

Pacific Specialty Insurance Company

**State of Texas
Motorcycle Manual
Underwriting Rules**

EFFECTIVE JANUARY 15, 2013

Pacific Specialty Insurance Company

I. POLICY TERM

Policies will be written for 12-month terms only. We agree to make available to you an installment payment for 12-month terms as described in Rule 14 of the Texas Automobile Rules and Rating Manual (except when an installment plan is prohibited by other rule or statute). A premium invoice will be mailed directly to the insured at least 20 days prior to the monthly policy anniversary date. A \$3.00 service fee is added to all installments.

II. APPLICATION PROCEDURES

A. For policies bound online using our website rating facility:

All application questions must be fully completed by producer and applicant. After policy has been bound and a policy number has been issued, the application must then be printed and wet signed by both the producer and the applicant. The application and supporting documentation are retained at the point of sale by the producer. The records shall be open at all reasonable times for inspection by the Company.

B. For policies NOT bound online using our website rating facility:

A Pacific Specialty Insurance Company (PSIC) motorcycle application must be fully completed and mailed to PSIC (or its representative). No coverage is bound unless all of the following provisions are satisfied when the application is submitted:

- *All underwriting rules are followed; and*
- *A PSIC application (including Proxy statement and any/all necessary disclosures) is fully completed and signed by both the applicant and producer; and*
- *Photocopy of driver's license(s) accompany(s) application; and*
- *If physical damage coverage is purchased at the time the application is executed, a signed self-certification form is acceptable.*
- *If physical damage coverage is purchased or a motorcycle is added mid-term, clear photographs of left and right side of motorcycle accompanies application unless:
 1. *A copy of the sales contract from a licensed dealer is attached and the purchase date is the same as the requested effective date, or*
 2. *A copy of an insurance policy with physical damage coverage for the motorcycle is attached and the policy expires no later than the requested effective date**

(NOTE: The aforementioned photographs must be taken on the requested effective date. If a producer is unable to submit photographs as required above, a fully completed/signed inspection form will be accepted in lieu of photos.)
- *Required premium (or minimum required down payment) accompanies application; and*
- *All of the above referenced items are mailed to PSIC (or its representative) and postmarked within two (2) business days of requested effective date.*

Applications received in our office that are not postmarked within the required binding period specified above, provided all other underwriting criteria are met, will be made effective the date received in our office.

All licensed drivers under the age of 35 years old who reside in the household MUST be listed on the application. Any non-listed driver under the age of 35 in the household MUST be listed on the Exclusion of Named Drivers & Partial Rejection of Coverage Form.

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The Applicant/Named Insured must be registered owner of the vehicle. Accordingly, we require a signed application by the registered owner of the vehicle. If multiple registered owners exist, either signature is acceptable. Each excluded driver requires a signature of the named insured.

In the event a producer designates a risk "bound" which does not conform to our underwriting rules, the administrator will seek reimbursement from the producer for any claims it must pay incident to the aforescribed binder.

III. COVERAGES AVAILABLE

The following is a breakdown of the ONLY coverages offered under our program

A. LIABILITY (BI & PD) - limits of \$30,000/\$60,000/\$25,000; 50,000/\$100,000/\$25,000; \$100,000/\$300,000/\$50,000 and \$250,000/\$500,000/\$100,000 (Submit Risks only) are available.

B1. MEDICAL PAYMENTS - limits of \$1,000 per person and \$10,000 per person.

B2. PERSONAL INJURY PROTECTION (PIP) – limit of \$2,500 is available.

B. UNINSURED MOTORISTS BODILY INJURY (UMBI*) / UNINSURED MOTORISTS PROPERTY DAMAGE (UMPD**) – limits of 30,000/\$60,000/\$25,000; \$50,000/\$100,000/\$25,000; \$100,000/\$300,000/\$50,000 and \$250,000/\$500,000/\$100,000 are available (includes Underinsured Motorists Coverage).

* *Optional UMBI Deductibles for the Street Legal Motorcycles ONLY: \$250, \$500, \$750, and \$1,000.*

** - *\$250 Deductible Applicable to Property Damage Liability (UMPD)*

UMBI/UMPD limits not to exceed LIABILITY limits.

D. COVERAGE FOR DAMAGE TO YOUR MOTORCYCLE:

(D1.) COMPREHENSIVE - Deductibles amounts are indicated in the motorcycle listing.

