

Pacific Specialty Insurance Company
California Non-Franchised Auto Dealer Program Manual

Underwriting Guidelines

This program is designed for California non-franchised used car dealerships only. All risks must meet the following requirements:

- a) 90% or more of auto sales must be from private passenger autos, vans, or pickups not exceeding GVW of 10,000 pounds. Exception: Semi-trailers / tractor-trailers trucks and recreational vehicle (motor home and travel trailer) dealerships providing no test drives to customers under the age of 30 are acceptable.
- b) Tune-up, repair, smog or cleaning cannot comprise more than 90% of total receipts.
- c) Sales of ancillary products that are incidental or necessary to the performance of the garage operation (such as rims or spoilers, etc.) cannot comprise more than 25% of total receipts.
- d) Repairs done by the dealership must be of minimal nature only. No conversion, rebuilding, or major repair may be done by an eligible dealership. All repair areas must be inspected to ensure proper safety measures are being taken; including signs restricting access to authorized personnel only.
- e) Car Dealers who specialize in sports/high performance vehicles, recreational vehicles (motor homes, travel trailers, 5th wheel, etc), semi-trailers must be submitted for Company approval. These dealerships may not engage in repairs other than those required to prepare automobiles for resale.
- f) Wholesalers or brokers may qualify. Make certain to note when title passes on application for underwriter's review.
- g) All vehicles registered in the insured's name must be transferred out of the insured's name within seventy-two (72) hours after the sale of the vehicle to qualify.
- h) Driver's license numbers of customers must be recorded on all demonstration rides.
- i) Dealerships with leasing or rental operations must operate these under a separate business entity and provide evidence of separate insurance covering this operation. If the operation is under the same name or shares a common address, a signed leasing exclusion must accompany the application with evidence of insurance with equal or higher liability limits. A leasing operation is defined as an operation where the title shows the leasing company as **registered owner**. A Dealership that facilitates leasing with third party or carries the paper and is listed only as the legal owner on the title can qualify for this program.
- j) New business ventures are defined as used car dealers who have been operating for less than 24 months. These dealers may not qualify for any credits without prior approval. New venture questionnaire must be completed and submitted with application.
- k) Currently valued loss runs must accompany every risk that is submitted.
- l) All applications must be completed in their entirety.
- m) **Prohibited Risks** – these are intended to provide a guide to those risks the Company will not write. All risks will be reviewed by the Company for final determination. *Those risks deemed unacceptable to the Company will be rejected or cancelled in accordance with the laws of the State of California.*
 - 1) Leasing operations (see guideline F)
 - 2) Operations with guard dogs on the premises during business hours. If after hours only, the dogs are to be specifically excluded and coverage does not apply
 - 3) Operations with firearms.
 - 4) Car rental operations
 - 5) Salvage or dismantling operations
 - 6) Any tow/transport trucking operations for hire. Any operation with tow/transport truck carrying more than 2 autos or any operator under the age of 23
 - 7) Dealers who leave keys in display autos
 - 8) New or used parts operations
 - 9) Any auto repossession operation
 - 10) Dealers selling Grey Market vehicles

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- 11) Operations providing loaner vehicles of any kind, unless additional premium is paid and ALL additional underwriting criteria has been satisfied:
- I. The risk must have less than a 50% loss ratio for the prior 3 years or however many years are applicable (for new venture-type risks or risks lacking sufficient prior insurance history);
 - II. ALL possible operators must be at least 25 years of age;
 - III. Have verifiable proof of financial responsibility;
 - IV. A valid driver's license; and
 - V. Have signed a rental agreement establishing that no liability will exist if the terms of the agreement have not been completely fulfilled.

Loaned autos can not exceed \$50,000 in value. Autos can not be loaned for more than 72 hours.

- A flat fee for this optional coverage will apply individually per location according to size of the lot inventory and will be eligible for credits or debits to be applied:
 - a. If risk has a lot with inventory of less than \$250,000, the flat fee for this coverage will be \$350.
 - b. If risk has a lot with inventory of equal to or more than \$250,000, the flat fee for this coverage will be \$500.

