

SNOWMOBILE INSURANCE PROGRAM

Agent's Manual

ALLSTATE AUTHORIZED

Underwritten By:
American Reliable Insurance Company

Reinsured By:



A.M. Best "A" Rated



As an Allstate agent, you have special access to Pacific Specialty Insurance Company's (PSIC) Snowmobile Insurance Program. The following guidelines will assist you with placing snowmobile coverage, but are not intended to be used as an interpretation of policy coverages, exclusions or conditions. Until further notice, this program will be underwritten by American Reliable Insurance Company and reinsured by PSIC.

Description of Program

PSIC's Snowmobile Insurance Program offers liability, uninsured motorist bodily injury and optional physical damage coverage for snowmobiles. Accessories, additional equipment and trailers can also be covered under the program for the applicable additional premium. Various discounts, miscellaneous program notes and a description of unacceptable risks are included in this manual. Please do not hesitate to contact PSIC directly at (800) 303-5000 with any questions or comments regarding this program.

Policy Term

Annual policy 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. An \$8.00 service fee is added to all installments, unless otherwise noted on the application, (service fee not applicable to the initial or deposit premium).

Application & Binding Procedures

You can apply for coverage for your client online at PSIC's website – www.psic-onespot.com – or submit an application directly to PSIC for rating and underwriting. For either method, the snowmobile application must be fully completed and transmitted to PSIC. No coverage is bound unless all of the following provisions are satisfied when the application is submitted:

- All underwriting rules are followed; and
- The application (including all necessary disclosures) is fully completed and signed by both the applicant and producer; and
- Photocopy of driver's license(s) and vehicle registration(s) accompany(s) application; and
- If physical damage coverage is purchased, clear photographs of left and right side of snowmobile accompanies application unless:
 1. A copy of the sales contract from a licensed dealer is attached and the purchase date is the same as the requested effective date, or



2. A copy of an insurance policy with physical damage coverage for the snowmobile is attached and the policy expires no later than the requested effective date

(NOTE: The aforementioned photographs must be taken on the requested effective date. If a producer is unable to submit photographs as required above, a fully completed/signed inspection form will be accepted in lieu of photos.)

- Required premium (or minimum required down payment) accompanies application; and
- All of the above referenced items are mailed to PSIC and postmarked within two (2) business days of the requested effective date.

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

All applications **MUST** be accompanied by EITHER the producer's or insured's check (full-payment or appropriate initial deposit) for the gross premium. Include a check with each application. Bulk checks are not acceptable. If an installment payment option is selected, then the applicable gross down-payment amount must be submitted with the application – commissions may NOT be retained.

Subsequent installments will be billed directly to the customer by PSIC or its representative. Installment payments will include an \$8.00 installment service fee, unless prohibited or otherwise altered in the insured's state.

All drivers residing in the household **MUST** be listed on the application. Any non-listed driver in the household **MUST** be listed on the Exclusion of Named Drivers & Partial Rejection of Coverage Form. All drivers residing in the household must be included or excluded.

We require a signed application by the registered owner of the vehicle. If multiple registered owners exist, either signature is acceptable. Each excluded driver requires a signature of the named insured.

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

All applications must be postmarked no later than two (2) business days from the binder date. All applications must be fax bound prior to coverage placement.

If applications are not fax bound, or are fax bound and the original application with all required items is not mailed to our office within two (2) business days, coverage will be made effective the day received by PSIC or their general agent.



Coverages & Rates Available

The following is a breakdown of the ONLY coverages and rates offered under our program. Rates apply to the entire state.

A. LIABILITY (BI & PD) – Bodily Injury Liability, Property Damage Liability and Guest Passenger Liability will be written at the following limits:

LIMIT

- \$25,000/\$50,000/\$25,000
- \$50,000/\$100,000/\$25,000
- \$100,000/\$300,000/\$25,000
- \$100,000/\$300,000/\$50,000

BI/PD is a required coverage.

B. UNINSURED MOTORISTS BODILY INJURY (UM) – limits available are as follows:

LIMIT

- \$25,000/\$50,000
- \$50,000/\$100,000
- \$100,000/\$300,000

UM is a required coverage and **the UM limits must equal the LIABILITY limits.**

C. PHYSICAL DAMAGE COVERAGES - Snowmobiles may be insured for physical damage coverages based on the cubic centimeter displacement of the engine at the premiums listed (see Rates section) for “new” units. For “used” units of Age Group 1 and 2, charge 72.3% of the “new” rate. For Age Group 3, charge 70% of the new premiums shown.

