

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: ARDNIC06  
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
Product Name: Private Passenger Auto  
Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Filing at a Glance

Companies: Direct Insurance Company, Direct National Insurance Company

Product Name: Private Passenger Auto SERFF Tr Num: DRCT-126738433 State: Arkansas  
TOI: 19.0 Personal Auto SERFF Status: Closed-Filed State Tr Num: EFT \$100  
Sub-TOI: 19.0001 Private Passenger Auto Co Tr Num: ARDNIC06 State Status: Fees verified and received  
(PPA)  
Filing Type: Rate/Rule Reviewer(s): Alexa Grissom, Betty Montesi  
Author: Nate Succop Disposition Date: 09/02/2010  
Date Submitted: 07/26/2010 Disposition Status: Filed  
Effective Date Requested (New): 08/17/2010 Effective Date (New): 08/24/2010  
Effective Date Requested (Renewal): 10/01/2010 Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: Arkansas Rate Revision - Aug 2010  
Project Number: 06 / 13  
Reference Organization:  
Reference Title:  
Filing Status Changed: 09/02/2010  
State Status Changed: 08/03/2010  
Created By: Nate Succop  
Corresponding Filing Tracking Number:

Status of Filing in Domicile: Not Filed  
Domicile Status Comments:  
Reference Number:  
Advisory Org. Circular:

Deemer Date:  
Submitted By: Nate Succop

Filing Description:

Direct National Insurance Company is revising base rates for their Private Passenger Automobile program effective August 17, 2010 for new business and October 1, 2010 for renewal business. These changes will result in a +2.4 % overall impact. The proposed base rate changes will be applied to Bodily Injury, Property Damage, Personal Injury Protection, Uninsured Motorist Bodily Injury, Uninsured Motorist Property Damage, Underinsured Motorist Bodily Injury, Accidental Death and Dismemberment, Comprehensive, Collision, Rental, and Towing.

In addition to the base rates, the following changes are being made.

- Introduction of a multi-product discount.
- Adjusting the factors for multi-car discount
- Adjusting the factors for class

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- Increasing the number of violation points for a DWI
- Writing all new and renewal business as 6 month policies
- Increasing policy fees
- Increasing the rate cap

Direct Insurance Company is revising base rates for their Private Passenger Automobile program effective August 17, 2010 for new business and October 1, 2010 for renewal business. These changes will result in a +2.2% overall impact. The proposed base rate changes will be applied to Bodily Injury, Property Damage, Personal Injury Protection, Uninsured Motorist Bodily Injury, Uninsured Motorist Property Damage, Underinsured Motorist Bodily Injury, Accidental Death and Dismemberment, Comprehensive, Collision, Rental, and Towing.

In addition to the base rates, the following changes are being made.

- Writing all new and renewal business as 6 month policies
- Increasing policy fees
- Increasing the rate cap

Revised rate pages and underwriting guidelines are attached. A redlined version of the underwriting guidelines is attached outlining all changes.

Thank you for your time and your consideration.

## Company and Contact

### Filing Contact Information

Nate Succop, Nathan.Succop@directgeneral.com  
 1281 Murfreesboro Pike 615-399-4700 [Phone] 3680 [Ext]  
 Nashville, TN 37217

### Filing Company Information

Direct Insurance Company	CoCode: 37220	State of Domicile: Tennessee
1281 Murfreesboro Road	Group Code: 1213	Company Type:
Nashville, TN 37217	Group Name:	State ID Number:
(615) 399-5375 ext. [Phone]	FEIN Number: 62-1461730	

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Direct National Insurance Company	CoCode: 23736	State of Domicile: Arkansas
1281 Murfreesboro Road	Group Code: 1213	Company Type:
Nashville, TN 37217	Group Name:	State ID Number:
(615) 399-5375 ext. [Phone]	FEIN Number: 43-0622945	

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
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**Filing Fees**

Fee Required? Yes  
Fee Amount: \$100.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Direct Insurance Company	\$100.00	07/26/2010	38284321
Direct National Insurance Company	\$0.00	07/26/2010	

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
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 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	09/02/2010	09/02/2010
Filed	Alexa Grissom	08/23/2010	08/23/2010

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Alexa Grissom	08/12/2010	08/12/2010	Nate Succop	08/12/2010	08/12/2010
Pending Industry Response	Alexa Grissom	08/03/2010	08/03/2010	Nate Succop	08/10/2010	08/10/2010

### Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	APCS-Auto Premium Comparison Survey	Nate Succop	08/13/2010	08/17/2010
Rate	Rules: Direct National Insurance Company	Nate Succop	08/09/2010	08/10/2010

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Updated Effective Date	Note To Reviewer	Nate Succop	08/24/2010	08/24/2010

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: ARDNIC06  
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
Product Name: Private Passenger Auto  
Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

APCS for Direct Ins. Co. Note To Filer Alexa Grissom 08/23/2010 08/23/2010

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
 First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
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 Product Name: Private Passenger Auto  
 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Disposition

Disposition Date: 09/02/2010  
 Effective Date (New): 08/24/2010  
 Effective Date (Renewal):  
 Status: Filed  
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Direct Insurance Company	4.566%	2.390%	\$37,156	2,192	\$1,660,367	15.000%	0.000%
Direct National Insurance Company	4.566%	2.238%	\$289,781	26,078	\$12,503,843	15.000%	0.000%

### Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	4.566%
Overall Percentage Rate Impact For This Filing	2.372%
Effect of Rate Filing-Written Premium Change For This Program	\$326,937
Effect of Rate Filing - Number of Policyholders Affected	28,270

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
 First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
 Company Tracking Number: ARDNIC06  
 TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
 Product Name: Private Passenger Auto  
 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	A-1 Private Passenger Auto Abstract	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Actuarial Support	Filed	Yes
Supporting Document	Direct General - Increased Fee Justification	Filed	Yes
Rate	Filing Memo	Filed	Yes
Rate	Rates: Direct Insurance Company	Filed	Yes
Rate	Rates: Direct National Insurance Company	Filed	Yes
Rate	Rules: Direct Insurance Company	Filed	Yes
Rate (revised)	Rules: Direct National Insurance Company	Filed	Yes
Rate	Rules: Direct National Insurance Company	Filed	Yes

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
 First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
 Company Tracking Number: ARDNIC06  
 TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
 Product Name: Private Passenger Auto  
 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Disposition

Disposition Date: 08/23/2010

Effective Date (New): 08/24/2010

Effective Date (Renewal): 10/01/2010

Status: Filed

Comment: In the future please submit the filing 45 to 60 days before your proposed effective date.

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Direct Insurance Company	4.566%	2.390%	\$37,156	2,192	\$1,660,367	15.000%	0.000%
Direct National Insurance Company	4.566%	2.238%	\$289,781	26,078	\$12,503,843	15.000%	0.000%

### Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing

4.566%

Overall Percentage Rate Impact For This Filing

2.372%

Effect of Rate Filing-Written Premium Change For This Program

\$326,937

Effect of Rate Filing - Number of Policyholders Affected

28,270

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
 First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
 Company Tracking Number: ARDNIC06  
 TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
 Product Name: Private Passenger Auto  
 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	A-1 Private Passenger Auto Abstract	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Actuarial Support	Filed	Yes
Supporting Document	Direct General - Increased Fee Justification	Filed	Yes
Rate	Filing Memo	Filed	Yes
Rate	Rates: Direct Insurance Company	Filed	Yes
Rate	Rates: Direct National Insurance Company	Filed	Yes
Rate	Rules: Direct Insurance Company	Filed	Yes
Rate (revised)	Rules: Direct National Insurance Company	Filed	Yes
Rate	Rules: Direct National Insurance Company	Filed	Yes

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: ARDNIC06  
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Product Name: Private Passenger Auto  
Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 08/12/2010  
Submitted Date 08/12/2010  
Respond By Date  
Dear Nate Succop,

This will acknowledge receipt of the captioned filing. Please delete the NA's from the APCS and replace them with "0's". Additionally, please advise which rule(s) was changed.

Please feel free to contact me if you have questions.

Sincerely,  
Alexa Grissom

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: ARDNIC06  
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
Product Name: Private Passenger Auto  
Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 08/12/2010  
Submitted Date 08/12/2010

Dear Alexa Grissom,

### Comments:

Thank you for your prompt response.

Please find that the following rule has been added to the Discount section under the Welcome Back discount: \*13.5.b.

### Response 1

Comments: Please find attached updated APCS pdf and excel files replacing the 'N/A's with '0's.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: APCS-Auto Premium Comparison Survey

Comment: All new business is written in DNIC, as a result, I have provided an APCS form for that file only.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Thank you for your time and consideration.

Sincerely,  
Nate Succop

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: ARDNIC06  
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
Product Name: Private Passenger Auto  
Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 08/03/2010

Submitted Date 08/03/2010

Respond By Date

Dear Nate Succop,

This will acknowledge receipt of the captioned filing. The APCS must be submitted in Excel. Also, please resubmit the attachment that was submitted as a PDF. The proposed increase in fees must be justified.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Please feel free to contact me if you have questions.

Sincerely,

Alexa Grissom

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: ARDNIC06  
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
Product Name: Private Passenger Auto  
Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 08/10/2010  
Submitted Date 08/10/2010

Dear Alexa Grissom,

### Comments:

Thank you for your response to my submission. In response, I'd like to provide the following documentation.

### Response 1

Comments: Per your request, I am submitting the APCS form as an Excel document. I am also resubmitting the PDF version of APCS as well.

Please also find attached justification for the fee increase in Arkansas based on Underwriting and Acquisition costs.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: APCS-Auto Premium Comparison Survey

Comment: All new business is written in DNIC, as a result, I have provided an APCS form for that file only.

Satisfied -Name: Direct General - Increased Fee Justification

Comment: Since our most recent revision in February, Direct General in Arkansas has increased acquisition and underwriting costs. As a result, we are requesting a policy fee increase of \$5.00. Please see the attached sheet for a breakdown and explanation of costs.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please contact me with any additional questions you may have. Thank you for your consideration.

Sincerely,

Nate Succop

*SERFF Tracking Number:* DRCT-126738433      *State:* Arkansas  
*First Filing Company:* Direct Insurance Company, ...      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* ARDNIC06  
*TOI:* 19.0 Personal Auto      *Sub-TOI:* 19.0001 Private Passenger Auto (PPA)  
*Product Name:* Private Passenger Auto  
*Project Name/Number:* Arkansas Rate Revision - Aug 2010/06 / 13

**Note To Reviewer**

**Created By:**

Nate Succop on 08/24/2010 11:19 AM

**Last Edited By:**

Nate Succop

**Submitted On:**

08/24/2010 11:19 AM

**Subject:**

Updated Effective Date

**Comments:**

Dear Ms. Grissom,

Upon your approval, the new effective date for this revision will be 9/2/2010 for new business and 10/17/2010 for renewal business. Please find attached updated APCS forms for both companies.

Thanks,

Nate Succop

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
Company Tracking Number: ARDNIC06  
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
Product Name: Private Passenger Auto  
Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

**Amendment Letter**

Submitted Date: 08/17/2010

**Comments:**

Dear Ms. Grissom,

I have updated the APCS file to show the revised effective date of 8/24/10.

Please feel free to reach out to me if you have any questions.

Thanks,

Nate Succop

**Changed Items:**

**Supporting Document Schedule Item Changes:**

**Satisfied -Name: APCS-Auto Premium Comparison Survey**

Comment: All new business is written in DNIC, as a result, I have provided an APCS form for that file only.

In testing, I found a mistake in our filing. I have updated my APCS form and my rate tables. (8/13/2010)

The APCS file has been updated on 8/17 to reflect the new effective date. The new effective date has been defined as 8/24. - Thank you

APCS 201007 DNIC Uploaded 08\_17\_10.pdf

APCS 201007 DNIC Uploaded 08\_17\_10.xls

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
 First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
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 TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
 Product Name: Private Passenger Auto  
 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

**Amendment Letter**

Submitted Date: 08/10/2010

**Comments:**

Dear Ms. Grissom,

In addition to my response to your objections, I have made an update to my rules filing. Please feel free to contact me with any questions you have.

Sincerely,  
 Nate Succop

**Changed Items:**

**Rate/Rule Schedule Item Changes:**

Exhibit Name:	Rule # or Page #:	Rate Action:	Previous State Filing Number:	Attach Document:
Rules: Direct National Insurance Company	Rule 13.5.C (Page 8)	New		201007-AR-DNIC-PPA-Rules.pdf 201007-AR-DNIC-PPA-Rules (Redline).pdf 201007-AR-DNIC-PPA-Rules-Updated 08-09-10.pdf 201007-AR-DNIC-PPA-Rules-Updated 08-09-10 (Redline).pdf

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
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**Post Submission Update Request Submitted On 08/13/2010**

**Status:** Submitted  
**Created By:** Nate Succop

**General Information:**

Field Name	Requested Change	Prior Value
Reference Organization		
Reference Number		
Reference Title		
Status of Filing in Domicile	Pending	Not Filed
Domicile Status Comments	Dear Ms. Grissom,	

During our testing process, we have found an error in our programing. As a result, we must update our programing and our filing.

The change we are making is to the 12 month term factor. We are updating this factor from a 1.9 to a 2.0. There is no change to the rate impact as a result of this. Due to the update, I am submitting the following updated information.

- Updated rates for DNIC (page 84)
- Updated rates for DIC (page 14)
- Updated APCS PDF
- Updated APCS Excel

Please feel free to reach out to me if you have any questions or would like me to walk you through this.

Thanks,

*SERFF Tracking Number:* DRCT-126738433      *State:* Arkansas  
*First Filing Company:* Direct Insurance Company, ...      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* ARDNIC06  
*TOI:* 19.0 Personal Auto      *Sub-TOI:* 19.0001 Private Passenger Auto (PPA)  
*Product Name:* Private Passenger Auto  
*Project Name/Number:* Arkansas Rate Revision - Aug 2010/06 / 13

**Nate Succop**

**Corresponding Filing Tracking Number**

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
 First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
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 Product Name: Private Passenger Auto  
 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Rate Information

Rate data applies to filing.

Filing Method: SERFF  
 Rate Change Type: Increase  
 Overall Percentage of Last Rate Revision: 6.000%  
 Effective Date of Last Rate Revision: 02/24/2010  
 Filing Method of Last Filing: SERFF

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Direct Insurance Company	4.566%	2.390%	\$37,156	2,192	\$1,660,367	15.000%	0.000%
Direct National Insurance Company	4.566%	2.238%	\$289,781	26,078	\$12,503,843	15.000%	0.000%

## Overall Rate Information for Multiple Company Filings

Overall % Rate Indicated: 4.566%  
 Overall Percentage Rate Impact For This Filing: 2.372%  
 Effect of Rate Filing - Written Premium Change For This Program: \$326,937

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
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Product Name: Private Passenger Auto  
Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13  
**Effect of Rate Filing - Number of Policyholders Affected: 28270**

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
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 TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
 Product Name: Private Passenger Auto  
 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 09/02/2010	Filing Memo		New	Filing Memorandum.pdf
Filed 09/02/2010	Rates: Direct Insurance Company		New	201007-AR-DIC-PPA-Rates.pdf
Filed 09/02/2010	Rates: Direct National Insurance Company		New	201007-AR-DNIC-PPA-Rates.zip
Filed 09/02/2010	Rules: Direct Insurance Company		New	201007-AR-DIC-PPA-Rules.pdf 201007-AR-DIC-PPA-Rules (Redline).pdf
Filed 09/02/2010	Rules: Direct National Insurance Company	Rule 13.5.C (Page 8)	New	201007-AR-DNIC-PPA-Rules.pdf 201007-AR-DNIC-PPA-Rules (Redline).pdf 201007-AR-DNIC-PPA-Rules-Updated 08-09-10.pdf 201007-AR-DNIC-PPA-Rules-Updated 08-09-10 (Redline).pdf

State of Arkansas  
Private Passenger Automobile  
Direct National Insurance Company (DNIC)  
Direct Insurance Company (DIC)  
Filing Memorandum

Direct National Insurance Company is revising base rates for their Private Passenger Automobile program effective August 17, 2010 for new business and October 1, 2010 for renewal business. These changes will result in a +2.4 % overall impact. The proposed base rate changes will be applied to Bodily Injury, Property Damage, Personal Injury Protection, Uninsured Motorist Bodily Injury, Uninsured Motorist Property Damage, Underinsured Motorist Bodily Injury, Accidental Death and Dismemberment, Comprehensive, Collision, Rental, and Towing.

In addition to the base rates, the following changes are being made.

- Introduction of a multi-product discount.
- Adjusting the factors for multi-car discount
- Adjusting the factors for class
- Increasing the number of violation points for a DWI
- Writing all new and renewal business as 6 month policies
- Increasing policy fees
- Increasing the rate cap

Direct Insurance Company is revising base rates for their Private Passenger Automobile program effective August 17, 2010 for new business and October 1, 2010 for renewal business. These changes will result in a +2.2% overall impact. The proposed base rate changes will be applied to Bodily Injury, Property Damage, Personal Injury Protection, Uninsured Motorist Bodily Injury, Uninsured Motorist Property Damage, Underinsured Motorist Bodily Injury, Accidental Death and Dismemberment, Comprehensive, Collision, Rental, and Towing.

In addition to the base rates, the following changes are being made.

- Writing all new and renewal business as 6 month policies
- Increasing policy fees
- Increasing the rate cap

Revised rate pages and underwriting guidelines are attached. A redlined version of the underwriting guidelines is attached outlining all changes.

# **Direct Insurance Company**

## **Underwriting Rules / Rating Guidelines**

**State of  
Arkansas**

# ARKANSAS

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## **RULE 1. BINDING AUTHORITY**

1. Agent binding authority is three (3) days. The signed application and required down payment must be received within three (3) working days of when coverage is bound.
2. Backdating of the effective date is not permitted.
3. The application must be fully completed, including the insured's signature(s).
4. When Physical Damage coverage is written, a pre-insurance inspection form must be completed for vehicles in all territories prior to binding. Please note all existing damage. Inspections are not required on renewal policies.
5. Physical damage coverage may not be written or bound in any area where there is a flash flood, hailstorm, hurricane, tornado or tropical storm warning, watch or occurrence.

## **RULE 2. SR-22 / FINANCIAL RESPONSIBILITY FILING**

A \$10.00 fee and a surcharge are applied per filing.

## **RULE 3. UNACCEPTABLE RISKS**

DIRECT reserves the right to determine the final acceptability of any risk. The agent in determining the acceptability of the risk should use the following guidelines.

1. Unacceptable Drivers
  - a. Operators not possessing valid proof of residence. Acceptable proof includes each of the following:
    - 1) a lease for an apartment, house, modular unit, or manufactured home with a Arkansas address signed by the applicant;
    - 2) a current utility bill showing the address of the applicant-payor;
    - 3) a receipt for personal property taxes paid;
    - 4) a valid student ID for a Arkansas school or university;
    - 5) a valid Arkansas vehicle registration;
    - 6) a valid unexpired Arkansas driver's license;
    - 7) a receipt for real property taxes paid to a Arkansas locality;
    - 8) a document similar to that described in #3, issued by the consulate or embassy of another country that would be accepted by the Arkansas Division of Motor Vehicles;
    - 9) a pay stub with the payee's address;
    - 10) a monthly or quarterly financial statement from a Arkansas regulated financial institution; or
    - 11) a valid military ID.

Risks in which the driver(s) has recently moved to Arkansas will be accepted assuming that he/she provides DIRECT with a copy of at least one of these documents within thirty (30) days of policy inception. Risks not providing this proof of residency will be cancelled.
  - b. Persons not residing in Arkansas at least six (6) months of the year.
  - c. Members of the armed forces not stationed permanently in Arkansas.
  - d. Drivers designated as "Habitual Traffic Offenders" on their MVR.
  - e. Drivers who have had a policy cancelled by DIRECT for loss experience or misrepresentation.
  - f. Drivers without a verifiable garaging address.
  - g. Applicants who have been convicted of insurance fraud.
  - h. Households with more than six (6) drivers are not permitted.

2. Unacceptable Vehicles

- a. Vehicles used for emergency, racing, delivery messenger, livery, limousine, or taxi service, including vehicles used to haul nursery or school children, migrant workers, hotel/motel guests, and medical/dental/optical patients, food vendors, food/newspaper/mail delivery, towing/repossession, etc.
- b. Rental vehicles or short-term leased vehicles (less than 6 months).
- c. Any vehicle which is leased or rented by the applicant to other operators or loaned on a regular basis.
- d. Vehicles not garaged in Arkansas for at least six (6) months a year.
- e. Recreation vehicles designed for off-road use or dune buggies unless a corresponding recreational vehicle endorsement is purchased.
- f. Motor homes and travel trailers.
- g. Antique vehicles, homebuilt vehicles or kit cars.
- h. Any vehicle carrying explosives or flammable substances.
- i. Vehicles from more than one (1) household listed on a single policy. **Exception:** Does not apply to acceptable student risks.
- j. Vans, pickups and utility vehicles used in business, unless they are used in one (1) of the artisan occupations listed in the [VEHICLE USE](#) section of this manual.
- k. Flatbed trucks, stake trucks and dump trucks.
- l. Cut-away vans, step vans, and vehicles with right hand steering.
- m. Stated value policies.
- n. Driver training vehicles or those cars used for driver training.
- o. Vehicles titled to any governmental body, estate, receivership, corporation or partnership.
- p. Physical damage on any vehicle on which DIRECT has previously paid a total loss claim and which is retained by the Insured.
- q. Vehicles 1984 model year and prior (for physical damage coverage).
- r. Physical damage coverage on any vehicle with a new cost value exceeding \$75,000.
- s. Vehicles with logos or advertising on them, whether removable or permanent.
- t. Any vehicles with a permit to dismantle.
- u. Vehicles modified/altered/restored mechanically or structurally which results in a change in performance or appearance.
- v. Vehicles with modified suspensions including all lowered chassis vehicles, or vehicles with chassis raised more than 6 inches above the normal factory height.
- w. Any vehicle 1969 model year and prior.
- x. Vehicles equipped with cooking equipment or bathrooms.
- y. Policy with two (2) or more business use vehicles.

#### **RULE 4. NON-OWNER COVERAGE**

A Named Operator policy may be written when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

1. Only Liability BI, PD, PIP, UM and UIM may be written.
2. Permissive operator coverage is not included.
3. Use the vehicle use code "NO" when rating.

## **RULE 5. ENDORSEMENTS**

1. All premium change endorsements will reflect the rates and rules in force at the inception of the policy period.
2. Premium charges will be calculated pro-rata.
3. Midterm premium adjustments will be made as a result of a change in:
  - a. autos insured by the policy;
  - b. drivers added to or excluded from the policy; and
  - c. coverage and deductibles.
4. Mid-term premium adjustments will not be made as a result of:
  - a. driver point changes (unless to recognize adding/deleting a driver);
  - b. attained age of driver; or
  - c. rating territory.
5. Return premium of \$10.00 or less will not be refunded unless requested in writing by the insured.
6. Written Endorsements: The following must be submitted in writing and must have the insured's signature and date signed:
  - a. add, delete or change coverage/increase or decrease deductibles.
  - b. add or delete vehicles (unless sold or replaced).
  - c. driver exclusions.
  - d. rejection of PIP, UM and UIM.
  - e. add or delete operators / SR-22 filings.

## **RULE 6. CANCELLATIONS**

1. DIRECT may cancel the policy for any reason within the first sixty (60) days of the policy period, provided that the date of cancellation is at least twenty (20) days after the date of mailing.
2. After the first sixty (60) days of the policy period, DIRECT may cancel the policy with twenty (20) day written notice provided that the cancellation is for one (1) or more of the following reasons:
  - a. Misrepresentation by the insured of any material fact in the procurement or renewal of this policy or in the submission of claims under this policy.
  - b. The Named Insured or any driver of the insured vehicle is **convicted** of:
    - 1) driving while intoxicated;
    - 2) homicide or assault arising out of the use of a motor vehicle; or
    - 3) three (3) separate convictions of speeding or reckless driving or combination of the two (2) during the policy period, including (3) months prior to the effective date of the policy.
  - c. Non-payment of premium (a written notice of cancellation will be mailed or delivered to the last known mailing address of the named insured and any loss payee at least 10 days prior to the effective date of the cancellation.)
3. In the event a policy has three (3) "losses", where loss is defined as money paid out to an insured or third party in satisfaction of a claim, during a twelve (12) month term the policy will be non-renewed giving at least thirty (30) days advance notice. Claims arising from "natural causes" will not be considered when evaluating the loss history.
4. The mailing of notice of cancellation or non-renewal to the insured's address as shown on the Declarations Page will be proof of cancellation or non-renewal.

5. The insured may cancel the policy by mailing or electronically submitting a signed written request stating the future date that the Insured wishes the cancellation to be effective. The cancellation may not be earlier than the date the request is received unless the request is from the premium finance company. If the request is from the premium finance company, we may elect, at our sole option, to cancel the policy as of the effective date stated in the notice
6. An insufficient down payment will result in a flat cancellation and coverage will be null and void. An insufficient payment or nonpayment of any installment by the due date will result in a cancel notice being sent to the Insured at least ten (10) days in advance of cancellation. If payment is received in our office by the cancel date, the policy will be reinstated.
7. In the event of a total loss, coverage continues until the insured sends a cancellation request to DIRECT.
8. When the cancellation request is due to duplicate coverage and the requested cancellation date is prior to the received date, DIRECT requires proof of duplicate coverage in order to honor the requested cancellation date.
9. DIRECT cannot cancel or non-renew solely because of the administrative revocation or suspension of the driver's license of the owner or operator of the motor vehicle under Arkansas Code 5-65-104.
10. Premium computations for cancellations are as follows:
  - a. Requested by insured: Return premium shall be calculated on a short rate basis.
  - b. Non-payment of premium: Return premium shall be calculated on a 100% pro-rata basis.
  - c. Request of premium finance company: Return premium shall be calculated on a 100% pro-rata basis.
  - d. Request of company: Return premium shall be calculated on a 100% pro-rata basis.

## **RULE 7. MATERIAL MISREPRESENTATIONS OF RISK**

1. If statements in the application differ from records of the Department of Motor Vehicles, the proper additional or return premium will be processed without prior notice. Additionally, the company may elect to cancel for undisclosed violations.
2. Among the information most often misrepresented is:
  - a. drivers (list or exclude all persons age 14 and older in the household);
  - b. driving record;
  - c. vehicle type and use;
  - d. garaging address; and
  - e. state of residency.

## **RULE 8. RENEWALS**

1. A renewal quote will be sent to the insured thirty (30) days prior to expiration, along with instructions to pay DIRECT directly.
2. Payment must be received by DIRECT prior to expiration to ensure continuous coverage.
3. Renewal payments received after the policy expires could result in renewal with a lapse.
4. The Renewal discount will not apply if the policy had a lapse in coverage in the prior 12 months.
5. The Renewal discount will be applicable if the policy is renewed within 10 days of the expiration date and no lapse in coverage in the prior 12 months.
6. Renewal Rate Level Capping:
  - a. Renewal premiums will be capped at 15%.

- b. The premium is calculated for the renewal term (True Renewal Premium) and compared to the premium from the current term (Current Term Premium). If the True Renewal Premium exceeds the Current Term Premium by more than 10%, the Final Renewal Premium increase will be capped at 10%.
- c. If a rating characteristic change is made in the prior term or at the time of renewal, the Current Term Premium will be calculated using the new rating characteristic. It will then be compared to the True Renewal Premium calculated using the same characteristics.
- d. To calculate the Final Renewal Premium, a factor is applied to each vehicle and coverage.  
Factor = (Current Term Premium \* 1.10) / True Renewal Premium
- e. This factor will be used each time a change is made to the policy for the term of the policy.
- f. The factor will be re-calculated at each renewal. **Note:** The Current Term Premium used at the second and subsequent renewal will be calculated using any "Factor" applied in the previous renewal.

## **RULE 9. LIABILITY COVERAGE**

1. Bodily Injury (BI)
  - a. The following limits are available:
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
2. Property Damage (PD)
  - a. The following limits are available:
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
3. Uninsured Motorist (UMB/UMP) / Underinsured Motorist (UDB)
  - a. The following limits are available for Uninsured Motorist Bodily Injury (UMB) and Underinsured Motorists Bodily Injury (UDB):
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. The following limits are available for Uninsured Motorist Property Damage (UMP):
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - c. If this coverage is not desired, the insured must sign the Uninsured Motorist rejection form. If this signed form does not accompany the application, these coverages will automatically be added at the Bodily Injury and Property Damage limits and the appropriate premium will be charged.

- d. Coverage must be written on all cars of a multi-car policy at the same limits.
  - e. Uninsured coverage cannot exceed the liability coverage limits.
  - f. UDB will be offered after UMB is accepted.
4. Personal Injury Protection (PIP)
    - a. The following benefits are provided:
      - 1) \$5,000 Medical/Hospital;
      - 2) Income Disability; and
      - 3) \$5,000 Accidental Death.
  5. Medical Payments (MP)
    - a. Medical Payments is optional.
    - b. It can only be written on policies with Liability coverage.
    - c. Medical Payments limits must be the same on all vehicles on the policy.
    - d. Limits available:
      - 1) \$250;
      - 2) \$500;
      - 3) \$1,000; and
      - 4) \$2,000.
  6. Accidental Death (AD)
    - a. Accidental Death is an optional coverage, providing \$5,000 paid to the Named Insured's estate as specified in the policy.

## **RULE 10. PHYSICAL DAMAGE COVERAGE**

1. Comprehensive/Collision (CMP/COL)
  - a. The following deductibles are available:
    - 1) \$100;
    - 2) \$250;
    - 3) \$500;
    - 4) \$750; and
    - 5) \$1,000.
  - b. A \$250 deductible applies to lienholders upon repossession with damage.
  - c. Both Comprehensive and Collision must be written where Physical Damage coverage is chosen.
  - d. The same deductible must be chosen for Collision and Comprehensive.
2. Towing (TOW)
  - a. Towing is an optional coverage, providing up to \$25 reimbursement per occurrence.
  - b. Coverage may only be written on cars providing Comprehensive and Collision coverages.
3. Rental Car (RNT)
  - a. Rental is an optional coverage, providing \$10/day reimbursement up to \$300.
  - b. It may only be written on cars providing Comprehensive and Collision coverages.

## **RULE 11. RATING PROCEDURES**

1. Annual policies are rated with a factor of 1.90 times the semi-annual rate.
2. The premium for each coverage and vehicle shall be rounded to the nearest dollar. \$0.50 and over will be rounded up.
3. Determine Territory code from [APPENDIX 1: TERRITORY DEFINITIONS](#). Do not use "Bureau" definitions. Use the zip code where the vehicle is principally garaged, not the mailing zip code.
4. Vehicle Symbols:
  - a. Determine Liability and Physical Damage Vehicle Rating Symbol from [APPENDIX 3: VEHICLE SYMBOLS](#).
  - b. Interim rating symbol determination for unlisted vehicles:
    - 1) 1984 and prior are not listed in [APPENDIX 3: VEHICLE SYMBOLS](#):
      - a) Use the liability symbol in the rate tables, which is most descriptive of the vehicle, e.g., T for truck, F for 4x4 trucks, V for van, C for convertible, etc.
      - b) Physical Damage coverage is not available; use Physical Damage symbol "Z".
    - 2) 2004 and subsequent:
      - a) If [APPENDIX 3: VEHICLE SYMBOLS](#) displays a rating symbol for the prior model year version of the same vehicle, use the prior model year's symbol for the new model year vehicle.
      - b) If [APPENDIX 3: VEHICLE SYMBOLS](#) does not display a symbol for the prior model year version of the same vehicle, assign a symbol based on the cost new (MSRP) of the auto using the Price/Symbol Chart located in the rate tables.
5. Model Year – If the factors are not displayed for the model year in Appendix 2. Multiply the factor for the latest model year by 1.05 for each subsequent year.

## **RULE 12. POLICY FEES**

1. Policy Fee: \$25.00 earned at inception on each new and renewal policy.
2. SR-22: \$25.00 per filing.
3. Reinstatement Fee: \$5.00 for each policy where cancellation notice has been issued and the insured desires continuation of coverage.
4. Installment Billing Fee: \$8.00 per installment or \$2.00 per EFT installment.
5. Late Fee: \$10.00 for each late installment payment.
6. NSF Fee: \$25.00 for each payment returned to the company for insufficient funds.

## **RULE 13. DISCOUNTS**

1. Safe Driver Discount
  - a. A credit applies if all operators are violation and accident free for the preceding twelve (12) months.
  - b. This discount applies to both new and renewal business.
  - c. This discount will apply to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverages.

2. Prior Insurance (New Business)
  - a. A credit applies for the first year of a policy. The discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverage.
  - b. Applicant must provide verification of at least 6 months of continuous prior liability coverage, with no more than seven (7) days of lapse in previous coverage allowed.
  - c. Acceptable verification of prior coverage will be a renewal quote or a letter from the prior agent or insurance company.
  - d. A photocopy of the acceptable verification listed above must accompany the New Business.
3. Renewal Discount
  - a. Credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverage as follows:
    - 1) 12 month renewal
    - 2) 24 month renewal
    - 3) 36 month and subsequent renewals
  - b. The Renewal discount will not apply if the policy had a lapse in coverage in the prior 12 months.
  - c. The Renewal discount will be applicable if the policy is renewed within 10 days of the expiration date and no lapse in coverage in the prior 12 months.
4. Multi-Car Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverage if carried on each auto.
  - b. More than one (1) car must be covered on the same policy.
5. Senior Citizen Discount
  - a. A credit applies to Bodily Injury, Property Damage, Comprehensive and Collision coverages.
  - b. This discount is available to drivers 55 and older. Applicants must submit a copy of the certificate indicating successful completion of a Motor Vehicle Accident Prevention Course, which has been approved by the State of Arkansas. If previously received by company, no further proof is required at renewal.
  - c. This discount applies only to the driver completing the course.
  - d. This discount is valid for thirty-six (36) months following course completion.
  - e. Discount does not apply if course is taken as a punishment specified by a court or other governmental entity resulting from a moving violation.
6. College Graduate Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision coverages.
  - b. Available to drivers under the age of twenty-five (25) who have graduated from a college or university and whose cumulative scholastic records show that the insured attained one (1) of the following:
    - 1) If letter grades are used, had a grade average of "B" or higher; or
    - 2) Had at least a 3 point average on a 4 point scale (or equivalent).
  - c. A copy of his/her college transcript is required and must accompany the application for the discount to apply. If previously received by company, no further proof is required at renewal.
7. Maximum Discount
 

The maximum allowable discount is 45% per policy. Discounts are multiplicative not additive, e.g., a 10% discount and a 5% discount is not 15%, but  $1-(1-10\%) \times (1-5\%) = 14.5\%$ .

