



MGA Insurance Company, Inc.

**ALABAMA
Personal Auto Program
Rule Manual**

**Effective:
April 22, 2022 New Business
June 21, 2022 Renewal Business**

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Company Contact Information

Customer Service

Phone

866-GAINSCO (424-6726)

Fax

800-532-3522

Claims/First Notice of Loss

Website

GAINSCO.com

Phone

800-699-1561

Fax

800-699-1560

Marketing/Agent Support

Phone

866-424-6726

Agent Portal Website

GAINSCOconnect.com

Help Desk/Technical Support

866-GAINSCO

Mailing Address

GAINSCO Auto Insurance®

PO Box 199023

Dallas, TX 75219

Agent Information

This manual is designed to provide our Agents with the necessary qualification and rating requirements for GAINSCO Auto Insurance® applicants. All submissions may be reviewed and underwritten based on their individual merits. This manual addresses minimum requirements and has been designed to provide information for the majority of eligibility and classification decisions encountered. For situations not addressed within these pages, or **IF IN DOUBT, PLEASE CALL CUSTOMER SERVICE BEFORE BINDING.**

BINDING AUTHORITY – NEW BUSINESS

Agents have immediate binding authority in accordance with all the rules and procedures set forth in this manual. Agent must be a duly authorized Agent of MGA Insurance Company, Inc. (“Company”).

The following conditions must be met:

- All of the information entered into GAINSCOconnect.com must be submitted to the Company using the GAINSCOconnect.com website. Any ACORD Applications or other paper applications submitted by any other means will not be accepted.
- The application is completed in its entirety and all required documentation is obtained from the applicant, including but not limited to: a signed and completed application with exclusions and rejections as appropriate, documentation for any discounts, and vehicle inspection form(s) if applicable.
- The risk is not defined as being unacceptable in this manual.
- The appropriate down payment or full premium and any applicable fees are collected from the applicant and submitted to the Company.

Coverage is not bound and is considered null and void if the applicant’s down payment is returned by the bank or financial institution. Please notify the Company immediately upon receipt of notice of returned payment from the applicant’s bank or financial institution.

If an application is submitted with an incorrect driver class, surcharge, discount, etc. or without the required proof for a specific discount, the policy will be adjusted to reflect the appropriate rate level according to the rules set forth in this Personal Auto Program Rule Manual. Such adjustment will be applied as of the effective date of the policy.

BINDING AUTHORITY – ENDORSEMENTS

Endorsements shall be processed online at GAINSCOconnect.com. Endorsements processed online will detail any additional premium and any amount to collect, and will generate an endorsement confirmation page that may be e-signed by the named insured. Otherwise, an endorsement form signed by the named insured must be maintained in the agency’s file. If an endorsement results in a return premium, the insured will be credited and remaining payments will be lowered.

Agents must process endorsements the same day the Agent is notified by the named insured. AGENTS MAY NOT BACK DATE COVERAGE. However, Agents do have 72 hours binding authority (3 calendar days) from the time that the insured notifies the Agents. In these cases, the Agent is to send the endorsement to the Company for processing as soon as possible. If more than 72 hours has elapsed, the endorsement becomes effective the date and time of the phone call or fax, or day after postmark when the Agent notified the Company.

SEVERE WEATHER PROCEDURES

All submissions for new business and endorsements on existing policies that have an effect of increasing the company's exposure are suspended from the time the Company places this restriction on GAINSCOconnect.com.

Binding restrictions will not be lifted until notification is received from the Company.

AGENT DUTIES

The Agent must assure compliance with all the Company's underwriting guidelines, procedures and requirements. The Agent is responsible that the entire application package, including exclusions and rejections as appropriate, are reviewed with the Applicant and approved by the Applicant. The Agent is also required to verify the Applicant is the named insured prior to submitting any documents.

All applications must be submitted online using the GAINSCOconnect.com website. If you are unable to rate or bind an application through GAINSCOconnect.com please contact Customer Service or the Help Desk for assistance.

