

American Service Insurance Company

Underwriting Guide

Effective: March 1, 2007

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Directory

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Underwriting Guide General Rules and Regulations

1. All applications must be submitted on EAGLE MGA approved applications, and must be uploaded, faxed or postmarked by the post office within one working day of the effective date requested and must be completed in their entirety. Agent **must** attach or keep in agency file, copies of vehicle registration and copy of all applicants' driver's licenses in the event of EAGLE MGA audit.
2. The application becomes a part of the policy. Error and Omissions may result in denial of coverage and the policy may be considered null and void.
3. A separate check must be attached to each application unless agent has contracted MGA to sweep account.
4. No flat cancellations will be allowed on any policies returned after the inception date. All cancellation requests must indicate reason for cancellation.
5. All cancellations by the company will be pro-rata.
6. When checks are returned for Non-Sufficient Funds, a notice of cancellation will be issued. NSF checks received, as a down payment will result in a flat cancellation of the policy. A NSF fee of \$25.00 will be charged on all NSF checks received.
7. No towing coverage will be afforded on vehicles more than 5 years old on new applications, and the vehicle must have physical damage coverage.
8. If the company settles a claim with a policyholder on a constructive total loss basis wherein the policyholder retains possession of the salvage, physical damage coverage will be terminated. If the policyholder desires to reinstate this portion of the coverage and inspection with photographs must accompany the endorsement.
9. The named insured/applicant for insurance **must** be the registered owner of the vehicle.
10. Occupation and employer **must** be listed on application. i.e. labor, carpenter, salesman, housewife, retired, etc.
Employed by: Sears, Wal Mart, Best Construction Co., etc.
11. Should a policy cancel for any reason other than underwriting reasons, the entire policy fee will be taken against the policy before any refund is issued to the insured.

Binding Authority

A risk may be bound, if it is not on our exclusion list, provided:

1. It is effective no earlier than the time and date that the application is signed by the applicant and the agent;
2. Two (2) clear, color photos and an inspection report are attached to the application if physical damage, UMBI, UMPD, or PIP coverage is requested;
3. The envelope containing the application is postmarked by the Post Office within 24 HRS. of the effective date.
4. The application is completed correctly and indicates the coverage's requested.

5. It involves a type of vehicle, coverage, and risk, for which a premium rate appears in the guide.

If the application does not contain an effective date, coverage will start no earlier than 12:01 A.M. the day after the POST OFFICE postmark. If the application is faxed and does not contain an effective date, coverage will start on the date and time that the fax was received.

Incomplete Applications

If an application is submitted and lacks the information necessary to write the risk(s), the company will return the application and no coverage shall be afforded.

Exclusions

1. Drivers who have attained their seventy fourth (74) birthday as new business.
2. Any application submitted with any excluded item will be cancelled by notice
3. Truck hauling gasoline, fuel oil, liquefied petroleum, gas or explosives.
4. Taxi-cabs, public and private livery cars, emergency vehicles, racing, vehicles, driver training card, mail, newspaper, collection or delivery (pizza, etc.) vehicles.
5. All vehicles identified in the prohibited list.
6. Vehicles over 25 model years old.
7. Vehicles garage away from the residence a substantial part of the time.
8. Unlicensed drivers. Except: Drivers written under "Undocumented Workers Program", Country of origin document must be out of U.S.A. (Said document must be faxed to 1 800 665-7401 with policy number, to be accepted by company.) 6 point surcharge must be applied. Drivers with MVR points in excess of 20.
9. Pick-ups or vans with a load capacity above 1 ton.
10. Flatbed trucks or pick-ups trucks equipped with power of manual winch or fifth wheel.
11. Military personnel stationed outside of Texas
12. Named insured under age 25 with vehicles on the restricted vehicle list.
13. Drivers with violations or convictions for vehicle theft or other felonies.
14. Drivers with a suspended, revoked, or cancelled license except for (FR) financial responsibility filings, emissions, unpaid tickets or failure to appear.
15. Operators who currently, or in the past 3 years have been treated for any physical or mental condition that might effect the drivers ability to operate a motor vehicle safely and who are unable to provide a satisfactory doctors report(medical authorization) within 30 days of the policy's effective date.
16. Temporary residents of Texas, including out of state students attending Texas schools.
17. Three vehicles with one operator.
18. A policy will be cancelled if any item appearing on the "Exclusions" list is added by endorsement within the first 60 days of inception.
19. People who have 3 or more minor moving violations are unacceptable.

A surcharge of 100% is applicable to all coverages and all cars listed under "Exclusions" when added to endorsement to an existing in-force policy after the first 60 days from inception.