12) Any dealer with in use gasoline tanks

13) Dealers allowing unaccompanied test drives, unless additional premium is paid and ALL additional underwriting criteria has been satisfied:

- II. The risk must have less than a 50% loss ratio for the prior 3 years or however many years are applicable (for new venture-type risks or risks lacking sufficient prior insurance history);
- III. ALL possible operators must be at least 25 years of age;
- IV. Have verifiable proof of financial responsibility; and
- V. A valid driver's license.

Unaccompanied Test Drives can not be performed in autos that exceed \$60,000 in value.

Unaccompanied Test Drives must be limited to one (1) hour, unless a mechanical inspection is being performed on the vehicle. In this case, the auto must be returned the same day it was loaned.

- A flat fee for this optional coverage will apply individually per location according to size of the lot inventory and will be eligible for credits or debits to be applied:
 - a. If risk has a lot with inventory of less than \$250,000, the flat fee for this coverage will be \$350.
 - b. If risk has a lot with inventory of equal to or more than \$250,000, the flat fee for this coverage will be \$500.
- * Risks requesting any combination of Loaned Auto Liability, Unaccompanied Test Drive, and False Pretense coverage will receive a 30% discount on these coverage premiums ONLY.

14) Dealers accepting more than 95% of total inventory on consignment. Note: risks with a loss ratio of more than 50% or no prior loss history are not eligible if more than 50% of total inventory is accepted on consignment.

15) Any risk with adverse claim experience.

16) Any risk servicing, maintaining or sponsoring vehicles used in races or exhibitions.

17) Any tire sales, recapping, retail or wholesale.

18) Risks providing customer shuttle.

19) Risks engaging in windshield repair.

20) Risks requesting physical damage coverage for specified vehicles that exceeds the limit of coverage requested for vehicles in dealer's inventory.

p) Family members under the age of 18 must be excluded and if licensed show proof of other insurance.

q) Spouses not provided dealer auto must show proof of personal insurance for their auto or be rated accordingly.

r) Family members of the insured under the age of 25 cannot be furnished an auto unless they live in the same household as the insured and/or are working in the business. Family members in

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school or residing at home not provided dealer auto must be excluded or provide proof of other insurance or be rated accordingly.

- s) All employees must be charged for in accordance with the rating units table and excluded where applicable.
- t) All drivers of vehicles must be reported whether employed or not. The Company will determine applicable rating units, if any.
- u) Submit risks – the following risks should be submitted to the Company for prior approval:
 - 1. Any risk not meeting the eligibility requirements
 - 2. Dealers without 2 years prior insurance other than new ventures
 - 3. Risks requesting a Garagekeepers limit in excess of \$250,000.
 - 4. Risks requesting a per auto maximum limit in excess of \$75,000 or an inventory limit over \$1,500,000.
 - 5. Risks with more than 20% of the dealer inventory consisting of motorcycles.

POLICY TERM

Policies will be written for 12-month terms only. Direct bill premium invoicing is available. A premium invoice will be mailed directly to the insured 20 days prior to the monthly policy anniversary date. A service fee is added to all installments, but not the initial down payment. The service fee is \$10 if installments are invoiced and paid manually. The service fee is \$3 if installments are paid electronically using automatic payments.

SYMBOLS

DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS

SYMBOL	DESCRIPTION
21	ANY AUTO
27	SPECIFICALLY DESCRIBED AUTOS
30	AUTOS LEFT WITH YOU FOR SERVICE, REPAIR, STORAGE OR SAFEKEEPING. Any auto not owned by you or any of your employees while left with your garage operations for service, repair, storage or safekeeping.
31	DEALERS' AUTOS AND AUTOS HELD FOR SALE BY NON-DEALERS OR TRAILER DEALERS (PHYSICAL DAMAGE COVERAGES).