If the premium quoted to any applicant changes as a result of a consumer report, we will generate a letter pursuant to the provisions of the Fair Credit Reporting Act (FCRA). A copy of the FCRA letter(s) must be printed and provided to the applicant.

Agents must obtain the named insured signatures on our Alabama Automobile Application, Offer of Uninsured/Underinsured Motorist Bodily Injury Coverage, policy forms or statements, and any other documents. Where available, electronic signature is recommended using the GAINSCOconnect.com e-signature process. Other electronic signature services are permissible (e.g. services offered by DocuSign, EchoSign or other electronic signature service providers). The Agent is responsible for providing the Applicant the opportunity to consent to electronic signature. The Agent is responsible for complying with all applicable state and federal e-signature laws. **Only the named insured can complete their e-Signature; the Agent or Agent's representative cannot complete the process for the named insured.**

Agents must follow all documentation requirements provided by the Company or as required by Alabama laws and/or regulations. As such, Agents must keep all documentation that generates at point-of-sale as well as documents that are not Company generated for a minimum of four (4) years after policy expiration or cancellation, or for the amount of time prescribed by all applicable laws and regulations, whichever is greater. The Agent must make each of the following, where applicable, available for Company review as requested:

- Completed and signed Automobile Application, if e-signature is not used on GAINSCOconnect.com
- Vehicle Inspection Form and/or photos
- Proof of Prior Insurance
- Copy of Military ID (for Military Discount)
- Proof of Military Deployment (for Military Discount)
- Proof of Homeownership
- Any document proving accidents were not-at-fault
- Certificate of accident prevention course (for Senior Defensive Driver discount)
- Any other documentation not generated by the Company but required by Alabama laws or regulations.

Agents may scan documentation and retain electronic copies to satisfy the documentation requirements. Agents must notify the Company before destroying documentation and allow the Company the opportunity to obtain copies before destruction. The Company reserves the right at any time to inspect all applicant files and/or require Agent to submit copies of documentation to us for audit/review purposes.

In the event of a claim being filed regarding an application submitted by an Agency, the Agent is required to comply with all requests for documentation. Agents must also comply with requests for recorded statements or other assistance required for evaluating and processing the claim.

Failure to fulfill any or all of the Agents Duties may result in changes to the Agent's status with the Company, including suspension or termination.

VEHICLE INSPECTIONS

A pre-insurance vehicle inspection form must be completed or photographs must be provided as prescribed below at the time of application for all vehicles insured with Comprehensive and Collision coverages that have existing damage (other than minor, rust-free scratches/dents).

Such vehicles are required to be inspected as follows:

- Verify that the VIN on the dashboard matches the VIN of the registration and application.
- Walk around the vehicle to check for existing damage. For all areas with existing damage, the damage must be clearly described on the inspection form and photos must be taken and maintained with the application.
- Odometer reading must be completed.

In lieu of a completed vehicle inspection form, the following photographs may be obtained and retained with the application:

- Four corner photos: A photograph should be taken of each corner of the vehicle which in total will show the entire exterior of the vehicle.
- VIN: One clear photograph of the VIN plate located on the dash or door.
- Mileage: One clear, legible photograph of the vehicle odometer showing current mileage.
- Damaged Areas: Clear photographs of any existing damage on the vehicle must be obtained.

If a covered loss occurs to a vehicle with existing damage and it is determined that the producer did not actually inspect the vehicle and prior damages are paid for by the Company, the Company reserves the right to make a claim for these previous damages from the Agent.

Exception: Vehicle inspections or photos are not required for new vehicles if a copy of a licensed dealer's bill of sale, invoice or window sticker is retained with the application.

COMMISSION

Refer to the Agency Agreement for the exact commission schedule. The Company reserves the right to alter commission schedules with due notice to agency.

