

VIRGINIA

Private Passenger Automobile

PROCEDURAL MANUAL

GENERAL INFORMATION

State National Insurance Company's Private Passenger Auto Program is designed to provide competitively priced insurance coverages for those insureds who are seeking coverage in the Non-Standard Market.

We offer annual and 6 month policies which provide coverage in accordance with the Personal Auto Policy. The coverages offered are:

- a. Bodily Injury
- b. Property Damage
- c. Uninsured Motorists
- d. Medical Expense Benefits
- e. Income Loss Benefits
- f. Comprehensive
- g. Collision
- h. Optional Transportation Coverage
- i. Towing and Labor

As requested by the insured, the company will provide proof of financial responsibility as required by Virginia Code 38.2-228.

For Payment Submission and other Correspondence
Specialty Insurance
P.O. Box 4225
Richmond, VA 23220-4225

Phone and Fax Numbers
Local Number: (804) 267-1528
Toll Free Number: (800) 800-5440
Fax Number: (804) 272-5202

RATING RULES

1. DEFINITIONS

a. PRIVATE PASSENGER AUTOMOBILE (AUTO)

1. A four wheel motor vehicle, other than a truck type, which is owned or leased under contract for a continuous period of at least six (6) months, and:
 - a. not used as a public or livery conveyance for passengers,
 - b. not rented to other.
2. A four wheel motor vehicle that is a pickup, panel truck, or van shall be considered a private passenger auto, if:
 - a. owned by an individual or by a husband and wife who are residents of the same household, and
 - b. not customarily used in the occupation, profession or business of the insured, other than farming or ranching.
 - c. it is not rated by the manufacturer as being in excess of 1 ton
 - d. Owned by two or more relatives who are residents of the same household, if it otherwise meets the definitions in 1. and 2. above.

b. **LIABILITY** as used in this manual refers only to Bodily Injury and Property Damage Coverage.

c. **COMPREHENSIVE COVERAGE** as used in this manual refers to “other than Collision” damage to the insured motor vehicle.

d. **OWNED** as used in this manual includes an auto leased under contract for a continuous period of at least six (6) months. If an auto lease contract requires the lessee to provide primary insurance for the lessor, attach the additional insured-lessor endorsement.

2. PERSONAL AUTO POLICY - ELIGIBILITY

- a. The Personal Auto Policy shall be used to afford coverage to private passenger autos and motor vehicles considered as private passenger autos in Rule 1 (above). If:
1. They are written on a specified auto basis, and
 2. They are owned by an individual or by a husband and wife who are residents in the same household.

3. **PREMIUM DETERMINATION**

The Bodily Injury, Property Damage, Comprehensive and Collision premiums shall be determined as follows:

- a. Refer to the Classifications Rule to determine the applicable Classification.
- b. Model Year and Symbol Determination
 1. Refer to the Model Year/Age Group Rule to determine the model year/age of the auto and refer to the Symbol and identification Section of the ISO VIN Manual for the appropriate symbol of the auto. When model year is used in rating and the rates for a model year are not displayed in the rate pages, use the rates shown for the latest model year.
 2. If no Rating Symbol is shown in the Symbol and Identification (S&I) Section, use the following procedure to determine an interim rating symbol.
 - a. If the S&I Section displays a rating symbol for the PRIOR MODEL YEAR version of the same vehicle, use the prior model year's Rating Symbol for the new model year vehicle.
 - b. If the S&I Section does NOT display a rating symbol for the PRIOR MODEL YEAR version of the same vehicle, assign a symbol based on the cost new of the auto, using the Price/Symbol Chart located in the reference pages of the S&I Section.
- c. Refer to zip code in which the automobile will be principally garaged to determine the base rates for each coverage.
- d. Refer to the Safe Driver Insurance Plan to determine the number of the Sub-Classification Points applicable to each vehicle.
- e. Refer to the Discount section of the manual to determine what, if any, discounts are applicable.
- f. Follow the order of rate calculation table to develop the premium per coverage per vehicle

4. **CLASSIFICATIONS**

- a. Autos are classified as follows:
 1. **Primary Classification**

Classify the operator according to the age, gender and marital status of the operators.
 2. **Secondary Classification**