USE OF SYMBOLS

SYMBOL	USE
21	Liability, Medical Payment, Uninsured Motorist
27	Physical Damage (Specified Auto Only)
30	Garage Keepers Legal Liability
31	Dealers Open Lot

CREDITS/DEBITS

CREDITS:

- 1) **Safety Credit** – 10% credit for any dealer operating a clean, safe lot with no unaccompanied test drives, vehicle safety inspections, keys secured in safe location and all other conditions satisfied as outlined in the safety program.
- 2) **Loss Free Credit** – 10% credit or any dealer operating loss free for the past 24 months. Not applicable to new ventures or risks without prior insurance.
- 3) **Management Credit** – up to 20% credit may be applied at the Company's discretion only. This credit may be applied to those dealerships whose management have proven themselves exemplary through maintenance of a superior financial position, cooperation with insurance carriers and many years of service to the used car dealer industry.

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- 4) **Multi-Policy Discount** - If the insured has another in force policy with Pacific Specialty Insurance Company, or any affiliate, a premium credit will be allowed based on the schedule below. This credit will be discontinued if/when the other policy(ies) lapse. Only one credit for the highest qualifying discount level, as identified below, can be applied to the policy at any time.

Discount Level	Other Policy Type	Credit
Level I	BOP, CPL, PPA (with the same producer), Excess Flood, Earthquake, or any other PSIC policy not otherwise specified in this table.	3%
Level II	Personal Umbrella, all Powersports (except Motorcycle) – Motorhome, Travel Trailer, Boat, PWC, Western Service Contract or Snowmobile.	5%
Level III	Residential Property (HO-3, HO-4, HO-6, dwelling fire, mobile home), Motorcycle (dirt), or 3 or more PSIC policies of any type.	7%

DEBITS:

- 1) Management/Financial** – up to 25% to be used at the Company’s discretion. Would be applied based upon prior management experience in the auto business and current financial condition.
- 2) New Venture** – 10% (See item 1.g. within the UNDERWRITING GUIDELINES section for definition.)

RATING UNITS

Employee	Prior 36 month MVR Activity	Special Instructions	Rating Unit	# of Employee	Total
Owner (Under 25 Prohibited In This Rating Band)	1 *Up to 4 violations and 1 at fault		1.0 x	=	
	2 *Up to 4 violations and 2 at fault or 1 major		1.5 x	=	
	3 *Over 4 violations or over 2 at fault or over 1 major	Prohibited Risk			
Owner (Between Age 23 – 24)	1 *Up to 1 violation		1.25 x	=	
	2 *Up to 2 violations and 1 at fault		1.75 x	=	
	3 *Over 2 violations, 2 or more at fault accidents or any majors	Prohibited Risk			
Invest Partner (must be over 20)	1 *Up to 4 violations and 1 at fault	W/out driver exclusion	.50 x	=	
		With driver exclusion	.15 x		
	2 *Up to 4 violations and 2 at fault or 1 major	Submit	---		
Salesmen & Mgr. Furnished auto (must be 21)	1 *Up to 4 violations and 1 at fault		1.0 x	=	
	2 *Over 4 violations or 2 at fault or 1 major		1.5 x	=	
	3 *Over 4 violations or over 2 at fault or over 1 major	Prohibited Risk			
Salesmen & Mgr. No furnished auto (must be 21) Transport/Tow Operator (Must be 23)	1 *Up to 4 violations and/or 1 at fault		.50 x	=	
	2 *Up to 4 violations and 2 at fault or 1 major		.75 x	=	
	3 *Over 4 violations or over 2 at fault or over 1 major	Attach Driver Exclusion	.25 x	=	
Lot Boy, Finance Manager & Mechanic (up to 20)	Up to 1 violation		.40 x	=	
	Over 1 violation	Attach Driver Exclusion	.25 x	=	
Lot Boy, Finance Manager & Mechanic (Over 20)	1 *Up to 4 violations and 1 at fault		.40 x	=	
	2 *Up to 4 violations and 2 at fault or 1 major		.60 x	=	
	3 *Over 4 violations or over 2 at fault or over 1 major	Attach Driver Exclusion	.20 x	=	

