



MGA Insurance Company, Inc.

TENNESSEE
Personal Auto Program
Rule Manual

Effective:
October 28, 2022 New Business
December 27, 2022 Renewal Business

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Company Contact Information

Customer Service

Phone

1-866-GAINSCO (424-6726)

Automated Policy Services

1-866-GAINSCO

Fax

1-800-532-3522

Claims/First Notice of Loss

Phone

1-866-GAINSCO

Fax

1-305-551-0924

Marketing/Agent Support

Phone

1-866-GAINSCO

Fax

1-800-532-3522

Website

www.gainscoconnect.com

Help Desk/Technical Support

1-866-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 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”).

Coverage will be bound at the exact date and time the application is completed, signed and dated by both the applicant and Agent if the following conditions are met:

- All applications must be uploaded to the Company using the www.GAINSCOconnect.com website.
- 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 may be voided if the applicant’s down payment check is returned by the bank for insufficient funds. Please notify the Company immediately upon receipt of notice of NSF from the applicant’s bank.

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 issued at the appropriate rate level according to the rules set forth in the program manual.

BINDING AUTHORITY – ENDORSEMENTS

Endorsements can be processed online at www.gainscoconnect.com. Endorsements processed online will detail any additional premium and any amount to collect. Once the endorsement is submitted online, a confirmation page will generate and it must be printed, signed by the insured, and maintained in the agency’s file, per the documentation requirements under the Agent Duties section of this Rule Guide. If an endorsement results in a return premium, the insured’s account will be credited and remaining payments will be lowered.

Agents have 72 hours binding authority (3 calendar days) from the time that the insured notifies the producer. After this, the endorsement becomes effective the date and time of the phone call or fax, or day after postmark. **DO NOT BACK DATE COVERAGE.**

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 National Weather Service issues a hurricane "watch" or "warning" within 100 miles of the "watch" or "warning" area, and/or a severe weather "watch" or warning" in your local area.

Binding restrictions will not be lifted until notification is received from GAINSCO. In the case of phone loss operations, all applications must be faxed to GAINSCO.

AGENT DUTIES

The Agent must assure compliance with all our 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 uploaded to the Company using the www.GAINSCOconnect.com website. If you are unable to upload an application through [GAINSCOconnect.com](http://www.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 must be printed and provided to the applicant.

Agents may obtain the named insured signature on our Tennessee Automobile Insurance Application, Uninsured/Underinsured Bodily Injury and Uninsured/Underinsured Property Damage, policy forms or statements, and any other documents utilizing electronic signature (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.

The following documentation (if applicable to the policy) must be kept in your Agency's file and be available for Company review as requested. This documentation must be stored for a minimum of four years after the completion of the transaction, or for the amount of time prescribed by all applicable laws and regulations, whichever is greater.

- Completed and signed Tennessee Automobile Insurance Application
- Vehicle Inspection Form
- Proof of Prior Insurance
- A copy of the foreign ID for any listed driver rated on [GAINSCOconnect.com](http://www.GAINSCOconnect.com) with license status of Foreign.
- Copy of Military ID
- Proof of Military Deployment
- Proof of Homeownership
- Proof of Driver Training Course completion
- Signed household member/driver verification form
- Any document proving accidents were not-at-fault
- Certificate of accident prevention course (for Senior Defensive Driver discount)
- Any endorsement form
- Request Reinstatement/No Loss Statement

- Any vehicles with existing damage or uncompleted body repairs must have two photos taken of the damaged area, if physical damage coverage is requested.
- Any other documentation requirements provided by us, or as required by Tennessee 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.

Agents are required to complete a Vehicle Inspection Form for each vehicle with Comprehensive and Collision coverages that has prior damage, and must keep this form in your agency's file per guidelines listed above.

In the event of a claim being filed regarding an application uploaded 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. 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. If there is 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.

PHOTO REQUIREMENTS

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.

The Vehicle Inspection Form (or photos as prescribed above) and above procedures are required when processing an endorsement to add Comprehensive and Collision coverages.

A vehicle inspection form is required (or photos must be provided as prescribed above) for each vehicle insured with Comprehensive and Collision Coverages that has existing damage. If a loss occurs 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.

