during the previous 36 months, provided the claim is not being charged for in "Violations"

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.

EXCLUSION OF THE NAMED DRIVER

All members of the household and/or any frequent drivers, at or attaining 15 years of age during the policy term must be listed on the application as a driver and be properly licensed; otherwise, they must be excluded by driver exclusion endorsement. The excluded driver's full name, date of birth and relationship must be listed on the exclusion. The named insured may not be excluded unless prior approval is received from underwriting. If member in household attains 15 years of age during policy period, they must be qualified as a driver or excluded at time of renewal.

REWRITES

If all of the policy characteristics remain the same compared to the canceled policy, simply bring up their canceled policy on our PTS software and click the Rewrite button. When rewriting a policy, please ensure all eligible coverages transfer to the new policy. All outstanding balances on canceled policies must be paid before the insured is rewritten.

CANCELLATIONS

NO FLAT CANCELLATIONS (EXCEPT INSURED'S FULL DOWN PAYMENT THAT IS RETURNED DUE TO INSUFFICIENT FUNDS TO THE COMPANY OR AGENT). 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.

SR-22 FINANCIAL RESPONSIBILITY PROCEDURES

The Financial Responsibility certificate will print at Point of Sale only. The agent must send the owner's SR-22 filing to the Texas Dept. of Transportation, along with their money order to cover the fee.

Agent is responsible for issuing and filing the Financial Responsibility Certificate. Send original and second copy to the Texas 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.

All members of the household and/or any frequent drivers, at or attaining 15 years of age during the policy term must be listed on the application as a driver and be properly licensed; otherwise, they must be excluded by driver exclusion endorsement. The excluded drivers full name, date of birth and relationship must be listed on the exclusion. The named insured may not be excluded unless prior approval is received from underwriting. If member in household attains 15 years of age during policy period, they must be qualified as a driver or excluded at time of renewal.

EXCLUSIONS

- The Named Insured 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 may be excluded
- All exclusion forms must be signed by the Named Insured(s) before they are effective.

INELIGIBLE OPERATORS

- Named Insured under the age of 18, unless their parent or guardian also signs the application.
- Owners and/or operators without a valid U.S., Canadian or International driver's license, except for operators of off-road motorcycles, ATVs, or Segway.
- Owners and/or operators who have a suspended, revoked or cancelled driver's license. An owner may become an eligible operator in the event an SR-22 filing is filed by Hallmark Insurance Company to lift the suspension of their license.
- Owners and/or operators without a permanent garaging address in Texas, including migratory, seasonal occupation or transient risks.
- 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.
- Owners and/or operators over the age of 75, unless they provide a current doctors statement indicating ability to drive safely.
- Owners and/or operators who have had a policy cancelled or non-renewed by Hallmark Insurance Company for fraud or misrepresentation in connection with an application/payment for insurance, or in the presentation or settlement of a claim, or who have been convicted of insurance fraud.
- Owners and/or operators convicted of a felony, vehicular manslaughter, criminal negligence, or negligent homicide.
- Owners and/or operators with 4 or more Major Violations in the past 36 months.
- Owners and/or operators with 3 or more DWI Violations in the past 36 months.
- Owners and/or operators with 4 or more Intermediate Violations in the past 36 months.
- Owners and/or operators with 3 or more At-Fault Accidents in the past 36 months.
- Owners and/or operators with 4 or more Claims in the past 36 months.
- Owners and/or operators with 6 or more Minor Violations in the past 36 months.
- Any driver under age 25 with any alcohol or drug related violation.
- 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.
- 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)

INELIGIBLE VEHICLES

- Any vehicle with a base value, greater than \$40,000
- Choppers and other custom bikes - one or more of the following:
 - The frame is materially altered from the original manufacturer's specifications
 - The engine has been replaced with an engine that was not built by the motorcycle's manufacturer
 - There are extended front forks on the motorcycle
 - The fuel delivery system has been altered to use nitrous oxide or similar performance enhancing compounds
 - Trikes - motorcycles with three wheels
- Vehicles on consignment, or leased/rented to others by the insured
- Vehicles used for racing/speed tests
- Vehicles used for pickup or delivery of goods, or any other business, escort, or commercial purposes

- Vehicles without an engine, is partially assembled, or its individual parts
- Vehicles with more than two owners, or owned by a corporation or a partnership
- Vehicles principally garaged/stored in Canada, District of Columbia, Massachusetts, Mexico, or Puerto Rico. "Principally garaged" is defined as at least 6 months in any given state or location
- Dune buggies, go-carts and Cushman 3- & 4-wheeled vehicles
- GEM, Ford Think Neighbor, Neighborhood Electric Vehicle
- Mini-Trucks, Motrec type specialty vehicles
- Pocket bikes, mini-choppers, motorized skateboards and stand up scooters

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

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

VEHICLE INELIGIBLE FOR PHYSICAL DAMAGE COVERAGE

- Limited Production Cruises
- Any vehicle where a police report indicates the vehicle was severely damaged in an accident
- Any vehicle declared a total loss by an insurance company
- Any vehicle used as a crash test vehicle
- Any vehicle listed in recycler inventory
- Any vehicle with a previous airbag deployment
- Any vehicle with a failed frame mechanical inspection
- Any vehicle reported as stolen

INELIGIBLE OPERATOR/VEHICLE ADDED DURING POLICY TERM

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

REPLACEMENT VEHICLE

- If there is no change in coverage, please notify us within 14 days of purchase date.
- If there is a change in coverage, notify us immediately. Coverage does not apply until we are notified

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.

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 dates 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)

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 Texas Department of Insurance.

FINAL UNDERWRITING AUTHORITY

This manual does 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.