Used snowmobiles shall be classified as follows:

- Age Group 1: Snowmobiles of the first preceding model year.
- Age Group 2: Snowmobiles of the second preceding model year.
- Age Group 3: Snowmobiles of all other model years other than Age Group 1, Age Group 2 and “new” snowmobiles.

NOTE: The definition of “New Vehicles” means all current model vehicles.

The current model year shall change effective October 1 of the calendar year regardless of the actual introductory date of new model year snowmobile.



Accessories and Additional Equipment for snowmobiles may be insured for physical damage by charging a rate of \$2.00 per \$100 of insured value. Physical damage coverage must be present to purchase this coverage. Deductibles are the same as Physical Damage.

IMPORTANT: Policies with Physical Damage Coverage provide coverage for FACTORY STANDARD equipment only. The following is a list of items that require Accessories and Additional Equipment Coverage:

- Chrome parts, custom paint jobs, and other accessories that are not factory installed.
- Sleds (nonpowered vehicles designed to be towed by a snowmobile).
- In order for accessories and additional equipment for snowmobiles to be covered, each requested item must be specifically declared on the application. In addition, a copy of actual receipts must be submitted with the application and the total accessory premium must be listed in the accessory coverage space. The maximum limit is \$5,000.

The following items are not eligible as Accessories and Additional Equipment:

- Helmets (covered up to \$250 for Collision damage if Physical Damage coverage is purchased. Theft is not covered).
- Headsets/Intercom systems
- Any wearing apparel

Trailers (as defined below) may be insured for physical damage by charging a rate of \$2.00 per \$100 of insured value. The snowmobile trailer must be specifically declared on the application to be covered. Deductibles are the same as Physical Damage.

TRAILER: A non-self propelled (nonpowered) unit (a) designed to be towed on public roads by a vehicle and (b) specifically designed and used for transporting **your covered snowmobile**.

MISCELLANEOUS:

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

The Liability BI/PD and Uninsured Motorists limits must be the same for ALL of the snowmobiles on the policy.

Comprehensive and Collision may be written separately, provided there is no lienholder and liability coverage is included. Physical Damage only policies are not acceptable.



Only coverage to the minimum financial responsibility limit will apply when any covered snowmobile is operated by any “Person Excluded” (listed on the application and/or policy), regardless of where the “Person Excluded” resides or whether the person is licensed to drive.

PRODUCERS ARE ENCOURAGED TO FULLY EXPLAIN AND SELL ALL AVAILABLE COVERAGES WHENEVER POSSIBLE.

Unacceptable Risks

PACIFIC SPECIALTY INSURANCE COMPANY (PSIC) will not accept the following risks:

- A. NON-OWNED VEHICLES (named insured must be the registered owner of vehicle)
- B. UNACCEPTABLE OPERATORS
 - 1. Any operator with more than two at-fault accidents in the 36 months prior to the requested effective date of the policy. Any operator with more than two major convictions. Any operator with more than 5 minor violations.
 - 2. All operators without a valid driver’s license issued by the state in which the snowmobile is to be insured are unacceptable, except for out-of-state licensed active duty military personnel and spouses, and students attending college in the state, who must provide us with a current 36-month MVR, or be surcharged 50% (I.D. card is not acceptable). Only verifiable driving experience from the 50 U.S. states is acceptable for rating purposes. (See unverifiable driving record surcharge)
 - 3. Any operator convicted in the last 7 years of:
 - a) A felony while driving a motor vehicle
 - b) Vehicular manslaughter
 - c) Causing bodily injury or death while evading a police officer
 - d) Illegal transportation of explosives
 - e) More than one offense of driving a motor vehicle with a blood alcohol level equal to or in excess of the legal intoxication level as mandated by law in the state in which the snowmobile is to be insured.
 - f) Driving while under the influence of any illegal narcotic and causing bodily injury to any person other than the operator.
 - g) Insurance fraud
 - 4. Operators employed or attending school outside of the state in which the snowmobile is to be insured are unacceptable.