Refer to the Safe Driver Insurance Plan to classify operator according to the provisions of the Plan.
 3. **Classification Charges** – Compute premium adjustments on a pro-rata basis when changes in Primary and Secondary Rating classifications are made including the addition or deletion of an operator during the policy term

Exceptions:

1. A policy shall not be changed mid-term to affect a change in the Driving Record Sub-Classification.
 2. A policy shall not be changed mid-term solely due to a change in symbol assignment based on a review of loss experience.
- b.** Private Passenger Autos owned by corporations, co-partnerships or unincorporated associations are not acceptable under the personal automobile policy.
- c.** Definitions
1. **BUSINESS USE** means that the use of the auto is required by or customarily involved in the duties of the applicant or any other person customarily operating the auto, in an occupation, profession, or business other than going to or from the principal place of occupation.
 2. **PERSONAL USE:**
 - (a) No **BUSINESS USE**.
 - (b) Personal use including driving to or from work or school.
 - (c) An auto driven part way to or from work or school, such as to a railroad or bus depot whether or not the auto is parked at the depot during the day, shall be considered as driving to or from work or school.
- d.** Vehicle Assignment
1. Single Car Risk – assign the operator who generates the highest premium to the vehicle.
 2. Multi-Car Risks – assign drivers to the vehicle which generates the greatest premium unless driver points apply, then rate according rule 5, under Safe Driver Insurance Plan.
 3. Excess vehicle(s) (more vehicles than drivers) will be rated by assigning the excess vehicle (EV00) factor located in the Driver Class Factor table, and zero (0) points..
- e.** Discounts, Surcharges and Special Rating Rules

Discount and Surcharge Factors apply to Bodily Injury, Property Damage, Uninsured Motorist, Comprehensive, Collision and Medical Expense Benefits according to the factors contained in the Discount/Surcharge table.

1. Defensive Driving Course Discount:
 - (a) The principal operator has successfully completed an approved Motor Vehicle Accident Prevention Course as determined by the Department of Motor Vehicles; and
 - (b) A certificate is presented by the Company certifying the above course was completed within the three years prior to the inception or renewal of the current policy term. Following this three year period, the course must be successfully repeated and evidence presented in order to again qualify for the discount.
 - (c) If the operator is a principal operator of two (2) or more qualifying vehicles insured with State National Insurance Company, the discount shall apply to the vehicle most frequently operated by that operator.

2. Transfer Definition:

- Lapse Days = 0: the inception date of the policy is equal to or earlier than the expiration date of the prior insurer's policy.
- < 16 days lapse: the inception date of the policy is equal to at least one (1) plus the expiration date of the prior insurer's policy, but not more than fifteen (15) days plus the expiration date of the prior policy.
- > 15 days lapse: the inception date of the policy is greater than the expiration date of the prior insurer's policy plus fifteen (15) days.

3. Renewal Discount

- Renewal Discounts will be applied in accordance with the factors in the discount/surcharge factor table. These factors will be in addition to any other discounts applicable to the risk.

4. Multi-Car Policies

Defined as more than one vehicle listed on the policy, and garaged at the same address.

5. Homeowner:

The named insured must own, but not need to reside in, a home, town home, condominium or mobile home..

6. Non-owners Policy

Issued only with Bodily Injury and Property Damage and Uninsured Motorist Coverage .

7. Advance Quote Discount

The Advance Quote Transfer Discount requires that the policy be quoted at least 7 days prior to the new business effective date with no lapse in coverage and at least six months of prior insurance. It applies in addition to any other discount for qualifying risks and applies to BI, PD, UM, Comp and Coll coverages.

5. SAFE DRIVER INSURANCE PLAN (SDIP)

The SDIP is to be applied to all eligible autos.

Point Assignment – Points shall be assigned to the vehicle customarily driven by the operator responsible for incurring the points. The provisions of the Safe Driver Insurance Plan Rule shall be applied on a per-operator/per-vehicle basis. Points for accidents and violations will be assigned based on date of occurrence. If there is a charge for both an accident and a related driving conviction(s) from the same occurrence, the higher point surcharge will apply.