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Clerical		N/A	Under 18 or MVR Cat. 3 Attach exclusion	.20 x	=	
Owners Family Members Residing in Household or in School	Under 18	N/A	Must attach driver exclusion and if licensed, show proof of other insurance			
	18 to 21	Up to one Minor		.75 x	=	
		Up to two Minors			1.00 x	=
Sales Mgr's Spouse	Over 21	Over 2 minors or 1 major or 1 at fault	Same instructions as under 18	--		
		1 *Up to 4 violations and 1 at fault		.50 x	=	
		2 *Up to 4 violations and 2 at fault or 1 major		.75 x	=	
		3 *Over 4 violations or over 2 at fault or over 1 major	Same instructions as under 18	--		

1. Part-time employees working less than 20 hours per week may be charged one-half the applicable rating unit.
2. All employees and family members residing in household or in school must be charged UNLESS drivers exclusion signed or proof of other insurance provided.
3. Furnished Vehicles: Any owner / employee / vehicle operator under the age of 25 that is furnished a vehicle for personal usage will be surcharged a .50 rating unit if not already contemplated in the rating above.
4. MINIMUM Rating Units 1.25.

LIABILITY – Use Symbol 21

BODILY INJURY & PROPERTY DAMAGE

Limits of Liability (in 000)

(Combined Single Limit - \$0 Deductible)

Terr. Codes	Class	25	50	100	300	500	1,000
01-05	DEALERS	\$1,370	\$1,603	\$1,836	\$2,219	\$2,425	\$2,767
06-08	DEALERS	2,233	2,613	2,992	3,617	3,952	4,511
09-11	DEALERS	2,024	2,368	2,712	3,279	3,582	4,088
12-17	DEALERS	1,878	2,197	2,517	3,042	3,324	3,794
20-32	DEALERS	635	743	851	1,029	1,124	1,283
33,34	DEALERS	849	993	1,138	1,375	1,503	1,715
35,36	DEALERS	1,079	1,262	1,446	1,748	1,910	2,180
37,38	DEALERS	768	899	1,029	1,244	1,359	1,551
39,40	DEALERS	1,123	1,314	1,505	1,819	1,988	2,268
41,42	DEALERS	880	1,030	1,179	1,426	1,558	1,778
51	DEALERS	1,672	1,956	2,240	2,709	2,959	3,377
53	DEALERS	1,263	1,478	1,692	2,046	2,236	2,551
55,69,72	DEALERS	667	780	894	1,081	1,181	1,347
58	DEALERS	936	1,095	1,254	1,516	1,657	1,891
59	DEALERS	1,070	1,252	1,434	1,733	1,894	2,161
60	DEALERS	1,240	1,451	1,662	2,009	2,195	2,505
67	DEALERS	808	945	1,083	1,309	1,430	1,632
68	DEALERS	1,254	1,467	1,680	2,031	2,220	2,533
70	DEALERS	767	897	1,028	1,243	1,358	1,549
73	DEALERS	814	952	1,091	1,319	1,441	1,644
74	DEALERS	1,111	1,300	1,489	1,800	1,966	2,244
75	DEALERS	1,471	1,721	1,971	2,383	2,604	2,971
76	DEALERS	925	1,082	1,240	1,499	1,637	1,868

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77	DEALERS	1,141	1,335	1,529	1,848	2,020	2,305
78	DEALERS	712	833	954	1,153	1,260	1,438
79	DEALERS	608	711	815	985	1,076	1,228
81	DEALERS	1,178	1,378	1,579	1,908	2,085	2,380
86	DEALERS	1,480	1,732	1,983	2,398	2,620	2,990
87	DEALERS	1,298	1,519	1,739	2,103	2,297	2,622
88	DEALERS	717	839	961	1,162	1,269	1,448
89	DEALERS	1,000	1,170	1,340	1,620	1,770	2,020
90	DEALERS	1,690	1,977	2,265	2,738	2,991	3,414
91	DEALERS	1,149	1,344	1,540	1,861	2,034	2,321
92	DEALERS	824	964	1,104	1,335	1,458	1,664

