

American Reliable
Insurance Company

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A.M. Best Rated A, Excellent

**PERSONAL LINES
MOTORCYCLE and ATV
UNDERWRITING GUIDE**

*(Information in your State specific Filing Rules or Forms would
take precedence over these Underwriting Guidelines)*



ASSURANT
Specialty
Property

A1000M0311

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INTRODUCTION

American Reliable's Motorcycle/ATV program is designed to provide producers easy access to motorcycle/ATV rates.

The American Reliable Insurance Company Motorcycle/ATV Program is designed to provide a competitive market for both standard and non-standard motorcycle/ATV risks. This program requires careful underwriting to ensure proper risk evaluation and pricing.

There are five fundamental risk criteria to be viewed. They are:

1. The Applicant
2. The type of Motorcycle/ATV
3. The requested coverage's
4. Garaging location

This program may accept risks, which fall outside of the underwriting criteria on an "exception" basis only. Please call your general agent for underwriting exceptions.

5. The application plays a critical role in the Motorcycle/ATV underwriting process. The Agent should ensure that the application is complete, is correct, and provides all the information requested.

Note: *It is extremely important that all appropriate signatures be obtained and selection boxes be marked on the application in order to eliminate possible improper payments on Uninsured / Underinsured Motorist or other rejected coverage's.*

BINDING AUTHORITY

All coverage's are bound as of the date and time on the original application, renewal offer or endorsement request, providing that:

- The application is fully completed and necessary signatures have been obtained.
- Full premium payment accompanies the application/renewal offer or minimum down payment on installment option. (Coverage will not be bound if any check is NSF).
- The U.S. Postal Service postmark (not office meter date) appearing on the remittance envelope is within 72 hours (3 "business" calendar days) of the effective date; otherwise, coverage is bound 12:01 A.M. the day received by the Company.
- DO NOT BACKDATE COVERAGE.
- Coverage may not be written or bound in any area where there is a hurricane or tropical storm watch, warning or occurrence. Binding may also be restricted for other natural disasters such as flood, earthquakes, etc., at American Reliable's discretion.

POLICY TERM

Semiannual (where marketed) and annual terms are available.

COMMISSIONS

Submit full payment or installment due with application (insured's check). **DO NOT DEDUCT COMMISSION.** Agents will receive a monthly billing statement accompanied by remittance for any commission due. All future charges will be direct billed by American Reliable Insurance Company, to the insured.

PAYMENT PLANS

See State specific Motorcycle Application for Payment Plan rule.

We offer a full, 2, and 4-pay plan option unless a specific state requires something different. An 11-pay option is available in Arizona only.

POLICY ISSUANCE and NUMBERING

The Internet application will automatically issue and assign a policy number to the application when committed.

AUDIT PROCEDURES

American Reliable will conduct periodical audits. Routine audits will be performed on random files. Agent will be required to provide file maintenance documentation to a company representative

ENDORSEMENT PROCEDURES

Endorsement quoting and processing can be achieved on-line. American Reliable Insurance Company will bill the insured directly for any additional premium. If the premium is not paid, the policy will be subject to cancellation by the Company. Policies will not be re-rated during the policy term unless:

- Drivers are added or deleted.
- Coverage's are added or deleted.
- Vehicles are added or deleted.
- Insured's home address is changed.

CANCELLATIONS

- No flat cancellations after policy inception date, except for NSF checks.
- Policies may be cancelled by returning the original policy, or submitting a signed Lost Policy Release, or by the Company sending direct notice of cancellation to the insured.
- Policies on which a Financial Responsibility Filing / SR-22 has been filed may never be cancelled flat.
- If the Company cancels a policy, vehicle or form of coverage, the return premium is computed pro rata.
- If the Insured cancels a policy, vehicle or form of coverage, the return premium is either computed accelerated short rate, 90% pro rata, or pro rata based on state specific rule.

REINSTATEMENTS

We will not allow reinstatements on mid-term policies that have lapsed in coverage.

RENEWALS

At least 30 days prior to expiration, a premium notice will be mailed to the insured. This will be the only notice sent. The insured will be instructed to pay the premium due directly to American Reliable Insurance Company lock box or via the Insured Portal with credit card. The following procedures are related to renewal payments.

