



AMERICAN SERVICE INSURANCE COMPANY
COMMERCIAL BUSINESS UNIT

BUSINESS AUTO

UNDERWRITING GUIDELINES

New Business and Renewal Business

For your convenience, our phone numbers are:

Main Telephone Number: Local calls at (847) 472-6700 prompt #3 or toll free at (800) 897-2551

Fax Number: (847) 700-8240

BUSINESS AUTO PROGRAM

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BUSINESS AUTO PROGRAM
AMERICAN SERVICE INSURANCE
UNDERWRITING GUIDELINES

I. Qualifications

A. Point Of Sale

- a. Our new "POS" system will allow qualified agents to Quote, Bind and Endorse risks up to 4 units if all underwriting criteria are met. If the risk characteristics fall outside of the program criteria the "POS" system will ask to refer to underwriting.

B. Acceptable Risks

- a. Non-Licensed or foreign licensed Illinois residents with two (2) years driving experience to be insured for minimum liability limits.
- b. Illinois Residents holding an Illinois Driver's License for at least two (2) years, valid for the size, type, and weight of the vehicle(s) to be insured.
- c. Vehicle(s) must be titled in Illinois.
- d. Vehicles used in the pursuit of the insured's business
- e. Vehicles which are registered to the business if it is a corporation or an individual if a sole proprietor or partnership.
- f. PPA's other than light trucks must be registered in a business or corporate name.
- g. Local / Intermediate / Zone radius only
- h. Accounts with exposures not on the Prohibited List

Target Classes of Business:

- a. Contracting and Construction
- b. Landscaping (incidental snow plowing only)
- c. Manufacturing
- d. Residential or Commercial Repair Services
- e. Retail Sales / Delivery
- f. Professional Services
- g. Wholesale / Distribution

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C. Ineligible Risks

- a. Vehicles designed to transport radioactive materials, rolled steel, explosives, combustible chemicals or gases, or any flammable materials.
- b. Semi-Trucks, Semi-Trailers, Emergency vehicles, livery, taxicabs, Pizza, or other fast food delivery vehicles.
- c. Vehicles more than twenty 20 model years old.
- d. Vehicles more that 15 but less than or equal to 20 years old without inspection.
- e. Financial Responsibility (FR) Filings.
- f. Tractor – Semi-Trailers
- g. Vehicles over 44,000 gross vehicle weight (GVW)
- h. Vehicles modified to exceed factory specifications, homemade trailers, racing automobiles, tracked, off road or recreational vehicles, motorcycles, emergency or security vehicles, and passenger carrying vehicles.
- i. “For Hire” operations
- j. Drivers under the age of twenty-one (21).
- k. Policies solely covering personal use vehicles.
- l. Major convictions for a period of five (5) years (60 Months):

D. Liability

- a. Limits up to \$300,000 CSL.
- b. UM / UIM can be written with limits equal to liability limits or lower. Must obtain properly signed forms.
- c. Maximum age of vehicle is 20 years old for liability coverage. Units over 15 years old will require a current favorable mechanical inspection and photo.

E. Uninsured/Underinsured Motorist Bodily Injury (UMBI/UIMBI)

On requests for UMBI/UIMBI limits lower than the BI liability limits, a UMBI/UIMBI motorist waiver signed by the Applicant/Named Insured is required. If the waiver is not signed, the UMBI/UIMBI limits will equal the BI liability limits

F. Medical Payments

Medical payments are offered with coverage of \$500, \$1,000, \$2,000 or \$5,000.

G. Hired Auto / Non-Owned Auto Liability

- a. Use of hired or non-owned autos must be incidental to the insured’s business.
- b. The minimum Cost of Hire for Hired Auto coverage is \$500.
- c. These coverages are available by underwriting approval only.

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H. Physical Damage

- a. No physical damage only policies will be written.
- b. No vehicles over \$50,000 current value or over 15 years old.
- c. Vehicles will be rated on Actual Cash Value or Stated Amount. The value for rating all used vehicles, including those just purchased will be determined by the current edition of the "Red Book/Blue Book" or Stated Amount shown on the application
- d. Physical Damage coverage on vehicles with specially equipped interiors, or with special paint is excluded under policy provisions. Only the base vehicle is covered.
- e. No Physical Damage coverage will be accepted for food catering.
- f. All claims will be settled on the actual cash value (ACV) of the vehicle at the time of loss.
- g. Coverage does not apply to optional equipment such as special am/fm radios, tape or digital recording/playback devices, special wheels or wheel covers, camper shells, pick up bed covers, telephones, or transmitters/receivers not permanently installed.
- h. Where applicable, all eligible policies must include the "Non Reported Operator" endorsement or the Physical Damage Exclusion Endorsement (CBA 3002).

