



HALLMARK

SPECIALTY PERSONAL LINES

Kentucky

- | New Business: 2/9/2015
- | Renewal Business: 4/10/2015

Personal Auto Program

- | Formerly State Auto National
- | 6 & 12 Month Terms



BINDING AUTHORITY:

AGENT'S OBLIGATION

It is the agent's obligation to field underwrite every risk submitted to the Company. All questions on the application must be explained and the consequences of missing or incorrect information outlined in detail.

Note: We obtain underwriting reports that include credit history information, on every risk. If any undisclosed violations, accidents or drivers in the household are discovered, all applicable surcharges will be applied or discounts eliminated and the policy will be amended. A cancellation notice may be generated at the same time at our discretion.

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 issuing 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.

1. Unless accepted elsewhere in this Underwriting Guide, all coverages will be bound as of the date and time on the original application or change request provided the application or change request is forwarded to the Company no later than the fourth (4th) business day following the effective date.
2. Only agents licensed with the Company have the authority outlined herein.

No agent may back date an application, cancellation or change request for any reason.

Back dating is defined as using any date other than the current date and time, or the date and time all binding requirements have been completed, whichever is later. No agent is authorized to issue verbal or written coverage binders.

Note: Vehicles with Other Than Collision and Collision Coverage SHOULD BE INSPECTED BY THE AGENT prior to binding those coverages. Any damage must be noted on the application.

UNACCEPTABLE RISKS:

DRIVERS

1. Anyone without a permanent residence address in the state in which the policy is issued.
2. Anyone who resides in the state in which the policy is issued less than 9 months a year, including migrant or transient workers.
3. Unlicensed drivers who have, or may operate vehicles on the policy. This includes individuals with cancelled or revoked licenses (who are not excluded).
Note: Unlicensed non-drivers, who have never had a license in any jurisdiction, are acceptable, but must be listed on application.
4. Anyone, licensed or unlicensed, under the minimum required age for licensing.
Note: Household members age 15 and older must be declared on the application.
5. Anyone that has an expired, revoked, or cancelled license, unless that operator is excluded from coverage.
6. Any driver with more than 10 Hallmark National surcharge points
7. Physically or mentally impaired persons if the impairment affects their driving ability.
8. Any driver:
 - i. With a total of two or more major and/or alcohol or drug-related violations. (I.e. one DWI and one reckless driving)
 - ii. Who has been involved in three (3) or more at-fault accidents.
 - a) Any policy with more than 13 points for all drivers combined, regardless if the points will be rated.
9. Named insureds that refuse to disclose information requested on the application or requested by Hallmark staff.
10. Any driver with a suspended canceled or revoked license unless a valid driver's license is obtained within 30 days after the effective date.
11. Any driver under the age of 21:
 - a) With an alcohol or drug-related violation or other major violation.
 - b) Who has been involved in two (2) or more at-fault accidents?
 - c) With more than seven (7) points.
12. 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.
13. Any driver with 3 or more claims regardless of fault within any 12 month time period.*
14. Any policy with three or more accidents regardless of fault* in the past (12) months. All drivers combined.

*excluding losses from natural causes

COVERAGES

1. Collision without Other Than Collision Coverage.
2. Other Than Collision and Collision on a stated value or stated amount basis.
3. Custom equipment coverage over \$12,000.
4. Named non-owner policy with business use.
5. 100/300/100 limits or higher on any risk.
6. Other Than Collision or Collision on any vehicle more than 20 years old.
7. For model year 2010 and prior, the Other Than Collision and Collision coverage on any vehicle ISO symbol 22 or higher. For model year 2011 and subsequent, Other Than Collision and Collision Coverage on any vehicle with at least one ISO symbol 46 or higher.
8. Any policy requesting Family Account Coverage Extension.