The liability deductible schedule below will be applied after the adjustments for auto / other than auto exposures and aggregate liability limits:

\$100 deductible	5%	\$750 deductible	20%		
\$250 deductible	10%	\$1,000 deductible	25%	\$5,000 deductible	40%
\$500 deductible	15%	\$2,500 deductible	30%		

Aggregate Liability Limits

Occurrence liability limit	Limit Factor	Aggregate Limit	Premium Factor
\$25,000	x 1	\$25,000	0.8
	x 2	\$50,000	0.85
	x 3	\$75,000	0.88
	x 5	\$125,000	0.92
	x 10	\$250,000	0.96
\$50,000	x 1	\$50,000	0.8
	x 2	\$100,000	0.85
	x 3	\$150,000	0.88
	x 5	\$250,000	0.92
	x 10	\$500,000	0.96
\$100,000	x 1	\$100,000	0.8
	x 2	\$200,000	0.85
	x 3	\$300,000	0.88
	x 5	\$500,000	0.92
	x 10	\$1,000,000	0.96
\$300,000	x 1	\$300,000	0.8
	x 2	\$600,000	0.85
	x 3	\$900,000	0.88
	x 5	\$1,500,000	0.92
	x 10	\$3,000,000	0.96
\$500,000	x 1	\$500,000	0.8
	x 2	\$1,000,000	0.85
	x 3	\$1,500,000	0.88
	x 5	\$2,500,000	0.92
	x 10	\$5,000,000	0.96
\$1,000,000	x 1	\$1,000,000	0.8
	x 2	\$2,000,000	0.85
	x 3	\$3,000,000	0.88
	x 5	\$5,000,000	0.92
	x 10	\$10,000,000	0.96

* An Aggregate Liability Limit must be selected for auto and other than auto exposures.

LIABILITY - AUTO / OTHER THAN AUTO EXPOSURES

Liability can be split out into covering two separate perils: auto exposures and other than auto exposures. An occurrence limit must be selected for each exposure, however the limits can be different.

Premium percentages for split liability exposures:
 auto exposure - 70% * liability premium * aggregate liability factor * liability deductible factor
 other than auto – 30% * liability premium * aggregate liability factor * liability deductible factor

Liability coverage must be extended to provide customer coverage at limits no greater than California financial responsibility limits; however, in accordance with the California law, such coverage will be **excess** over any coverage provided by the customer's policy.

Minimum Premium – Territorial limit premium x Rating Units

LOANED AUTO LIABILITY**

Limit: California minimum financial responsibility limit – (rate applies to all Territories)

Rating: Flat charge, [not] applicable to credit/debit.

Total Lot Value	Rate
0 – 250,000	\$350
More than 250,000	\$500

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UNACCOMPANIED TEST DRIVE COVERAGE**

Limit: California minimum financial responsibility limit – (rate applies to all Territories)

Rating: Flat charge, [not] applicable to credit/debit.

Total Lot Value	Rate
0 – 250,000	\$350
More than 250,000	\$500

** Risks requesting any combination of Loaned Auto Liability, Unaccompanied Test Drive, or False Pretense coverage will receive a 30% discount on these coverage premiums ONLY.

MEDICAL PAYMENTS – Use Symbol 21

Premises/Automobile Medical Payments: Apply percentage times \$25,000 liability premium times rating units times applicable credit/debit.

<u>Limit</u>	<u>Rate</u>
1,000	.065
2,000	.075
5,000	.116
10,000	.232

UNINSURED MOTORIST – Use Symbol 21

Uninsured/Underinsured Motorist Coverage: Rates apply per dealer or transporter plate in addition to the rates charged for any separately registered auto.