Product Information

COVERAGES & LIMITS

Bodily Injury Liability	\$25,000/person	\$50,000/accident
Property Damage Liability	\$25,000/accident	
Uninsured/Underinsured Motorist Bodily Injury	\$25,000/person	\$50,000/accident
Medical Payments	\$500, \$1,000, or \$2,000/person	
Comprehensive & Collision	Deductible options: \$250, \$500, \$750, \$1000, or \$2000	
Towing & Labor	\$50, \$75 or \$100 /disablement.	
Rental Reimbursement	\$20/day \$600 maximum total benefit <i>or</i> \$30/day \$900 maximum total benefit <i>or</i> \$40/day \$1,200 maximum total benefit.	
Custom or Additional Equipment	Up to \$5,000	

COVERAGE RULES

Uninsured and Underinsured Motorist Bodily Injury Coverage:

- \$25/50 is mandatory in Alabama, unless rejected.
- The Uninsured and Underinsured Motorists Coverage Selection or Rejection form must be completed in its entirety and be signed by the named insured.

Comprehensive & Collision Coverages:

- Cannot be selected on any vehicle over 30 years old.
- Must be written together, or both may be rejected.
- Deductible amounts are not required to be the same.

Towing & Labor and Rental Reimbursement Coverages:

- May be selected for a vehicle regardless of whether Comprehensive and Collision apply.

Custom or Additional Equipment Coverage:

- Coverage on vehicles will only be covered if the custom or additional equipment is listed on the application and additional premium is paid on the cost new of the equipment.
- Coverage will only be available on vehicles where comprehensive and collision coverage is written.
- Includes coverage for: custom paint, custom wheels, phone equipment, stereo/sound equipment, video equipment, and navigation/GPS. Photos and receipts are required for Custom or Additional Equipment coverage and should be maintained with the application.

UNACCEPTABLE RISKS

The Company reserves the right to make final underwriting decisions on all applications. The following is a general listing of requirements for risks that are acceptable in this program; however, a combination of factors may cause some applications to be unacceptable even if not specifically mentioned in the following information. An Unacceptable Risk surcharge may apply to the policy if after inception an endorsement is processed that makes the risk unacceptable, and the policy will be cancelled or non-renewed in accordance with state law.

VEHICLES

All vehicles must be registered/titled to the named insured and/or his/her spouse, if living in the same household. Otherwise, the holder of the registration/title must be listed as a rated or excluded driver on the policy.

All vehicles must be garaged at the address(es) listed on the application and within the state of Alabama.

UNACCEPTABLE VEHICLES

Make	ASTON MARTIN	AVANTI	BENTLEY	BERTONE
	BLUE BIRD	BRICKLIN	BUGATTI	CODA
	DAEWOO	DAIHATSU	DELOREAN	DINAN
	FERRARI	FISKER	GEM	JENSEN
	LADA	LAFORZA	LAMBORGHINI	LOTUS
	MASERATI	MAYBACH	MCLAREN	MORGAN
	PANTERA	PINANFARINA	PORSCHE	RENAULT
	ROLLS-ROYCE	RUF	SHELBY	SMART
	STERLING	TESLA	THINK	TRIUMPH
	TVR	VPG	WHEEGO	YUGO
Commercial Type	LIMO, MILITARY, FUNERAL, INCOMPLETE, CARGO VAN			
Gross Weight	Above 10,000 LB			
Horsepower	Above 400 HP			
Model Age	Above 30 years, if physical damage is requested			

- More than six vehicles insured under one policy
- More than two excess vehicles over the number of rated drivers on the policy
- Conversion vans/pickups for physical damage. Conversion vehicles may be issued for liability only, unless the vehicles have plumbing, cooking or refrigerator packages.
- Dune buggies, Baja bugs and/or any other type of ATV or off-road vehicle or any vehicle not licensed for road use
- Motorcycles
- Hearses and limousines
- Gray market, rare, antique, classic, vintage, custom, electric, kit, low production, limited edition, race replica, or show vehicles
- Motor Homes, RVs, Campers, Travel Trailers, or any vehicles with plumbing, cooking, or refrigerator packages
- Vehicles built/designed for, or used in, speed contests
- Flatbed vehicles
- Vehicles designed to carry more than eight people, including the driver