No points will be charged for the following:

- Parking violations
- Toll violations

A. Definitions

1. Driving Record Points

- a. **Occurrences** – Points shall be assigned for occurrences during the experience period for convictions for motor vehicle violations of the applicant or any current operator According to the violation table.
- b. **Business** – The business use surcharge applies if the use of the auto is required in the duties of the operator or any other person customarily operating the auto in an occupation, profession or business other than going to or from the principal place of employment.
- c. **Accidents** – Points shall be assigned for each at fault accident that occurred during the experience period involving the applicant, current resident, or customary operator while operating an auto.

B. Exceptions:

1. No points are assigned for accidents incurred by an operator demonstrated to be a named insured or principal operator of an auto insured under a separate in-force policy; and
2. No points are assigned for accidents occurring under the following circumstances:
 - a. auto lawfully parked (however, if the parked vehicle rolls from the parked position, then any such accident is charged to the person who parked the auto); or
 - b. the applicant, owner or other resident operator is reimbursed by, or on behalf of a person who is responsible for the accident or has judgment against such person; or
 - c. auto is struck in the rear by another vehicle and the applicant or other resident operator has not been convicted of a moving traffic violation in connection with this accident; or
 - d. auto operated by the applicant or any resident operator is struck by a "hit and run" vehicle, if the accident is reported to the proper authority promptly by the applicant or resident operator; or
 - e. accidents involving damage by contact with animals or fowl; or
 - f. accidents involving Physical Damage limited to and caused by flying gravel, missiles, or falling objects; or
 - g. applicant or other operator residing in the same household, or owner, who receives payment under medical expense coverage; or
 - h. law enforcement officers involved in accidents during duty.

C. Rating

Points for violations or at fault accidents are assigned if the occurrence date is within the 35 month period immediately preceding the effective date of the policy or the renewal.

D. Administration of SDIP

Information necessary to assign the proper Driving Record Points may be obtained from one or more of the following sources, at company discretion:

1. An application signed personally by the applicant and certified by the agent; or
2. Company's own records; or
3. Motor Vehicle records; or
4. Other insurance data services.

6. MODEL YEAR FOR ALL APPLICABLE COVERAGES

The Model Year of the auto is the year assigned by the auto manufacturer. A model year begins October 1 of each year.

7. MINIMUM PREMIUM RULE

A. The minimum annual premium charge is \$200.00 for each policy covering one or more of the following perils:

- Bodily Injury Liability
- Property Damage Liability
- Uninsured Motorist
- Comprehensive
- Collision

B. The minimum annual premium charge is not subject to reduction, except in the event of Cancellation, where the minimum annual premium charge shall be adjusted on a pro-rata or 90% of pro-rata basis as the conditions require.

8. POLICY PERIOD

Policies can be written for 6 or 12 months.

9. WHOLE DOLLAR PREMIUM

- The premium for each exposure shall be rounded to the nearest whole dollar separately for each coverage provided by the policy.
- A premium involving \$.50 or more shall be rounded to the next higher whole dollar.
- This procedure shall apply to all interim premium adjustments, including endorsements or cancellations at the request of the insured. In the case of cancellation by the company, the return premium will be carried to the next higher whole dollar.
- The phrase “each exposure” as used herein shall mean each premium developed (after the application of all applicable adjustments) for each auto.

10. CHANGES

- A. All changes requiring premium adjustments shall be computed pro-rata.
- B. If an auto or coverage is cancelled or added mid-term, the premium shall be calculated based on the rates in effect at the inception of the policy.
- C. Adjustments of \$15 or less:

If a credit balance of \$15 or less remains at the end of the policy period, the premium will be refunded at the request of the insured. The insured will be notified of all premium changes regardless of the dollar amount.

11. CANCELLATION

If a policy is cancelled:

- 1. By the company:
 Compute return premium PRO-RATA
- 2. By the insured:
 Compute return premium 90% of PRO-RATA

EXCEPTIONS:

Compute return premium on a pro-rata basis:

- 1. If the insured has disposed of the insured vehicle and takes out a new policy in the same company on another vehicle to become effective within thirty (30) days of the date of cancellation.
- 2. If the policy is cancelled at the request of a premium finance company through the power of attorney executed by the insured.
- 3. If the insured auto is repossessed under terms of a financing agreement.
- 4. If in a multi-car situation:
 - a. one vehicle is cancelled from the policy and the policy remains in force on other vehicles; or
 - b. a policy is cancelled and there remains in force with the same company in the name of the insured or spouse residents in the same household , a concurrent policy covering another vehicle.
- 5. If the insured enters the armed forces of the United States of America.
- 6. If the insured auto is stolen or destroyed (total or constructive loss) and cancellation is requested by the insured:
 - a. within thirty (30) days following the date the auto is stolen or destroyed; or
 - b. within fifteen (15) days of the time the auto was determined by the company:
 - (1) to be unrecoverable if stolen; or
 - (2) to be a total or constructive total loss.