VEHICLES

1. Any vehicle not principally garaged in the state in which the policy is issued.
2. Gray market vehicles of any make or model.
3. Customized, one of a kind altered or modified vehicles of any make or model including kit cars.
4. Antique, classic, custom built, limited edition, restored or highly customized vehicles.
5. Emergency use vehicles.
6. Vehicles used for public or livery conveyance, including vehicles to transport church members, daycare/nursery school children, migrant workers or hotel guests even on an occasional basis with or without compensation.
7. Any vehicle with less than 4 wheels, motorcycles, snowmobiles, dune buggies, motor homes, buses, mini-buses, camper vans or golf carts.
8. Vehicles with more than 4 wheels with the exception of “dually” pickup trucks.
9. Any vehicle designed, equipped, prepared or used in any form of racing or show.
10. Any vehicle used for retail, wholesale or courtesy delivery including pizza, magazine, newspaper, mail delivery or escort service, even on an occasional basis with or without compensation.
11. Any vehicle used to pick up, haul or deliver property, supplies or material.
12. Any commercial vehicle, flatbed trucks, dump trucks or wreckers.
13. Vehicles equipped with permanently installed mobile equipment.
14. Any vehicle rented to others.
15. Vehicles carrying explosives or flammable substances, even on an occasional basis.
16. Vans, pickups, utility vehicles and panel trucks with a GVW over 10,000 lbs.
17. Any vehicle titled in the name of a business, organization or corporation, public or private.
18. Any vehicle equipped for snow plowing.
19. Risks with more than one artisan use vehicle in the household.
20. Any vehicle with existing damage, regardless of amount is not eligible for Physical damage coverage.
21. Any vehicle regularly used outside the state in which the policy is issued.

Note: Quotes are not firm as all required underwriting information may not be immediately available. All quotes should be viewed as premium estimates pending the completion of our underwriting review.

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

Semi-Annual and Annual policies are available.

NAMED INSURED

1. The Named Insured cannot be a business, organization, corporation, etc.
2. The Named Insured cannot be excluded or deleted.

Note: The signature of a Named Insured is required on any change request to reduce or delete coverage. The agency must retain this signature if the request is transmitted via upload, E-Mail or phone. Any change request to reduce or delete coverage submitted to the Company without the required signature will be processed with the understanding and presumption the agency has obtained the required signature and will retain the required signature in the agency file.

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's 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 or reduction of any coverage
- Delete vehicle without replacement
- Request to exclude a driver (signed driver exclusion required)
- Cancellations

Note: Any change request to reduce or delete coverage submitted to the Company without the required signature will be processed with the understanding and presumption the agency has obtained the required signature and will retain the required signature in the agency file.

EXCLUSIONS

Kentucky law prohibits the exclusion of the named insured's spouse and/or dependent children.

1. All household members who have reached the minimum age of licensing, whether licensed or not must be listed as either Rated, Excluded, or Unlicensed-non-driver. This includes anyone who reaches this age during the policy term.
 - a. Drivers with their own vehicle or own insurance must be listed on the policy as Active or Excluded.
 - b. Select the appropriate status when quoting the policy. Input the name and date of birth for ALL persons listed.
 - c. Failure to list all household members at the same time the application is submitted may be considered fraudulent misrepresentation, and as such the drivers may be added back to the policy inception with applicable surcharges, or the misrepresentation may be grounds for policy cancellation.
2. The Named Insured may not be excluded or deleted.
3. All exclusion forms must be signed by the Named Insured(s) before they are effective.

SEVERE WEATHER "WATCH OR WARNING"

Whenever the National Weather Service issues a hurricane, tornado, hail or other severe weather watch or warning, or a State of Emergency is declared by state or local authorities, 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.

CLAIMS

All claims should be reported directly to our claims service, by calling (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 KENTUCKY DEPARTMENT OF INSURANCE.

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). Cancellations are effective no earlier than the date and time the cancellation request signed by the insured is received, unless acceptable proof of replacement coverage is provided.

RENEWALS AND LAPSE IN COVERAGE

Semi Annual/Annual Renewal - Invoices will be mailed directly to the insured and billed in 6 or 12 equal installments. THERE IS NO GRACE PERIOD FOR LAPSE IN COVERAGE

SERVICE FEES

1. Installment Fee - A service charge that complies with KRS 304.30-090 is added for each installment. The amount of the service charge will vary based on the policy premium and will not exceed \$12.00 per installment.
2. NSF Fee - A \$20.00 service fee will be charged on checks returned as NSF.
3. Policy Fee - A nonrefundable \$10.00 six month or annual policy fee will be charged to issue a new, renewal or rewritten policy.
4. Late Fee - A 5% late payment fee will be charged on all payments that are received five or more days after the payment is due. The minimum late fee is \$1.00 and the maximum is \$7.00. The late payment fee only applies to the Two Pay, Four Pay, and Twelve Pay options. Policies on the Full Pay plan will not be subject to the late payment fee.