5. Operators with restricted drivers licenses pertaining to the use of illegal narcotics are unacceptable.
6. Risks requiring any financial responsibility filing.
7. Mailing address must be in the state in which the snowmobile is to be insured, and the mailing address must be the garaging address. (EXCEPTION: Active duty military or student attending college in the state).
8. Drivers age 70 or older must complete and submit an ACORD medical statement.
9. Operators under the age of 12.

Unacceptable Snowmobiles

The following vehicles are considered Unacceptable Snowmobiles and cannot be insured in PSIC's Snowmobile Insurance Program.

- A. Vehicles leased or rented to others.
- B. Any vehicle with no motor or engine.
- C. Vehicles used for:
 1. Racing/speed contest
 2. Any business or commercial purposes
 3. Emergency services
- D. Physical Damage coverage may not be written on units:
 1. Over 10 years old; or
 2. With pre-existing damage; or
 3. That have been salvaged; or
 4. With any structural change, modification or physical alteration of the frame.
- E. Snowmobiles with accessories in excess of \$5,000 (regardless of whether accessory coverage is requested or not).

Minimum Premiums

- Minimum Written Premium: \$65.00
- Minimum Earned Premium: \$65.00

Available Discounts

The following discounts are available for this Snowmobile Insurance Program and apply to all coverages unless otherwise stated.

A. SAFETY COURSE DISCOUNT

A 10% discount applies if the highest rated operator has completed an approved Snowmobile Safety Course within the past three years. A copy of the certificate of completion must accompany the application.

B. MULTI-SNOWMOBILE DISCOUNT

A discount applies to all snowmobiles on a multi-snowmobile policy. To qualify for this discount the policy must meet the following requirements:

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

The discount schedule is as follows:

- a. 2 snowmobiles 15% discount
- b. 3 snowmobiles 25% discount
- c. 4 or more snowmobiles 50% discount

C. ASSOCIATION DISCOUNT

A 5% discount applies if the applicant is a member of a Snowmobile Association. Proof of membership must accompany application.

D. AUDIBLE ANTI-THEFT DEVICE DISCOUNT

A 5% discount applies if the applicant vehicle has an installed audible alarm system. Proof of purchase must accompany application.

E. TRANSFER/EXPERIENCE DISCOUNT

For new business only, a 10% discount will apply to the policy if each insured on the policy has had continuous snowmobile insurance for the past twelve months and no insured on the policy has had an at-fault accident in the past twelve months. Proof of continuous snowmobile insurance for new business is required. An example of acceptable proof is a copy of the declaration page from the insured's current insurance company. This discount will be removed with the first annual renewal.



F. GARAGING DISCOUNT

A 5% discount will be applied to the comprehensive-collision coverage if the snowmobile is garaged at the insured's residence in a lockable structure.

G. MAXIMUM DISCOUNT – 50%

Surcharges

The following surcharges apply to policies written under this program, and apply to all coverages unless otherwise stated.

The experience period for driving surcharges is 36 months. Violations will be charged based on the citation date.

A. DRIVING RECORD SURCHARGE:

1. Driving Record – Level 1 – 50%
 - 3 – 4 Minors; or
 - 1 At-Fault Accident; or
 - 1 Major; or
 - Unverifiable Driving License
2. Driving Record – Level 2 – 100%
 - 5 – 6 Minors; or
 - 2 At-Fault Accidents; or
 - 2 Majors; or
 - Any Combination of Level 1 Violations
3. Driving Record – Level 3 – 150%
 - 7 or more Minors; or
 - 3 or more At-Fault Accidents; or
 - 3 or more Majors; or
 - Any Combination of Level 2 Violations

ACCIDENTS:

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

- (a) A traffic collision report which lists the other driver at fault under primary cause of collision and indicates a vehicle code section violated, or

- (b) A copy of a draft from the opposing insurance carrier which clearly states the date of the accident and shows the applicant as payee, or
- (c) A letter from the opposing insurance carrier claims representative stating non-fault for the accident.

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

MAJOR VIOLATIONS:

- Driving under the influence of alcohol
- Driving while impaired
- Refusal of alcohol test (implied consent)
- Open container
- All other alcohol-related violations
- All drug related violations
- Exhibition of speed (other than normal speeding)
- Operating a vehicle without owner's consent
- Attempting to elude a police officer
- Any felony involving a motor vehicle
- Speed contest
- Hit and run
- Altering driver's license
- Unlawful use of driver's license
- Violation of anti-theft laws

MINOR VIOLATIONS:

All other moving violations.

