

# First Acceptance Insurance Services

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**TEXAS FIRSTCHOICE AUTO PROGRAM**  
**Underwriting Manual**  
**Effective September 2025**



UNDERWRITTEN BY:  
OLD AMERICAN COUNTY MUTUAL FIRE INSURANCE COMPANY

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# GENERAL INFORMATION

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## QUOTING

First Acceptance Retail locations must begin the quote in AMS, where the customer's information will be entered and third-party reports will be run. For Independent Agency partners, please refer to the Portal at **FirstAcceptanceInsurance.com**. The Portal must be used to upload all applications and can also be used to quote/process endorsements, to upload payments, or to print forms. Upload is required for all new business applications.

In order to provide the most accurate quote possible, First Acceptance will order consumer reports from multiple third-party providers. These reports will help ensure that we are using the most up-to-date and accurate information available and help cut down on the amount of time it takes to complete a quote. It also helps minimize the number of documents that must be submitted to the company, thereby reducing potential post-bind up-rates and improving your ability to retain your customers longer.

## CLAIMS SERVICE

First Acceptance offers fast and worry-free claims service. Agents should instruct insureds or claimants to immediately report all claims to First Acceptance, no matter how small. A First Acceptance representative is available from 7am to 8pm CST Mon-Fri and 8am to 5pm CST on Sat by calling 800-779-2103. Reporting losses immediately speeds up processing and relieves your office of taking loss information. At the time of sale, agents must also provide the insured with a First Acceptance folder containing our claims reporting number.

## AGENT NOTIFICATION

Our Application Portal is designed to keep you up-to-date on policy activity.

- Uploaded policy/payment;
- New business and renewal policies, endorsements issued;
- Pending cancellations, final cancellations, non-renewals, and reinstatements;
- Summary of unpaid renewals and renewal offers issued.

## AGENT DUTIES

The Agent's duty to the insured includes explaining:

- All members of the household aged 15 and older, licensed or unlicensed, or other regular operators must be listed on the application and rated or excluded. To be excluded, the signed exclusion form must be sent in. Suspended drivers may also be excluded.
- There is no coverage under this policy for an excluded operator driving a listed vehicle.
- The requirements for obtaining coverage on replacement and additional vehicles.
- The policy is a contract between the insured and First Acceptance. The Policy, Declarations Page, Application, and Endorsements contain the full terms of the agreement. A quote does not bind First Acceptance to a rate or coverage.
- The insured should read the Policy contract and contact their agent with questions.
- Discounts and surcharges may apply to this program.
- The insured has options in purchasing coverages, limits, and deductibles.
- Agents should refer insureds to First Acceptance only for billing questions and to report claims. Counsel must be provided by the agent.
- All claims are to be called in directly to our Company by the insured.

First Acceptance Insurance does not permit brokering of business. It is not acceptable for you to give our underwriting materials to agents or brokers operating at any location not separately licensed, or for you to accept applications for risks underwritten outside your office.

# BINDING RULES

## BINDING

Applications for new business will be bound as of the effective date and time of upload if:

- The application complies with the underwriting rules of this manual;
- The appropriate payment has been made. Payments returned for uncollectible or insufficient funds void the policy in its entirety back to inception;
- The application and all applicable documents are complete and have been made available to the applicant for review.
- The application is received within four (4) calendar days of the effective date of the policy.

When binding, agents:

- Do not have the authority to issue policies, endorsements or cancellation notices unless specifically authorized to do so in writing by our Company.
- May not permit a solicitor or broker to bind our Company on a risk.
- Must use Electronic Funds Transfer or Insured Credit Card for the down payment on uploaded policies.
- Should never upload an application until down payment has been received from the insured.
- Should instruct insureds to purchase a money order or write a check payable to First Acceptance for all mailed insurance payments. Do not use agency checks for monetary transactions with insureds since cancellations for non-payment to agents cannot be issued and all premium/cancellation refunds are sent directly to the insured. No exceptions will be made.
- Should have insured send in gross amount. Do not retain commission.
- Must follow Upload Compliance Requirements for uploaded policies.

## SEVERE WEATHER RESTRICTIONS

Physical Damage (Collision or Comprehensive) coverage may not be bound on new business or added to or increased on an existing policy in counties where The National Weather Service has issued a hurricane, tornado, hailstorm, or other severe weather watch or warning.

## UPLOAD COMPLIANCE REQUIREMENTS

You must submit to First Acceptance all requested documents upon upload. Any documentation requested and not received may result in the removal of discounts and/or a change in the policy premium. Any documents submitted to First Acceptance must include the Policy ID number.

All policies written with First Acceptance must be uploaded using our electronic signature functionality. When applicable, the following documentation must be kept in your agency's file and presented upon demand by any First Acceptance Underwriting or Claims personnel:

- All submitted documents;
- Any exclusion forms and supporting documentation;
- Automobile Inspection report and required photographs of vehicles if required;
- Physician's statement;
- Letter from insurance company or police report indicating not at-fault accident;
- Certificate of driver safety course;
- EFT Authorization Form and Copy of Voided Check;
- Copy of valid Foreign or International Driver's Permit.

Provide the Insured with an First Acceptance Folder that contains the following documents:

- First Invoice;
- ID Cards;
- Upload Receipt; and
- Accident Information Card.

