



TEXAS QUALITAS

BORDERLESS AUTO PROGRAM

PRIVATE PERSONAL AUTOMOBILE

UNDERWRITING MANUAL

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I. Introduction

Qualitas Insurance Company (hereafter referred as, "Company", "we"&"us") is a California company. We insure individuals with their Auto Insurance needs. Our goal is to deliver quality value products to our insurance customers.

II. Eligibility

We will insure Texas licensed plated vehicles with garaging address in Texas and Mexico.

III. New Policies

Producers do not have binding authority for any program underwritten through Qualitas Insurance Company. Acceptance of any payments or representations from the insured by the producer is not a binding acceptance on Qualitas Insurance Company.

New policies processed via our online system will show an effective date to be the same date and time the new business application was submitted electronically and accepted by our automated underwriting system. The producer is responsible for obtaining all necessary signatures on the application and forwarding funds to Qualitas Insurance Company the same day of binding to avoid possible cancellation of coverage.

To void an application, the producer must send an electronic request the same day to Qualitas Insurance Company with an explanation of the reason for the void request.

IV. Additional Insured

We provide an Additional Insured at no additional charge to protect a third party's interest.

V. Policy Submission Restriction

Coverage may not be written or submitted within 100 miles of any area where the National Weather Service or any Governmental Agency has issued a "watch" or "warning" of catastrophe, disaster or severe weather, including but not limited to earthquake, flood, fire, hail, tornadoes, windstorm, tropical storms, and hurricanes.

Binding authority will resume after the watch and/or warnings are lifted. Physical damages and UI/UIM PD coverage cannot be bound if clear signs of severe body or flood damage remain.

VI. Broker / Producer of Record Change

We will only change the producer of record on the 6 or 12-month renewal following the date we receive the request. *Producer of record changes* must be received in writing and signed by the new producer and the insured. Upon receipt of the *producer of record change* the new producer will be allowed to service the insured's policy even if we have not change the producer of record in our system.

VII. Coverage Information

Bodily Injury & Property Damage Limits

Bodily injury and property damage coverage is available in the following combinations:

Bodily Injury:	Property Damage:
\$30,000 per person/ \$60,000 per accident	\$25,000 per accident
\$50,000 per person/ \$100,000 per accident	\$50,000 per accident
\$100,000 per person/ \$300,000 per accident	\$100,000 per accident

- Vehicles on multi-car policies must carry the same liability limits.
- All provisions of unacceptable risks including driver(s), usage, and vehicle(s) provisions, must be followed.
- Applications which lack of necessary information to underwrite the risk will, including all applicable signatures, may be returned to the producer with no coverage bound or a policy may be issued a notice of cancellation at the discretion of the Company.
- All household members over the age of 14 must be added as drivers on the application or excluded from the policy with 515A endorsement. Failure to list or exclude all drivers at the time of the application is submitted may be considered material misrepresentation, and as such the drivers may be added back to policy inception with applicable surcharges, or the misrepresentation may be grounds for policy cancellation.
- Owner of vehicle & spouse for all listed married drivers, must be included or excluded from the policy.
- US postal service check must be made to confirm a deliverable mailing address.
- Vehicle(s) 40 years old cannot be accepted.

Lessor Liability Coverage

This coverage provides the opportunity to purchase an option when the customer has chosen policy limits that are appropriate for their needs but must provide increased limits to the lessor to satisfy the terms of the lease agreement.

For an increased premium, this coverage will be added to the insurance policy.

This coverage is only effective while the vehicle is leased by the insured for a period of at least six months, as documented by a standard form lease agreement with expressly stated insurance coverage requirements.

The lessor liability limits are available as follows:

Bodily Injury: \$100,000 per person
 \$300,000 per accident

Property Damage: \$ 50,000

The coverages provided are in addition to that listed on the declarations page and are only available to indemnify the lessor pursuant to the terms listed in their agreement.

The provision of the coverages provided for the lessor shall in no event increase our limits of liability for any damages the insured becomes legally obligated to pay, pursuant to the terms of the policy.