(D2.) COLLISION - Deductibles amounts are indicated in the motorcycle listing.

ACCESSORY COVERAGE:

\$2,000 of coverage for insurable special equipment (accessories) is included with the purchase of comprehensive and collision coverage. Additional accessories may be insured at a premium charge of 5% of their new cost up to \$10,000.

PLEASE NOTE THAT ANY VEHICLE WITH MORE THAN \$10,000 NON-FACTORY EQUIPMENT, REGARDLESS WHETHER COVERAGE IS REQUESTED OR NOT, IS AN UNACCEPTABLE VEHICLE.

The Following Items are Insurable Accessories

SADDLE BAGS, FAIRINGS, CUSTOM SEATS, TANK BAGS, SISSY BARS, CRASH BARS/SLIDERS SIDE CARS, TRAILERS, SAFETY APPAREL, CUSTOM PAINT, AND CHROMED PARTS.

The Following Items are NOT Insurable Accessories:

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- 1) *Any internal engine or drive train part designed to enhance performance or handling characteristics, or the cost of labor for their installation.*
- 2) *The labor of performing the process or the cost of labor for the installation of any powder coated or custom painted part.*
- 3) *Any substituted stock part from another model or model year cycle, or the cost of labor for their substitution.*

As motorcycles age and are sold or traded, the closer the vehicles are to their original stock configuration the more valuable they become.

Motorcycles are insured on an Actual Cash Value (ACV) basis. Accessories are also insured on an ACV basis. In almost all circumstances, adding \$5,000 of insurable accessories to a vehicle does not increase the value of the vehicle by \$5,000.

Deductibles for Comprehensive Coverage and Collision Coverage may be different. Physical damage deductibles for a motorcycle on a multi-vehicle policy may be different. Collision Coverage cannot be purchased without Comprehensive Coverage. A 15% surcharge applies to Comprehensive Coverage when purchased without Collision Coverage (*surcharge applies to the Street Legal Motorcycles **ONLY***).

ROADSIDE ASSISTANCE

- Roadside Assistance is an optional coverage that may be purchased for \$12 per vehicle per annual policy. A maximum of 5 service calls are allowed per policy term with a maximum benefit of \$500 per incident. (*coverage is **ONLY** available to the Street Legal Motorcycles **ONLY***)

Lienholder Deductibles are \$250 in the event the vehicle has been repossessed and the lienholder is making a claim under the loss payee coverage.

The Liability BI and Liability PD, Medical Payments, and Uninsured Motorists limits must be the same for ALL of the motorcycles on the policy.

All coverage(s), including Uninsured Motorists and PIP will not apply when any covered motorcycle is operated by any "Persons Excluded" (listed on the application and/or policy), regardless of where the "Person Excluded" resides or whether the person is licensed to drive.

AGENTS ARE ENCOURAGED TO FULLY EXPLAIN AND SELL ALL AVAILABLE COVERAGES WHENEVER POSSIBLE. THE APPLICANT MUST SIGN WAIVERS FOR UNINSURED MOTORISTS AND PIP COVERAGES IF THEY ARE NOT DESIRED. ALSO, IN ACCORDANCE WITH TEXAS LAW, INSURED MUST SIGN PROXY STATEMENT (INCLUDED WITH APPLICATION). IF THE APPLICANT DOES NOT SIGN THE APPROPRIATE WAIVER(S) THE POLICY WILL BE ISSUED WITH THE APPLICABLE UNINSURED MOTORISTS AND PIP COVERAGES AND THE APPROPRIATE PREMIUM CHARGE WILL BE INCLUDED.

The Following Optional Coverages are not available for Off-Road Motorcycles and are **ONLY** available if Comprehensive and Collision Coverages are purchased:

E. DISAPPEARING DEDUCTIBLES:

- A coverage option is available to reduce the physical damage deductibles by 25% each claim-free year*. No deductible will apply on the fifth policy period and thereafter if no physical damage losses are paid during the previous 4 policy periods.

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* Claims free applies to comprehensive or collision losses for which the company has paid any amount.

F. EMERGENCY EXPENSE - if a covered Comprehensive or Collision loss occurs which:

- Renders the covered motorcycle or non-owned motorcycle inoperable;
- Requires the covered vehicle to be repaired; or
- Is one in which the covered motorcycle is stolen;

and such loss occurs more than 50 miles from the residence shown on the declarations page.