- Open air vehicles, including those with detachable roofs (except convertibles) not otherwise listed.
- Saleen Models
- For Physical Damage, any vehicle with a depreciated base price greater than \$40,000
- For Physical Damage, any vehicle identified as having the following severe problem indicators (as determined by findings of prior events on the vehicle history report):
 - Stolen Vehicle, Reported as Stolen, Recycled Vehicle, Recovered from Theft, Police Severe Accident, Lemon Title, Junk Title, Hail Title, Flood Title, Fire Damage, Dismantled Title, Damage Disclosed, Crash Test Vehicle, Airbag Deployment
- Any vehicle which has been substantially modified in appearance or performance, or mechanically altered; i.e. high suspension or lift kits
- Any pickup, van or utility vehicle that does not have bumpers
- Vehicles with existing damage (other than minor or cosmetic) that do not have Vehicle Inspections where physical damage coverage has been requested.
- Vehicles not garaged at the address for which the vehicles are rated, unless the vehicle is away at school in the state of Alabama
- Vehicles garaged in Alabama less than 10 months per year
- Vehicles used for business or artisan use.
 - Vehicles used for messenger service, livery service, delivery service, wholesale or retail delivery, hauling merchandise for others, newspaper or retail food delivery, including but not limited to pizza delivery.
 - Livery service includes any form of transporting people for compensation, including but not limited to carpool service for a fee. This does not apply to “share the expense” carpools.
 - Vehicles used in connection with a transportation network company, such as Uber or Lyft
 - Vehicles used in connection with a delivery network company, such as UberEATS, UberRUSH, or Postmates
- Vehicles used to carry tools or supplies to or from a work site as a job or service.
- Vehicles titled to a legal entity, DBA, or LLC
- Vehicles used as a residence or premises
- Vehicles operated by a driver who would be considered an Unacceptable Driver
- Vehicles which, at the time of application, were involved in an accident on the same day the policy is to become effective. A future effective date must be used.

DRIVERS

The following drivers must be listed on the application. If there are changes during the policy term, an endorsement must be processed reflecting these changes within 14 days of the change.

- List all persons 14 years or older residing with the applicant(s), whether or not they are licensed and/or drive/operate the listed vehicle(s).
- List all regular or occasional operators, and all registered owners/co-owners, of said vehicle(s).
- List all children or dependents age 14-20 of the applicant or applicant’s spouse, regardless of whether they reside with the applicant(s).
- Each person must be listed as a rated or excluded driver.
- If a person has ever held an Alabama driver’s license, that license must be entered as the driver’s license information.
 - A learner’s permit is treated as a license, and such drivers must be listed.

FAILURE TO LIST ALL SUCH PERSONS WITH COMPLETE INFORMATION MAY CONSTITUTE A MATERIAL MISREPRESENTATION, WHICH MAY RESULT IN ALL INSURANCE COVERAGES BEING VOID.

Should drivers be discovered that have not been disclosed on the policy, we may add them as drivers on the policy and adjust the rate accordingly, including any surcharges or discounts for which they qualify.

EXCLUDED DRIVERS

Any drivers who are excluded on the Named Driver Exclusion Endorsement must be acknowledged by the signature of the named insured. Drivers may be added as rated or excluded drivers on the policy if they become residents of the named insured's household during the policy term. A driver may not be excluded if they drive/operate the listed vehicle(s).