## IMPORTANT REMINDERS ABOUT UPLOAD

- After you have successfully uploaded an application, you will receive a message indicating the transmission has been successful and you will receive a policy number.
- The policy number will be printed on the application.
- The down payment amount will be processed at the time the policy is written.
- The documents that are indicated to be submitted must be scanned and submitted immediately (no later than 24 hours after upload) into the Scanned Image Viewer (SIV). Independent agents without access to our SIV must submit documents to UW@FirstAcceptanceinsurance.com.
- File all documents listed above for the appropriate number of years. These files will be subject to routine reviews in accordance with your agency contract.
- Rewrites of the policy cannot be uploaded.
- If erroneous information is uploaded, please contact the underwriting department immediately.
- Policies are effective no earlier than the time and date they are written (no backdating of effective date).
- Applications submitted without the appropriate signatures will be adjusted to reflect any additional coverage or drivers for which signed forms have not been executed and may be subject to cancellation.

# COVERAGES AND LIMITS

## LIABILITY BODILY INJURY AND PROPERTY DAMAGE

All limits must be the same for all vehicles and all drivers.

PD limits can never exceed Bodily Injury limits.

### Available BI/PD Limits

30/60/25  
50/100/25  
50/100/50  
100/300/25  
100/300/50  
100/300/100

## UNINSURED MOTORIST BI

All limits must be the same for all vehicles and all drivers. UMBI limits may not exceed BI limits.

### Available UMBI Limits

30/60  
50/100  
100/300

## UNINSURED MOTORIST PD

All limits must be the same for all vehicles and all drivers and is only available if UMBI is purchased.

Not available if CL is purchased.

Coverage is subject to a \$250 deductible.

### Available UMPD Limits

25  
50  
100

## MEDICAL PAYMENTS

Medical Payments coverage is provided on a per person basis.

Limits must be the same on all vehicles on a multi-car risk.

### Available MP Limits

\$500  
\$1,000  
\$2,000

## PERSONAL INJURY PROTECTION

Personal Injury Protection coverage is provided.

Limits must be the same on all vehicles on a multi-car risk.

### Available PIP Limits

\$2,500  
\$5,000

## COMPREHENSIVE AND COLLISION

Physical Damage only policies are not available.

If Comprehensive or Collision coverages are desired, both must be purchased. They may not be purchased without the presence of the other.

Deductibles for each coverage must be equal.

Leased vehicles and vehicles with a loss payee must carry Comprehensive and Collision Coverage.

### Available CP/CL Deductibles

\$250	\$1500
\$500	\$2000
\$750	\$2500
\$1,000	

## RENTAL REIMBURSEMENT

This is an optional coverage for all vehicles with Physical Damage Coverage. Comprehensive and Collision must be purchased to select Rental Reimbursement Coverage.

Coverage only reimburses the policyholder for the cost of renting a car while a vehicle listed on the policy is out of use because of another loss covered by the policy.

If selected, coverage must be selected for all vehicles on the policy with Physical Damage Coverage.

Coverage provides transportation expenses if an insured auto with Comprehensive Coverage is stolen.

### Available Rental Limits

\$15 per day / \$450 Max	\$35 per day / \$1,050 Max
\$20 per day / \$600 Max	\$40 per day / \$1,200 Max
\$25 per day / \$750 Max	\$45 per day / \$1,350 Max
\$30 per day / \$900 Max	

## TOWING AND LABOR

Towing and Labor Coverage is an optional coverage. Comprehensive and Collision must be purchased.

Reimburses the policyholder for charges incurred from a legally licensed tow-truck operation if the services are provided immediately after a disablement.

If selected, coverage must be selected for all vehicles on the policy with Physical Damage Coverage.

Limits must be the same for all vehicles of a multi-car risk.

Covers only the transportation costs of a vehicle due to a loss covered under another section of our policy.

### Available Towing Limits

\$50 per disablement / \$150 max per term  
\$75 per disablement / \$225 max per term  
\$100 per disablement / \$300 max per term  
\$125 per disablement / \$375 max per term  
\$150 per disablement / \$450 max per term

# COVERAGES AND LIMITS (CONT'D)

## ACCIDENTAL DEATH

Accidental Death is an optional coverage and is available for all policies.

### Available AD Limits

\$5,000  
\$10,000

## TOTAL LOSS PREVENTION

This coverage is a stated amount coverage to be paid in the event that the insured suffers a total loss of their vehicle.

This coverage is not available for vehicles with Comprehensive or Collision and does not fulfill the lienholder requirement for physical damage coverage. It is not available if a lienholder is present.

The maximum stated amount of coverage available is capped at 40% of the current value of the vehicle as determined by an index. This amount will be re-evaluated at each renewal. For example, if a vehicle has a current value of \$10,000, the insured may choose any stated amount option up to \$4,000. If at renewal, the stated amount selected is found to be higher than 40% of the book value, the renewal offer will be issued with the highest stated amount option below the 40% threshold.

On settlement, the owner of the vehicle will retain the salvaged vehicle. This coverage will pay the stated amount regardless of whether or not the vehicle is retained or sold by the insured.

Depending on the combination of limit and vehicle age, Underwriting approval may be necessary prior to adding the coverage.

## SPECIALIZED OR CUSTOM EQUIPMENT

Up to \$3,000 for Special Equipment is available, but coverage is subject to prior approval by our Underwriting department. All receipts must be scanned into SIV (for Independent agents, please email to uw@First Acceptance.com). The coverage may be endorsed mid-term only by First Acceptance's Underwriting department.

Pictures must be submitted regardless of limit purchased.