I. Rating

We are an ISO subscribing company and will follow all ISO rates, rules and forms. There are also filed exception pages to various rates and rules as well as company specific forms. Please refer to the individual state filings for any applicable changes to the standard ISO format.

- a. **Light Trucks** - Private passenger type vehicles and trucks with a gross vehicle weight less than 16,000 lbs.
- b. **Medium Trucks** - Trucks between 16,001 lbs. and 26,000 lbs.
- c. **Heavy Trucks** - Trucks between 26,001 lbs and 44,000 lbs.
- d. Vehicles used for snow plowing or dumping at any time during the policy period are surcharged at 25% of the premiums applicable to liability and physical damage.
- e. Private passenger type vehicles titled in the name of the business not used in business are rated as "Light" vehicles. .
- f. Vehicles will be rated based on mileage traveled from the garaging address:
Local (0-75 Miles) / Intermediate (76 – 200 Miles) / Zone (201+ Miles)

Trailer Rating

- a. Trailers less than 2000 lbs. with physical damage coverage will be rated with an Original Cost New (OCN) of \$5,000.00 unless bill of sale is presented.
- b. Trailers 2000 lbs. or more will require a bill of sale, current picture and underwriting approval.

J. Business Classifications

See listing starting on page 11.

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K. Loss History

For risks consisting of 5 – 10 vehicles a copy of the last three (3) years loss history from the prior carrier(s) is required. If less than three (3) years loss history is provided, the applicant may be surcharged at underwriter's discretion.

II. Guidelines:

A. Application

The "POS" system will generate a completed application for an Insured to sign once the bind function has been completed. Please review the application with the insured to ensure accuracy.

Fully completed applications are essential to evaluate any risk that must be submitted. For risk of 5 or more power units underwriting must have a copy of the last three (3) years loss history from the prior carrier(s). A personal interview with the applicant will enable you to determine eligibility. Based on the unique characteristics of the risk being presented, the underwriter may require additional information. This may include, but is not limited to copies of contracts, radio base letters, proof of residency and financial information.

On applications, wherein it is determined the applicant has materially misrepresented facts, all coverage will be declared Null and Void.

B. Drivers & Points

THE SUCCESS OF ANY ACCOUNT WILL DEPEND ON WHO IS OPERATING THE VEHICLE. DRIVERS WILL RECEIVE CREDIT OR DEBIT BASED ON THE FOLLOWING CRITERIA:

All current drivers must be listed on the policy. Coverage may possibly be declined for any driver not listed on an application at inception. The driver rating will be calculated at the time of policy issuance. For all drivers added to the policy after the policy is in force a current MVR must be pulled and an endorsement is to be processed which will rerate the policy at the time the driver was added. Drivers will be automatically rated based on the ASI MVR point system.

Drivers with No License or a Foreign License will be allowed but must adhere to following criteria:

- a. Minimum State Limits
- b. Light Trucks (0 – 16,000 GVW)
- c. Local Radius

Drivers with No License will generate a surcharge of 15% and drivers with a Foreign License will generate a surcharge of 10%.

A driver with more than four (4) violations within 36 months or more than three (3) violations within 12 months is not eligible.

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Major Violations

A driver will be **automatically unacceptable** if convicted of any one of the following major violations within the last **60 months**:

- a. Driving under the influence of alcohol or drugs
- b. Driving while intoxicated
- c. The illegal transportation of intoxicants or drugs
- d. Any "open container" violation
- e. Vehicular Manslaughter or Homicide
- f. Committing a Felony with a motor vehicle
- g. Leaving the scene of an accident / "Hit and Run"
- h. Eluding a Police Officer
- i. Speed Contest / Racing

A driver will be **automatically unacceptable** if convicted of any one of the following major violations within the last **36 months**:

- a. Speeding 25+ MPH over the speed limit
- b. Reckless Driving (6 pt violation)
- c. Lending operator / chauffer license or motor vehicle registration to another
- d. Passing a stopped school bus
- e. Speeding 10+ MPH over the speed limit in a school zone

Minor Violations

If a driver does not have any major violations, we will base eligibility on the ASI driver matrix pointing system which is derived from the drivers Motor Vehicle Report. Operators should not exceed more than **6 points** from the driver matrix. The matrix below shows the violations and points.

