

SERFF Tracking Number: BALB-125389149 State: Arkansas
Filing Company: Balboa Insurance Company State Tracking Number: #31562578 \$50
Company Tracking Number: CPI_07-5958
TOI: 20.0 Commercial Auto Sub-TOI: 20.0003 Other
Product Name: Lender's Collateral Protection Program
Project Name/Number: CPI-B-0707_LCPP_New Program Filings/CPI_07-5958

Filing at a Glance

Company: Balboa Insurance Company

Product Name: Lender's Collateral Protection Program SERFF Tr Num: BALB-125389149 State: Arkansas

Program

TOI: 20.0 Commercial Auto

SERFF Status: Closed

State Tr Num: #31562578 \$50

Sub-TOI: 20.0003 Other

Co Tr Num: CPI_07-5958

State Status: Fees verified and received

Filing Type: Form

Co Status: In Progress

Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding

Authors: Elizabeth Clark, Mike Jocson

Disposition Date: 02/11/2008

Date Submitted: 01/28/2008

Disposition Status: Approved

Effective Date Requested (New): 03/01/2008

Effective Date (New): 03/01/2008

Effective Date Requested (Renewal): 03/01/2008

Effective Date (Renewal): 03/01/2008

State Filing Description:

General Information

Project Name: CPI-B-0707_LCPP_New Program Filings

Status of Filing in Domicile: Authorized

Project Number: CPI_07-5958

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 02/11/2008

State Status Changed: 02/05/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Dear Sir/Madam:

Attached are filing exhibits and forms for our new "Lender's Collateral Protection Program" which is being filed as a commercial product under Commercial Auto Physical Damage. This is a new filing and it does not replace any previous filing.

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The Lender's Collateral Protection (LCP) Program provides coverage for an insured lending institution when a borrower, after multiple reminders, fails to provide evidence of insurance to protect the lender's interest in the collateral used to secure their loan. The LCP program affords physical damage coverage (comprehensive and collision) required under the terms of the auto loan contract between the lender and borrower. Charges for any optional coverages selected by the lender would not be passed to the borrower. You will note that two Borrower's Notices are enclosed. The only difference between the forms is in the last paragraph of page 2. The appropriate Borrower's Notice would be used dependent upon the refund method selected by the policyholder

This product differs from traditional collateral protection insurance programs in using risk information supplied by the lender to specifically rate the uninsured collateral. The additional collateral information includes the garaging zip code, the model year of the vehicle, the make and model of the vehicle, the term of the coverage placed and the loan balance at time of placement. Some lenders have expressed a preference for this rating method, because the rate is not solely tied to vehicle value and considers other risk elements that would be considered in calculating a personal lines premium.

Pursuant to Arkansas's filing rules and regulations, the filing fee of \$50.00 will be sent to the Department along with a copy of the SERFF General Information Tab.

We respectfully request March 1, 2008 as the effective date for this filing, or upon the date of your approval, whichever comes first.

Company and Contact

Filing Contact Information

Michael Jocson, Filing Compliance Analyst I mike_jocson@balboainsurance.com
3349 Michelson Drive, Ste. 200 (949) 222-8151 [Phone]
Irvine, CA 92612-8893 (949) 222-8774[FAX]

Filing Company Information

Balboa Insurance Company CoCode: 24813 State of Domicile: California
3349 Michelson Drive, Suite 200 Group Code: 1330 Company Type:
Irvine, CA 92612-8893 Group Name: Balboa Insurance State ID Number:

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Group

(800) 854-6115 ext. [Phone]

FEIN Number: 95-6027860

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Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation: \$50.00 X 1 Filing = \$50.00
Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
0031562578	\$50.00	12/14/2007

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	02/11/2008	02/11/2008

SERFF Tracking Number: *BALB-125389149* *State:* *Arkansas*
Filing Company: *Balboa Insurance Company* *State Tracking Number:* *#31562578 \$50*
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Product Name: *Lender's Collateral Protection Program*
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Disposition

Disposition Date: 02/11/2008

Effective Date (New): 03/01/2008

Effective Date (Renewal): 03/01/2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Cover Letter	Approved	Yes
Form	Lender's Protection Policy	Approved	Yes
Form	Miscellaneous Charges Endorsement	Approved	Yes
Form	Pro-Rata Premium Refund Calculation	Approved	Yes
	Endorsement Option B		
Form	Special Settlement Option A	Approved	Yes
Form	Special Settlement Option B	Approved	Yes
Form	Deductible Endorsement	Approved	Yes
Form	Maximum Premium Endorsement	Approved	Yes
Form	General Change Endorsement	Approved	Yes
Form	Automatic Coverage Endorsement	Approved	Yes
Form	Limited Non-Repossession Endorsement	Approved	Yes
Form	Notice of Insurance 31 day grace	Approved	Yes
Form	Notice of Insurance	Approved	Yes
Form	Arkansas Amendatory Endorsement	Approved	Yes

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Lender's Protection Policy	01A08-00MP0004-E0607		Policy/Coverage Form		0.00	01A08-00MP0004-E.pdf
Approved	Miscellaneous Charges Endorsement	01A08-00ED0037-R0707		Endorsement/Amendment/Conditions		0.00	01A08-00ED0037-R0707.pdf
Approved	Pro-Rata Premium Refund Calculation Endorsement Option B	01A08-00ED0039-E0605		Endorsement/Amendment/Conditions		0.00	01A08-00ED0039-E0605.pdf
Approved	Special Settlement Option A	01A08-00ED0040-E0605		Endorsement/Amendment/Conditions		0.00	01A08-00ED0040-E0605.pdf
Approved	Special Settlement Option B	01A08-00ED0041-E0605		Endorsement/Amendment/Conditions		0.00	01A08-00ED0041-E0605.pdf
Approved	Deductible Endorsement	01A08-00ED0042-E0605		Endorsement/Amendment/Conditions		0.00	01A08-00ED0042-E0605.pdf
Approved	Maximum Premium Endorsement	01A08-00ED0043-E0605		Endorsement/Amendment/Conditions		0.00	01A08-00ED0043-E0605.pdf
Approved	General Change Endorsement	01A08-00ED0089-E0606		Endorsement/Amendment/Conditions		0.00	01A08-00ED0089-E0606.pdf
Approved	Automatic	01A08-		Endorsement/Amendment/Conditions		0.00	01A08-

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	Coverage	00ED0100	nt/Amendm		00ED0100-
	Endorsement	-E0607	ent/Condi		E0607.pdf
			ons		
Approved	Limited Non- Repossession	01A08- 00ED0101	Endorseme New nt/Amendm	0.00	01a08- 00ED0101-
	Endorsement	-E0607	ent/Condi		E0607.pdf
			ons		
Approved	Notice of Insurance 31 day grace	01A08- 00NT0037	Certificate New	0.00	01A08- 00NT0037-
		-E0607			E0607.pdf
Approved	Notice of Insurance	01A08- 00NT0038	Certificate New	0.00	01A08- 00NT0038-
		-E0607			E0607.pdf
Approved	Arkansas Amendatory Endorsement	01A08- 03ED0127	Endorseme New nt/Amendm	0.00	01A08- 03ED0127-
		-E1207	ent/Condi		E1207_AR.p
			ons		df

LENDER'S COLLATERAL PROTECTION POLICY

Balboa Insurance Company

3349 Michelson Dr., Suite 200, Irvine, California 92612-8893 (949) 222-8000

DECLARATIONS:

POLICY NUMBER:

Item 1. INSURED LENDER:

Agent:

Street:

Street:

City, State, Zip:

City, State, Zip:

Item 2. POLICY PERIOD

FROM:	TO:
Month Day Year	Month Day Year
	UNTIL CANCELED

12:01 AM standard time at the address of the Insured LENDER.

Item 3. MAXIMUM LIMIT OF LIABILITY \$ _____

Item 4. Types of **COLLATERAL** not listed below or collateral on loans that exceed the Maximum Limit of Liability shown in **Item 4.** are not eligible for coverage.

Item 5. ENDORSEMENTS attached to Policy at time of Policy issuance:

THIS POLICY DOES NOT PROVIDE BODILY INJURY OR PROPERTY DAMAGE LIABILITY INSURANCE AND DOES NOT MEET THE REQUIREMENTS OF FINANCIAL RESPONSIBILITY LAWS OR ANY OTHER LAWS MANDATING MOTOR VEHICLE INSURANCE COVERAGE.

Countersigned at

Date

Authorized Representative

LENDER'S COLLATERAL PROTECTION POLICY**DEFINITIONS**

ACCEPTABLE PHYSICAL DAMAGE INSURANCE: A Policy providing collision and comprehensive insurance covering the **COLLATERAL**, issued by the **COMPANY** or any other insurer acceptable to **LENDER**. Deductibles for each coverage shall not exceed the maximum acceptable to the **LENDER**, as set forth in the Insurance Administration Agreement. If the insurance is provided by another insurer, the **LENDER** must be named as "Loss Payee" and/or "Lienholder" in the Declarations page of the other insurance policy.

ACTUAL CASH VALUE (ACV): The retail value of the **COLLATERAL** on the **DATE OF LOSS**, as listed in the National Automobile Dealers Association (NADA), or Kelly Blue Book Guide (for vehicles primarily garaged in California), for the territory in which the vehicle is principally garaged. If no NADA book value is available, **ACV** will be determined using the available information (including, but not limited to, local market surveys, depreciation standards and dealer quotes) that **COMPANY** believes most accurately reflects the fair market value for the location where the vehicle is principally garaged.

BORROWER: The natural person(s) or business(es), incorporated or unincorporated, named in the **NOTICE OF INSURANCE**, receiving a loan from **LENDER**.

COLLATERAL: Personal property or other chattels described in the **NOTICE OF INSURANCE**.

COMPANY: The insurance company named in the Declarations of this Lender's Collateral Protection Policy.