Must have Physical Damage if this Coverage is selected.

Coverage for custom or add-on equipment not installed by the original manufacturer (dealer installs do not qualify) are subject to additional charge. Such equipment is excluded from our Physical Damage Coverage unless an additional premium is paid. The insured must itemize the equipment on the application and provide receipts.

Examples of special or custom equipment include:

- CB radios permanently attached in or under the dashboard.
- Sound reproducing equipment not installed by the original manufacturer (ex, receivers, amplifiers, cd players, satellite radios, DVD and VHS players.
- Chrome; reverse chrome; alloy or magnesium wheels, wheel covers, aluminum wheels and wire-spoke wheels.
- Special roofs and deluxe roof treatments.
- Safety alarm or anti-theft devices. There is no additional premium charge for safety devices qualifying for the Anti-Theft Discount.

Examples of unacceptable special or custom equipment include:

- Custom paint jobs or decals
- CDs, tapes, records, or other media
- Vehicles with sinks, bathrooms, and toilet facilities.
- Equipment in an unlocked or open vehicle is not covered.
- Equipment for which an appropriate value cannot be determined or verified.

# UNDERWRITING GUIDELINES

## MATERIAL MISREPRESENTATION

Material misrepresentation on the application may affect the insured's eligibility to receive the benefits of our insurance contract. It is the insured's responsibility and obligation to truthfully and fully complete their application for insurance. First Acceptance has the right to deny a claim on a policy if information presented on an application, change request, or renewal questionnaire is false, made with the intent to deceive, or represents an increase in the risk of loss. First Acceptance may cancel or rescind the policy in accordance with state guidelines or collect the additional premium due from inception should misrepresentation be discovered.

## STUDENTS & MILITARY

First Acceptance will provide coverage for students/military whom:

- Attend school/are stationed in Texas and have the vehicle(s) garaged in OH for at least 10 months per year.
- Provide our Company with the zip code where their car is principally garaged. First Acceptance will rate at the higher of the permanent address or the school/base address.

List the name and address of the school/military base Attended on their application.

## UNACCEPTABLE DRIVERS

- With a New York, New Jersey, or Michigan driver's license.
- Any driver under the minimum state driving age, except those with a temporary permit/license.
- Named Insured who is a minor (parent or legal guardian must be the named insured who signs the application).
- Has a physical or mental impairment, unless a signed physician's statement is submitted with the application stating the driver represents no greater driving risk than average drivers.
- Has been convicted of insurance fraud.
- Named Insureds wishing to be excluded from coverage.
- Does not physically reside in Texas at least 10 months of the year.
- Drivers with permanently revoked licenses (may be listed as Excluded).
- Persons who have had a policy cancelled by an First Acceptance affiliated company for loss experience or material misrepresentation.
- Drivers with more than 2 At Fault Accidents/Majors, or DUIs in previous 12 months or more than 3 of any of those in the previous 36 months.

## UNACCEPTABLE VEHICLES

- Vehicles whose MSRP is over:
  - \$50,000 and is less than seven years old are not acceptable for physical damage,
  - \$60,000 and is less than nine years old are not acceptable for physical damage,
  - \$70,000 and is less than fifteen years old are not acceptable for physical damage,
  - \$80,000 regardless of age are not acceptable for physical damage,
  - \$90,000 and is less than fifteen years old are not acceptable,
  - \$100,000, regardless of vehicle age are not acceptable.
- Any vehicle not garaged in Texas at least 10 months a year.
- All vehicles with a load capacity in excess of 1,500 lbs. ( $\frac{3}{4}$  ton). This refers to the weight carried by the vehicle and not the weight of the vehicle itself.
- Performance vehicles.
- Limited production vehicles.
- Vehicles that leave the manufacturer with an incomplete chassis.
- Taxicabs, limousines, emergency, escort vehicles, and buses.
- Vehicles used for pickup or delivery of goods including pizzas, magazines, and newspapers.
- Vehicles with logos or advertising on them.
- Vehicles used for public livery, conveyance, and company fleets.
- Vehicles used to transport nursery or school children, migrant workers, or hotel or motel guests.
- Any vehicle which is leased or rented by the applicant to other operators or loaned on a regular basis.
- Any vehicle similar to bajas, dune buggies, U-drives, sandrails, street rods, electric cars, or kit cars.
- Vehicles which are custom built, limited production, kit cars, replicas, show cars, restored cars, modified frame cars, or Classic vehicles.
- Vehicles equipped with tracks, crawler treads, snowplowing equipment, cooking equipment, or bathrooms, including motor homes or travel trailers.
- Vehicles not registered for street use or complying with U.S. safety standards.
- Vehicles with altered suspensions.
- Emergency vehicles.
- Any vehicle, regardless of make or model, which has been substantially modified in appearance or performance (mechanical or body).
- Vehicles with more or less than 4 wheels.
- Vehicles that are custom built or have plastic or stainless-steel bodies.
- Vehicles used in illegal enterprises or activities.
- Vehicles which are non-motorized except for flat trailers with load capacity under 1,500 pounds.

# UNDERWRITING GUIDELINES (CONT'D)

- Any vehicle carrying explosives or flammable substances.
- Vehicles that require a stated amount or stated value coverage.
- Vehicles driven more than 36,000 miles annually.
- Vehicles not contained within the First Acceptance Vehicle database.