## **RULE 14. DRIVER CLASSES**

1. The highest rated driver is matched to the highest rated vehicle.
2. The driver classification to be used in the rating of DIRECT automobile policies is a combination of gender, marital status and age.
3. Where there are more cars than drivers on a policy, additional cars will be rated with Class 1 with zero (0) points.
4. Report all persons fourteen (14) years of age and older living in the insured's household, whether or not they are licensed. These persons must be included in the rating or must be specifically excluded.
5. Married class includes legally married and residing with spouse.
6. Single class includes persons who are single, divorced, separated, widowed or living together while not married.
7. Roommates must be included in the rating of a policy unless specifically excluded.
8. In the event that DIRECT discovers a previously undeclared operator at any time during the policy period, DIRECT deserves the right to:
  - a. void for misrepresentation; or
  - b. add the operator to the policy as of the effective date of the policy period and add a violation code of 402. This point surcharge will only be applied to the policy period for which they are added. At renewal the surcharge will be removed. (We will run an MVR at the time the driver is added and add all prior violations to the policy. These will not be removed at renewal.) If the operator is involved in an at-fault-accident, the accident will be added and charged at renewal.

## **RULE 15. DRIVING RECORD/POINT COUNT PROCEDURES**

1. Point values are assessed for all accidents and violations which occur in the thirty-five (35) month period immediately preceding the policy inception date.
2. Multiple Violations: If two (2) or more violations or an accident and a violation result from the same incident, we will charge only for the highest rated violation or accident.
3. Violation Point Class:

<b>Description</b>	<b>Points 1<sup>st</sup> Occurrence</b>	<b>Points 2<sup>nd</sup> Occurrence</b>	<b>Points Each Additional Occurrence</b>
AAF – At-Fault Accident	4	6	9
DWI – Driving Under the Influence	1	2	5
IND – No Charge	0	0	0
MAJ – Major Violation	4	4	4
MIN – Minor Violation	2	3	2
NAF – Not-At-Fault	0	0	0
SPD – Speeding	2	1	1

4. Point Assignments:

Description	Violation Code	Violation Point Class
At-Fault Accident	301	AAF
Auto Theft/Felony Motor Vehicle	605	MAJ
Careless/Improper Operation	101	MAJ
Comprehensive Claim	007	IND
Drag Racing	118	MAJ
Drive Under Influence Drugs / Alcohol	602	DWI
Drive while License Revoked / Suspended	302	MIN
Driving without License	303	MIN
Failure to Follow Traffic Device / Sign	110	MIN
Failure to Yield	111	MIN
Fleeing from Police	606	MAJ
Following too Close	112	MIN
Foreign Driver's License	401	MAJ
Improper Backing	113	MIN
Improper Passing	114	MIN
Improper Turn	124	MIN
Leaving the Scene	608	MAJ

Description	Violation Code	Violation Point Class
Minor Moving Violation	115	MIN
Not-At-Fault Accident	011	NAF
Open Bottle	116	DWI
Passing a Stopped School Bus	117	MAJ
Reckless Driving	305	MAJ
Speeding	201	SPD
Suspended, Revoked or Cancelled License	404	MAJ
Undisclosed Driver	402	MAJ
Unverifiable Driving Record	403	MAJ
Vehicular Homicide	601	MAJ
Without Owner's Consent	603	MAJ
Wrong Way on One-Way Street	107	MIN

5. All accidents will be considered chargeable unless the Named Insured demonstrates (1) one of the following:

- a. Applicant's automobile was lawfully parked.

- b. Judgment or reimbursement was obtained from responsible party.
  - c. Struck in rear and not convicted of a moving traffic violation.
  - d. Struck by hit-and-run driver and such accident were reported by applicant to proper authorities within twenty-four (24) hours.
  - e. Applicant was not convicted of a moving traffic violation in connection with the accident and the other operator of the vehicle involved in such accident was convicted of a moving traffic violation.
  - f. Applicant was finally adjudicated not to be liable by a court of competent jurisdiction.
  - g. Accidents involving Physical Damage, limited to and caused by flying gravel, missiles, falling objects or by contact with animals or fowl.
  - h. Applicant was operating vehicle other than a private passenger auto, motor home or motorcycle at time of accident.
  - i. In receipt of a traffic citation which was dismissed or nolle prosequi.
6. If the operator at the time of accident/violation was on duty as a paid or volunteer member of any Police or Fire Department, First-Aid Squad, or any Law Enforcement Agency, the accident/violation is not chargeable.
7. Driver's License Status – Operators not possessing a valid driver's license will be assigned a surcharge. Specific situations are addressed below:
- a. Individuals serving full-time in the military and permanently stationed in Arkansas are not required to obtain an Arkansas license and will not be surcharged.
  - b. Foreign and International Driver's Licenses: Drivers who have a valid foreign or international driver's license but not a valid U.S. license will be surcharged. The surcharge will apply until the insured is able to submit proof of a valid U.S. license having been in effect for at least twelve (12) months. Assign the Foreign Driver's License surcharge, i.e. code 401.
  - c. Assign Unverifiable Driving Record surcharge, i.e. code 403:
    - 1) A major violation will be charged on any driver whose driving record cannot be verified by a state's Bureau of Motor Vehicles (not including drivers under 19).
    - 2) The charge will be removed effective the policy inception date if DIRECT receives a valid current MVR (contains at least 12 months of driving history). The MVR must be no more than thirty (30) days old and must be received within sixty (60) days of the policy inception.
    - 3) Drivers with a learner's permit will not be charged for an Unverifiable Driving Record during the first policy term. The Unverifiable Driving Record points will be assessed during the second and subsequent policy terms if an MVR remains unobtainable.
  - d. Any driver whose license is suspended, revoked or cancelled will be surcharged. Once proof can be provided of the driver's license reinstatement, the surcharge can be removed effective the date of the license reinstatement. To have the surcharge removed, the driver needs to have their license reinstated and be able to show proof of a valid Arkansas license. Assign the Suspended, Revoked or Cancelled License surcharge, i.e. code 404.
  - e. Note that only one of these above surcharges will apply, i.e. they are mutually exclusive

**RULE 16. VEHICLE USE**

<b>Vehicle Use Relativity Table</b>	<b>BI</b>	<b>PD</b>	<b>PIP</b>	<b>UMB</b>	<b>UDB</b>	<b>MP</b>	<b>CMP</b>	<b>COL</b>
Pleasure (PL)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business Use (BU)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Non-Owner (NO)	0.90	0.90	0.90	0.90	0.90	N/A	N/A	N/A

1. Pleasure Use (PL): Includes vehicles driven for pleasure, to and from work or school and for farm/ranch use. There should be no regular business use of the vehicle in connection with the driver's occupation, profession, or business other than commuting to and from work or school.
2. Business Use (BU):
  - a. A surcharge will be applied to risks in which the automobile is used regularly in support of the insured's business or profession.
  - b. DIRECT will only accept the risk if the vehicle is individually owned.
  - c. The following professions are deemed acceptable:
    - 1) Sales;
    - 2) Lawyers;
    - 3) Clergymen;
    - 4) Realtors; and
    - 5) Visiting Nurses.
  - d. Artisan Risks: Pickups, vans and utility vehicles.
    - 1) When the business use of these vehicles consists solely of carrying tools and supplies between the Named Insured's home and the job site, DIRECT will accept the risk subject to the following:
      - a) the vehicle is individually owned;
      - b) the vehicle is operated solely by the Named Insured and family members;
      - c) the insured has no more than one (1) vehicle in this category; and
      - d) the vehicle is visiting no more than three (3) job sites per day.
    - 2) The occupations that fall under the category of Artisan are the following:
 

a) Aluminum Contractors;	j) Interior Decorators;
b) Air Conditioning/Heating;	k) Painters;
c) Bricklayers/Masonry;	l) Plaster/Stucco Contractors;
d) Cabinet Installers;	m) Repair – Appliances;
e) Carpenters;	n) Repair – Handyman;
f) Concrete Contractors;	o) Screened Enclosure Erectors;
g) Electrical Contractors;	p) Surveyors;
h) Fence Installers;	q) Swimming Pool Installers; and
i) Glass Installers;	r) Tree Surgeons.
  - e. Risks will not be accepted in those instances where there is for-hire pickup and delivery of goods or debris, flammable or explosives are transported or where the vehicle is hauling equipment with a weight in excess of 2,000 pounds or has a GVW of 10,000 pounds or more.
3. Non-Owner (NO): Used when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

## **RULE 17. PAYMENT PLANS**

1. Paid in Full –The total premium including fees must be paid in full at the time of acceptance. Every applicant has the option to pay his total premium in full.
2. In addition to Paid in Full, the Company may offer one or more of the following installment plan options:

- a. 14/28 Installment Payment Plan (14/28) – A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due fourteen days from the effective policy date and subsequent payments are due every twenty-eight days thereafter.
  - b. 20/27 Installment Payment Plan (20/27) –A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due twenty days from the effective policy date and subsequent payments due every twenty-seven days thereafter.
  - c. Monthly 10 Installment Payment Plan (10 Pay) - A down payment\* is due at signing with the balance equally distributed over four payments for semi-annual plans and ten payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.
  - d. Monthly 11 Installment Payment Plan (11 Pay) - A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and eleven payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.
3. Flex Day Option – If an installment payment plan is selected, the insured has the option to modify it by selecting the date on which the first payment is due for each of the above payment plans (14/28, 20/27, 10 Pay, 11 Pay). The first payment date must be at least seven days and no more than 30 from the effective date of the policy. The down payment will be adjusted based on the first payment date selected. The subsequent payments will follow the attributes of the applicable pay plan chosen.
  4. Down Payments – Where applicable, down payments comply with state minimum requirements. Amounts vary based on the plan chosen, payment date chosen (in the case of Flex Day Payment Plan), and distribution channel. Down payment amounts may also be adjusted based on one or more of the following factors: a territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history.
  5. The following fees are assessed on installment plans.
    - a. Processing Fee: A fully earned \$25.00 installment processing fee is due at inception of policy.
    - b. Installment Fee: \$8.00 per installment, excluding the down payment, due with installment.
    - c. Late Fee: A late fee of \$10.00 will be charged on any installment postmarked or received five (5) or more days after the installment due date.
    - d. NSF Fee: \$25.00 for each payment returned to DIRECT for payments made with insufficient funds.

*Restrictions/Limitations: The Company reserves the right to limit availability of one or more installment plan options based on one or more of the following factors: territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history. The Company utilizes various sales distribution channels, including local agency store fronts, tele-market and internet. Not all payment plans are available in all distribution channels.*

## APPENDIX 1: TERRITORY DEFINITIONS

ZIP Code	System Territory
71601	060
71602	060
71603	060
71611	060
71612	060
71613	060
71630	146
71631	011
71635	146
71638	146
71639	146
71640	146
71642	146
71643	147
71644	136
71646	146
71647	012
71649	019
71651	011
71652	146
71653	146
71654	146
71655	146
71656	146
71657	146
71658	146
71659	136
71660	142
71661	146
71662	146
71663	146
71665	146
71666	146
71667	147
71670	146
71671	011
71674	146
71675	146
71676	146
71677	146
71678	145
71701	015
71711	015
71720	002
71721	001
71722	016
71724	007
71725	004
71726	009
71728	001
71730	007

ZIP Code	System Territory
71731	007
71740	009
71742	005
71743	001
71744	008
71745	008
71747	013
71748	143
71749	009
71750	007
71751	009
71752	009
71753	047
71754	047
71758	009
71759	007
71762	009
71763	006
71764	009
71765	013
71766	005
71768	007
71769	019
71770	047
71772	001
71801	050
71802	050
71820	026
71822	026
71823	024
71825	024
71826	047
71827	009
71828	018
71831	026
71832	025
71833	025
71834	047
71835	017
71836	026
71837	047
71838	026
71839	047
71840	047
71841	025
71842	024
71844	017
71845	048
71846	024
71847	024
71851	024

ZIP Code	System Territory
71852	024
71853	027
71854	048
71855	024
71857	014
71858	049
71859	024
71860	048
71861	048
71862	024
71864	016
71865	024
71866	024
71901	029
71902	029
71903	029
71909	029
71910	029
71913	029
71914	029
71920	028
71921	028
71922	014
71923	003
71929	029
71932	022
71933	029
71935	028
71937	022
71940	030
71941	003
71942	019
71943	028
71944	022
71945	022
71949	061
71950	028
71952	022
71953	022
71956	029
71957	020
71958	022
71959	022
71960	020
71961	021
71962	003
71964	029
71965	021
71968	029
71969	021
71970	021

ZIP Code	System Territory
71971	022
71972	022
71973	022
71998	019
71999	019
72001	072
72002	064
72003	122
72004	123
72005	094
72006	092
72007	131
72010	093
72011	063
72012	135
72013	103
72014	091
72015	063
72016	076
72017	130
72018	063
72020	116
72021	121
72022	201
72023	067
72024	124
72025	074
72026	122
72027	072
72028	106
72029	122
72030	072
72031	106
72032	129
72033	129
72034	129
72035	075
72036	127
72037	059
72038	122
72039	132
72040	135
72041	122
72042	122
72043	101
72044	110
72045	133
72046	059
72047	131
72048	118
72051	108

ZIP Code	System Territory
72052	135
72053	057
72055	120
72057	144
72058	132
72059	092
72060	135
72061	132
72063	072
72064	122
72065	064
72066	135
72067	106
72068	135
72069	122
72070	072
72071	019
72072	122
72073	122
72074	127
72075	101
72076	066
72078	066
72079	060
72080	072
72081	113
72082	135
72083	128
72084	062
72085	135
72086	059
72087	061
72088	072
72089	201
72099	066
72101	092
72102	135
72103	201
72104	200
72105	019
72106	129
72107	076
72108	121
72110	072
72111	131
72112	101
72113	064
72114	065
72115	065
72116	064
72117	064
72118	064
72119	065
72120	066

ZIP Code	System Territory
72121	114
72122	201
72123	092
72124	203
72125	072
72126	072
72127	076
72128	062
72129	062
72130	110
72131	134
72132	060
72133	120
72134	122
72135	064
72136	134
72137	134
72139	093
72140	122
72141	072
72142	066
72143	135
72145	135
72149	135
72150	063
72152	060
72153	104
72156	072
72157	072
72160	122
72164	057
72165	101
72166	117
72167	063
72168	058
72169	101
72170	122
72173	128
72175	119
72176	131
72178	135
72179	114
72180	064
72181	132
72182	058
72183	057
72189	092
72190	201
72198	202
72199	201
72201	057
72202	057
72203	057
72204	057

ZIP Code	System Territory
72205	064
72206	057
72207	064
72209	056
72210	064
72211	064
72212	064
72214	057
72215	064
72216	057
72217	064
72219	056
72221	064
72222	064
72223	064
72225	064
72227	064
72231	064
72260	057
72295	057
72301	158
72303	206
72310	054
72311	154
72312	154
72313	054
72314	019
72315	054
72316	054
72319	054
72320	153
72321	054
72322	148
72324	089
72325	205
72326	148
72327	155
72328	126
72329	054
72330	054
72331	151
72332	155
72333	153
72335	153
72336	204
72338	054
72339	155
72340	154
72341	156
72342	157
72346	151
72347	089
72348	156
72350	054

ZIP Code	System Territory
72351	054
72352	154
72353	153
72354	051
72355	154
72358	054
72359	153
72360	154
72364	158
72365	053
72366	157
72367	125
72368	154
72369	154
72370	054
72372	153
72373	149
72374	157
72376	155
72377	053
72379	137
72381	019
72383	157
72384	155
72386	051
72387	150
72389	154
72390	157
72391	054
72392	154
72394	151
72395	054
72396	150
72401	055
72402	055
72403	055
72404	053
72410	140
72411	053
72412	141
72413	141
72414	053
72415	138
72416	141
72417	053
72419	053
72421	097
72422	141
72424	141
72425	141
72426	054
72427	097
72428	054
72429	089

ZIP Code	System Territory
72430	141
72431	101
72432	052
72433	140
72434	138
72435	141
72436	141
72437	053
72438	054
72439	055
72440	138
72441	141
72442	054
72443	053
72444	141
72445	140
72447	053
72449	141
72450	053
72451	053
72453	141
72454	053
72455	141
72456	141
72457	096
72458	138
72459	138
72460	138
72461	053
72462	141
72464	141
72465	139
72466	138
72467	053
72469	138
72470	141
72471	096
72472	051
72473	102
72474	053
72475	089
72476	140
72478	141
72479	089
72482	100
72501	116
72503	116
72512	100
72513	100
72515	099
72516	019
72517	099
72519	046
72520	099

ZIP Code	System Territory
72521	100
72522	095
72523	114
72524	101
72525	100
72526	115
72527	116
72528	098
72529	100
72530	109
72531	098
72532	100
72533	108
72534	116
72536	099
72537	046
72538	098
72539	100
72540	099
72542	100
72543	112
72544	046
72545	112
72546	114
72550	114
72553	116
72554	100
72555	115
72556	099
72557	019
72560	108
72561	111
72562	101
72564	101
72565	099
72566	099
72567	115
72568	116
72569	138
72571	101
72572	096
72573	111
72575	116
72576	099
72577	100
72578	098
72579	116
72581	114
72583	098
72584	099
72585	099
72587	099
72601	041
72602	041

ZIP Code	System Territory
72610	019
72611	042
72613	034
72615	041
72616	042
72617	045
72619	046
72623	046
72624	042
72626	046
72628	040
72629	106
72630	041
72631	042
72632	034
72633	042
72634	046
72635	046
72636	044
72638	042
72639	105
72640	042
72641	042
72642	046
72644	041
72645	038
72648	042
72650	038
72651	046
72653	046
72654	046
72655	042
72657	108
72658	046
72660	042
72661	046
72662	042
72663	108
72666	042
72668	046
72669	042
72670	042
72672	041
72675	044
72677	041
72679	107
72680	108
72682	041
72683	042
72685	042
72686	037
72687	041
72701	032
72702	032

ZIP Code	System Territory
72703	032
72704	032
72711	032
72712	032
72714	032
72715	032
72716	032
72717	086
72718	032
72719	032
72721	042
72722	032
72727	032
72728	032
72729	080
72730	032
72732	031
72733	031
72734	032
72735	032
72736	032
72737	032
72738	035
72739	032
72740	035
72741	032
72742	042
72744	032
72745	032
72747	032
72749	086
72751	032
72752	042
72753	032
72756	032
72757	032
72758	032
72760	042
72761	032
72762	032
72764	032
72765	032
72766	032
72768	032
72769	032
72770	032
72773	042
72774	032
72776	042
72801	074
72802	074
72811	074
72812	074
72820	071

ZIP Code	System Territory
72821	071
72823	074
72824	071
72826	071
72827	071
72828	071
72829	074
72830	071
72832	071
72833	071
72834	074
72835	073
72837	074
72838	069
72839	071
72840	071
72841	069
72842	071
72843	072
72845	071

ZIP Code	System Territory
72846	071
72847	074
72851	071
72852	043
72853	073
72854	070
72855	071
72856	036
72857	071
72858	074
72860	071
72863	071
72865	071
72901	081
72902	084
72903	084
72904	084
72905	084
72906	084
72908	084

ZIP Code	System Territory
72913	084
72914	084
72916	084
72917	084
72918	084
72919	084
72921	084
72923	084
72924	077
72926	023
72927	088
72928	071
72930	068
72932	087
72933	083
72934	087
72935	084
72936	084
72937	085
72938	079

ZIP Code	System Territory
72940	079
72941	084
72943	071
72944	077
72945	079
72946	087
72947	082
72948	087
72949	088
72950	069
72951	071
72952	082
72955	087
72956	084
72957	084
72958	077
72959	033

## APPENDIX 2: PREMIUM CALCULATIONS

### Abbreviations:

BR	Base Rate
CF	Class Factor
SF	Symbol Factor
DF	Deductible Factor
IL	Increased Limit Factor
MY	Model Year Factor
PF	Point Factor
TF	Term Factor
CR	Renewal Cap Factor

SD	Safe Driver Discount
RD	Renewal Discount
MC	Multi-Car Discount
SR	Senior Driver Discount
PI	Prior Insurance Discount
VU	Vehicle Use
CG	College Graduate Discount
MU	Multi-Product Discount
MX	Maximum Discount

### Calculation Notes:

All rounding is done after all factor and discounts multiplication is completed. If a factor is shown in the calculation methodology below is not applicable, replace such discount or factor with a factor of 1.00.

#### Bodily Injury Calculation:

$$BR * IL * ((CF + PF) - 1) * SF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - SR) * (1 - MC) * (1 - CG) * (1 - MU)] * VU * TF * CR$$

#### Property Damage Calculation:

$$BR * IL * ((CF + PF) - 1) * SF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - SR) * (1 - MC) * (1 - CG) * (1 - MU)] * VU * TF * CR$$

#### Personal Injury Protection Calculation:

$$BR * IL * ((CF + PF) - 1) * SF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - MC) * (1 - CG) * (1 - MU)] * VU * TF * CR$$

#### Uninsured/Underinsured Motorists Calculation:

$$BR * IL * CF * VU * TF * CR$$

#### Medical Payments Calculation:

$$BR * IL * CF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - MC)] * VU * TF * CR$$

#### Comprehensive Calculation:

$$BR * ((CF + PF) - 1) * SF * MY * DF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - SR) * (1 - MC) * (1 - CG) * (1 - MU)] * VU * TF * CR$$

#### Collision Calculation:

$$BR * ((CF + PF) - 1) * SF * MY * DF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - SR) * (1 - MC) * (1 - CG) * (1 - MU)] * VU * TF * CR$$

#### Accidental Death Calculation:

$$BR * TF * CR$$

#### Towing Coverage Calculation:

$$BR * TF * CR$$

#### Rental Coverage Calculation:

$$BR * TF * CR$$

## **APPENDIX 3: VEHICLE SYMBOLS**

Vehicle Symbols are listed in a separate binder.

# **Direct Insurance Company**

## **Underwriting Rules / Rating Guidelines**

**State of  
Arkansas**

# ARKANSAS

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## **RULE 1. BINDING AUTHORITY**

1. Agent binding authority is three (3) days. The signed application and required down payment must be received within three (3) working days of when coverage is bound.
2. Backdating of the effective date is not permitted.
3. The application must be fully completed, including the insured's signature(s).
4. When Physical Damage coverage is written, a pre-insurance inspection form must be completed for vehicles in all territories prior to binding. Please note all existing damage. Inspections are not required on renewal policies.
5. Physical damage coverage may not be written or bound in any area where there is a flash flood, hailstorm, hurricane, tornado or tropical storm warning, watch or occurrence.

## **RULE 2. SR-22 / FINANCIAL RESPONSIBILITY FILING**

A \$10.00 fee and a surcharge are applied per filing.

## **RULE 3. UNACCEPTABLE RISKS**

DIRECT reserves the right to determine the final acceptability of any risk. The agent in determining the acceptability of the risk should use the following guidelines.

### **1. Unacceptable Drivers**

- a. Operators not possessing valid proof of residence. Acceptable proof includes each of the following:
  - 1) a lease for an apartment, house, modular unit, or manufactured home with a Arkansas address signed by the applicant;
  - 2) a current utility bill showing the address of the applicant-payor;
  - 3) a receipt for personal property taxes paid;
  - 4) a valid student ID for a Arkansas school or university;
  - 5) a valid Arkansas vehicle registration;
  - 6) a valid unexpired Arkansas driver's license;
  - 7) a receipt for real property taxes paid to a Arkansas locality;
  - 8) a document similar to that described in #3, issued by the consulate or embassy of another country that would be accepted by the Arkansas Division of Motor Vehicles;
  - 9) a pay stub with the payee's address;
  - 10) a monthly or quarterly financial statement from a Arkansas regulated financial institution; or
  - 11) a valid military ID.

Risks in which the driver(s) has recently moved to Arkansas will be accepted assuming that he/she provides DIRECT with a copy of at least one of these documents within thirty (30) days of policy inception. Risks not providing this proof of residency will be cancelled.

- b. Persons not residing in Arkansas at least six (6) months of the year.
- c. Members of the armed forces not stationed permanently in Arkansas.
- d. Drivers designated as "Habitual Traffic Offenders" on their MVR.
- e. Drivers who have had a policy cancelled by DIRECT for loss experience or misrepresentation.
- f. Drivers without a verifiable garaging address.
- g. Applicants who have been convicted of insurance fraud.
- h. Households with more than six (6) drivers are not permitted.

### **2. Unacceptable Vehicles**

- a. Vehicles used for emergency, racing, delivery messenger, livery, limousine, or taxi service, including vehicles used to haul nursery or school children, migrant workers, hotel/motel guests, and medical/dental/optical patients, food vendors, food/newspaper/mail delivery, towing/repossession, etc.
- b. Rental vehicles or short-term leased vehicles (less than 6 months).
- c. Any vehicle which is leased or rented by the applicant to other operators or loaned on a regular basis.
- d. Vehicles not garaged in Arkansas for at least six (6) months a year.
- e. Recreation vehicles designed for off-road use or dune buggies unless a corresponding recreational vehicle endorsement is purchased.
- f. Motor homes and travel trailers.
- g. Antique vehicles, homebuilt vehicles or kit cars.
- h. Any vehicle carrying explosives or flammable substances.
- i. Vehicles from more than one (1) household listed on a single policy. **Exception:** Does not apply to acceptable student risks.
- j. Vans, pickups and utility vehicles used in business, unless they are used in one (1) of the artisan occupations listed in the [VEHICLE USE](#) section of this manual.
- k. Flatbed trucks, stake trucks and dump trucks.
- l. Cut-away vans, step vans, and vehicles with right hand steering.
- m. Stated value policies.
- n. Driver training vehicles or those cars used for driver training.
- o. Vehicles titled to any governmental body, estate, receivership, corporation or partnership.
- p. Physical damage on any vehicle on which DIRECT has previously paid a total loss claim and which is retained by the Insured.
- q. Vehicles 1984 model year and prior (for physical damage coverage).
- r. Physical damage coverage on any vehicle with a new cost value exceeding \$75,000.
- s. Vehicles with logos or advertising on them, whether removable or permanent.
- t. Any vehicles with a permit to dismantle.
- u. Vehicles modified/altered/restored mechanically or structurally which results in a change in performance or appearance.
- v. Vehicles with modified suspensions including all lowered chassis vehicles, or vehicles with chassis raised more than 6 inches above the normal factory height.
- w. Any vehicle 1969 model year and prior.
- x. Vehicles equipped with cooking equipment or bathrooms.
- y. Policy with two (2) or more business use vehicles.

#### **RULE 4. NON-OWNER COVERAGE**

A Named Operator policy may be written when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

1. Only Liability BI, PD, PIP, UM and UIM may be written.
2. Permissive operator coverage is not included.
3. Use the vehicle use code "NO" when rating.

## **RULE 5. ENDORSEMENTS**

1. All premium change endorsements will reflect the rates and rules in force at the inception of the policy period.
2. Premium charges will be calculated pro-rata.
3. Midterm premium adjustments will be made as a result of a change in:
  - a. autos insured by the policy;
  - b. drivers added to or excluded from the policy; and
  - c. coverage and deductibles.
4. Mid-term premium adjustments will not be made as a result of:
  - a. driver point changes (unless to recognize adding/deleting a driver);
  - b. attained age of driver; or
  - c. rating territory.
5. Return premium of \$10.00 or less will not be refunded unless requested in writing by the insured.
6. Written Endorsements: The following must be submitted in writing and must have the insured's signature and date signed:
  - a. add, delete or change coverage/increase or decrease deductibles.
  - b. add or delete vehicles (unless sold or replaced).
  - c. driver exclusions.
  - d. rejection of PIP, UM and UIM.
  - e. add or delete operators / SR-22 filings.

## **RULE 6. CANCELLATIONS**

1. DIRECT may cancel the policy for any reason within the first sixty (60) days of the policy period, provided that the date of cancellation is at least twenty (20) days after the date of mailing.
2. After the first sixty (60) days of the policy period, DIRECT may cancel the policy with twenty (20) day written notice provided that the cancellation is for one (1) or more of the following reasons:
  - a. Misrepresentation by the insured of any material fact in the procurement or renewal of this policy or in the submission of claims under this policy.
  - b. The Named Insured or any driver of the insured vehicle is **convicted** of:
    - 1) driving while intoxicated;
    - 2) homicide or assault arising out of the use of a motor vehicle; or
    - 3) three (3) separate convictions of speeding or reckless driving or combination of the two (2) during the policy period, including (3) months prior to the effective date of the policy.
  - c. Non-payment of premium (a written notice of cancellation will be mailed or delivered to the last known mailing address of the named insured and any loss payee at least 10 days prior to the effective date of the cancellation.)
3. In the event a policy has three (3) "losses", where loss is defined as money paid out to an insured or third party in satisfaction of a claim, during a twelve (12) month term the policy will be non-renewed giving at least thirty (30) days advance notice. Claims arising from "natural causes" will not be considered when evaluating the loss history.
4. The mailing of notice of cancellation or non-renewal to the insured's address as shown on the Declarations Page will be proof of cancellation or non-renewal.

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5. The insured may cancel the policy by mailing or electronically submitting a signed written request stating the future date that the Insured wishes the cancellation to be effective. The cancellation may not be earlier than the date the request is received unless the request is from the premium finance company. If the request is from the premium finance company, we may elect, at our sole option, to cancel the policy as of the effective date stated in the notice
6. An insufficient down payment will result in a flat cancellation and coverage will be null and void. An insufficient payment or nonpayment of any installment by the due date will result in a cancel notice being sent to the Insured at least ten (10) days in advance of cancellation. If payment is received in our office by the cancel date, the policy will be reinstated.
7. In the event of a total loss, coverage continues until the insured sends a cancellation request to DIRECT.
8. When the cancellation request is due to duplicate coverage and the requested cancellation date is prior to the received date, DIRECT requires proof of duplicate coverage in order to honor the requested cancellation date.
9. DIRECT cannot cancel or non-renew solely because of the administrative revocation or suspension of the driver's license of the owner or operator of the motor vehicle under Arkansas Code 5-65-104.
10. Premium computations for cancellations are as follows:
  - a. Requested by insured: Return premium shall be calculated on a short rate basis.
  - b. Non-payment of premium: Return premium shall be calculated on a 100% pro-rata basis.
  - c. Request of premium finance company: Return premium shall be calculated on a 100% pro-rata basis.
  - d. Request of company: Return premium shall be calculated on a 100% pro-rata basis.

## **RULE 7. MATERIAL MISREPRESENTATIONS OF RISK**

1. If statements in the application differ from records of the Department of Motor Vehicles, the proper additional or return premium will be processed without prior notice. Additionally, the company may elect to cancel for undisclosed violations.
2. Among the information most often misrepresented is:
  - a. drivers (list or exclude all persons age 14 and older in the household);
  - b. driving record;
  - c. vehicle type and use;
  - d. garaging address; and
  - e. state of residency.

## **RULE 8. RENEWALS**

1. A renewal quote will be sent to the insured thirty (30) days prior to expiration, along with instructions to pay DIRECT directly.
2. Payment must be received by DIRECT prior to expiration to ensure continuous coverage.
3. Renewal payments received after the policy expires could result in renewal with a lapse.
4. The Renewal discount will not apply if the policy had a lapse in coverage in the prior 12 months.
5. The Renewal discount will be applicable if the policy is renewed within 10 days of the expiration date and no lapse in coverage in the prior 12 months.
6. Renewal Rate Level Capping:
  - a. Renewal premiums will be capped at ~~40~~15%.

- b. The premium is calculated for the renewal term (True Renewal Premium) and compared to the premium from the current term (Current Term Premium). If the True Renewal Premium exceeds the Current Term Premium by more than 10%, the Final Renewal Premium increase will be capped at 10%.
- c. If a rating characteristic change is made in the prior term or at the time of renewal, the Current Term Premium will be calculated using the new rating characteristic. It will then be compared to the True Renewal Premium calculated using the same characteristics.
- d. To calculate the Final Renewal Premium, a factor is applied to each vehicle and coverage.  
Factor = (Current Term Premium \* 1.10) / True Renewal Premium
- e. This factor will be used each time a change is made to the policy for the term of the policy.
- f. The factor will be re-calculated at each renewal. **Note:** The Current Term Premium used at the second and subsequent renewal will be calculated using any "Factor" applied in the previous renewal.

## **RULE 9. LIABILITY COVERAGE**

1. Bodily Injury (BI)
  - a. The following limits are available:
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
2. Property Damage (PD)
  - a. The following limits are available:
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
3. Uninsured Motorist (UMB/UMP) / Underinsured Motorist (UDB)
  - a. The following limits are available for Uninsured Motorist Bodily Injury (UMB) and Underinsured Motorists Bodily Injury (UDB):
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. The following limits are available for Uninsured Motorist Property Damage (UMP):
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - c. If this coverage is not desired, the insured must sign the Uninsured Motorist rejection form. If this signed form does not accompany the application, these coverages will automatically be added at the Bodily Injury and Property Damage limits and the appropriate premium will be charged.

- d. Coverage must be written on all cars of a multi-car policy at the same limits.
  - e. Uninsured coverage cannot exceed the liability coverage limits.
  - f. UDB will be offered after UMB is accepted.
4. Personal Injury Protection (PIP)
- a. The following benefits are provided:
    - 1) \$5,000 Medical/Hospital;
    - 2) Income Disability; and
    - 3) \$5,000 Accidental Death.
5. Medical Payments (MP)
- a. Medical Payments is optional.
  - b. It can only be written on policies with Liability coverage.
  - c. Medical Payments limits must be the same on all vehicles on the policy.
  - d. Limits available:
    - 1) \$250;
    - 2) \$500;
    - 3) \$1,000; and
    - 4) \$2,000.
6. Accidental Death (AD)
- a. Accidental Death is an optional coverage, providing \$5,000 paid to the Named Insured's estate as specified in the policy.