COST TO REPAIR: The cost to restore a vehicle to its pre-loss condition, which will be determined primarily using appraisers of **COMPANY'S** choosing, and may include like kind and quality, used, and aftermarket repair parts as allowed by law in all areas. Unless otherwise required by law, sales tax on repaired losses will only be paid in cases where the vehicle has been restored to its pre-loss condition on behalf of the insured. In determining **COST TO REPAIR** where a company-directed appraisal is not available, **COMPANY** reserves the right to require photographs and to review and revise, if necessary, supporting estimates on all submitted losses.

DATE OF LOSS: The Date of Loss shall be the date the **LENDER** repossesses the **COLLATERAL**.

DELINQUENT: Any payment that is more than 30-days past its normal due date, and remains unpaid. Such payments shall include, but not be limited to the following: past due, deferred, extended or skip-a-pay payments.

IMPAIRMENT OF INTEREST: A reduction in the value of **COLLATERAL**, caused by covered loss of or damage to **COLLATERAL**, in an amount less than the amount of the **NET PAYOFF** of the loan secured by such **COLLATERAL**.

INSTRUMENT: Any document creating or reserving a security interest in property pledged as security to **LENDER** under an installment loan transaction.

LENDER: The lending institution named in the Declarations of this Lender's Collateral Protection Policy.

NET PAYOFF: The amount of **LENDER'S** interest as of the **DATE OF LOSS**, as represented by **BORROWER'S** unpaid balance less the following: (1) all **DELINQUENT** payments of more than an amount equal to three (3) regular monthly payments at the interest rate in effect during the applicable period; (2) unearned interest and finance charges; (3) unearned insurance premiums; (4) unpaid collection and repossession expenses; and (5) late charges and penalties added to **BORROWER'S** unpaid balance after the Effective Date of the **NOTICE OF INSURANCE** covering the **COLLATERAL**.

NOTICE OF INSURANCE: A summary of the key terms, limitations and conditions of the Lender's Collateral Protection Policy. A **NOTICE OF INSURANCE** is provided when a **BORROWER** fails to provide proof of **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** for eligible **COLLATERAL** supporting your installment loan transaction.

RELATIVE: A person residing in the same household as **BORROWER**, and related to **BORROWER** by blood, marriage, or adoption, including a ward, stepchild, or foster child. Unmarried, dependent children temporarily away from home will be considered residents if they intend to continue to reside in **BORROWER'S** household.

INSURING AGREEMENTS

In consideration for the payment of premium by **LENDER** to **COMPANY**, and in reliance upon the warranties and representations made by **LENDER**, **COMPANY** agrees to insure **LENDER'S IMPAIRMENT OF INTEREST** sustained during the Policy Period as specified in the Declarations of the Policy, by any of the perils against which coverage is afforded hereunder. Insurance provided by **COMPANY** shall be subject to the Limits of Liability, Exclusions, Conditions and other terms of this Policy.

- I. **COVERAGES:** **COMPANY** shall insure **LENDER** against sudden, direct and accidental loss of or damage to **COLLATERAL**, as described below, except as hereinafter excluded.
 - A. **Collision Coverage:** Collision of **COLLATERAL** or impact of **COLLATERAL** with an object or vehicle, or the upset of **COLLATERAL**.
 - B. **Comprehensive Coverage:** Perils other than Collision.
- II. **PREMIUM:** **LENDER** shall pay **COMPANY** the premium specified in the **NOTICE OF INSURANCE**. If **LENDER** repossesses the **COLLATERAL** described in any **NOTICE OF INSURANCE** or **COMPANY** requests cancellation of any **NOTICE OF INSURANCE** issued hereunder, unearned premium shall be refunded on a pro-rata basis. For all other cancellations, the premium charged for insurance, as set forth in the **NOTICE OF INSURANCE**, will be earned on a pro-rata basis.
- III. **CONDITIONS PRECEDENT TO LIABILITY:** Conditions precedent to the **COMPANY'S** liability for any loss of or damage to **COLLATERAL** are:

- A. That **BORROWER** has defaulted in payment;
- B. That **LENDER** has legally repossessed **COLLATERAL**; and
- C. That **LENDER** has suffered an **IMPAIRMENT OF INTEREST**.

It is understood that Condition B shall not apply in the event **COLLATERAL** is stolen from **BORROWER** and not recovered within thirty (30) days from the date a police report is filed by the **BORROWER** or the date the theft is reported to **COMPANY**, whichever is later. In such case **COMPANY** shall have 30 days to investigate claim, and **LENDER** will assign the **INSTRUMENT** and title to **COMPANY** upon settlement of the claim.

If a loss occurs outside the United States and if the cost to repair or replace the **COLLATERAL** is greater outside the United States than it is where the **LENDER** is located, **COMPANY'S** liability shall be increased up to 20% over the cost to repair or replace the **COLLATERAL** in the city where the **LENDER** is located.

If two or more pieces of **COLLATERAL** secure the same loan, or if there is other collateral on the loan in addition to the **COLLATERAL** described in any **NOTICE OF INSURANCE**, we will not pay more than a proportionate share of the total unpaid balance that each item represents to the total loan.

- IV. **LENDER'S DUTY WHEN LOSS OCCURS:** When **LENDER** acquires knowledge of damage to **COLLATERAL**, which may result in an **IMPAIRMENT OF INTEREST** therein, **LENDER** shall make every reasonable effort to protect **COLLATERAL**. Any further loss due to the **LENDER'S** failure to protect **COLLATERAL** shall not be recoverable hereunder. **LENDER** must exhibit damaged **COLLATERAL** for inspection.
- V. **COMPANY'S LIABILITY- SETTLEMENT OPTIONS:** The insurance afforded to **LENDER** by this Policy as evidenced by the issuance of any **NOTICE OF INSURANCE**, shall, in no event exceed any **IMPAIRMENT OF INTEREST** and is further limited to and shall not exceed the least of the following options, less deductible listed in the **NOTICE OF INSURANCE**.:
 - A. The total **COST TO REPAIR** or replace **COLLATERAL** with other of like kind and quality;
 - B. The **ACTUAL CASH VALUE** of the **COLLATERAL**;
 - C. The **NET PAYOFF**.

If settlement is made under Options B or C, **LENDER** will convey **COLLATERAL'S** title to **COMPANY**, or the **COLLATERAL'S** salvage value may be deducted from the gross settlement amount, at **COMPANY'S** discretion.

COMPANY shall have the choice of paying the loss in money or repairing or replacing the **COLLATERAL** or damaged part of the **COLLATERAL** with other of like kind and quality, less depreciation. At any time before the loss is paid or the **COLLATERAL** replaced, **COMPANY** shall also have the choice of either returning any stolen **COLLATERAL** with compensation for damage or taking the **COLLATERAL** at the appraised value. However, **COLLATERAL** may not be abandoned to **COMPANY**.

Every reasonable effort should be made to protect **COLLATERAL**.

- VI. **DEDUCTIBLE:** The amount of payment for each loss or occurrence will be reduced by the deductible shown in the Deductible Endorsement attached to this Policy. If there is damage to **COLLATERAL** caused by more than one (1) loss or occurrence, a separate deductible will apply to each loss or occurrence.
- VII. **TERRITORY:** This Policy applies to direct, sudden and accidental loss of or damage to **COLLATERAL** sustained while **COLLATERAL** is anywhere in the world. It is understood and agreed that, in event of loss of or damage to **COLLATERAL** while in the Republic of Mexico, the adjustment of a claim for such loss or damage shall be made at the nearest point in the United States where such adjustments can be made. It is further expressly understood and agreed that the cost of towing, transportation, or storage of **COLLATERAL** while within the Republic of Mexico shall not be recoverable hereunder and is not a loss insured against.
- VIII. **SUBROGATION:** In the event of any payment by **COMPANY** under this Policy, **COMPANY** shall be subrogated to all of **LENDER'S** rights of recovery against any person or organization. **LENDER** shall execute and deliver **INSTRUMENTS** and papers and do whatever else is necessary to secure such rights and shall use reasonable efforts to cause its **BORROWERS** to do the same. Subject to policy limits, **LENDER** is entitled to complete reimbursement for its loss to damaged **COLLATERAL** before **COMPANY** is entitled to subrogation proceeds. If **LENDER** has taken any action, either by error or omission, to prejudice **COMPANY'S** rights, **LENDER** agrees to reimburse **COMPANY** all sums paid on such claim(s) immediately upon **COMPANY'S** request. **COMPANY** shall not subrogate against **BORROWER** with respect to any claim paid under this Policy unless:
 - A. Such claim originates through the willful action, knowledge, or intent of **BORROWER**; or
 - B. **BORROWER** effects separate settlement or releases any party or organization responsible for the loss.
- IX. **LOCATION OF COLLATERAL:** It shall be necessary for **LENDER** to locate and take possession of **COLLATERAL** (unless **COLLATERAL** has been stolen from **BORROWER**) before any loss is paid under this Policy.
- X. **IMPAIRMENT OF INTEREST:** No payment will be made for loss under this Policy unless **LENDER** experiences an **IMPAIRMENT OF INTEREST** in **COLLATERAL**.