B. SPECIAL HAZARD SURCHARGE:

Apply a 50% surcharge to all coverages if the vehicle:

- is enhanced to increase performance beyond factory specifications (eg., turbo kit, modified carburetor, increased cc size, etc.); or
- is rebuilt; or
- has undergone structural change to frame; or
- is a snowmobile manufactured with aftermarket parts.



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The following models are also considered Special Hazard:

ARCTIC CAT
 ZRT (All Models)
 ZR (All Models)
 ZR Sno Pro 440
 Z Sno Pro 440
 Pantera 800/1000
 Thundercat (All Models)
 EXT 600 Triple
 Powder Extreme
 Powder Special 600/700
 Triple Tour

POLARIS
 Storm (All Models)
 XCR
 XCRSE
 Ultra (All Models)
 RMK (All Models)
 Indy (All Models)

SKI-DOO
 MXZ (All Models)
 Formula (All Models)
 Mach (All Models)
 Grand Touring SE
 Summit (700 cc & Higher)

YAMAHA
 Mountain SRX
 SRX
 VMAX (All Models)
 Mountain Max (All Models)
 SX 500R/600R/700R

Additional Premiums

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

Schedule I – Required Down Payments on Additional Premiums

Days from Policy Inception
(Binder or Postmark Date, whichever is sooner)

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

The insured will then have the following options:

FOR POLICIES UTILIZING OPTIONAL INSTALLMENT PAYMENT PLAN:

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

FOR POLICIES NOT UTILIZING OPTIONAL INSTALLMENT PAYMENT PLAN:

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

Endorsements

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

A. POLICY CHANGES

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

All endorsement requests must be mailed to GENERAL AGENT or COMPANY within 48 hours after the endorsement is taken.

B. ENDORSEMENT DEPOSITS

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

Renewals

The following policy renewal procedures apply to this Snowmobile Insurance Program.

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



- B. When you are renewing a policy on behalf of the policyholder, we require the notice sent to the policyholder or a copy of the notice sent to you. **WE CANNOT PROCESS RENEWALS WITHOUT ONE OF THESE FORMS.**
- C. Please note that the policy is subject to re-rating at each renewal.

Cancellations

The following policy cancellation procedures apply to this Snowmobile Insurance Program.

- A. No flat cancellations are allowed after the inception date except when an insured's check is returned for Non Sufficient Funds (NSF) or credit/debit card transaction is denied, or proof of double coverage is provided. PSIC or GENERAL AGENCY (whichever is applicable) must receive a copy of the front and back of the NSF check or copy of duplicate coverage within 30 days of binder date.
- B. A \$10 fee will be assessed for all NSF checks.
- C. Cancellations may be requested by return of the original policy or written request signed by the insured.
- D. Return premiums for all company cancellations will be calculated on a prorated basis. Return premiums for cancellations at the Insured's request may be calculated utilizing the standard short-rate tables.

Claims Procedures

For fast and friendly claim service and to completely eliminate your time involvement in processing claim forms, please instruct your insureds and claimants to call our Claims Department directly. This procedure will give the company the opportunity to give both your client and claimants immediate direct claim service.

Claim Telephone Number: (800) 962-1172

PRODUCER HAS NO AUTHORITY TO ASSIGN A LOSS FOR ADJUSTMENT TO AN ENTITY OTHER THAN PACIFIC SPECIALTY INSURANCE COMPANY OR ITS AUTHORIZED REPRESENTATIVE.



Payment Options

The following installment plan is available:

Initial deposit of 33% of the gross premium. Two (2) subsequent monthly installments will be billed directly to the customer by the administrator. There is no service fee applied to the initial deposit premium payment of an installment payment plan. All subsequent installment payments will include an \$8.00 service charge, unless otherwise indicated on the application or required by state law.

Supplies & Questions

All program supplies, including agent's manuals, quick reference guides and applications can be obtained online through PSIC's website at www.psic-onespot.com, or by calling PSIC directly at (800) 303-5000, Extension 3008. Simply let our supply room know your producer code and the quantity of each item you would like shipped. Most orders ship the same day.