## OTHER UNACCEPTABLE RISKS

- Risks with four or more extra vehicles.
- Policies with vehicles garaged at two different addresses and drivers in two different households (see "Students & Military" section for exceptions).
- Estates, Receiverships, Corporations or Partnerships are unacceptable as the named insured.
- Policies covering additional named insureds. More than one named insured is acceptable for married couples only.
- Policies financed through a premium finance company unless prior approval of the company is obtained.
- Policies covering physical damage only.
- All vehicles owned or leased by a partnership or corporation, unless not used for business use.
- Households that have more than one First Acceptance policy unless the following criteria are met:
  - All drivers are either active or excluded on all policies;
  - Liability limits are the same on all policies.

If a policy changes mid-term and becomes a risk that would not have been acceptable at time of new business according to our guidelines, the policy will be set up for cancellation or non-renewal with appropriate notice and an unacceptable risk surcharge will be applied effective the day the policy becomes unacceptable.

## NAMED NON-OWNER POLICIES

This coverage should be written when an insured needs liability coverage for the personal operation of a vehicle not owned by the insured, or not owned by a person in the same household, or not provided for a member of the household's regular use.

This applies only to the named insured on non-owned vehicles and does not provide coverage for a spouse or any other person. Permissive use is not included.

Available coverages include Liability BI/PD, Medical Payments, and Uninsured Motorist BI/PD.

Discounts and SR-22s are available, but business use is not allowed on a Non-Owners policy.

A vehicle can be added to a Non-Owner policy by calling the First Acceptance Underwriting department, or by completing the endorsement on the application portal. Normal binding authority applies. The addition of the vehicle will remove the

Named Operator/Non-Owner endorsement and the discount will no longer apply.

## BUSINESS USE

A surcharge applies to all coverages for any vehicle classified as business use. Vehicles considered unacceptable for business use include:

- All Pickups, vans, and utility vehicles with ANY business use mileage if the business use requires that type of vehicle to adequately carry out the business use.
- Any vehicle owned by a corporation or non-individual entity.
- All vehicles used commercially including but not limited to:
  - All vehicles with logos or advertising on them.
  - All vehicles owned or leased by a partnership or corporation.
  - All vehicles used for livery, limousine or taxi service, including vehicles used to transport nursery or school children, migrant workers, hotel/motel guests, patients, or members of a vanpool.
  - All vehicles used for retail or wholesale delivery, including magazine, newspaper or mail delivery, pizza delivery, courier/escort service, and farm produce delivery.
  - All vehicles owned by the named insured and used by more than one employee. Exception: Used by domestic employee.
  - All emergency vehicles.

# UNDERWRITING GUIDELINES (CONT'D)

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## ENDORSEMENTS

Endorsement requests may be completed by phone or directly in the application portal and become effective the date and time of the completion of the change.

Additional premium for endorsements may be due at time of endorsement. For additional premium not due at time of endorsement, funds are spread over the remaining unbilled installments. If there are no remaining unbilled installments, a bill will be sent to the insured for the entire amount of the endorsement.

Requests resulting in return premium due to the insured are applied as credits to future changes. If there is no remaining balance after all credits are applied, a draft is sent to the insured within 30 days after the endorsement is processed. Return premiums of \$5.00 or less will be waived unless requested by the insured.

The premium will not be changed mid-term due to changes in driving record or driver age. Marital status changes will be accepted mid-term if proof of status change is provided.

The following transactions require a signature and must be faxed to First Acceptance:

- Coverage rejections or reductions;
- New discounts that require proof must have proof faxed.

### ENDORSEMENT CORRESPONDENCE

Phone: 877-834-6787  
Email: uw@First Acceptance.com  
Online (FAC Retail Agents): apportal2@First  
Acceptance.com Or, submit AMS Case

## CANCELLATIONS

### CANCELLATION INITIATED BY COMPANY

We may cancel this policy by mailing to the named insured shown on the Declarations Page:

- At least ten (10) days' notice if cancellation is for non-payment of premium;
- At least thirty (30) days' notice in all other cases.

After the policy has been in effect for ninety (90) days, or if this is a renewal or continuation policy, we will cancel only for the following reasons:

- Nonpayment of premium;
- Misrepresentation of any material fact in obtaining or renewing this policy, or in connection with any claim submitted;
- If you lose driving privileges through suspension, revocation, or expiration of any driver's license; or
- You move to a state in which we are not authorized to write automobile insurance.

### CANCELLATION REQUESTED BY INSURED

- Named Insured must provide written request.
- The effective date of cancellation will be no earlier than the date and time of facsimile, phone call to our company, date and time completed online or the day received by mail.
- Even if a vehicle is a total loss, coverage continues until the insured requests cancellation.
- Cancellation requests will be honored for the current policy term only.
- If Cancellation is requested within first thirty (30) days, a Cancellation Fee will be assessed.

### LOSS PAYEE

First Acceptance will mail a notice of cancellation to a loss payee unless the loss payee releases its copy of the policy or submits a written release.

### IMPROPER INFORMATION

A cancellation notice will be issued if proper information is not submitted with the application. The policy may be reinstated only if all requested information is received prior to the effective date of cancellation and payments are current.

Reinstatement is based upon receipt of the information requested and is at the discretion of our Company.

### COMPUTATION OF PREMIUM EARNED BY OUR COMPANY

Computation of premium by our company will be calculated using 100% pro rata methodology. Computation of premium earned is calculated on a daily basis.