<u>Territory</u>	<u>Bodily Injury</u>	<u>Property Damage</u>
	60,000 CSL	3,500
009-017, 051	\$39	\$36
001-008, 035-040, 053, 060	\$29	\$28
Balance of State	\$22	\$17

Increased Limit For \$100,000 B.I. Limit – add \$16 to rate shown above.

TRUTH IN LENDING – No Symbol Required

Truth in Lending Coverage: \$50 Base Rate

(Includes Federal Odometer Coverage)

Limits: up to \$100,000 aggregate total for policy period

Limit	Factor
25,000	1.0
50,000	2.5
100,000	5.0

Deductible Options/Premium Credit: \$500 deductible/10% credit or \$1,000 deductible/17% credit

FIRE LEGAL – No Symbol Required

Fire legal (limit up to \$150,000) – (rate applies to all Territories)

Rating – flat charge times applicable credit/debit

<u>Limit</u>	<u>Rate</u>
\$50,000	\$100
\$100,000	\$200
\$150,000	\$300

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WAIVER OF COLLISION DEDUCTIBLE – No Symbol Required

1. This coverage **must be offered when** collision coverage is provided and bodily injury uninsured/underinsured motorist insurance is purchased. Coverage does not apply unless all three coverages are purchased.
2. Under this coverage, the insured's collision deductible will be waived when a collision loss is caused by an **uninsured** motor vehicle.
3. The named insured has the right to reject this coverage.
4. Unless the named insured requests such coverage, the insurer does not have to provide this coverage on renewal policies when the named insured has rejected the coverage on the policy previously issued by the insurer.
5. **Premium development.** The following rates apply:

<u>Deductible Amount To be Waived</u>	<u>Rate per Schedule Automobile and Dealer Plate</u>
500	\$13
1,000	\$18
1,500	\$23
2,500	\$33
5,000	\$43

**DEALERS DRIVEAWAY COLLISION COVERAGE
(No Symbol Required)**

Unlimited Radius: Mandatory \$50 flat charge per policy, if policy includes DOL or specified auto physical damage coverage. Not applicable to liability ONLY policies.

**ADDITIONAL INSURED
(No Symbol Required)**

ADDITIONAL INSURED:

Owners of Garage Premises may be added as additional insured to cover their interest in the property. All other requests to add additional insured must be submitted to the Company with explanations of their interest.

\$50 flat charge per additional insured.

PERSONAL INJURY LIABILITY INSURANCE – No Symbol Required

PERSONAL INJURY LIABILITY RATES:

1. **Rating** – Full Liability Premium x .022.
2. **Limits of Coverage** – \$25,000.

TOW TRUCKS

TOW TRUCK RATES:

1. **Liability Rates** – Increase rating units by 1.0 for each tow truck/transport vehicle, unless truck/transport vehicle is operated **full time** by owner. **SYMBOL 21.**
2. **Medical Pay Rates** - Increase rating units by 1.0 for each tow truck/transport vehicle, unless truck/transport vehicle is operated **full time** by owner. **SYMBOL 21.**
3. **Uninsured/Underinsured Motorist** - Increase number of dealer plates by 1 for each tow truck/transport vehicle, unless truck/transport vehicle is operated **full time** with dealer plates. **SYMBOL 21.**

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4. **Physical Damage** – Must be included as specified vehicle in Dealers Open Lot section. Use specified vehicle rates. **SYMBOL 27.**

GARAGEKEEPERS – Use Symbol 30

UNDERWRITING:

1. All risks must qualify for liability coverage. Garagekeepers must be issued *in conjunction with the liability coverage.*

2. COVERAGE NOTES

Coverage may be provided for specified perils and collision on a **legal liability basis only.**

LIMITS AVAILABLE

Coverage limits between \$6,000 and \$1,000,000– Legal Liability Basis Only
Limits in excess of \$250,000 must be submitted for prior approval.