PAYMENT OPTIONS:

All policies are billed directly to the named insured.

6 MONTH POLICY TERM

Pay Plan Option	E-Pay Available	Service Charge	Billing Due Dates	
			New Business	Renewal
Full Pay*	No	N/A	Due at Inception of Policy Term	Due at Inception of Policy Term
Quarterly (2 Pay)	No	Varies N/A-EFT	60% Due at Inception Remaining Due in 3 Months	50% Due at Inception Remaining Due in 3 Months
Monthly (6 Pay)	Yes	Varies N/A-EFT	26% Due at Inception Remaining Billed In Installments Every 30 Days	1/6th Due at Inception Remaining Billed In Installments Every 30 Days
Monthly (6 Pay)	Yes	Varies N/A-EFT	20% Due at Inception Remaining Billed In Installments Every 30 Days	1/6th Due at Inception Remaining Billed In Installments Every 30 Days
Monthly- EFT Only (6 Pay)	Yes	Varies N/A-EFT	16.67% Due at Inception Remaining Billed In Installments Every 30 Days	1/6th Due at Inception Remaining Billed In Installments Every 30 Days

12 MONTH POLICY TERM

Pay Plan Option	E-Pay Available	Service Charge	Billing Due Dates	
			New Business	Renewal
Full Pay*	No	N/A	Due a Inception of Policy Term	Due a Inception of Policy Term
Two Pay	No	Varies N/A-EFT	55% Due at Inception Remaining Due in 6 Months	50% Due at Inception Remaining Due in 6 Months
Quarterly (4 Pay)	No	Varies N/A-EFT	30% Due at Inception Remaining Billed In Installments Every 90 days	25% Due at Inception Remaining Billed In Installments Every 90 Days
Monthly (12 Pay)	Yes	Varies N/A-EFT	13% Due at Inception Remaining Billed In Installments Every 30 Days	1/12th Due at Inception Remaining Billed In Installments Every 30 Days
Monthly (12 Pay)	Yes	Varies N/A-EFT	10% Due at Inception Remaining Billed In Installments Every 30 Days	1/12th Due at Inception Remaining Billed In Installments Every 30 Days
Monthly – EFT Only (12 Pay)	Yes	Varies N/A-EFT	8.33% Due at Inception Remaining Billed In Installments Every 30 Days	1/12th Due at Inception Remaining Billed In Installments Every 30 Days

*Paid in Full – 100% of the term premium submitted with the application will earn a 10% discount

METHODS OF PAYMENT

- Customer Payment Options:
 - Credit Card - Customers can use their credit card to make a down payment when taking out a new policy with Hallmark National.
 - By Check - Customers can mail in a check with the invoice billing stub.
 - EFT - Customers can have an automatic deduction taken from their bank account.
 - Payments can be made any time of the day or night, seven days a week, by credit or debit card (Visa or Master Card) using either of these options:
 - Pay on the Web at www.hallmarkpayments.com
 - Pay By Phone using our automated service – just call 1-800-486-5616.
- Agent “Sweep”/ Upload Payments – Agents can collect insured payments in their office, deposit in their bank account, and Hallmark National “sweeps” the money out via electronic transaction.

Note: All payments will be processed the day notice is received. Any down payment that results in an NSF (Non-Sufficient Funds) transaction will be rescinded and the policy voided.

COVERAGE

BI/PD LIMIT OPTIONS

\$25,000 / \$50,000 / \$10,000
 \$25,000 / \$50,000 / \$25,000
 \$50,000 / \$100,000 / \$25,000
 \$50,000 / \$100,000 / \$50,000

Note: Liability limits must be the same on all cars of a multi-car policy.

UNINSURED MOTORISTS - BODILY INJURY (NON-STACKED)

\$25,000 / \$50,000

\$50,000 / \$100,000

1. UM limits may not exceed the Liability limits selected.
2. If UM limits are not specified or requested in writing, limits will be issued equal to the liability limits if lower UM limits are not requested in writing.
3. UM limits must be the same on all cars of a multi-car risk.
4. UM Coverage is available only on policies with Liability Coverage.
5. UM Coverage must be rejected in writing.

Note: UM rates apply on a per policy basis.