UNACCEPTABLE DRIVERS

The following drivers are considered unacceptable:

- More than 8 rated drivers per policy
- Any student residing and/or attending school in a state other than Alabama.
- Any operator who is not a resident of the state of Alabama, and/or does not live in Alabama for 10 months per year.
 - This rule does not apply to operators other than the Named Insured who are in the military and stationed out-of-state.
- Any operator under the age of 14.
- Any named insured under the age of 18.
- Risks with a mailing address outside of Alabama.
- All entertainers, athletes, and celebrities, or any professional individual who is nationally or locally well known to a large segment of the population relative to where the individual resides. This does not apply to public officials.
- Operators with more than two at fault accidents in the 36 months immediately preceding the original effective date of the policy with the Company.
- Operators with more than one alcohol or drug related charge in the 36 months immediately preceding the original effective date of the policy with the Company.
- Operators with more than one major violation in the 36 months immediately preceding the original effective date of the policy with the Company.
- Operators with more than two intermediate violations in the 36 months immediately preceding the original effective date of the policy with the Company.
- Total number of at fault accidents for all operators listed on a policy cannot exceed two in the 36 months immediately preceding the original effective date of the policy with the Company.
- Total number of major violations for all operators listed on a policy cannot exceed two in the 36 months immediately preceding the original effective date of the policy with the Company.
- Total number of intermediate violations for all operators listed on the policy cannot exceed three in the 36 months immediately preceding the original effective date of the policy with the Company.

LICENSE STATE MATRIX

License State/Status	Classification (Corresponds to options on Rater)
Alabama	Alabama with the applicable license status
Other U.S. State (no Alabama license)	Applicable State with applicable license status
Foreign Driver without a US license	Foreign/Non-USA/Mexico
US Domestic Driver without a US license	Not Licensed (if no such option, select Expired)

DISCOUNTS

DISCOUNTS REQUIRING DOCUMENTATION

If a discount applies, proof of eligibility must be uploaded to the policy when the policy is bound. If the proof of eligibility for a discount is received after the policy is issued, the discount will be applied on a pro-rata basis.

- **Prior Coverage** – A Prior Coverage Discount will apply to the policy when the named insured provides proof of at least 120 days of insurance coverage during the last 180 days immediately prior to their policy effective date.
 - Proof of the prior insurance coverage is required with the application and the binding of coverage unless automatically verified at point of sale.
 - Acceptable proof of prior insurance includes a letter of experience on prior carrier letterhead, Company issued Declaration page, applicable renewal offer or ID card.
 - The Prior Coverage discount will be applied for applicants who did not require automobile insurance during military deployment and would have qualified for this discount prior to deployment. Agent must submit proof of the applicant's policy prior to deployment along with proof of their deployment during the time of lapse.

- **Agency Internal Transfer** - This classification of Prior Coverage Discount will apply to the policy when the named insured is eligible for the prior coverage discount as defined above and the prior coverage was written by the same agency submitting the application to the Company.
 - Proof of the prior insurance coverage and proof that the prior coverage was written by the agency are required with the application and the binding of coverage. The prior policy must have expired on the policy expiration date; midterm cancellations are not acceptable for this discount.
 - Acceptable proof includes those forms of proof available for the prior coverage discount when the agency's name is shown on the document, and will need to be supplemented with additional documentation when the agency's name is not shown. Prior GAINSCO Auto Insurance® policies do not qualify for the Agency Internal Transfer Discount.

- **Military Discount** – A discount will apply to the policy when the named insured submits proof of military service for a rated driver on the policy for the agent to retain on file.
 - Active In-State – for Active Duty drivers stationed in Alabama
 - Active Out-of-State – for Active Duty drivers stationed outside of Alabama
 - The Named Insured cannot have this discount as they must reside in Alabama
 - Prior Service – for drivers who previously served in the military

- **Homeowner Discount** - A discount will apply to the policy when the named insured submits acceptable proof of homeownership for a home, townhome, condominium, or mobile home for the agent to retain on file. The individual identified as the named insured on the auto application must also appear as the owner on the homeowner's proof. Acceptable forms of proof include a homeowner's insurance policy declaration page, mortgage statement, property tax records or property deed.