PRICING

GARAGEKEEPERS PREMIUMS					
Limit	Specified Perils Collision		Limit	Specified Perils Collision	
	500 ded	500 ded		500 ded	500 ded
6,000	49	41	130,000	405	395
\$1,000 deductible credit – 17%	0	61	135,000	410	400
	4	85	140,000	415	405
	14	107	145,000	420	410
25,000	143	133	150,000	425	415
\$1,500 deductible credit – 22%	59	148	155,000	430	420
	77	165	160,000	435	425
	95	182	165,000	440	430
Coverage is available in increments of \$1,000	113	199	170,000	445	435
	127	216	175,000	450	440
	144	232	180,000	455	445
If the amount of insurance is not shown, then use linear interpolation of the policy amounts to determine the appropriate AIF relativity.	161	249	185,000	460	450
	177	265	190,000	465	455
	194	282	195,000	470	460
	211	298	200,000	475	465
	224	311	205,000	480	470
	237	325	210,000	485	475
	249	338	215,000	490	480
	262	352	220,000	495	485
	275	365	225,000	500	490
	280	370	230,000	505	495
	285	375	235,000	510	500
115,000	390	380	240,000	515	505
120,000	395	385	245,000	520	510
125,000	400	390	250,000	525	515

\$1,000 deductible credit – 17%

\$1,500 deductible credit – 22%

Coverage is available in increments of \$1,000

If the amount of insurance is not shown, then use linear interpolation of the policy amounts to determine the appropriate AIF relativity.

DEALERS OPEN LOT – Use Symbol 31

UNDERWRITING:

1. All risks must qualify for liability coverage. Dealers' Physical Damage must be issued *in conjunction with the liability coverage.*

To Qualify as Protected Open Lot:

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All lots must be:

- a. Enclosed on all sides by a metal cyclone or equivalent fence at least 6 feet high – OR –
- b. Bounded on one or more sides by the wall or walls of a building with **no** unprotected openings – OR –
- c. Enclosed by posts not more than 4 feet apart with chain link between – AND –
- d. Securely **locked when unattended**

2. PROHIBITED

- Other than non-franchised dealers
- Dealers with more than 95% of inventory in consigned autos

3. COVERAGE NOTES

- The coverages available are Comprehensive or Specified Perils or Fire & Theft, Collision.
- Insurance to value is required. 90% Co-insurance applies.

<u>total lot value</u>	<u>per auto base</u>
Less than 250,000	7500
250,000 - 349,999	25000
350,000 - 499,999	35000
More than 499,999	40000

- **Basic** per auto automatic limit is based on the size of the total open lot limit;

See Pricing Section for increased limits up to \$150,000.

- False Pretense coverage is only offered by endorsement.

LIMITS AVAILABLE

\$150,000 any one auto. ***

- Maximum individual scheduled Auto (symbol 27) limit is \$75,000.
- Risks with a per auto limit in excess of \$75,000 must maintain a physical damage deductible of \$2,500 or higher.
- Risks with a per auto limit in excess of \$100,000 must maintain a physical damage deductible of \$5,000 or higher.