We will pay for:

- Temporary living facilities;
- Transportation back to the insured's residence;
- The cost of returning the covered motorcycle or non-owned motorcycle to the insured's residence, if we have not declared it a total loss; and
- rental charges if the insured rents a motor vehicle from a rental agency or vehicle repair shop while the covered motorcycle is being repaired.

The maximum limit of coverage for Emergency Expense is \$750.

G. TRANSPORTATION TRAILER COVERAGE:

- Coverage provides physical damage protection for loss to an owned transport trailer subject to the limits of the policy.
- Maximum insurable value of a transport trailer is \$2,500.

A \$250 deductible will apply.

IV. FINANCIAL RESPONSIBILITY FILINGS (not available for Off-Road Motorcycles)

If requested a financial responsibility filings will be issued until cancelled for a fee of \$30 for the filing. This fee is non-refundable.

Filings can be issued only when we insure all the vehicles in the same household registered to the Named Insured. We do not issue financial responsibility filings for states other than Texas.

V. UNACCEPTABLE RISKS

PACIFIC SPECIALTY INSURANCE COMPANY will not accept the following risks:

A. NON-OWNED VEHICLES (named insured must be registered owner of vehicle)

B. UNACCEPTABLE OPERATORS

1. Any operator with more than two at-fault accidents or three accidents regardless of fault in the 36 months prior to the requested effective date of the policy. Any operator with more than two major convictions. Any operator with more than 5 minor violations.
2. Operators without a valid Driver's License. Operators who do not have a valid U.S. or Canadian license but have a valid foreign license or international driver's license must provide a copy of the valid license. Motor Vehicle Reports (MVR) are ordered on all drivers to determine eligibility and proper surcharge points. If we are unable to obtain an MVR or otherwise verify validity of any of the insured's licenses, the risk is subject to cancellation.
3. Any operator convicted in the last 7 years of:

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- a) A felony while driving a motor vehicle
 - b) Vehicular manslaughter
 - c) Causing bodily injury or death while evading a police officer
 - d) Illegal transportation of explosives
 - e) More than one offense of driving a motor vehicle with a blood alcohol level equal to or in excess of the legal intoxication level as mandated by Texas law.
 - f) Driving while under the influence of any illegal narcotic and causing bodily injury to any person other than the operator.
4. Operators employed or attending school outside of the State of Texas are unacceptable.
 5. Operators with restricted drivers licenses pertaining to the use of illegal narcotics are unacceptable.
 6. Garaging address must be in the State of Texas.
 7. Drivers age 70 or older must complete and submit an ACORD medical statement.

VI. UNACCEPTABLE MOTORCYCLES

1. Comprehensive and Collision coverages may not be written on:
 - Models over 15 years old
 - Salvaged motorcycles
 - Motorcycles with pre-existing damage
 - Trikes* (3-Wheeled Motorcycles)
 - Harley-Davidson replicas
 - Custom built motorcycles (Motorcycles manufactured domestically by other than major manufacturers where at least 5,000 units or less are made available for retail sale on annual basis)
 - Turbo or other performance enhancement
 - Units that are homemade, go-cart, dune buggy, tractors, or not produced by original equipment manufacturers. Units re-powered by engine castings not produced by the motorcycle manufacturer
 - Special Construction
 - Motorcycles with any structural change/modification or physical alteration of frame or change in cc size.
 - Motorcycles with a value (excluding accessories) of \$45,000 or more.

**On a submit risk basis, the Company will allow physical damage (Comprehensive & Collision) coverages on a limited number of 3-wheeled motorcycles such as the following:*

- *Can-Am Spyder models*
 - *Harley Davidson Street Glide Trike and Tri Glide Ultra Classic*
 - *Honda Goldwings with trike conversion kits*
 - *Piaggio MP3 models*
2. Vehicles modified for high performance.
 3. Vehicles with accessory coverage over \$10,000 (regardless of whether accessory coverage is requested or not)
 4. Motorcycles used for:
 - Racing/speed contest
 - Any business or commercial purposes
 - Emergency services

VII. MOTORCYCLE TYPES

Motorcycles are grouped into the following categories:

- A - BMWs (Except Sport Bikes)
- B - Sport Bike
- C - Dual Sport
- D - Standard Bike
- E - Standard Bike (High Performance)
- F - Scooters
- G - Touring/Sport Touring
- H - Cruisers
- I - Harleys (Other than XL's) and Similar Cruisers
- J - Harleys – XL's (or Similar Sportsters)
- K - Off-Road Vehicles
- L - Electric Bikes

Motorcycles are manufactured with very diverse purposes in design. To a non-cyclist it may be more difficult to decipher, however, they are as diverse as automobiles. The underwriting results from the various classes are as diverse as the cycles themselves.