- **Senior Defensive Driver Discount** – A discount will apply to the policy for drivers ages 55 or older who have completed an appropriate Motor Vehicle Accident Prevention course approved by the Alabama Department of Insurance. Drivers must provide course certificate dated within the most recent three-year period. This discount does not apply if the insured subsequently is involved in an accident, after having earned the discount, for which the insured is at fault, or if the insured is convicted, pleads guilty, or nolo contendere to a moving traffic violation, after having earned the discount.

ADDITIONAL DISCOUNTS

- Auto-Pay Discount – A discount will apply when an Auto-Pay Payment Plan is selected.
- Paid in Full Discount – A discount applies to all policies where the insured pays the premium in full at the inception of the policy period.
- Renewal Discount – A discount may apply, based on the length of time the policy has renewed with GAINSCO Auto Insurance®.

- Advance Purchase Discount – A discount may apply to policies based on the number of days in the future the effective date is from the date the policy is bound.
- Safe Driver Discount – A discount will apply based on: 1) the number of years for which we have a verified driving record for a driver without a chargeable violation or at fault accident (e.g. 1, 2, 3, or none); and 2) the driver's license state/status. If a driver has experienced a chargeable violation or at fault accident within the last year, he/she is classified with a Safe Driver class of 0. Otherwise, a discount is applied based on the number of years the driver has gone without a chargeable violation or at fault accident (e.g. 1, 2, or 3). This discount only applies to drivers for whom the insurer has obtained a driving record of three or more years.

SURCHARGES

Driver points are based on all occurrences and/or violations that have occurred in the thirty-six months immediately preceding the policy effective date. Any accidents listed on a motor vehicle report, application, or other underwriting report will be considered at fault unless a police report or written explanation is provided establishing facts demonstrating lack of fault which are not rebutted by information in the insurer's file from which the insurer in good faith determines that the insured was substantially at fault.

If multiple incidents occurred on the same day, the highest incident will be charged. If one or more serious violations occurred on the same day as an at-fault accident, such violations may be charged in addition to the at-fault accident.

POLICY ACTIVITY

The following surcharge may apply to a renewal or replacement policy based on activity during the prior policy's term(s). If the activity is solely to correct an error, no surcharge will apply.

- Prior Cancellation for Non-Payment of Premium: A surcharge may apply based on the number of times the policy has been cancelled and reinstated for non-payment of premium within 36 months prior to the renewal or replacement policy.

ADDITIONAL SURCHARGES

- A surcharge may apply to any driver with a license status of Expired, Suspended, Cancelled, Revoked, or if the license is unverifiable.
- Any driver added to the policy that is defined as being unacceptable in the underwriting rules/guidelines will be surcharged in addition to any other surcharges that may apply.
- If the garaging address or primary area of operation of any listed vehicle on the policy is moved outside of Alabama or if the insured moves their residence outside of Alabama a surcharge will apply.
- Any vehicle or coverage added that is defined as being unacceptable in the underwriting rules/guidelines will be surcharged in addition to any other surcharges that may apply.
- An unacceptable surcharge will apply to the policy if an endorsement is processed that makes the risk unacceptable
- A surcharge will apply to policies that do not have proof of prior insurance.
- A surcharge will apply to vehicles with a title indicating a Severe Problem.
- A surcharge will apply to drivers with a certificate insurance (SR-22) filing.

Note: Within the first 60 days following the effective date of coverage, the addition of any driver, vehicle, or coverage, or a change that otherwise results in a risk that is unacceptable under our underwriting guidelines, may result in cancellation of the policy in lieu of the application of an additional Unacceptable Surcharge.

NON-OWNER

Non-owner policies are available to provide liability coverage for the Named Insured only. Coverage is offered only while the Named Insured is using a vehicle with permission, that is not available for their regular or frequent use, and is not owned by the Named Insured or a relative or resident of the Named Insured's household. A non-owner rating discount factor will apply.