12. RULE FOR DETERMINING COMPREHENSIVE AND COLLISION DEDUCTIBLES

Split deductibles may be selected for Comprehensive and Collision coverages. However, Multi-vehicle policies must have the same deductibles for all vehicles with Comprehensive and collision coverages.

13. UNINSURED MOTORISTS COVERAGE

- A. This form of auto insurance must be afforded under every policy insuring the owner of a motor vehicle registered in the Commonwealth of Virginia.
- B. Additional Uninsured Motorists Coverage must be afforded at limits equal to, but not in excess of, the liability limits of the policy unless the additional coverage is or was previously rejected by the insured. Insured may purchase any lower limits that the company has on file.
- C. Uninsured Motorists Coverage is subject to minimum limits of 25/50/20.
- D. Uninsured Motorists Coverage must apply to all vehicles insured on the policy.
- E. Property Damage Uninsured Motorists Insurance is subject to a deductible of \$200.
This deductible applies only if the owner or operator of the insured motor vehicle causing the damage cannot be identified.

14. MISCELLANEOUS COVERAGES:

- A. Medical Expense and Income Loss Benefits, \$2,000 limit

No policy of Bodily Injury Liability Insurance or of Property Damage Liability Insurance covering liability arising from the ownership, maintenance or use of any motor vehicle shall be issued or delivered in the State of Virginia unless Medical Expense Benefits or Income Loss Benefits, or both, are provided upon request of the insured in accordance with Virginia Code, Section 38.2-2201.

Medical Expense Benefits are subject to the Safe Driver Insurance Plan surcharges contained in this manual.

- B. Supplemental Coverages
 - Optional Limits Transportation Expense Coverage

Must be offered whenever comprehensive or collision coverages are purchased.

Coverage is limited to a \$600 maximum per incident, payable under Option 1 of Transportation Expense Coverage form PP 13 52 (01/04).

- Towing and Labor Costs

May be written only when comprehensive and collision coverage is afforded.

Coverage Limits available:
\$75 per occurrence

15. FEES :

See Fee table included in rate tables

16. TRAILERS

Trailers Designed for Use With Private Passenger Autos.

LIABILITY AND MEDICAL EXPENSE COVERAGE

A Personal Auto Policy affording Liability, Medical Expense and Income Loss Benefits Coverage provides coverage for trailers designed for use with a private passenger auto, pickup, panel truck, or van without additional premium charge and without specific description of the trailer.

Exceptions: Coverage is not provided for a trailer:

- A. Used for business purpose with other than a private passenger auto or owned pickup, panel truck, or van; or
- B. When no auto is owned by the insured; or
- C. Located for use as a residence or premises

17. RATING Zip Codes

- A. New zip codes will receive the same rate as the zip code from which they were created.

18. NAMED NON-OWNER COVERAGE

Coverage applies to non-owned vehicles used by the named insured only and is written at the same rates that would be applicable on an owner basis, including financial responsibility with the appropriate discount(s) or factors. Form PP 13 62 (01/05) will apply.

19. SUSPENSION OF COVERAGE

If the named insured has been ordered to military duty outside the Commonwealth of Virginia, the insurance provided by this policy for a motor vehicle may be suspended at the request of the named insured or his legal representative, during the period that the motor vehicle is impounded in a motor vehicle impound lot on a military base of the United States Armed Forces, the Reserves of the United States Armed Forces or the National Guard. However, a company may decline to suspend coverage if satisfactory evidence of such impoundment has not been furnished to it, or the period for which suspension is requested is less than thirty (30) days. The suspended coverage shall be reinstated upon the request of the named insured, or his legal representative, effective not earlier than the receipt of such request by the insurer or any of its authorized representatives.

Any unearned premium pursuant to this section shall be refunded to the named insured, or his personal representative, on a pro-rata basis.