- Payments postmarked before cancellation date: reinstate without lapse.
- **Payments received after cancellation date, but postmarked within 7 days of cancellation date: reinstate without a lapse in coverage.**
- Payments received after the cancellation date, postmarked beyond 7 days of cancellation date and within 30 days of the policy expiration will be reinstated with a lapse in coverage based on the date payment received by ARIC.
- If the premium is received 31 days after the policy expiration date, the policy needs to be rewritten with a new application and new policy number applied, effective 12:01 the day after postmark if still an acceptable risk.

The maximum number of rewrites we will allow in a year will be two, after which the risk may not be rewritten.

PROHIBITED RISK GUIDE The following criteria are a general guide. The Company reserves the right to occasionally reject risks on a judgement basis, when warranted, even though they may fall within the guidelines.

Ineligible Units

- Motorcycles with more than two wheels. (ATV's, Sidecars and Trikes are eligible.)
- Units used for commercial, exhibition, racing or escort purposes.
- All vehicles in the household must be titled or co-titled in the name of at least one Named Insured listed on the policy.
- Physical damage coverage on units with accessories valued at more than 50% of the value of the cycle without accessories or \$5000 max.
- No physical damage coverage on units over 20 years old, except in cases of renewal.
- Maximum value is \$35,000 based on suggested list.
- Motorcycles/ATV's which are not produced by a manufacturer and identified in one of the published Motorcycle Appraisal Guides.
- Units leased or rented to others.
- Units that are: homemade, chopped, go-cart, dune buggy, tractors, Cushmans, or units with pickup styled boxes (utility vehicles).
- Two wheeled off road units not licensed for road use.
- Any unit with no motor/engine.
- Units not produced with a motorcycle-manufactured motor.
- Custom units not constructed by a recognized manufacturer (not listed in a appraisal guide)
- Units with a state assigned VIN number or non-recognized VIN.

Ineligible Operators

- Operators who do not have a valid US license.
- Operators with International Licenses.
- Operators who have been cancelled or non-renewed for cause by a previous auto or motorcycle insurer in the past 36 months for risk reason. (Except where prohibited by law.)
- Operators exceeding the maximum violation/accident requirements.
- Operators with multiple DUI's.
- Operators convicted of insurance fraud.
- Operators without a garaging address (garaging address must be street address).
- Operators requiring proof of state financial responsibility (SR-22).
- Vehicles co-owned by individuals not residing in the same household.

MVR GUIDELINES (Previous 36 months prior to policy effective date)

Maximum Acceptable Moving Violations

Operators 24 and under:

Two minors and 1 at-fault accident – no major violations

Operators 25 and over:

Up to 4 Minors and 2 at-fault accidents (exceeding the state mandated accident surcharge threshold), or 2 Major violations (only 1 DUI allowed)

Accident/Violation Levels (see On-line rating system)

Minor Violations

- Any moving violation not listed as a major violation

Major Violation Definition

- DUI / Implied Consent
- Hit & Run
- Eluding an officer
- Felony, Homicide or Manslaughter Involving A Motor Vehicle
- Driving while suspended
- Careless and Reckless driving
- Excessive Speeding violation, Criminal Speeding
- Leaving a scene of an accident
- Racing
- Improper use of a license/registration

CLAIM PROCEDURE

For claim assistance contact American Reliable directly at 800-245-1505

VEHICLE AGE

Model Years change on January 1 each year.

PRINCIPAL GARAGING

Principal garaging/storage location is the address where the vehicle is kept at least 6 months of the year. The location must be in a state with a State filed American Reliable Motorcycle/ATV program. If the mailing address is a P.O. box, a street address must be provided for the garaging location.

DRIVER ASSIGNMENT

All operators of the insured Motorcycle/ATV must be listed on the application. All operators must have a valid U.S. driver's license, except for operators of off road ATV's. Operators must be 15 years or older.

- In a situation where you have more insured operators than insured vehicles assign the highest rated insured operator to the highest rated vehicle.
- If there are an equal number of vehicles and operators, assign the operator to the vehicle they use most.
- In a situation where you have more insured vehicles than insured operators, assign the operators to the vehicle he/she operates most and the system will assign the highest rated insured operator to the other unit(s) on the policy.