CERTIFIED FINANCIAL RESPONSIBILITY FILINGS (SR-22)

For a risk on which a certificate of insurance (SR-22) is filed to comply with the requirements of an automobile financial responsibility law, a flat charge shall be made for each filing. The charge is fully earned and shall not be subject to modifications under the provisions of any other rule in this manual. A SR-22 will be filed only for the state of Alabama. A SR-22 surcharge may also be applied.

CANCELLATIONS

The Company may flat cancel for down payments that are returned by the bank or financial institution. Agents are to notify the Company immediately upon receiving notice of an insufficient payment item.

A request by the insured to cancel the policy must be in writing and signed by the named insured, or must be in the form of a recorded statement. The effective date of the insured requested cancellation cannot be earlier than the date the Agent or Company was notified by the named insured. However, the cancellation date may be in the past if the cancellation request includes proof of duplicate coverage starting on the cancellation date requested. Cancellations at the request of the insured or for underwriting reasons will be computed on a pro-rata basis.

For cancellations initiated by the company, the required 10-day notice period will be provided for cancellations within 60 days or if for nonpayment of premium. 20-day notice will be provided for all other reasons. See section on Material Misrepresentation for terms of cancellation when false or misleading statements are presented on the insurance application.

RENEWALS

A renewal policy will be issued after the expiration of the current policy period if all premiums owed on the current policy have been paid and the first payment of the renewal policy has been received prior to the expiration of the current policy term. Renewal offers and non-renewals will be sent at least 45 days prior to the policy expiration date.

If the appropriate renewal payment is not paid or mailed (U.S. Postal Postmark) by the expiration date of the policy term, coverage will expire on the final day (expiration date) of the current policy term (there is no grace period).

REINSTATEMENTS

Reinstatements for nonpayment cancellations are permitted. Reinstatements can be processed for up to 30 days from the cancellation date either online or by contacting the Company's Customer Service Department.

Policies may be reinstated without a lapse in coverage. An inspection form may also be requested at the underwriter's discretion. A reinstatement fee may apply to policies that have cancelled for non-pay or short-pay.

REWRITES

Rewrites can be processed online. A policy that cancels for non-payment may be eligible for the rewrite option after 30 days.

PREMIUM INSTALLMENT PLANS

The Company offers optional premium payment installment plans. The installment plans that are available to a policy will be displayed during the quoting process. The down payment must be collected from the insured at the time the policy is bound.

If a payment plan is selected, an Installment Fee will apply to each installment billed. If any installment payment is late, a Late Fee will apply. Unsuccessful payments or payments returned by the bank or financial institution will incur an NSF Fee.

Premium Determination

If an application is submitted with an improper driver class, discount, surcharge, etc. the policy will be issued at the appropriate rate level according to the rules as set forth in this manual.

DRIVER CLASSIFICATION

Age refers to the driver's age at policy effective date. A marital status of "single" in the rating pages refers to an unmarried, widowed, or divorced driver. A marital status of "married" means a legally married person or a separated driver. If a driver is "married" and their spouse is not a ratable driver on the policy, classification "X" will apply.

DRIVER AVERAGING

The highest-rated (based on Property Damage) drivers are selected, up to the number of vehicles. If there are fewer drivers than vehicles, all drivers are selected. For non-owner policies, just the highest rated (based on Property Damage) driver is selected.

PHYSICAL DAMAGE

For vehicles with physical damage, an Initial Model Age adjustment factor may apply to the liability coverages. The Initial Model Age of the vehicle represents the Model Age at the time the vehicle is added, and will remain until the vehicle is removed or the policy expires.

REPORTS USED FOR UNDERWRITING

During the quote and bind process on the Company website GAINSCOconnect.com, reports are ordered as a part of our underwriting process. Data returned from these reports identifies information specific to the vehicle(s) and driver(s), such as length of ownership, incidents, license status, etc., which is used for underwriting and rating.

The Length of Ownership at the time the vehicle is added will apply to that vehicle until it is removed or the policy expires. If the application indicates the vehicle has been owned less than three months, this will override the Length of Ownership report results.