EXCLUSIONS

This Policy does not provide coverage for loss or damage:

- 1. Due to gradual deterioration or lack of maintenance;
- 2. Due to war, whether or not declared, invasion, civil war, insurrection, rebellion or revolution, or any consequence of any of these;

3. Due to wear and tear, freezing, mechanical or electrical breakdowns or failures, unless such damage is the result of a covered loss. Usual and incidental damage consistent with aging and use of the **COLLATERAL** shall be considered wear and tear;
4. Due to nuclear action or reaction, radiation, or radioactive contamination. **COMPANY** will cover direct loss by fire resulting from the nuclear hazard;
5. Due to conversion, embezzlement, or secretion by **BORROWER** or any person in lawful possession of **COLLATERAL** under a bailment, lease, conditional sale, mortgage, or other encumbrance;
6. Due to confiscation of **COLLATERAL** by a governmental body or public official;
7. Due to any dishonest, fraudulent, or criminal act by any officer or employee of **LENDER** or by any officer or employee of any dealer from whom **LENDER** acquires the **INSTRUMENT**;
8. To equipment designed for the recording, reproduction, receiving, or transmitting of sound or signals unless such equipment is permanently installed in the **COLLATERAL** at the time of purchase;
9. To any equipment that is other than the standard or optional equipment available from the manufacturer of **COLLATERAL**;
10. Under any Policy provision when requirements for **BORROWER** to insure **COLLATERAL** have been waived by the **LENDER**;
11. Caused by theft or vandalism, unless a police report is filed by the **BORROWER**;
12. To **COLLATERAL** held as security under any wholesale, floor plan, field warehouse, or any other type of financing made to a dealership;
13. That occurs after the **COLLATERAL** has been repossessed or prior to the origination date of the **INSTRUMENT** creating the security interest;
14. For which the **COMPANY** has issued a claims settlement draft prior to repossession under the Non-Repossession Endorsement.
15. Intentionally caused by or at the direction of **BORROWER** or a **BORROWER'S** relative.
16. Resulting from any lien, encumbrance or defect in title that existed at the time the loan was made;
17. On loans for **COLLATERAL** designed for racing or for use as a public livery vehicle;
18. Resulting from **LENDER'S** failure to attempt to repossess the vehicle within ninety (90) days after the **INSTRUMENT'S** account becomes delinquent;
19. Resulting from any liens including, but not limited to, garageman's, materialman's, artisan's or repairman's liens;
20. Resulting from the bankruptcy, insolvency or the placing in receivership of **LENDER**, the **BORROWER** or any dealer.
21. To **COLLATERAL** secured by a loan that the **BORROWER** obtained through misrepresentation or any other type of fraud.

CONDITIONS

1. **PAYMENT FOR LOSS - ACTION AGAINST COMPANY:** No action can be taken against **COMPANY** unless **LENDER** has complied with all the terms of this Policy and until sixty (60) days after a satisfactory proof of loss is filed and the amount of loss is determined as provided in the Policy. No claim will be paid if **LENDER** has received or will receive payment for loss from another source or if **LENDER** fails to exercise recovery rights against a vehicle dealer.
2. **AUTOMATIC TERMINATION OF COVERAGE:** Coverage for specific **COLLATERAL** under the Policy shall automatically and without prior notice terminate on the earliest of the following dates: (1) the day after the repossession of **COLLATERAL**; (2) the date on which **INSTRUMENT** is paid in full; (3) the effective date of insurance on **COLLATERAL** by **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** provided by another insurer; or (4) at the request of **LENDER**.
3. **INSUFFICIENT RECOVERY:** Should damage to **COLLATERAL** occur while **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** is in effect with another insurer and a partial recovery results, or if the insurer providing such coverage becomes insolvent, this Policy will not provide relief.
4. **OTHER INSURANCE:** This Policy does not provide insurance for **COLLATERAL** that is insured by **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** issued by another insurer. If **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** issued by another insurer is discovered, whether before or after a loss, the insurance provided under this Policy will terminate on either the effective date of the other insurance or the effective date of this insurance, whichever date is more current. In no event shall this policy provide coverage on a pro-rata, contributing, or excess basis.
5. **DATE OF LOSS:** In order for coverage to apply under any Policy provision, the **DATE OF LOSS** must fall within the Policy Period specified in the **NOTICE OF INSURANCE**.
6. **ACTIONS BY LENDER ADVERSE TO COMPANY'S INTEREST:** Any action by **LENDER** including, but not limited to, **LENDER** entering into any settlement without the written authority of **COMPANY**, that impairs **COMPANY'S** right or ability to recover any claim payment(s) made under this Policy, shall void such claim payment(s). **LENDER** agrees to immediately reimburse the **COMPANY** for any such payment(s).

- 7. **NO BENEFIT TO BAILEE:** The insurance provided by the Policy and any endorsements attached thereto shall not directly or indirectly benefit any bailee, **BORROWER**, or other person or entity other than **LENDER**.
- 8. **TERMS OF POLICY CONFORM TO STATUTE:** Terms of this Policy that are in conflict with the statutes of the state wherein this Policy is issued are hereby amended to conform to such statutes.
- 9. **ASSIGNMENT:** **LENDER** may not assign **LENDER'S** interest in this coverage without **COMPANY'S** prior written consent.
- 10. **SUIT:** **LENDER** will have twelve (12) months from the **DATE OF LOSS** to take legal action against **COMPANY** with respect to a claim under this Policy.
- 11. **APPRAISAL:** If **COMPANY** cannot agree with **LENDER** on the amount of the loss, then **COMPANY** or **LENDER** may demand an appraisal of the loss. In such case, each party shall appoint a competent and impartial appraiser. The appraisers will determine the amount of loss. If they fail to agree, the disagreement will be submitted to a qualified and impartial umpire chosen by the appraisers. The amount of loss agreed to by any two will be binding. **LENDER** will pay **LENDER'S** appraiser's fees, its attorney fees and witness fees, and other expenses. **COMPANY** will pay **COMPANY'S** appraiser's fees, its attorney fees and witness fees, and other expenses. Payment of the umpire and all other expenses of the appraisal will be shared equally between **COMPANY** and **LENDER**. Neither **COMPANY** nor **LENDER** waives any rights under this Policy by agreeing to an appraisal.
- 12. **CANCELLATION:** This Policy may be cancelled by **LENDER** by mailing written notice to **COMPANY** of the future date cancellation is to be effective. **COMPANY** may cancel this Policy by mailing written notice to **LENDER** at the last address known to **COMPANY**, indicating when such cancellation is to be effective. **COMPANY** must provide at least 60 days advance notice. Proof of mailing any notice of cancellation shall be proof of notice.

LENDER shall cancel a **NOTICE OF INSURANCE** issued under this Policy when the loan is paid in full, the **COLLATERAL** has been repossessed, or **LENDER** has been named loss payee on other **ACCEPTABLE PHYSICAL DAMAGE INSURANCE**. **COMPANY** may cancel **NOTICE OF INSURANCE** by mailing written notice to **LENDER** and **BORROWER** at the last address known to **COMPANY**, indicating when such cancellation is to be effective. **COMPANY** must give **LENDER** and **BORROWER** at least 60 days advance notice. We may deliver any cancellation notice instead of mailing it.

For the purposes of cancellation of coverage on any specific **COLLATERAL**, calculation of return premium and/or determination of Net Payoff, the day following the repossession of **COLLATERAL** shall be the date of Cancellation. The repossession must occur within the Policy Period specified in the **NOTICE OF INSURANCE**.

IN WITNESS WHEREOF, COMPANY has caused this Policy to be executed by Secretary and President, respectively.



SECRETARY



PRESIDENT

Balboa Insurance Company

(hereinafter "the Company")
3349 Michelson Drive, Suite 200
Irvine, CA 92612-8893

LENDER'S COLLATERAL PROTECTION POLICY

MISCELLANEOUS CHARGES ENDORSEMENT

Section V of the **INSURING AGREEMENTS** of the Policy (**COMPANY'S LIABILITY-SETTLEMENT OPTIONS**) is amended to add the following:

If the **COLLATERAL** covered under the provisions of the Policy is repossessed from the **BORROWER** by **LENDER** or on **LENDER'S** behalf, and the repossession results in a covered loss, in addition to payment for the covered loss, **COMPANY** will reimburse **LENDER** for charges **LENDER** has to pay for taking possession of **COLLATERAL** as follows:

1. Mechanic's Lien - up to \$ _____
2. Repossession Expense - up to \$ _____

The **EXCLUSIONS** section of the Policy is amended to add the following **EXCLUSION**:

25. Consisting of (1) the cost of services performed by **LENDER'S** employee, or (2) monies paid to the selling dealer or to an organization which **LENDER** owns or that is operated or affiliated with **LENDER** in any way.

The **DEFINITIONS** section of the Policy is amended to add the following **DEFINITIONS**:

MECHANIC'S LIEN: A legal, enforceable claim on **COLLATERAL** for services performed and/or materials provided for repair or maintenance of the **COLLATERAL**, including storage, towing and any other expenses normally covered with a mechanic's lien, but only if such expenses are incurred before the date of repossession.

REPOSSESSION EXPENSES: Third-Party tracing, location and costs incurred during the act of repossession.

PREMIUM RATE: \$ _____ per **DECLARATIONS** in force per calendar quarter, commencing with the inception date of this Endorsement.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, or limitations of the Policy to which this Endorsement is attached other than as stated above.

This Endorsement is attached to and forms a part of:

Policy Number _____ and is subject to all terms and conditions of the Policy not inconsistent hereto.

Issued to _____

Effective Date of this Endorsement _____ Endorsement Number _____

Balboa Insurance Company

(hereinafter "the Company")
3349 Michelson Drive, Suite 200
Irvine, CA 92612-8893

LENDER'S COLLATERAL PROTECTION POLICY

PRO-RATA PREMIUM REFUND CALCULATION ENDORSEMENT OPTION B

In consideration of the premium charge, the last sentence of **INSURING AGREEMENTS, SECTION II PREMIUM** of the Policy is deleted in its entirety and replaced by the following:

For all other cancellations, if a **BORROWER'S** Notice of Insurance has been in effect 31 days or less and no claim has been reported, the entire premium will be refunded. If a **BORROWER'S** Notice of Insurance has been in effect more than 31 days or if a claim has been reported, the premium will be refunded pro-rata.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, or limitations of the Policy to which this Endorsement is attached other than as stated above.

This Endorsement is attached to and forms a part of:

Policy Number _____ and is subject to all the terms and conditions of the Policy not inconsistent hereto.

Issued to _____.