## **RULE 10. PHYSICAL DAMAGE COVERAGE**

1. Comprehensive/Collision (CMP/COL)
- a. The following deductibles are available:
    - 1) \$100;
    - 2) \$250;
    - 3) \$500;
    - 4) \$750; and
    - 5) \$1,000.
  - b. A \$250 deductible applies to lienholders upon repossession with damage.
  - c. Both Comprehensive and Collision must be written where Physical Damage coverage is chosen.
  - d. The same deductible must be chosen for Collision and Comprehensive.
2. Towing (TOW)
- a. Towing is an optional coverage, providing up to \$25 reimbursement per occurrence.
  - b. Coverage may only be written on cars providing Comprehensive and Collision coverages.
3. Rental Car (RNT)
- a. Rental is an optional coverage, providing \$10/day reimbursement up to \$300.
  - b. It may only be written on cars providing Comprehensive and Collision coverages.

## **RULE 11. RATING PROCEDURES**

1. Annual policies are rated with a factor of 1.90 times the semi-annual rate.
2. The premium for each coverage and vehicle shall be rounded to the nearest dollar. \$0.50 and over will be rounded up.
3. Determine Territory code from [APPENDIX 1: TERRITORY DEFINITIONS](#). Do not use “Bureau” definitions. Use the zip code where the vehicle is principally garaged, not the mailing zip code.
4. Vehicle Symbols:
  - a. Determine Liability and Physical Damage Vehicle Rating Symbol from [APPENDIX 3: VEHICLE SYMBOLS](#).
  - b. Interim rating symbol determination for unlisted vehicles:
    - 1) 1984 and prior are not listed in [APPENDIX 3: VEHICLE SYMBOLS](#):
      - a) Use the liability symbol in the rate tables, which is most descriptive of the vehicle, e.g., T for truck, F for 4x4 trucks, V for van, C for convertible, etc.
      - b) Physical Damage coverage is not available; use Physical Damage symbol “Z”.
    - 2) 2004 and subsequent:
      - a) If [APPENDIX 3: VEHICLE SYMBOLS](#) displays a rating symbol for the prior model year version of the same vehicle, use the prior model year’s symbol for the new model year vehicle.
      - b) If [APPENDIX 3: VEHICLE SYMBOLS](#) does not display a symbol for the prior model year version of the same vehicle, assign a symbol based on the cost new (MSRP) of the auto using the Price/Symbol Chart located in the rate tables.
5. Model Year – If the factors are not displayed for the model year in Appendix 2. Multiply the factor for the latest model year by 1.05 for each subsequent year.

## **RULE 12. POLICY FEES**

1. Policy Fee: ~~\$2025~~.00 earned at inception on each new and renewal policy.
2. SR-22: \$25.00 per filing.
3. Reinstatement Fee: \$5.00 for each policy where cancellation notice has been issued and the insured desires continuation of coverage.
4. Installment Billing Fee: \$8.00 per installment or \$2.00 per EFT installment.
5. Late Fee: \$10.00 for each late installment payment.
6. NSF Fee: \$25.00 for each payment returned to the company for insufficient funds.

## **RULE 13. DISCOUNTS**

1. Safe Driver Discount
  - a. A credit applies if all operators are violation and accident free for the preceding twelve (12) months.
  - b. This discount applies to both new and renewal business.
  - c. This discount will apply to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverages.

2. Prior Insurance (New Business)
  - a. A credit applies for the first year of a policy. The discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverage.
  - b. Applicant must provide verification of at least 6 months of continuous prior liability coverage, with no more than seven (7) days of lapse in previous coverage allowed.
  - c. Acceptable verification of prior coverage will be a renewal quote or a letter from the prior agent or insurance company.
  - d. A photocopy of the acceptable verification listed above must accompany the New Business.
3. Renewal Discount
  - a. Credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverage as follows:
    - 1) 12 month renewal
    - 2) 24 month renewal
    - 3) 36 month and subsequent renewals
  - b. The Renewal discount will not apply if the policy had a lapse in coverage in the prior 12 months.
  - c. The Renewal discount will be applicable if the policy is renewed within 10 days of the expiration date and no lapse in coverage in the prior 12 months.
4. Multi-Car Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverage if carried on each auto.
  - b. More than one (1) car must be covered on the same policy.
5. Senior Citizen Discount
  - a. A credit applies to Bodily Injury, Property Damage, Comprehensive and Collision coverages.
  - b. This discount is available to drivers 55 and older. Applicants must submit a copy of the certificate indicating successful completion of a Motor Vehicle Accident Prevention Course, which has been approved by the State of Arkansas. If previously received by company, no further proof is required at renewal.
  - c. This discount applies only to the driver completing the course.
  - d. This discount is valid for thirty-six (36) months following course completion.
  - e. Discount does not apply if course is taken as a punishment specified by a court or other governmental entity resulting from a moving violation.
6. College Graduate Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision coverages.
  - b. Available to drivers under the age of twenty-five (25) who have graduated from a college or university and whose cumulative scholastic records show that the insured attained one (1) of the following:
    - 1) If letter grades are used, had a grade average of "B" or higher; or
    - 2) Had at least a 3 point average on a 4 point scale (or equivalent).
  - c. A copy of his/her college transcript is required and must accompany the application for the discount to apply. If previously received by company, no further proof is required at renewal.
7. Maximum Discount
 

The maximum allowable discount is 45% per policy. Discounts are multiplicative not additive, e.g., a 10% discount and a 5% discount is not 15%, but  $1-(1-10\%) \times (1-5\%) = 14.5\%$ .

## **RULE 14. DRIVER CLASSES**

1. The highest rated driver is matched to the highest rated vehicle.
2. The driver classification to be used in the rating of DIRECT automobile policies is a combination of gender, marital status and age.
3. Where there are more cars than drivers on a policy, additional cars will be rated with Class 1 with zero (0) points.
4. Report all persons fourteen (14) years of age and older living in the insured's household, whether or not they are licensed. These persons must be included in the rating or must be specifically excluded.
5. Married class includes legally married and residing with spouse.
6. Single class includes persons who are single, divorced, separated, widowed or living together while not married.
7. Roommates must be included in the rating of a policy unless specifically excluded.
8. In the event that DIRECT discovers a previously undeclared operator at any time during the policy period, DIRECT deserves the right to:
  - a. void for misrepresentation; or
  - b. add the operator to the policy as of the effective date of the policy period and add a violation code of 402. This point surcharge will only be applied to the policy period for which they are added. At renewal the surcharge will be removed. (We will run an MVR at the time the driver is added and add all prior violations to the policy. These will not be removed at renewal.) If the operator is involved in an at-fault-accident, the accident will be added and charged at renewal.

## **RULE 15. DRIVING RECORD/POINT COUNT PROCEDURES**

1. Point values are assessed for all accidents and violations which occur in the thirty-five (35) month period immediately preceding the policy inception date.
2. Multiple Violations: If two (2) or more violations or an accident and a violation result from the same incident, we will charge only for the highest rated violation or accident.
3. Violation Point Class:

<b>Description</b>	<b>Points 1<sup>st</sup> Occurrence</b>	<b>Points 2<sup>nd</sup> Occurrence</b>	<b>Points Each Additional Occurrence</b>
AAF – At-Fault Accident	4	6	9
DWI – Driving Under the Influence	1	2	5
IND – No Charge	0	0	0
MAJ – Major Violation	4	4	4
MIN – Minor Violation	2	3	2
NAF – Not-At-Fault	0	0	0
SPD – Speeding	2	1	1

4. Point Assignments:

Description	Violation Code	Violation Point Class
At-Fault Accident	301	AAF
Auto Theft/Felony Motor Vehicle	605	MAJ
Careless/Improper Operation	101	MAJ
Comprehensive Claim	007	IND
Drag Racing	118	MAJ
Drive Under Influence Drugs / Alcohol	602	DWI
Drive while License Revoked / Suspended	302	MIN
Driving without License	303	MIN
Failure to Follow Traffic Device / Sign	110	MIN
Failure to Yield	111	MIN
Fleeing from Police	606	MAJ
Following too Close	112	MIN
Foreign Driver's License	401	MAJ
Improper Backing	113	MIN
Improper Passing	114	MIN

Description	Violation Code	Violation Point Class
Improper Turn	124	MIN
Leaving the Scene	608	MAJ
Minor Moving Violation	115	MIN
Not-At-Fault Accident	011	NAF
Open Bottle	116	DWI
Passing a Stopped School Bus	117	MAJ
Reckless Driving	305	MAJ
Speeding	201	SPD
Suspended, Revoked or Cancelled License	404	MAJ
Undisclosed Driver	402	MAJ
Unverifiable Driving Record	403	MAJ
Vehicular Homicide	601	MAJ
Without Owner's Consent	603	MAJ
Wrong Way on One-Way Street	107	MIN

5. All accidents will be considered chargeable unless the Named Insured demonstrates (1) one of the following:
- a. Applicant's automobile was lawfully parked.
  - b. Judgment or reimbursement was obtained from responsible party.
  - c. Struck in rear and not convicted of a moving traffic violation.
  - d. Struck by hit-and-run driver and such accident were reported by applicant to proper authorities within twenty-four (24) hours.

- e. Applicant was not convicted of a moving traffic violation in connection with the accident and the other operator of the vehicle involved in such accident was convicted of a moving traffic violation.
  - f. Applicant was finally adjudicated not to be liable by a court of competent jurisdiction.
  - g. Accidents involving Physical Damage, limited to and caused by flying gravel, missiles, falling objects or by contact with animals or fowl.
  - h. Applicant was operating vehicle other than a private passenger auto, motor home or motorcycle at time of accident.
  - i. In receipt of a traffic citation which was dismissed or nolle prosequi.
6. If the operator at the time of accident/violation was on duty as a paid or volunteer member of any Police or Fire Department, First-Aid Squad, or any Law Enforcement Agency, the accident/violation is not chargeable.
7. Driver's License Status – Operators not possessing a valid driver's license will be assigned a surcharge. Specific situations are addressed below:
- a. Individuals serving full-time in the military and permanently stationed in Arkansas are not required to obtain an Arkansas license and will not be surcharged.
  - b. Foreign and International Driver's Licenses: Drivers who have a valid foreign or international driver's license but not a valid U.S. license will be surcharged. The surcharge will apply until the insured is able to submit proof of a valid U.S. license having been in effect for at least twelve (12) months. Assign the Foreign Driver's License surcharge, i.e. code 401.
  - c. Assign Unverifiable Driving Record surcharge, i.e. code 403:
    - 1) A major violation will be charged on any driver whose driving record cannot be verified by a state's Bureau of Motor Vehicles (not including drivers under 19).
    - 2) The charge will be removed effective the policy inception date if DIRECT receives a valid current MVR (contains at least 12 months of driving history). The MVR must be no more than thirty (30) days old and must be received within sixty (60) days of the policy inception.
    - 3) Drivers with a learner's permit will not be charged for an Unverifiable Driving Record during the first policy term. The Unverifiable Driving Record points will be assessed during the second and subsequent policy terms if an MVR remains unobtainable.
  - d. Any driver whose license is suspended, revoked or cancelled will be surcharged. Once proof can be provided of the driver's license reinstatement, the surcharge can be removed effective the date of the license reinstatement. To have the surcharge removed, the driver needs to have their license reinstated and be able to show proof of a valid Arkansas license. Assign the Suspended, Revoked or Cancelled License surcharge, i.e. code 404.
  - e. Note that only one of these above surcharges will apply, i.e. they are mutually exclusive

## **RULE 16. VEHICLE USE**

<b>Vehicle Use Relativity Table</b>	<b>BI</b>	<b>PD</b>	<b>PIP</b>	<b>UMB</b>	<b>UDB</b>	<b>MP</b>	<b>CMP</b>	<b>COL</b>
Pleasure (PL)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business Use (BU)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Non-Owner (NO)	0.90	0.90	0.90	0.90	0.90	N/A	N/A	N/A

1. Pleasure Use (PL): Includes vehicles driven for pleasure, to and from work or school and for farm/ranch use. There should be no regular business use of the vehicle in connection with the driver's occupation, profession, or business other than commuting to and from work or school.
2. Business Use (BU):

- a. A surcharge will be applied to risks in which the automobile is used regularly in support of the insured's business or profession.
  - b. DIRECT will only accept the risk if the vehicle is individually owned.
  - c. The following professions are deemed acceptable:
    - 1) Sales;
    - 2) Lawyers;
    - 3) Clergymen;
    - 4) Realtors; and
    - 5) Visiting Nurses.
  - d. Artisan Risks: Pickups, vans and utility vehicles.
    - 1) When the business use of these vehicles consists solely of carrying tools and supplies between the Named Insured's home and the job site, DIRECT will accept the risk subject to the following:
      - a) the vehicle is individually owned;
      - b) the vehicle is operated solely by the Named Insured and family members;
      - c) the insured has no more than one (1) vehicle in this category; and
      - d) the vehicle is visiting no more than three (3) job sites per day.
    - 2) The occupations that fall under the category of Artisan are the following:
      - a) Aluminum Contractors;
      - b) Air Conditioning/Heating;
      - c) Bricklayers/Masonry;
      - d) Cabinet Installers;
      - e) Carpenters;
      - f) Concrete Contractors;
      - g) Electrical Contractors;
      - h) Fence Installers;
      - i) Glass Installers;
      - j) Interior Decorators;
      - k) Painters;
      - l) Plaster/Stucco Contractors;
      - m) Repair – Appliances;
      - n) Repair – Handyman;
      - o) Screened Enclosure Erectors;
      - p) Surveyors;
      - q) Swimming Pool Installers; and
      - r) Tree Surgeons.
  - e. Risks will not be accepted in those instances where there is for-hire pickup and delivery of goods or debris, flammable or explosives are transported or where the vehicle is hauling equipment with a weight in excess of 2,000 pounds or has a GVW of 10,000 pounds or more.
3. Non-Owner (NO): Used when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

## RULE 17. PAYMENT PLANS

The total premium including fees is due at the beginning of the policy period, unless the insured elects one (1) of the following installment plan options.

Policy Term	Due Dates*	Number of Installments	NEW BUSINESS		RENEWAL BUSINESS	
			Down Payment	Installment Percent	Down Payment	Installment Percent
6	-	-	100.0000%	-	100.0000%	-
6	3 mos. from inception	1	50.0000%	50.0000%	50.0000%	50.0000%

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Policy Term	Due Dates*	Number of Installments	NEW BUSINESS		RENEWAL BUSINESS	
			Down Payment	Installment Percent	Down Payment	Installment Percent
6	2 and 4 mos. from inception	2	40.0000%	30.0000%	40.0000%	30.0000%
6	Monthly	4	41.6800%	14.5800%	41.6800%	14.5800%
6	Monthly	4	30.0000%	17.5000%	30.0000%	17.5000%
6	Monthly	4	N/A	N/A	25.0000%	18.7500%
6	Monthly—EFT Required	4	25.0000%	18.7500%	25.0000%	18.7500%
6	Monthly—EFT Required	4	20.0000%	20.0000%	20.0000%	20.0000%
6	Monthly	5	30.0000%	14.0000%	30.0000%	14.0000%
6	Monthly	5	N/A	N/A	25.0000%	15.0000%
6	20/27	5	25.0000%	15.0000%	25.0000%	15.0000%
6	20/27	5	N/A	N/A	22.0000%	15.6000%
6	7/28	5	20.2400%	15.9520%	17.6000%	16.4800%
6	8/28	5	20.9600%	15.8080%	18.2300%	16.3540%
6	9/28	5	21.6900%	15.6620%	18.8600%	16.2280%
6	10/28	5	22.4100%	15.5180%	19.4900%	16.1020%
6	11/28	5	23.1300%	15.3740%	20.1100%	15.9780%
6	12/28	5	23.8500%	15.2300%	20.7400%	15.8520%
6	13/28	5	24.5800%	15.0840%	21.3700%	15.7260%
6	14/28	5	21.9000%	15.6200%	21.9000%	15.6200%
6	14/28	5	N/A	N/A	22.0000%	15.6000%
6	15/28	5	26.0200%	14.7960%	22.6300%	15.4740%
6	16/28	5	26.7500%	14.6500%	23.2600%	15.3480%
6	17/28	5	27.4700%	14.5060%	23.8900%	15.2220%
6	18/28	5	28.1900%	14.3620%	24.5100%	15.0980%
6	19/28	5	28.9100%	14.2180%	25.1400%	14.9720%
6	20/28	5	29.6400%	14.0720%	25.7700%	14.8460%
6	21/28	5	30.3600%	13.9280%	26.4000%	14.7200%
6	7/30	5	18.0000%	16.4000%	15.0000%	17.0000%
6	8/30	5	18.5000%	16.3000%	15.4200%	16.9160%
6	9/30	5	19.0000%	16.2000%	15.8300%	16.8340%
6	10/30	5	19.5000%	16.1000%	16.2500%	16.7500%
6	11/30	5	20.0000%	16.0000%	16.6700%	16.6660%
6	12/30	5	20.5000%	15.9000%	17.0800%	16.5840%
6	13/30	5	21.0000%	15.8000%	17.5000%	16.5000%
6	14/30	5	21.5000%	15.7000%	17.9200%	16.4160%
6	15/30	5	22.0000%	15.6000%	18.3300%	16.3340%
6	16/30	5	22.5000%	15.5000%	18.7500%	16.2500%
6	17/30	5	23.0000%	15.4000%	19.1700%	16.1660%
6	18/30	5	23.5000%	15.3000%	19.5800%	16.0840%
6	19/30	5	24.0000%	15.2000%	20.0000%	16.0000%

Policy Term	Due Dates*	Number of Installments	NEW-BUSINESS		RENEWAL BUSINESS	
			Down Payment	Installment Percent	Down Payment	Installment Percent
6	20/30	5	24.5000%	15.1000%	20.4200%	15.9160%
6	21/30	5	25.0000%	15.0000%	20.8300%	15.8340%
6	22/30	5	25.5000%	14.9000%	21.2500%	15.7500%
6	23/30	5	26.0000%	14.8000%	21.6700%	15.6660%
6	24/30	5	26.5000%	14.7000%	22.0800%	15.5840%
6	25/30	5	27.0000%	14.6000%	22.5000%	15.5000%
6	26/30	5	27.5000%	14.5000%	22.9200%	15.4160%
6	27/30	5	28.0000%	14.4000%	23.3300%	15.3340%
6	28/30	5	28.5000%	14.3000%	23.7500%	15.2500%
6	29/30	5	29.0000%	14.2000%	24.1700%	15.1660%
6	30/30	5	29.5000%	14.1000%	24.5800%	15.0840%
6	31/30	5	30.0000%	14.0000%	25.0000%	15.0000%
12	-	-	100.0000%	-	100.0000%	-
12	3, 7 and 10 mos. from inception	3	25.0000%	25.0000%	25.0000%	25.0000%
12	Monthly	10	30.0000%	7.0000%	N/A	N/A
12	Monthly	10	25.0000%	7.5000%	25.0000%	7.5000%
12	Monthly	10	20.0000%	8.0000%	20.0000%	8.0000%
12	Monthly	10	16.7000%	8.3300%	16.7000%	8.3300%
12	Monthly	10	15.0000%	8.5000%	N/A	N/A
12	Monthly -- EFT Required	10	12.5000%	8.7500%	12.5000%	8.7500%
12	Monthly	11	15.0000%	7.7273%	15.0000%	7.7273%
12	Monthly	11	N/A	N/A	12.5000%	7.9545%
12	20/27	12	27.0000%	6.0800%	20.8000%	6.6000%
12	20/27	12	15.0000%	7.0834%	15.0000%	7.0834%
12	20/27	12	13.5000%	7.2100%	N/A	N/A
12	20/27	5	N/A	N/A	11.0000%	17.8000%
12	7/28	12	10.1200%	7.4900%	8.8000%	7.6000%
12	8/28	12	10.4800%	7.4600%	9.1100%	7.5742%
12	9/28	12	10.8400%	7.4300%	9.4300%	7.5475%
12	10/28	12	11.2000%	7.4000%	9.7400%	7.5217%
12	11/28	12	11.5700%	7.3692%	10.0600%	7.4950%
12	12/28	12	11.9300%	7.3392%	10.3700%	7.4692%
12	13/28	12	12.2900%	7.3092%	10.6900%	7.4425%
12	14/28	12	25.2000%	6.2300%	16.0000%	7.0000%
12	14/28	12	12.6500%	7.2800%	N/A	N/A
12	14/28	5	N/A	N/A	11.0000%	17.8000%
12	15/28	12	13.0100%	7.2492%	11.3100%	7.3908%
12	16/28	12	13.3700%	7.2192%	11.6300%	7.3642%
12	17/28	12	13.7300%	7.1892%	11.9400%	7.3383%

Policy Term	Due Dates*	Number of Installments	NEW-BUSINESS		RENEWAL BUSINESS	
			Down Payment	Installment Percent	Down Payment	Installment Percent
12	18/28	12	14.1000%	7.1583%	12.2600%	7.3117%
12	19/28	12	14.4600%	7.1283%	12.5700%	7.2858%
12	20/28	12	14.8200%	7.0983%	12.8900%	7.2592%
12	21/28	12	15.1800%	7.0683%	13.2000%	7.2333%
12	7/30	11	9.0000%	8.2727%	7.5000%	8.4091%
12	8/30	11	9.2500%	8.2500%	7.7100%	8.3900%
12	9/30	11	9.5000%	8.2273%	7.9200%	8.3709%
12	10/30	11	9.7500%	8.2045%	8.1300%	8.3518%
12	11/30	11	10.0000%	8.1818%	8.3300%	8.3336%
12	12/30	11	10.2500%	8.1591%	8.5400%	8.3145%
12	13/30	11	10.5000%	8.1364%	8.7500%	8.2955%
12	14/30	11	10.7500%	8.1136%	8.9600%	8.2764%
12	15/30	11	11.0000%	8.0909%	9.1700%	8.2573%
12	16/30	11	11.2500%	8.0682%	9.3800%	8.2382%
12	17/30	11	11.5000%	8.0455%	9.5800%	8.2200%
12	18/30	11	11.7500%	8.0227%	9.7900%	8.2009%
12	19/30	11	12.0000%	8.0000%	10.0000%	8.1818%
12	20/30	11	12.2500%	7.9773%	10.2100%	8.1627%
12	21/30	11	12.5000%	7.9545%	10.4200%	8.1436%
12	22/30	11	12.7500%	7.9318%	10.6300%	8.1245%
12	23/30	11	13.0000%	7.9091%	10.8300%	8.1064%
12	24/30	11	13.2500%	7.8864%	11.0400%	8.0873%
12	25/30	11	13.5000%	7.8636%	11.2500%	8.0682%
12	26/30	11	13.7500%	7.8409%	11.4600%	8.0491%
12	27/30	11	14.0000%	7.8182%	11.6700%	8.0300%
12	28/30	11	14.2500%	7.7955%	11.8800%	8.0109%
12	29/30	11	14.5000%	7.7727%	12.0800%	7.9927%
12	30/30	11	14.7500%	7.7500%	12.2900%	7.9736%
12	31/30	11	15.0000%	7.7273%	12.5000%	7.9545%

\*—Due dates in the form of xx/dd is defined as: the first installment is due (xx) days after the inception of the policy, with remaining installments due every (dd) days thereafter.

1. Paid in Full –The total premium including fees must be paid in full at the time of acceptance. Every applicant has the option to pay his total premium in full.
2. In addition to Paid in Full, the Company may offer one or more of the following installment plan options:
  - a. 14/28 Installment Payment Plan (14/28) – A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due fourteen days from the effective policy date and subsequent payments are due every twenty-eight days thereafter.

- b. 20/27 Installment Payment Plan (20/27) –A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due twenty days from the effective policy date and subsequent payments due every twenty-seven days thereafter.
  - c. Monthly 10 Installment Payment Plan (10 Pay) - A down payment\* is due at signing with the balance equally distributed over four payments for semi-annual plans and ten payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.
  - d. Monthly 11 Installment Payment Plan (11 Pay) - A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and eleven payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.
- 3. Flex Day Option – If an installment payment plan is selected, the insured has the option to modify it by selecting the date on which the first payment is due for each of the above payment plans (14/28, 20/27, 10 Pay, 11 Pay). The first payment date must be at least seven days and no more than 30 from the effective date of the policy. The down payment will be adjusted based on the first payment date selected. The subsequent payments will follow the attributes of the applicable pay plan chosen.
- 4. Down Payments – Where applicable, down payments comply with state minimum requirements. Amounts vary based on the plan chosen, payment date chosen (in the case of Flex Day Payment Plan), and distribution channel. Down payment amounts may also be adjusted based on one or more of the following factors: a territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history.
- 5. The following fees are assessed on installment plans.
  - a. Processing Fee: A fully earned \$25.00 installment processing fee is due at inception of policy.
  - b. Installment Fee: \$8.00 per installment, excluding the down payment, due with installment.
  - c. Late Fee: A late fee of \$10.00 will be charged on any installment postmarked or received five (5) or more days after the installment due date.
  - d. NSF Fee: \$25.00 for each payment returned to DIRECT for payments made with insufficient funds.

Restrictions/Limitations: The Company reserves the right to limit availability of one or more installment plan options based on one or more of the following factors: territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history. The Company utilizes various sales distribution channels, including local agency store fronts, tele-market and internet. Not all payment plans are available in all distribution channels.

4-

## APPENDIX 1: TERRITORY DEFINITIONS

ZIP Code	System Territory
71601	060
71602	060
71603	060
71611	060
71612	060
71613	060
71630	146
71631	011
71635	146
71638	146
71639	146
71640	146
71642	146
71643	147
71644	136
71646	146
71647	012
71649	019
71651	011
71652	146
71653	146
71654	146
71655	146
71656	146
71657	146
71658	146
71659	136
71660	142
71661	146
71662	146
71663	146
71665	146
71666	146
71667	147
71670	146
71671	011
71674	146
71675	146
71676	146
71677	146
71678	145
71701	015
71711	015
71720	002
71721	001
71722	016
71724	007
71725	004
71726	009
71728	001
71730	007

ZIP Code	System Territory
71731	007
71740	009
71742	005
71743	001
71744	008
71745	008
71747	013
71748	143
71749	009
71750	007
71751	009
71752	009
71753	047
71754	047
71758	009
71759	007
71762	009
71763	006
71764	009
71765	013
71766	005
71768	007
71769	019
71770	047
71772	001
71801	050
71802	050
71820	026
71822	026
71823	024
71825	024
71826	047
71827	009
71828	018
71831	026
71832	025
71833	025
71834	047
71835	017
71836	026
71837	047
71838	026
71839	047
71840	047
71841	025
71842	024
71844	017
71845	048
71846	024
71847	024
71851	024

ZIP Code	System Territory
71852	024
71853	027
71854	048
71855	024
71857	014
71858	049
71859	024
71860	048
71861	048
71862	024
71864	016
71865	024
71866	024
71901	029
71902	029
71903	029
71909	029
71910	029
71913	029
71914	029
71920	028
71921	028
71922	014
71923	003
71929	029
71932	022
71933	029
71935	028
71937	022
71940	030
71941	003
71942	019
71943	028
71944	022
71945	022
71949	061
71950	028
71952	022
71953	022
71956	029
71957	020
71958	022
71959	022
71960	020
71961	021
71962	003
71964	029
71965	021
71968	029
71969	021
71970	021

ZIP Code	System Territory
71971	022
71972	022
71973	022
71998	019
71999	019
72001	072
72002	064
72003	122
72004	123
72005	094
72006	092
72007	131
72010	093
72011	063
72012	135
72013	103
72014	091
72015	063
72016	076
72017	130
72018	063
72020	116
72021	121
72022	201
72023	067
72024	124
72025	074
72026	122
72027	072
72028	106
72029	122
72030	072
72031	106
72032	129
72033	129
72034	129
72035	075
72036	127
72037	059
72038	122
72039	132
72040	135
72041	122
72042	122
72043	101
72044	110
72045	133
72046	059
72047	131
72048	118
72051	108

ZIP Code	System Territory
72052	135
72053	057
72055	120
72057	144
72058	132
72059	092
72060	135
72061	132
72063	072
72064	122
72065	064
72066	135
72067	106
72068	135
72069	122
72070	072
72071	019
72072	122
72073	122
72074	127
72075	101
72076	066
72078	066
72079	060
72080	072
72081	113
72082	135
72083	128
72084	062
72085	135
72086	059
72087	061
72088	072
72089	201
72099	066
72101	092
72102	135
72103	201
72104	200
72105	019
72106	129
72107	076
72108	121
72110	072
72111	131
72112	101
72113	064
72114	065
72115	065
72116	064
72117	064
72118	064
72119	065
72120	066

ZIP Code	System Territory
72121	114
72122	201
72123	092
72124	203
72125	072
72126	072
72127	076
72128	062
72129	062
72130	110
72131	134
72132	060
72133	120
72134	122
72135	064
72136	134
72137	134
72139	093
72140	122
72141	072
72142	066
72143	135
72145	135
72149	135
72150	063
72152	060
72153	104
72156	072
72157	072
72160	122
72164	057
72165	101
72166	117
72167	063
72168	058
72169	101
72170	122
72173	128
72175	119
72176	131
72178	135
72179	114
72180	064
72181	132
72182	058
72183	057
72189	092
72190	201
72198	202
72199	201
72201	057
72202	057
72203	057
72204	057

ZIP Code	System Territory
72205	064
72206	057
72207	064
72209	056
72210	064
72211	064
72212	064
72214	057
72215	064
72216	057
72217	064
72219	056
72221	064
72222	064
72223	064
72225	064
72227	064
72231	064
72260	057
72295	057
72301	158
72303	206
72310	054
72311	154
72312	154
72313	054
72314	019
72315	054
72316	054
72319	054
72320	153
72321	054
72322	148
72324	089
72325	205
72326	148
72327	155
72328	126
72329	054
72330	054
72331	151
72332	155
72333	153
72335	153
72336	204
72338	054
72339	155
72340	154
72341	156
72342	157
72346	151
72347	089
72348	156
72350	054

ZIP Code	System Territory
72351	054
72352	154
72353	153
72354	051
72355	154
72358	054
72359	153
72360	154
72364	158
72365	053
72366	157
72367	125
72368	154
72369	154
72370	054
72372	153
72373	149
72374	157
72376	155
72377	053
72379	137
72381	019
72383	157
72384	155
72386	051
72387	150
72389	154
72390	157
72391	054
72392	154
72394	151
72395	054
72396	150
72401	055
72402	055
72403	055
72404	053
72410	140
72411	053
72412	141
72413	141
72414	053
72415	138
72416	141
72417	053
72419	053
72421	097
72422	141
72424	141
72425	141
72426	054
72427	097
72428	054
72429	089

ZIP Code	System Territory
72430	141
72431	101
72432	052
72433	140
72434	138
72435	141
72436	141
72437	053
72438	054
72439	055
72440	138
72441	141
72442	054
72443	053
72444	141
72445	140
72447	053
72449	141
72450	053
72451	053
72453	141
72454	053
72455	141
72456	141
72457	096
72458	138
72459	138
72460	138
72461	053
72462	141
72464	141
72465	139
72466	138
72467	053
72469	138
72470	141
72471	096
72472	051
72473	102
72474	053
72475	089
72476	140
72478	141
72479	089
72482	100
72501	116
72503	116
72512	100
72513	100
72515	099
72516	019
72517	099
72519	046
72520	099

ZIP Code	System Territory
72521	100
72522	095
72523	114
72524	101
72525	100
72526	115
72527	116
72528	098
72529	100
72530	109
72531	098
72532	100
72533	108
72534	116
72536	099
72537	046
72538	098
72539	100
72540	099
72542	100
72543	112
72544	046
72545	112
72546	114
72550	114
72553	116
72554	100
72555	115
72556	099
72557	019
72560	108
72561	111
72562	101
72564	101
72565	099
72566	099
72567	115
72568	116
72569	138
72571	101
72572	096
72573	111
72575	116
72576	099
72577	100
72578	098
72579	116
72581	114
72583	098
72584	099
72585	099
72587	099
72601	041
72602	041

ZIP Code	System Territory
72610	019
72611	042
72613	034
72615	041
72616	042
72617	045
72619	046
72623	046
72624	042
72626	046
72628	040
72629	106
72630	041
72631	042
72632	034
72633	042
72634	046
72635	046
72636	044
72638	042
72639	105
72640	042
72641	042
72642	046
72644	041
72645	038
72648	042
72650	038
72651	046
72653	046
72654	046
72655	042
72657	108
72658	046
72660	042
72661	046
72662	042
72663	108
72666	042
72668	046
72669	042
72670	042
72672	041
72675	044
72677	041
72679	107
72680	108
72682	041
72683	042
72685	042
72686	037
72687	041
72701	032
72702	032

ZIP Code	System Territory
72703	032
72704	032
72711	032
72712	032
72714	032
72715	032
72716	032
72717	086
72718	032
72719	032
72721	042
72722	032
72727	032
72728	032
72729	080
72730	032
72732	031
72733	031
72734	032
72735	032
72736	032
72737	032
72738	035
72739	032
72740	035
72741	032
72742	042
72744	032
72745	032
72747	032
72749	086
72751	032
72752	042
72753	032
72756	032
72757	032
72758	032
72760	042
72761	032
72762	032
72764	032
72765	032
72766	032
72768	032
72769	032
72770	032
72773	042
72774	032
72776	042
72801	074
72802	074
72811	074
72812	074
72820	071

ZIP Code	System Territory
72821	071
72823	074
72824	071
72826	071
72827	071
72828	071
72829	074
72830	071
72832	071
72833	071
72834	074
72835	073
72837	074
72838	069
72839	071
72840	071
72841	069
72842	071
72843	072
72845	071

ZIP Code	System Territory
72846	071
72847	074
72851	071
72852	043
72853	073
72854	070
72855	071
72856	036
72857	071
72858	074
72860	071
72863	071
72865	071
72901	081
72902	084
72903	084
72904	084
72905	084
72906	084
72908	084

ZIP Code	System Territory
72913	084
72914	084
72916	084
72917	084
72918	084
72919	084
72921	084
72923	084
72924	077
72926	023
72927	088
72928	071
72930	068
72932	087
72933	083
72934	087
72935	084
72936	084
72937	085
72938	079

ZIP Code	System Territory
72940	079
72941	084
72943	071
72944	077
72945	079
72946	087
72947	082
72948	087
72949	088
72950	069
72951	071
72952	082
72955	087
72956	084
72957	084
72958	077
72959	033

## APPENDIX 2: PREMIUM CALCULATIONS

### Abbreviations:

BR	Base Rate
CF	Class Factor
SF	Symbol Factor
DF	Deductible Factor
IL	Increased Limit Factor
MY	Model Year Factor
PF	Point Factor
TF	Term Factor
CR	Renewal Cap Factor

SD	Safe Driver Discount
RD	Renewal Discount
MC	Multi-Car Discount
SR	Senior Driver Discount
PI	Prior Insurance Discount
VU	Vehicle Use
CG	College Graduate Discount
MX	Maximum Discount

### Calculation Notes:

All rounding is done after all factor and discounts multiplication is completed. If a factor is shown in the calculation methodology below is not applicable, replace such discount or factor with a factor of 1.00.