Uninsured & Underinsured Motorist

Uninsured/Underinsured Bodily Injury:	Uninsured/Underinsured Property Damage:
\$30,000 per person/ \$60,000 per accident	\$25,000 per accident
\$50,000 per person/ \$100,000 per accident	\$50,000 per accident
\$100,000 per person/ \$300,000 per accident	\$100,000 per accident

- The Named Insured may reject Uninsured/Underinsured Motorists Bodily Injury and Uninsured/Underinsured Motorists Property Damage.
If a signed rejection is not received:
- Uninsured/Underinsured Motorists Bodily Injury will be written at limits equal to the bodily injury liability limits of the policy; and
- Uninsured/Underinsured Motorists Property Damage will be written in an amount equal to:
 - The Collision Deductible Waiver (if Collision is purchased); or
 - The lesser of ACV or \$25,000 (if Collision is not purchased).
- Uninsured/Underinsured Motorists Bodily Injury is not available for limits higher than the bodily injury liability limits of the policy.
- Uninsured/Underinsured Motorists Property Damage is available only if Uninsured Motorists Bodily Injury coverage is purchased.
- Deductible of \$250 for an UMPD claim
- If coverage is provided on a multi-car policy, UMBI & UMPD must be purchased at the same limits and at the same time for every car.
- When a loss is caused by an uninsured motorist, the collision deductible will be waived if the insured has purchased this option. This coverage is not available with UMPD or without collision coverage.

Personal Injury Protection

Uninsured/Underinsured Bodily Injury:

\$2,500 per covered person in vehicle, per accident.

- Coverage is provided regardless of fault, for necessary medical/funeral expenses and reasonable loss of income up to the limit under the policy.
- Coverage does not pay to repair damage to your automobile.
- Sold with Liability only coverage or Liability coverage plus Physical Damage coverage.
- If coverage is rejected, a rejection form must be signed or the coverage will be added to the policy and the applicable premium will be charged.

Comprehensive and Collision (Physical Damages) Deductibles

Comprehensive and Collision Deductibles:

\$500/\$500 \$1,000/\$1,000 \$1,500/\$1,500

- Comprehensive and collision coverages cannot be purchased separately and written with liability coverage.
- Collision coverage pays for the lesser of repairs, replacement or Actual Cash Value (ACV) of an insured vehicle resulting from a collision with an object or vehicle.
- Comprehensive (Other Than Collision) Provides coverage to the insured vehicle up to ACV for non-collision events.
- The comprehensive and collision premium for any vehicle includes the loss of or damage to all permanently installed equipment, parts or accessories, which were installed by the original manufacturer of the vehicle or its dealers.
- Prior to binding coverage, vehicle(s) must be present and inspected by agent.
- Coverage cannot be bound if there is severe body or flood damage.
- Vehicle(s) must be operable and in good condition.
- Vehicle(s) 30 years and older are not acceptable.
- Vehicle(s) must have a maximum value of \$100,000.
- Registered owner of vehicle must be included on the policy as a listed driver. If there is more than one owner of the vehicle, "co-owner", the additional owner must either be included on the policy as a listed or excluded driver.
- Salvage vehicles are accepted; the ACV of the vehicle will be adjusted accordingly in the event of

a total loss.

- Coverage cannot be bound during policy submission restriction.
- Vehicle(s) financed must have the lien-holder included as a Los Payee.

Special Equipment

No special equipment coverage. All applicants must sign a *special equipment waiver*. The application language includes a special equipment waiver declining any coverage to non-factory installed special equipment.

Rental Reimbursement

Reimbursement up to \$25.00 a day, with limit of \$750.00, equivalent of 30 days.

- Rental is an optional coverage offered with additional premium charged.
- Provides reimbursement for the expense incurred to rent a substitute auto twenty-four hours after there is a covered loss to a covered vehicle.
- Insured is free to choose the rental company

Towing & Labor

Limit of \$70.00 per occurrence.

- Towing is an optional coverage offered with additional premium charged, Insured must initiate the tow.
- Provides reimbursement for towing and labor costs incurred when a covered vehicle is disabled.
- Vehicle(s) must have physical damage coverage.