Effective Date of this Endorsement _____ Endorsement Number _____

Balboa Insurance Company

(hereinafter "the Company")
3349 Michelson Drive, Suite 200
Irvine, CA 92612-8893

LENDER'S COLLATERAL PROTECTION POLICY

SPECIAL SETTLEMENT OPTION A

WAIVER OF ACTUAL CASH VALUE REPOSSESSED COLLATERAL ONLY

INSURING AGREEMENTS, SECTION V COMPANY'S LIABILITY - SETTLEMENT OPTIONS is amended to eliminate option B, the **ACTUAL CASH VALUE** of **COLLATERAL** settlement option, provided **LENDER** has legally repossessed **COLLATERAL**. This Endorsement **DOES NOT** apply to any loss to **COLLATERAL** that the **LENDER** has not repossessed.

This Endorsement shall not apply to any claims made under any endorsement providing Conversion and/or Confiscation coverage to the **LENDER**.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, or limitations of the Policy to which this Endorsement is attached other than as stated above.

This Endorsement is attached to and forms a part of:

Policy Number _____ and is subject to all terms and conditions of the Policy not inconsistent hereto.

Issued to _____

Effective Date of this Endorsement _____ Endorsement Number _____

Balboa Insurance Company

(hereinafter "the Company")
3349 Michelson Drive, Suite 200
Irvine, CA 92612-8893

LENDER'S COLLATERAL PROTECTION POLICY

SPECIAL SETTLEMENT OPTION B

**WAIVER OF ACTUAL CASH VALUE
REPOSSESSED OR NON-REPOSSESSED COLLATERAL**

INSURING AGREEMENTS, SECTION V COMPANY'S LIABILITY - SETTLEMENT OPTIONS is amended to eliminate option B, the **ACTUAL CASH VALUE** of **COLLATERAL** settlement option.

This Endorsement shall not apply to any claims made under any endorsement providing Conversion and/or Confiscation coverage to the **LENDER**.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, or limitations of the Policy to which this Endorsement is attached other than as stated above.

This Endorsement is attached to and forms a part of:

Policy Number _____ and is subject to all terms and conditions of the Policy not inconsistent hereto.

Issued to _____

Effective Date of this Endorsement _____ Endorsement Number _____

Balboa Insurance Company

(hereinafter "the Company")
3349 Michelson Drive, Suite 200
Irvine, CA 92612-8893

LENDER'S COLLATERAL PROTECTION POLICY

DEDUCTIBLE ENDORSEMENT

In consideration of premium charge, the Policy to which this Endorsement is attached is amended as follows:

- A. Any claim for damage to **COLLATERAL** that has been repossessed by the **LENDER** shall be subject to a deductible amount of \$_____.
- B. Any claim for damage to **COLLATERAL** that has not been repossessed by the **LENDER** shall be subject to a deductible amount of \$_____.

If a claim is made under the Non-Repossession Endorsement and the damage to **COLLATERAL** is the result of more than one occurrence, a separate deductible shall apply for each occurrence.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, or limitations of the Policy to which this Endorsement is attached other than as stated above.

This Endorsement is attached to and forms a part of:

Policy Number _____ and is subject to all terms and conditions of the Policy not inconsistent hereto.

Issued to _____

Effective Date of this Endorsement _____ Endorsement Number _____

Balboa Insurance Company
(hereinafter "the Company")
3349 Michelson Drive, Suite 200
Irvine, CA 92612-8893

LENDER'S COLLATERAL PROTECTION POLICY

MAXIMUM PREMIUM ENDORSEMENT

In consideration of premium paid, this Endorsement limits the amount of premium charged to provide coverage for a specific item of **COLLATERAL** securing a loan to no more than \$_____ for any twelve (12) month period.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, or limitations of the Policy to which this Endorsement is attached other than as stated above.

This Endorsement is attached to and forms a part of:

Policy Number _____ and is subject to all the terms and conditions of the Policy not inconsistent hereto.

Issued to _____ .

Effective Date of this Endorsement _____ Endorsement Number _____

Balboa Insurance Company
(hereinafter "the Company")
3349 Michelson Drive, Suite 200
Irvine, CA 92612-8893

GENERAL CHANGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is hereby understood and agreed that the

- | | | |
|--|---|---|
| <input type="checkbox"/> Name of Insured | <input type="checkbox"/> Address of Insured | <input type="checkbox"/> Agent of Record |
| <input type="checkbox"/> Policy Number | <input type="checkbox"/> Effective Date | <input type="checkbox"/> Covered Collateral |
| <input type="checkbox"/> Coverage Limit | <input type="checkbox"/> Coverage Description | <input type="checkbox"/> Additional Insured |

is changed, added or deleted as follows:

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, or limitations of the Policy to which this endorsement is attached other than as stated above. Unless stated otherwise herein, terms defined in the Policy shall have the same meaning for purposes of this Endorsement.

This endorsement is attached to and forms a part of Policy Number _____.

Issued to _____

Effective Date of this Endorsement _____ Endorsement Number _____

Balboa Insurance Company

(hereinafter "the Company")
3349 Michelson Drive, Suite 200
Irvine, CA 92612-8893

LENDER'S COLLATERAL PROTECTION POLICY

AUTOMATIC COVERAGE ENDORSEMENT

In the event of loss of or damage to **COLLATERAL** that is not insured by **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** issued by another insurer, the **COMPANY** shall issue a **NOTICE OF INSURANCE**. The effective date of coverage will be the latest of the following dates: (1) date of this endorsement, (2) the inception date of the loan applying to the **COLLATERAL**, or (3) the date of cancellation or expiration of the **BORROWER'S ACCEPTABLE PHYSICAL DAMAGE INSURANCE**. The premium shown in the **NOTICE OF INSURANCE** must be paid by the **LENDER** prior to the payment of a claim by the **COMPANY**.

The **CONDITIONS** section of the Policy is amended to include the following additional **CONDITIONS** when a **NOTICE OF INSURANCE** is issued under this endorsement:

- 14. Your failure to maintain a loan-monitoring system approved by **COMPANY** will render this endorsement void and of no effect.
- 15. This endorsement does not apply to any **COLLATERAL** for which the loan or contract balance is \$_____ or less, or remaining contract term is _____ months or less.
- 16. Coverage on repossessed **COLLATERAL** must be requested within 120 days of the date of repossession.

The **EXCLUSIONS** section of the Policy is amended to include the following additional **EXCLUSIONS** when a **NOTICE OF INSURANCE** is issued under this endorsement.

- 22. That has already been repaired and paid for by someone other than the **LENDER** prior to notifying us of the loss or damage.
- 23. If the **BORROWER'S** indebtedness to the **LENDER** is more than ninety (90) days past due as of the effective date of the Lender's Collateral Protection Policy referenced below.
- 24. If **COLLATERAL** has been previously repossessed by the **LENDER** and is subsequently redeemed by **BORROWER**, unless the **LENDER** notifies **COMPANY** of the redemption prior to the **DATE OF LOSS**.

TERMINATION: COVERAGE UNDER THIS ENDORSEMENT IS TERMINATED CONCURRENTLY WITH THE TERMINATION OF THE POLICY TO WHICH IT IS ATTACHED.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, or limitations of the Policy to which this Endorsement is attached other than as stated above. Unless stated otherwise herein, terms defined in the Policy shall have the same meaning for purposes of the Endorsement.

This Endorsement is attached to and forms a part of Policy Number _____ .

Issued to _____

Effective Date of this Endorsement _____ Endorsement Number _____

Balboa Insurance Company

(hereinafter "the Company")
3349 Michelson Drive, Suite 200
Irvine, CA 92612-8893

LENDER'S COLLATERAL PROTECTION POLICY

LIMITED NON-REPOSSESSION ENDORSEMENT

When attached to the Policy, this Endorsement extends Collision and Comprehensive coverage, as defined in the Policy, subject to the conditions and limitations outlined herein.

A. BORROWER'S NOTICE OF INSURANCE

Upon issuance of coverage under the Lender's Collateral Protection Policy, a **NOTICE OF INSURANCE** will be issued to the **BORROWER**.

B. POLICY PROVISIONS INAPPLICABLE

If a loss occurs to which this Endorsement applies, the following Sections of the **INSURING AGREEMENTS** of the Policy shall not apply to such loss: **SECTION III, CONDITIONS PRECEDENT TO LIABILITY; SECTION IV, LENDER'S DUTY WHEN LOSS OCCURS; SECTION IX, LOCATION OF COLLATERAL; AND SECTION X, IMPAIRMENT OF INTEREST.**

C. DATE OF LOSS

For claims submitted under this Limited Non-Repossession Endorsement, the **DATE OF LOSS** shall be the date of occurrence of physical damage to or theft of **COLLATERAL**. If the Date of Loss cannot be verified, the date we are notified will be the **DATE OF LOSS**. The **DATE OF LOSS** must be during the Coverage Period shown on the **NOTICE OF INSURANCE**.

D. CONDITIONS OF COVERAGE UNDER THIS ENDORSEMENT

For purposes of coverage under this Endorsement only, the Policy is amended as follows: **INSURING AGREEMENTS, SECTION III, CONDITIONS PRECEDENT TO LIABILITY**, is deleted in its entirety and replaced by the following:

- a. As a condition of any payment by **COMPANY, BORROWER** must cooperate with **COMPANY. BORROWER** cooperation includes, but is not limited to, the execution and delivery of **INSTRUMENTS** and papers, and whatever else may be necessary to enable and assist **COMPANY** in seeking recovery of any amounts paid under this Endorsement from any person or organization.
- b. **COMPANY** must be permitted to inspect and appraise the **COLLATERAL** prior to its repair or disposal.
- c. **BORROWER** shall make every reasonable effort to protect **COLLATERAL** from further damage. Any further loss due to the borrower's failure to protect collateral shall not be recoverable hereunder.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, or limitations of the Policy to which this Endorsement is attached other than as stated above. Unless stated otherwise herein, terms defined in the Policy shall have the same meaning for purposes of this Endorsement.

This Endorsement is attached to and forms a part of Policy Number _____.