Below we have outlined the above referenced categories:

- Grp A- European Luxury Design Motorcycles. Primarily BMW Motorcycles (except BMW Sport Bikes). Similar to Expensive European Luxury Automobiles.
- Grp B- Café design motorcycles. Sport fairinged racing style cycles with all emphasis on performance and handling. Similar in design and purpose as the new extremely high performance Chevrolet Corvettes, Dodge Vipers, Porches and Ferraris.
- Grp C- On/Off road design motorcycles. Enduro type cycles designed to be ridden off road, however, still perform safely on public road ways. Dual purpose cycles. Design emphasis on durability for off road use. Similar in purpose to 4x4 off-road sport utility vehicles.
- Grp D- Standard design cycles designed to utilitarian, not specializing in any one area. Higher performance engines and suspension systems, however, no aero dynamic fairing and body panels have been added. These units are similar to sport performance sedans.
- Grp E- These cycles are manufactured with extremely high performance engines. They are designed with more emphasis on acceleration and raw power and less emphasis on handling. No or limited aero dynamic fairings. Similar to the Ford V-8 Mustang and similar muscle cars.
- Grp F- Scooter Design motorcycles. Step through design scooters with emphasis on inexpensive reliable short distance transportation. Not designed for freeway use or other high speed long range usage. Basic errand running capabilities.
- Grp G- Touring Design motorcycles. Cycles designed specifically for long range touring, including full touring fairings and a full compliment of luggage compartments to carry necessary clothing and other necessities. Most similar to customized conversion vans. Recent touring design motorcycles also designed with an emphasis on handling and performance (“Sport Touring”).
- Grp H- Cruiser Style motorcycles. Cycles designed with an upright relaxed riding position with much less emphasis on performance and handling and more on rider comfort and style. Almost exclusively two cylinder lower performance motorcycles.

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- Grp I- Harleys – Other. American Made Cruiser Design. Specifically and limited to motorcycles manufactured by Harley Davidson (except XL models) and select companies manufacturing Harley-type “clones”. US made expensive cruiser style cycles.
- Grp J- Harleys – XL. Specifically and limited to the XL (Sportster) models manufactured by Harley Davidson and select companies manufacturing Harley (XL)-type “clones”.
- Grp K- Off-Road – Any motorcycle that is not licensed for road use, such as dirt bikes, ATVs, golf carts and similar vehicles.
- Grp L- Electric Bikes – Any battery-powered motorcycle or scooter.

DEDUCTIBLE SCHEDULE (Physical Damage including Accessories Coverage):

Code	Type	Deductible
A	BMW (except Sports Bikes)	350
B	Sport Bike	500
C	Dual Sport	300
D	Standard Bike	300
E	4 Cyl. High Perf.	500
F	Scooters	200
G	Touring/Sport Touring	350
H	Cruisers	350
I	Harley – Other	500
J	Harley - XL Models	500
K	Off-Road / ATV	See Off-Road Rates
L	Electric Bike	200

VIII. MOTORCYCLE AGE

The age of the motorcycle is determined by taking the current model year less the model year of the motorcycle. The current model year shall change effective October 1 of the calendar year regardless of the actual introductory date of new model year motorcycles.

IX. MINIMUM PREMIUMS AND FEES

The minimum written premium for each motorcycle on the policy, regardless of term, is as follows:

Coverage	Minimum Written Premium
Bodily Injury and Property Damage	\$72
Medical Payments Coverage	\$45
Uninsured Motorists Bodily Injury Coverage	\$105
Uninsured Motorists Property Damage Coverage	\$33
Comprehensive Coverage	\$30
Collision Coverage	\$90

Policy fees are \$25 and are non-refundable.

Auto Theft Prevention Authority Fee is \$2 per motorcycle for 12-month policies.

X. DISCOUNTS (only applicable to the Street-Legal Motorcycles)

A. HOMEOWNERS DISCOUNT

The Homeowner discount of 10% applies when a named insured owns a home, mobile home or condominium. In order to qualify for the discount, the mobile home must be 10 years old or newer.