VIII. Underwriting

The Company will underwrite policies for insurance fraud and material misrepresentation at the point of policy submission made by the applicant as an inducement to have the Company issue a new policy. The Company reserves the right to reject these applications.

Unacceptable Drivers

1. Driver(s) without a valid driver license.
2. Main Insured under the age of 18.
3. Drivers with SR filings where Qualitas Insurance Company does not insure all vehicles in the household.
4. Applicant or any rated driver who does not have a verifiable motor vehicle report, unless they fall under the *Foreign and International Driver's Licenses* section of this manual.
5. Drivers under the minimum age for state licensing or a valid driver's permit.
6. Applicants who have been convicted of insurance fraud.
7. Applicants without a permanent residential garaging address.
8. Applicants who have had a policy cancelled, rescinded, or non-renewed by Qualitas Insurance Company due to fraud, misrepresentation in connection with an application for insurance or in the presentation or settlement of a claim.
9. Drivers with 2 or more Principally-at-Fault within the last 36 months.
10. Drivers with more than 1(one) driving under the influence of alcohol / drugs violation convictions within the last 36 months.
11. Driver(s) not eligible for driver's license reinstatement.
12. Up to 6(six) drivers are accepted per policy.
13. Driver(s) with 2(two) or more PIP claims.
14. Driver purchasing a policy for the sole purpose of renting a car.

Unacceptable Vehicles

1. Vehicles not considered private passenger vehicles such as:
 - a. Pickups, vans, and panel trucks not used as private passenger vehicles.
 - b. Emergency vehicles, including vehicles used in volunteer fire departments.
 - c. Taxi cabs, limousines, escort vehicles, or buses and all other vehicles used in public livery or haul for hire.
 - d. Recreational Vehicles, RV's, Motor Homes, and Travel Trailers.
 - e. Vehicles with an incomplete chassis, chassis and cab, utility van or truck or commercial type vehicle not considered a private passenger vehicle.
 - f. Flatbed trucks, stake trucks, dump trucks, cutaway vans, step vans, panel vans and tilt cabs.
 - g. Vehicles equipped for snow plowing.
2. Vehicles equipped with detachable camper bodies that contain cooking and/or sleeping facilities.
3. Vehicles with altered suspensions (i.e. lowered vehicles, lifted vehicles greater than 3 inches) or have any modification, which mechanically or structurally alters its performance or appearance.
4. Vehicles with a gross vehicle weight in excess of 3.5 tons.
5. Vehicles that are NOT motorized.
6. Vehicles with less than 4 wheels or more than 4 wheels (this does not apply to dual rear wheel trucks 3.5 tons and under).
7. Vehicles used for delivery (i.e. Pizza delivery, newspaper delivery, etc.).
8. Pooled vehicles, such as those available to multiple drivers for business use including sales, farming, or artisan use.
9. Vehicles not in safe mechanical condition.
10. Vehicles used to carry explosives, chemicals, radioactive materials or flammable substances.
11. Vehicles used in speed contests, races, exhibition, or "off road".
12. Vehicles not principally garaged at a residential address.
13. Policy carry a vehicle / driver ratio of no more than one vehicle than drivers. For example, 4 vehicles and 3 drivers are acceptable.
14. Vehicles over 40 years old for liability and 30 for physical damages.
15. Vehicles leased or rented to other operators by the applicant.
16. Vehicles with foreign license plates.

Unacceptable Vehicles for Physical Damage Coverage

1. Vehicles with Actual Cash Value over \$100,000.
2. Vehicles with Actual Cash Value under \$2,500.
3. Grey Market Vehicles (vehicles not originally manufactured to meet U.S. standards).
4. Homemade, custom built, altered, or "kit" cars.
5. Vehicles titled to anyone other than the main insured or operators named on the application.

FOLLOWING VEHICLES and MODELS BELOW ARE STRICTLY PROHIBITED FROM ALL COVERAGES.

Aston-Martin, Bentley, Bugatti, Ferrari, Lamborghini, Maserati, Maybach, Porsche, Rolls Royce, Smart Cars, Sterling, Frisker.