DEDUCTIBLES

Optional deductibles of \$250, \$500, \$1,000 and \$1,500 are available on physical damage coverage policies (some states may not have all deductible options.) Deductibles for Collision and Other than Collision must match. Other Than Collision coverage cannot be purchased without Collision coverage.

INCREASED LIMITS

Increased BI/PD limits are available in all states.

The maximum liability limit an insured may purchase is:

- If the insured is 25 years of age and younger the maximum is 50/100
- If the insured is 26-30 years of age the maximum is 100/300
- If the insured is 31+ years of age the maximum they may select is 250/500**

***This limit requires an underlying umbrella policy and proof of their current umbrella policy declarations page must be submitted with the application.*

MULTI UNITS PER POLICY

Up to 4 units may be issued on one policy. A multi-unit discount is available. If the insured has more than 4 units, you may want a separate policy in order for the insured to receive the multi-unit discount. Example: 5 total units, 3 units on one policy 2 on a second policy.

COVERAGE REQUIREMENTS

If you have a Lien holder you must have OTC/COLL Coverage.

*****To remove the lien holder you must have a copy of the lien release letter or clear title.***

ACCESSORIES

The basic motorcycle/ATV policy provides physical damage coverage only to the motorcycle/ATV and factory standard equipment, if OTC/COL coverage is purchased.

First \$1,000 of accessories coverage is included at no additional charge when Physical Damage coverage's have been purchased on the entire policy. (\$3,000 available in select states)

Any accessories or add-on equipment must be specifically itemized on the application and a premium charged in order to have coverage. (See Exclusion #12 under Part IV of the policy.) If the insured has \$2,000 in accessories, the total amount of accessories should be itemized up to \$2,000.

Examples of acceptable accessories are trailers, sidecars, special paint, saddlebags, luggage rack, sissy bar, windshield, After-market fairings, custom exhaust, etc.

Examples of accessories not covered include sound equipment not permanently installed, tools, clothing, personal effects, citizen's brand radios, telephones, etc.

If the total value of accessories exceeds 50% of the basic value of the cycle or \$5,000 (\$10,000 in select states) the risk is unacceptable for physical damage coverage.

Helmets are covered up to \$300, as long as physical damage coverage is purchased, at no additional charge. No additional coverage is available.

SAFETY CLOTHING AND TOWING COVERAGE

Provides coverage for towing and roadside assistance and safety riding apparel in a collision. Additionally, trip interruption coverage is included in most states.

DISCOUNTS

(Discounts may not be applicable in all states.)

Motorcycle Safety Course

A credit shall apply if the applicant has successfully completed either a motorcycle safety course certified by the Motorcycle Safety Foundation (MSF) or any advanced rider course that has been approved by the state. States such as Florida that require the Beginning Rider Course (BRC) for licensing purposes are not eligible. An approved rider course must be successfully completed every three years to continue to remain eligible for discount. Riding coaches automatically qualify for this discount because of their coaching status.

A copy of the course certificate or coaching status must be included with the application.

Over 55 driver Training

A credit shall apply if the principle operator is over 55 years of age and has completed a motor vehicle accident prevention course approved by the Department of Motor Vehicles (not available in all states – see state filed program).

A copy of the certificate must be submitted with the application.

Motorcycle Association

A credit shall apply if the Applicant is a member of an association whose main purpose, as recognized by the insurer, is to promote riding education and safety.

A copy of the certificate must be submitted with the application.

Anti-theft Discount

A credit shall apply if the motorcycle has an audible alarm, LoJack or similar tracking device. Comprehensive coverage must be included for this discount to be applicable.

OTC/COLL is required for the discount to apply

Transfer (Two Options - only one available discount for New York)**Transfer Discount A:**

A credit shall apply if the principal operator can demonstrate that the **current motorcycle/ATV insurance policy has 30 days or less of lapse** from new the new policy inception. Any licensed applicant who did not carry motorcycle liability insurance and can demonstrate that he/she was not required by law to carry such insurance will also qualify for this discount.

A copy of the Dec page, renewal quote or ID card must be submitted with the application.