#### Bodily Injury Calculation:

$$BR * IL * ((CF + PF) - 1) * SF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - SR) * (1 - MC) * (1 - CG)] * VU * TF * CR$$

#### Property Damage Calculation:

$$BR * IL * ((CF + PF) - 1) * SF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - SR) * (1 - MC) * (1 - CG)] * VU * TF * CR$$

#### Personal Injury Protection Calculation:

$$BR * IL * ((CF + PF) - 1) * SF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - MC) * (1 - CG)] * VU * TF * CR$$

#### Uninsured/Underinsured Motorists Calculation:

$$BR * IL * CF * VU * TF * CR$$

#### Medical Payments Calculation:

$$BR * IL * CF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - MC)] * VU * TF * CR$$

#### Comprehensive Calculation:

$$BR * ((CF + PF) - 1) * SF * MY * DF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - SR) * (1 - MC) * (1 - CG)] * VU * TF * CR$$

#### Collision Calculation:

$$BR * ((CF + PF) - 1) * SF * MY * DF * MAX[1 - MX, (1 - SD) * (1 - PI) * (1 - RD) * (1 - SR) * (1 - MC) * (1 - CG)] * VU * TF * CR$$

#### Accidental Death Calculation:

$$BR * TF * CR$$

#### Towing Coverage Calculation:

$$BR * TF * CR$$

#### Rental Coverage Calculation:

$$BR * TF * CR$$

## APPENDIX 3: VEHICLE SYMBOLS

Vehicle Symbols are listed in a separate binder.

# **Direct National Insurance Company**

## **Underwriting Rules / Rating Guidelines**

**State of  
Arkansas**

# ARKANSAS

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## **RULE 1. BINDING AUTHORITY**

1. Agent binding authority is three (3) days. The signed application and required down payment must be received within three (3) working days of when coverage is bound.
2. Backdating of the effective date is not permitted.
3. The application must be fully completed, including the insured's signature(s).
4. When Physical Damage coverage is written, a pre-insurance inspection form must be completed for vehicles in all territories prior to binding. Please note all existing damage. Inspections are not required on renewal policies.
5. Physical damage coverage may not be written or bound in any area where there is a flash flood, hailstorm, hurricane, tornado or tropical storm warning, watch or occurrence.

## **RULE 2. SR-22 / FINANCIAL RESPONSIBILITY FILING**

A \$25.00 fee is applied per filing.

## **RULE 3. UNACCEPTABLE RISKS**

DIRECT reserves the right to determine the final acceptability of any risk. The agent in determining the acceptability of the risk should use the following guidelines.

1. Unacceptable Drivers
  - a. Operators not possessing valid proof of residence. Acceptable proof includes each of the following:
    - 1) a lease for an apartment, house, modular unit, or manufactured home with a Arkansas address signed by the applicant;
    - 2) a current utility bill showing the address of the applicant-payor;
    - 3) a receipt for personal property taxes paid;
    - 4) a valid student ID for a Arkansas school or university;
    - 5) a valid Arkansas vehicle registration;
    - 6) a valid unexpired Arkansas driver's license;
    - 7) a receipt for real property taxes paid to a Arkansas locality;
    - 8) a document similar to that described in #3, issued by the consulate or embassy of another country that would be accepted by the Arkansas Division of Motor Vehicles;
    - 9) a pay stub with the payee's address;
    - 10) a monthly or quarterly financial statement from a Arkansas regulated financial institution; or
    - 11) a valid military ID.

Risks in which the driver(s) has recently moved to Arkansas will be accepted assuming that he/she provides DIRECT with a copy of at least one of these documents within thirty (30) days of policy inception. Risks not providing this proof of residency will be cancelled.
  - b. Persons not residing in Arkansas at least six (6) months of the year.
  - c. Members of the armed forces not stationed permanently in Arkansas.
  - d. Drivers designated as "Habitual Traffic Offenders" on their MVR.
  - e. Drivers who have had a policy cancelled by DIRECT for loss experience or misrepresentation.
  - f. Drivers without a verifiable garaging address.
  - g. Applicants who have been convicted of insurance fraud.
  - h. Households with more than six (6) drivers are not permitted.

2. Unacceptable Vehicles

- a. Vehicles used for emergency, racing, delivery messenger, livery, limousine, or taxi service, including vehicles used to haul nursery or school children, migrant workers, hotel/motel guests, and medical/dental/optical patients, food vendors, food/newspaper/mail delivery, towing/repossession, etc.
- b. Rental vehicles or short-term leased vehicles (less than 6 months).
- c. Any vehicle which is leased or rented by the applicant to other operators or loaned on a regular basis.
- d. Vehicles not garaged in Arkansas for at least six (6) months a year.
- e. Recreation vehicles designed for off-road use or dune buggies unless a corresponding recreational vehicle endorsement is purchased.
- f. Motor homes and travel trailers.
- g. Antique vehicles, homebuilt vehicles or kit cars.
- h. Any vehicle carrying explosives or flammable substances.
- i. Vehicles from more than one (1) household listed on a single policy. **Exception:** Does not apply to acceptable student risks attending school in Arkansas.
- j. Vans, pickups and utility vehicles used in business, unless they are used in one (1) of the artisan occupations listed in the [VEHICLE USE](#) section of this manual.
- k. Flatbed trucks, stake trucks, and dump trucks.
- l. Cut-away vans, step vans, and vehicles with right hand steering.
- m. Stated value policies.
- n. Driver training vehicles or those cars used for driver training.
- o. Vehicles titled to any governmental body, estate, receivership, corporation or partnership.
- p. Vehicles with logos or advertising on them, whether removable or permanent.
- q. Any vehicles with a permit to dismantle.
- r. Vehicles modified/altered/restored mechanically or structurally which results in a change in performance or appearance.
- s. Vehicles with modified suspensions including all lowered chassis vehicles or vehicles with chassis raised more than six (6) inches above the normal factory height.
- t. Any vehicle 1969 model year and prior.
- u. Vehicles equipped with cooking equipment or bathrooms.
- v. Policy with two (2) or more business use vehicles.
- w. Physical damage on any vehicle:
  - 1) on which DIRECT has previously paid a total loss claim and which is retained by the insured.
  - 2) 1984 model year and prior.
  - 3) with a new cost value exceeding \$75,000.

#### **RULE 4. NON-OWNER COVERAGE**

A Named Operator policy may be written when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

1. Only Liability BI, PD, PIP, UMB, UDB, UMP and Accidental Death may be written.
2. Permissive operator coverage is not included.
3. Use the vehicle use code "NO" when rating.

## **RULE 5. ENDORSEMENTS**

1. All premium change endorsements will reflect the rates and rules in force at the inception of the policy period.
2. Premium charges will be calculated pro-rata.
3. Midterm premium adjustments will be made as a result of a change in:
  - a. autos insured by the policy;
  - b. drivers added to or excluded from the policy; and
  - c. coverage and deductibles.
4. Mid-term premium adjustments will not be made as a result of:
  - a. driver point changes (unless to recognize adding/deleting a driver);
  - b. attained age of driver; or
  - c. rating territory.
5. Return premium of \$10.00 or less will not be refunded unless requested in writing by the insured.
6. Written Endorsements: The following must be submitted in writing and must have the insured's signature and date signed:
  - a. add, delete or change coverage/increase or decrease deductibles.
  - b. add or delete vehicles (unless sold or replaced).
  - c. driver exclusions.
  - d. rejection of PIP, UMB, UDB and UMP.
  - e. add or delete operators / SR-22 filings.

## **RULE 6. CANCELLATIONS**

1. DIRECT may cancel the policy for any reason within the first sixty (60) days of the policy period, provided that the date of cancellation is at least twenty (20) days after the date of mailing.
2. After the first sixty (60) days of the policy period, DIRECT may cancel the policy with twenty (20) day written notice provided that the cancellation is for one (1) or more of the following reasons:
  - a. Misrepresentation by the insured of any material fact in the procurement or renewal of this policy or in the submission of claims under this policy.
  - b. The Named Insured or any driver of the insured vehicle is **convicted** of:
    - 1) driving while intoxicated;
    - 2) homicide or assault arising out of the use of a motor vehicle; or
    - 3) three (3) separate convictions of speeding or reckless driving or combination of the two (2) during the policy period, including (3) months prior to the effective date of the policy.
  - c. Non-payment of premium (a written notice of cancellation will be mailed or delivered to the last known mailing address of the named insured and any loss payee at least 10 days prior to the effective date of the cancellation.)
3. In the event a policy has three (3) "losses", where loss is defined as money paid out to an insured or third party in satisfaction of a claim, during a twelve (12) month term the policy will be non-renewed giving at least thirty (30) days advance notice. Claims arising from "natural causes" will not be considered when evaluating the loss history.
4. The mailing of notice of cancellation or non-renewal to the insured's address as shown on the Declarations Page will be proof of cancellation or non-renewal.

5. The insured may cancel the policy by mailing or electronically submitting a signed written request stating the future date that the Insured wishes the cancellation to be effective. The cancellation may not be earlier than the date the request is received unless the request is from the premium finance company. If the request is from the premium finance company, we may elect, at our sole option, to cancel the policy as of the effective date stated in the notice
6. An insufficient down payment will result in a flat cancellation and coverage will be null and void. An insufficient payment or nonpayment of any installment by the due date will result in a cancel notice being sent to the Insured at least ten (10) days in advance of cancellation. If payment is received in our office by the cancel date, the policy will be reinstated.
7. In the event of a total loss, coverage continues until the insured sends a cancellation request to DIRECT.
8. When the cancellation request is due to duplicate coverage and the requested cancellation date is prior to the received date, DIRECT requires proof of duplicate coverage in order to honor the requested cancellation date.
9. DIRECT cannot cancel or non-renew solely because of the administrative revocation or suspension of the driver's license of the owner or operator of the motor vehicle under Arkansas Code 5-65-104.
10. Premium computations for cancellations are as follows:
  - a. Requested by insured: Return premium shall be calculated on a short rate basis.
  - b. Non-payment of premium: Return premium shall be calculated on a 100% pro-rata basis.
  - c. Request of premium finance company: Return premium shall be calculated on a 100% pro-rata basis.
  - d. Request of company: Return premium shall be calculated on a 100% pro-rata basis.

## **RULE 7. MATERIAL MISREPRESENTATIONS OF RISK**

1. If statements in the application differ from records of the Department of Motor Vehicles, the proper additional or return premium will be processed without prior notice. Additionally, the company may elect to cancel for undisclosed violations.
2. Among the information most often misrepresented is:
  - a. drivers (list or exclude all persons age 14 and older in the household);
  - b. driving record;
  - c. vehicle type and use;
  - d. garaging address; and
  - e. state of residency.

## **RULE 8. RENEWALS**

1. A renewal quote will be sent to the insured thirty (30) days prior to expiration, along with instructions to pay DIRECT directly.
2. Payment must be received by DIRECT prior to expiration to ensure continuous coverage.
3. Renewal payments received after the policy expires could result in renewal with a lapse.
4. If the policy had a lapse in coverage in the prior twelve (12) months, renewal will result in business tier "R".
5. Renewal Rate Level Capping:
  - a. Renewal premiums will be capped at 15%.

- b. The premium is calculated for the renewal term (True Renewal Premium) and compared to the premium from the current term (Current Term Premium). If the True Renewal Premium exceeds the Current Term Premium by more than 10%, the Final Renewal Premium increase will be capped at 10%.
- c. If a rating characteristic change is made in the prior term or at the time of renewal, the Current Term Premium will be calculated using the new rating characteristic. It will then be compared to the True Renewal Premium calculated using the same characteristics.
- d. To calculate the Final Renewal Premium, a factor is applied to each vehicle and coverage.  
Factor = (Current Term Premium \* 1.10) / True Renewal Premium
- e. This factor will be used each time a change is made to the policy for the term of the policy.
- f. The factor will be re-calculated at each renewal. **Note:** The Current Term Premium used at the second and subsequent renewal will be calculated using any "Factor" applied in the previous renewal.

## **RULE 9. LIABILITY COVERAGE**

1. Bodily Injury (BI)
  - a. The following limits are available:
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
2. Property Damage (PD)
  - a. The following limits are available:
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
3. Uninsured Motorist (UMB/UMP) / Underinsured Motorist (UDB)
  - a. The following limits are available for Uninsured Motorist Bodily Injury (UMB) and Underinsured Motorists Bodily Injury (UDB):
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. The following limits are available for Uninsured Motorist Property Damage (UMP):
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - c. If this coverage is not desired, the insured must sign the Uninsured/Underinsured Motorist rejection form. If this signed form does not accompany the application, these coverages will

automatically be added at the Bodily Injury and Property Damage limits and the appropriate premium will be charged.

- d. Coverage must be written on all cars of a multi-car policy at the same limits.
  - e. Uninsured coverage cannot exceed the liability coverage limits.
  - f. UDB will be offered after UMB is accepted.
4. Personal Injury Protection (PIP)
- a. The following benefits are provided:
    - 1) \$5,000 Medical/Hospital;
    - 2) Income Disability; and
    - 3) \$5,000 Accidental Death.
  - b. If any or all of these options are not desired, the insured must sign the Personal Injury Protection rejection form. If this signed form does not accompany the application, all options will automatically be added and the appropriate premium will be charged.
5. Medical Payments (MP)
- a. Medical Payments is optional.
  - b. It can only be written on policies with Liability coverage.
  - c. Medical Payments limits must be the same on all vehicles on the policy.
  - d. Limits available:
    - 1) \$250;
    - 2) \$500;
    - 3) \$1,000; and
    - 4) \$2,000.
6. Accidental Death (AD)
- a. Accidental Death is an optional coverage, providing \$5,000 paid to the Named Insured's estate as specified in the policy.
  - b. Semi-annual premium is \$10.

## **RULE 10. PHYSICAL DAMAGE COVERAGE**

1. Comprehensive/Collision (CMP/COL)
  - a. The following deductibles are available:
    - 1) \$100;
    - 2) \$250;
    - 3) \$500;
    - 4) \$750; and
    - 5) \$1,000.
  - b. A \$250 deductible applies to lienholders upon repossession with damage.
  - c. Both Comprehensive and Collision must be written where Physical Damage coverage is chosen.
  - d. The same deductible must be chosen for Collision and Comprehensive.

2. Towing (TVW)
  - a. Towing is an optional coverage, providing up to \$25 reimbursement per occurrence.
  - b. Semi-annual premium is \$12 per vehicle.
  - c. Coverage may only be written on cars providing Comprehensive and Collision coverages.
3. Rental Car (RTV)
  - a. Rental is an optional coverage, providing \$10/day reimbursement up to \$300.
  - b. Semi-annual premium is \$25 per vehicle.
  - c. It may only be written on cars providing Comprehensive and Collision coverages.

## **RULE 11. RATING PROCEDURES**

1. Annual policies are rated with a factor of 1.90 times the semi-annual rate.
2. The premium for each coverage and vehicle shall be rounded to the nearest dollar. \$0.50 and over will be rounded up.
3. Determine Territory code from [APPENDIX 1: TERRITORY DEFINITIONS](#). Do not use "Bureau" definitions. Use the zip code where the vehicle is principally garaged, not the mailing zip code.
4. Vehicle Symbols:
  - a. Determine Liability and Physical Damage Vehicle Rating Symbol from [APPENDIX 3: VEHICLE SYMBOLS](#).
  - b. Interim rating symbol determination for unlisted vehicles:
    - 1) 1984 and prior are not listed in [APPENDIX 3: VEHICLE SYMBOLS](#):
      - a) Use the liability symbol in the rate tables, which is most descriptive of the vehicle, e.g., T for truck, F for 4x4 trucks, V for van, C for convertible, etc.
      - b) Physical Damage coverage is not available; use Physical Damage symbol "Z".
    - 2) 2004 and subsequent:
      - a) If [APPENDIX 3: VEHICLE SYMBOLS](#) displays a rating symbol for the prior model year version of the same vehicle, use the prior model year's symbol for the new model year vehicle.
      - b) If [APPENDIX 3: VEHICLE SYMBOLS](#) does not display a symbol for the prior model year version of the same vehicle, assign a symbol based on the cost new (MSRP) of the auto using the Price/Symbol Chart located in the rate tables.
5. Vehicle Age is determined using the policy effective date year and the vehicle model year.

## **RULE 12. POLICY FEES**

1. Policy Fee: \$25.00 earned at inception on each new and renewal policy.
2. SR-22: \$25.00 per filing.
3. Reinstatement Fee: \$5.00 for each policy where cancellation notice has been issued and the insured desires continuation of coverage.
4. Installment Billing Fee: \$8.00 per installment or \$2.00 per EFT installment.
5. Late Fee: \$10.00 for each late installment payment.
6. NSF Fee: \$25.00 for each payment returned to the company for insufficient funds.

## **RULE 13. DISCOUNTS**

1. Safe Driver Discount
  - a. A credit applies if all operators are violation and accident free for the preceding twelve (12) months.
  - b. This discount applies to both new and renewal business.
  - c. This discount will apply to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverages.
2. Multi-Car Discount
  - a. The discount will apply to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverages if carried on each auto.
  - b. More than one (1) car must be covered on the same policy.
3. Senior Citizen Discount
  - a. A credit applies to Bodily Injury, Property Damage, Comprehensive and Collision coverages.
  - b. This discount is available to drivers 55 and older. Applicants must submit a copy of the certificate indicating successful completion of a Motor Vehicle Accident Prevention Course, which has been approved by the State of Arkansas. If previously received by the company, no further proof is required at renewal.
  - c. This discount applies only to the driver completing the course.
  - d. This discount is valid for thirty-six (36) months following course completion.
  - e. Discount does not apply if course is taken as a punishment specified by a court or other governmental entity resulting from a moving violation.
4. College Graduate Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision coverages.
  - b. Available to drivers under the age of twenty-five (25) who have graduated from a college or university and whose cumulative scholastic records show that the insured attained one (1) of the following:
    - 1) If letter grades are used, had a grade average of "B" or higher; or
    - 2) Had at least a 3 point average on a 4 point scale (or equivalent).
  - c. A copy of his/her college transcript is required and must accompany the application for the discount to apply. If previously received by the company, no further proof is required at renewal.
5. Welcome Back Discount
  - a. A credit applies to Bodily Injury, Property Damage and Collision coverages.
  - b. This discount will be available to applicants who have previously purchased a policy with DIRECT.
  - c. The previous policy number must be provided in order for the discount to apply. Acceptable verification of the former customer includes:
    - 1) Applicant can submit a copy of the declarations page, renewal quote or cancellation of the previous policy; or
    - 2) The previous policy number can be obtained by searching the company database based on the information provided by the applicant.

6. Multi-Product Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision coverages.
  - b. Discount will be given when an auto policy is accompanied by at least one active Qualifying Additional Product (QAP)
  - c. Qualifying Additional Products include:
    - 1) Automobile Protection Plan
    - 2) Term Life Insurance
7. Maximum Discount
 

The maximum allowable discount is 45% per policy. Discounts are multiplicative not additive, e.g., a 10% discount and a 5% discount is not 15%, but  $1-(1-10\%) \times (1-5\%) = 14.5\%$ .

## **RULE 14. DRIVER CLASSES**

1. The highest rated driver is matched to the highest rated vehicle.
2. The driver classification to be used in the rating of DIRECT automobile policies is a combination of gender, marital status and age.
3. Where there are more cars than drivers on a policy, additional cars will be rated with Class 1 with zero (0) points.
4. Report all persons fourteen (14) years of age and older living in the insured's household, whether or not they are licensed. These persons must be included in the rating or must be specifically excluded.
5. Married class includes legally married and residing with spouse.
6. Single class includes persons who are single, divorced, separated, widowed or living together while not married.
7. Roommates must be included in the rating of a policy unless specifically excluded.
8. In the event that DIRECT discovers a previously undeclared operator at any time during the policy period, DIRECT deserves the right to:
  - a. void for misrepresentation; or
  - b. add the operator to the policy as of the effective date of the policy period and add a violation code of 402. This point surcharge will only be applied to the policy period for which they are added. At renewal the surcharge will be removed. (We will run an MVR at the time the driver is added and add all prior violations to the policy. These will not be removed at renewal.) If the operator is involved in an at-fault-accident, the accident will be added and charged at renewal.

## **RULE 15. DRIVING RECORD/POINT COUNT PROCEDURES**

1. Point values are assessed for all accidents and violations which occur in the thirty-five (35) month period immediately preceding the policy inception date.
2. Multiple Violations: If two (2) or more violations or an accident and a violation result from the same incident, we will charge only for the highest rated violation or accident.
3. Violation Point Class:

<b>Description</b>	<b>Points 1<sup>st</sup> Occurrence</b>	<b>Points 2<sup>nd</sup> Occurrence</b>	<b>Points Each Additional Occurrence</b>
AAF – At-Fault Accident	4	6	9

DWI – Driving Under the Influence	2	2	5
IND – No Charge	0	0	0
MAJ – Major Violation	4	4	4
MIN – Minor Violation	2	3	2
NAF – Not-At-Fault	0	0	0
SPD – Speeding	2	1	1

4. Point Assignments:

Description	Violation Code	Violation Point Class
At-Fault Accident	301	AAF
Auto Theft/Felony Motor Vehicle	605	MAJ
Careless/Improper Operation	101	MAJ
Comprehensive Claim	007	IND
Drag Racing	118	MAJ
Drive Under Influence Drugs / Alcohol	602	DWI
Drive while License Revoked / Suspended	302	MIN
Driving without License	303	MIN
Failure to Follow Traffic Device / Sign	110	MIN
Failure to Yield	111	MIN
Fleeing from Police	606	MAJ
Following too Close	112	MIN
Foreign Driver's License	401	MAJ
Improper Backing	113	MIN

Description	Violation Code	Violation Point Class
Improper Passing	114	MIN
Improper Turn	124	MIN
Leaving the Scene	608	MAJ
Minor Moving Violation	115	MIN
Not-At-Fault Accident	011	NAF
Open Bottle	116	DWI
Passing a Stopped School Bus	117	MAJ
Reckless Driving	305	MAJ
Speeding	201	SPD
Suspended, Revoked or Cancelled License	404	MAJ
Undisclosed Driver	402	MAJ
Unverifiable Driving Record	403	MAJ
Vehicular Homicide	601	MAJ
Without Owner's Consent	603	MAJ
Wrong Way on One-Way Street	107	MIN

5. All accidents will be considered chargeable unless the Named Insured demonstrates (1) one of the following:
  - a. Applicant's automobile was lawfully parked.
  - b. Judgment or reimbursement was obtained from responsible party.
  - c. Struck in rear and not convicted of a moving traffic violation.
  - d. Struck by hit-and-run driver and such accident were reported by applicant to proper authorities within twenty-four (24) hours.
  - e. Applicant was not convicted of a moving traffic violation in connection with the accident and the other operator of the vehicle involved in such accident was convicted of a moving traffic violation.
  - f. Applicant was finally adjudicated not to be liable by a court of competent jurisdiction.
  - g. Accidents involving Physical Damage, limited to and caused by flying gravel, missiles, falling objects or by contact with animals or fowl.
  - h. Applicant was operating vehicle other than a private passenger auto, motor home or motorcycle at time of accident.
  - i. In receipt of a traffic citation which was dismissed or nolle prosequi.
6. If the operator at the time of accident/violation was on duty as a paid or volunteer member of any Police or Fire Department, First-Aid Squad, or any Law Enforcement Agency, the accident/violation is not chargeable.
7. Driver's License Status – Operators not possessing a valid driver's license will be assigned a surcharge. Specific situations are addressed below:
  - a. Individuals serving full-time in the military and permanently stationed in Arkansas are not required to obtain an Arkansas license and will not be surcharged.
  - b. Foreign and International Driver's Licenses: Drivers who have a valid foreign or international driver's license but not a valid U.S. license will be surcharged. The surcharge will apply until the insured is able to submit proof of a valid U.S. license having been in effect for at least twelve (12) months. Assign the Foreign Driver's License surcharge, i.e. code 401.
  - c. Assign Unverifiable Driving Record surcharge, i.e. code 403:
    - 1) A major violation will be charged on any driver whose driving record cannot be verified by a state's Bureau of Motor Vehicles (not including drivers under 19).
    - 2) The charge will be removed effective the policy inception date if DIRECT receives a valid current MVR (contains at least 12 months of driving history). The MVR must be no more than thirty (30) days old and must be received within sixty (60) days of the policy inception.
    - 3) Drivers with a learner's permit will not be charged for an Unverifiable Driving Record during the first policy term. The Unverifiable Driving Record points will be assessed during the second and subsequent policy terms if an MVR remains unobtainable.
  - d. Any driver whose license is suspended, revoked or cancelled will be surcharged. Once proof can be provided of the driver's license reinstatement, the surcharge can be removed effective the date of the license reinstatement. To have the surcharge removed, the driver needs to have their license reinstated and be able to show proof of a valid Arkansas license. Assign the Suspended, Revoked or Cancelled License surcharge, i.e. code 404.
  - e. Note that only one of these above surcharges will apply, i.e. they are mutually exclusive

**RULE 16. VEHICLE USE**

Vehicle Use Relativity Table	BI	PD	PIP	UMB	UMP	UDB	MP	CMP	COL
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Pleasure (PL)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business Use (BU)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Non-Owner (NO)	0.90	0.90	0.90	0.90	0.90	0.90	N/A	N/A	N/A

1. Pleasure Use (PL): Includes vehicles driven for pleasure, to and from work or school and for farm/ranch use. There should be no regular business use of the vehicle in connection with the driver's occupation, profession, or business other than commuting to and from work or school.
2. Business Use (BU):
  - a. A surcharge will be applied to risks in which the automobile is used regularly in support of the insured's business or profession.
  - b. DIRECT will only accept the risk if the vehicle is individually owned.
  - c. The following professions are deemed acceptable:
    - 1) Sales;
    - 2) Lawyers;
    - 3) Clergymen;
    - 4) Realtors; and
    - 5) Visiting Nurses.
  - d. Artisan Risks: Pickups, vans and utility vehicles.
    - 1) When the business use of these vehicles consists solely of carrying tools and supplies between the Named Insured's home and the job site, DIRECT will accept the risk subject to the following:
      - a) the vehicle is individually owned;
      - b) the vehicle is operated solely by the Named Insured and family members;
      - c) the insured has no more than one (1) vehicle in this category; and
      - d) the vehicle is visiting no more than three (3) job sites per day.
    - 2) The occupations that fall under the category of Artisan are the following:

a) Aluminum Contractors;	j) Interior Decorators;
b) Air Conditioning/Heating;	k) Painters;
c) Bricklayers/Masonry;	l) Plaster/Stucco Contractors;
d) Cabinet Installers;	m) Repair – Appliances;
e) Carpenters;	n) Repair – Handyman;
f) Concrete Contractors;	o) Screened Enclosure Erectors;
g) Electrical Contractors;	p) Surveyors;
h) Fence Installers;	q) Swimming Pool Installers; and
i) Glass Installers;	r) Tree Surgeons.
  - e. Risks will not be accepted in those instances where there is for-hire pickup and delivery of goods or debris, flammable or explosives are transported or where the vehicle is hauling equipment with a weight in excess of 2,000 pounds or has a GVW of 10,000 pounds or more.
3. Non-Owner (NO): Used when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

## **RULE 17. PAYMENT PLANS**

1. Paid in Full –The total premium including fees must be paid in full at the time of acceptance. Every applicant has the option to pay his total premium in full.
2. In addition to Paid in Full, the Company may offer one or more of the following installment plan options:
  - a. 14/28 Installment Payment Plan (14/28) – A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due fourteen days from the effective policy date and subsequent payments are due every twenty-eight days thereafter.
  - b. 20/27 Installment Payment Plan (20/27) –A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due twenty days from the effective policy date and subsequent payments due every twenty-seven days thereafter.
  - c. Monthly 10 Installment Payment Plan (10 Pay) - A down payment\* is due at signing with the balance equally distributed over four payments for semi-annual plans and ten payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.
  - d. Monthly 11 Installment Payment Plan (11 Pay) - A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and eleven payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.
3. Flex Day Option – If an installment payment plan is selected, the insured has the option to modify it by selecting the date on which the first payment is due for each of the above payment plans (14/28, 20/27, 10 Pay, 11 Pay). The first payment date must be at least seven days and no more than 30 from the effective date of the policy. The down payment will be adjusted based on the first payment date selected. The subsequent payments will follow the attributes of the applicable pay plan chosen.
4. Down Payments – Where applicable, down payments comply with state minimum requirements. Amounts vary based on the plan chosen, payment date chosen (in the case of Flex Day Payment Plan), and distribution channel. Down payment amounts may also be adjusted based on one or more of the following factors: a territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history.
5. The following fees are assessed on installment plans.
  - a. Processing Fee: A fully earned \$25.00 installment processing fee is due at inception of policy.
  - b. Installment Fee: \$8.00 per installment, excluding the down payment, due with installment.
  - c. Late Fee: A late fee of \$10.00 will be charged on any installment postmarked or received five (5) or more days after the installment due date.
  - d. NSF Fee: \$25.00 for each payment returned to DIRECT for payments made with insufficient funds.

*Restrictions/Limitations: The Company reserves the right to limit availability of one or more installment plan options based on one or more of the following factors: territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history. The Company utilizes various sales distribution channels, including local agency store fronts, tele-market and internet. Not all payment plans are available in all distribution channels.*

## RULE 18. BUSINESS TIERS

Policy Description	Business Tier
New Business – No Prior Insurance	N
New Business – With Prior Insurance of 25/50 limits	P
New Business – With Prior Insurance greater than 25/50 limits	H
Renewal Business – 12 Months	1
Renewal Business – 24 Months	2
Renewal Business – 36 Months	3
Renewal Business – With lapse in coverage in previous 12 months	R

1. The premium will be determined by a combination of Business Tier and Insurance Score.
2. Qualifications for Business Tier “P” ;
  - a. Applicant must provide verification of at least six (6) months of continuous prior liability coverage, prior limits of 25/50, with no more than seven (7) days of lapse in previous coverage allowed.
  - b. The only acceptable verification of prior coverage will be a renewal quote or letter from the prior agent or insurance company.
  - c. A photocopy of the acceptable verification listed above must accompany the application for the discount to apply.
3. Qualifications for Business Tier “H”;
  - a. Applicant must provide verification of at least six (6) months of continuous prior liability coverage, prior limits greater than 25/50, with no more than seven (7) days of lapse in previous coverage allowed.
  - b. The only acceptable verification of prior coverage will be a renewal quote or letter from the prior agent or insurance company.
  - c. A photocopy of the acceptable verification listed above must accompany the application for the discount to apply.
4. Qualifications for Business Tier “R”: Renewal policies with a lapse in coverage in the previous twelve (12) months.
5. Qualifications for Business Tier “1”: First term renewals for annual policies or second and third term renewal for six month policies with no lapse in coverage in the previous twelve (12) months.
6. Qualifications for Business Tier “2”: Second term renewals for annual policies or fourth and fifth term renewal for six month policies with no lapse in coverage in the previous twelve (12) months.
7. Qualifications for Business Tier “3”: Third term renewals or greater for annual policies or sixth term or greater for six month policies with no lapse in coverage in the previous twelve (12) months.
8. Qualifications for Business Tier “N”: Does not qualify for either Business Tier “P”, “H”, “R”, “1”, “2” or “3”.