Every situation cannot be address completely. EAGLE MGA reserves the right of final determination on the acceptability of all risks.

Fees and Charges

Policy Fee – (6) months	\$ 60.00*
Policy Fee – (1) month	\$12.00*
NSF – Fee	\$ 25.00
Late – Fee	\$ 5.00
Reinstatement – Fee	\$15.00
Pay by Phone – Fee	\$ 5.00
SR 22 – Fees	\$ 50.00

* Policy Fees are fully earned in the event of cancellation.

Monthly Policy Plan

Direct Bill

Send one (1) month premium payment, plus a \$12.00 policy fee with the application. Company will pay the Texas Anti-Theft Prevention fund fee.

If the MVR discloses an additional surcharge or if excluded driver endorsement is not signed or sent to EAGLE MGA on a timely basis an invoice will be issued to the insured. If the invoice is not paid within ten (10) days, the policy will be cancelled.

Monthly Renewal Procedures

1. A payment notice will be sent to the insured and the agent.
2. A Separate check or money order must be attached to each payment notice.

There is no grace period!!!

Reinstatement procedures on cancelled policies.

1. Policies cancelled or expired for over thirty (30) days **must be rewritten with signed application.**

Renewal procedures on expired policies:

1. Monthly payment in the agent's office after the expiration date must include the date and time that payment was received by the agent, for coverage to be bound. If the date and time that the payment was received is not submitted, the policy will be renewed on the date following the Post Office postmark on the envelope.
2. Monthly payments mailed directly by the insured on expired policies will be renewed on the date following the Post Office postmark on the envelope
3. Policies expired for over thirty (30) days must be rewritten with new signed application.

Endorsements on a Monthly

1. Submit a Completed endorsement request form for any changes to an existing policy.
2. Physical damage, UMBI, UMPD and PIP coverage must be submitted with a complete inspection report and two (2) clear, color photos of the vehicle.
3. On a monthly policy, calculate and submit additional premium. If the additional payment is more than the amount of endorsement charge, any excess will be applied to extend the policy period for the amount of excess payment; however, if the additional payment is not sufficient to cover the endorsement charge, the company will bill the insured directly for the amount of shortage and the insured has 10 days to pay. If not paid, the policy will be cancelled for non-payment. Any payment received (including the payment purported to be for renewal) will be applied first to the outstanding balance due, and any remaining monies applied to extend the policy period. Premium of \$2.00 or less resulting from the endorsement will be waived.

Six-Month Policy Plan

The six-month policy plan is offered either as a pay-in full or with installments.

1. Payment in full; premium plus a \$60.00 policy fee with the application. A \$1.00 fee per car will be added annually for the Texas Anti-Theft Prevention fund.
2. Six Month Installment plan payment Options:

Down Payments

- 15.00% Down 1st payment due in 14 days.**
- 16.70% Down 1st payment due in 18 days.**
- 18.50% Down 1st payment due in 21 days.**
- 24.00% Down 1st payment due in 30 days.**

Down payment = % down option desired plus \$10.00 of \$60.00 policy fee with application. The remainder of the \$60.00 Policy Fee will be collected in \$10.00 increments with each installment payment. A \$1.00 fee per car will be added annually for the Texas Anti-Theft Prevention fund.

Monthly Payment: = Balance of premium divided by 5 plus a \$10.00 increment per month of policy fee plus \$3.00* Installment charge.

* The installment charge shall be increased by \$0.50 for each \$250.00, or fraction thereof, by which the annualized premium exceeds \$500.00.

Early Payoff – If a policyholder pays off the premium and policy fees early, then the service charge (s) for the remaining installments will not be applied.

Six Month Installment Procedures

1. Installment payment notices will be sent to the insured and the agent (10 days) prior the installment payment due date.
2. A separate check or money order must be attached to each installment payment.
3. A \$5.00 Late Fee applies to all payment postmarked after the Payment Due Date.

There is no grace period!!!

Reinstatement procedure on cancelled policies:

Installment payments made on or after the cancellation date for non-payment of premium will be reinstated as follows:

1. Installment payments made in the agent's office will be reinstated on the date and time that the payment and \$15.00 reinstatement fee is accepted by the agent with a lapse in coverage. If no date and time is given, the policy will be reinstated on the day following the postmark date on the envelope.
2. Installment payments mailed directly by the insured on cancelled policies will be reinstated on the date following the Post Office postmark on the envelope with a lapse in coverage.
3. Policies cancelled for over thirty (30) days **must be rewritten** with new signed application.