\$2,500,000 any one location. ****

*** - Any risk selecting a per auto limit of more than \$75,000 must be submitted for prior approval.

**** - Any risk selecting a total inventory limit of more than \$1,500,000 must be submitted for prior approval.

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PRICING

PROTECTED OPEN LOTS ONLY	COMPREHENSIVE COVERAGE					
	Deductible (per vehicle / per occurrence)					
	Territory	\$500 / \$2,500	\$1,000 / \$5,000	\$1,500 / \$7,500	\$2,500 / \$12,500	\$5,000 / \$25,000
	1	1.79	1.5	1.21	0.92	0.63
	2	1.55	1.3	1.05	0.80	0.55
	3	1.25	1.05	0.85	0.65	0.45
	SPECIFIED PERILS COVERAGE					
	Deductible (per vehicle / per occurrence)					
	Territory	\$500 / \$2,500	\$1,000 / \$5,000	\$1,500 / \$7,500	\$2,500 / \$12,500	\$5,000 / \$25,000
	1	1.78	1.49	1.20	0.91	0.62
	2	1.54	1.29	1.04	0.79	0.54
	3	1.24	1.04	0.84	0.64	0.44
	FIRE & THEFT COVERAGE					
Deductible (per vehicle / per occurrence)						
Territory	\$500 / \$2,500	\$1,000 / \$5,000	\$1,500 / \$7,500	\$2,500 / \$12,500	\$5,000 / \$25,000	
1	1.16	0.96	0.76	0.56	0.36	
2	0.9	0.75	0.60	0.45	0.30	
3	0.64	0.51	0.38	0.25	0.12	

UNPROTECTED OPEN LOTS	COMPREHENSIVE COVERAGE					
	Deductible (per vehicle / per occurrence)					
	Territory	\$500 / \$2,500	\$1,000 / \$5,000	\$1,500 / \$7,500	\$2,500 / \$12,500	\$5,000 / \$25,000
	1	2.03	1.69	1.35	1.01	0.67
	2	1.72	1.44	1.16	0.88	0.60
	3	1.36	1.14	0.92	0.70	0.48
	SPECIFIED PERILS COVERAGE					
	Deductible (per vehicle / per occurrence)					
	Territory	\$500 / \$2,500	\$1,000 / \$5,000	\$1,500 / \$7,500	\$2,500 / \$12,500	\$5,000 / \$25,000
	1	2.02	1.68	1.34	1.00	0.66
	2	1.71	1.43	1.15	0.87	0.59
	3	1.35	1.13	0.91	0.69	0.47
	FIRE & THEFT COVERAGE					
Deductible (per vehicle / per occurrence)						
Territory	\$500 / \$2,500	\$1,000 / \$5,000	\$1,500 / \$7,500	\$2,500 / \$12,500	\$5,000 / \$25,000	
1	1.37	1.14	0.91	0.68	0.45	
2	1.08	0.9	0.72	0.54	0.36	
3	0.72	0.6	0.48	0.36	0.24	

TERRITORY

ISO AUTO TERR.

- 1 001 – 017, 086, 087
- 2 039, 040, 051, 053, 060, 074, 058, 059, 075-077, 081, 090, 091
- 3 All Others

Pacific Specialty Insurance Company California Non-Franchised Auto Dealer Program Manual

Collision (limit \$2,500,000)

(Rates apply to all Territories)

Collision					
	500	1000	1500	2500	5000
< \$50k	1.41	0.77	0.58	0.43	0.32
\$50k - \$100k	0.58	0.32	0.24	0.18	0.14
100k+	0.26	0.14	0.11	0.08	0.06

Increased limits for “per auto maximum” applies to Fire & Theft or Specified Perils or Comprehensive and Collision

Base per auto limit is tiered by the size of the total lot value:

total lot value	per auto base
Less than 250,000	7500
250,000 - 349,999	25000
350,000 - 499,999	35000
More than 499,999	40000

\$150,000 MAXIMUM per auto limit

Total Lot Value	Rate per 1,000 of increase above the base per auto limit
0 – 250,000	\$10
250,000+	\$15

FALSE PRETENSE COVERAGE**

Physical Damage Coverage must be purchased on the Dealer’s Open Lot vehicles in order for False Pretense Coverage to be available. Coverage does not apply unless both coverages are purchased.

Maximum Aggregate Limit to match “per auto maximum”. Per auto limit defaults to \$7,500, unless the maximum limit has been increased. Maximum limit available is \$70,000 – (rate applies to all Territories).

Deductible: \$250 mandatory deductible to apply.

Rating: Flat charge, [not] applicable to credit/debit.

Max Per Vehicle	Rate
0 – 20,000	\$250
20,001 - 40,000	\$350
above 40,000	\$500