MEDICAL PAYMENTS

\$500

\$1,000

1. Medical Payments may be afforded with limits of \$500 or \$1,000 under a policy where ALL drivers and household members have rejected the tort limitation in the Kentucky No-Fault and NONE have purchased Personal Injury Protection under the buyback provision.
2. Medical Payments limits must be the same on all cars of a multi-car policy.
3. Medical Payments limits are for each person injured in any one accident.

PERSONAL INJURY PROTECTION

1. Personal Injury Protection and Buy Back PIP are available with a \$10,000 limit and deductible of \$0, \$250, \$500, and \$1,000. The basic limit of \$10,000 includes up to \$200 per week for Work/Survivors Loss and a total of \$1,000 for funeral benefits.
2. Rejection of Personal Injury Protection is allowed in accordance with Kentucky law. A signed copy of the PIP rejection form must accompany the application. The individual's legal name must appear on the rejection form.
3. When any household member rejects tort limitation, the base premium for liability will be increased by 1.35 factor. When all household members reject tort limitation and none have purchased PIP under the buy-back provision, the guest PIP rate is \$58 per vehicle for a six (6) month policy. No deductible will apply for the guest PIP.

ADDED PERSONAL INJURY PROTECTION

1. Added Personal Injury Protection and Buy Back PIP are available in limits of \$10,000, \$20,000, \$30,000 and \$40,000.
2. Added Personal Injury Protection is not available unless Personal Injury Protection is purchased.
3. The Added Weekly Benefits Limits are available (see chart below).
4. Added Funeral Expense is not available.

NOTE: Added PIP applies on a per policy basis.

Added PIP	Added Weekly Benefit Limit
\$10,000	\$50
\$20,000	\$100
\$30,000	\$150
\$40,000	\$200

OTHER THAN COLLISION AND COLLISION DEDUCTIBLE OPTIONS

Other Than Collision	Collision
100	100
250	250
500	500
1,000	1,000

Other Than Collision and Collision deductibles are available in any combination as long as Collision is equal or greater than Other Than Collision.

Note: The Other Than Collision deductible will be reimbursed if a vehicle is stolen and subsequently recovered as the result of an activated electronic vehicle recovery system (i.e., OnStar, LoJack, etc.)

TOWING AND LABOR

1. Towing and Labor Costs Coverage is only available on vehicles with Other Than Collision and Collision coverages.
2. Towing and Labor Costs is a vehicle endorsement and applies only when the vehicle for which this coverage is indicated on the Declarations is disabled.

\$50 Per Disablement

6 Month Premium = \$6 Per Car

OPTIONAL LIMIT TRANSPORTATION EXPENSES

1. Transportation Expenses limit of \$20 per day/\$600 maximum is automatically included when Other Than Collision coverage is afforded for "your covered auto".
2. Optional Limits Transportation Expenses Coverage must be written at policy inception. Coverage may be added at each subsequent renewal.
3. The \$20/\$600 limit for Transportation Expense Coverage may be increased to the following limit.

Optional Limit
\$25 Per Day/\$750 Maximum

Semi-Annual Premium per Vehicle
\$8

NAMED NON-OWNER COVERAGE

1. BI, PD Liability, Med Pay, Guest PIP, UM and UIM coverages are available for an insured for his/her personal operation of a non-owned auto.
2. Permissive use coverage is not included and coverage does not extend to the ownership, maintenance or use of any auto by any other individual or organization.
3. Vehicles can be added to a nonowner policy by completing the appropriate change request. The nonowner policy endorsement will then be deleted. There is a limited extension of coverage for newly acquired owned vehicles under the nonowner policy. Regular binding authority applies.
4. Broad form policies are not available.

AUTO LOAN/ LEASE AUTO

1. Coverage for the difference between the lease or loan pay-off of a covered auto and ACV will be available only at policy inception and at each subsequent renewal of the policy, subject to the terms and conditions of the endorsement.
2. Auto Loan/Lease Auto is only available on new vehicles with Liability, Other Than Collision and Collision coverages. A new auto as used in this rule is an auto that has not previously been titled and in which the lender, a financial institution or dealer, retains a valid security interest in the auto.
3. The premium for Auto Loan/Lease Auto will be equal to 5% of the total of the Other Than Collision and Collision premiums.
4. Auto Loan/Lease Auto is a vehicle endorsement and applies only when the vehicle for which this Coverage is indicated on the Declarations page is destroyed in a covered loss. Coverage does not apply to overdue payments or penalty charges assessed for excessive mileage or excessive wear and tear, carry-over loans, etc. Refer to coverage form for a complete listing of limitations.