# UNDERWRITING GUIDELINES (CONT'D)

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## REINSTATEMENTS

When a policy is pending cancellation due to missing information, it will be reinstated if all requested information is received prior to the cancellation date and there is no outstanding balance due as a result of missed installment payments.

When a policy is pending cancellation due to nonpayment, it will be reinstated without a lapse in coverage if the amount due on the nonpayment cancellation notice is received within 10 days of the cancellation date and no losses have occurred after the cancellation date. Reinstatement is contingent upon payment clearing the financial institution and signature of a no-loss statement. Payments returned unpaid will nullify any reinstatement.

## AUTOMATIC REWRITE

To help you retain more of your First Acceptance customers, policies cancelled for nonpayment of premium may be rewritten with a lapse in coverage without submitting a new application, forms, etc.

If payment is received after the 10th day but within 30 days of the nonpayment cancellation date, the policy will be automatically rewritten. The payment **MUST** be equal to or greater than the balance owed on the cancelled policy plus the down payment and fees required to rewrite the policy. The rewrite term will be effective at 12:01am the day after the payment is received. After 30 days, the policy is no longer eligible for rewrite. Rewrite is contingent upon payment clearing the financial institution. Payments returned unpaid will nullify any rewrite.

All fees and earned premium owed to First Acceptance on the prior policy term will remain due. A rewrite fee and our standard processing fee will be deducted from the initial payment used to rewrite the policy.

Renewal commission applies to all rewrites. Rewrite policies will retain the level of prior insurance discount from the cancelled policy. EFT pay plans are not available on rewrites.

## RENEWALS

Approximately 22 days prior to expiration, notification will be sent directly to the insured advising them of the availability of coverage. Agents will also receive an electronic copy of this notice of renewal.

Policies will be renewed without a lapse in coverage if the amount due on the renewal notification is received by the expiration date. If payment is received after the expiration date, an offer to rewrite with a lapse in coverage may be extended upon company discretion and any renewal discounts will be lost.

# RATING RULES

## DRIVER ASSIGNMENTS

We do not require you to assign drivers to specific vehicles. We automatically assign highest rated drivers to the highest rated vehicles. If there are more drivers than vehicles on the policy, the highest rate drivers (up to the number of vehicles on the policy) are used. If there are more vehicles than drivers, a default driver with driver class EV01, EV02, or EV03, is assigned. A suffix of "01" indicates one extra vehicle, "02" indicates two extra vehicles, and "03" indicates three extra vehicles. Zero points are assigned to default drivers.

Drivers are classified by age and marital status. Marital status is defined as follows:

**Single:** An operator who is not married or is legally separated. Unmarried people are defined as people who are single, divorced, widowed, living together while not married, or living apart while married (except military personnel).

**Married:** An operator who is a married person living with a spouse or is widowed.

Use the driver's age at the date the policy becomes effective. For new business, if an insured has a birthday within sixty days of the effective date and the new age results in a better rate, we will rate using the new age.

## NAMED DRIVER EXCLUSIONS

All drivers must be rated on the policy or specifically excluded by a signed Exclusion Form. The exclusion form must be signed by the Named Insured.

Unlisted drivers discovered during the policy term, as well as unlicensed household members with a history of driving vehicles, may be added to the policy as either rated or excluded drivers with applicable surcharges and signatures.

For mid-term driver status endorsements, observe proper binding rules and the endorsement will become effective for the balance of the policy term and all subsequent renewals.

Any policy with limits greater than state minimum limits may not have excluded drivers.

## PRIOR INSURANCE DETERMINATION

First Acceptance will automatically verify the insurance coverage history for the Named Insured and use that information to assign a Transfer Level. Information considered in determining Transfer discount is

- Days of uninterrupted coverage for most recent policies,
- Prior Carrier,
- Lapse days,
- Prior BI Limits, and
- Number of Cancellation Occurrences on most recent policy.

Whenever possible, First Acceptance will automatically verify prior coverage. If prior coverage is not automatically verified by First Acceptance's system and the customer believes this is an error, proof of prior coverage may be required for the credit to apply. The proof must show the person was listed as an active driver on a private passenger automobile policy. The prior coverage effective and expiration or cancellation date must be clearly shown on the prior coverage documentation.

We will not accept an First Acceptance policy as proof of prior insurance except under one or more of the following circumstances:

- The named insured has moved from one state to another; or
- The policy lapsed due to an overseas military deployment that is not part of regular training duties.

## CREDIT BASED INSURANCE SCORING

An insurance score is ordered on the primary named insured and applied to the entire policy.

"No Score" occurs when a credit file is found by the vendor but does not contain enough information with which to generate a score.

"No Hit" occurs when no credit file is found by the vendor.

### Re-evaluation of Insurance scores

**Customer-Requested Re-evaluation:** At time of renewal (within last thirty days of current term), the customer may request their policy be rated based on an updated insurance score. If used, the new score will be applied to the upcoming renewal term. All such requests must be submitted to First Acceptance in writing and a customer can request a re-evaluation no more than once every 12 months. Customers will be rated based on the new score regardless of whether it results in a better, worse, or same rate.

**Company-Initiated Re-evaluation:** Insurance scores will be deemed valid for a period of twenty-four (24) months from the date it was provided by our vendor. After each 24-month period, a new score will automatically be requested from our vendor. Customers may be placed in a better insurance score rating category, but not one that would result in a higher rate as a result of the rescoring. The new score will only be applied at the start of the following term. No score changes are permitted mid-term.

