

**Underwriting Guide
and Rates for
American Highway Carriers
Association Trucking
Program**

PRODUCT

FORM - ISO Commercial Combination Form; Common Policy Coverage Parts, Truckers Coverage Part, Commercial Property Coverage Part, Commercial General Liability, Commercial Inland Marine, and any specialized manuscripted forms.

AUTO LIABILITY

Bodily Injury - Limits of Liability - The minimum limits issued under this program shall be Combined Single Limits of \$750,000 or \$1,000,000., or \$2,000,000.

Property Damage - Limits of Liability - The minimum limit issued under the program shall be \$100,000. per occurrence. Property Damage may also be written on a Combined Single Limit basis, as noted above.

Property Damage Deductibles - A deductible for automobile property damage may be included, if the underwriter deems it appropriate.

Uninsured Motorist Coverage - Where required by law, unless rejected through a signed waiver by the named insured, the coverage must be written on each power unit. The limit of liability to be written is \$30,000. per person and \$60,000. per occurrence.

Non-Owned Auto - Limits for this coverage shall follow the auto policy liability limits.

Hired Auto - Limits for this coverage shall follow the auto policy liability limits.

Non-Trucking Coverages - The limits of liability available will be the same as written in the "For Hire" use. Definition:

Non-Trucking - Out of Service Use: defined as those risks having vehicles that are out of service (e.g., loss, unlicensed, maintenance, etc.) for more than 60 days.

Non-Trucking - Bobtail Use: defined as those risks permanently leased into an overline carrier.

Trailer Interchange - will be written on a stated amount basis.

PHYSICAL DAMAGE

Premium Calculations - Physical damage premiums shall be calculated on a stated amount basis.

Limits of Liability - shall not exceed \$200,000, for any one truck; \$250,000, for any one truck/tractor or \$100,000 for any one trailer. A catastrophe limit of \$500,000 applies for any one loss.

Collision - Deductibles available under the program will be \$500, \$1,000, \$2,500, and \$5,000.

Comprehensive - Deductibles available under the program will be \$500, \$1,000, \$2,500, and \$5,000. If this coverage is written along with collision, the deductibles must follow the collision deductible.

Unidentified Trailer - Physical Damage Coverage may be written subject to the same limits and deductibles as owned equipment. Coverage applies only while trailer is attached to a described power unit.

GENERAL RULES

This program is designed to offer competitive rates to the preferred risk that is a member of the American Highway Carriers Association (AHCA). Only members in good standing of AHCA will be considered for protection under this program. The intent is to remain as a preferred commercial truck insurance facility for the better than average risk.

In order to remain a preferred program, all rules and eligibility requirements listed must be adhered to. If an underwriter should feel that a special circumstance justifies an exception to any of the rules or eligibility requirements of this program, then it must be submitted and personally approved by the V.P. of Underwriting.

APPLICATIONS - A fully completed application (including four-year company loss runs on fleet accounts) is required prior to binding a new risk and upon each renewal. All completed applications must be signed by the producing agent and have all appropriate motor vehicle reports on current and potential drivers.

EFFECTIVE DATE REQUIREMENTS - All policies shall become effective at 12:01 a.m. In no case shall coverage be bound prior to 12:01 a.m. of the day following receipt of a completed application by the underwriter. Likewise, no change shall become effective prior to the date that such change request is made to the underwriter.

ADDRESS OF THE NAMED INSURED - The address of the named insured as shown on the policy, must be the address normally used by the insured for receipt of mail. If the legitimate address of the insured is a rural route or post office box, the underwriter additionally requires specific directions that will indicate the physical location of the insured's place of business. If the vehicle is garaged at a site other than the policy address, such garaging site information is also required.

MINIMUM PREMIUM - The minimum premium for a policy shall be \$750.

POLICY TERM - All policies written in the program shall be written for not more than a one-year term.

PREMIUM BASIS:

- A. Non-Fleet Policies - All non-fleet risks (1 to 4 power units) will be written on a specified auto basis.
- B. Fleet Policies - Fleet policies may be written on a specified auto basis, on a gross receipts basis, on a mileage basis, or on a per-unit basis. However, a fleet policy must be written on a specified auto basis unless:
- ◆ it involves ten (10) or more power units
 - ◆ it develops a minimum of \$1,000,000 in annual gross receipts
 - ◆ it develops a minimum premium of \$50,000

SPECIFIED AUTO POLICIES - Must contain a full description of all owned and long-term leased equipment. In cases where the insured will be pulling a non-owned trailer on a trip basis, the policy will contain the phrase "Non-owned Unidentified Trailer, but only while attached to the insured power unit." This phrase, however, cannot be accepted or interpreted as affording insurance on trailers owned by the insured.