IX. Driver Information

All registered owners, members of the household age 14 and older, and any regular drivers of the vehicles(s), whether licensed or not, must be listed on the application and either rated or excluded (whether they drive or not). If Qualitas Insurance Company discovers material misrepresentation concerning the named insured or any resident of the same household who customarily operates an automobile insured under the policy, the policy will be cancelled. The insured may avoid cancellation by furnishing corrected information within 20 days after receiving notice of cancellation and agreeing to pay the difference in premium for the policy period in which the information remained undisclosed. If the additional information results in an Unacceptable Driver, the driver will be excluded back to inception and

no coverage will be provided for the excluded driver.

A Texas driver's license for each driver is required to run a Hidden Driver Report (HDR). A photocopy of each driver's license must be included in the file.

If an HDR cannot be run to the license the policy can still be bound. However, in that case, a three (3) point surcharge must be applied (Unobtainable HDR) to each driver with an unrecognizable license number. Picture of a valid ID must be included in the file such as: Foreign DL, consular ID Card (Matricula Consular), Foreign ID (Cedula Identidad), Passport, Expired driving license, Valid US DL from any state other than TX.

Years of Experience

Years of driving experience is the total number of years since the driver was first licensed. Years of driving experience includes both U.S. and international driving experience. No driving credit is given prior to age 16.

Named Insured

The Named Insured may be an individual or two persons who reside in the same household. The Second Named Insured does not have to be the Named Insured's spouse. A policy with a minor (17 years old or younger) listed as the Named Insured must be signed by the minor's parent or legal guardian to be legally enforceable.

Foreign and International Driver's Licenses

Foreign and International driving experience is acceptable. Producers are responsible for collecting a copy of an official photo identification listing the date of birth for all drivers without a verifiable driver's license.

Marital Status

The spouse of the main insured must be listed or excluded from the policy.

Common law marriage is accepted as long as both individuals reside in the same household and present themselves as husband and wife.

Filing Information (SR-22)

SR filings are issued in Texas only. Filings can be issued only for the named insured or immediate family members rated on the policy and residing in the insured's household when we insure all vehicles in the household. Owner's coverage filings are issued on owner's policies. We will issue a SR filing for a Texas Temporarily license.

An SR-26 will be issued upon cancellation or expiration of the policy. The filing will be reinstated when the policy reinstates or renews.

Students and Military

Coverage is provided for students who:

- Attend school in Texas.
- Provide the zip code where their car is principally garaged.

Coverage is provided for military personnel who:

- Are stationed in Texas.
- Provide the zip code where their car is principally garaged.

X. Vehicle Information

Annual Mileage

The insured estimates the number of miles they will drive in the next 12 months. Annual mileage should be calculated for each vehicle based on the assigned driver's usage of the vehicle.

Odometer readings must be provided for each vehicle. If the estimate provided could be reasonably assumed as illogical based on odometer readings and vehicle age or other combinations of facts such as commute distance and commute days, the insured may be asked for additional information to support the estimate with a verbal or written explanation. If the insured does not reply to such an inquiry, the company will use the average of 12,000 annual miles as the default annual mileage to rate the policy. The company may request odometer readings and updated mileage estimates from time to time.

Photos are required on all vehicles requesting physical damage coverage

NOTE: Producers are responsible for taking at least two photos showing all sides of the vehicle. Underwriting may require photos to be sent to the Company.

Salvage Vehicles

Salvage vehicles are acceptable for all coverage. Underwriting may require photos to be sent in to the Company.

XI. Violations and Accidents Chargeable Period

- In determining Violation and Accident points in accordance with the rules below, use only those violations and accidents which have conviction dates in the last 36 months preceding the effective or renewal date of the policy.
- Failure to Appear (FTA) violations will be counted as violation convictions as of the date of the FTA.
- Use the violation conviction date, not the violation occurrence date, to determine if points are to be charged.

XII. Violation Points

1st Violation assign points:

1 Point

Defective or Improver Equipment.