## APPENDIX 1: TERRITORY DEFINITIONS

ZIP Code	System Territory
71601	232
71602	233
71603	170
71611	232
71612	233
71613	170
71630	172
71631	102
71635	173
71638	172
71639	172
71640	172
71642	173
71643	171
71644	150
71646	173
71647	102
71649	298
71651	102
71652	172
71653	172
71654	172
71655	173
71656	173
71657	173
71658	173
71659	150
71660	174
71661	173
71662	172
71663	173
71665	172
71666	172
71667	171
71670	173
71671	102
71674	172
71675	173
71676	173
71677	173
71678	171
71701	103
71711	103
71720	102
71721	107
71722	106
71724	105
71725	104
71726	103
71728	107
71730	105

ZIP Code	System Territory
71731	105
71740	103
71742	102
71743	107
71744	102
71745	102
71747	105
71748	174
71749	105
71750	105
71751	103
71752	103
71753	213
71754	213
71758	105
71759	105
71762	105
71763	104
71764	103
71765	105
71766	102
71768	105
71769	298
71770	213
71772	107
71801	215
71802	215
71820	189
71822	189
71823	190
71825	189
71826	213
71827	103
71828	106
71831	189
71832	190
71833	189
71834	216
71835	107
71836	189
71837	216
71838	189
71839	216
71840	216
71841	190
71842	190
71844	107
71845	213
71846	190
71847	189
71851	189

ZIP Code	System Territory
71852	189
71853	188
71854	216
71855	189
71857	107
71858	214
71859	189
71860	213
71861	213
71862	189
71864	106
71865	189
71866	189
71901	235
71902	235
71903	235
71909	112
71910	112
71913	112
71914	112
71920	193
71921	193
71922	107
71923	108
71929	111
71932	190
71933	192
71935	194
71937	190
71940	193
71941	101
71942	109
71943	193
71944	190
71945	190
71949	112
71950	193
71952	189
71953	190
71956	112
71957	191
71958	189
71959	189
71960	191
71961	191
71962	108
71964	112
71965	191
71968	112
71969	191
71970	191

ZIP Code	System Territory
71971	189
71972	190
71973	190
71998	298
71999	110
72001	115
72002	406
72003	154
72004	152
72005	134
72006	133
72007	161
72010	135
72011	237
72012	163
72013	132
72014	133
72015	235
72016	120
72017	159
72018	235
72020	138
72021	157
72022	236
72023	262
72024	155
72025	116
72026	154
72027	115
72028	136
72029	157
72030	115
72031	136
72032	252
72033	252
72034	252
72035	254
72036	158
72037	225
72038	154
72039	253
72040	159
72041	154
72042	154
72043	143
72044	139
72045	163
72046	225
72047	264
72048	153
72051	140

ZIP Code	System Territory
72052	163
72053	227
72055	154
72057	175
72058	255
72059	133
72060	163
72061	255
72063	115
72064	154
72065	224
72066	159
72067	136
72068	163
72069	157
72070	115
72071	298
72072	226
72073	154
72074	158
72075	143
72076	258
72078	258
72079	149
72080	115
72081	137
72082	163
72083	265
72084	109
72085	163
72086	267
72087	235
72088	132
72089	236
72099	258
72101	133
72102	163
72103	236
72104	400
72105	111
72106	251
72107	120
72108	157
72110	115
72111	264
72112	143
72113	407
72114	228
72115	228
72116	256
72117	268
72118	256
72119	228
72120	258

ZIP Code	System Territory
72121	139
72122	113
72123	133
72124	409
72125	115
72126	115
72127	120
72128	234
72129	234
72130	139
72131	162
72132	149
72133	154
72134	157
72135	250
72136	263
72137	263
72139	135
72140	154
72141	117
72142	266
72143	163
72145	163
72149	163
72150	234
72152	148
72153	132
72156	115
72157	115
72160	154
72164	227
72165	144
72166	153
72167	112
72168	152
72169	143
72170	154
72173	261
72175	152
72176	160
72178	163
72179	139
72180	250
72181	255
72182	152
72183	227
72189	133
72190	408
72198	405
72199	251
72201	229
72202	230
72203	230
72204	231

ZIP Code	System Territory
72205	239
72206	227
72207	239
72209	231
72210	238
72211	240
72212	259
72214	231
72215	239
72216	227
72217	239
72219	231
72221	240
72222	259
72223	257
72225	239
72227	260
72231	268
72260	230
72295	230
72301	186
72303	403
72310	220
72311	180
72312	180
72313	220
72314	298
72315	220
72316	220
72319	220
72320	181
72321	220
72322	182
72324	134
72325	404
72326	182
72327	187
72328	401
72329	220
72330	220
72331	182
72332	182
72333	180
72335	179
72336	402
72338	220
72339	187
72340	178
72341	185
72342	184
72346	179
72347	134
72348	183
72350	220

ZIP Code	System Territory
72351	220
72352	180
72353	180
72354	219
72355	180
72358	220
72359	179
72360	180
72364	186
72365	219
72366	184
72367	156
72368	180
72369	180
72370	220
72372	179
72373	177
72374	184
72376	187
72377	219
72379	151
72381	298
72383	184
72384	187
72386	219
72387	176
72389	180
72390	184
72391	220
72392	178
72394	179
72395	220
72396	176
72401	217
72402	217
72403	217
72404	221
72410	165
72411	221
72412	168
72413	169
72414	221
72415	164
72416	168
72417	222
72419	221
72421	145
72422	169
72424	169
72425	168
72426	220
72427	145
72428	220
72429	134

ZIP Code	System Territory
72430	169
72431	143
72432	218
72433	165
72434	164
72435	169
72436	168
72437	221
72438	220
72439	168
72440	164
72441	169
72442	220
72443	221
72444	169
72445	165
72447	221
72449	169
72450	221
72451	221
72453	169
72454	223
72455	169
72456	169
72457	164
72458	164
72459	164
72460	167
72461	223
72462	169
72464	169
72465	165
72466	164
72467	221
72469	164
72470	169
72471	143
72472	219
72473	143
72474	221
72475	134
72476	165
72478	169
72479	134
72482	146
72501	138
72503	138
72512	146
72513	146
72515	147
72516	298
72517	147
72519	209
72520	147

ZIP Code	System Territory
72521	146
72522	144
72523	139
72524	144
72525	146
72526	139
72527	138
72528	147
72529	146
72530	139
72531	147
72532	146
72533	140
72534	138
72536	147
72537	210
72538	147
72539	146
72540	147
72542	146
72543	136
72544	210
72545	136
72546	139
72550	139
72553	138
72554	146
72555	140
72556	147
72557	298
72560	140
72561	141
72562	144
72564	144
72565	147
72566	147
72567	140
72568	138
72569	166
72571	144
72572	143
72573	141
72575	138
72576	147
72577	146
72578	147
72579	138
72581	139
72583	147
72584	147
72585	147
72587	147
72601	211
72602	211

ZIP Code	System Territory
72610	298
72611	211
72613	195
72615	211
72616	211
72617	210
72619	206
72623	210
72624	208
72626	210
72628	208
72629	136
72630	211
72631	211
72632	195
72633	211
72634	206
72635	210
72636	208
72638	211
72639	136
72640	208
72641	208
72642	210
72644	211
72645	205
72648	208
72650	205
72651	210
72653	210
72654	210
72655	208
72657	140
72658	210
72660	211
72661	206
72662	211
72663	140
72666	208
72668	206
72669	208
72670	208
72672	207
72675	208
72677	207
72679	142
72680	140
72682	207
72683	208
72685	208
72686	203
72687	207
72701	196
72702	196

ZIP Code	System Territory
72703	196
72704	196
72711	198
72712	198
72714	199
72715	199
72716	198
72717	127
72718	242
72719	244
72721	211
72722	245
72727	200
72728	198
72729	127
72730	196
72732	197
72733	197
72734	245
72735	196
72736	245
72737	196
72738	195
72739	245
72740	195
72741	196
72742	211
72744	201
72745	198
72747	245
72749	127
72751	198
72752	211
72753	196
72756	241
72757	241
72758	242
72760	211
72761	245
72762	198
72764	196
72765	196
72766	196
72768	245
72769	243
72770	198
72773	211
72774	196
72776	211
72801	119
72802	119
72811	119
72812	119
72820	119

ZIP Code	System Territory
72821	119
72823	119
72824	116
72826	119
72827	116
72828	116
72829	116
72830	119
72832	119
72833	116
72834	116
72835	119
72837	119
72838	114
72839	119
72840	119
72841	114
72842	116
72843	118
72845	119

ZIP Code	System Territory
72846	119
72847	119
72851	119
72852	212
72853	116
72854	119
72855	119
72856	204
72857	116
72858	119
72860	116
72863	119
72865	119
72901	248
72902	249
72903	249
72904	249
72905	130
72906	249
72908	130

ZIP Code	System Territory
72913	249
72914	249
72916	249
72917	249
72918	130
72919	249
72921	130
72923	130
72924	123
72926	191
72927	125
72928	119
72930	121
72932	130
72933	129
72934	128
72935	130
72936	130
72937	249
72938	124

ZIP Code	System Territory
72940	247
72941	130
72943	119
72944	246
72945	247
72946	128
72947	128
72948	128
72949	126
72950	114
72951	119
72952	131
72955	130
72956	130
72957	130
72958	122
72959	202

## APPENDIX 2: PREMIUM CALCULATIONS

### Abbreviations:

BR	Base Rate
BT	Business Tier
CG	College Graduate Discount
CP	Class Point Factor
CR	Renewal Cap Factor
DF	Deductible Factor
IL	Increased Limit Factor
MC	Multi-Car Discount
MU	Multi-Product Discount

MX	Maximum Discount
SD	Safe Driver Discount
SF	Symbol Factor
SR	Senior Driver Discount
TF	Term Factor
VA	Vehicle Age Factor
VU	Vehicle Use
WB	Welcome Back Discount

### Calculation Notes:

All rounding is done after all factor and discounts multiplication is completed. If a factor is shown in the calculation methodology below is not applicable, replace such discount or factor with a factor of 1.00.

#### Bodily Injury Calculation:

$$BR*IL*((CF+PF)-1)*SF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Property Damage Calculation:

$$BR*IL*((CF+PF)-1)*SF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Personal Injury Protection Calculation:

$$BR*IL*((CF+PF)-1)*SF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Uninsured/Underinsured Motorists Calculation:

$$BR*IL*CF*VU*TF*CR$$

#### Medical Payments Calculation:

$$BR*IL*CF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-MC)]*VU*TF*CR$$

#### Comprehensive Calculation:

$$BR*((CF+PF)-1)*SF*MY*DF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Collision Calculation:

$$BR*((CF+PF)-1)*SF*MY*DF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Accidental Death Calculation:

$$BR*TF*CR$$

#### Towing Coverage Calculation:

$$BR*TF*CR$$

#### Rental Coverage Calculation:

$$BR*TF*CR$$

## **APPENDIX 3: VEHICLE SYMBOLS**

Vehicle Symbols are listed in a separate binder.

# **Direct National Insurance Company**

## **Underwriting Rules / Rating Guidelines**

**State of  
Arkansas**

# ARKANSAS

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## **RULE 1. BINDING AUTHORITY**

1. Agent binding authority is three (3) days. The signed application and required down payment must be received within three (3) working days of when coverage is bound.
2. Backdating of the effective date is not permitted.
3. The application must be fully completed, including the insured's signature(s).
4. When Physical Damage coverage is written, a pre-insurance inspection form must be completed for vehicles in all territories prior to binding. Please note all existing damage. Inspections are not required on renewal policies.
5. Physical damage coverage may not be written or bound in any area where there is a flash flood, hailstorm, hurricane, tornado or tropical storm warning, watch or occurrence.

## **RULE 2. SR-22 / FINANCIAL RESPONSIBILITY FILING**

A \$25.00 fee is applied per filing.

## **RULE 3. UNACCEPTABLE RISKS**

DIRECT reserves the right to determine the final acceptability of any risk. The agent in determining the acceptability of the risk should use the following guidelines.

1. Unacceptable Drivers
  - a. Operators not possessing valid proof of residence. Acceptable proof includes each of the following:
    - 1) a lease for an apartment, house, modular unit, or manufactured home with a Arkansas address signed by the applicant;
    - 2) a current utility bill showing the address of the applicant-payor;
    - 3) a receipt for personal property taxes paid;
    - 4) a valid student ID for a Arkansas school or university;
    - 5) a valid Arkansas vehicle registration;
    - 6) a valid unexpired Arkansas driver's license;
    - 7) a receipt for real property taxes paid to a Arkansas locality;
    - 8) a document similar to that described in #3, issued by the consulate or embassy of another country that would be accepted by the Arkansas Division of Motor Vehicles;
    - 9) a pay stub with the payee's address;
    - 10) a monthly or quarterly financial statement from a Arkansas regulated financial institution; or
    - 11) a valid military ID.

Risks in which the driver(s) has recently moved to Arkansas will be accepted assuming that he/she provides DIRECT with a copy of at least one of these documents within thirty (30) days of policy inception. Risks not providing this proof of residency will be cancelled.
  - b. Persons not residing in Arkansas at least six (6) months of the year.
  - c. Members of the armed forces not stationed permanently in Arkansas.
  - d. Drivers designated as "Habitual Traffic Offenders" on their MVR.
  - e. Drivers who have had a policy cancelled by DIRECT for loss experience or misrepresentation.
  - f. Drivers without a verifiable garaging address.
  - g. Applicants who have been convicted of insurance fraud.
  - h. Households with more than six (6) drivers are not permitted.

2. Unacceptable Vehicles

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- a. Vehicles used for emergency, racing, delivery messenger, livery, limousine, or taxi service, including vehicles used to haul nursery or school children, migrant workers, hotel/motel guests, and medical/dental/optical patients, food vendors, food/newspaper/mail delivery, towing/repossession, etc.
- b. Rental vehicles or short-term leased vehicles (less than 6 months).
- c. Any vehicle which is leased or rented by the applicant to other operators or loaned on a regular basis.
- d. Vehicles not garaged in Arkansas for at least six (6) months a year.
- e. Recreation vehicles designed for off-road use or dune buggies unless a corresponding recreational vehicle endorsement is purchased.
- f. Motor homes and travel trailers.
- g. Antique vehicles, homebuilt vehicles or kit cars.
- h. Any vehicle carrying explosives or flammable substances.
- i. Vehicles from more than one (1) household listed on a single policy. **Exception:** Does not apply to acceptable student risks attending school in Arkansas.
- j. Vans, pickups and utility vehicles used in business, unless they are used in one (1) of the artisan occupations listed in the [VEHICLE USE](#) section of this manual.
- k. Flatbed trucks, stake trucks, and dump trucks.
- l. Cut-away vans, step vans, and vehicles with right hand steering.
- m. Stated value policies.
- n. Driver training vehicles or those cars used for driver training.
- o. Vehicles titled to any governmental body, estate, receivership, corporation or partnership.
- p. Vehicles with logos or advertising on them, whether removable or permanent.
- q. Any vehicles with a permit to dismantle.
- r. Vehicles modified/altered/restored mechanically or structurally which results in a change in performance or appearance.
- s. Vehicles with modified suspensions including all lowered chassis vehicles or vehicles with chassis raised more than six (6) inches above the normal factory height.
- t. Any vehicle 1969 model year and prior.
- u. Vehicles equipped with cooking equipment or bathrooms.
- v. Policy with two (2) or more business use vehicles.
- w. Physical damage on any vehicle:
  - 1) on which DIRECT has previously paid a total loss claim and which is retained by the insured.
  - 2) 1984 model year and prior.
  - 3) with a new cost value exceeding \$75,000.

#### **RULE 4. NON-OWNER COVERAGE**

A Named Operator policy may be written when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

1. Only Liability BI, PD, PIP, UMB, UDB, UMP and Accidental Death may be written.
2. Permissive operator coverage is not included.
3. Use the vehicle use code "NO" when rating.

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## **RULE 5. ENDORSEMENTS**

1. All premium change endorsements will reflect the rates and rules in force at the inception of the policy period.
2. Premium charges will be calculated pro-rata.
3. Midterm premium adjustments will be made as a result of a change in:
  - a. autos insured by the policy;
  - b. drivers added to or excluded from the policy; and
  - c. coverage and deductibles.
4. Mid-term premium adjustments will not be made as a result of:
  - a. driver point changes (unless to recognize adding/deleting a driver);
  - b. attained age of driver; or
  - c. rating territory.
5. Return premium of \$10.00 or less will not be refunded unless requested in writing by the insured.
6. Written Endorsements: The following must be submitted in writing and must have the insured's signature and date signed:
  - a. add, delete or change coverage/increase or decrease deductibles.
  - b. add or delete vehicles (unless sold or replaced).
  - c. driver exclusions.
  - d. rejection of PIP, UMB, UDB and UMP.
  - e. add or delete operators / SR-22 filings.

## **RULE 6. CANCELLATIONS**

1. DIRECT may cancel the policy for any reason within the first sixty (60) days of the policy period, provided that the date of cancellation is at least twenty (20) days after the date of mailing.
2. After the first sixty (60) days of the policy period, DIRECT may cancel the policy with twenty (20) day written notice provided that the cancellation is for one (1) or more of the following reasons:
  - a. Misrepresentation by the insured of any material fact in the procurement or renewal of this policy or in the submission of claims under this policy.
  - b. The Named Insured or any driver of the insured vehicle is **convicted** of:
    - 1) driving while intoxicated;
    - 2) homicide or assault arising out of the use of a motor vehicle; or
    - 3) three (3) separate convictions of speeding or reckless driving or combination of the two (2) during the policy period, including (3) months prior to the effective date of the policy.
  - c. Non-payment of premium (a written notice of cancellation will be mailed or delivered to the last known mailing address of the named insured and any loss payee at least 10 days prior to the effective date of the cancellation.)
3. In the event a policy has three (3) "losses", where loss is defined as money paid out to an insured or third party in satisfaction of a claim, during a twelve (12) month term the policy will be non-renewed giving at least thirty (30) days advance notice. Claims arising from "natural causes" will not be considered when evaluating the loss history.
4. The mailing of notice of cancellation or non-renewal to the insured's address as shown on the Declarations Page will be proof of cancellation or non-renewal.

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5. The insured may cancel the policy by mailing or electronically submitting a signed written request stating the future date that the Insured wishes the cancellation to be effective. The cancellation may not be earlier than the date the request is received unless the request is from the premium finance company. If the request is from the premium finance company, we may elect, at our sole option, to cancel the policy as of the effective date stated in the notice
6. An insufficient down payment will result in a flat cancellation and coverage will be null and void. An insufficient payment or nonpayment of any installment by the due date will result in a cancel notice being sent to the Insured at least ten (10) days in advance of cancellation. If payment is received in our office by the cancel date, the policy will be reinstated.
7. In the event of a total loss, coverage continues until the insured sends a cancellation request to DIRECT.
8. When the cancellation request is due to duplicate coverage and the requested cancellation date is prior to the received date, DIRECT requires proof of duplicate coverage in order to honor the requested cancellation date.
9. DIRECT cannot cancel or non-renew solely because of the administrative revocation or suspension of the driver's license of the owner or operator of the motor vehicle under Arkansas Code 5-65-104.
10. Premium computations for cancellations are as follows:
  - a. Requested by insured: Return premium shall be calculated on a short rate basis.
  - b. Non-payment of premium: Return premium shall be calculated on a 100% pro-rata basis.
  - c. Request of premium finance company: Return premium shall be calculated on a 100% pro-rata basis.
  - d. Request of company: Return premium shall be calculated on a 100% pro-rata basis.

## **RULE 7. MATERIAL MISREPRESENTATIONS OF RISK**

1. If statements in the application differ from records of the Department of Motor Vehicles, the proper additional or return premium will be processed without prior notice. Additionally, the company may elect to cancel for undisclosed violations.
2. Among the information most often misrepresented is:
  - a. drivers (list or exclude all persons age 14 and older in the household);
  - b. driving record;
  - c. vehicle type and use;
  - d. garaging address; and
  - e. state of residency.

## **RULE 8. RENEWALS**

1. A renewal quote will be sent to the insured thirty (30) days prior to expiration, along with instructions to pay DIRECT directly.
2. Payment must be received by DIRECT prior to expiration to ensure continuous coverage.
3. Renewal payments received after the policy expires could result in renewal with a lapse.
4. If the policy had a lapse in coverage in the prior twelve (12) months, renewal will result in business tier "R".
5. Renewal Rate Level Capping:
  - a. Renewal premiums will be capped at ~~40~~15%.

- b. The premium is calculated for the renewal term (True Renewal Premium) and compared to the premium from the current term (Current Term Premium). If the True Renewal Premium exceeds the Current Term Premium by more than 10%, the Final Renewal Premium increase will be capped at 10%.
- c. If a rating characteristic change is made in the prior term or at the time of renewal, the Current Term Premium will be calculated using the new rating characteristic. It will then be compared to the True Renewal Premium calculated using the same characteristics.
- d. To calculate the Final Renewal Premium, a factor is applied to each vehicle and coverage.  
Factor = (Current Term Premium \* 1.10) / True Renewal Premium
- e. This factor will be used each time a change is made to the policy for the term of the policy.
- f. The factor will be re-calculated at each renewal. **Note:** The Current Term Premium used at the second and subsequent renewal will be calculated using any "Factor" applied in the previous renewal.

## **RULE 9. LIABILITY COVERAGE**

1. Bodily Injury (BI)
  - a. The following limits are available:
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
2. Property Damage (PD)
  - a. The following limits are available:
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
3. Uninsured Motorist (UMB/UMP) / Underinsured Motorist (UDB)
  - a. The following limits are available for Uninsured Motorist Bodily Injury (UMB) and Underinsured Motorists Bodily Injury (UDB):
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. The following limits are available for Uninsured Motorist Property Damage (UMP):
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - c. If this coverage is not desired, the insured must sign the Uninsured/Underinsured Motorist rejection form. If this signed form does not accompany the application, these coverages will

automatically be added at the Bodily Injury and Property Damage limits and the appropriate premium will be charged.

- d. Coverage must be written on all cars of a multi-car policy at the same limits.
  - e. Uninsured coverage cannot exceed the liability coverage limits.
  - f. UDB will be offered after UMB is accepted.
4. Personal Injury Protection (PIP)
- a. The following benefits are provided:
    - 1) \$5,000 Medical/Hospital;
    - 2) Income Disability; and
    - 3) \$5,000 Accidental Death.
  - b. If any or all of these options are not desired, the insured must sign the Personal Injury Protection rejection form. If this signed form does not accompany the application, all options will automatically be added and the appropriate premium will be charged.
5. Medical Payments (MP)
- a. Medical Payments is optional.
  - b. It can only be written on policies with Liability coverage.
  - c. Medical Payments limits must be the same on all vehicles on the policy.
  - d. Limits available:
    - 1) \$250;
    - 2) \$500;
    - 3) \$1,000; and
    - 4) \$2,000.
6. Accidental Death (AD)
- a. Accidental Death is an optional coverage, providing \$5,000 paid to the Named Insured's estate as specified in the policy.
  - b. Semi-annual premium is \$10.

## **RULE 10. PHYSICAL DAMAGE COVERAGE**

1. Comprehensive/Collision (CMP/COL)
- a. The following deductibles are available:
    - 1) \$100;
    - 2) \$250;
    - 3) \$500;
    - 4) \$750; and
    - 5) \$1,000.
  - b. A \$250 deductible applies to lienholders upon repossession with damage.
  - c. Both Comprehensive and Collision must be written where Physical Damage coverage is chosen.
  - d. The same deductible must be chosen for Collision and Comprehensive.

2. Towing (TVW)
  - a. Towing is an optional coverage, providing up to \$25 reimbursement per occurrence.
  - b. Semi-annual premium is \$12 per vehicle.
  - c. Coverage may only be written on cars providing Comprehensive and Collision coverages.
3. Rental Car (RTV)
  - a. Rental is an optional coverage, providing \$10/day reimbursement up to \$300.
  - b. Semi-annual premium is \$25 per vehicle.
  - c. It may only be written on cars providing Comprehensive and Collision coverages.

## **RULE 11. RATING PROCEDURES**

1. Annual policies are rated with a factor of 1.90 times the semi-annual rate.
2. The premium for each coverage and vehicle shall be rounded to the nearest dollar. \$0.50 and over will be rounded up.
3. Determine Territory code from [APPENDIX 1: TERRITORY DEFINITIONS](#). Do not use "Bureau" definitions. Use the zip code where the vehicle is principally garaged, not the mailing zip code.
4. Vehicle Symbols:
  - a. Determine Liability and Physical Damage Vehicle Rating Symbol from [APPENDIX 3: VEHICLE SYMBOLS](#).
  - b. Interim rating symbol determination for unlisted vehicles:
    - 1) 1984 and prior are not listed in [APPENDIX 3: VEHICLE SYMBOLS](#):
      - a) Use the liability symbol in the rate tables, which is most descriptive of the vehicle, e.g., T for truck, F for 4x4 trucks, V for van, C for convertible, etc.
      - b) Physical Damage coverage is not available; use Physical Damage symbol "Z".
    - 2) 2004 and subsequent:
      - a) If [APPENDIX 3: VEHICLE SYMBOLS](#) displays a rating symbol for the prior model year version of the same vehicle, use the prior model year's symbol for the new model year vehicle.
      - b) If [APPENDIX 3: VEHICLE SYMBOLS](#) does not display a symbol for the prior model year version of the same vehicle, assign a symbol based on the cost new (MSRP) of the auto using the Price/Symbol Chart located in the rate tables.
5. Vehicle Age is determined using the policy effective date year and the vehicle model year.

## **RULE 12. POLICY FEES**

1. Policy Fee: \$-~~2025~~.00 earned at inception on each new and renewal policy.
2. SR-22: \$-25.00 per filing.
3. Reinstatement Fee: \$5.00 for each policy where cancellation notice has been issued and the insured desires continuation of coverage.
4. Installment Billing Fee: \$8.00 per installment or \$2.00 per EFT installment.
5. Late Fee: \$10.00 for each late installment payment.
6. NSF Fee: \$25.00 for each payment returned to the company for insufficient funds.

## **RULE 13. DISCOUNTS**

1. Safe Driver Discount
  - a. A credit applies if all operators are violation and accident free for the preceding twelve (12) months.
  - b. This discount applies to both new and renewal business.
  - c. This discount will apply to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverages.
2. Multi-Car Discount
  - a. The discount will apply to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverages if carried on each auto.
  - b. More than one (1) car must be covered on the same policy.
3. Senior Citizen Discount
  - a. A credit applies to Bodily Injury, Property Damage, Comprehensive and Collision coverages.
  - b. This discount is available to drivers 55 and older. Applicants must submit a copy of the certificate indicating successful completion of a Motor Vehicle Accident Prevention Course, which has been approved by the State of Arkansas. If previously received by the company, no further proof is required at renewal.
  - c. This discount applies only to the driver completing the course.
  - d. This discount is valid for thirty-six (36) months following course completion.
  - e. Discount does not apply if course is taken as a punishment specified by a court or other governmental entity resulting from a moving violation.
4. College Graduate Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision coverages.
  - b. Available to drivers under the age of twenty-five (25) who have graduated from a college or university and whose cumulative scholastic records show that the insured attained one (1) of the following:
    - 1) If letter grades are used, had a grade average of "B" or higher; or
    - 2) Had at least a 3 point average on a 4 point scale (or equivalent).
  - c. A copy of his/her college transcript is required and must accompany the application for the discount to apply. If previously received by the company, no further proof is required at renewal.
5. Welcome Back Discount
  - a. A credit applies to Bodily Injury, Property Damage and Collision coverages.
  - b. This discount will be available to applicants who have previously purchased a policy with DIRECT.
  - c. The previous policy number must be provided in order for the discount to apply. Acceptable verification of the former customer includes:
    - 1) Applicant can submit a copy of the declarations page, renewal quote or cancellation of the previous policy; or
    - 2) The previous policy number can be obtained by searching the company database based on the information provided by the applicant.

6. Multi-Product Discount

- a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision coverages.
- b. Discount will be given when an auto policy is accompanied by at least one active Qualifying Additional Product (QAP)
- c. Qualifying Additional Products include:
  - 1) Automobile Protection Plan
  - 2) Term Life Insurance

6.7. Maximum Discount

The maximum allowable discount is 45% per policy. Discounts are multiplicative not additive, e.g., a 10% discount and a 5% discount is not 15%, but  $1 - (1 - 10\%) \times (1 - 5\%) = 14.5\%$ .

**RULE 14. DRIVER CLASSES**

1. The highest rated driver is matched to the highest rated vehicle.
2. The driver classification to be used in the rating of DIRECT automobile policies is a combination of gender, marital status and age.
3. Where there are more cars than drivers on a policy, additional cars will be rated with Class 1 with zero (0) points.
4. Report all persons fourteen (14) years of age and older living in the insured's household, whether or not they are licensed. These persons must be included in the rating or must be specifically excluded.
5. Married class includes legally married and residing with spouse.
6. Single class includes persons who are single, divorced, separated, widowed or living together while not married.
7. Roommates must be included in the rating of a policy unless specifically excluded.
8. In the event that DIRECT discovers a previously undeclared operator at any time during the policy period, DIRECT deserves the right to:
  - a. void for misrepresentation; or
  - b. add the operator to the policy as of the effective date of the policy period and add a violation code of 402. This point surcharge will only be applied to the policy period for which they are added. At renewal the surcharge will be removed. (We will run an MVR at the time the driver is added and add all prior violations to the policy. These will not be removed at renewal.) If the operator is involved in an at-fault-accident, the accident will be added and charged at renewal.

**RULE 15. DRIVING RECORD/POINT COUNT PROCEDURES**

1. Point values are assessed for all accidents and violations which occur in the thirty-five (35) month period immediately preceding the policy inception date.
2. Multiple Violations: If two (2) or more violations or an accident and a violation result from the same incident, we will charge only for the highest rated violation or accident.
3. Violation Point Class:

Description	Points 1 <sup>st</sup> Occurrence	Points 2 <sup>nd</sup> Occurrence	Points Each Additional Occurrence
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AAF – At-Fault Accident	4	6	9
DWI – Driving Under the Influence	<del>4</del> 2	2	5
IND – No Charge	0	0	0
MAJ – Major Violation	4	4	4
MIN – Minor Violation	2	3	2
NAF – Not-At-Fault	0	0	0
SPD – Speeding	2	1	1

4. Point Assignments:

Description	Violation Code	Violation Point Class
At-Fault Accident	301	AAF
Auto Theft/Felony Motor Vehicle	605	MAJ
Careless/Improper Operation	101	MAJ
Comprehensive Claim	007	IND
Drag Racing	118	MAJ
Drive Under Influence Drugs / Alcohol	602	DWI
Drive while License Revoked / Suspended	302	MIN
Driving without License	303	MIN
Failure to Follow Traffic Device / Sign	110	MIN
Failure to Yield	111	MIN
Fleeing from Police	606	MAJ
Following too Close	112	MIN
Foreign Driver's License	401	MAJ

Description	Violation Code	Violation Point Class
Improper Backing	113	MIN
Improper Passing	114	MIN
Improper Turn	124	MIN
Leaving the Scene	608	MAJ
Minor Moving Violation	115	MIN
Not-At-Fault Accident	011	NAF
Open Bottle	116	DWI
Passing a Stopped School Bus	117	MAJ
Reckless Driving	305	MAJ
Speeding	201	SPD
Suspended, Revoked or Cancelled License	404	MAJ
Undisclosed Driver	402	MAJ
Unverifiable Driving Record	403	MAJ
Vehicular Homicide	601	MAJ
Without Owner's Consent	603	MAJ

Wrong Way on One-Way Street	107	MIN
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5. All accidents will be considered chargeable unless the Named Insured demonstrates (1) one of the following:
  - a. Applicant's automobile was lawfully parked.
  - b. Judgment or reimbursement was obtained from responsible party.
  - c. Struck in rear and not convicted of a moving traffic violation.
  - d. Struck by hit-and-run driver and such accident were reported by applicant to proper authorities within twenty-four (24) hours.
  - e. Applicant was not convicted of a moving traffic violation in connection with the accident and the other operator of the vehicle involved in such accident was convicted of a moving traffic violation.
  - f. Applicant was finally adjudicated not to be liable by a court of competent jurisdiction.
  - g. Accidents involving Physical Damage, limited to and caused by flying gravel, missiles, falling objects or by contact with animals or fowl.
  - h. Applicant was operating vehicle other than a private passenger auto, motor home or motorcycle at time of accident.
  - i. In receipt of a traffic citation which was dismissed or nolle prosequi.
6. If the operator at the time of accident/violation was on duty as a paid or volunteer member of any Police or Fire Department, First-Aid Squad, or any Law Enforcement Agency, the accident/violation is not chargeable.
7. Driver's License Status – Operators not possessing a valid driver's license will be assigned a surcharge. Specific situations are addressed below:
  - a. Individuals serving full-time in the military and permanently stationed in Arkansas are not required to obtain an Arkansas license and will not be surcharged.
  - b. Foreign and International Driver's Licenses: Drivers who have a valid foreign or international driver's license but not a valid U.S. license will be surcharged. The surcharge will apply until the insured is able to submit proof of a valid U.S. license having been in effect for at least twelve (12) months. Assign the Foreign Driver's License surcharge, i.e. code 401.
  - c. Assign Unverifiable Driving Record surcharge, i.e. code 403:
    - 1) A major violation will be charged on any driver whose driving record cannot be verified by a state's Bureau of Motor Vehicles (not including drivers under 19).
    - 2) The charge will be removed effective the policy inception date if DIRECT receives a valid current MVR (contains at least 12 months of driving history). The MVR must be no more than thirty (30) days old and must be received within sixty (60) days of the policy inception.
    - 3) Drivers with a learner's permit will not be charged for an Unverifiable Driving Record during the first policy term. The Unverifiable Driving Record points will be assessed during the second and subsequent policy terms if an MVR remains unobtainable.
  - d. Any driver whose license is suspended, revoked or cancelled will be surcharged. Once proof can be provided of the driver's license reinstatement, the surcharge can be removed effective the date of the license reinstatement. To have the surcharge removed, the driver needs to have their license reinstated and be able to show proof of a valid Arkansas license. Assign the Suspended, Revoked or Cancelled License surcharge, i.e. code 404.
  - e. Note that only one of these above surcharges will apply, i.e. they are mutually exclusive

## RULE 16. VEHICLE USE

Vehicle Use Relativity Table	BI	PD	PIP	UMB	UMP	UDB	MP	CMP	COL
Pleasure (PL)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business Use (BU)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Non-Owner (NO)	0.90	0.90	0.90	0.90	0.90	0.90	N/A	N/A	N/A

1. Pleasure Use (PL): Includes vehicles driven for pleasure, to and from work or school and for farm/ranch use. There should be no regular business use of the vehicle in connection with the driver's occupation, profession, or business other than commuting to and from work or school.
2. Business Use (BU):
  - a. A surcharge will be applied to risks in which the automobile is used regularly in support of the insured's business or profession.
  - b. DIRECT will only accept the risk if the vehicle is individually owned.
  - c. The following professions are deemed acceptable:
    - 1) Sales;
    - 2) Lawyers;
    - 3) Clergymen;
    - 4) Realtors; and
    - 5) Visiting Nurses.
  - d. Artisan Risks: Pickups, vans and utility vehicles.
    - 1) When the business use of these vehicles consists solely of carrying tools and supplies between the Named Insured's home and the job site, DIRECT will accept the risk subject to the following:
      - a) the vehicle is individually owned;
      - b) the vehicle is operated solely by the Named Insured and family members;
      - c) the insured has no more than one (1) vehicle in this category; and
      - d) the vehicle is visiting no more than three (3) job sites per day.
    - 2) The occupations that fall under the category of Artisan are the following:

a) Aluminum Contractors;	j) Interior Decorators;
b) Air Conditioning/Heating;	k) Painters;
c) Bricklayers/Masonry;	l) Plaster/Stucco Contractors;
d) Cabinet Installers;	m) Repair – Appliances;
e) Carpenters;	n) Repair – Handyman;
f) Concrete Contractors;	o) Screened Enclosure Erectors;
g) Electrical Contractors;	p) Surveyors;
h) Fence Installers;	q) Swimming Pool Installers; and
i) Glass Installers;	r) Tree Surgeons.

- e. Risks will not be accepted in those instances where there is for-hire pickup and delivery of goods or debris, flammable or explosives are transported or where the vehicle is hauling equipment with a weight in excess of 2,000 pounds or has a GVW of 10,000 pounds or more.