B. ASSOCIATION DISCOUNT

A 10% discount applies if the named insured is a member of one of the following: Proof of membership must accompany application.

- 1) ABATE (A Brotherhood Aiming Towards Education)
- 2) AMA (American Motorcycle Association)
- 3) Blue Knights
- 4) BMWMOA (BMW Motorcycle Owners of America)
- 5) BRAG (Buell Riders Adventure Group)
- 6) CMA (Christian Motorcycle Association)
- 7) COG (Concours Owners Group)
- 8) GWRRA (Gold Wing Road Riders Association)
- 9) GWTA (Gold Wing Touring Association)
- 10) HOG (Harley Owners Group)
- 11) HRCRA (Honda Rider's Club of America)
- 12) IRG (Indian Rider's Group)
- 13) MSF (Motorcycle Safety Foundation) Instructor
- 14) MGNOC (Moto Guzzi National Owners Club)
- 15) RAT (Rider's Association of Triumph)
- 16) Red Knights
- 17) STAR Touring & Riding Association
- 18) USCA (United Sidecar Association)
- 19) VMC (Venturers Motorcycle Club)
- 20) VRA (Vulcan Riders Association)
- 21) VTS (Venture Touring Society)
- 22) WOW (Women on Wheels)

C. MOTORCYCLE COURSE

For each insured who have successfully completed the Motorcycle Safety / Defensive Driver Course within the past five years, the cycle will receive a 5% discount. Copy of certificate must accompany application.

D. ANTI-THEFT DISCOUNT

A 5% discount may be applied to the comprehensive coverage purchased when the motorcycle has an audible alarm or global positioning system (GPS).

E. MULTI-CYCLE DISCOUNT

A 10% discount applies to all cycles on a multi-cycle policy. To qualify for this discount the policy must meet the following requirements:

1. Only cycles owned by the Named Insured and Resident Spouse may be combined on a multi-cycle policy.
2. All cycles must have the same coverages and limits with the exception of comprehensive and collision, which may vary by cycle.

F. MULTI-POLICY DISCOUNT

If the insured has another in force policy with Pacific Specialty Insurance Company, or any affiliate, a premium credit will be allowed based on the schedule below. This credit will apply to the basic premium for the policy and is available for all programs. This credit will

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be discontinued if/when the other policy(ies) lapse. Only one credit for the highest qualifying discount level, as identified below, can be applied to the policy at any time.

Discount Level	Other Policy Type	Credit
Level I	Any PSIC Commercial, CPL, Excess Flood, Earthquake, or any other PSIC policy not otherwise specified in this table. This discount level also applies if a private passenger auto policy is written with the same producer.	5%
Level II	Any PSIC Personal Umbrella, all Powersports (except Motorcycle) – Motorhome, Travel Trailer, Boat, PWC, or Residential Property (HO-3, HO-4, HO-6, dwelling fire, mobile home), Motorcycle (dirt), or 3 or more PSIC policies of any type. This discount level also applies if the insured has an extended warranty through PSIC's affiliate Western Service Contract Corporation.	10%

G. TRANSFER DISCOUNT

For new business only, a 10% credit to the basic premium will apply to the policy if the named insured on the policy has had continuous motorcycle insurance for the past 9 months with a lapse of no more than 30 days. This discount will be reduced to 7% at the first policy renewal, 4% at the second policy renewal, and will be removed thereafter. Proof of continuous motorcycle insurance is required.

H. AUTOMATIC RENEWAL DISCOUNT

A 3% discount applies when the insured has set up coverage to automatically renew at policy expiration.

I. ABS BRAKES DISCOUNT

A 10% discount applies when the insured motorcycle is equipped with factory installed ABS brakes.

J. MILITARY DISCOUNT

A 5% discount applies when the named insured is an active member of the military, evidenced by an active military driver's license.

K. 1ST RESPONDERS DISCOUNT

A 10% discount applies to any of the following general emergency responder professions:
 - Peace officers - Paramedics - Firefighters

L. MAXIMUM DISCOUNT – 50%

XI. SURCHARGES (only applicable to the Street-Legal Motorcycles)

A. INEXPERIENCED OPERATOR

A 30% surcharge (all coverages) applies to any operator on the policy who does not have a valid Class M motorcycle license.