Renewal procedures on expired policies:

1. Installment payments and \$15.00 reinstatement fees accepted in the agent's office after the expiration date must include the date and time that the installment was received by the agent for coverage to be bound. If the date and time that the installment payment was received is not submitted, then the policy will be renewed on the date following the Post Office postmark on the envelope.
2. Installment payments and fees mailed directly by the insured on expired policies will be renewed on the date following the Post Office postmark on the envelope. Premium is not owed for any period in which the policy is not in effect.
3. Policies expired for over thirty (30) days **must be rewritten** with new signed application.

Renewal Procedures

1. A renewal payment notice will be sent to the insured and the agent at least ten (10) days prior to the expiration of the policy. The insured will be billed in six (6) equal installments. Renewal down payment will be due on or before expiration of policy term. The first installment will be due 30 days after the renewal inception date. Remaining installments will be due on the same days each month.
2. A separate check or money order must be attached to each renewal.

There is no grace period!!!

1. Renewal payments with that are accepted in the agent's office after the expiration date of the previous policy term must include the date and time the renewal payment was received by the agent for coverage to be bound. If the date and time the renewal payment was received is not submitted, the policy will become effective on the date following the Post Office postmark on the envelope with a lapse in coverage.
2. Renewal payments mailed directly by the insured on expired policies will become effective on the date following the Post Office postmark on the envelope as long a \$15.00 reinstatement fee is attached and is within 30 days of expiration date.
3. Policies expired over thirty (30) days **must be rewritten** with new signed application.

Endorsements on 6 month policies

1. Submit a complete endorsement request form for any changes to an existing policy
2. Physical damage, UMBI, UMPD, and PIP coverage must be submitted with a completed inspection report and two (2) clear, color photos of the vehicle. Fax report and photos to 1-800-665-7401 with policy number on form.
3. **Endorsement Amount to be Paid**
 - Use the percentage if the amount of the endorsement can be calculated (either by the agent using a rater or calling in).
 - If endorsement is effective during the 1st month, remit 20% of the entire endorsement premium with request
 - If endorsement is effective during the 2nd month, remit 36% of the entire endorsement premium with request.
 - If endorsement is effective during the 3rd month, remit 52% of the entire endorsement premium with request.
 - If endorsement is effective during the 4th month, remit 68% of the entire endorsement premium with request.
 - If endorsement is effective during the 5th month, remit 84% of the entire endorsement premium with request.
 - If endorsement is effective during the 6th month, remit 100% of the entire endorsement premium with request.

If the dollar amount of the endorsement cannot be calculated, then if within the first 3 month pay \$100, if within the last 3 month pay \$50.00

Hurricane of Tropical Storm Threat

No new policy, increased coverage or additional coverage may be written or bound when any hurricane or tropical storm warning/watch has been issued to the agent's area. Binding authority is reinstated 24 hours after the warning/watch has been dropped.

Mexico Coverage

550 Broad Form - Not Written
551 Limited Form - Included

Financial Responsibility Filings

Agent will prepare SR-22 on behalf of the Company, and have insured file it with the Department of Public Safety with the appropriate filing fee. We will file SR-26's at expiration or cancellation. **A policy required an SR-22 filing must be written for not less than six month.** A \$50.00 fully earned fee will be charged for each SR-22 Filing.

Persons requiring an SR-22A filing will **not be written.**

Named Non-Owner

Not Written.

Exclusions of Driver

The 515-A endorsement must be signed and dated by the insured. The exclusions are required on each person fifteen (15) years of age and older residing with the applicant if not rated as a driver of the vehicle(s).

Personal Injury Protection and Uninsured Motorist Coverage Rejections

The insured will be charge for Personal Injury Protection and Uninsured Motorist coverage until the properly signed rejection is received. Rejection of the coverage(s) cannot be effective before the Post Office postmark date.

Rating Discount

15% Multi-Vehicle Discount

Applies to all coverage if two or more vehicles are registered to the names insured and covered on the same policy

10% Responsible Driver Discount

Applies to all coverage if the named insured has been transferred from another company **AND** no drivers have more than 1 point. (must have company and policy # on application)

5% Renewal Discount

A renewal discount will be applied to all coverages upon the continuous renewal of each Six Month Policy Term, or after each twelve month renewal for the Monthly Policy Plan, Provided that the named insured and all named drivers have had no claim during the previous 6 month for the Six Month Policy or the previous 12 month for the Monthly Policy Plan. Maximum disc. for Renewal is 20%

10% EFT / Paid in Full Credit

A 10% discount is allowed with insured's agreement to pay premium by bank Electronic Funds Transfer (EFT), Ck acct., Credit Card on 6 month policy or if six (6) month policy is paid in full.