GROSS RECEIPTS POLICIES - To determine the gross receipts rate, first determine the specified auto premium and then divide it by the expected gross receipts for the coming 12-month period.

MILEAGE POLICIES - To determine the mileage rate, first determine the specified auto premium and then divide it by the expected mileage for the coming 12-month period.

UNIT POLICIES - To determine the unit rate, first determine the specified auto premium and then divide it by the expected number of units for the coming 12-month period.

GROSS RECEIPTS, MILEAGE AND UNIT MINIMUM PREMIUMS - Gross receipts, mileage and unit policies shall be endorsed to contain a declared minimum earned premium of not less than 80% of the original estimated annual premium. Monthly audits shall also contain the 80% minimum premium, as applied to 1/12th of the estimated annual premium.

RADIUS OF OPERATION

Local - This classification will include operations that normally travel within 75 miles of the principal garaging location.

Intermediate - This classification will include operations that normally travel beyond 75 miles of the principal garaging location, but not regularly or frequently beyond a 300-mile radius from the principal garaging location.

Long Haul - This classification will include operations that normally travel beyond a 300-mile radius of the principal garaging location.

(Note: Mileage is based on air miles.)

GROSS VEHICLE WEIGHT CLASSIFICATION

Light Trucks.....	10,000 pounds or less
Medium Trucks.....	10,001 to 20,000 pounds
Heavy Trucks	20,001 to 45,000 pounds
Extra-Heavy Trucks.....	45,001 pounds or more

(1) If a vehicle under 10,000 GVW is hauling goods for hire, it shall be treated as a Medium Truck for rating purposes.)

(2) Heavy truck tractors and Extra heavy trucks are to be rated the same as Extra heavy truck-tractors (EHTT).

COMBINED GROSS WEIGHT

Heavy Truck-Tractors/Trailers.....	45,000 pounds or less
Extra-Heavy Truck-Tractors/Trailers	45,001 pounds or more

PREMIUM COMPUTATION

- A. Compute additional premiums at the annual rates in effect at the policy inception.
- B. Grant any and all return premium.
- C. Round the premiums for each peril, coverage and exposure, for which a separate premium is calculated, to the nearest whole dollar.

FLAT CANCELLATIONS - Flat cancellations are acceptable, provided that no filings have been issued that require timed notice of cancellation and the original policy or a Lost Policy Release is received by the underwriter within 15 days of the policy's effective date.

PREMIUM FINANCED CANCELLATIONS - All policies that are premium financed will be cancelled on a pro-rata basis.

NON-PAYMENT CANCELLATIONS - All cancellations for non-payment of premium will be cancelled with ten (10) days notice (plus five (5) days mailing time). All filings must be cancelled and given the appropriate time requirements.

REINSTATEMENTS - No policy shall be reinstated more than once during a policy period, when cancelled for non-payment of premium.

NON-TRUCKING COVERAGES - A vehicle can only be reduced to non-trucking coverage once per policy period.

Non-Trucking - Out of Service Use: The vehicle will be out of service for a minimum of 60 days, in which case a signed non-trucking endorsement must be received by the underwriter. A minimum of at least one full liability charge for a tractor/trailer combination at local radius must be maintained for policies in which a filing has been made.

Non-Trucking - Bobtail Use: The named insured is under a long-term lease to a certificated carrier that provides them primary liability coverage. Physical damage must accompany all bobtail liability.

DELETION OF COVERAGE - For policies in which a filing has been made, a vehicle can only be deleted from the policy if either one of the following circumstances should occur:

1. The vehicle has been sold, in which case a copy of the DMV Release of Liability must be received by the underwriter.
2. The vehicle is inoperable and there is little likelihood that the Vehicle will be operational again, in which case the insured must return the vehicle's license plates to the DMV and the DMV Plate Receipt must be received by the underwriter.

ADDITIONAL INSURED ENDORSEMENTS - Where circumstances require the issuance of additional insured endorsements, consideration will be given as to the relationship between the named insured and the additional insured. Additional insured endorsements shall be specific on this point. The following outlines the most common circumstances:

1. Owner of vehicle to be added as an additional insured on lessee's policy - acceptable.
2. Owner of goods to be added as an additional insured for goods hauled under the insured's operating authority - acceptable.
3. Lessee to be added as an additional insured on lessor's non-trucking liability policy - not acceptable.
4. Overlying carrier to be added as an additional insured on subhaulers liability policy - acceptable.
5. Certificated carrier to be added as additional insured on the liability policy of the lessor - acceptable.