2 Points

Consuming alcohol while driving

Open container

Negligent entrustment to inexperience operator

No liability Insurance

3 Points

Operating a vehicle without a driver's license

Paid or payable accident

Unobtainable HDR report

License suspended for drug possession

SR-22 Requirement

5 Points

DWI or DUID (Including probation)

Failure to take breath test

Homicide or assault with vehicles

Artisan use

2nd Violation assign points:

2 Point

Consuming alcohol while driving.

Open containers.

Negligent entrustment to inexperience operator

Defective or Improver Equipment.

No liability Insurance.

3 Points

Operating a vehicle without a driver's license

Unobtainable HDR report

License suspended for drug possession

5 Points

DWI or DUID (Including probation)

Failure to take breath test

Homicide or assault with vehicles

Paid or payable accident

Artisan use

Unacceptable risk

Unacceptable vehicle

Unacceptable risk
Unacceptable vehicle
Possession of an illegal substance

Possession of an illegal substance

XIII. Accident Points

- One Driver Record Point is assigned for each Principally At-Fault accident that occurred in the 36 months prior to effective or renewal date of the policy.
- If a chargeable accident and a violation conviction occur at the same time or a single occurrence results in more than 1 violation conviction, charge only for the accident or violation conviction with the highest point value.
- A driver is considered Principally At-Fault for an accident if the driver's actions or omissions were at least 51 percent of the legal cause of the accident and either the accident resulted in bodily injury or death or, for an accident that resulted only in damage to property, the total loss or damage caused by the accident exceeded \$1,000.
- An accident is considered non-fault if:
 - The vehicle was lawfully parked at the time of the accident. A vehicle rolling from a parked position shall not be considered to be lawfully parked, but shall be considered as in the operation of the last operator;
 - The vehicle was struck in the rear by another vehicle and the driver has not been convicted of a moving traffic violation in connection with the accident;
 - The driver was not convicted of a moving traffic violation and the operator of another vehicle involved in the accident was convicted of a moving traffic violation;
 - 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 legal authorities within a reasonable amount of time after the accident;
 - The accident resulted from contact with animals, birds, or falling objects;
 - 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") or in the exercise of reasonable care could not have avoided (for example, avoiding a child running into the street).
- Acceptable proof of "non-fault" includes any of the following:
 - A copy of the police report or court documents;
 - A letter from their previous carrier regarding the loss;
 - Any other documentation, which proves non-fault.

XIV. Driver Vehicle Assignment

Policy premium is determined by assigning the highest rated driver (driver who has the highest combined liability driver classification factors) to the highest rated vehicle based upon vehicle year, symbol and deductible factors. The second highest rated driver is assigned to the next most current model year and so on.

- A. Each driver must be assigned to at least one vehicle.
- B. Assign each driver to a vehicle based on the following criteria:
 - 1. One Vehicle-One Driver
 - a. Assign points for driving record.

- b. Assign driver class factor.
2. One Vehicle-Multiple Drivers
- a. Assign the highest rated driver class factor and points for driving record.
 - b. Also, take into consideration any driver level discounts
3. Multiple Vehicles-One Driver
- a. Determine the highest rated vehicle based upon vehicle year, symbol and deductible factor and determine the driver class as described in B.1 above.
 - b. The extra vehicles will be rated using the 0 points. If applicable, the multi-car discount will be applied
4. Multiple Vehicles-Multiple Drivers
- a. Determine the vehicle that generates the most premium based upon vehicle year, symbol and deductible factors. Then, rank the remaining vehicles in the same manner.
 - b. Determine the driver ranking (highest to lowest) based on the driver classification factors and points for driving record. Also, apply any driver level discounts.
 - c. Assign highest rated driver to highest rated vehicle as determined above.
 - d. Assign second highest rated driver to second highest rated vehicle. Continue assigning drivers to vehicles until all vehicles have been assigned.
 - e. If drivers remain, assign them to the remaining vehicles they most frequently use.
- If there are more vehicles than drivers, the extra vehicles will be rated using 0 points.

XV. Multicar Discount

Discount will be given to all vehicles insured on the same policy with factors based on the number of vehicles on the policy.