6 Month Premium = 5% of Other Than Collision and Collision Premiums

DISCOUNTS:

All discounts may be applicable. If a policy is no longer eligible for a discount due to a mid-term vehicle deletion or policy cancellation, the discount will be removed on a pro-rata basis.

MOBILE HOME/HOMEOWNER RENTERS

This policy is eligible for the Mobile Home/Homeowner Renters Discount if:

1. The named insured or spouse owns a mobile home.
2. Acceptable proof will be a copy of the declarations page of insurance policy, mortgage payment coupon, copy of the deed or copy of recent property tax bill.
3. The mobile home must be 15 years or newer.
4. The named insured has an existing HO-4 policy that is ineligible for the 10% Homeowners discount.

Applies to BI, PD, Other Than Collision and Collision Coverages

HOMEOWNERS

The policy is eligible for the Homeowners Discount if:

1. The named insured has a homeowners or condo policy. Renter's and mobile home policies are ineligible.
2. A copy of the homeowner declarations page must accompany the Hallmark National application. If it is a Hallmark National policy, only the policy number is required.

Applies to BI, PD, Other Than Collision and Collision coverages.

MULTI-CAR

A Multi-Car Discount applies when two (2) or more cars are rated on the same Hallmark National policy. A vehicle insured by any other Hallmark Company will not qualify a vehicle on a Hallmark National policy for this discount. The discount varies based on the combination of active vehicles and non-excluded drivers on the policy.

Applies to BI, PD, Other Than Collision and Collision coverages.

PAID IN FULL

The policy will receive a 10% Paid in Full Discount if the policy is correctly rated on the application and 100% of the term premium is received with the application. Applies to BI, PD, Other Than Collision and Collision coverages.

RENEWAL

The policy is eligible for our Renewal Discount after the policy is continuously in effect for one full term.

Applies to BI, PD, Other Than Collision and Collision coverages.

Note: The discount will automatically be added at the first renewal after the policy is eligible.

BLUE CHIP RATING

The policy will receive a premium discount based on the applicant's credit score. Enter the applicable credit level into PTS 5, or your comparative rating product.

Applies to BI, PD, PIP, Other Than Collision and Collision coverages.

ACCIDENT PREVENTION COURSE

The policy is eligible for the Accident Prevention Course Discount if the rated operator:

- a. Is age 55 or older and has a completed certificate, dated within the most recent 60 months, certifying successful completion of the accident prevention course approved by the Kentucky Department of Motor Vehicles; or
- b. Is any age and has a completed certificate, dated within the most recent 60 months, certifying successful completion of a defensive driving course provided by the U.S. Armed Forces to members of the U.S. Armed Forces.

This is a driver discount and applies to BI, PD, PIP, Medical Payments and Collision coverages for the vehicle on which the certificate holder is the rated driver.

CLAIMS FREE DISCOUNT

The discount is eligible to any policy with zero (0) not-at-fault accidents and/or Other Than Collision (OTC) claims.

This is a policy level discount and applies to BI, PD, PIP, OTC, and Collision coverages.

DRIVER - VEHICLE ASSIGNMENT

1. The highest rated driver will be assigned to the highest rated vehicle, the second highest rated driver to the second highest rated vehicle, and so on. "Highest rated driver" is defined as the driver with the highest cumulative driver class point relativity. "Highest rated vehicle" is defined as the vehicle with the highest total premium after rating each vehicle with its respective coverages using the driver class relativities of the "highest rated driver". Exception: Trailers (recreational and utility) and camper bodies are not included in this assignment procedure.
2. When there are more vehicles than drivers, all additional vehicle(s) will be rated with the driver class of the lowest rated driver on the policy at 0 points.