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	\$15,000/accident \$25,000/accident	
Uninsured/Underinsured Motorist Bodily Injury*	\$25,000/person	\$50,000/accident
Uninsured/Underinsured Motorist PD*	\$15,000/accident \$25,000/accident	
Medical Payments	\$500, \$1,000, or \$2,000/person	
Comprehensive & Collision	Deductible options of \$250, \$500, \$750, or \$1000 are available. Comprehensive and Collision must be written together, and their deductibles can differ.	
Towing & Labor	\$50, \$75 or \$100 /disablement.	
Rental Reimbursement	\$20/day \$600 maximum total benefit or \$30/day \$900 maximum total benefit or \$40/day \$1,600 maximum total benefit.	
Custom or Additional Equipment	Up to \$5,000	

*Uninsured Motorist Coverage equal to \$25/50/15 is mandatory in Tennessee, unless rejected. An MGA Insurance Company, Inc. UM/UIM election or rejection form approved by the Tennessee Department of Insurance must accompany every application. This form allows the insured to accept or reject limits higher than the minimum required for Uninsured Motorist coverage, as well as accept or reject Underinsured Motorist coverages. This form must be completed in its entirety

Comprehensive coverage will not be written without collision; and likewise, collision will not be written without comprehensive. Deductible amounts on comprehensive and collision coverage are not required to be the same.

Custom or Additional Equipment 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 list of risks not written; 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 will apply to the policy if after inception an endorsement is processed that makes the risk unacceptable, and the policy will be non-renewed at the end of the current policy term.

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 or excluded as a driver on the policy. All vehicles must be garaged at the named insured's residence, unless the vehicle is garaged at the residence of a dependent student away at school in the state of Tennessee.

The following vehicle are considered unacceptable.

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			

*Unacceptable for Physical Damage

UNACCEPTABLE VEHICLE TYPES

- 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
- More than six vehicles insured under one policy
- More than two excess vehicles over the number of rated drivers on the policy

UNACCEPTABLE VALUE, AGE AND CONDITION

- For Physical Damage, any vehicle with a depreciated base price greater than \$55,000
- 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 pre-existing damage (other than minor or cosmetic), where physical damage coverage is being requested
- Salvaged, restored or reconstructed vehicles. Restored/salvage vehicles may be issued for liability only.
- Vehicles with existing damage that do not have Vehicle Inspections where physical damage coverage has been requested

UNACCEPTABLE OWNERSHIP AND USAGE

- Vehicles garaged in Tennessee less than 10 months per year.
- Vehicles used for business or artisan use.
- More than one policy of insurance in a household unless liability limits and UM limits are equal.
- 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 or DBA
- Any vehicle not garaged in the zip code for which the vehicle is rated.
- Any vehicle operated by a driver who would be considered an Unacceptable Driver.
- Any vehicle which, at the time of application, was 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 10 days of the change.

- List all persons 14 years or older, licensed or not, residing with applicant(s), whether or not they drive/operate the listed vehicle(s).
- List all regular operators of the listed vehicle(s).
- List students living away from home, persons in the Armed Services, and any children or dependents of the applicant or applicant's spouse between the age of 14 and 21 who do not reside with the applicant(s).
 - Children or dependents in the Armed Services are not required to be listed if a document showing their assignment away from home is submitted. Once this documentation is received and reviewed, the driver can be removed from the policy.
- If the person has never been licensed, or if the license is Expired, they may be listed as an Unlicensed Resident; otherwise, they must be listed as a Driver.
 - If the person drives, they may not be listed as an Unlicensed Resident.
- If the person has held a Tennessee license that has not Expired, 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.
- If the applicant(s) is legally Married or legally Separated, such legal status must be listed as their Marital Status, and their spouse 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 described above who are excluded on the Named Driver Exclusion portion of the Application must be acknowledged by the signature of the named insured. Drivers who are listed on the policy may not be Excluded mid-term. However, drivers may be added or excluded 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:

- Any operator who is not a resident of the state of Tennessee, and/or does not live in Tennessee for 10 months per year.
- Any operator under the age of 14.
- Any named insured under the age of 18.
- Any operator with a revoked or cancelled license, unless the driver requires an SR-22 filing.
- Risks with a mailing address outside of Tennessee.
- Operators with any of the following medical conditions without a medical statement acknowledging ability to operate motor vehicles: epilepsy, stroke, blindness, cerebral palsy, and loss of limb(s). Drivers with loss of limb(s) must submit proof of acceptable vehicle alterations which allow the vehicle to be operated safely.
- 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 effective date of the policy.
- Operators with more than one alcohol or drug related charge in the 36 months immediately preceding the effective date of the policy.
- Operators with more than one major violation in the 36 months immediately preceding the effective date of the policy.
- Operators with more than two intermediate violations in the 36 months immediately preceding the effective date of the policy.
- Total number of at fault accidents for all operators listed on a policy cannot exceed two in the 36 months immediately preceding the effective date of the policy.
- Total number of major violations for all operators listed on a policy cannot exceed two in the 36 months immediately preceding the effective date of the policy.
- Total number of intermediate violations for all operators listed on the policy cannot exceed three in the 36 months immediately preceding the effective date of the policy.
- Students residing and/or attending school in a state other than Tennessee.
- Any driver who, at the time of application, was involved in an accident or violation on the same day the policy is to become effective. A future effective date must be used.

However, the Company will not refuse to renew the policy solely because:

- The insured was involved in a motor vehicle accident unless the Company's file contains information from which the Company in good faith determines that the insured was substantially at fault in the accident.
- The insured has had only one accident in which he or she was at fault within the current 3-year period
- Solely because the insured committed a noncriminal traffic infraction that is not subject to surcharge under Noncriminal Traffic Infractions or Minor Violations, below.

LICENSE STATE MATRIX

License State/Status	Classification (Corresponds to options on Rater)
Tennessee	Tennessee with the applicable license status
Other U.S. State with current/active license	Applicable State with zero TN license experience
Mexico Driver License or Mexico ID (Matricula)	Foreign
International or licensed in another country	Foreign
Never Licensed, or permanently surrendered	<i>Unlicensed Resident, only if they do not drive</i>

PROOF OF PRIOR INSURANCE COVERAGE

The Prior Insurance Coverage status of the Named Insured determines which of the following categories may apply:

- **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.
 - 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 GAINSCO.
 - 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.
- **None – Compliant without Insurance:** The insured does not have six months of prior coverage, because the insured was not required by the State of Tennessee to obtain insurance for a vehicle. For example, the insured has just newly purchased their first vehicle, or their vehicle was in long-term storage.
- **None:** The insured does not have six months of prior coverage, and the insured previously owned a vehicle or was otherwise required by the State of Tennessee to obtain insurance for a vehicle.

If a discount applies, proof of Prior Coverage must be submitted with the application, as detailed under Discounts Requiring Documentation.

SURCHARGES

Driver points are based on all occurrences and/or violations that have occurred in the thirty-six months immediately preceding the policy or the renewal 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.

All one vehicle accidents are considered at-fault. If an at-fault accident occurs in conjunction, or the same day, with any other violation then both incidents will be surcharged.

POLICY ACTIVITY

The following surcharges will 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 Endorsement Activity:** A surcharge will apply based on the number of times any of the following are added, changed or deleted for the policy within 12 months prior to the renewal or replacement policy: Coverages, Deductibles, Vehicles, Drivers, Address, Garaging Location.
- **Prior Vehicle Cancellation:** A surcharge will apply based on the number of times a vehicle was re-added to the policy after having been deleted within 36 months prior to the renewal or replacement policy
- **Prior Cancellation for Non-Payment of Premium:** A surcharge will 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 will apply to any driver with a license status of Expired, Suspended, or if the license is unverifiable.
- A surcharge will apply to any driver for whom there is no Motor Vehicle Record available.
- Any driver with less than 36 months driving experience will receive a surcharge. This surcharge will not apply to the extent the driver may not have legally obtained 36 months driving experience.
- 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 Tennessee (after the 3rd day following the effective date of coverage) or if the insured moves their residence outside of Tennessee 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 after inception an endorsement is processed that makes the risk unacceptable.
- A surcharge will apply to policies that do not have proof of prior insurance. However, a surcharge will not apply to "Compliant without Insurance" policies, where the Named Insured was not required to have insurance prior to the current policy.
- A surcharge will apply to vehicles with a title indicating a Severe Problem, such as a Salvage vehicle.