# RATING RULES (CONT'D)

## DISCOUNTS

First Acceptance offers discounts to customers based on select risk criteria or individual selections by the customer. Discounts apply to one or more of the policy's coverages. In most cases, discounts that are not customer-elected will be verified by First Acceptance. If proof is required and not submitted, the discount may be removed.

**Multi-Car:** A multi-car discount applies if there is more than one vehicle on the policy.

**Paid-In-Full:** A paid-in-full discount applies if the insured pays 100% of quoted policy premium at point of sale. Outside premium finance is unacceptable.

**Homeowner:** A homeowner's discount applies if the named insured or spouse owns the home they reside in, including townhomes and condominiums. The home cannot be a mobile home or pre-manufactured building. Youths living with their parents do not qualify unless the parents are listed and rated on the policy.

Named insured or spouse must own the home where they reside and the address listed must match the named insured's address listed on our Company's policy.

Acceptable proof of homeownership includes:

- A homeowner's declarations page;
- A mortgage coupon;
- Property tax records; or
- A deed.

**Transfer:** A discount for having prior auto insurance coverage. Discount amount varies depending on tenure with prior carriers, prior carrier type, lapse in coverage, BI limits of previous policy, and the ratio of cancellation occurrences to months of coverage during previous policy.

**In-Agency Transfer:** A discount applies when the customer's prior policy was written within the same agency location as the First Acceptance new business policy.

Does not apply if the prior policy was with First Acceptance.

For this discount to apply, the named insured must have at least five (5) months of validated prior insurance coverage with no lapse in coverage. The discount will continue to apply at renewal but will be removed if the policy is rewritten with a lapse in coverage.

**Advance Quote:** A discount applies on policies written as new business if the customer initiates the quote more than seven (7) days and submits down payment with First Acceptance at least one (1) day prior to the new business policy effective date.

For this discount to apply, the named insured must have validated prior insurance coverage with no lapse in coverage.

The discount will continue to apply at renewal but will be removed if the policy is rewritten with a lapse in coverage.

This discount may not be applied if the In-Agency Transfer discount is applied.

**EFT:** A discount applies to the new business term if the policyholder elects to have their monthly installments drafted automatically by First Acceptance. The automatic payment sweeps must be made to either the insured's checking account or credit card. Monthly sweeps to an agency bank account do not qualify. The discount continues to apply at renewal for so long as automatic sweeps are active. The discount will be removed if the payment method is changed and automatic sweeps no longer are made.

**Non-Owner:** A policy-level discount that applies when the insured selects the Non-Owner option.

**Defensive Driver Discount:** A discount applies to principal operators who have successfully completed a requisite motor vehicle accident prevention course. The discount shall remain in effect for up to 3 years at which time the operator must re-qualify. Acceptable courses are administered by the National Safety Council, the American Automobile Association, the American Association of Retired Persons, or an equivalent program approved by the Department of Public Safety. Proof must be in the form of a completion certificate dated within the most recent 36-month period.

**Paperless:** A discount applies at new business if the insured requests to receive all policy documents electronically. A valid email address must be provided.

**High Down Payment:** A discount applies if the insured opts to make a down payment of at least 20% of their total 6-month policy premium (10% of annual policies) at the time of insurance.

**Defensive Driver Discount:** A discount applies to principal operators who have successfully completed a requisite motor vehicle accident prevention course. The discount shall remain in effect for up to 3 years at which time the operator must re-qualify. Acceptable courses are administered by the National Safety Council, the American Automobile Association, the American Association of Retired Persons, or an equivalent program approved by the Department of Public Safety. Proof must be in the form of a completion certificate dated within the most recent 36-month period.



# RATING RULES (CONT'D)

## SURCHARGES

First Acceptance will apply surcharges to customers based on select risk criteria or individual selections by the customer. Surcharges apply to one or more of the policy's coverages.

**Unacceptable Risk:** A surcharge will apply if a mid-term policy change results in the policy being deemed unacceptable per the underwriting rules set forth in this manual. When the policy becomes unacceptable, the company will set the policy to non-renew at the next available expiration date and apply the unacceptable risk surcharge effective the date the policy becomes unacceptable.

If the reason for the policy being deemed unacceptable is remedied before the policy non-renews, the company will remove the surcharge and allow the policy to renew.

**Excluded Driver:** A surcharge will apply to the policy if there is a named driver exclusion form is required as a result of at least one (1) driver being listed as excluded from coverage.

The surcharge will apply as long as there are excluded drivers on the policy. If excluded drivers are added and rated, the excluded driver surcharge will be removed as of the day the driver is considered as rated.

**SR-22:** A surcharge will apply for any driver requiring an SR-22 filing.

**Business Use:** A surcharge applies to any vehicle that is classified as business use. Please refer to the "Business Use" section for additional details.

## DRIVER'S LICENSE REQUIREMENTS

Domestic drivers applying for insurance with our company must have a valid Texas license within 30 days of policy inception. Active Armed Forces and their dependents have 45 days. Drivers with a Michigan, New York, or New Jersey license are not acceptable and must be excluded from coverage.

### Unverifiable Driving Record

A surcharge will be assessed on any operator whose driving record cannot be verified by a state's Department of Motor Vehicles. The surcharge will be removed if the Company receives a valid MVR within 30 days of policy inception. Drivers with learner's permits will not be charged for an unverifiable driving history during the first policy term. However, the surcharge will be assessed during the second and subsequent policy terms if an MVR remains unobtainable.