Issued to _____

Effective Date of this Endorsement _____ Endorsement Number _____

NOTICE OF INSURANCE
LENDER'S COLLATERAL PROTECTION POLICY

POLICY NO. _____

NOTICE NO.: _____

DECLARATIONS
BALBOA INSURANCE COMPANY

3349 MICHELSON DRIVE, SUITE 200 • IRVINE • CALIFORNIA 92612-8893

BORROWER:

INSURED LENDER:

[• • •]
ACCOUNT NO.		

[• •]
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TERM						TERM IN MOS	TYPE OF COLLATERAL	DESCRIPTION OF VEHICLE			
FROM: 12:01 AM			TO: 12:01AM					YEAR	TRADE NAME	BODY TYPE	MOTOR/SERIAL NUMBER
Month	Day	Year	Month	Day	Year						
								COV.	LOAN BALANCE	PREMIUM	
									\$	\$	
								COV.	PREMIUM		
								TOTAL PREMIUM			
								\$			

This Notice of Insurance is non-transferable.

When a claim is submitted by the Borrower, a deductible of \$_____ will apply separately to each occurrence.

THE POLICY DOES NOT PROVIDE BODILY INJURY AND PROPERTY DAMAGE LIABILITY INSURANCE AND DOES NOT COMPLY WITH ANY FINANCIAL RESPONSIBILITY LAW OR ANY OTHER LAW MANDATING MOTOR VEHICLE INSURANCE COVERAGE.

BALBOA INSURANCE COMPANY
3349 Michelson Drive, Suite 200
Irvine, California 92612-8893
(949) 222-8000
(A Stock Company)

BORROWER'S NOTICE OF INSURANCE

THE LENDER'S COLLATERAL PROTECTION POLICY DOES NOT PROVIDE INSURANCE FOR BODILY INJURY OR PROPERTY DAMAGE LIABILITY AND DOES NOT FULFILL THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY OR NO FAULT LAW. THE BORROWER IS NOT AN INSURED UNDER THE POLICY.

COVERAGE UNDER THE POLICY IS LIMITED TO THE OUTSTANDING BALANCE AT THE TIME OF THE LOSS. IT DOES NOT PROVIDE PROTECTION FOR ANY EQUITY THE BORROWER MAY HAVE IN THE COLLATERAL.

This **NOTICE OF INSURANCE** is not an insurance policy. It is intended to summarize the key terms, limitations and conditions of the Lender's Collateral Protection Policy ("Policy") issued to the **LENDER**, but **DOES NOT** include all of the terms, limitations and conditions of the Policy. The **BORROWER** can look at the Policy at the **LENDER'S** Address shown in this **NOTICE OF INSURANCE**.

DEFINITIONS

ACCEPTABLE PHYSICAL DAMAGE INSURANCE: A Policy providing collision and comprehensive insurance covering the **COLLATERAL**, issued by the **COMPANY** or any other insurer acceptable to **LENDER**. Deductibles for each coverage shall not exceed the maximum acceptable to the **LENDER**, as set forth in the Insurance Administration Agreement. If the insurance is provided by another insurer, the **LENDER** must be named as "Loss Payee" and/or "Lienholder" in the Declarations page of the other insurance policy.

ACTUAL CASH VALUE (ACV): The retail value of the **COLLATERAL** on the **Date of Loss**, as listed in the National Automobile Dealers Association (NADA), or Kelly Blue Book Guide (for vehicles primarily garaged in California), for the territory in which the vehicle is principally garaged. If no NADA book value is available, **ACV** will be determined using the available information (including, but not limited to, local market surveys, depreciation standards and dealer quotes) that **COMPANY** believes most accurately reflects the fair market value for the location where the vehicle is principally garaged.

BORROWER: The natural person(s) or business(es), incorporated or unincorporated, named in this **NOTICE OF INSURANCE**, receiving a loan from **LENDER**.

COLLATERAL: Personal property or other chattels described in this **NOTICE OF INSURANCE**.

COMPANY: The insurance company named on the Declarations of the Policy.

COST TO REPAIR: The cost to restore a vehicle to its pre-loss condition, which will be determined primarily using appraisers of **COMPANY'S** choosing, and may include like kind and quality, used, and aftermarket repair parts as allowed by law in all areas. Unless otherwise required by law, sales tax on repaired losses will only be paid in cases where the vehicle has been restored to its pre-loss condition on behalf of the insured. In determining **COST TO REPAIR** where a company-directed appraisal is not available, **COMPANY** reserves the right to require photographs and to review and revise, if necessary, supporting estimates on all submitted losses.

DATE OF LOSS: The **DATE OF LOSS** shall be the date of occurrence of physical damage to or theft of **COLLATERAL**. If the Date of Loss cannot be verified, the date we are notified will be the **DATE OF LOSS**.

DELINQUENT: Any payment that is more than 30 days past its normal due date, and remains unpaid. Such payments shall include, but not be limited to the following: past due, deferred, extended or skip-a-pay payments.

LENDER: The lending institution named in the Declarations of the Policy.

NET PAYOFF: The amount of **LENDER'S** interest as of the **DATE OF LOSS**, as represented by **BORROWER'S** unpaid balance less the following: (1) all **DELINQUENT** payments of more than an amount equal to three (3) regular monthly payments at the interest rate in effect during the applicable period; (2) unearned interest and finance charges; (3) unearned insurance premiums; (4) unpaid collection and repossession expenses; and (5) late charges and penalties added to **BORROWER'S** unpaid balance after the Effective Date of the **NOTICE OF INSURANCE** covering the **COLLATERAL**.

RELATIVE: A person residing in the same household as **BORROWER**, and related to **BORROWER** by blood, marriage, or adoption, including a ward, stepchild, or foster child. Unmarried, dependent children temporarily away from home will be considered residents if they intend to continue to reside in **BORROWER'S** household.

INSURING AGREEMENTS

- I. **COVERAGES:** **COMPANY** shall insure **LENDER** against sudden, direct and accidental loss of or damage to **COLLATERAL**, as described below, except as hereinafter excluded.
 - A. **Collision Coverage:** Collision of **COLLATERAL** or impact of **COLLATERAL** with an object or vehicle, or the upset of **COLLATERAL**.
 - B. **Comprehensive Coverage:** Perils other than Collision.
- II. **PREMIUM:** **LENDER** shall pay **COMPANY** the premium specified in this **NOTICE OF INSURANCE**. If **LENDER** repossesses the **COLLATERAL** described in this **NOTICE OF INSURANCE** or **COMPANY** requests cancellation of this **NOTICE OF INSURANCE**, unearned premium shall be refunded on a pro-rata basis. For all other cancellations, if this **NOTICE OF INSURANCE** has been in effect 31 days or less and no claim has been reported, the entire premium will be refunded. If this **NOTICE OF INSURANCE** has been in effect more than 31 days or if a claim has been reported, the premium will be refunded pro-rata.

III. CONDITIONS PRECEDENT TO LIABILITY:

As a condition of any payment by **COMPANY**, **BORROWER** must cooperate with **COMPANY**. **BORROWER** cooperation includes, but is not limited to, the execution and delivery of instruments and papers, and whatever else may be necessary to enable and assist **COMPANY** in seeking recovery of any amounts paid under this Endorsement from any person or organization. **COMPANY** must be permitted to inspect and appraise the **COLLATERAL** prior to its repair or disposal. **BORROWER** shall make every reasonable effort to protect **COLLATERAL** from further damage. Any further loss due to the **BORROWER'S** failure to protect **COLLATERAL** shall not be recoverable hereunder.

If a loss occurs outside the United States and if the cost to repair or replace the **COLLATERAL** is greater outside the United States than it is where the **LENDER** is located, **COMPANY'S** liability shall be increased up to 20% over the cost to repair or replace the **COLLATERAL** in the city where the **LENDER** is located.

If two or more pieces of **COLLATERAL** secure the same loan, or if there is other collateral on the loan in addition to the **COLLATERAL** described in this **NOTICE OF INSURANCE**, we will not pay more than a proportionate share of the total unpaid balance that each item represents to the total loan.

IV. COMPANY'S LIABILITY- SETTLEMENT OPTIONS: The insurance afforded to **LENDER** by the Policy as evidenced by the issuance of any **NOTICE OF INSURANCE**, shall, in no event, exceed the least of the following options, less deductible listed in this **NOTICE OF INSURANCE**:

- A. The total **COST TO REPAIR** or replace **COLLATERAL** with other of like kind and quality;
- B. The **ACTUAL CASH VALUE** of the **COLLATERAL**;
- C. The **NET PAYOFF**.

COMPANY shall have the choice of paying the loss in money or repairing or replacing the **COLLATERAL** or damaged part of the **COLLATERAL** with other of like kind and quality, less depreciation. At any time before the loss is paid or the **COLLATERAL** replaced, **COMPANY** shall also have the choice of either returning any stolen **COLLATERAL** with compensation for damage or taking the **COLLATERAL** at the appraised value. However, **COLLATERAL** may not be abandoned to **COMPANY**.

Every reasonable effort should be made to protect **COLLATERAL**.

V. DEDUCTIBLE: The amount of payment for each loss or occurrence will be reduced by the deductible shown in this **NOTICE OF INSURANCE** and in the Deductible Endorsement attached to the Policy. If there is damage to **COLLATERAL** caused by more than one (1) loss or occurrence, a separate deductible will apply to each loss or occurrence.**VI. TERRITORY:** The Policy applies to direct, sudden and accidental loss of or damage to **COLLATERAL** sustained while **COLLATERAL** is anywhere in the world. It is understood and agreed that, in event of loss of or damage to **COLLATERAL** while in the Republic of Mexico, the adjustment of a claim for such loss or damage shall be made at the nearest point in the United States where such adjustments can be made. It is further expressly understood and agreed that the cost of towing, transportation, or storage of **COLLATERAL** while within the Republic of Mexico shall not be recoverable hereunder and is not a loss insured against.**VII. SUBROGATION:** In the event of any payment by **COMPANY** under the Policy, **COMPANY** shall be subrogated to all of **LENDER'S** rights of recovery against any person or organization. **LENDER** shall execute and deliver **INSTRUMENTS** and papers and do whatever else is necessary to secure such rights and shall use reasonable efforts to cause its **BORROWERS** to do the same. Subject to Policy limits, **LENDER** is entitled to complete reimbursement for its loss to damaged **COLLATERAL** before **COMPANY** is entitled to subrogation proceeds. If **LENDER** has taken any action, either by error or omission, to prejudice **COMPANY'S** rights, **LENDER** agrees to reimburse **COMPANY** all sums paid on such claim(s) immediately upon **COMPANY'S** request. **COMPANY** shall not subrogate against **BORROWER** with respect to any claim paid under this Policy unless:

- A. Such claim originates through the willful action, knowledge, or intent of **BORROWER**; or
- B. **BORROWER** effects separate settlement or releases any party or organization responsible for the loss.