Violation	Points	Months Counted
Speeding 1 - 14 Mph	1	36
Following Too Closely	1	36
Lane Violation	1	36
Failure To Obey Stop Sign	2	36
Failure To Obey Traffic Device	2	36
Careless Driving	2	36
Seat Belt Violation - 3 Or More	1	36
Cell Phone Violation - 3 Or More	1	36
Equipment Violation - 3 Or More	1	36
First Not At Fault Accident	0	36
Additional Not At Fault Accident	1	36
Speeding 15 - 24 Mph	3	36
At Fault Accidents	4	36
Additional At Fault Accident	2	36

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C. Cancellations/Reinstatements

Cancellations

- a. Requests for cancellation must be submitted in writing to ASI.
- b. Insured's requests for cancellation must be signed by the Named Insured.
- c. All cancellations will be pro-rata.
- d. ASI will mail a notice of cancellation to a loss payee unless payee releases its copy of the policy or submits a written release.
- e. Flat cancellations are not permitted after the inception date of a policy for any reason other than NSF down payment. Policies with NSF down payment checks will be cancelled and considered null and void.

Reinstatements

- a. All reinstatement requests must be submitted in writing and approved by ASI.
- b. Reinstatement requests must be received within thirty (30) days of the effective date of cancellation.
- c. A \$9.00 reinstatement fee will be charged on approved reinstatements.

D. Direct Bill / Binding

- a. For Direct Bill accounts upon binding the agents account will be swept for the down payment 5 days from the effective date.
- b. For Direct Bill Endorsements the agent will collect a down payment and the remainder will be spread over the remaining payments.
- c. There are several billing options
 1. Full payment with application.
 2. Direct Bill
 3. Premium Finance

E. Fees

The following fees could be charged

- a. Direct Bill setup fee of \$10.00 per policy
- b. Direct Bill installment fee \$9.00 per installment
- c. Reinstatement fee of \$9.00 per reinstatement

F. Endorsements

The "POS" system will allow agents to endorse policies online. Endorsements outside of the agent's authority will need to be submitted to underwriting for underwriting approval.

G. Claims

The Insured must immediately report all incidents of claim directly to ASI at (800) 897-2551. Producers are not authorized to negotiate claim settlements or approve repairs on behalf of ASI.

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H. **Certificate**

Any risk requesting a certificate must contact the company.

I. **Exclusions**

ASI may require an insured to sign a Named Driver Exclusion on unacceptable drivers.

J. **Agent Policy File**

All agents must keep original signed documents

K. **Business Type**

A key piece of information used in the rating of risks is the type of business. There are three selections to distinguish type of business: Individual, Partnership, and Corporations.

L. **Number of Stops Per Day**

The average number of stops per day may be used in determining each vehicle's use class when paired with the occupation code you select. If a vehicle is parked at a single location for the entire day, that is considered one stop and should be quoted as such.

M. **Use Class**

1. **Service** - Autos used for transporting the insured's personnel, tools, equipment and incidental supplies to or from a job location. This classification is confined to autos principally parked at job locations for the majority of the working day or used to transport supervisory personnel between job locations. **(Maximum of 3 Stops Per Day)**
2. **Retail** - Autos used to pick up property from, or deliver property to individual households.
3. **Commercial** - Autos used for transporting property other than those autos defined as service or retail.

N. **Sole-Proprietor Discount**

There is a 12% Sole-Proprietor discount applied to Bodily Injury, Property Damage, Comprehensive, and Collision. This applies to risks that have the following criteria:

1. Must be an "individual".
2. Majority of vehicle use must be business use.
3. Drivers must be Owner, Spouse, or Family.
4. No more than 2 power units.
5. Limits up to 50/100/50
6. Local Radius only
7. Light Vehicles only

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III. Surcharges / Points

A. Surcharges

Dumping or Snow Plowing

There will be a 25% charge for risk with Snow Plowing or Dumping exposure.

No License / No valid MVR

There will be a 15% surcharge for drivers with no license or valid MVR.

Foreign / International License

There will be a 10% surcharge for drivers with a foreign or international license.