Transfer Discount B:

A credit shall apply if the principal operator had motorcycle/ATV insurance with any insurer within the last twelve months.

A copy of the Dec page, renewal quote or ID card must be submitted with the application.

Multi-Unit

A credit shall apply if the applicant has 2 or more units within the same policy

Multi-Policy

A discount will apply when the insured has another Assurant company policy.

A copy of the DEC page for qualifying policy is required.

Paid in Full

A discount will apply when the insured chooses the full pay billing option.

Homeowner

A discount will apply if the insured resides in an owned home or condo/townhouse
A copy of the DEC page, loan/mortgage papers, or similar document required with application.

Reliable Driver

Discount applies to any operator who does not have a chargeable accident or violation.

Motorcycle Endorsement

The discount will apply to an operator who has a valid motorcycle license or motorcycle endorsement on their driver's license.
(Photocopy of license required)

Claim Free Renewal

A credit shall apply if the Named Insured has had a motorcycle/ATV insurance policy with American Reliable that has been in force and loss free for more than 1 year.

BULLETINS

Occasionally items not addressed by the underwriting guidelines will be covered by an Underwriting Bulletin. These bulletins will be attached to the guidelines as addendum's.

TRIKE COVERAGE

We will insure Trikes if they meet the following conditions:

- They must have original motorcycle manufacturer's engine.
- They must have original manufacturer's VIN.
- A photo of the insured Trike conversion must accompany the application.

Acceptable manufacturer's are:

- Lehman Trikes, Inc. – Westlock, Alberta, Canada
- Motor Trike – Troup, Texas
- The Trike Shop – White Bear, Minnesota
- California Sidecar – Arlington, Virginia
- D.F.T. – Addison, Illinois
- Tr-Wong Industries – Victoria, B.C., Canada

TYPES OF TRIKES

Manufactured Trike-This is an NADA recognized trike. These trikes are entered into the system under the Manufacturer name with the model name of the trike or trike manufacturer as Make, and model of motorcycle the trike is built for, i.e. Lehman Trikes-Honda GL1800. This would include the NADA value of the trike kit and the value of the motorcycle. ***You must request your underwriter to add unit to the motorcycle table.***

Another example includes custom trikes built solely by a recognized manufacturer, or a "**completed**" trike that is built by a recognized manufacturer using another manufacturer's motorcycle. i.e. 2008 Suzuki Jackal is a complete trike built by Lehman Trikes using a '08 Suzuki Boulevard m/c. This is noted/identified in the NADA

Trike conversion kit- this is an after market trike, converted by a reputable dealer. If the insured has receipts from the dealer showing the conversion was done by the dealer handle as follows: The vehicle type would be classified the same as the motorcycle would be without the conversion (i.e. Honda GL1800 Goldwing is rated as "tour"). Rate the cost of the conversion as Accessory Coverage if the conversion is less than \$5,000 or 50% of the MSRP of the motorcycle when it was new (i.e. 1998 Honda was \$17,899 in 1998.. We can write the conversion if it does not exceed \$5,000 because 50% of MSRP would be almost \$9,000). Please note that \$5000 is the maximum coverage available for this conversion kit.

-----ADDENDUM FOR ARIZONA ONLY-----**MID-TERM CYCLE CHANGE**

When a policy is issued and within the term of the policy the insured replaces the motorcycle with a different motorcycle that does not fall within our Underwriting Guidelines, we must stay on the risk and may only cancel or nonrenew for reasons listed in A.R.S. 20-1631. This addendum is to conform with Arizona A.R.S. 20-1631.

RENEWALS

At least 30 days prior to expiration, a premium notice will be mailed to the insured. This will be the only notice sent. The insured will be instructed to pay the premium due directly to American Reliable Insurance Company. Renewal premiums must be received at American Reliable Insurance Company office by the expiration date of the policy. If payment is not received by the expiration date, we will give a 7-day grace period, and on the eighth day the policy will expire. A lapse Notice will be mailed the day after expiration confirming that the policy has expired.

If the premium is received after the expiration date, the policy will be reinstated, effective 12:01 the day after postmark but with a lapse in coverage if still acceptable.

The maximum number of rewrites we will allow in a year will be two, after which the risk may not be rewritten.