ANTI-THEFT

- | | |
|--------------|---|
| 5% Discount | A. Alarm only (audible at least 300 feet) activated if hood, trunk or any door is opened. |
| | E. Ignition or starter cutoff switch and flush or tapered door lock buttons; or Armored Collar - clamps on steering column and over ignition. |
| 15% Discount | P. Internally operated perimeter alarm which disables ignition and starter. |
| | G. Fuel cut off switch; or permanently attached steel steering wheel lock (Collar & barrel with tabular key); or armored cable hood lock and ignition cut off switch. |

20% Discount

- M. Window identification system (etched).
- H. Armored ignition cut off switch (resists tampering/hot wiring) with lock and tubular key or electronic keyless device; or armored cable or electrically operated hood lock (supplemental hood lock) and ignition cut off switch.
- L. With ignition key on off
 - a) Automatic cut off ignition or fuel; or
 - b) Passive multi-component cut off switch disabling coil, starter and points or electronic ignition system; or time delay cut off at certain speed during auto operation; or delay between ignition and start; or passive lock protector system (over ignition).
- O. High security ignition replacement lock (federally used standards) cannot be removed by conventional means.
- Q. Alarm system (at least 9 minutes) with automatic reset and installed in engine compartment and disarmed only by tubular key or electronic device along with automatic ignition/starter cut off.

The Anti-Theft Discount will apply only to the vehicle with the anti-theft device and applies to Other Than Collision Coverage only.

PRIOR INSURANCE

- A. A New Hallmark National policy is eligible for a 17% Prior Insurance Discount if the named insured can show proof of prior private passenger auto liability insurance which covered the named insured or spouse for six (6) continuous months with no more than a thirty (30) day lapse. Proof of prior insurance is documentation that demonstrates the prior policy did not lapse for more than 30 days before the inception of the Hallmark National policy. Acceptable proof documentation includes:

- Policy declaration
- Renewal billing showing policy number and term
- Cancellation or non-renewal notice
- Identification Card

A prior Hallmark National policy will not be considered acceptable proof of prior insurance for a new or rewritten Hallmark National policy except under the following circumstances:

- The named insured has moved from one state to another.
- A child purchasing his/her own policy coming from a parent's Hallmark National policy that was receiving the Prior Insurance discount.
- A parent purchasing his/her own policy coming from a child's Hallmark National policy that was received the Prior Insurance discount.
- A spouse recently separated or divorced from a Hallmark National named insured whose policy was receiving the Prior Insurance discount.
- The named insured policy was cancelled or lapsed due to an overseas military deployment and the policy was receiving the Prior Insurance discount at the time of cancellation.

- B. For new policies, the discount will be applied to eligible policies with the understanding and presumption the agency has obtained proof of prior insurance and will retain it in the agency file.

- C. Policies that qualify for the Prior Insurance Discount will retain the discount at subsequent renewals.
- D. The policy discount applies to BI, PD, PIP, Other Than Collision, and Collision coverage.

CLAIMS FREE DISCOUNT

The discount is eligible to any policy with zero (0) not-at-fault accidents and/or Other Than Collision (OTC) claims.

This is a policy level discount and applies to BI, PD, PIP, OTC, and Collision coverages.

DRIVER - VEHICLE ASSIGNMENT

1. The highest rated driver will be assigned to the highest rated vehicle, the second highest rated driver to the second highest rated vehicle, and so on. "Highest rated driver" is defined as the driver with the highest cumulative driver class point relativity. "Highest rated vehicle" is defined as the vehicle with the highest total premium after rating each vehicle with its respective coverages using the driver class relativities of the "highest rated driver". Exception: Trailers (recreational and utility) and camper bodies are not included in this assignment procedure.
2. When there are more vehicles than drivers, all additional vehicle(s) will be rated with the driver class of the lowest rated driver on the policy at 0 points.

SURCHARGES:

BUSINESS OR ARTISAN USE

Business use is unacceptable on any vehicle with a GVW in excess of 10,000 lbs.

Acceptable business use risks include:

- Real estate and insurance agents, clergy, charitable volunteer activities, doctors or Lawyers regularly visiting multiple locations on a daily basis.
- Regular trips to the bank, post office, etc. by the insured in the insured's car which are part of the insured's job and performed during normal business hours.
- Regular attendance at seminars, as a participant or attendee, held at various locations during normal business hours.
- Sales, service or repair representatives who use their own personal auto at work, provided they do not carry any explosives, flammable or otherwise hazardous material or any equipment weighing more than 500 pounds.
- Delivery to end consumer limited to personal use and household consumer (i.e. direct home-sales products such as Avon, Mary Kay, Amway, Tupperware, Longaberger, etc.). Delivery of these or similar products by a distributor to retail salespeople is not acceptable.