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IV. Industry

A. Acceptable Use

ALUMINUM SIDING INSTALLER	GLASS INSTALLER
APPLIANCE REPAIRMAN	HANDYMAN
ARTISAN, TRADESMAN, N.O.C.	HOME REMODELER
BAGGAGE TRANSFER	HVAC SERVICE/INSTALLER
BEVERAGE DISTRIBUTOR	INSPECTOR - HOME
BOARD-UP SERVICE	INTERIOR DECORATOR
BRICKLAYERS	LANDSCAPER
CABINET INSTALLER	LAUNDRY SERVICE
CABLE INSTALLER	LOCKSMITH
CARPENTER	MASON
CARPET CLEANER	METAL FINISHER
CARPET INSTALLER	PAINTER
CLEANER OR DYER	PAPER HANGERS
COMPUTER SERVICE	PHOTOGRAPHER
COPIER REPAIR	PLUMBER
DAIRY	POLISHER (FLOOR)
DELIVERY - WHOLESALE	PRINTER
DELIVERY - RETAIL	RAG OR PAPER DEALER
DEPARTMENT STORE	REMODELER
DIAPER SERVICE	RETAIL DELIVERY
DOOR INSTALLER	ROOFING CONTRACTOR
DRYWALL INSTALLER	SERVICE VEHICLE - NO DELIVERIES
ELECTRICIAN	SEWER CONTRACTOR
ELEVATOR REPAIR	SUB-CONTRACTOR N.O.C.
EXTERMINATOR	SWIMMING POOL SERVICE
FLOOR SANDING/LAYING	TELEVISION-RADIO REPAIRMAN
FLORIST	TILE INSTALLER
FROZEN FOOD DISTRIBUTOR	TUCK POINTER
FURNACE REPAIR	UPHOLSTERER
FURNITURE REPAIR	VENDING SERVICE
GARAGE SERVICE- NOT TOWING	WHOLESALE FOOD DISTRIBUTOR
GENERAL CONTRACTOR	WINDOW CLEANER
GENERAL CONTRACTOR N.O.C.	WINDOW INSTALLER
GENERAL MAINTENANCE	

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B. Unacceptable Use

AUTOMOBILE DISMANTLER
EXCAVATOR
FOOD CATERING TRUCK, VENDOR
FUEL DEALER
ICE CREAM VENDOR
JUNK, METAL, OR SCRAP IRON DEALER OR COLLECTOR
MECHANIC
MESSENGER SERVICE
MOVING COMPANY
MUSICAL BAND
NEWSPAPER DELIVERY
PAVING, ROAD OR SEWER CONTRACTOR
PERSONAL USE VEHICLE
REAL ESTATE SALES
SALES - NO DELIVERY
SALES-WHOLESALE
SCRAP DEALER
SIGN INSTALLER
TREE REMOVAL
WASTE PAPER DEALER
WELDER
DUMP AND TRANSIT MIX
FARMERS
TRUCKERS
WASTE DISPOSAL

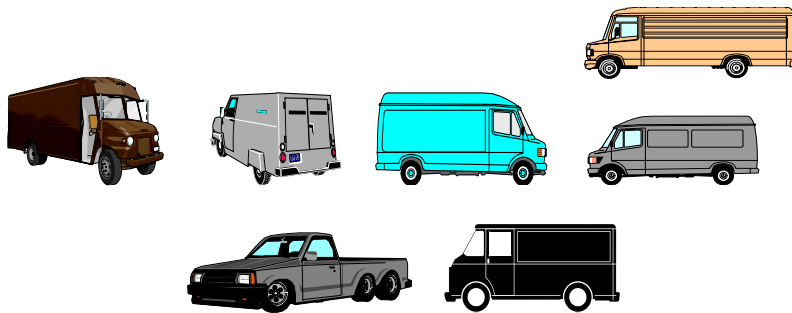
For Industries not appearing above please select “Not Otherwise Specified” and refer to underwriting.

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V. Class



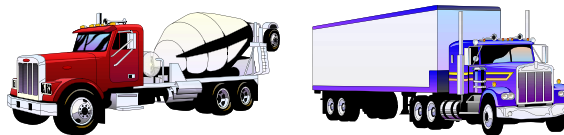
TYPICAL CLASS "A" VEHICLES UP TO 16,000 LBS. (LIGHT)



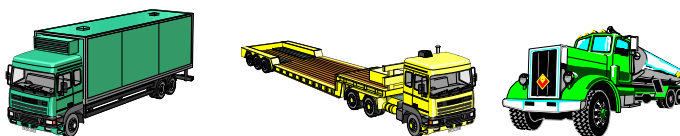
TYPICAL CLASS "B" VEHICLES 16,001 to 26,000 LBS. (MEDIUM)



TYPICAL CLASS "C" VEHICLES 26,001 TO 44,000 LBS. (HEAVY)



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TYPICAL UNACCEPTABLE VEHICLES OVER 26,000 LBS. (TRACTORS)

VI. Additional Rules

Any driver with an “operating while suspended” violation on their MVR within the last 36 months can be referred to management for approval. The referral must include a valid explanation as to why the license was suspended and the driver continued to operate a vehicle.

Note: It is the underwriter’s responsibility to exercise good judgment when reviewing MVRs. The totality of the MVR should be taken into consideration in determining risk and driver eligibility.