3. Non-Owner (NO): Used when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

## RULE 17. PAYMENT PLANS

The total premium including fees is due at the beginning of the policy period, unless the insured elects one (1) of the following installment plan options:

Policy Term	Due Dates*	Number of Installments	NEW BUSINESS		RENEWAL BUSINESS	
			Down Payment	Installment Percent	Down Payment	Installment Percent
6	-	-	100.0000%	-	100.0000%	-
6	3 mos. from inception	4	50.0000%	50.0000%	50.0000%	50.0000%
6	2 and 4 mos. from inception	2	40.0000%	30.0000%	40.0000%	30.0000%
6	Monthly	4	41.6800%	14.5800%	41.6800%	14.5800%
6	Monthly	4	30.0000%	17.5000%	30.0000%	17.5000%
6	Monthly	4	N/A	N/A	25.0000%	18.7500%
6	Monthly	4	25.0000%	18.7500%	25.0000%	18.7500%
6	Monthly	4	20.0000%	20.0000%	20.0000%	20.0000%
6	Monthly	5	30.0000%	14.0000%	30.0000%	14.0000%
6	Monthly	5	N/A	N/A	25.0000%	15.0000%
6	20/27	5	25.0000%	15.0000%	25.0000%	15.0000%
6	20/27	5	N/A	N/A	22.0000%	15.6000%
6	7/28	5	20.2400%	15.9520%	17.6000%	16.4800%
6	8/28	5	20.9600%	15.8080%	18.2300%	16.3540%
6	9/28	5	21.6900%	15.6620%	18.8600%	16.2280%
6	10/28	5	22.4100%	15.5180%	19.4900%	16.1020%
6	11/28	5	23.1300%	15.3740%	20.1100%	15.9780%
6	12/28	5	23.8500%	15.2300%	20.7400%	15.8520%
6	13/28	5	24.5800%	15.0840%	21.3700%	15.7260%
6	14/28	5	21.9000%	15.6200%	21.9000%	15.6200%
6	14/28	5	N/A	N/A	22.0000%	15.6000%
6	15/28	5	26.0200%	14.7960%	22.6300%	15.4740%
6	16/28	5	26.7500%	14.6500%	23.2600%	15.3480%
6	17/28	5	27.4700%	14.5060%	23.8900%	15.2220%
6	18/28	5	28.1900%	14.3620%	24.5100%	15.0980%
6	19/28	5	28.9100%	14.2180%	25.1400%	14.9720%
6	20/28	5	29.6400%	14.0720%	25.7700%	14.8460%
6	21/28	5	30.3600%	13.9280%	26.4000%	14.7200%
6	7/30	5	18.0000%	16.4000%	15.0000%	17.0000%
6	8/30	5	18.5000%	16.3000%	15.4200%	16.9160%
6	9/30	5	19.0000%	16.2000%	15.8300%	16.8340%

Policy Term	Due Dates*	Number of Installments	NEW BUSINESS		RENEWAL BUSINESS	
			Down Payment	Installment Percent	Down Payment	Installment Percent
6	10/30	5	19.5000%	16.1000%	16.2500%	16.7500%
6	11/30	5	20.0000%	16.0000%	16.6700%	16.6660%
6	12/30	5	20.5000%	15.9000%	17.0800%	16.5840%
6	13/30	5	21.0000%	15.8000%	17.5000%	16.5000%
6	14/30	5	21.5000%	15.7000%	17.9200%	16.4160%
6	15/30	5	22.0000%	15.6000%	18.3300%	16.3340%
6	16/30	5	22.5000%	15.5000%	18.7500%	16.2500%
6	17/30	5	23.0000%	15.4000%	19.1700%	16.1660%
6	18/30	5	23.5000%	15.3000%	19.5800%	16.0840%
6	19/30	5	24.0000%	15.2000%	20.0000%	16.0000%
6	20/30	5	24.5000%	15.1000%	20.4200%	15.9160%
6	21/30	5	25.0000%	15.0000%	20.8300%	15.8340%
6	22/30	5	25.5000%	14.9000%	21.2500%	15.7500%
6	23/30	5	26.0000%	14.8000%	21.6700%	15.6660%
6	24/30	5	26.5000%	14.7000%	22.0800%	15.5840%
6	25/30	5	27.0000%	14.6000%	22.5000%	15.5000%
6	26/30	5	27.5000%	14.5000%	22.9200%	15.4160%
6	27/30	5	28.0000%	14.4000%	23.3300%	15.3340%
6	28/30	5	28.5000%	14.3000%	23.7500%	15.2500%
6	29/30	5	29.0000%	14.2000%	24.1700%	15.1660%
6	30/30	5	29.5000%	14.1000%	24.5800%	15.0840%
6	31/30	5	30.0000%	14.0000%	25.0000%	15.0000%
12	-	-	100.0000%	-	100.0000%	-
12	3, 7 and 10 mos. from inception	3	25.0000%	25.0000%	25.0000%	25.0000%
12	Monthly	10	30.0000%	7.0000%	N/A	N/A
12	Monthly	10	25.0000%	7.5000%	25.0000%	7.5000%
12	Monthly	10	20.0000%	8.0000%	20.0000%	8.0000%
12	Monthly	10	16.7000%	8.3300%	16.7000%	8.3300%
12	Monthly	10	15.0000%	8.5000%	N/A	N/A
12	Monthly	10	12.5000%	8.7500%	12.5000%	8.7500%
12	Monthly	11	15.0000%	7.7273%	15.0000%	7.7273%
12	Monthly	11	N/A	N/A	12.5000%	7.9545%
12	20/27	12	27.0000%	6.0800%	20.8000%	6.6000%
12	20/27	12	15.0000%	7.0834%	15.0000%	7.0834%
12	20/27	12	13.5000%	7.2100%	N/A	N/A
12	20/27	5	N/A	N/A	11.0000%	17.8000%
12	7/28	12	10.1200%	7.4900%	8.8000%	7.6000%
12	8/28	12	10.4800%	7.4600%	9.1100%	7.5742%
12	9/28	12	10.8400%	7.4300%	9.4300%	7.5475%

Policy Term	Due Dates*	Number of Installments	NEW BUSINESS		RENEWAL BUSINESS	
			Down Payment	Installment Percent	Down Payment	Installment Percent
12	10/28	12	11.2000%	7.4000%	9.7400%	7.5217%
12	11/28	12	11.5700%	7.3692%	10.0600%	7.4950%
12	12/28	12	11.9300%	7.3392%	10.3700%	7.4692%
12	13/28	12	12.2900%	7.3092%	10.6900%	7.4425%
12	14/28	12	25.2000%	6.2300%	16.0000%	7.0000%
12	14/28	12	12.6500%	7.2800%	N/A	N/A
12	14/28	5	N/A	N/A	11.0000%	17.8000%
12	15/28	12	13.0100%	7.2492%	11.3100%	7.3908%
12	16/28	12	13.3700%	7.2192%	11.6300%	7.3642%
12	17/28	12	13.7300%	7.1892%	11.9400%	7.3383%
12	18/28	12	14.1000%	7.1583%	12.2600%	7.3117%
12	19/28	12	14.4600%	7.1283%	12.5700%	7.2858%
12	20/28	12	14.8200%	7.0983%	12.8900%	7.2592%
12	21/28	12	15.1800%	7.0683%	13.2000%	7.2333%
12	7/30	11	9.0000%	8.2727%	7.5000%	8.4091%
12	8/30	11	9.2500%	8.2500%	7.7100%	8.3900%
12	9/30	11	9.5000%	8.2273%	7.9200%	8.3709%
12	10/30	11	9.7500%	8.2045%	8.1300%	8.3518%
12	11/30	11	10.0000%	8.1818%	8.3300%	8.3336%
12	12/30	11	10.2500%	8.1591%	8.5400%	8.3145%
12	13/30	11	10.5000%	8.1364%	8.7500%	8.2955%
12	14/30	11	10.7500%	8.1136%	8.9600%	8.2764%
12	15/30	11	11.0000%	8.0909%	9.1700%	8.2573%
12	16/30	11	11.2500%	8.0682%	9.3800%	8.2382%
12	17/30	11	11.5000%	8.0455%	9.5800%	8.2200%
12	18/30	11	11.7500%	8.0227%	9.7900%	8.2009%
12	19/30	11	12.0000%	8.0000%	10.0000%	8.1818%
12	20/30	11	12.2500%	7.9773%	10.2100%	8.1627%
12	21/30	11	12.5000%	7.9545%	10.4200%	8.1436%
12	22/30	11	12.7500%	7.9318%	10.6300%	8.1245%
12	23/30	11	13.0000%	7.9091%	10.8300%	8.1064%
12	24/30	11	13.2500%	7.8864%	11.0400%	8.0873%
12	25/30	11	13.5000%	7.8636%	11.2500%	8.0682%
12	26/30	11	13.7500%	7.8409%	11.4600%	8.0491%
12	27/30	11	14.0000%	7.8182%	11.6700%	8.0300%
12	28/30	11	14.2500%	7.7955%	11.8800%	8.0109%
12	29/30	11	14.5000%	7.7727%	12.0800%	7.9927%
12	30/30	11	14.7500%	7.7500%	12.2900%	7.9736%
12	31/30	11	15.0000%	7.7273%	12.5000%	7.9545%

~~\* Due dates in the form of xx/dd is defined as: the first installment is due (xx) days after the inception of the policy, with remaining installments due every (dd) days thereafter.~~

- ~~1. Paid in Full –The total premium including fees must be paid in full at the time of acceptance. Every applicant has the option to pay his total premium in full.~~
- ~~2. In addition to Paid in Full, the Company may offer one or more of the following installment plan options:
  - ~~a. 14/28 Installment Payment Plan (14/28) – A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due fourteen days from the effective policy date and subsequent payments are due every twenty-eight days thereafter.~~
  - ~~b. 20/27 Installment Payment Plan (20/27) –A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due twenty days from the effective policy date and subsequent payments due every twenty-seven days thereafter.~~
  - ~~c. Monthly 10 Installment Payment Plan (10 Pay) - A down payment\* is due at signing with the balance equally distributed over four payments for semi-annual plans and ten payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.~~
  - ~~d. Monthly 11 Installment Payment Plan (11 Pay) - A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and eleven payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.~~~~
- ~~3. Flex Day Option – If an installment payment plan is selected, the insured has the option to modify it by selecting the date on which the first payment is due for each of the above payment plans (14/28, 20/27, 10 Pay, 11 Pay). The first payment date must be at least seven days and no more than 30 from the effective date of the policy. The down payment will be adjusted based on the first payment date selected. The subsequent payments will follow the attributes of the applicable pay plan chosen.~~
- ~~4. Down Payments – Where applicable, down payments comply with state minimum requirements. Amounts vary based on the plan chosen, payment date chosen (in the case of Flex Day Payment Plan), and distribution channel. Down payment amounts may also be adjusted based on one or more of the following factors: a territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history.~~
- ~~5. The following fees are assessed on installment plans.
  - ~~a. Processing Fee: A fully earned \$25.00 installment processing fee is due at inception of policy.~~
  - ~~b. Installment Fee: \$8.00 per installment, excluding the down payment, due with installment.~~
  - ~~c. Late Fee: A late fee of \$10.00 will be charged on any installment postmarked or received five (5) or more days after the installment due date.~~
  - ~~d. NSF Fee: \$25.00 for each payment returned to DIRECT for payments made with insufficient funds.~~

~~*Restrictions/Limitations: The Company reserves the right to limit availability of one or more installment plan options based on one or more of the following factors: territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history. The Company utilizes various sales distribution channels, including local agency store fronts, tele-market and internet. Not all payment plans are available in all distribution channels.*~~~~
- ~~1. Processing Fee: A fully earned \$25.00 installment processing fee is due at inception of policy.~~

- ~~2.—Installment Fee: \$8.00 per installment excluding the down payment.~~
- ~~3.—Late Fee: A late fee of \$10.00 will be charged on any installment postmarked or received after the installment due date.~~
- ~~4.—NSF Fee: \$25.00 for each payment returned to the company for insufficient funds.~~

**RULE 18. BUSINESS TIERS**

Policy Description	Business Tier
New Business – No Prior Insurance	N
New Business – With Prior Insurance of 25/50 limits	P
New Business – With Prior Insurance greater than 25/50 limits	H
Renewal Business – <del>1<sup>st</sup> term</del> <u>12 Months</u>	1
Renewal Business – <del>2<sup>nd</sup> term</del> <u>24 Months</u>	2
Renewal Business – <del>3<sup>rd</sup> term</del> <u>36 Months</u>	3
Renewal Business – With lapse in coverage in previous 12 months	R

- 1. The premium will be determined by a combination of Business Tier and Insurance Score.
- 2. Qualifications for Business Tier “P” ;
  - a. Applicant must provide verification of at least six (6) months of continuous prior liability coverage, prior limits of 25/50, with no more than seven (7) days of lapse in previous coverage allowed.
  - b. The only acceptable verification of prior coverage will be a renewal quote or letter from the prior agent or insurance company.
  - c. A photocopy of the acceptable verification listed above must accompany the application for the discount to apply.
- 3. Qualifications for Business Tier “H”;
  - a. Applicant must provide verification of at least six (6) months of continuous prior liability coverage, prior limits greater than 25/50, with no more than seven (7) days of lapse in previous coverage allowed.
  - b. The only acceptable verification of prior coverage will be a renewal quote or letter from the prior agent or insurance company.
  - c. A photocopy of the acceptable verification listed above must accompany the application for the discount to apply.
- ~~4. Qualifications for Business Tier “R”: Renewal policies with a lapse in coverage in the previous twelve (12) months.~~
- ~~5. Qualifications for Business Tier “1”: First term renewals for annual policies or second and third term renewal for six month policies with no lapse in coverage in the previous twelve (12) months.~~
- ~~6. Qualifications for Business Tier “2”: Second term renewals for annual policies or fourth and fifth term renewal for six month policies with no lapse in coverage in the previous twelve (12) months.~~
- ~~7. Qualifications for Business Tier “3”: Third term renewals or greater for annual policies or sixth term or greater for six month policies with no lapse in coverage in the previous twelve (12) months.~~

~~4.8.~~

- ~~5. Qualifications for Business Tier "1": First term renewals with no lapse in coverage in the previous twelve (12) months.~~
- ~~6. Qualifications for Business Tier "2": Second term renewals with no lapse in coverage in the previous twelve (12) months.~~
- ~~7. Qualifications for Business Tier "3": Third term renewals with no lapse in coverage in the previous twelve (12) months.~~
- 8-9. Qualifications for Business Tier "N": Does not qualify for either Business Tier "P", "H", "R", "1", "2" or "3".

## APPENDIX 1: TERRITORY DEFINITIONS

ZIP Code	System Territory
71601	232
71602	233
71603	170
71611	232
71612	233
71613	170
71630	172
71631	102
71635	173
71638	172
71639	172
71640	172
71642	173
71643	171
71644	150
71646	173
71647	102
71649	298
71651	102
71652	172
71653	172
71654	172
71655	173
71656	173
71657	173
71658	173
71659	150
71660	174
71661	173
71662	172
71663	173
71665	172
71666	172
71667	171
71670	173
71671	102
71674	172
71675	173
71676	173
71677	173
71678	171
71701	103
71711	103
71720	102
71721	107
71722	106
71724	105
71725	104
71726	103
71728	107
71730	105

ZIP Code	System Territory
71731	105
71740	103
71742	102
71743	107
71744	102
71745	102
71747	105
71748	174
71749	105
71750	105
71751	103
71752	103
71753	213
71754	213
71758	105
71759	105
71762	105
71763	104
71764	103
71765	105
71766	102
71768	105
71769	298
71770	213
71772	107
71801	215
71802	215
71820	189
71822	189
71823	190
71825	189
71826	213
71827	103
71828	106
71831	189
71832	190
71833	189
71834	216
71835	107
71836	189
71837	216
71838	189
71839	216
71840	216
71841	190
71842	190
71844	107
71845	213
71846	190
71847	189
71851	189

ZIP Code	System Territory
71852	189
71853	188
71854	216
71855	189
71857	107
71858	214
71859	189
71860	213
71861	213
71862	189
71864	106
71865	189
71866	189
71901	235
71902	235
71903	235
71909	112
71910	112
71913	112
71914	112
71920	193
71921	193
71922	107
71923	108
71929	111
71932	190
71933	192
71935	194
71937	190
71940	193
71941	101
71942	109
71943	193
71944	190
71945	190
71949	112
71950	193
71952	189
71953	190
71956	112
71957	191
71958	189
71959	189
71960	191
71961	191
71962	108
71964	112
71965	191
71968	112
71969	191
71970	191

ZIP Code	System Territory
71971	189
71972	190
71973	190
71998	298
71999	110
72001	115
72002	406
72003	154
72004	152
72005	134
72006	133
72007	161
72010	135
72011	237
72012	163
72013	132
72014	133
72015	235
72016	120
72017	159
72018	235
72020	138
72021	157
72022	236
72023	262
72024	155
72025	116
72026	154
72027	115
72028	136
72029	157
72030	115
72031	136
72032	252
72033	252
72034	252
72035	254
72036	158
72037	225
72038	154
72039	253
72040	159
72041	154
72042	154
72043	143
72044	139
72045	163
72046	225
72047	264
72048	153
72051	140

ZIP Code	System Territory
72052	163
72053	227
72055	154
72057	175
72058	255
72059	133
72060	163
72061	255
72063	115
72064	154
72065	224
72066	159
72067	136
72068	163
72069	157
72070	115
72071	298
72072	226
72073	154
72074	158
72075	143
72076	258
72078	258
72079	149
72080	115
72081	137
72082	163
72083	265
72084	109
72085	163
72086	267
72087	235
72088	132
72089	236
72099	258
72101	133
72102	163
72103	236
72104	400
72105	111
72106	251
72107	120
72108	157
72110	115
72111	264
72112	143
72113	407
72114	228
72115	228
72116	256
72117	268
72118	256
72119	228
72120	258

ZIP Code	System Territory
72121	139
72122	113
72123	133
72124	409
72125	115
72126	115
72127	120
72128	234
72129	234
72130	139
72131	162
72132	149
72133	154
72134	157
72135	250
72136	263
72137	263
72139	135
72140	154
72141	117
72142	266
72143	163
72145	163
72149	163
72150	234
72152	148
72153	132
72156	115
72157	115
72160	154
72164	227
72165	144
72166	153
72167	112
72168	152
72169	143
72170	154
72173	261
72175	152
72176	160
72178	163
72179	139
72180	250
72181	255
72182	152
72183	227
72189	133
72190	408
72198	405
72199	251
72201	229
72202	230
72203	230
72204	231

ZIP Code	System Territory
72205	239
72206	227
72207	239
72209	231
72210	238
72211	240
72212	259
72214	231
72215	239
72216	227
72217	239
72219	231
72221	240
72222	259
72223	257
72225	239
72227	260
72231	268
72260	230
72295	230
72301	186
72303	403
72310	220
72311	180
72312	180
72313	220
72314	298
72315	220
72316	220
72319	220
72320	181
72321	220
72322	182
72324	134
72325	404
72326	182
72327	187
72328	401
72329	220
72330	220
72331	182
72332	182
72333	180
72335	179
72336	402
72338	220
72339	187
72340	178
72341	185
72342	184
72346	179
72347	134
72348	183
72350	220

ZIP Code	System Territory
72351	220
72352	180
72353	180
72354	219
72355	180
72358	220
72359	179
72360	180
72364	186
72365	219
72366	184
72367	156
72368	180
72369	180
72370	220
72372	179
72373	177
72374	184
72376	187
72377	219
72379	151
72381	298
72383	184
72384	187
72386	219
72387	176
72389	180
72390	184
72391	220
72392	178
72394	179
72395	220
72396	176
72401	217
72402	217
72403	217
72404	221
72410	165
72411	221
72412	168
72413	169
72414	221
72415	164
72416	168
72417	222
72419	221
72421	145
72422	169
72424	169
72425	168
72426	220
72427	145
72428	220
72429	134

ZIP Code	System Territory
72430	169
72431	143
72432	218
72433	165
72434	164
72435	169
72436	168
72437	221
72438	220
72439	168
72440	164
72441	169
72442	220
72443	221
72444	169
72445	165
72447	221
72449	169
72450	221
72451	221
72453	169
72454	223
72455	169
72456	169
72457	164
72458	164
72459	164
72460	167
72461	223
72462	169
72464	169
72465	165
72466	164
72467	221
72469	164
72470	169
72471	143
72472	219
72473	143
72474	221
72475	134
72476	165
72478	169
72479	134
72482	146
72501	138
72503	138
72512	146
72513	146
72515	147
72516	298
72517	147
72519	209
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ZIP Code	System Territory
72521	146
72522	144
72523	139
72524	144
72525	146
72526	139
72527	138
72528	147
72529	146
72530	139
72531	147
72532	146
72533	140
72534	138
72536	147
72537	210
72538	147
72539	146
72540	147
72542	146
72543	136
72544	210
72545	136
72546	139
72550	139
72553	138
72554	146
72555	140
72556	147
72557	298
72560	140
72561	141
72562	144
72564	144
72565	147
72566	147
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72571	144
72572	143
72573	141
72575	138
72576	147
72577	146
72578	147
72579	138
72581	139
72583	147
72584	147
72585	147
72587	147
72601	211
72602	211

ZIP Code	System Territory
72610	298
72611	211
72613	195
72615	211
72616	211
72617	210
72619	206
72623	210
72624	208
72626	210
72628	208
72629	136
72630	211
72631	211
72632	195
72633	211
72634	206
72635	210
72636	208
72638	211
72639	136
72640	208
72641	208
72642	210
72644	211
72645	205
72648	208
72650	205
72651	210
72653	210
72654	210
72655	208
72657	140
72658	210
72660	211
72661	206
72662	211
72663	140
72666	208
72668	206
72669	208
72670	208
72672	207
72675	208
72677	207
72679	142
72680	140
72682	207
72683	208
72685	208
72686	203
72687	207
72701	196
72702	196

ZIP Code	System Territory
72703	196
72704	196
72711	198
72712	198
72714	199
72715	199
72716	198
72717	127
72718	242
72719	244
72721	211
72722	245
72727	200
72728	198
72729	127
72730	196
72732	197
72733	197
72734	245
72735	196
72736	245
72737	196
72738	195
72739	245
72740	195
72741	196
72742	211
72744	201
72745	198
72747	245
72749	127
72751	198
72752	211
72753	196
72756	241
72757	241
72758	242
72760	211
72761	245
72762	198
72764	196
72765	196
72766	196
72768	245
72769	243
72770	198
72773	211
72774	196
72776	211
72801	119
72802	119
72811	119
72812	119
72820	119

ZIP Code	System Territory
72821	119
72823	119
72824	116
72826	119
72827	116
72828	116
72829	116
72830	119
72832	119
72833	116
72834	116
72835	119
72837	119
72838	114
72839	119
72840	119
72841	114
72842	116
72843	118
72845	119

ZIP Code	System Territory
72846	119
72847	119
72851	119
72852	212
72853	116
72854	119
72855	119
72856	204
72857	116
72858	119
72860	116
72863	119
72865	119
72901	248
72902	249
72903	249
72904	249
72905	130
72906	249
72908	130

ZIP Code	System Territory
72913	249
72914	249
72916	249
72917	249
72918	130
72919	249
72921	130
72923	130
72924	123
72926	191
72927	125
72928	119
72930	121
72932	130
72933	129
72934	128
72935	130
72936	130
72937	249
72938	124

ZIP Code	System Territory
72940	247
72941	130
72943	119
72944	246
72945	247
72946	128
72947	128
72948	128
72949	126
72950	114
72951	119
72952	131
72955	130
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## APPENDIX 2: PREMIUM CALCULATIONS

### Abbreviations:

BR	Base Rate
BT	Business Tier
CG	College Graduate Discount
CP	Class Point Factor
CR	Renewal Cap Factor
DF	Deductible Factor
IL	Increased Limit Factor
MC	Multi-Car Discount
MU	Multi-Product Discount

MX	Maximum Discount
SD	Safe Driver Discount
SF	Symbol Factor
SR	Senior Driver Discount
TF	Term Factor
VA	Vehicle Age Factor
VU	Vehicle Use
WB	Welcome Back Discount

### Calculation Notes:

All rounding is done after all factor and discounts multiplication is completed. If a factor is shown in the calculation methodology below is not applicable, replace such discount or factor with a factor of 1.00.

#### Bodily Injury Calculation:

$$BR * IL * CP * SF * VA * BT * MAX[(1 - MX), (1 - SD) * (1 - SR) * (1 - MC) * (1 - CG) * (1 - WB) * (1 - MU)] * VU * TF * CR$$

#### Property Damage Calculation:

$$BR * IL * CP * SF * VA * BT * MAX[(1 - MX), (1 - SD) * (1 - SR) * (1 - MC) * (1 - CG) * (1 - WB) * (1 - MU)] * VU * TF * CR$$

#### Personal Injury Protection Calculation:

$$BR * IL * CP * SF * MAX[(1 - MX), (1 - SD) * (1 - MC) * (1 - CG) * (1 - MU)] * VU * TF * CR$$

#### Uninsured/Underinsured Motorists Calculation:

$$BR * IL * CP * BT * VU * TF * CR$$

#### Medical Payments Calculation:

$$BR * IL * CP * MAX[(1 - MX), (1 - SD) * (1 - MC)] * VU * TF * CR$$

#### Comprehensive Calculation:

$$BR * CP * SF * VA * DF * BT * MAX[(1 - MX), (1 - SD) * (1 - SR) * (1 - MC) * (1 - CG) * (1 - MU)] * VU * TF * CR$$

#### Collision Calculation:

$$BR * CP * SF * VA * DF * BT * MAX[(1 - MX), (1 - SD) * (1 - SR) * (1 - MC) * (1 - CG) * (1 - WB) * (1 - MU)] * VU * TF * CR$$

#### Accidental Death Calculation:

$$BR * TF * CR$$

#### Rental Calculation:

$$BR * TF * CR$$

#### Towing Calculation:

$$BR * TF * CR$$

## APPENDIX 3: VEHICLE SYMBOLS

Vehicle Symbols are listed in a separate binder.

# **Direct National Insurance Company**

## **Underwriting Rules / Rating Guidelines**

**State of  
Arkansas**

# ARKANSAS

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## **RULE 1. BINDING AUTHORITY**

1. Agent binding authority is three (3) days. The signed application and required down payment must be received within three (3) working days of when coverage is bound.
2. Backdating of the effective date is not permitted.
3. The application must be fully completed, including the insured's signature(s).
4. When Physical Damage coverage is written, a pre-insurance inspection form must be completed for vehicles in all territories prior to binding. Please note all existing damage. Inspections are not required on renewal policies.
5. Physical damage coverage may not be written or bound in any area where there is a flash flood, hailstorm, hurricane, tornado or tropical storm warning, watch or occurrence.

## **RULE 2. SR-22 / FINANCIAL RESPONSIBILITY FILING**

A \$25.00 fee is applied per filing.

## **RULE 3. UNACCEPTABLE RISKS**

DIRECT reserves the right to determine the final acceptability of any risk. The agent in determining the acceptability of the risk should use the following guidelines.

1. Unacceptable Drivers
  - a. Operators not possessing valid proof of residence. Acceptable proof includes each of the following:
    - 1) a lease for an apartment, house, modular unit, or manufactured home with a Arkansas address signed by the applicant;
    - 2) a current utility bill showing the address of the applicant-payor;
    - 3) a receipt for personal property taxes paid;
    - 4) a valid student ID for a Arkansas school or university;
    - 5) a valid Arkansas vehicle registration;
    - 6) a valid unexpired Arkansas driver's license;
    - 7) a receipt for real property taxes paid to a Arkansas locality;
    - 8) a document similar to that described in #3, issued by the consulate or embassy of another country that would be accepted by the Arkansas Division of Motor Vehicles;
    - 9) a pay stub with the payee's address;
    - 10) a monthly or quarterly financial statement from a Arkansas regulated financial institution; or
    - 11) a valid military ID.

Risks in which the driver(s) has recently moved to Arkansas will be accepted assuming that he/she provides DIRECT with a copy of at least one of these documents within thirty (30) days of policy inception. Risks not providing this proof of residency will be cancelled.
  - b. Persons not residing in Arkansas at least six (6) months of the year.
  - c. Members of the armed forces not stationed permanently in Arkansas.
  - d. Drivers designated as "Habitual Traffic Offenders" on their MVR.
  - e. Drivers who have had a policy cancelled by DIRECT for loss experience or misrepresentation.
  - f. Drivers without a verifiable garaging address.
  - g. Applicants who have been convicted of insurance fraud.
  - h. Households with more than six (6) drivers are not permitted.

### 2. Unacceptable Vehicles

- a. Vehicles used for emergency, racing, delivery messenger, livery, limousine, or taxi service, including vehicles used to haul nursery or school children, migrant workers, hotel/motel guests, and medical/dental/optical patients, food vendors, food/newspaper/mail delivery, towing/repossession, etc.
- b. Rental vehicles or short-term leased vehicles (less than 6 months).
- c. Any vehicle which is leased or rented by the applicant to other operators or loaned on a regular basis.
- d. Vehicles not garaged in Arkansas for at least six (6) months a year.
- e. Recreation vehicles designed for off-road use or dune buggies unless a corresponding recreational vehicle endorsement is purchased.
- f. Motor homes and travel trailers.
- g. Antique vehicles, homebuilt vehicles or kit cars.
- h. Any vehicle carrying explosives or flammable substances.
- i. Vehicles from more than one (1) household listed on a single policy. **Exception:** Does not apply to acceptable student risks attending school in Arkansas.
- j. Vans, pickups and utility vehicles used in business, unless they are used in one (1) of the artisan occupations listed in the [VEHICLE USE](#) section of this manual.
- k. Flatbed trucks, stake trucks, and dump trucks.
- l. Cut-away vans, step vans, and vehicles with right hand steering.
- m. Stated value policies.
- n. Driver training vehicles or those cars used for driver training.
- o. Vehicles titled to any governmental body, estate, receivership, corporation or partnership.
- p. Vehicles with logos or advertising on them, whether removable or permanent.
- q. Any vehicles with a permit to dismantle.
- r. Vehicles modified/altere/restored mechanically or structurally which results in a change in performance or appearance.
- s. Vehicles with modified suspensions including all lowered chassis vehicles or vehicles with chassis raised more than six (6) inches above the normal factory height.
- t. Any vehicle 1969 model year and prior.
- u. Vehicles equipped with cooking equipment or bathrooms.
- v. Policy with two (2) or more business use vehicles.
- w. Physical damage on any vehicle:
  - 1) on which DIRECT has previously paid a total loss claim and which is retained by the insured.
  - 2) 1984 model year and prior.
  - 3) with a new cost value exceeding \$75,000.

#### **RULE 4. NON-OWNER COVERAGE**

A Named Operator policy may be written when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

1. Only Liability BI, PD, PIP, UMB, UDB, UMP and Accidental Death may be written.
2. Permissive operator coverage is not included.
3. Use the vehicle use code "NO" when rating.

## **RULE 5. ENDORSEMENTS**

1. All premium change endorsements will reflect the rates and rules in force at the inception of the policy period.
2. Premium charges will be calculated pro-rata.
3. Midterm premium adjustments will be made as a result of a change in:
  - a. autos insured by the policy;
  - b. drivers added to or excluded from the policy; and
  - c. coverage and deductibles.
4. Mid-term premium adjustments will not be made as a result of:
  - a. driver point changes (unless to recognize adding/deleting a driver);
  - b. attained age of driver; or
  - c. rating territory.
5. Return premium of \$10.00 or less will not be refunded unless requested in writing by the insured.
6. Written Endorsements: The following must be submitted in writing and must have the insured's signature and date signed:
  - a. add, delete or change coverage/increase or decrease deductibles.
  - b. add or delete vehicles (unless sold or replaced).
  - c. driver exclusions.
  - d. rejection of PIP, UMB, UDB and UMP.
  - e. add or delete operators / SR-22 filings.

## **RULE 6. CANCELLATIONS**

1. DIRECT may cancel the policy for any reason within the first sixty (60) days of the policy period, provided that the date of cancellation is at least twenty (20) days after the date of mailing.
2. After the first sixty (60) days of the policy period, DIRECT may cancel the policy with twenty (20) day written notice provided that the cancellation is for one (1) or more of the following reasons:
  - a. Misrepresentation by the insured of any material fact in the procurement or renewal of this policy or in the submission of claims under this policy.
  - b. The Named Insured or any driver of the insured vehicle is **convicted** of:
    - 1) driving while intoxicated;
    - 2) homicide or assault arising out of the use of a motor vehicle; or
    - 3) three (3) separate convictions of speeding or reckless driving or combination of the two (2) during the policy period, including (3) months prior to the effective date of the policy.
  - c. Non-payment of premium (a written notice of cancellation will be mailed or delivered to the last known mailing address of the named insured and any loss payee at least 10 days prior to the effective date of the cancellation.)
3. In the event a policy has three (3) "losses", where loss is defined as money paid out to an insured or third party in satisfaction of a claim, during a twelve (12) month term the policy will be non-renewed giving at least thirty (30) days advance notice. Claims arising from "natural causes" will not be considered when evaluating the loss history.
4. The mailing of notice of cancellation or non-renewal to the insured's address as shown on the Declarations Page will be proof of cancellation or non-renewal.

5. The insured may cancel the policy by mailing or electronically submitting a signed written request stating the future date that the Insured wishes the cancellation to be effective. The cancellation may not be earlier than the date the request is received unless the request is from the premium finance company. If the request is from the premium finance company, we may elect, at our sole option, to cancel the policy as of the effective date stated in the notice
6. An insufficient down payment will result in a flat cancellation and coverage will be null and void. An insufficient payment or nonpayment of any installment by the due date will result in a cancel notice being sent to the Insured at least ten (10) days in advance of cancellation. If payment is received in our office by the cancel date, the policy will be reinstated.
7. In the event of a total loss, coverage continues until the insured sends a cancellation request to DIRECT.
8. When the cancellation request is due to duplicate coverage and the requested cancellation date is prior to the received date, DIRECT requires proof of duplicate coverage in order to honor the requested cancellation date.
9. DIRECT cannot cancel or non-renew solely because of the administrative revocation or suspension of the driver's license of the owner or operator of the motor vehicle under Arkansas Code 5-65-104.
10. Premium computations for cancellations are as follows:
  - a. Requested by insured: Return premium shall be calculated on a short rate basis.
  - b. Non-payment of premium: Return premium shall be calculated on a 100% pro-rata basis.
  - c. Request of premium finance company: Return premium shall be calculated on a 100% pro-rata basis.
  - d. Request of company: Return premium shall be calculated on a 100% pro-rata basis.