XVI. First Renewal Discount

A renewal policy discount may be applied by the Company for the current named insured for Bodily Injury, Property Damage, Uninsured/Underinsured Motorists, Comprehensive and Collision coverages.

A discount will be available to insureds that renew their policies with the Company with no lapse of coverage.

XVII. Mexico Extension Surcharge

- Coverages for the covered auto are extended to an accident occurring in All Mexico.
- Coverage is excess over any collectible insurance.

XVIII. Policy Terms

- **1 Month**
 - **3 Month**
 - **6 Month**
-
- The declaration page will show the inception date and time.
 - 1 and 3 month policies must be paid in full.

- 6-month policies can be paid in full or an instalment billing plan.
- For 6-month policies, if payment is not received, an intent-to-cancel for non-pay is generated and mailed after the payment due date.
- For 6-month policies, payments received after the due date but prior to the cancel date will reinstate without a lapse in coverage, and without any late fee.
- For 6-month policies, payment received up to 30 days after the cancel date, for an additional fee and with underwriting approval, may be reinstated with lapse or rewritten.
- For 6-month policies, renewal offers are generated and mailed at least 20 days prior to the expiration of each term and coverage will continue until cancelled or non-renewed.

XIX. Billing and Payment

Direct Bill

Policy terms offer 6 months with direct bill (paid in full, installments), EFT (Electronic Funds Transfer), or recurring credit card billing options.

We will not honor handwritten receipts. In the event that a payment cannot be uploaded via any of the many options available, a request to upload such payment must be done in writing to the underwriting department for consideration. Such request must be accompanied by an agency management software generated receipt (date time stamped).

Electronic Funds Transfer (EFT)

A draft from the selected account will be done automatically 16 days prior to a cancellation date and 10 days prior to the renewal date to keep a policy current.

EFT information can be set up for the insured at any time during the policy period.

Once a producer enters the main insured's financial information, Policy Admin system will encrypt such information for security purposes. All signed EFT forms must be faxed upon completion, to the accounting department. It is imperative that all information is verified prior to processing the EFT payment.

If the main insured wishes to cancel an EFT draft or service, he/she must do so by signing an amendment at least twenty (20) days prior to the renewal or cancellation date.

Web Payments

Payments can be made via web by the insured. Insured will have to create access through the Web page to process their payment. A confirmation e-mail will be sent after the transaction has been approved.

Submission of all Funds Collected

Upon collection of premium, producer will immediately post payment onto the Policy Admin system.

If unable to post, producer will immediately contact the Underwriting Department to post.

Producer must post and submit the full amount collected. Premium may not be financed.

Producer will not mail any payments collected (cash, checks, money orders, credit card forms, etc.) to the company. Producer will immediately upload any and all payment received on to the Policy Admin system.

Producer may not accept post-dated checks, temporary checks, and/or give special loans/billing plans.

Independent Agent Sweeping

For Independent Agents, General Agent will sweep the amount collected by the agent on the 2nd business day following the day of production.

In case of NSF, bank sweeps will not be done twice. The agency will be required to deposit the funds directly into General Agent escrow account within 3 business days otherwise the amounts may be deducted from the agencies commission check.

Repeated instances of NSF will among other things result in cancellation of the agency agreement. Refer to your agency agreement for further details and requirements.

Insured NSF

- On new applications or renewals, NSF checks will result in a flat cancellation from the effective date of the policy.
- On monthly policies, NSF checks will result in reactivating the cancellation date assigned when the payment/cancellation notice was sued.
- On 6-month policies with a payment plan, NSF transactions on an installment will result in voiding the payment transaction and reactivating the original last cancellation date assigned.

There will be a \$25 fee on all NSF checks. An insured must pay the amount of NSF + the NSF fee within 72 hours of company receipt of payment. If payments not made within 72 hours, a new policy must be written (at which point the NSF will still be assessed).

Producers will not be charged for insured NSFs as long as a copy of the NSF checks faxed to and confirmed by the Underwriting Department which will then flat cancel or reactivate cancellation.