The underwriter may require evidence of a lease agreement having been executed, wherein the agreement passes liability off to the lessor.

ACCEPTABLE FILINGS - All filings required by City, County, State and Federal Regulatory authorities are acceptable when all owned and long term leased equipment is insured on the policy. This provision does not extend to proof of Financial Responsibility Filing, such as California SR-1P or SR-22.

RISK ELIGIBILITY

All professional truck owners operating and domiciled within eleven Western states and satisfying other standards as outlined here.

This program is designed to offer competitive rates to the preferred risk.

- A. The American Highway Carriers Association (AHCA) program is designed to cover professional truckmen and private haulers who have demonstrated the ability to operate their vehicles in a safe manner. Only members in good standing of AHCA will be considered for protection under this program.

- B. This program is intended to cover trucking operations hauling general dry freight, agricultural products, dump truck commodities, building materials, bulk commodities, heavy equipment, steel, lumber, refrigerated freight, etc.

- C. This program is not designed for and will not include the transportation of LPG, gasoline, explosives, or other known hazardous commodities. (See the program exclusions for a complete listing of unacceptable commodities/operations.)

- D. This program is designed for truckmen who have t@^^ (H) or more years in business. (Years in business refers to the length of time the insured has been operating under their own authority, or has carried their own primary liability coverage.) If, in the opinion of the underwriter, special circumstances justify placing a risk with less than t@^^ (H) years into the program, then it must be submitted and personally approved by the V.P. of Underwriting. Examples of special circumstances include, but are not limited to:
 - 1. A driver has worked for a fleet for five years, the fleet owner sells him the vehicle he's been driving and the driver will now be sub-hauling for that fleet.
 - 2. A driver has five years driving experience and decides to go into business on their own. Such things as like-equipment, like-radius and like-commodity experience will be taken into consideration.

- E. This program is not designed for, nor does it intend to cover, risks whose hired auto exposure generates more than 40% of its total gross revenues.

- F. The Company utilizes the services of Carriers Safety Consultants to obtain high quality inspections and pre-inspections on each insured's operation. The safety consultants personally interview each insured regarding the general operations, past experience, maintenance procedures and background of the risk, etc.

- G. Any insured which does not pass the inspection within 45 days of the date the inspection was requested, or any insured who fails to comply with a written recommendation, will be removed from the program. (Inspections on risks in outlying areas may be held until there are a sufficient number to warrant a special trip by a safety consultant.)

- H. The underwriter may waive the need for an inspection report up to a maximum of four (4) years for a loss-free renewing policy if the insured's equipment and operations have not changed.

PROGRAM EXCLUSIONS

“Truckmen” shall mean those who haul goods, materials, or commodities for others for hire, and include those who haul their own products; and shall not include operations involved with the following:

1. Alcohol in bulk (cased goods, acceptable)
2. Caustic or corrosive chemicals, flammable or combustible liquids or gases, or any other commodity defined as “hazardous material” by the Department of Transportation, petroleum products or by-products. (Exception: Hauling of dirt contaminated with petroleum oil or gas if incidental (5% or less) to operation.)
3. Poisonous or radioactive material
4. Logging, swinging meat
5. Hazardous waste material
6. Tow trucks, auto dismantlers, junk or scrap haulers, rag dealers, newspaper delivery, house movers, building wreckers, ash removal, tree trimmers, garbage or trash removal, armored vehicles.
7. Buses or other public or private liveries
8. Rolling stores or catering trucks
9. Carnival or circuses, amusement devices
10. Emergency vehicles
11. Florists
12. Ice cream or fast food delivery

13. Drive-away, u-drive or haul-away vehicles
14. Vehicles engaging in transporting and/or distributing fireworks, fuses, nitroglycerine, explosives, ammunitions, ammonium nitrate.
15. Courier services
16. Truck brokers
17. Concrete mix in transit barrels (physical damage).
18. Scrap, salvage or junk (does not include demolition material common to the dump truck industry). This exclusion is to prevent the writing of crushed cars, junk metal salvage, etc., e.g., a risk hauling bailed scrap paper would be an acceptable risk.
19. Short-term rental, leasing, or U-Drive operation.
20. Operations involving cranes, booms, etc.

VEHICLE ELIGIBILITY

- A. All power units of 20 years of age or older to be scheduled on the policy must obtain a satisfactory vehicle condition report prior to binding.
- B. Each vehicle is individually inspected and a condition report is completed, which also includes photographs of the vehicle and becomes part of the underwriting file.