EXCLUSIONS

The Policy does not provide coverage for loss or damage:

1. Due to gradual deterioration or lack of maintenance;
2. Due to war, whether or not declared, invasion, civil war, insurrection, rebellion or revolution, or any consequence of any of these;
3. Due to wear and tear, freezing, mechanical or electrical breakdowns or failures, unless such damage is the result of a covered loss. Usual and incidental damage consistent with aging and use of the **COLLATERAL** shall be considered wear and tear;
4. Due to nuclear action or reaction, radiation, or radioactive contamination. **COMPANY** will cover direct loss by fire resulting from the nuclear hazard;
5. Due to conversion, embezzlement, or secretion by **BORROWER** or any person in lawful possession of **COLLATERAL** under a bailment, lease, conditional sale, mortgage, or other encumbrance;
6. Due to confiscation of **COLLATERAL** by a governmental body or public official;
7. Due to any dishonest, fraudulent, or criminal act by any officer or employee of **LENDER** or by any officer or employee of any dealer from whom **LENDER** acquires the **INSTRUMENT**;
8. To equipment designed for the recording, reproduction, receiving, or transmitting of sound or signals unless such equipment is permanently installed in the **COLLATERAL** at the time of purchase;
9. To any equipment that is other than the standard or optional equipment available from the manufacturer of **COLLATERAL**;

10. Under any Policy provision when requirements for **BORROWER** to insure **COLLATERAL** have been waived by the **LENDER**;
11. Caused by theft or vandalism, unless a police report is filed by the **BORROWER**;
12. To **COLLATERAL** held as security under any wholesale, floor plan, field warehouse, or any other type of financing made to a dealership;
13. That occurs after the **COLLATERAL** has been repossessed or prior to the origination date of the **INSTRUMENT** creating the security interest;
14. Intentionally caused by or at the direction of **BORROWER** or a **BORROWER'S** relative.
15. On loans for **COLLATERAL** designed for racing or for use as a public livery vehicle;
16. To **COLLATERAL** secured by a loan that the **BORROWER** obtained through misrepresentation or any other type of fraud.

CONDITIONS

1. **AUTOMATIC TERMINATION OF COVERAGE:** Coverage for specific **COLLATERAL** under the Policy shall automatically and without prior notice terminate on the earliest of the following dates: (1) the day after the repossession of **COLLATERAL**; (2) the date on which **INSTRUMENT** is paid in full; (3) the effective date of insurance on **COLLATERAL** by **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** provided by another insurer; or (4) at the request of **LENDER**.
2. **INSUFFICIENT RECOVERY:** Should damage to **COLLATERAL** occur while **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** is in effect with another insurer and a partial recovery results, or if the insurer providing such coverage becomes insolvent, this Policy will not provide relief.
3. **OTHER INSURANCE:** The Policy does not provide insurance for **COLLATERAL** that is insured by **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** issued by another insurer. If **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** issued by another insurer is discovered, whether before or after a loss, the insurance provided under the Policy will terminate on either the effective date of the other insurance or the effective date of this insurance, whichever date is more current. In no event shall the Policy provide coverage on a pro-rata, contributing, or excess basis.
4. **DATE OF LOSS:** In order for coverage to apply under any Policy provision, the **DATE OF LOSS** must fall within the coverage period specified in this **NOTICE OF INSURANCE**.
5. **NO BENEFIT TO BAILEE:** The insurance provided by the Policy and any endorsements attached thereto shall not directly or indirectly benefit any bailee.
6. **TERMS OF POLICY CONFORM TO STATUTE:** Terms of the Policy that are in conflict with the statutes of the state wherein the Policy is issued are hereby amended to conform to such statutes.
7. **CANCELLATION:** **LENDER** shall cancel this **NOTICE OF INSURANCE** issued under the Policy when the loan is paid in full, the **COLLATERAL** has been repossessed, or **LENDER** has been named loss payee on other **ACCEPTABLE PHYSICAL DAMAGE INSURANCE**. **COMPANY** may cancel this **NOTICE OF INSURANCE** by mailing written notice to **LENDER** and **BORROWER** at the last address known to **COMPANY**, indicating when such cancellation is to be effective. **COMPANY** must give **LENDER** and **BORROWER** at least 60 days advance notice. We may deliver any cancellation notice instead of mailing it.

For the purposes of cancellation of coverage on any specific **COLLATERAL**, calculation of return premium and/or determination of Net Payoff, the day following the repossession of **COLLATERAL** shall be the date of Cancellation. The repossession must occur within the Policy Period specified in this **NOTICE OF INSURANCE**.

NOTICE OF INSURANCE
LENDER'S COLLATERAL PROTECTION POLICY

POLICY NO.

NOTICE NO.:

DECLARATIONS
BALBOA INSURANCE COMPANY

3349 MICHELSON DRIVE, SUITE 200 • IRVINE • CALIFORNIA 92612-8893

BORROWER:

INSURED LENDER:

[
.
.
.
ACCOUNT NO.]

[
.
.]

TERM						TERM IN MOS	TYPE OF COLLATERAL	DESCRIPTION OF VEHICLE			
FROM: 12:01 AM			TO: 12:01AM					YEAR	TRADE NAME	BODY TYPE	MOTOR/SERIAL NUMBER
Month	Day	Year	Month	Day	Year						
								COV.	LOAN BALANCE	PREMIUM	
									\$	\$	
									COV.	PREMIUM	
									TOTAL PREMIUM		
									\$		

This Notice of Insurance is non-transferable.

When a claim is submitted by the Borrower, a deductible of \$_____ will apply separately to each occurrence.

THE POLICY DOES NOT PROVIDE BODILY INJURY AND PROPERTY DAMAGE LIABILITY INSURANCE AND DOES NOT COMPLY WITH ANY FINANCIAL RESPONSIBILITY LAW OR ANY OTHER LAW MANDATING MOTOR VEHICLE INSURANCE COVERAGE.

BALBOA INSURANCE COMPANY
3349 Michelson Drive, Suite 200
Irvine, California 92612-8893
(949) 222-8000
(A Stock Company)

BORROWER'S NOTICE OF INSURANCE

THE LENDER'S COLLATERAL PROTECTION POLICY DOES NOT PROVIDE INSURANCE FOR BODILY INJURY OR PROPERTY DAMAGE LIABILITY AND DOES NOT FULFILL THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY OR NO FAULT LAW. THE BORROWER IS NOT AN INSURED UNDER THE POLICY.

COVERAGE UNDER THE POLICY IS LIMITED TO THE OUTSTANDING BALANCE AT THE TIME OF THE LOSS. IT DOES NOT PROVIDE PROTECTION FOR ANY EQUITY THE BORROWER MAY HAVE IN THE COLLATERAL.

This **NOTICE OF INSURANCE** is not an insurance policy. It is intended to summarize the key terms, limitations and conditions of the Lender's Collateral Protection Policy ("Policy") issued to the **LENDER**, but **DOES NOT** include all of the terms, limitations and conditions of the Policy. The **BORROWER** can look at the Policy at the **LENDER'S** Address shown in the **NOTICE OF INSURANCE**.

DEFINITIONS

ACCEPTABLE PHYSICAL DAMAGE INSURANCE: A Policy providing collision and comprehensive insurance covering the **COLLATERAL**, issued by the **COMPANY** or any other insurer acceptable to **LENDER**. Deductibles for each coverage shall not exceed the maximum acceptable to the **LENDER**, as set forth in the Insurance Administration Agreement. If the insurance is provided by another insurer, the **LENDER** must be named as "Loss Payee" and/or "Lienholder" in the Declarations page of the other insurance policy.

ACTUAL CASH VALUE (ACV): The retail value of the **COLLATERAL** on the **Date of Loss**, as listed in the National Automobile Dealers Association (NADA), or Kelly Blue Book Guide (for vehicles primarily garaged in California), for the territory in which the vehicle is principally garaged. If no NADA book value is available, **ACV** will be determined using the available information (including, but not limited to, local market surveys, depreciation standards and dealer quotes) that **COMPANY** believes most accurately reflects the fair market value for the location where the vehicle is principally garaged.

BORROWER: The natural person(s) or business(es), incorporated or unincorporated, named in this **NOTICE OF INSURANCE**, receiving a loan from **LENDER**.

COLLATERAL: Personal property or other chattels described in this **NOTICE OF INSURANCE**.

COMPANY: The insurance company named on the Declarations of the Policy.

COST TO REPAIR: The cost to restore a vehicle to its pre-loss condition, which will be determined primarily using appraisers of **COMPANY'S** choosing, and may include like kind and quality, used, and aftermarket repair parts as allowed by law in all areas. Unless otherwise required by law, sales tax on repaired losses will only be paid in cases where the vehicle has been restored to its pre-loss condition on behalf of the insured. In determining **COST TO REPAIR** where a company-directed appraisal is not available, **COMPANY** reserves the right to require photographs and to review and revise, if necessary, supporting estimates on all submitted losses.

DATE OF LOSS: The **DATE OF LOSS** shall be the date of occurrence of physical damage to or theft of **COLLATERAL**. If the Date of Loss cannot be verified, the date we are notified will be the **DATE OF LOSS**.