MAXIMUM DISCOUNT FOR ANY ONE POLICY IS 35%

Multiple Operators/Multiple Vehicles Rating Procedures

Assign the highest rated operator to the highest rated vehicle, second highest rated driver to the second highest rated vehicle, etc. The highest rated operator refers to the operator whose age, sex, marital status and points develop the highest premium.

Rate on each operator's driving record only. Do not add points from the driving record on one operator of a household to the points of another operator.

Minimum of one driver per 2 vehicles.

If there are more vehicles than operators, rate lowest-rated vehicle at class 1A using zero points and apply the multi-vehicle discount. If all vehicles on the policy are class 1S, 1S1, 1b1 or 1B2, then rate the unassigned vehicle with 0 points at the lowest class on the policy.

List and rate or exclude all individuals fifteen (15) years of age and older in the household and any other operators (even if they don't drive) on the application.

Please encourage the applicant to fully disclose his or her driving record to avoid the need for premium adjustments or cancellations.

Claim Guide

It will be the practice of the company to provide prompt and fair service. To do this, two (2) requirements must be met.

1. In the event of any accident or loss, have the insured, or you as the producer, call us immediately at 1-800-897-2551.
2. No repairs or replacement are to be authorized without our approval. This is a violation of the policy and may result in the denial of the loss.

Risk Requiring Additional Documentation

1. All person with Epilepsy, Stroke, Hear Disease, Diabetes, Loss of Eye, and/or Cerebral Palsy must submit with the application a EAGLE MGA Medical Statement form (as provided as part of the Underwriting Guidelines) signed by a U.S. Licensed Physician.
2. All people with a loss of limb(s) must submit proof of compensatory vehicle modification. Proof is a written or typed statement signed by the insured.

Restricted or Prohibited Vehicles

Liability

All model year vehicles older than twenty five (25) years.

Physical Damage Rules

1. No Physical damage coverage written without liability.
2. Comprehensive and collision must be written together.
3. Minimum \$500.00 deductible comprehensive and collision on all vehicles subject to 50% surcharge under Special Equipment
4. Coverages not available for vehicles older than fifteen (15) years.
5. Non-factory installed entertainment equipment) VCR, DVC player, television) is not written.
6. Physical damage inspection form with two photos must be faxed to 1-800-665-7401

Physical Damage

All model year vehicles older than fifteen (15) years are unacceptable. Also, any vehicles with a cost new **over \$40,000 or ISO symbol greater than 21, are not acceptable.**

Note: Every year on October 1st, the age of the vehicle moved up by one (1) year.

Restricted	Prohibited
Eligible for liability coverage only	The following vehicles are not Acceptable for any coverage's
Alfa Romeo Spider Veloce	Chevrolet Camaro Z28
BMW	Chevrolet Corvette
Dodge Stealth	Dodge Viper
Fiat Spider	Ford Mustang GT
Jaguar	Hummer
Lexus	Mazda RX7
Mercedes	Mitsubishi 3000 GT
MG	Nissan "Z" Series
Pontiac Fiero	Pontiac Trans Am
Triumph	Porsche
	Gray Market Vehicle
	High Performance Type Vehicles
	Kit Cars

A surcharge of 100% is applicable to all coverage's and vehicles listed under "Prohibited" Vehicles when added by endorsement to an existing in-force policy.

Symbols

Refer to ISO Manual; use Vehicle Series Rating Symbol (generally 1st column).

Special Equipment

Any equipment or items(s) listed below will not be covered unless additional physical damage premium is surcharged as follows:

25% Surcharge	50% Surcharge
Special packages whose suggested retail Price when new is \$500 or more.	Customized vans This surcharge cannot be rejected.
Pick up bed covers, liners, camper shells, and attached tool boxes. Special bumpers And running boards.	Non-standard audio/stereo speakers, Amplifiers and other sound reproducing equipment; Limited to a \$1,500 maximum.
Special edition models	Custom wheels and custom tires
Non-Factory installed tinted glass.	Sides exhaust pipes and headers.
Heated or solar-coated windshields	Special carpeting, seating, upholstery and furniture Factory installed DVD, VCT or Televisions

Maximum surcharge applicable under special equipment is 50% regardless of the number of items of equipment indicated.

Point Schedule

Count all moving violations and chargeable accident for the past three years. Use violation date(s) on driving record for violations. For multiple point charges arising out of one occurrence, use only the highest charge involved.

Do not combine points if there are two or more drivers.

Accidents	Points
1st	4
2nd	6
3rd	Not acceptable

Any accidents shall be considered chargeable unless proof is furnished that the applicant was not at-fault. This proof shall be established by a police report, written statement from the other party's insurer, or the applicant's previous insurer showing the applicant was:

1. Fully reimbursed for all damages;
2. Legally parked when the accident occurred;
3. Lawfully stopped at a stop sign or traffic light when the vehicle was rear-ended;
4. Clearly not at-fault.