INSURANCE SCORING

An Insurance Score based upon credit history information may be ordered for the named insured as part of the quote process. This score will be used to determine the Insurance Score Tier.

Please read the disclosure on the website to the customer and verify their permission to obtain the score. Select "Agree" only if the applicant gives permission to obtain the score.

Include the full name, address, date of birth, and last 4 digits of the applicant's Social Security Number in order to obtain the Insurance Score. An applicant has the right to not provide the last 4 digits of their Social Security Number, but this may result in a No Hit result.

If a score is ordered and results in an applicant not receiving the maximum rate benefit, or a No Hit or "thin file" result is returned, provide the applicant with the FCRA notification that is generated by the website. If a customer suspects inaccuracies in their credit information, they may request a copy of their report by contacting the vendor as instructed in the notice provided.

The Company will re-order the score at least once every three years. At the request of the named insured, we will re-order the score up to once annually. When there is a new score, the new score will be used to determine the Insurance Score Tier beginning with the upcoming renewal policy period.

REPORT DATA CORRECTIONS

The insured may provide information to the agent correcting or supplementing any data received via an Underwriting Report, Insurance Score report, or any other report utilized in calculating premium. The forms the agent may use to assist the insured in submitting this information to us will be available on our website. All requests to update information will be reviewed, and any appropriate policy data corrections will be applied and the premium will be recalculated.

VEHICLE CHARACTERISTICS

Rating factors apply to each vehicle based on the vehicle's characteristics. New vehicle characteristics that are substantially similar to previous characteristics shall be classified according to that similarity. A vehicle is assumed to have potential damage if the vehicle history report flags the vehicle for any of these prior events:

- Police Accident Report
- Frame Inspection
- Failed Emissions Test
- Failed Safety Inspect
- Gross Polluter
- Abandoned Vehicle
- Suspected to have been in a flood

Rating factors apply to each vehicle based on the vehicle's characteristics, as defined by the Highway Data Loss Institute (HLDI). Vehicle Class Name and Vehicle Size are fields provided by the Highway Loss Data Institute (HLDI). Their definition can be found at https://www.iihs.org/media/f9365d6d-8473-4d26-a4ca-97c6a4c7d7b6/127016350/Ratings/Protocols/current/tech_06.pdf. Class Size Group is an amalgamation of Vehicle Class Name and Vehicle Size.

Vehicle base price is computed by first taking the MSRP of the base model with destination charges and adding the following options if necessary: automatic transmission, air conditioning, and antilock brakes. Occasionally individual options are only available as part of packages; when this occurs the cost of the package is included in the price. Additionally, if the vehicle is subject to the federal "gas guzzler tax," the tax amount is added.

Fees

Installment Fee: \$8/installment for non-EFT, \$4/installment if EFT

Late Fee: \$10 each occurrence

NSF Fee: \$25 each occurrence

Policy Fee: \$30 each policy term

Reinstatement Fee: \$10 per reinstatement

SR-22 Fee: \$25 each policy term for which an SR-22 is required

All fees are fully earned and non-refundable.

Claims

All claims should be reported to MGA Insurance Company, Inc. as promptly as possible either by telephone or by having the customer report the loss online at GAINSCO.com. The phone number to report a loss is: 800-699-1561.

Material Misrepresentation

It is important that agents ask all questions directly to the applicant and clearly explain the consequences of providing false information. Complete and accurate information on the application is required in order to bind coverage. **MATERIAL MISREPRESENTATION MAY RESULT IN THE POLICY BEING DECLARED NULL AND VOID FROM THE INCEPTION AND WILL IMPACT THE INSURED'S RIGHTS TO POLICY BENEFITS.** It is important that agents explain that a claim may not be paid if false or misleading information is provided to us.

Misrepresentation includes, but is not limited to the following:

- Failure to disclose all drivers as described in this manual.
- Use of an incorrect garaging address.
- Failure to report all prior accidents or violations on the application.
- Failure to accurately report vehicle usage or vehicles available for use.