## **RULE 7. MATERIAL MISREPRESENTATIONS OF RISK**

1. If statements in the application differ from records of the Department of Motor Vehicles, the proper additional or return premium will be processed without prior notice. Additionally, the company may elect to cancel for undisclosed violations.
2. Among the information most often misrepresented is:
  - a. drivers (list or exclude all persons age 14 and older in the household);
  - b. driving record;
  - c. vehicle type and use;
  - d. garaging address; and
  - e. state of residency.

## **RULE 8. RENEWALS**

1. A renewal quote will be sent to the insured thirty (30) days prior to expiration, along with instructions to pay DIRECT directly.
2. Payment must be received by DIRECT prior to expiration to ensure continuous coverage.
3. Renewal payments received after the policy expires could result in renewal with a lapse.
4. If the policy had a lapse in coverage in the prior twelve (12) months, renewal will result in business tier "R".
5. Renewal Rate Level Capping:
  - a. Renewal premiums will be capped at 15%.

- b. The premium is calculated for the renewal term (True Renewal Premium) and compared to the premium from the current term (Current Term Premium). If the True Renewal Premium exceeds the Current Term Premium by more than 10%, the Final Renewal Premium increase will be capped at 10%.
- c. If a rating characteristic change is made in the prior term or at the time of renewal, the Current Term Premium will be calculated using the new rating characteristic. It will then be compared to the True Renewal Premium calculated using the same characteristics.
- d. To calculate the Final Renewal Premium, a factor is applied to each vehicle and coverage.  
Factor = (Current Term Premium \* 1.10) / True Renewal Premium
- e. This factor will be used each time a change is made to the policy for the term of the policy.
- f. The factor will be re-calculated at each renewal. **Note:** The Current Term Premium used at the second and subsequent renewal will be calculated using any "Factor" applied in the previous renewal.

## **RULE 9. LIABILITY COVERAGE**

1. Bodily Injury (BI)
  - a. The following limits are available:
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
2. Property Damage (PD)
  - a. The following limits are available:
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
3. Uninsured Motorist (UMB/UMP) / Underinsured Motorist (UDB)
  - a. The following limits are available for Uninsured Motorist Bodily Injury (UMB) and Underinsured Motorists Bodily Injury (UDB):
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. The following limits are available for Uninsured Motorist Property Damage (UMP):
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - c. If this coverage is not desired, the insured must sign the Uninsured/Underinsured Motorist rejection form. If this signed form does not accompany the application, these coverages will

automatically be added at the Bodily Injury and Property Damage limits and the appropriate premium will be charged.

- d. Coverage must be written on all cars of a multi-car policy at the same limits.
  - e. Uninsured coverage cannot exceed the liability coverage limits.
  - f. UDB will be offered after UMB is accepted.
4. Personal Injury Protection (PIP)
- a. The following benefits are provided:
    - 1) \$5,000 Medical/Hospital;
    - 2) Income Disability; and
    - 3) \$5,000 Accidental Death.
  - b. If any or all of these options are not desired, the insured must sign the Personal Injury Protection rejection form. If this signed form does not accompany the application, all options will automatically be added and the appropriate premium will be charged.
5. Medical Payments (MP)
- a. Medical Payments is optional.
  - b. It can only be written on policies with Liability coverage.
  - c. Medical Payments limits must be the same on all vehicles on the policy.
  - d. Limits available:
    - 1) \$250;
    - 2) \$500;
    - 3) \$1,000; and
    - 4) \$2,000.
6. Accidental Death (AD)
- a. Accidental Death is an optional coverage, providing \$5,000 paid to the Named Insured's estate as specified in the policy.
  - b. Semi-annual premium is \$10.

## **RULE 10. PHYSICAL DAMAGE COVERAGE**

1. Comprehensive/Collision (CMP/COL)
- a. The following deductibles are available:
    - 1) \$100;
    - 2) \$250;
    - 3) \$500;
    - 4) \$750; and
    - 5) \$1,000.
  - b. A \$250 deductible applies to lienholders upon repossession with damage.
  - c. Both Comprehensive and Collision must be written where Physical Damage coverage is chosen.
  - d. The same deductible must be chosen for Collision and Comprehensive.

2. Towing (TVW)
  - a. Towing is an optional coverage, providing up to \$25 reimbursement per occurrence.
  - b. Semi-annual premium is \$12 per vehicle.
  - c. Coverage may only be written on cars providing Comprehensive and Collision coverages.
3. Rental Car (RTV)
  - a. Rental is an optional coverage, providing \$10/day reimbursement up to \$300.
  - b. Semi-annual premium is \$25 per vehicle.
  - c. It may only be written on cars providing Comprehensive and Collision coverages.

## **RULE 11. RATING PROCEDURES**

1. Annual policies are rated with a factor of 1.90 times the semi-annual rate.
2. The premium for each coverage and vehicle shall be rounded to the nearest dollar. \$0.50 and over will be rounded up.
3. Determine Territory code from [APPENDIX 1: TERRITORY DEFINITIONS](#). Do not use "Bureau" definitions. Use the zip code where the vehicle is principally garaged, not the mailing zip code.
4. Vehicle Symbols:
  - a. Determine Liability and Physical Damage Vehicle Rating Symbol from [APPENDIX 3: VEHICLE SYMBOLS](#).
  - b. Interim rating symbol determination for unlisted vehicles:
    - 1) 1984 and prior are not listed in [APPENDIX 3: VEHICLE SYMBOLS](#):
      - a) Use the liability symbol in the rate tables, which is most descriptive of the vehicle, e.g., T for truck, F for 4x4 trucks, V for van, C for convertible, etc.
      - b) Physical Damage coverage is not available; use Physical Damage symbol "Z".
    - 2) 2004 and subsequent:
      - a) If [APPENDIX 3: VEHICLE SYMBOLS](#) displays a rating symbol for the prior model year version of the same vehicle, use the prior model year's symbol for the new model year vehicle.
      - b) If [APPENDIX 3: VEHICLE SYMBOLS](#) does not display a symbol for the prior model year version of the same vehicle, assign a symbol based on the cost new (MSRP) of the auto using the Price/Symbol Chart located in the rate tables.
5. Vehicle Age is determined using the policy effective date year and the vehicle model year.

## **RULE 12. POLICY FEES**

1. Policy Fee: \$25.00 earned at inception on each new and renewal policy.
2. SR-22: \$25.00 per filing.
3. Reinstatement Fee: \$5.00 for each policy where cancellation notice has been issued and the insured desires continuation of coverage.
4. Installment Billing Fee: \$8.00 per installment or \$2.00 per EFT installment.
5. Late Fee: \$10.00 for each late installment payment.
6. NSF Fee: \$25.00 for each payment returned to the company for insufficient funds.

## **RULE 13. DISCOUNTS**

1. Safe Driver Discount
  - a. A credit applies if all operators are violation and accident free for the preceding twelve (12) months.
  - b. This discount applies to both new and renewal business.
  - c. This discount will apply to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverages.
2. Multi-Car Discount
  - a. The discount will apply to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverages if carried on each auto.
  - b. More than one (1) car must be covered on the same policy.
3. Senior Citizen Discount
  - a. A credit applies to Bodily Injury, Property Damage, Comprehensive and Collision coverages.
  - b. This discount is available to drivers 55 and older. Applicants must submit a copy of the certificate indicating successful completion of a Motor Vehicle Accident Prevention Course, which has been approved by the State of Arkansas. If previously received by the company, no further proof is required at renewal.
  - c. This discount applies only to the driver completing the course.
  - d. This discount is valid for thirty-six (36) months following course completion.
  - e. Discount does not apply if course is taken as a punishment specified by a court or other governmental entity resulting from a moving violation.
4. College Graduate Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision coverages.
  - b. Available to drivers under the age of twenty-five (25) who have graduated from a college or university and whose cumulative scholastic records show that the insured attained one (1) of the following:
    - 1) If letter grades are used, had a grade average of "B" or higher; or
    - 2) Had at least a 3 point average on a 4 point scale (or equivalent).
  - c. A copy of his/her college transcript is required and must accompany the application for the discount to apply. If previously received by the company, no further proof is required at renewal.
5. Welcome Back Discount
  - a. A credit applies to Bodily Injury, Property Damage and Collision coverages.
  - b. This discount will be available to applicants who have previously purchased a policy with DIRECT.
  - c. This discount only applies to applicants who have not had a policy in force with DIRECT in the previous six (6) months.
  - d. The previous policy number must be provided in order for the discount to apply. Acceptable verification of the former customer includes:
    - 1) Applicant can submit a copy of the declarations page, renewal quote or cancellation of the previous policy; or
    - 2) The previous policy number can be obtained by searching the company database based on the information provided by the applicant.

6. Multi-Product Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision coverages.
  - b. Discount will be given when an auto policy is accompanied by at least one active Qualifying Additional Product (QAP)
  - c. Qualifying Additional Products include:
    - 1) Automobile Protection Plan
    - 2) Term Life Insurance
7. Maximum Discount
 

The maximum allowable discount is 45% per policy. Discounts are multiplicative not additive, e.g., a 10% discount and a 5% discount is not 15%, but  $1-(1-10\%) \times (1-5\%) = 14.5\%$ .

## **RULE 14. DRIVER CLASSES**

1. The highest rated driver is matched to the highest rated vehicle.
2. The driver classification to be used in the rating of DIRECT automobile policies is a combination of gender, marital status and age.
3. Where there are more cars than drivers on a policy, additional cars will be rated with Class 1 with zero (0) points.
4. Report all persons fourteen (14) years of age and older living in the insured's household, whether or not they are licensed. These persons must be included in the rating or must be specifically excluded.
5. Married class includes legally married and residing with spouse.
6. Single class includes persons who are single, divorced, separated, widowed or living together while not married.
7. Roommates must be included in the rating of a policy unless specifically excluded.
8. In the event that DIRECT discovers a previously undeclared operator at any time during the policy period, DIRECT deserves the right to:
  - a. void for misrepresentation; or
  - b. add the operator to the policy as of the effective date of the policy period and add a violation code of 402. This point surcharge will only be applied to the policy period for which they are added. At renewal the surcharge will be removed. (We will run an MVR at the time the driver is added and add all prior violations to the policy. These will not be removed at renewal.) If the operator is involved in an at-fault-accident, the accident will be added and charged at renewal.

## **RULE 15. DRIVING RECORD/POINT COUNT PROCEDURES**

1. Point values are assessed for all accidents and violations which occur in the thirty-five (35) month period immediately preceding the policy inception date.
2. Multiple Violations: If two (2) or more violations or an accident and a violation result from the same incident, we will charge only for the highest rated violation or accident.
3. Violation Point Class:

<b>Description</b>	<b>Points 1<sup>st</sup> Occurrence</b>	<b>Points 2<sup>nd</sup> Occurrence</b>	<b>Points Each Additional Occurrence</b>
AAF – At-Fault Accident	4	6	9

DWI – Driving Under the Influence	2	2	5
IND – No Charge	0	0	0
MAJ – Major Violation	4	4	4
MIN – Minor Violation	2	3	2
NAF – Not-At-Fault	0	0	0
SPD – Speeding	2	1	1

4. Point Assignments:

Description	Violation Code	Violation Point Class
At-Fault Accident	301	AAF
Auto Theft/Felony Motor Vehicle	605	MAJ
Careless/Improper Operation	101	MAJ
Comprehensive Claim	007	IND
Drag Racing	118	MAJ
Drive Under Influence Drugs / Alcohol	602	DWI
Drive while License Revoked / Suspended	302	MIN
Driving without License	303	MIN
Failure to Follow Traffic Device / Sign	110	MIN
Failure to Yield	111	MIN
Fleeing from Police	606	MAJ
Following too Close	112	MIN
Foreign Driver's License	401	MAJ
Improper Backing	113	MIN

Description	Violation Code	Violation Point Class
Improper Passing	114	MIN
Improper Turn	124	MIN
Leaving the Scene	608	MAJ
Minor Moving Violation	115	MIN
Not-At-Fault Accident	011	NAF
Open Bottle	116	DWI
Passing a Stopped School Bus	117	MAJ
Reckless Driving	305	MAJ
Speeding	201	SPD
Suspended, Revoked or Cancelled License	404	MAJ
Undisclosed Driver	402	MAJ
Unverifiable Driving Record	403	MAJ
Vehicular Homicide	601	MAJ
Without Owner's Consent	603	MAJ
Wrong Way on One-Way Street	107	MIN

5. All accidents will be considered chargeable unless the Named Insured demonstrates (1) one of the following:
  - a. Applicant's automobile was lawfully parked.
  - b. Judgment or reimbursement was obtained from responsible party.
  - c. Struck in rear and not convicted of a moving traffic violation.
  - d. Struck by hit-and-run driver and such accident were reported by applicant to proper authorities within twenty-four (24) hours.
  - e. Applicant was not convicted of a moving traffic violation in connection with the accident and the other operator of the vehicle involved in such accident was convicted of a moving traffic violation.
  - f. Applicant was finally adjudicated not to be liable by a court of competent jurisdiction.
  - g. Accidents involving Physical Damage, limited to and caused by flying gravel, missiles, falling objects or by contact with animals or fowl.
  - h. Applicant was operating vehicle other than a private passenger auto, motor home or motorcycle at time of accident.
  - i. In receipt of a traffic citation which was dismissed or nolle prosequi.
6. If the operator at the time of accident/violation was on duty as a paid or volunteer member of any Police or Fire Department, First-Aid Squad, or any Law Enforcement Agency, the accident/violation is not chargeable.
7. Driver's License Status – Operators not possessing a valid driver's license will be assigned a surcharge. Specific situations are addressed below:
  - a. Individuals serving full-time in the military and permanently stationed in Arkansas are not required to obtain an Arkansas license and will not be surcharged.
  - b. Foreign and International Driver's Licenses: Drivers who have a valid foreign or international driver's license but not a valid U.S. license will be surcharged. The surcharge will apply until the insured is able to submit proof of a valid U.S. license having been in effect for at least twelve (12) months. Assign the Foreign Driver's License surcharge, i.e. code 401.
  - c. Assign Unverifiable Driving Record surcharge, i.e. code 403:
    - 1) A major violation will be charged on any driver whose driving record cannot be verified by a state's Bureau of Motor Vehicles (not including drivers under 19).
    - 2) The charge will be removed effective the policy inception date if DIRECT receives a valid current MVR (contains at least 12 months of driving history). The MVR must be no more than thirty (30) days old and must be received within sixty (60) days of the policy inception.
    - 3) Drivers with a learner's permit will not be charged for an Unverifiable Driving Record during the first policy term. The Unverifiable Driving Record points will be assessed during the second and subsequent policy terms if an MVR remains unobtainable.
  - d. Any driver whose license is suspended, revoked or cancelled will be surcharged. Once proof can be provided of the driver's license reinstatement, the surcharge can be removed effective the date of the license reinstatement. To have the surcharge removed, the driver needs to have their license reinstated and be able to show proof of a valid Arkansas license. Assign the Suspended, Revoked or Cancelled License surcharge, i.e. code 404.
  - e. Note that only one of these above surcharges will apply, i.e. they are mutually exclusive

**RULE 16. VEHICLE USE**

Vehicle Use Relativity Table	BI	PD	PIP	UMB	UMP	UDB	MP	CMP	COL
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Pleasure (PL)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business Use (BU)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Non-Owner (NO)	0.90	0.90	0.90	0.90	0.90	0.90	N/A	N/A	N/A

1. Pleasure Use (PL): Includes vehicles driven for pleasure, to and from work or school and for farm/ranch use. There should be no regular business use of the vehicle in connection with the driver's occupation, profession, or business other than commuting to and from work or school.
2. Business Use (BU):
  - a. A surcharge will be applied to risks in which the automobile is used regularly in support of the insured's business or profession.
  - b. DIRECT will only accept the risk if the vehicle is individually owned.
  - c. The following professions are deemed acceptable:
    - 1) Sales;
    - 2) Lawyers;
    - 3) Clergymen;
    - 4) Realtors; and
    - 5) Visiting Nurses.
  - d. Artisan Risks: Pickups, vans and utility vehicles.
    - 1) When the business use of these vehicles consists solely of carrying tools and supplies between the Named Insured's home and the job site, DIRECT will accept the risk subject to the following:
      - a) the vehicle is individually owned;
      - b) the vehicle is operated solely by the Named Insured and family members;
      - c) the insured has no more than one (1) vehicle in this category; and
      - d) the vehicle is visiting no more than three (3) job sites per day.
    - 2) The occupations that fall under the category of Artisan are the following:

a) Aluminum Contractors;	j) Interior Decorators;
b) Air Conditioning/Heating;	k) Painters;
c) Bricklayers/Masonry;	l) Plaster/Stucco Contractors;
d) Cabinet Installers;	m) Repair – Appliances;
e) Carpenters;	n) Repair – Handyman;
f) Concrete Contractors;	o) Screened Enclosure Erectors;
g) Electrical Contractors;	p) Surveyors;
h) Fence Installers;	q) Swimming Pool Installers; and
i) Glass Installers;	r) Tree Surgeons.
  - e. Risks will not be accepted in those instances where there is for-hire pickup and delivery of goods or debris, flammable or explosives are transported or where the vehicle is hauling equipment with a weight in excess of 2,000 pounds or has a GVW of 10,000 pounds or more.
3. Non-Owner (NO): Used when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

## **RULE 17. PAYMENT PLANS**

1. Paid in Full –The total premium including fees must be paid in full at the time of acceptance. Every applicant has the option to pay his total premium in full.
2. In addition to Paid in Full, the Company may offer one or more of the following installment plan options:
  - a. 14/28 Installment Payment Plan (14/28) – A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due fourteen days from the effective policy date and subsequent payments are due every twenty-eight days thereafter.
  - b. 20/27 Installment Payment Plan (20/27) –A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due twenty days from the effective policy date and subsequent payments due every twenty-seven days thereafter.
  - c. Monthly 10 Installment Payment Plan (10 Pay) - A down payment\* is due at signing with the balance equally distributed over four payments for semi-annual plans and ten payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.
  - d. Monthly 11 Installment Payment Plan (11 Pay) - A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and eleven payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.
3. Flex Day Option – If an installment payment plan is selected, the insured has the option to modify it by selecting the date on which the first payment is due for each of the above payment plans (14/28, 20/27, 10 Pay, 11 Pay). The first payment date must be at least seven days and no more than 30 from the effective date of the policy. The down payment will be adjusted based on the first payment date selected. The subsequent payments will follow the attributes of the applicable pay plan chosen.
4. Down Payments – Where applicable, down payments comply with state minimum requirements. Amounts vary based on the plan chosen, payment date chosen (in the case of Flex Day Payment Plan), and distribution channel. Down payment amounts may also be adjusted based on one or more of the following factors: a territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history.
5. The following fees are assessed on installment plans.
  - a. Processing Fee: A fully earned \$25.00 installment processing fee is due at inception of policy.
  - b. Installment Fee: \$8.00 per installment, excluding the down payment, due with installment.
  - c. Late Fee: A late fee of \$10.00 will be charged on any installment postmarked or received five (5) or more days after the installment due date.
  - d. NSF Fee: \$25.00 for each payment returned to DIRECT for payments made with insufficient funds.

*Restrictions/Limitations: The Company reserves the right to limit availability of one or more installment plan options based on one or more of the following factors: territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history. The Company utilizes various sales distribution channels, including local agency store fronts, tele-market and internet. Not all payment plans are available in all distribution channels.*

## RULE 18. BUSINESS TIERS

Policy Description	Business Tier
New Business – No Prior Insurance	N
New Business – With Prior Insurance of 25/50 limits	P
New Business – With Prior Insurance greater than 25/50 limits	H
Renewal Business – 12 Months	1
Renewal Business – 24 Months	2
Renewal Business – 36 Months	3
Renewal Business – With lapse in coverage in previous 12 months	R

1. The premium will be determined by a combination of Business Tier and Insurance Score.
2. Qualifications for Business Tier “P” ;
  - a. Applicant must provide verification of at least six (6) months of continuous prior liability coverage, prior limits of 25/50, with no more than seven (7) days of lapse in previous coverage allowed.
  - b. The only acceptable verification of prior coverage will be a renewal quote or letter from the prior agent or insurance company.
  - c. A photocopy of the acceptable verification listed above must accompany the application for the discount to apply.
3. Qualifications for Business Tier “H”;
  - a. Applicant must provide verification of at least six (6) months of continuous prior liability coverage, prior limits greater than 25/50, with no more than seven (7) days of lapse in previous coverage allowed.
  - b. The only acceptable verification of prior coverage will be a renewal quote or letter from the prior agent or insurance company.
  - c. A photocopy of the acceptable verification listed above must accompany the application for the discount to apply.
4. Qualifications for Business Tier “R”: Renewal policies with a lapse in coverage in the previous twelve (12) months.
5. Qualifications for Business Tier “1”: First term renewals for annual policies or second and third term renewal for six month policies with no lapse in coverage in the previous twelve (12) months.
6. Qualifications for Business Tier “2”: Second term renewals for annual policies or fourth and fifth term renewal for six month policies with no lapse in coverage in the previous twelve (12) months.
7. Qualifications for Business Tier “3”: Third term renewals or greater for annual policies or sixth term or greater for six month policies with no lapse in coverage in the previous twelve (12) months.
8. Qualifications for Business Tier “N”: Does not qualify for either Business Tier “P”, “H”, “R”, “1”, “2” or “3”.

## APPENDIX 1: TERRITORY DEFINITIONS

ZIP Code	System Territory
71601	232
71602	233
71603	170
71611	232
71612	233
71613	170
71630	172
71631	102
71635	173
71638	172
71639	172
71640	172
71642	173
71643	171
71644	150
71646	173
71647	102
71649	298
71651	102
71652	172
71653	172
71654	172
71655	173
71656	173
71657	173
71658	173
71659	150
71660	174
71661	173
71662	172
71663	173
71665	172
71666	172
71667	171
71670	173
71671	102
71674	172
71675	173
71676	173
71677	173
71678	171
71701	103
71711	103
71720	102
71721	107
71722	106
71724	105
71725	104
71726	103
71728	107
71730	105

ZIP Code	System Territory
71731	105
71740	103
71742	102
71743	107
71744	102
71745	102
71747	105
71748	174
71749	105
71750	105
71751	103
71752	103
71753	213
71754	213
71758	105
71759	105
71762	105
71763	104
71764	103
71765	105
71766	102
71768	105
71769	298
71770	213
71772	107
71801	215
71802	215
71820	189
71822	189
71823	190
71825	189
71826	213
71827	103
71828	106
71831	189
71832	190
71833	189
71834	216
71835	107
71836	189
71837	216
71838	189
71839	216
71840	216
71841	190
71842	190
71844	107
71845	213
71846	190
71847	189
71851	189

ZIP Code	System Territory
71852	189
71853	188
71854	216
71855	189
71857	107
71858	214
71859	189
71860	213
71861	213
71862	189
71864	106
71865	189
71866	189
71901	235
71902	235
71903	235
71909	112
71910	112
71913	112
71914	112
71920	193
71921	193
71922	107
71923	108
71929	111
71932	190
71933	192
71935	194
71937	190
71940	193
71941	101
71942	109
71943	193
71944	190
71945	190
71949	112
71950	193
71952	189
71953	190
71956	112
71957	191
71958	189
71959	189
71960	191
71961	191
71962	108
71964	112
71965	191
71968	112
71969	191
71970	191

ZIP Code	System Territory
71971	189
71972	190
71973	190
71998	298
71999	110
72001	115
72002	406
72003	154
72004	152
72005	134
72006	133
72007	161
72010	135
72011	237
72012	163
72013	132
72014	133
72015	235
72016	120
72017	159
72018	235
72020	138
72021	157
72022	236
72023	262
72024	155
72025	116
72026	154
72027	115
72028	136
72029	157
72030	115
72031	136
72032	252
72033	252
72034	252
72035	254
72036	158
72037	225
72038	154
72039	253
72040	159
72041	154
72042	154
72043	143
72044	139
72045	163
72046	225
72047	264
72048	153
72051	140

ZIP Code	System Territory
72052	163
72053	227
72055	154
72057	175
72058	255
72059	133
72060	163
72061	255
72063	115
72064	154
72065	224
72066	159
72067	136
72068	163
72069	157
72070	115
72071	298
72072	226
72073	154
72074	158
72075	143
72076	258
72078	258
72079	149
72080	115
72081	137
72082	163
72083	265
72084	109
72085	163
72086	267
72087	235
72088	132
72089	236
72099	258
72101	133
72102	163
72103	236
72104	400
72105	111
72106	251
72107	120
72108	157
72110	115
72111	264
72112	143
72113	407
72114	228
72115	228
72116	256
72117	268
72118	256
72119	228
72120	258

ZIP Code	System Territory
72121	139
72122	113
72123	133
72124	409
72125	115
72126	115
72127	120
72128	234
72129	234
72130	139
72131	162
72132	149
72133	154
72134	157
72135	250
72136	263
72137	263
72139	135
72140	154
72141	117
72142	266
72143	163
72145	163
72149	163
72150	234
72152	148
72153	132
72156	115
72157	115
72160	154
72164	227
72165	144
72166	153
72167	112
72168	152
72169	143
72170	154
72173	261
72175	152
72176	160
72178	163
72179	139
72180	250
72181	255
72182	152
72183	227
72189	133
72190	408
72198	405
72199	251
72201	229
72202	230
72203	230
72204	231

ZIP Code	System Territory
72205	239
72206	227
72207	239
72209	231
72210	238
72211	240
72212	259
72214	231
72215	239
72216	227
72217	239
72219	231
72221	240
72222	259
72223	257
72225	239
72227	260
72231	268
72260	230
72295	230
72301	186
72303	403
72310	220
72311	180
72312	180
72313	220
72314	298
72315	220
72316	220
72319	220
72320	181
72321	220
72322	182
72324	134
72325	404
72326	182
72327	187
72328	401
72329	220
72330	220
72331	182
72332	182
72333	180
72335	179
72336	402
72338	220
72339	187
72340	178
72341	185
72342	184
72346	179
72347	134
72348	183
72350	220

ZIP Code	System Territory
72351	220
72352	180
72353	180
72354	219
72355	180
72358	220
72359	179
72360	180
72364	186
72365	219
72366	184
72367	156
72368	180
72369	180
72370	220
72372	179
72373	177
72374	184
72376	187
72377	219
72379	151
72381	298
72383	184
72384	187
72386	219
72387	176
72389	180
72390	184
72391	220
72392	178
72394	179
72395	220
72396	176
72401	217
72402	217
72403	217
72404	221
72410	165
72411	221
72412	168
72413	169
72414	221
72415	164
72416	168
72417	222
72419	221
72421	145
72422	169
72424	169
72425	168
72426	220
72427	145
72428	220
72429	134

ZIP Code	System Territory
72430	169
72431	143
72432	218
72433	165
72434	164
72435	169
72436	168
72437	221
72438	220
72439	168
72440	164
72441	169
72442	220
72443	221
72444	169
72445	165
72447	221
72449	169
72450	221
72451	221
72453	169
72454	223
72455	169
72456	169
72457	164
72458	164
72459	164
72460	167
72461	223
72462	169
72464	169
72465	165
72466	164
72467	221
72469	164
72470	169
72471	143
72472	219
72473	143
72474	221
72475	134
72476	165
72478	169
72479	134
72482	146
72501	138
72503	138
72512	146
72513	146
72515	147
72516	298
72517	147
72519	209
72520	147

ZIP Code	System Territory
72521	146
72522	144
72523	139
72524	144
72525	146
72526	139
72527	138
72528	147
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ZIP Code	System Territory
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72611	211
72613	195
72615	211
72616	211
72617	210
72619	206
72623	210
72624	208
72626	210
72628	208
72629	136
72630	211
72631	211
72632	195
72633	211
72634	206
72635	210
72636	208
72638	211
72639	136
72640	208
72641	208
72642	210
72644	211
72645	205
72648	208
72650	205
72651	210
72653	210
72654	210
72655	208
72657	140
72658	210
72660	211
72661	206
72662	211
72663	140
72666	208
72668	206
72669	208
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72675	208
72677	207
72679	142
72680	140
72682	207
72683	208
72685	208
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72701	196
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ZIP Code	System Territory
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ZIP Code	System Territory
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72823	119
72824	116
72826	119
72827	116
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ZIP Code	System Territory
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72847	119
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ZIP Code	System Territory
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72914	249
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72917	249
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72921	130
72923	130
72924	123
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ZIP Code	System Territory
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## APPENDIX 2: PREMIUM CALCULATIONS

### Abbreviations:

BR	Base Rate
BT	Business Tier
CG	College Graduate Discount
CP	Class Point Factor
CR	Renewal Cap Factor
DF	Deductible Factor
IL	Increased Limit Factor
MC	Multi-Car Discount
MU	Multi-Product Discount

MX	Maximum Discount
SD	Safe Driver Discount
SF	Symbol Factor
SR	Senior Driver Discount
TF	Term Factor
VA	Vehicle Age Factor
VU	Vehicle Use
WB	Welcome Back Discount

### Calculation Notes:

All rounding is done after all factor and discounts multiplication is completed. If a factor is shown in the calculation methodology below is not applicable, replace such discount or factor with a factor of 1.00.

#### Bodily Injury Calculation:

$$BR*IL*((CF+PF)-1)*SF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Property Damage Calculation:

$$BR*IL*((CF+PF)-1)*SF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Personal Injury Protection Calculation:

$$BR*IL*((CF+PF)-1)*SF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Uninsured/Underinsured Motorists Calculation:

$$BR*IL*CF*VU*TF*CR$$

#### Medical Payments Calculation:

$$BR*IL*CF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-MC)]*VU*TF*CR$$

#### Comprehensive Calculation:

$$BR*((CF+PF)-1)*SF*MY*DF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Collision Calculation:

$$BR*((CF+PF)-1)*SF*MY*DF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Accidental Death Calculation:

$$BR*TF*CR$$

#### Towing Coverage Calculation:

$$BR*TF*CR$$

#### Rental Coverage Calculation:

$$BR*TF*CR$$

## **APPENDIX 3: VEHICLE SYMBOLS**

Vehicle Symbols are listed in a separate binder.

# **Direct National Insurance Company**

## **Underwriting Rules / Rating Guidelines**

**State of  
Arkansas**

# ARKANSAS

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## **RULE 1. BINDING AUTHORITY**

1. Agent binding authority is three (3) days. The signed application and required down payment must be received within three (3) working days of when coverage is bound.
2. Backdating of the effective date is not permitted.
3. The application must be fully completed, including the insured's signature(s).
4. When Physical Damage coverage is written, a pre-insurance inspection form must be completed for vehicles in all territories prior to binding. Please note all existing damage. Inspections are not required on renewal policies.
5. Physical damage coverage may not be written or bound in any area where there is a flash flood, hailstorm, hurricane, tornado or tropical storm warning, watch or occurrence.

## **RULE 2. SR-22 / FINANCIAL RESPONSIBILITY FILING**

A \$25.00 fee is applied per filing.

## **RULE 3. UNACCEPTABLE RISKS**

DIRECT reserves the right to determine the final acceptability of any risk. The agent in determining the acceptability of the risk should use the following guidelines.

1. Unacceptable Drivers
  - a. Operators not possessing valid proof of residence. Acceptable proof includes each of the following:
    - 1) a lease for an apartment, house, modular unit, or manufactured home with a Arkansas address signed by the applicant;
    - 2) a current utility bill showing the address of the applicant-payor;
    - 3) a receipt for personal property taxes paid;
    - 4) a valid student ID for a Arkansas school or university;
    - 5) a valid Arkansas vehicle registration;
    - 6) a valid unexpired Arkansas driver's license;
    - 7) a receipt for real property taxes paid to a Arkansas locality;
    - 8) a document similar to that described in #3, issued by the consulate or embassy of another country that would be accepted by the Arkansas Division of Motor Vehicles;
    - 9) a pay stub with the payee's address;
    - 10) a monthly or quarterly financial statement from a Arkansas regulated financial institution; or
    - 11) a valid military ID.

Risks in which the driver(s) has recently moved to Arkansas will be accepted assuming that he/she provides DIRECT with a copy of at least one of these documents within thirty (30) days of policy inception. Risks not providing this proof of residency will be cancelled.
  - b. Persons not residing in Arkansas at least six (6) months of the year.
  - c. Members of the armed forces not stationed permanently in Arkansas.
  - d. Drivers designated as "Habitual Traffic Offenders" on their MVR.
  - e. Drivers who have had a policy cancelled by DIRECT for loss experience or misrepresentation.
  - f. Drivers without a verifiable garaging address.
  - g. Applicants who have been convicted of insurance fraud.
  - h. Households with more than six (6) drivers are not permitted.

### 2. Unacceptable Vehicles

- a. Vehicles used for emergency, racing, delivery messenger, livery, limousine, or taxi service, including vehicles used to haul nursery or school children, migrant workers, hotel/motel guests, and medical/dental/optical patients, food vendors, food/newspaper/mail delivery, towing/repossession, etc.
- b. Rental vehicles or short-term leased vehicles (less than 6 months).
- c. Any vehicle which is leased or rented by the applicant to other operators or loaned on a regular basis.
- d. Vehicles not garaged in Arkansas for at least six (6) months a year.
- e. Recreation vehicles designed for off-road use or dune buggies unless a corresponding recreational vehicle endorsement is purchased.
- f. Motor homes and travel trailers.
- g. Antique vehicles, homebuilt vehicles or kit cars.
- h. Any vehicle carrying explosives or flammable substances.
- i. Vehicles from more than one (1) household listed on a single policy. **Exception:** Does not apply to acceptable student risks attending school in Arkansas.
- j. Vans, pickups and utility vehicles used in business, unless they are used in one (1) of the artisan occupations listed in the [VEHICLE USE](#) section of this manual.
- k. Flatbed trucks, stake trucks, and dump trucks.
- l. Cut-away vans, step vans, and vehicles with right hand steering.
- m. Stated value policies.
- n. Driver training vehicles or those cars used for driver training.
- o. Vehicles titled to any governmental body, estate, receivership, corporation or partnership.
- p. Vehicles with logos or advertising on them, whether removable or permanent.
- q. Any vehicles with a permit to dismantle.
- r. Vehicles modified/altere/restored mechanically or structurally which results in a change in performance or appearance.
- s. Vehicles with modified suspensions including all lowered chassis vehicles or vehicles with chassis raised more than six (6) inches above the normal factory height.
- t. Any vehicle 1969 model year and prior.
- u. Vehicles equipped with cooking equipment or bathrooms.
- v. Policy with two (2) or more business use vehicles.
- w. Physical damage on any vehicle:
  - 1) on which DIRECT has previously paid a total loss claim and which is retained by the insured.
  - 2) 1984 model year and prior.
  - 3) with a new cost value exceeding \$75,000.