### Foreign Driver's License

Drivers with a Foreign Driver's license, International Permit, Matricula Consular, or a current foreign passport, and who can submit a copy of one of these documents to First Acceptance, qualify as Foreign Driver's License customers and will be rated

accordingly. Customers who have a valid US license may not use any of the above documents to be rated as an FDL customer. FDL customers who obtain a valid US license during the policy term will be rated as such as of the date the license was obtained.

## TERRITORY RULES

First Acceptance's rating system will convert garaging zip codes to the proper rating territory. If the vehicle is garaged in a valid zip code not provided for, call 877-834-6787. First Acceptance will provide you with a temporary zip to the vehicle for the purposes of rating.

Policies where there are vehicles garaged at different addresses are unacceptable unless there is a child away at school or one of the household members is a member of the Armed Forces and temporarily resides away from the primary address listed on the policy. In such cases, the highest rated of the zip codes will apply to all cars on the policy. The residence address and principal place where the vehicle is garaged must be in Texas at least 10 months of each year.

Vehicles owned and registered in Texas and normally garaged out of state are unacceptable risks. If the insured moves out of state during the policy term, the unacceptable risk surcharge will be applied and the policy will be set to non-renew with required notice. Policies where any vehicles are principally garaged out-of-state are unacceptable.

## CHANNEL FACTOR

A channel factor will apply based upon the distribution channel through which the customer quotes and binds their policy. The channel factor will persist through the life of the policy. Available channels include Affiliate, Internet, Independent Agent, and Call Center.

# RATING RULES (CONT'D)

## DETERMINING POINT ASSIGNMENTS

First Acceptance uses the following table for charging driving record points:

	<u>First Occur</u>	<u>Second Occur</u>	<u>Each Add'l</u>
At-Fault Accidents	5	5	5
Major violations	5	5	6
Driving while intoxicated	3	5	6
Minor violations	3	3	3
Speeding	2	2	2
Inexperienced Operator	0	N/A	N/A
Not At Fault Accidents	0	0	0

**Chargeable Period:** All accidents and violations occurring in the 36-month period prior to policy inception are considered in developing a driver's policy premiums. For new business, expiration of accidents and violations within 30 days may be used to the insured's advantage. Point surcharges follow the driver.

**Chargeable Date:** To determine if the accident or violation took place in the chargeable period, use the occurrence date instead of the conviction date.

**Same Day Offenses:** if two or more violations or accidents occur on the same day, charge for the violation or accident with the highest point charge. Violations not charged for should still be considered when determining occurrence number for subsequent violations.

**Source of Points:** Charge for accidents or violations occurring while a driver is operating a private passenger auto, commercial vehicle, motorcycle or recreational vehicle.

**Inexperienced Operator**

Any driver age 20 and older that has been licensed less than 3 years receives an inexperienced operator point. Drivers newly licensed in Texas and over age 19 receive this surcharge.

## DETERMINING FAULT FOR ACCIDENTS

Points are computed automatically by First Acceptance. All accidents are chargeable, even if incurred while on business, unless written proof that the listed driver is not at fault is provided with the application. Proof may be in the form of a police report, a letter from a previous insurance company, or other legal document that exonerates the applicant from fault. All Other Than Collision and non-chargeable incidents must be listed on the application along with chargeable accidents. If details of all accidents, including comprehensive and non-chargeable accidents, are not listed on the application then accident points will be charged and the premium increased accordingly.

Driving record points are assigned to operators for chargeable accidents and violations.

**At Fault Accidents:** At-Fault Accidents (AFA) shall mean when the applicant or other driver of applicant vehicle:

- Was entirely or partially at fault,
- Was greater than 50% negligent,
- Has been convicted of any offense which occurred at the time of the accident, or
- When payment for injury or damages has been made by or on behalf of the applicant or other driver of the applicant's vehicle.

An accident shall be considered at-fault unless the applicant furnishes the company at the time of application, or, in the case of renewal, at least 45 days prior to renewal date, with official data or affidavits, from a legally constituted public authority, or other proof satisfactory to the company that such applicant or other driver was not at fault. However, we will not surcharge for fault if the accident occurs while attending to official duties as a law enforcement officer, fire fighter or emergency vehicle operator. Neither will we surcharge because of an accident with an uninsured or underinsured motorist when the insured's action was not the proximate cause of loss.

**Not At-Fault Accident:** Accidents will also be classified not-at-fault if the insured can demonstrate that any of the following facts of loss apply:

- The insured's vehicle was lawfully parked and was struck by another vehicle. However, this exception does not apply if the insured's vehicle rolled from a parked position;
- The insured was reimbursed by, or on behalf of, the person responsible for the accident;
- The insured had a judgment against the person responsible for the accident;
- The insured's motor vehicle was struck in the rear by another motor vehicle and the insured was not convicted of a traffic violation in connection with the accident;
- The driver of the other vehicle involved in the accident was convicted of a moving traffic violation and the insured did not receive any conviction;
- The insured's vehicle was struck by a hit-and-run vehicle, and the insured reported the accident to the police within 24 hours;
- The accident involved only physical damage caused by contact with animal or fowl, flying gravel, missiles, or falling objects;
- The accident resulted solely in payment made under the Comprehensive portion of the insured's policy. This exception does not apply if the loss was the result of an intentional act;
- The accident resulted solely in payment under the First Party Benefits, UM, or UIM portions of the insured's policy;
- The Company was reimbursed by or on behalf of the insured for at least 60% of the total amount of the paid claim through subrogation or settlement or judgment against the person responsible for the accident.