Violations

MAJOR

VIOLATIONS	POINTS
1st major	5
2nd major	Unacceptable

- Driving under the influence of alcohol, drugs, or narcotics 5 points
- Criminally Negligent operations of a motor vehicle 5 points
- Involuntary Manslaughter 5 points

MINOR

PTS

- Driving while driver's license Suspended/Revoked or Cancelled 5
- Unlicensed driver 5
- Unobtainable MVR 5

Undocumented Workers

Five (5) points will be charged for Country of origin must be out of US. Must supply proof of citizenship i.e. voter's registration, d/I or other documents with photo from country of origin. (Said document must be faxed to 1-800-665-7401 with policy number, to be accepted by company.) If a Texas license and a MVR is obtained and submitted within thirty (30) days of inception, points will be removed as of the inception date, otherwise the points will be removed when the copy is received.

Out of State License

Any operator with an out of state license will be charge with five (5) points. If a Texas license and a MVR is obtained and submitted within thirty (30) days of inception, points will be removed as of the inception date, otherwise the points will be removed when the copy is received.

International Drivers Licenses

If an international driver's license is submitted with the application, policy will be accepted with five (5) Points assessed provided they are residing in Texas. If a Texas license and a MVR is obtained and submitted within thirty (30) days of inception, points will be removed as of the inception date, otherwise the points will be removed when the copy is received.

Unacceptable:

People who have three (3) or more minor violations are unacceptable.

Driver Classification

AGE	SINGLE MALE	SINGLE FEMALE	MARRIED MALE	MARRIED FEMALE
16, 17, 18	2C1	2D1	2A1	2L1
19,20	2C2	2D2	2A2	2L2
21,22	2B1	2F1	2H1	2M1
23,24	2B2	2F2	2H2	2M2
25,26,27,28,29	2E	2G	2J	2K
30-49	1B	1B	1A	1A
50-59	1B1	1B1	1S	1S
60-69	1B2	1B2	1S1	1S1
70 and over	1B3	1B3	1S2	1S2

Business Use: Class 3

Business use means that the use of the vehicle is required by or customarily involved in the duties of the applicant while operating the vehicle in an occupation, profession, or business, other than going to or from the principal place of occupation, profession or business. Self-employed tradesmen who use their vehicles(s) to transport tools, equipment or incidental supplies to or from a job location will be considered BUSINESS USE. Bind only privately owner vehicles, not vehicle register or title to a business corporation or partnership.

Convert to class 3 only if resulting premium is greater than assigned class.

Married

Any married person not living with spouse, rate as single person.

Monthly Optional Coverage Rates

Description	Base Rates
Medical Payments (\$500 Limit)	
All Territories	\$10
PIP (\$2,500 Limit)	
All Territories	60
UM/UIM (\$20,000/\$40,000 BI Limit)	
All Territories	50
UM/UIM (\$15,000 PD Limit)	
With Collision--All Territories	25
Without Collision--All Territories	100

#Points	Factor
0-1	100%
2	110
3	120
4	130
5	145
6	155
7	175
8	195
9	220
10	245

Excess of 10 Points

Multiply Factor Times Base Rate (0-1 Points) for all coverage's

Points	Factor	Points	Factor
11	275%	14	370%
12	300%	15	410%
13	330%		

Add 10% additional for each point over 15

Towing & Labor Cost Reimbursement \$25.00 Per Disablement - \$2 Per Month

6 Month Optional Coverage Rates

	Base Rates
Medical Payments (\$500 Limit)	
All Territories	60
Pip (\$2,500 Limit)	
All Territories	360
UM/UIM (\$20,000/40,000 BI Limit)	
All Territories	300
UM/UIM (\$15, 000 PD Limit)	
With Collision--All Territories	150
Without Collision--All Territories	600

# Points	Factor
0-1	100%
2	110
3	120
4	130
5	145
6	155
7	175
8	195
9	220
10	245

Excess of 10 Points

Multiply Factor Times Base Rate (0-1 Points) for all coverage's

Points	Factor	Points	Factor
11	275%	14	370%
12	300%	15	410%
13	330%		

Add 10% additional for each point over 15

<p>Towing & Labor Cost Reimbursement \$25.00 Per Disablement - \$12 Per 6 Month Policy</p>
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OPTIONAL DEDUCTIBLES

Deductible Amount	Factor Com. & Coll
\$500	100%
\$100	175%
\$250	140%
\$1000	80%