Delayed Renewals & Past-Due Payments

Delayed Renewals:

- Delayed renewals result in a new effective date original policy # should be preserved.
- Vehicles with physical damage coverage must be re-inspected and pictures retaken.
- After 30 days, all signature documents must be re-printed and re-signed by main Insured.

Past-Due Payments (applies only to 6-month policies w/installment plans) Past due payments result in a lapse in coverage.

A no-loss statement must be signed by main insured prior to reinstating coverage.

A payment cannot be accepted on a policy that has lapsed for more than 30 days a new policy must be written.

If a policy has lapsed and includes physical damage coverage a payment cannot be accepted until the vehicle(s) has been re-inspected.

XX. Change of Billing

Policies may be changed to a different billing plan upon the next renewal.

- Changing from EFT or Recurring Credit Card to Direct Bill
 - If the insured wants to change from EFT or Recurring Credit to Direct Bill we must receive a payment for the renewal prior to processing the change in billing plan.
 - If we do not receive a payment, the insured's account will be swept.
 - For 3 month policies, the next renewal offer will reflect the change from EFT or Recurring Credit Card to Direct Bill.
- Changing from Direct Bill to EFT or Recurring Credit Card
 - If the insured wants to change from direct bill to EFT OR RECURRING CREDIT CARD we must receive a payment for the renewal prior to processing the change in billing plan.
 - We must receive a signed copy of the EFT (with voided check) or Recurring Credit Card agreement.
 - The EFT or Recurring Credit Card forms are available through the producer browser.
 - We do allow the EFT or Recurring Credit Card account to be in another person's name; however, the account holder must sign the EFT or Recurring Credit Card agreement.

XXI. New Business Down Payment

The producer must remit a down payment or payment in full via insured credit card. Payments received after the due date but prior to the cancel date:

- Payments received after the due date but prior to the cancel date will reinstate without a lapse in coverage, and without any late fee.

Payments received after the cancellation date:

- Once a policy cancels for nonpayment, we *reinstate with a lapse* in coverage or *rewrite* if the payment is postmarked or uploaded within 30 days from the cancellation date and upon underwriting approval.
- There is no coverage from the cancellation date of the policy until the *reinstate with lapse* or *rewrite* effective date.
- The policy will be *reinstated with lapse* or *rewritten* at rates in effect when the policy is placed back in force. This offer might only be valid if all outstanding balances are current. A reissue fee will be charged per the fee schedule.
- The policy will go into effect the same date and time as the payment was applied using our online website system to generate an automated rewrite.
- Payments applied online, but not automatically rewritten, or those received via the U.S. Post Office, will become effective 12:01 A.M. the day following the U.S. Post Office postmark date on the envelope containing the payment, or the day after the payment is uploaded or the date received in the mail (if no postmark or metered mail).
- We may rewrite a policy as a short-term policy when payments are received after the cancellation date, preserving the original policy expiration date.
- If the payment is postmarked, uploaded or received after 30 days from the cancellation date, the policy must be written as new business with a new application. A new policy fee and SR Filing fee, if applicable, will be charged.

XXII. Service Charges

<u>Fee Type</u>	<u>Amount</u>
Policy Fee 1 Month	\$14.00
Policy Fee 3 Month	\$35.00
Policy Fee 6 Month	\$84.00*
Installment/Renewal Billing Fee - Direct Bill	\$2.00
SR-22/SR-1P Filing Fee (initial filing)	\$35.00
Bank Return Fee	\$25.00
Reissue/Reinstate Fee	\$10.00
Endorsement Fee	\$5.00**
MVCPA Fee	\$2.00

* Fee will be collected in \$14.00 dollars with each instalment payment.

** Endorsement Fee applies to any premium bearing change requested by the producer / insured except change of address and corrections made by the Company.

All fees charged are fully earned and non-refundable, with the exception of a policy that has been flat cancelled.

