

HALLMARK

INSURANCE COMPANY

Arkansas

| New Business: 3/2/2015
| Renewal Business: 5/1/2015

Personal Auto Program

| Hallmark 612



Service is our Hallmark.



Toll Free (800) 486-5616 | Fax (800) 876-6960 | PO Box 250209 | Plano, TX 75025
www.hallmarkinsco.com

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 12:01 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.

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 policies available for new and renewal business. Annual term policies only available for renewals.

PAYMENT OPTIONS

Term	Down	Installments	1st Pay Day	Billing
6 EFT	16.67%	5	30	Every Month
6	20.00%	5	25	Every Month
6	22.00%	5	30	Every Month
6	25.00%	5	30	Every Month
6	33.00%	5	30	Every Month
6	40.00%	5	30	Every Month
6 Renewal Only	16.67%	5	30	Every Month
12 Renewal Only	8.33%	10	30	Every Month
12 Renewal Only	11.00%	10	30	Every Month
12 Renewal Only	13%	10	30	Every Month
12 Renewal Only	17%	10	30	Every Month
12 Renewal Only	20%	10	30	Every Month
12 Renewal Only	25%	10	30	Every Month

INSTALLMENT FEE

An \$8 installment fee will be charged on all 6 and 12 month policies.

NSF/RETURN PAYMENT ITEMS FEE

A \$35 NSF Fee will be charged on ALL returned payment items.

POLICY FEE

A \$20 Policy fees will apply to all 6 month new and renewal business and are fully earned.

A \$50 Policy fees will apply to all 12 month new and renewal business and are fully earned.

LATE FEE

A \$7 late fee will apply if payment is made after the due date.

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 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 and No Fault 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

Semi Annual/Annual Renewal - Invoices will be mailed directly to the insured and billed in 6 or 10 equal installments.

THERE IS NO GRACE PERIOD FOR LAPSE IN COVERAGE.

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 ARKANSAS 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). 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 (SR-22 form). Send original and second copy to the State of Arkansas 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

LIMITS

Liability Bodily Injury.....	\$25,000 / \$50,000 \$50,000/ \$100,000
Liability Property Damage.....	\$25,000 \$50,000
UM/UIM Bodily Injury.....	\$25,000 / \$50,000 \$50,000/ \$100,000
UM/UIM Property Damage.....	\$25,000 \$50,000
Personal Injury Protection	
Automobile Medical Payments.....	\$5,000
Work Loss	
Income Earner-\$70% of gross income not to exceed \$70 per week or pro-rata for a lesser period, 52 week maximum.	
Non-Income Earner - A sum not to exceed \$70 per week or pro-rata for a lesser period, 52 week maximum.	
Accidental Death Benefit.....	\$5,000
Medical Payments.....	\$500 \$1,000
Rental Reimbursement.....	\$20 Per Day, \$600 Maximum
(Must have OTC/Collision to qualify for this coverage)	
(Available on 6 and 12 month policies only)	
Towing and Labor.....	\$50 Per Disablement
(Must have OTC/Collision to qualify for this coverage)	
(Available on 6 and 12 month policies only)	
Collision.....	See Deductibles Below
Other Than Collision (OTC).....	See Deductibles Below
(Must be written in combination with Collision)	

DEDUCTIBLES

Optional Combinations						
	1	2	3	4	5	6
OTC	\$200	\$250	\$250	\$500	\$500	\$1,000
Collision	\$250	\$250	\$500	\$500	\$1,000	\$1,000

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:

EFT DISCOUNT

An EFT discount is available and requires a complete EFT authorization form.

MULTI CAR DISCOUNT

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

PRIOR COVERAGE DISCOUNT

A prior coverage discount may be applied if the insured has a policy that has been continuously in force for 6 months. Lapse between the effective date of our policy and the termination date of the prior policy may not exceed thirty (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 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 previous carrier.

AGENCY INTERNAL TRANSFER DISCOUNT

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. 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 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 previous carrier.

COLLEGE GRADUATE DISCOUNT

Applies to all premiums for unmarried operators under the age of 25 who are a college graduate with a grade transcript showing a B grade average or higher (on a four point scale, a three point average.)

MOTOR VEHICLE ACCIDENT PREVENTION COURSE DISCOUNT

A Motor Vehicle Accident Prevention Course Discount applies to all new and renewal premium or all coverages provided:

- Insureds age 55 or older with proof of successful voluntary completion of a state approved course within past 36 months.
- Vehicle is classified and rated as a private passenger auto.
- Applies to all premiums on the vehicle the eligible person is rated on.
- Applies for a 36 month period after course completion.

Discount does not apply if approval course was taken pursuant to a court order resulting from a motor vehicle violation or an alcohol/drug related offense.

PAID IN FULL DISCOUNT

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

HOMEOWNERSHIP DISCOUNT

Named Insured or spouse must own and reside in a house, condo, or townhouse (garaging zip code must be the same as policy zip code). For purposes of this discount, Mobile Homeowners and Renters do not qualify. Proof of home ownership must be submitted in the form of Insurance Dec page, property tax bill, deed, or mortgage payment slip and maintained in the insured's file.

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.

UNACCEPTABLE / INELIGIBLE OR PROHIBITED RISKS

1. Named Insureds who have never been licensed.
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 in the previous 36 months.
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. Non Owner policies.
17. 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.
18. Drivers who have never been licensed in any state. This does not apply to Foreign Drivers License (FDL). This is for US citizens who have never been licensed, and only have a state ID card.
19. 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.

EXCLUSIONS

1. The Named Insured may not be excluded or deleted
2. A spouse may be excluded.
3. A non-driving or non-licensed spouse must be excluded from coverage.
4. Drivers with their own vehicle or own insurance must be listed on the application as either active or excluded.
5. Registered owners may be excluded.
6. 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 drivers 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.

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 and non-renewed.

VIOLATION CLASSIFICATIONS

Violation	1st Occurrence	Each Additional
At-Fault-Accident	3	3
DWI	5	5
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

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 VIOLATIONS

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

MINOR VIOLATIONS

All other moving violations not listed under Major or Intermediate Violations

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

FOREIGN DRIVER'S LICENSE SURCHARGE

A foreign driver's license surcharge will apply to any driver that does not have a valid U.S. driver's license but has a foreign driver's license.

SALVAGE TITLES

1. The following title types are acceptable; Salvage, Fire Damage, Flood Damage, Hail Damage, Washed, Altered and Taxi.
2. Claims, repairs and total loss evaluations will be based on the Actual Cash Value for the appropriate title type
3. The following title are not acceptable; Junk, Dismantled

UNACCEPTABLE/PROHIBITED VEHICLES

1. Vehicles garaged outside of Arkansas, including vehicles used by students attending school outside of Arkansas.
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. Vehicles greater than 30 years old for physical damage.
17. Convertible type or convertibles, T-Top or removable top vehicles are not eligible for physical damage.
18. Vehicles with a value in excess of \$40,000 for Physical Damage coverage.
19. Customized vehicles in which the value of the customization exceeds 50% of the current value of the vehicle without customization.
20. Vehicles with dual wheels.
21. Commercial vehicles.
22. Farm Classes.
23. Vehicles with a Junk Title or Dismantled Title.

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. Applications requesting business or artisan use must submit photos and an inspection form.

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/PHOTOGRAPHS

A vehicle inspection 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.