Please contact your Allstate Field Product Manager with any questions regarding this Snowmobile Insurance Program.

SNOWMOBILE INSURANCE RATES

Annual Base Rates

BI/PD			UM
0-550 cc	551-750cc	751cc – Above	
\$53	\$59	\$74	\$5

PHYSICAL DAMAGE:

CC Size	Comprehensive/ Fire, Theft	Deductible	Collision	Deductible
0-125cc	43	100	199	500
126-300cc	67	100	299	500
301-400cc	87	100	396	500
401-550cc	110	100	618	500
551-750cc	160	100	909	500
751 & Over	224	100	1273	500

Optional Deductible Factors:

COMPREHENSIVE DEDUCTIBLE	FACTOR
\$50	1.250
\$100	1.000
\$250	0.700
\$500	0.550
\$1,000	0.300

COLLISION DEDUCTIBLE	FACTOR
\$50	2.250
\$100	1.450
\$250	1.250
\$500	1.000
\$1,000	0.650

Age Group Factors:

AGE GROUP	FACTOR
"NEW"	1.000
"USED" – AGE GROUP 1*	0.723
"USED" – AGE GROUP 2*	0.723
"USED" – AGE GROUP 3*	0.700



**See COVERAGE & RATES AVAILABLE section for Age Group descriptions.*

Age of Operator (Classification Factors)

<u>AGE GROUP</u>	<u>LIABILITY</u>	<u>PHYSICAL DAMAGE</u>
28 & Over	.910	.870
22 – 27	1.000	1.000
21 & Under	1.000	1.000

DEFINITIONS:

"OPERATOR" means any operator of the insured vehicle resident in the same household of the applicant who may operate the vehicle, without regard to determination of a principal operator.

"AGE" means the age attained on the last birthday.

B/IPD Increased Limits Factors

LIMITS	FACTOR
\$25,000 / \$50,000 / \$25,000	1.000
\$50,000 / \$100,000 / \$25,000	1.170
\$100,000 / \$300,000 / \$25,000	1.280
\$100,000 / \$300,000 / \$50,000	1.320

UM Increased Limits Factors

LIMITS	FACTOR
\$25,000 / \$50,000	1.000
\$50,000 / \$100,000	2.000
\$100,000 / \$300,000	2.800

Accessories & Additional Equipment

CATEGORY	RATE
Rate Per \$100	\$2.00

Trailers

CATEGORY	RATE
Rate Per \$100	\$2.00



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RULES FOR ASSIGNING OPERATORS TO SNOWMOBILES:

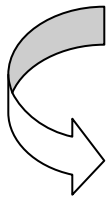
All operators must reside in the same household.

1. Determine the highest rated snowmobile, based on *CC SIZE*, *AGE OF UNIT*, and *SPECIAL HAZARD SURCHARGE*.
2. Assign the highest rated operator (based on *DRIVING RECORD SURCHARGE* and *AGE*) to the highest rated snowmobile.
3. If there are more snowmobiles than operators, assign the lowest rated operator (based on *DRIVING RECORD SURCHARGE* and *AGE*) to remaining snowmobiles.



Rate Worksheet

Rating Variable	BI/PD	UM	COMP	COLL
Base Rate	\$	\$	\$	\$
x Increased Limits Factor (BI/PD)				
x Deductible Factor (CP/CL)				
x Comp/Coll Age Group Factor				
x Age of Operator Factor				
x (1- Discounts [Max of 50%])				
= One	1.000	1.000	1.000	1.000
- Safety Course (10%)				
- Multi-Snowmobile (15 – 50%)				
- Association (5%)				
- Anti-Theft (5%)				
- Transfer/Experience (10%)				
- Garaging Discount (5%)				
x (1 + Surcharges)				
= One	1.000	1.000	1.000	1.000
+ Driving Record				
+ Special Hazard				
= Basic Premium (By Coverage)	\$	\$	\$	\$
Sum of Coverage Premiums (BI/PD + UM + COMP + COLL)	\$			
Final Premium				
= Greater of (a) or (b)				
= (a) Sum of Coverage Premiums	\$			
= (b) Minimum Premium	\$ 65.00			
= Total Final Premium	\$			
+ Equipment (\$2.00 per \$100)	\$			
+ Trailer (\$2.00 per \$100)	\$			
= Total Vehicle Premium	\$			



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