# RATING RULES (CONT'D)

## CUSTOMER CHOICE

A customer may choose the Flex, Choice, or Plus option to tailor coverage to their particular situation. Flex provides only the most basic coverage for insured autos for customers whose insurance needs are simple and require a more affordable way to obtain coverage.

The Choice option expands upon that basic coverage by adding features such as:

- Provides more extensive out of state coverage;
- Allows for some forms of business use;
- Removes additional deductible for unlisted driver;
- Up to \$1500 of Custom & Special Equipment at no additional cost; and
- No double deductible clause;

The Plus option further expands on the Choice option by adding features such as:

- Compensates insured for the difference between payable amount and amount due on loan or lease;
- Provides most extensive out of state coverage;
- Automatic Liability coverage on Additional or Replacement autos for thirty (30) days;
- Extension of existing Physical Damage coverage for Additional or Replacement autos for thirty (30) days;
- Allows for punitive damages; and
- Provides the option of OEM parts in most circumstances.

## VEHICLE HISTORY SCORING

A vehicle history score is ordered on every rated vehicle on the policy that has a model year of 1981 or later. Because a full VIN is required to obtain a score, it is important to obtain the VIN from the customer as early as possible to ensure the rates displayed are accurate. First Acceptance runs a prefill report that will return a full VIN most of the time, but it is possible for a prefilled vehicle to not include the 17-digit VIN so please verify that they are present.

First Acceptance will provide a quote without a full VIN but you will not be able to upload and bind a policy unless the full VIN is listed for all vehicles and a VHS is obtained.

“No Score” occurs when a vehicle record is found by the vendor but does not contain enough information with which to generate a score.

“No Hit” occurs when no vehicle record is found by the vendor.

## ADDITIONAL POLICY CUSTOMIZATIONS

In addition to the Customer Choice options, First Acceptance offers additional options for policy customization:

### Accident Forgiveness

As an optional endorsement and in exchange for additional premium, we will forgive one at-fault accident associated with any driver on the policy for a period of 35 months provided the coverage was purchased at the time of the at-fault accident and the coverage continues to be in force throughout the duration of the forgiveness period. Multiple accidents per policy will not be forgiven.

This endorsement may not be added mid-term. The endorsement may only be added or removed effective at time of new business or at the start of any subsequent renewal term.

Eligibility for this program is based on the following criteria:

For New Business:

- No drivers listed on the application can have an at-fault accident on their record within the prior 35 months, and
- Not available for policies with excluded drivers.

For Existing Customers:

- Insured must have at least one (1) year of continuous coverage with First Acceptance,
- No drivers listed on the policy can have an at-fault accident on their record within the prior 35 months, and
- Not available to policies with excluded drivers.

### Auto Enhancement Bundle

This coverage is provided on a policy-wide basis but only applies to vehicles with physical damage coverage and is rated as a flat charge per vehicle with physical damage coverage.

Eligibility for this program is based on the following criteria:

When adding at New Business:

- No drivers listed on the application can have an at-fault accident on their record within the prior 35 months; and
- No excluded drivers on the policy.

When adding to an Existing Policy:

- Can only be added at the start of a renewal term,
- Insured must have at least one (1) year of continuous coverage with Acceptance,
- No excluded drivers on the policy, and
- No drivers listed on the policy can have an at-fault accident on their record within the prior 35 months.

When purchased, all bundle features are included (please refer to the endorsements for full detailed description of coverages):

- Vanishing Deductible: Your Comprehensive and Collision deductibles are reduced by \$50 for every 6 months the policy remains in force, up to a max credit of \$500.
- Key/Re-Key: Up to \$250 to replace key fob or to re-key a lock. Subject to a \$50 deductible.
- Personal Effects Coverage: Up to \$300 for loss or damage to personal effects in the auto at time of a covered loss.
- Waiver of Glass Deductible: Comprehensive deductible will not apply for glass repair.



# BILLING INFORMATION

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## PAYMENT GUIDELINES AND FEES

- No premium financing is allowed unless prior approval from the company is obtained.
- A policy fee applies to each new and renewal term down payment.
- A service charge will be added to each installment after the down payment. This charge is lower if the customer elects to have their payments automatically swept by First Acceptance (iEFT).
- Payments received after the due date will be assessed a late fee.
- An endorsement fee is charged
- Checks dated after the received date are not negotiable and not considered payment to our Company.
- An NSF fee will be charged for any payment that is returned by the financial institution.
- A fee applies to reinstatements.
- A fee applies to policies requiring an SR-22.
- A fee is charged for theft prevention and is sent to the Motor Vehicle Crime Prevention Authority (MVCPA).

- Web Payment; or
- Agent EFT.

### **Note:**

Down Payments, Monthly Installments and Renewal Down payments can be paid with Visa, MasterCard and American Express by calling a customer service representative at 800-321-0899. Payment by credit card and eCheck are also available in the application portal.

## PAYMENT METHODS

### **New Business Down Payment Options:**

- Cash Paid to the Agent;
- Insured Personal Check (Retail Stores only);
- Credit Card;
- Money Order; or
- Agent EFT.

### **Installment and Renewal Down Payment Options:**

- Insured Personal Check;
- Insured EFT;
- Credit Card;
- Money Order;