DELINQUENT: Any payment that is more than 30 days past its normal due date, and remains unpaid. Such payments shall include, but not be limited to the following: past due, deferred, extended or skip-a-pay payments.

LENDER: The lending institution named in the Declarations of the Policy.

NET PAYOFF: The amount of **LENDER'S** interest as of the **DATE OF LOSS**, as represented by **BORROWER'S** unpaid balance less the following: (1) all **DELINQUENT** payments of more than an amount equal to three (3) regular monthly payments at the interest rate in effect during the applicable period; (2) unearned interest and finance charges; (3) unearned insurance premiums; (4) unpaid collection and repossession expenses; and (5) late charges and penalties added to **BORROWER'S** unpaid balance after the Effective Date of the **NOTICE OF INSURANCE** covering the **COLLATERAL**.

RELATIVE: A person residing in the same household as **BORROWER**, and related to **BORROWER** by blood, marriage, or adoption, including a ward, stepchild, or foster child. Unmarried, dependent children temporarily away from home will be considered residents if they intend to continue to reside in **BORROWER'S** household.

INSURING AGREEMENTS

- I. **COVERAGES:** **COMPANY** shall insure **LENDER** against sudden, direct and accidental loss of or damage to **COLLATERAL**, as described below, except as hereinafter excluded.
 - A. **Collision Coverage:** Collision of **COLLATERAL** or impact of **COLLATERAL** with an object or vehicle, or the upset of **COLLATERAL**.
 - B. **Comprehensive Coverage:** Perils other than Collision.
- II. **PREMIUM:** **LENDER** shall pay **COMPANY** the premium specified in this **NOTICE OF INSURANCE**. If **LENDER** repossesses the **COLLATERAL** described in this **NOTICE OF INSURANCE** or **COMPANY** requests cancellation of this **NOTICE OF INSURANCE**, unearned premium shall be refunded on a pro-rata basis. For all other cancellations, the premium charged for insurance, as set forth in this **NOTICE OF INSURANCE**, will be earned on a pro-rata basis.

III. CONDITIONS PRECEDENT TO LIABILITY:

As a condition of any payment by **COMPANY**, **BORROWER** must cooperate with **COMPANY**. **BORROWER** cooperation includes, but is not limited to, the execution and delivery of instruments and papers, and whatever else may be necessary to enable and assist **COMPANY** in seeking recovery of any amounts paid under this Endorsement from any person or organization. **COMPANY** must be permitted to inspect and appraise the **COLLATERAL** prior to its repair or disposal. **BORROWER** shall make every reasonable effort to protect **COLLATERAL** from further damage. Any further loss due to the **BORROWER'S** failure to protect **COLLATERAL** shall not be recoverable hereunder.

If a loss occurs outside the United States and if the cost to repair or replace the **COLLATERAL** is greater outside the United States than it is where the **LENDER** is located, **COMPANY'S** liability shall be increased up to 20% over the cost to repair or replace the **COLLATERAL** in the city where the **LENDER** is located.

If two or more pieces of **COLLATERAL** secure the same loan, or if there is other collateral on the loan in addition to the **COLLATERAL** described in this **NOTICE OF INSURANCE**, we will not pay more than a proportionate share of the total unpaid balance that each item represents to the total loan.

IV. COMPANY'S LIABILITY- SETTLEMENT OPTIONS: The insurance afforded to **LENDER** by the Policy as evidenced by the issuance of any **NOTICE OF INSURANCE**, shall in no event, exceed the least of the following options, less deductible listed on the Declarations of the **NOTICE OF INSURANCE**:

- A. The total **COST TO REPAIR** or replace **COLLATERAL** with other of like kind and quality;
- B. The **ACTUAL CASH VALUE** of the **COLLATERAL**;
- C. The **NET PAYOFF**.

COMPANY shall have the choice of paying the loss in money or repairing or replacing the **COLLATERAL** or damaged part of the **COLLATERAL** with other of like kind and quality, less depreciation. At any time before the loss is paid or the **COLLATERAL** replaced, **COMPANY** shall also have the choice of either returning any stolen **COLLATERAL** with compensation for damage or taking the **COLLATERAL** at the appraised value. However, **COLLATERAL** may not be abandoned to **COMPANY**.

Every reasonable effort should be made to protect **COLLATERAL**.

V. DEDUCTIBLE: The amount of payment for each loss or occurrence will be reduced by the deductible shown in this **NOTICE OF INSURANCE** and in the Deductible Endorsement attached to the Policy. If there is damage to **COLLATERAL** caused by more than one (1) loss or occurrence, a separate deductible will apply to each loss or occurrence.**VI. TERRITORY:** The Policy applies to direct, sudden and accidental loss of or damage to **COLLATERAL** sustained while **COLLATERAL** is anywhere in the world. It is understood and agreed that, in event of loss of or damage to **COLLATERAL** while in the Republic of Mexico, the adjustment of a claim for such loss or damage shall be made at the nearest point in the United States where such adjustments can be made. It is further expressly understood and agreed that the cost of towing, transportation, or storage of **COLLATERAL** while within the Republic of Mexico shall not be recoverable hereunder and is not a loss insured against.**VII. SUBROGATION:** In the event of any payment by **COMPANY** under the Policy, **COMPANY** shall be subrogated to all of **LENDER'S** rights of recovery against any person or organization. **LENDER** shall execute and deliver **INSTRUMENTS** and papers and do whatever else is necessary to secure such rights and shall use reasonable efforts to cause its **BORROWERS** to do the same. Subject to Policy limits, **LENDER** is entitled to complete reimbursement for its loss to damaged **COLLATERAL** before **COMPANY** is entitled to subrogation proceeds. If **LENDER** has taken any action, either by error or omission, to prejudice **COMPANY'S** rights, **LENDER** agrees to reimburse **COMPANY** all sums paid on such claim(s) immediately upon **COMPANY'S** request. **COMPANY** shall not subrogate against **BORROWER** with respect to any claim paid under this Policy unless:

- A. Such claim originates through the willful action, knowledge, or intent of **BORROWER**; or
- B. **BORROWER** effects separate settlement or releases any party or organization responsible for the loss.

EXCLUSIONS

The Policy does not provide coverage for loss or damage:

1. Due to gradual deterioration or lack of maintenance;
2. Due to war, whether or not declared, invasion, civil war, insurrection, rebellion or revolution, or any consequence of any of these;
3. Due to wear and tear, freezing, mechanical or electrical breakdowns or failures, unless such damage is the result of a covered loss. Usual and incidental damage consistent with aging and use of the **COLLATERAL** shall be considered wear and tear;
4. Due to nuclear action or reaction, radiation, or radioactive contamination. **COMPANY** will cover direct loss by fire resulting from the nuclear hazard;
5. Due to conversion, embezzlement, or secretion by **BORROWER** or any person in lawful possession of **COLLATERAL** under a bailment, lease, conditional sale, mortgage, or other encumbrance;
6. Due to confiscation of **COLLATERAL** by a governmental body or public official;
7. Due to any dishonest, fraudulent, or criminal act by any officer or employee of **LENDER** or by any officer or employee of any dealer from whom **LENDER** acquires the **INSTRUMENT**;
8. To equipment designed for the recording, reproduction, receiving, or transmitting of sound or signals unless such equipment is permanently installed in the **COLLATERAL** at the time of purchase;
9. To any equipment that is other than the standard or optional equipment available from the manufacturer of **COLLATERAL**;

10. Under any Policy provision when requirements for **BORROWER** to insure **COLLATERAL** have been waived by the **LENDER**;
11. Caused by theft or vandalism, unless a police report is filed by the **BORROWER**;
12. To **COLLATERAL** held as security under any wholesale, floor plan, field warehouse, or any other type of financing made to a dealership;
13. That occurs after the **COLLATERAL** has been repossessed or prior to the origination date of the **INSTRUMENT** creating the security interest;
14. Intentionally caused by or at the direction of **BORROWER** or a **BORROWER'S** relative.
15. On loans for **COLLATERAL** designed for racing or for use as a public livery vehicle;
16. To **COLLATERAL** secured by a loan that the **BORROWER** obtained through misrepresentation or any other type of fraud.

CONDITIONS

1. **AUTOMATIC TERMINATION OF COVERAGE:** Coverage for specific **COLLATERAL** under the Policy shall automatically and without prior notice terminate on the earliest of the following dates: (1) the day after the repossession of **COLLATERAL**; (2) the date on which **INSTRUMENT** is paid in full; (3) the effective date of insurance on **COLLATERAL** by **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** provided by another insurer; or (4) at the request of **LENDER**.
2. **INSUFFICIENT RECOVERY:** Should damage to **COLLATERAL** occur while **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** is in effect with another insurer and a partial recovery results, or if the insurer providing such coverage becomes insolvent, this Policy will not provide relief.
3. **OTHER INSURANCE:** The Policy does not provide insurance for **COLLATERAL** that is insured by **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** issued by another insurer. If **ACCEPTABLE PHYSICAL DAMAGE INSURANCE** issued by another insurer is discovered, whether before or after a loss, the insurance provided under the Policy will terminate on either the effective date of the other insurance or the effective date of this insurance, whichever date is more current. In no event shall the Policy provide coverage on a pro-rata, contributing, or excess basis.
4. **DATE OF LOSS:** In order for coverage to apply under any Policy provision, the **DATE OF LOSS** must fall within the coverage period specified in this **NOTICE OF INSURANCE**.
5. **NO BENEFIT TO BAILEE:** The insurance provided by the Policy and any endorsements attached thereto shall not directly or indirectly benefit any bailee.
6. **TERMS OF POLICY CONFORM TO STATUTE:** Terms of the Policy that are in conflict with the statutes of the state wherein the Policy is issued are hereby amended to conform to such statutes.
7. **CANCELLATION:** **LENDER** shall cancel this **NOTICE OF INSURANCE** issued under the Policy when the loan is paid in full, the **COLLATERAL** has been repossessed, or **LENDER** has been named loss payee on other **ACCEPTABLE PHYSICAL DAMAGE INSURANCE**. **COMPANY** may cancel this **NOTICE OF INSURANCE** by mailing written notice to **LENDER** and **BORROWER** at the last address known to **COMPANY**, indicating when such cancellation is to be effective. **COMPANY** must give **LENDER** and **BORROWER** at least 60 days advance notice. We may deliver any cancellation notice instead of mailing it.