All pickups, vans and utility vehicles used in business are unacceptable unless they meet our artisan risk guidelines or the usage does not require that style of vehicle. Examples of acceptable uses are:

- A self-employed retail salesperson using a utility vehicle they own to make deliveries of personal use and household consumer, direct home-sales products.
- A real estate or insurance agent using a pickup or utility vehicle in the course of business.
- An attorney or doctor using a van to regularly travel to various locations for business.

An artisan use vehicle is one used to carry tools or supplies between the insured's home and job sites. Many artisan risks are acceptable if such use is indicated on the application and the business use surcharge is applied. For an artisan risk to qualify, it must meet the following guidelines:

- No more than an average of 3 job sites may be visited on a daily basis.
- Insured vehicles must be individually owned or leased. Vehicles owned by corporations are not acceptable. A company, corporation or other business entity may not be listed as an additional interest or additional insured.
- Insured vehicles must be no greater than 10,000 lbs. GVW.
- All insured vehicles may be operated only by the named insured, spouse or other resident family member.

- The insured may have only one artisan use vehicle in the household. Those risks with two or more, whether both are insured on our policy or not, are unacceptable.
- There is no pick-up or delivery of any goods or property whether or not such pick-up or delivery is on an incidental or occasional basis.
- Insured vehicles never carry any explosives, flammable or otherwise hazardous material or any equipment weighing more than 500 pounds. Note: Business/Artisan use is subject to a 20% surcharge.

STUDENTS AWAY AT SCHOOL WITH VEHICLE

Students away at school in a state other than Kentucky with a covered vehicle will be subject to a 20% surcharge. If the student attends school in a state that the Hallmark National Companies do not write in, or the states of Florida, Michigan, New York, New Jersey, California, and Washington, the risk is unacceptable. Please call your Sales and Underwriting Representative for confirmation of acceptable risks.

Students away at school in Kentucky with a covered vehicle are not subject to this surcharge. However, both the permanent residence address and the school address must be provided. Each vehicle will be rated in the territory where it is garaged.

FOREIGN OR INTERNATIONAL DRIVERS LICENSE

A foreign driver's license surcharge will apply to any driver who is not a U.S. Citizen but is able to provide an acceptable ID issued by the foreign government/consulate. Acceptable proofs are international or foreign driver's license, passport, and Matricula or other consular ID. Agents are to retain copies of proof for records and documentation. Unverifiable driving record does not apply to drivers with an international license if proof is maintained in agency file.

MULTIPLE ACCIDENT/MAJOR/ALCOHOL SURCHARGE

Any driver with three or more at fault accidents, major violations or alcohol violations, in any combination, will be subject to a surcharge.

ADDITIONAL HOUSEHOLD MEMBER SURCHARGE

A surcharge will apply to all policies that have and excluded driver or unlicensed-non driver in the household (one or more drivers).

POINT DEVELOPMENT

1. When multiple charges result from a single occurrence, apply only the highest point violation.
2. Out-of-state accidents and violations are chargeable.
3. Violations incurred while operating a commercial vehicle are chargeable.
4. Motorcycle accidents and violations are chargeable.
5. New business - Accidents/violations that are 35 months or older at inception date will not be charged to the policy.
6. Renewals - Accidents/violations will be charged to the policy for occurrences within the last 36 months.
7. The surcharge varies depending on the count and the age of the violation(s) or accident(s). The older the occurrence, the less negative effect it will have on the policy premium.
8. 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.

AT-FAULT ACCIDENTS

At-fault accident means the driver of the automobile was:

- (a) Entirely or partially at-fault
- (b) Comparatively negligent
- (c) Has been convicted of any offense that occurred at the time of the accident

No points will be assigned for an accident if the insured demonstrates that the accident occurred under any of the following circumstances:

1. The insured's auto was lawfully parked.
2. Applicant, owner or other resident operator in an accident is (a) determined to be 50% or less negligent, or (b) reimbursed for 50% or more of his or her damages by, or on behalf of, persons involved in the accident.
3. The insured's auto was struck in the rear by another vehicle, and our insured driver was not convicted of a moving traffic violation in connection with the accident.
4. Our insured auto was damaged by result of contact with a "hit and run" driver, as long as the incident was reported to the proper authorities within 24 hours after the damage becomes known.
5. Accidents involving physical damage to an auto caused by flying gravel, objects, missiles or collision with animals or fowl.
6. The operator at the time of the accident was on duty as a paid or volunteer member of any law enforcement, fire or first-aid squad.