B. ACCIDENTS

An accident will be considered chargeable unless documentation is furnished describing the accident and showing that the applicant was less than 50% at fault. The surcharge applies to all coverages and is shown below:

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Accidents	Surcharge
0	0%
1	30%
2	100%
3+	150%

Please refer to page 8 for further explanation.

C. MAJOR CITATIONS

The surcharge applies to all coverages and is shown below:

Major Citations	Surcharge
0	0%
1	75%
2+	150%

D. YOUTHFUL OPERATOR

If the motorcycle is defined as a sport bike or high performance motorcycle and the operator is under the age of 21, then the Youthful Operator Surcharge is 75% and applies to all coverages.

The experience period for driving surcharges is 36 months. Violations will be charged based on the conviction date. Count all violations and chargeable accidents received while operating a private passenger automobile or motorcycle.

ACCIDENTS:

Any accident shall be considered chargeable unless documentation is furnished describing the accident and showing that the applicant was less than 50% at fault. Acceptable proof of non-fault is either:

- (a) A traffic collision report which lists the other driver at fault under primary cause of collision and indicates a vehicle code section violated, or
- (b) A copy of a draft from the opposing insurance carrier which clearly states the date of the accident and shows the applicant as payee, or
- (c) A letter from the opposing insurance carrier claims representative stating non-fault for the accident.

(APPLICANT'S SIGNED STATEMENT OR LETTERS FROM ATTORNEYS ARE NOT ACCEPTABLE.)

An operator shall not be considered "principally at-fault" if:

- (a) The vehicle was lawfully parked at the time of the accident. A vehicle rolling from a parked position shall not be considered lawfully parked and shall be considered in the operation of the last operator;
- (b) The vehicle was struck in the rear by another vehicle, and the driver has not been convicted of a moving violation in connection with the incident;
- (c) Operator of a vehicle was not convicted of a moving violation, and the operator of another vehicle involved in the accident was convicted of a moving traffic violation;

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- (d) The driver's vehicle was damaged as a result of contact with a vehicle operated by a "hit and run" operator of another vehicle, and the accident was reported to the legal authorities within a reasonable time after the accident;
- (e) The accident resulted from contact with animals, birds or falling objects;
- (f) The driver was responding to a call of duty as a paid or volunteer member of any police or fire department, first aid squad or any law enforcement agency, while performing any other governmental function in a public emergency;
- (g) The accident was a solo vehicle accident that was principally caused by a hazardous condition of which a driver, in the exercise of reasonable care, would not have noticed (for example, "black ice").

MAJOR VIOLATIONS:

- Driving under the influence of alcohol
- Driving with a suspended / revoked driver's license
- Driving while impaired
- Refusal of alcohol test (implied consent)
- Open container
- All other alcohol-related violations
- All drug related violations
- Racing on Highway
- Operating a vehicle without owner's consent
- Attempting to elude a police officer
- Any felony involving a motor vehicle
- Altering driver's license
- Unlawful use of driver's license
- Violation of anti-theft laws
- Moving violations that result in criminal offenses
- Leaving the scene following an accident involving damage to vehicle, personal injury, or death.

XII. ADDITIONAL PREMIUMS

The following schedule designates the required down payment for any additional premium generating endorsements or up rates due to rate miscalculations or MVR inaccuracies.

Schedule I
Required Down Payments on Additional Premiums
Days from Policy Inception
(Binder or Postmark Date
whichever is sooner)

Days Passed	Required Down
0-30	20%
31-60	25%
61-90	35%
91-120	45%
121-150	50%
151-180	70%
181+	100%

If there is a difference between the quoted premium and the actual premium, the policy will be issued at the actual premium. The insured will then have the following options:

FOR POLICIES UTILIZING OPTIONAL INSTALLMENT PAYMENT PLAN:

The outstanding additional premium balance will automatically be divided over the remaining installments.

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FOR POLICIES NOT UTILIZING OPTIONAL INSTALLMENT PAYMENT PLAN:

The insured will be mailed an additional premium notification for the outstanding additional premium balance. If the additional premium is not paid the policy will be cancelled by direct notice. Information required to delete the additional premium may be faxed to the administrator for review and processing as appropriate.

XIII. ENDORSEMENTS

You must include the policy number along with agent's or customer's gross check for the additional premium and submit these items within 48 hours of the insured's request. Faxed responses to suspense letters are acceptable if due date is within 72 hours.

A. POLICY CHANGES

Any policy change request that deletes motorcycles on a multi-cycle policy, deletes drivers, or deletes or reduces coverages requires a written request signed by the Named Insured.