(Note: On multiple unit risks, the inspector will only inspect the vehicles that are present at the time of inspection, as long as this represents the majority of vehicles to be covered under the policy.)

- C. Any vehicle which does not pass the condition report within 45 days of the date the inspection was requested, or any insured who fails to comply with a written recommendation within 30 days from the date the recommendation was written, will be removed from the program.

DRIVER ELIGIBILITY

- A. All drivers will be individually evaluated based on their own qualifications.
- B. All drivers are expected to obtain a driver's license for their state of residence. New residents must secure a valid license within 60 days.
- C. A current motor vehicle report (MVR) will be required for every driver covered in the program. (Current is defined as not older than 30 days on a new risk to the program, and not older than 90 days on a renewal.) Those drivers who do not meet the underwriting requirements of the program will be eliminated from participation.
- D. Motor vehicle reports must be ordered for new drivers and meet the underwriting requirements of the program, prior to their employment.
- E. If the named insured is not a driver, his/her record must be such that the underwriter would not have refused to insure him/her for reasons other than lack of sufficient license.
- F. If any of the following circumstances appear, the driver will not be acceptable in this program:
 - 1. Any driver with three (3) accidents within 36 months, regardless of fault. Windshield claims will not be counted as accidents for the purpose of this rule.
 - 2. Any driver with a conviction for hit-and-run, eluding police, felony with a motor vehicle, negligent homicide.
 - 3. Any new driver with a conviction for driving under the influence of alcohol or drugs, speed contest, reckless driving or exhibition speed contest within the past 12 months (as defined as a new risk to the program or a newly hired driver.)
 - 4. Any driver with a conviction for filing a false report of theft (CAL 10501) or a conviction for felony auto theft (CAL 0851).
 - 5. Any driver with more than three (3) speeding convictions in the past 24 months.

6. Any driver with less than two (2) years of commercial driving experience with like-equipment.
7. Any driver not appropriately licensed.
8. Any driver under the age of 21.
9. Any new driver who has had their license suspended or revoked during the past 36 months.
- 10 Any driver known to have physical or mental impairments which might interfere with driving safety (according to DOT guidelines).
11. Any driver who has accumulated more than 6.5 points in the last 36 months.
12. Any new driver who has accumulated 5.5 or more points in the last 36 months. (New driver is defined as a new risk to the program or a newly hired driver.)
13. Any driver with a history of continued alcohol or drug abuse, filing of a false police report, or conviction of presenting a fraudulent insurance claim.

POINT DEFINITION

The review of the MVR will be based on the driver's commercial driving record for the past three (3) years. However, the underwriter will look at their total driving record and regard it as a reflection of their driving habits. (If the driver's private passenger record is one that would not, by state definition, qualify them for a good driver discount, then the underwriter will look at their total driving record to determine acceptability.)

The scoring of points will be based on the driver's commercial driving record for the past three years. Citations will be counted as of the date of conviction. Any citations shown on the MVR at the time of binding that have a blank conviction date, where the rating classification would be affected if the citation should later become a conviction, will be "pointed" as if the citation is a conviction.

Convictions and accidents will be "pointed" as follows:

A. Moving Convictions..... 1

Fourth Moving Conviction 2

B. Following Too Close..... 1

Any driver with two or more such convictions should be considered a marginal risk. Details involving such convictions will be required prior to quoting.

C. First Chargeable Accident 1

An accident is considered chargeable if it results in a paid or reserved loss in excess of \$350 and does not involve an uninsured motorist claim. To qualify as a non-chargeable accident, a claims report or police report showing the accident was not at fault is needed.

D. Second Chargeable Accident 3

E. Brake Convictions 1/2

F. Equipment/Safety/FTA Convictions in Excess of Two 1/2

Equipment/safety convictions defined as all other convictions on the motor vehicle report (MVR) for equipment or safety, such as load spill, faulty lights, etc.

G. Underage Drivers 1

One (1) point shall be charged for each year under 25 years of age. (e.g., Age 23 = 2 points)

H. Major Convictions received in the past five-year period in any motor vehicle 6

Major Convictions defined as: reckless driving, drunk driving, common drunk, influence of drugs or glue, drinking in a motor vehicle, open container, driving while intoxicated, presumption of any other drinking conviction, and exhibition of speed.

I. Nonmoving Convictions (drivers license, financial responsibility, registration, seat belts, child restraints)..... 0

Note: All convictions will be counted in the event that a driver receives more than one conviction for that date. (i.e., a speeding conviction, regulations conviction, and an FTA would all receive their appropriate points.)