Acceptable proof of not-at-fault accidents include: a copy of the police report or court documents; a letter from the previous carrier; or other documentation which proves not-at-fault. We will also accept as acceptable proof the fact the owner or operator of the insured's vehicle was reimbursed (or received judgment against another) for more than 50% of the property damage.

ALCOHOL OR DRUG VIOLATIONS

Driving under the influence of alcohol, drugs, or narcotics includes any form of traffic intoxication, refusal to take tests under any implied consent law and any "open bottle" violation. Involvement shall be classified as a conviction.

VIOLATION CLASSIFICATIONS

Occurrences within the last 35 months (New Business) and 36 months (Renewals)

Violation	1st Occurrence	Each Additional
At-Fault-Accident	3	3
Major Violation:	4	4
Alcohol / Drugs / Narcotics:		
• Allowing an intoxicated person to drive vehicle	1	6
• Driving under the influence of drugs/opiates		
• Open bottle/open container		
• Illegal possession of alcohol or narcotics		
• Refusal to take test under any Implied Consent Law		
• Driving under the influence of alcohol, drugs or narcotics and under the age of 21	6	6
• Driving under the influence of alcohol or drugs in conjunction with an accident or major violation	3	6
Minor Violations:	2	2
Speeding	2	1

MAJOR VIOLATIONS

Driving with revoked or suspended license
Felony involving a motor vehicle
Fleeing or attempting to elude a police officer
Racing or drag racing
Reckless, negligent, or careless driving
Vehicular homicide or assault with a motor vehicle

MINOR VIOLATIONS

Failure to obey traffic sign / signal
Following too closely
Failure to yield
Passing a stopped school bus driving on wrong side of the road
Illegal passing
Failure to control
All other traffic violations Foreign Driver License
Unverifiable Driving Record

TRAILERS - (RECREATIONAL & UTILITY) AND CAMPER BODIES

A. Liability

A personal auto policy affording liability coverage covers trailers designed for use with a private passenger auto, pickup or van and camper bodies designed for use with a pickup, without additional premium charge and without a specific description of the trailer or camper body.

Exceptions

Coverage is not provided for a trailer or camper body:

1. Used for business purposes with other than private passenger auto or owned pickup or van
2. When no auto is owned by the insured.

B. Medical Payments

A personal auto policy affording Medical Payments coverage provides coverage for trailers designed for use with a private passenger auto, pickup or van and camper bodies designed for use with a pickup, without additional premium charge and without a specific description of the trailer or camper body.

Exceptions

Coverage is not provided for a trailer or camper body:

1. Used for business purposes with other than private passenger auto or owned pickup or van
2. When no auto is owned by the insured
3. Located for use as a residence or premises.

C. Physical Damage

Trailers and camper bodies are to be insured as separate items with separate premiums shown for each unit. The deductible applies separately to each unit. Attach the Trailer/ Camper Bodies Coverage (Maximum Limit of Liability) Endorsement.

1. Recreational Trailers and Camper Bodies (Class Code 958200)

- a. A recreational trailer is a non-self-propelled recreational unit, equipped as living quarters (including cooking, dining, sleeping, plumbing or refrigeration facilities).
- b. A camper body is a non-self-propelled unit designed to be transported by a pickup, with or without cooking, dining, sleeping, plumbing or refrigeration facilities.

To be eligible for coverage, the insured must maintain a separate and permanent residence other than the recreational trailer or camper body.

Other Than Collision and Collision - Determine the stated amount value, including the value of any custom built additions. Assign a symbol based on the stated amount using the tables on pages "1" and "2" of the ISO Symbol and Identification Section corresponding to the model year of the trailer. Refer to Other Than Collision and Collision Deductible Options.

2. All Other Trailers (Class Code 941000)

Semi-Annual Rate Per \$100		
Deductible	Other Than Collision	Collision
100	0.34	0.43
250	0.27	0.37
500	0.23	0.34
1,00	0.18	0.28

Note: No discounts apply to trailers (recreational and utility) or camper bodies.

CUSTOM EQUIPMENT

Vehicles with custom equipment exceeding \$12,000 are unacceptable.

All custom pickup trucks, vans or conversion vans will be up rated five (5) symbols from the listed ISO/POLK symbol.