All endorsement requests must be mailed to the administrator within 48 hours after the endorsement is taken.

B. ENDORSEMENT DEPOSITS

A down payment must be included with the request for all endorsement requests resulting in additional premium. Any remaining balance will be divided equally over the remaining installment payments, (refer to Schedule-I above to determine required percentage.) For assistance regarding the calculation of additional premium amounts for endorsements call customer service at 1-800-303-5000. Endorsement requests resulting in additional premiums that are submitted without payment will be returned UNBOUND.

XIV. RENEWALS

A. A notice of expiration/renewal offer will be mailed to the insured and loss payee at least 20 days prior to expiration. This is the **ONLY** notice sent. Insured is to pay the administrator directly, whichever is applicable. To be renewed with no lapse in coverage, premium payment must be postmarked **BEFORE** the expiration date. Renewals will not be accepted beyond 30 days after expiration. The same options apply to renewals as to new business.

B. When you are renewing a policy on behalf of the policyholder, we require the notice sent to the policyholder or a copy of the notice sent to you. **WE CANNOT PROCESS RENEWALS WITHOUT ONE OF THESE FORMS.**

C. Please note that the policy is subject to re-rating at each renewal.

XV. CANCELLATIONS

A. No flat cancellations are allowed after the inception date except when an insured's check is returned for Non Sufficient Funds (NSF), or proof of double coverage is provided. The administrator must receive a copy of the front and back of the NSF check or copy of duplicate coverage within 30 days of binder date.

B. A \$10 fee will be assessed for all NSF checks.

C. Cancellations may be requested by return of the original policy or written request signed by the insured.

D. Return premiums for all cancellations will be calculated on a pro-rated basis.

XVI. CLAIMS PROCEDURE

For fast and friendly claim service and to completely eliminate your time involvement in processing claim forms, please instruct your insureds and claimants to call our claims department directly.

This procedure will give the administrator the opportunity to give both your client and claimants immediate direct claim service.

CLAIM TELEPHONE NUMBER: (800) 962-1172

PRODUCER HAS NO AUTHORITY TO ASSIGN A LOSS FOR ADJUSTMENT TO AN ENTITY OTHER THAN THE ADMINISTRATOR.

DRIVER ASSIGNMENT:

(All operators must reside in the same household.)

1. The rating factor for each vehicle is determined by applying the highest rated driver to the highest rated vehicle in descending order.
2. If there are more vehicles than operators, rate the highest rated driver to the highest rated vehicle in descending order. The remaining vehicles shall be assigned to the lowest rated driver.

Round to five decimal places at each step in the calculation, except for last step in the calculation, where the total final premium is calculated, round to the nearest dollar.

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RATING WORKSHEET		BI/PD	PIP	MP	UMBI	UMPD	CP	CL
Rating Variable								
Base Rate								
X	Territory							
X	Financial Responsibility							
X	Engine Size							
X	Cycle Type							
X	Marital Status/Age							
X	Gender							
X	Motorcycle Age							
X	Class M - Motorcycle Years Licensed							
X	(1 - Discounts (Max of 50%))							
=	One	1.000	1.000	1.000	1.000	1.000	1.000	1.000
-	Homeowners Discount							
-	Association Discount							
-	Motorcycle Course							
-	Anti-Theft							
-	Multi-Cycle							
-	Multi-Policy							
-	Transfer							
-	Automatic Renewal							
-	ABS Brakes							
-	Military							
-	1 st Responders							
x	(1 + Surcharges)							
=	One	1.000	1.000	1.000	1.000	1.000	1.000	1.000
+	Inexperienced Operator							
+	Accident							
+	Major Citation							
+	Youthful Operator							
=	Basic Premium							
	Final Premium							
=	Greater of (a) or (b)							
(a)	Basic Premium							
(b)	Minimum Premium	\$72		\$45	\$105	\$33	\$30	\$90
x	Increased Limits							
x	UMBI / Physical Damage Ded.							
x	Comprehensive Only							
=	Total Final Premium							
+	Equipment							
+	Roadside Assistance							
+	Transportation Trailer							
+	Emergency Expense							
+	Disappearing Deductible (CP)							
+	Disappearing Deductibles (CL)							
+	Theft Prevention Fee (\$2 annual per cycle)							
+	Policy Fee	\$25.00						
=	Total Premium							