For the purposes of cancellation of coverage on any specific **COLLATERAL**, calculation of return premium and/or determination of Net Payoff, the day following the repossession of **COLLATERAL** shall be the date of Cancellation. The repossession must occur within the Policy Period specified in this **NOTICE OF INSURANCE**.

BALBOA INSURANCE COMPANY
LENDER'S COLLATERAL PROTECTION POLICY
ARKANSAS AMENDATORY ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

- I. Subsection 10. **SUIT** is deleted in its entirety and replaced by the following:
10. SUIT AGAINST US: No Suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law of equity unless it is commenced within sixty (60) months after discovery by **LENDER** of the occurrence which gives rise to the claim.
- II. Subsection 12. **CANCELLATION** is deleted in its entirety and replaced by the following:
12. CANCELLATION OR NONRENEWAL:
- A. **LENDER** may cancel this Policy at any time by returning it to **COMPANY** or by notifying **COMPANY** in writing of the date cancellation is to take effect.
- B. **COMPANY** may cancel this Policy only for the reasons stated in this **CONDITION** by notifying **LENDER** in writing of the date cancellation takes effect. This cancellation notice shall be mailed to **LENDER** at **LENDER'S** last address known to **COMPANY** or shown by **COMPANY'S** records. Proof of mailing shall be sufficient proof of notice.
- 1) When **LENDER** has not paid the premium **COMPANY** may cancel at any time by notifying **LENDER** at least ten (10) days before the date cancellation is to take effect. Notification will include reason for cancellation.
 - 2) When this Policy has been in effect for sixty (60) days or less **COMPANY** may cancel for any reason by notifying **LENDER** at least (20) days before the date cancellation takes effect.
 - 3) When this Policy has been in effect for more than (60) days or after the effective date of a renewal policy or an annual anniversary date. **COMPANY** may cancel for the following reasons by notifying **LENDER** at least twenty (20) days before the cancellation is to take effect:
 - a) Fraud or material misrepresentation made by or with the knowledge of the **LENDER** in obtaining the Policy, continuing the Policy or in presenting a claim under the policy;
 - b) The occurrence of a material change in the risk which substantially increases any hazard insured against after Policy issuance;
 - c) Violation of any local fire, health, safety, building or construction regulation or ordinances with respect to any insured property or the occupancy of the property that substantially increases any hazard insured against under this Policy.
 - d) Nonpayment of membership dues in those cases where the bylaws, agreements, of other legal instruments of the **COMPANY** issuing the Policy require payment as a condition of the issuance and maintenance of the Policy; or
 - e) A material violation of a material provision of the Policy.
- C. **LENDER** shall cancel a **NOTICE OF INSURANCE** issued under this Policy when the loan is paid in full, the **COLLATERAL** has been repossessed, or **LENDER** has been named loss payee on other **ACCEPTABLE PHYSICAL DAMAGE INSURANCE**
- D. **COMPANY** may cancel a **NOTICE OF INSURANCE** by mailing written notice to **LENDER** and **BORROWER** at the last address known to **COMPANY** indicating when such cancellation is to be effective. **COMPANY** must give **LENDER** and **BORROWER** at least twenty (20) days advance notice. Proof of mailing shall be sufficient proof of notice.
- E. If **COMPANY** elects not to renew this Policy, it will mail written notice of non-renewal by first class mail to the last known address of the **LENDER** at least twenty (20) days before the expiration date of the Policy, or the anniversary date if the Policy does not have a fixed expiration date.

There will be no coverage for losses which occur after the effective date of cancellation or non-renewal of the Policy.

III. ARBITRATION / APPRAISAL

Any arbitration/appraisal/settlement dispute provisions included in this Policy are voluntary and non-binding

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, or limitations of the Policy to which this endorsement is attached other than as stated above. Unless stated otherwise herein, terms defined in the Policy shall have the same meaning for purposes of this Endorsement.

This endorsement is attached to and forms a part of Policy Number _____

Issued to _____

Effective Date of this Endorsement _____ Endorsement Number _____

SERFF Tracking Number: *BALB-125389149* *State:* *Arkansas*
Filing Company: *Balboa Insurance Company* *State Tracking Number:* *#31562578 \$50*
Company Tracking Number: *CPI_07-5958*
TOI: *20.0 Commercial Auto* *Sub-TOI:* *20.0003 Other*
Product Name: *Lender's Collateral Protection Program*
Project Name/Number: *CPI-B-0707_LCPP_New Program Filings/CPI_07-5958*

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: BALB-125389149 State: Arkansas
Filing Company: Balboa Insurance Company State Tracking Number: #31562578 \$50
Company Tracking Number: CPI_07-5958
TOI: 20.0 Commercial Auto Sub-TOI: 20.0003 Other
Product Name: Lender's Collateral Protection Program
Project Name/Number: CPI-B-0707_LCPP_New Program Filings/CPI_07-5958

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Approved 02/11/2008

Comments:

Attachment:

P & C Transmittal Document.pdf

Satisfied -Name: Cover Letter **Review Status:** Approved 02/11/2008

Comments:

Attachment:

Cover Letter.pdf

Property & Casualty Transmittal Document

Reset Form

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Group NAIC #
Balboa Insurance Group	1330

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Balboa Insurance Company	California	24813	95-6027860	

5. Company Tracking Number	CPI_07-5958
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Mike Jocson 3349 Michelson Drive, Ste. 200 Irvine, CA 92612-8893 Filing Compliance	Filing Compliance Analyst	800-854-6115 x 8151	949-222-8717	mike_jocson@balboainsurance.com

7. Signature of authorized filer		<small>Digitally signed by Michael B. Jocson DN: cn=Michael B. Jocson, o=US, ou=Balboa Insurance Group, ou=Forms and Filings, email=mike_jocson@balboainsurance.com Date: 2008.01.28 13:42:50 -0800</small>
8. Please print name of authorized filer	Michael B. Jocson	

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	20.0 Commercial Auto
10. Sub-Type of Insurance (Sub-TOI)	20.0003 Other
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	Lender's Collateral Protection Program
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 3/1/08 Renewal: 3/1/08
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	N/A
18. Company's Date of Filing	1/28/08
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking # CPI_07-5958

21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

(Please see cover letter)

[View Complete Filing Description](#)

22. Filing Fees (Filer must provide check # and fee amount if applicable)
[If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: 0031562578

Amount: \$50.00

\$50.00 X 1 Filing = \$50.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	CPI_07-5958			
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	N/A			
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Lender's Collateral Protection Policy	01A08-00MP0004-E0607	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Automatic Coverage Endorsement	01A08-00ED0100-E0607	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	General Change Endorsement	01A08-00ED0089-E0606	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Pro-Rata Premium Refund Option B	01A08-00ED0039-E0605	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Special Settlement Option A	01A08-00ED0040-E0605	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06	Deductible Endorsement	01A08-00ED0042-E0605	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07	Miscellaneous Charges Endorsement	01A08-00ED0037-R0707	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08	Special Settlement Option B	01A08-00ED0041-E0605	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09	Maximum Premium Endorsement	01A08-00ED0043-E0605	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10	Limited Non-Repossession Endorsement	01A08-00ED0101-E0607	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	CPI_07-5958
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2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	N/A
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3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	NOTICE OF INSURANCE	01A08-00NT0038-E0 607	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	NOTICE OF INSURANCE 31 DAY GRACE	01A08-00NT0037-E0 607	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	AMENDATORY ENDORSEMENT	01A08-03ED0127-E12 07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1



January 28, 2008

Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

Re: Independent Filing - Balboa Insurance Company NAIC # 24813, #FEIN # 95-6027860
Lender's Collateral Protection Program
Reporting Line of Business: Commercial Automobile Physical Damage
Independent Filing: New Program Forms Filing
Our File Number – CPI_07-5958

Dear Sir/Madam:

Attached are filing exhibits and forms for our new "Lender's Collateral Protection Program" which is being filed as a commercial product under Commercial Auto Physical Damage. This is a new filing and it does not replace any previous filing.

The Lender's Collateral Protection (LCP) Program provides coverage for an insured lending institution when a borrower, after multiple reminders, fails to provide evidence of insurance to protect the lender's interest in the collateral used to secure their loan. The LCP program affords physical damage coverage (comprehensive and collision) required under the terms of the auto loan contract between the lender and borrower. Charges for any optional coverages selected by the lender would not be passed to the borrower. You will note that two Borrower's Notices are enclosed. The only difference between the forms is in the last paragraph of page 2. The appropriate Borrower's Notice would be used dependent upon the refund method selected by the policyholder

This product differs from traditional collateral protection insurance programs in using risk information supplied by the lender to specifically rate the uninsured collateral. The additional collateral information includes the garaging zip code, the model year of the vehicle, the make and model of the vehicle, the term of the coverage placed and the loan balance at time of placement. Some lenders have an expressed a preference for this rating method, because the rate is not solely tied to vehicle value and considers other risk elements that would be considered in calculating a personal lines premium.

Pursuant to Arkansas's filing rules and regulations, the filing fee of \$50.00 will be sent to the Department along with a copy of the SERFF General Information Tab.

We respectfully request March 1, 2008 as the effective date for this filing, or upon the date of your approval, whichever comes first.

Your prompt review and approval of this program will be appreciated. Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Michael B. Jocson".

Michael B. Jocson
Filing Compliance Analyst
Balboa Insurance Company
Toll Free #: (800) 854-6115 ext. 8151
mike_jocson@balboainsurance.com

Attachments
cc: Helen Carruthers