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.

NONOWNERS

Nonowners 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 the Named Insured's regular or frequent use, and is not owned by the Named Insured or a relative or resident of the Named Insured's household. A Nonowners rating factor will apply.

DISCOUNTS

DISCOUNTS REQUIRING DOCUMENTATION

A discount is offered for Prior Coverage, Agency Internal Transfer, Homeowner, and Defensive Driver. 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 may 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 may 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 may apply to the policy when the named insured provides proof of 180 days of insurance coverage immediately prior to their policy effective date, 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 GAINSCO Auto Insurance® policy effective date with no lapse; 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.
- **Homeowner Discount** – A discount may 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 age 55 or older who have completed an appropriate Motor Vehicle Accident Prevention course. 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

- Anti-theft Discount - A discount will apply for each vehicle with an Anti-theft device.
- ESC/ABS Discount- A discount will apply to vehicles with ESC or ABS.
- 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. Policies that are Premium Financed do not receive this discount.

- Renewal Discount – A discount may apply, based on the length of time the policy has renewed with GAINSCO.
- Advance Shopping/Purchase Discount – A discount will apply to policies based on the number of days in the future the effective date is from the date the policy is bound.
- Auto-Pay Discount – A discount will apply when an Auto-Pay Payment Plan is selected.
- Safe Driver Discount – A discount will apply based on the number of years for which we have a driving record for a driver without a chargeable violation or at fault accident. This discount only applies to drivers for whom the insurer has obtained a driving record of three or more years.

CERTIFIED FINANCIAL RESPONSIBILITY FILINGS (SR22S)

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 of \$25 shall be made for each such filing. The charge is fully earned and shall not be subject to modifications under the provisions of any other rule in this manual. SR-22 will be filed only for the state of Tennessee.

CANCELLATIONS

The Company may flat cancel for down payments which are returned by the bank for non-sufficient funds. Agents are to notify the Company immediately upon receiving notice of the NSF from the bank. A copy of the front and back of the returned check, along with the request to cancel must be faxed to MGA Insurance Company, Inc.

Insured's checks for installment payments that are returned for non-sufficient funds will be cancelled giving the appropriate notice.

A request by the insured to cancel the policy must be in writing and signed by the named insured; the effective date of the insured requested cancellation cannot be earlier than the date the Agent or Company was notified by the named insured. Cancellations at the request of the insured will be computed on a short rate basis, which is computed at 90% of the pro-rata return. Cancellations for underwriting reasons will be computed on a pro-rata basis. The required 10-day notice period will be provided for cancellations initiated by the company.

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 inception of the new 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 anniversary 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).

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. Payments returned for Non-Sufficient Funds will receive 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 inception (effective date). A marital status of "single" in the rating pages refers to an unmarried, widowed, divorced or legally separated driver. A marital status of "married" means a legally married person. 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 drivers are selected in a number equal to the number of vehicles, up to the number of drivers. These drivers' scores are then averaged to create the Driver Score.

PHYSICAL DAMAGE

For vehicles with physical damage a model age adjustment factor may apply to the liability coverages.

REPORTS USED FOR UNDERWRITING

During the quote and bind process on our Company website www.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.

To order the Insurance Score, select "Scored" and follow the instructions on the www.gainscoconnect.com website. 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.

We will re-order the score at least once every three years, unless the insured is already receiving the highest attainable insurance score range tier (Tier 10). At the request of the named insured, we will re-order the score up to once annually.

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 MAKE AND SERIES

A rate factor applies to each vehicle based on the vehicle's Make and Series. A vehicle that is substantially similar to a previous model year vehicle sold by a different manufacturer using the same model name, or by the same manufacturer under a different model name shall not be considered a new make or model. The Series Group assigned to such vehicles shall be the same as if the change in manufacturer or model name had not taken place. A vehicle that is not substantially similar to a previous vehicle will receive a new Series Group and applicable factors.

Fees

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

Late Fee: \$10 each occurrence

NSF Fee: \$20 each occurrence

Policy Fee: \$20 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 non-refundable and fully earned.

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.

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 elsewhere 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.