XXIII. Changes on Policy

Change requests on policies should be submitted online using the Company website. Changes submitted via the website will show an effective date to be the same as the date and time the change was processed online. Changes submitted manually will show an effective date no earlier than 12:01 A.M. the day after the fax is received by Qualitas Insurance Company, or the day after the email is received. The following conditions must be met for the requested date to be honored:

- Additional and replacement vehicles may be added to the policy within 14 days from the date of purchase, provided we insure all private passenger vehicles in the household. After 14 days, coverage for additional vehicles will follow the change effective date rules stated above.
- A change in the garaging address must be made.
- Requests to delete coverage will not be backdated. The request must be uploaded and /or sent to our office along with the backup documentation within 3 days from the requested date.
- Changes submitted using the Qualitas online system:
 - Producers are permitted to retain the documents in their office.
 - Producers are responsible for obtaining all supporting documents and having the insured sign the change request, but they will be allowed to retain these documents in their office. No information needs to be sent to Qualitas Insurance Company.
 - Qualitas Insurance Company may from time to time call the producer and request them to fax us a copy of the change and supporting documentation; it must be provided within 72 hours after requested.

Changes are subject to the same underwriting rules as new business. Please refer to Unacceptable Risks and Vehicle section for acceptability. If a change does not meet our underwriting rules, our Company reserves the right to reject the change and return unbound with no coverage provided. Policy changes may also be referred to as endorsements.

XXIV. Cancellations

If a policy is cancelled the return premium will be calculated on a pro-rata basis, with the exception of flat cancellations. Flat cancellations are allowed after the inception date of the policy only when the down payment check is returned as NSF or proof of duplicate coverage is provided. Qualitas Insurance Company must receive a copy of both the front and back of the NSF check within 30 days.

- Flat cancellations will only be considered by the Underwriting Department if there was a producer error and the requests sent on the same business date the policy is sold, or if an initial down-payment or renewal payments returned due to NSF. The NSF check must be faxed to the Underwriting Department immediately after receipt for consideration.
- All other cancellations will be calculated on a pro-rata basis. Return premiums of less than \$5 will not be refunded unless requested by the named insured.
- All cancellation requests must be submitted through the policy admin system. The cancellation form must be signed by the main insured. The signed cancellation form must be kept in the policy holder's file.

The effective date of a cancellation cannot be backdated, unless the Underwriting Department verifies that there was duplicate coverage. A declaration page from the other carrier must be provided at the time of the request.

XXV. Mid-Term Cancellations

Qualitas Insurance Company may cancel a policy mid-term for the following reasons:

- Non-payment of premium.
- Fraud or material misrepresentation has been made by the insured.
- Substantial increase in hazard insured.

The named insured may request the policy to be cancelled at any time during the policy period:

- The cancellation form must be signed and dated by the named insured.
- The cancellation date will be the date received, the date after post mark, date after email or fax.
- Future cancellation dates will be honored.
- A cancellation may be backdated if proof of duplicate coverage is provided and no claim has occurred.

XXVI. Non-Renewal

Reasons for policy non-renewal include, but are not limited to:

- Fraud or material misrepresentation has been made by the named insured.
- Substantial increase in hazard insured.
- When an insured moves the car registration to another state, the policy will be non-renewed.
- When insured garaging address moves to the United States.
- We will notify the producer and the insured of our intent to non-renew. This notification will also include the reason(s) for our decision.

XXVII. Policy Rescission

Policy rescission is an underwriting action that renders the entire contract between Qualitas Insurance Company and the applicant null and void as of the inception date.

- An applicant is obligated and responsible for truthful, complete disclosure of all information requested on the application, change request, renewal inquiries and all additional information requests made by the Company.
- Material misrepresentation on the application may affect an applicant's eligibility to receive the benefits of the insurance contract.
- If the Company issues a policy based upon information that is later found to be false, misleading, a misrepresentation, or a substantial increase in hazard, the Company may elect to cancel, rescind the policy or collect the additional premium due from inception. This applies in all situations where the risk would have been ineligible or unacceptable or would have resulted in the policyholder avoiding premium.
- The insured may avoid cancellation by furnishing corrected information within 20 days after receiving notice of cancellation and agreeing to pay the difference in premium for the policy period in which the information remained undisclosed.