#### **RULE 4. NON-OWNER COVERAGE**

A Named Operator policy may be written when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

1. Only Liability BI, PD, PIP, UMB, UDB, UMP and Accidental Death may be written.
2. Permissive operator coverage is not included.
3. Use the vehicle use code "NO" when rating.

## **RULE 5. ENDORSEMENTS**

1. All premium change endorsements will reflect the rates and rules in force at the inception of the policy period.
2. Premium charges will be calculated pro-rata.
3. Midterm premium adjustments will be made as a result of a change in:
  - a. autos insured by the policy;
  - b. drivers added to or excluded from the policy; and
  - c. coverage and deductibles.
4. Mid-term premium adjustments will not be made as a result of:
  - a. driver point changes (unless to recognize adding/deleting a driver);
  - b. attained age of driver; or
  - c. rating territory.
5. Return premium of \$10.00 or less will not be refunded unless requested in writing by the insured.
6. Written Endorsements: The following must be submitted in writing and must have the insured's signature and date signed:
  - a. add, delete or change coverage/increase or decrease deductibles.
  - b. add or delete vehicles (unless sold or replaced).
  - c. driver exclusions.
  - d. rejection of PIP, UMB, UDB and UMP.
  - e. add or delete operators / SR-22 filings.

## **RULE 6. CANCELLATIONS**

1. DIRECT may cancel the policy for any reason within the first sixty (60) days of the policy period, provided that the date of cancellation is at least twenty (20) days after the date of mailing.
2. After the first sixty (60) days of the policy period, DIRECT may cancel the policy with twenty (20) day written notice provided that the cancellation is for one (1) or more of the following reasons:
  - a. Misrepresentation by the insured of any material fact in the procurement or renewal of this policy or in the submission of claims under this policy.
  - b. The Named Insured or any driver of the insured vehicle is **convicted** of:
    - 1) driving while intoxicated;
    - 2) homicide or assault arising out of the use of a motor vehicle; or
    - 3) three (3) separate convictions of speeding or reckless driving or combination of the two (2) during the policy period, including (3) months prior to the effective date of the policy.
  - c. Non-payment of premium (a written notice of cancellation will be mailed or delivered to the last known mailing address of the named insured and any loss payee at least 10 days prior to the effective date of the cancellation.)
3. In the event a policy has three (3) "losses", where loss is defined as money paid out to an insured or third party in satisfaction of a claim, during a twelve (12) month term the policy will be non-renewed giving at least thirty (30) days advance notice. Claims arising from "natural causes" will not be considered when evaluating the loss history.
4. The mailing of notice of cancellation or non-renewal to the insured's address as shown on the Declarations Page will be proof of cancellation or non-renewal.

5. The insured may cancel the policy by mailing or electronically submitting a signed written request stating the future date that the Insured wishes the cancellation to be effective. The cancellation may not be earlier than the date the request is received unless the request is from the premium finance company. If the request is from the premium finance company, we may elect, at our sole option, to cancel the policy as of the effective date stated in the notice
6. An insufficient down payment will result in a flat cancellation and coverage will be null and void. An insufficient payment or nonpayment of any installment by the due date will result in a cancel notice being sent to the Insured at least ten (10) days in advance of cancellation. If payment is received in our office by the cancel date, the policy will be reinstated.
7. In the event of a total loss, coverage continues until the insured sends a cancellation request to DIRECT.
8. When the cancellation request is due to duplicate coverage and the requested cancellation date is prior to the received date, DIRECT requires proof of duplicate coverage in order to honor the requested cancellation date.
9. DIRECT cannot cancel or non-renew solely because of the administrative revocation or suspension of the driver's license of the owner or operator of the motor vehicle under Arkansas Code 5-65-104.
10. Premium computations for cancellations are as follows:
  - a. Requested by insured: Return premium shall be calculated on a short rate basis.
  - b. Non-payment of premium: Return premium shall be calculated on a 100% pro-rata basis.
  - c. Request of premium finance company: Return premium shall be calculated on a 100% pro-rata basis.
  - d. Request of company: Return premium shall be calculated on a 100% pro-rata basis.

## **RULE 7. MATERIAL MISREPRESENTATIONS OF RISK**

1. If statements in the application differ from records of the Department of Motor Vehicles, the proper additional or return premium will be processed without prior notice. Additionally, the company may elect to cancel for undisclosed violations.
2. Among the information most often misrepresented is:
  - a. drivers (list or exclude all persons age 14 and older in the household);
  - b. driving record;
  - c. vehicle type and use;
  - d. garaging address; and
  - e. state of residency.

## **RULE 8. RENEWALS**

1. A renewal quote will be sent to the insured thirty (30) days prior to expiration, along with instructions to pay DIRECT directly.
2. Payment must be received by DIRECT prior to expiration to ensure continuous coverage.
3. Renewal payments received after the policy expires could result in renewal with a lapse.
4. If the policy had a lapse in coverage in the prior twelve (12) months, renewal will result in business tier "R".
5. Renewal Rate Level Capping:
  - a. Renewal premiums will be capped at 15%.

- b. The premium is calculated for the renewal term (True Renewal Premium) and compared to the premium from the current term (Current Term Premium). If the True Renewal Premium exceeds the Current Term Premium by more than 10%, the Final Renewal Premium increase will be capped at 10%.
- c. If a rating characteristic change is made in the prior term or at the time of renewal, the Current Term Premium will be calculated using the new rating characteristic. It will then be compared to the True Renewal Premium calculated using the same characteristics.
- d. To calculate the Final Renewal Premium, a factor is applied to each vehicle and coverage.  
Factor = (Current Term Premium \* 1.10) / True Renewal Premium
- e. This factor will be used each time a change is made to the policy for the term of the policy.
- f. The factor will be re-calculated at each renewal. **Note:** The Current Term Premium used at the second and subsequent renewal will be calculated using any "Factor" applied in the previous renewal.

## **RULE 9. LIABILITY COVERAGE**

1. Bodily Injury (BI)
  - a. The following limits are available:
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
2. Property Damage (PD)
  - a. The following limits are available:
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - b. Must be written on all vehicles of a multi-vehicle policy.
  - c. Limits must be the same for all vehicles.
3. Uninsured Motorist (UMB/UMP) / Underinsured Motorist (UDB)
  - a. The following limits are available for Uninsured Motorist Bodily Injury (UMB) and Underinsured Motorists Bodily Injury (UDB):
    - 1) \$25,000 per person/\$50,000 per occurrence;
    - 2) \$50,000 per person/\$100,000 per occurrence; and
    - 3) \$100,000 per person/\$300,000 per occurrence.
  - b. The following limits are available for Uninsured Motorist Property Damage (UMP):
    - 1) \$25,000 per occurrence;
    - 2) \$50,000 per occurrence; and
    - 3) \$100,000 per occurrence.
  - c. If this coverage is not desired, the insured must sign the Uninsured/Underinsured Motorist rejection form. If this signed form does not accompany the application, these coverages will

automatically be added at the Bodily Injury and Property Damage limits and the appropriate premium will be charged.

- d. Coverage must be written on all cars of a multi-car policy at the same limits.
  - e. Uninsured coverage cannot exceed the liability coverage limits.
  - f. UDB will be offered after UMB is accepted.
4. Personal Injury Protection (PIP)
- a. The following benefits are provided:
    - 1) \$5,000 Medical/Hospital;
    - 2) Income Disability; and
    - 3) \$5,000 Accidental Death.
  - b. If any or all of these options are not desired, the insured must sign the Personal Injury Protection rejection form. If this signed form does not accompany the application, all options will automatically be added and the appropriate premium will be charged.
5. Medical Payments (MP)
- a. Medical Payments is optional.
  - b. It can only be written on policies with Liability coverage.
  - c. Medical Payments limits must be the same on all vehicles on the policy.
  - d. Limits available:
    - 1) \$250;
    - 2) \$500;
    - 3) \$1,000; and
    - 4) \$2,000.
6. Accidental Death (AD)
- a. Accidental Death is an optional coverage, providing \$5,000 paid to the Named Insured's estate as specified in the policy.
  - b. Semi-annual premium is \$10.

## **RULE 10. PHYSICAL DAMAGE COVERAGE**

1. Comprehensive/Collision (CMP/COL)
- a. The following deductibles are available:
    - 1) \$100;
    - 2) \$250;
    - 3) \$500;
    - 4) \$750; and
    - 5) \$1,000.
  - b. A \$250 deductible applies to lienholders upon repossession with damage.
  - c. Both Comprehensive and Collision must be written where Physical Damage coverage is chosen.
  - d. The same deductible must be chosen for Collision and Comprehensive.

2. Towing (TVW)
  - a. Towing is an optional coverage, providing up to \$25 reimbursement per occurrence.
  - b. Semi-annual premium is \$12 per vehicle.
  - c. Coverage may only be written on cars providing Comprehensive and Collision coverages.
3. Rental Car (RTV)
  - a. Rental is an optional coverage, providing \$10/day reimbursement up to \$300.
  - b. Semi-annual premium is \$25 per vehicle.
  - c. It may only be written on cars providing Comprehensive and Collision coverages.

## **RULE 11. RATING PROCEDURES**

1. Annual policies are rated with a factor of 1.90 times the semi-annual rate.
2. The premium for each coverage and vehicle shall be rounded to the nearest dollar. \$0.50 and over will be rounded up.
3. Determine Territory code from [APPENDIX 1: TERRITORY DEFINITIONS](#). Do not use "Bureau" definitions. Use the zip code where the vehicle is principally garaged, not the mailing zip code.
4. Vehicle Symbols:
  - a. Determine Liability and Physical Damage Vehicle Rating Symbol from [APPENDIX 3: VEHICLE SYMBOLS](#).
  - b. Interim rating symbol determination for unlisted vehicles:
    - 1) 1984 and prior are not listed in [APPENDIX 3: VEHICLE SYMBOLS](#):
      - a) Use the liability symbol in the rate tables, which is most descriptive of the vehicle, e.g., T for truck, F for 4x4 trucks, V for van, C for convertible, etc.
      - b) Physical Damage coverage is not available; use Physical Damage symbol "Z".
    - 2) 2004 and subsequent:
      - a) If [APPENDIX 3: VEHICLE SYMBOLS](#) displays a rating symbol for the prior model year version of the same vehicle, use the prior model year's symbol for the new model year vehicle.
      - b) If [APPENDIX 3: VEHICLE SYMBOLS](#) does not display a symbol for the prior model year version of the same vehicle, assign a symbol based on the cost new (MSRP) of the auto using the Price/Symbol Chart located in the rate tables.
5. Vehicle Age is determined using the policy effective date year and the vehicle model year.

## **RULE 12. POLICY FEES**

1. Policy Fee: \$25.00 earned at inception on each new and renewal policy.
2. SR-22: \$25.00 per filing.
3. Reinstatement Fee: \$5.00 for each policy where cancellation notice has been issued and the insured desires continuation of coverage.
4. Installment Billing Fee: \$8.00 per installment or \$2.00 per EFT installment.
5. Late Fee: \$10.00 for each late installment payment.
6. NSF Fee: \$25.00 for each payment returned to the company for insufficient funds.

## RULE 13. DISCOUNTS

1. Safe Driver Discount
  - a. A credit applies if all operators are violation and accident free for the preceding twelve (12) months.
  - b. This discount applies to both new and renewal business.
  - c. This discount will apply to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverages.
2. Multi-Car Discount
  - a. The discount will apply to Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Comprehensive and Collision coverages if carried on each auto.
  - b. More than one (1) car must be covered on the same policy.
3. Senior Citizen Discount
  - a. A credit applies to Bodily Injury, Property Damage, Comprehensive and Collision coverages.
  - b. This discount is available to drivers 55 and older. Applicants must submit a copy of the certificate indicating successful completion of a Motor Vehicle Accident Prevention Course, which has been approved by the State of Arkansas. If previously received by the company, no further proof is required at renewal.
  - c. This discount applies only to the driver completing the course.
  - d. This discount is valid for thirty-six (36) months following course completion.
  - e. Discount does not apply if course is taken as a punishment specified by a court or other governmental entity resulting from a moving violation.
4. College Graduate Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision coverages.
  - b. Available to drivers under the age of twenty-five (25) who have graduated from a college or university and whose cumulative scholastic records show that the insured attained one (1) of the following:
    - 1) If letter grades are used, had a grade average of "B" or higher; or
    - 2) Had at least a 3 point average on a 4 point scale (or equivalent).
  - c. A copy of his/her college transcript is required and must accompany the application for the discount to apply. If previously received by the company, no further proof is required at renewal.
5. Welcome Back Discount
  - a. A credit applies to Bodily Injury, Property Damage and Collision coverages.
  - b. This discount will be available to applicants who have previously purchased a policy with DIRECT.
  - ~~b-c.~~ This discount only applies to applicants who have not had a policy in force with DIRECT in the previous six (6) months.
  - ~~e-d.~~ The previous policy number must be provided in order for the discount to apply. Acceptable verification of the former customer includes:
    - 1) Applicant can submit a copy of the declarations page, renewal quote or cancellation of the previous policy; or
    - 2) The previous policy number can be obtained by searching the company database based on the information provided by the applicant.

6. Multi-Product Discount
  - a. A credit applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision coverages.
  - b. Discount will be given when an auto policy is accompanied by at least one active Qualifying Additional Product (QAP)
  - c. Qualifying Additional Products include:
    - 1) Automobile Protection Plan
    - 2) Term Life Insurance
7. Maximum Discount
 

The maximum allowable discount is 45% per policy. Discounts are multiplicative not additive, e.g., a 10% discount and a 5% discount is not 15%, but  $1-(1-10\%) \times (1-5\%) = 14.5\%$ .

## **RULE 14. DRIVER CLASSES**

1. The highest rated driver is matched to the highest rated vehicle.
2. The driver classification to be used in the rating of DIRECT automobile policies is a combination of gender, marital status and age.
3. Where there are more cars than drivers on a policy, additional cars will be rated with Class 1 with zero (0) points.
4. Report all persons fourteen (14) years of age and older living in the insured's household, whether or not they are licensed. These persons must be included in the rating or must be specifically excluded.
5. Married class includes legally married and residing with spouse.
6. Single class includes persons who are single, divorced, separated, widowed or living together while not married.
7. Roommates must be included in the rating of a policy unless specifically excluded.
8. In the event that DIRECT discovers a previously undeclared operator at any time during the policy period, DIRECT deserves the right to:
  - a. void for misrepresentation; or
  - b. add the operator to the policy as of the effective date of the policy period and add a violation code of 402. This point surcharge will only be applied to the policy period for which they are added. At renewal the surcharge will be removed. (We will run an MVR at the time the driver is added and add all prior violations to the policy. These will not be removed at renewal.) If the operator is involved in an at-fault-accident, the accident will be added and charged at renewal.

## **RULE 15. DRIVING RECORD/POINT COUNT PROCEDURES**

1. Point values are assessed for all accidents and violations which occur in the thirty-five (35) month period immediately preceding the policy inception date.
2. Multiple Violations: If two (2) or more violations or an accident and a violation result from the same incident, we will charge only for the highest rated violation or accident.
3. Violation Point Class:

<b>Description</b>	<b>Points 1<sup>st</sup> Occurrence</b>	<b>Points 2<sup>nd</sup> Occurrence</b>	<b>Points Each Additional Occurrence</b>
AAF – At-Fault Accident	4	6	9

DWI – Driving Under the Influence	2	2	5
IND – No Charge	0	0	0
MAJ – Major Violation	4	4	4
MIN – Minor Violation	2	3	2
NAF – Not-At-Fault	0	0	0
SPD – Speeding	2	1	1

4. Point Assignments:

Description	Violation Code	Violation Point Class
At-Fault Accident	301	AAF
Auto Theft/Felony Motor Vehicle	605	MAJ
Careless/Improper Operation	101	MAJ
Comprehensive Claim	007	IND
Drag Racing	118	MAJ
Drive Under Influence Drugs / Alcohol	602	DWI
Drive while License Revoked / Suspended	302	MIN
Driving without License	303	MIN
Failure to Follow Traffic Device / Sign	110	MIN
Failure to Yield	111	MIN
Fleeing from Police	606	MAJ
Following too Close	112	MIN
Foreign Driver's License	401	MAJ
Improper Backing	113	MIN

Description	Violation Code	Violation Point Class
Improper Passing	114	MIN
Improper Turn	124	MIN
Leaving the Scene	608	MAJ
Minor Moving Violation	115	MIN
Not-At-Fault Accident	011	NAF
Open Bottle	116	DWI
Passing a Stopped School Bus	117	MAJ
Reckless Driving	305	MAJ
Speeding	201	SPD
Suspended, Revoked or Cancelled License	404	MAJ
Undisclosed Driver	402	MAJ
Unverifiable Driving Record	403	MAJ
Vehicular Homicide	601	MAJ
Without Owner's Consent	603	MAJ
Wrong Way on One-Way Street	107	MIN

5. All accidents will be considered chargeable unless the Named Insured demonstrates (1) one of the following:
  - a. Applicant's automobile was lawfully parked.
  - b. Judgment or reimbursement was obtained from responsible party.
  - c. Struck in rear and not convicted of a moving traffic violation.
  - d. Struck by hit-and-run driver and such accident were reported by applicant to proper authorities within twenty-four (24) hours.
  - e. Applicant was not convicted of a moving traffic violation in connection with the accident and the other operator of the vehicle involved in such accident was convicted of a moving traffic violation.
  - f. Applicant was finally adjudicated not to be liable by a court of competent jurisdiction.
  - g. Accidents involving Physical Damage, limited to and caused by flying gravel, missiles, falling objects or by contact with animals or fowl.
  - h. Applicant was operating vehicle other than a private passenger auto, motor home or motorcycle at time of accident.
  - i. In receipt of a traffic citation which was dismissed or nolle prosequi.
6. If the operator at the time of accident/violation was on duty as a paid or volunteer member of any Police or Fire Department, First-Aid Squad, or any Law Enforcement Agency, the accident/violation is not chargeable.
7. Driver's License Status – Operators not possessing a valid driver's license will be assigned a surcharge. Specific situations are addressed below:
  - a. Individuals serving full-time in the military and permanently stationed in Arkansas are not required to obtain an Arkansas license and will not be surcharged.
  - b. Foreign and International Driver's Licenses: Drivers who have a valid foreign or international driver's license but not a valid U.S. license will be surcharged. The surcharge will apply until the insured is able to submit proof of a valid U.S. license having been in effect for at least twelve (12) months. Assign the Foreign Driver's License surcharge, i.e. code 401.
  - c. Assign Unverifiable Driving Record surcharge, i.e. code 403:
    - 1) A major violation will be charged on any driver whose driving record cannot be verified by a state's Bureau of Motor Vehicles (not including drivers under 19).
    - 2) The charge will be removed effective the policy inception date if DIRECT receives a valid current MVR (contains at least 12 months of driving history). The MVR must be no more than thirty (30) days old and must be received within sixty (60) days of the policy inception.
    - 3) Drivers with a learner's permit will not be charged for an Unverifiable Driving Record during the first policy term. The Unverifiable Driving Record points will be assessed during the second and subsequent policy terms if an MVR remains unobtainable.
  - d. Any driver whose license is suspended, revoked or cancelled will be surcharged. Once proof can be provided of the driver's license reinstatement, the surcharge can be removed effective the date of the license reinstatement. To have the surcharge removed, the driver needs to have their license reinstated and be able to show proof of a valid Arkansas license. Assign the Suspended, Revoked or Cancelled License surcharge, i.e. code 404.
  - e. Note that only one of these above surcharges will apply, i.e. they are mutually exclusive

**RULE 16. VEHICLE USE**

Vehicle Use Relativity Table	BI	PD	PIP	UMB	UMP	UDB	MP	CMP	COL
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Pleasure (PL)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business Use (BU)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Non-Owner (NO)	0.90	0.90	0.90	0.90	0.90	0.90	N/A	N/A	N/A

1. Pleasure Use (PL): Includes vehicles driven for pleasure, to and from work or school and for farm/ranch use. There should be no regular business use of the vehicle in connection with the driver's occupation, profession, or business other than commuting to and from work or school.
2. Business Use (BU):
  - a. A surcharge will be applied to risks in which the automobile is used regularly in support of the insured's business or profession.
  - b. DIRECT will only accept the risk if the vehicle is individually owned.
  - c. The following professions are deemed acceptable:
    - 1) Sales;
    - 2) Lawyers;
    - 3) Clergymen;
    - 4) Realtors; and
    - 5) Visiting Nurses.
  - d. Artisan Risks: Pickups, vans and utility vehicles.
    - 1) When the business use of these vehicles consists solely of carrying tools and supplies between the Named Insured's home and the job site, DIRECT will accept the risk subject to the following:
      - a) the vehicle is individually owned;
      - b) the vehicle is operated solely by the Named Insured and family members;
      - c) the insured has no more than one (1) vehicle in this category; and
      - d) the vehicle is visiting no more than three (3) job sites per day.
    - 2) The occupations that fall under the category of Artisan are the following:

a) Aluminum Contractors;	j) Interior Decorators;
b) Air Conditioning/Heating;	k) Painters;
c) Bricklayers/Masonry;	l) Plaster/Stucco Contractors;
d) Cabinet Installers;	m) Repair – Appliances;
e) Carpenters;	n) Repair – Handyman;
f) Concrete Contractors;	o) Screened Enclosure Erectors;
g) Electrical Contractors;	p) Surveyors;
h) Fence Installers;	q) Swimming Pool Installers; and
i) Glass Installers;	r) Tree Surgeons.
  - e. Risks will not be accepted in those instances where there is for-hire pickup and delivery of goods or debris, flammable or explosives are transported or where the vehicle is hauling equipment with a weight in excess of 2,000 pounds or has a GVW of 10,000 pounds or more.
3. Non-Owner (NO): Used when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member.

## **RULE 17. PAYMENT PLANS**

1. Paid in Full –The total premium including fees must be paid in full at the time of acceptance. Every applicant has the option to pay his total premium in full.
2. In addition to Paid in Full, the Company may offer one or more of the following installment plan options:
  - a. 14/28 Installment Payment Plan (14/28) – A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due fourteen days from the effective policy date and subsequent payments are due every twenty-eight days thereafter.
  - b. 20/27 Installment Payment Plan (20/27) –A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and twelve payments for annual plans. The first payment is due twenty days from the effective policy date and subsequent payments due every twenty-seven days thereafter.
  - c. Monthly 10 Installment Payment Plan (10 Pay) - A down payment\* is due at signing with the balance equally distributed over four payments for semi-annual plans and ten payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.
  - d. Monthly 11 Installment Payment Plan (11 Pay) - A down payment\* is due at signing with the balance equally distributed over five payments for semi-annual plans and eleven payments for annual plans. The first payment is due one month after the effective policy date and subsequent payments due in monthly intervals thereafter.
3. Flex Day Option – If an installment payment plan is selected, the insured has the option to modify it by selecting the date on which the first payment is due for each of the above payment plans (14/28, 20/27, 10 Pay, 11 Pay). The first payment date must be at least seven days and no more than 30 from the effective date of the policy. The down payment will be adjusted based on the first payment date selected. The subsequent payments will follow the attributes of the applicable pay plan chosen.
4. Down Payments – Where applicable, down payments comply with state minimum requirements. Amounts vary based on the plan chosen, payment date chosen (in the case of Flex Day Payment Plan), and distribution channel. Down payment amounts may also be adjusted based on one or more of the following factors: a territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history.
5. The following fees are assessed on installment plans.
  - a. Processing Fee: A fully earned \$25.00 installment processing fee is due at inception of policy.
  - b. Installment Fee: \$8.00 per installment, excluding the down payment, due with installment.
  - c. Late Fee: A late fee of \$10.00 will be charged on any installment postmarked or received five (5) or more days after the installment due date.
  - d. NSF Fee: \$25.00 for each payment returned to DIRECT for payments made with insufficient funds.

*Restrictions/Limitations: The Company reserves the right to limit availability of one or more installment plan options based on one or more of the following factors: territory's loss ratio, applicant's insurance score, total rate charged, previous payment history with the Company or its affiliates, and/or previous loss history. The Company utilizes various sales distribution channels, including local agency store fronts, tele-market and internet. Not all payment plans are available in all distribution channels.*

## **RULE 18. BUSINESS TIERS**

<b>Policy Description</b>	<b>Business Tier</b>
<b>New Business – No Prior Insurance</b>	<b>N</b>
<b>New Business – With Prior Insurance of 25/50 limits</b>	<b>P</b>
<b>New Business – With Prior Insurance greater than 25/50 limits</b>	<b>H</b>
<b>Renewal Business – 12 Months</b>	<b>1</b>
<b>Renewal Business – 24 Months</b>	<b>2</b>
<b>Renewal Business – 36 Months</b>	<b>3</b>
<b>Renewal Business – With lapse in coverage in previous 12 months</b>	<b>R</b>

1. The premium will be determined by a combination of Business Tier and Insurance Score.
2. Qualifications for Business Tier “P” ;
  - a. Applicant must provide verification of at least six (6) months of continuous prior liability coverage, prior limits of 25/50, with no more than seven (7) days of lapse in previous coverage allowed.
  - b. The only acceptable verification of prior coverage will be a renewal quote or letter from the prior agent or insurance company.
  - c. A photocopy of the acceptable verification listed above must accompany the application for the discount to apply.
3. Qualifications for Business Tier “H”;
  - a. Applicant must provide verification of at least six (6) months of continuous prior liability coverage, prior limits greater than 25/50, with no more than seven (7) days of lapse in previous coverage allowed.
  - b. The only acceptable verification of prior coverage will be a renewal quote or letter from the prior agent or insurance company.
  - c. A photocopy of the acceptable verification listed above must accompany the application for the discount to apply.
4. Qualifications for Business Tier “R”: Renewal policies with a lapse in coverage in the previous twelve (12) months.
5. Qualifications for Business Tier “1”: First term renewals for annual policies or second and third term renewal for six month policies with no lapse in coverage in the previous twelve (12) months.
6. Qualifications for Business Tier “2”: Second term renewals for annual policies or fourth and fifth term renewal for six month policies with no lapse in coverage in the previous twelve (12) months.
7. Qualifications for Business Tier “3”: Third term renewals or greater for annual policies or sixth term or greater for six month policies with no lapse in coverage in the previous twelve (12) months.
8. Qualifications for Business Tier “N”: Does not qualify for either Business Tier “P”, “H”, “R”, “1”, “2” or “3”.

## APPENDIX 1: TERRITORY DEFINITIONS

ZIP Code	System Territory
71601	232
71602	233
71603	170
71611	232
71612	233
71613	170
71630	172
71631	102
71635	173
71638	172
71639	172
71640	172
71642	173
71643	171
71644	150
71646	173
71647	102
71649	298
71651	102
71652	172
71653	172
71654	172
71655	173
71656	173
71657	173
71658	173
71659	150
71660	174
71661	173
71662	172
71663	173
71665	172
71666	172
71667	171
71670	173
71671	102
71674	172
71675	173
71676	173
71677	173
71678	171
71701	103
71711	103
71720	102
71721	107
71722	106
71724	105
71725	104
71726	103
71728	107
71730	105

ZIP Code	System Territory
71731	105
71740	103
71742	102
71743	107
71744	102
71745	102
71747	105
71748	174
71749	105
71750	105
71751	103
71752	103
71753	213
71754	213
71758	105
71759	105
71762	105
71763	104
71764	103
71765	105
71766	102
71768	105
71769	298
71770	213
71772	107
71801	215
71802	215
71820	189
71822	189
71823	190
71825	189
71826	213
71827	103
71828	106
71831	189
71832	190
71833	189
71834	216
71835	107
71836	189
71837	216
71838	189
71839	216
71840	216
71841	190
71842	190
71844	107
71845	213
71846	190
71847	189
71851	189

ZIP Code	System Territory
71852	189
71853	188
71854	216
71855	189
71857	107
71858	214
71859	189
71860	213
71861	213
71862	189
71864	106
71865	189
71866	189
71901	235
71902	235
71903	235
71909	112
71910	112
71913	112
71914	112
71920	193
71921	193
71922	107
71923	108
71929	111
71932	190
71933	192
71935	194
71937	190
71940	193
71941	101
71942	109
71943	193
71944	190
71945	190
71949	112
71950	193
71952	189
71953	190
71956	112
71957	191
71958	189
71959	189
71960	191
71961	191
71962	108
71964	112
71965	191
71968	112
71969	191
71970	191

ZIP Code	System Territory
71971	189
71972	190
71973	190
71998	298
71999	110
72001	115
72002	406
72003	154
72004	152
72005	134
72006	133
72007	161
72010	135
72011	237
72012	163
72013	132
72014	133
72015	235
72016	120
72017	159
72018	235
72020	138
72021	157
72022	236
72023	262
72024	155
72025	116
72026	154
72027	115
72028	136
72029	157
72030	115
72031	136
72032	252
72033	252
72034	252
72035	254
72036	158
72037	225
72038	154
72039	253
72040	159
72041	154
72042	154
72043	143
72044	139
72045	163
72046	225
72047	264
72048	153
72051	140

ZIP Code	System Territory
72052	163
72053	227
72055	154
72057	175
72058	255
72059	133
72060	163
72061	255
72063	115
72064	154
72065	224
72066	159
72067	136
72068	163
72069	157
72070	115
72071	298
72072	226
72073	154
72074	158
72075	143
72076	258
72078	258
72079	149
72080	115
72081	137
72082	163
72083	265
72084	109
72085	163
72086	267
72087	235
72088	132
72089	236
72099	258
72101	133
72102	163
72103	236
72104	400
72105	111
72106	251
72107	120
72108	157
72110	115
72111	264
72112	143
72113	407
72114	228
72115	228
72116	256
72117	268
72118	256
72119	228
72120	258

ZIP Code	System Territory
72121	139
72122	113
72123	133
72124	409
72125	115
72126	115
72127	120
72128	234
72129	234
72130	139
72131	162
72132	149
72133	154
72134	157
72135	250
72136	263
72137	263
72139	135
72140	154
72141	117
72142	266
72143	163
72145	163
72149	163
72150	234
72152	148
72153	132
72156	115
72157	115
72160	154
72164	227
72165	144
72166	153
72167	112
72168	152
72169	143
72170	154
72173	261
72175	152
72176	160
72178	163
72179	139
72180	250
72181	255
72182	152
72183	227
72189	133
72190	408
72198	405
72199	251
72201	229
72202	230
72203	230
72204	231

ZIP Code	System Territory
72205	239
72206	227
72207	239
72209	231
72210	238
72211	240
72212	259
72214	231
72215	239
72216	227
72217	239
72219	231
72221	240
72222	259
72223	257
72225	239
72227	260
72231	268
72260	230
72295	230
72301	186
72303	403
72310	220
72311	180
72312	180
72313	220
72314	298
72315	220
72316	220
72319	220
72320	181
72321	220
72322	182
72324	134
72325	404
72326	182
72327	187
72328	401
72329	220
72330	220
72331	182
72332	182
72333	180
72335	179
72336	402
72338	220
72339	187
72340	178
72341	185
72342	184
72346	179
72347	134
72348	183
72350	220

ZIP Code	System Territory
72351	220
72352	180
72353	180
72354	219
72355	180
72358	220
72359	179
72360	180
72364	186
72365	219
72366	184
72367	156
72368	180
72369	180
72370	220
72372	179
72373	177
72374	184
72376	187
72377	219
72379	151
72381	298
72383	184
72384	187
72386	219
72387	176
72389	180
72390	184
72391	220
72392	178
72394	179
72395	220
72396	176
72401	217
72402	217
72403	217
72404	221
72410	165
72411	221
72412	168
72413	169
72414	221
72415	164
72416	168
72417	222
72419	221
72421	145
72422	169
72424	169
72425	168
72426	220
72427	145
72428	220
72429	134

ZIP Code	System Territory
72430	169
72431	143
72432	218
72433	165
72434	164
72435	169
72436	168
72437	221
72438	220
72439	168
72440	164
72441	169
72442	220
72443	221
72444	169
72445	165
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72449	169
72450	221
72451	221
72453	169
72454	223
72455	169
72456	169
72457	164
72458	164
72459	164
72460	167
72461	223
72462	169
72464	169
72465	165
72466	164
72467	221
72469	164
72470	169
72471	143
72472	219
72473	143
72474	221
72475	134
72476	165
72478	169
72479	134
72482	146
72501	138
72503	138
72512	146
72513	146
72515	147
72516	298
72517	147
72519	209
72520	147

ZIP Code	System Territory
72521	146
72522	144
72523	139
72524	144
72525	146
72526	139
72527	138
72528	147
72529	146
72530	139
72531	147
72532	146
72533	140
72534	138
72536	147
72537	210
72538	147
72539	146
72540	147
72542	146
72543	136
72544	210
72545	136
72546	139
72550	139
72553	138
72554	146
72555	140
72556	147
72557	298
72560	140
72561	141
72562	144
72564	144
72565	147
72566	147
72567	140
72568	138
72569	166
72571	144
72572	143
72573	141
72575	138
72576	147
72577	146
72578	147
72579	138
72581	139
72583	147
72584	147
72585	147
72587	147
72601	211
72602	211

ZIP Code	System Territory
72610	298
72611	211
72613	195
72615	211
72616	211
72617	210
72619	206
72623	210
72624	208
72626	210
72628	208
72629	136
72630	211
72631	211
72632	195
72633	211
72634	206
72635	210
72636	208
72638	211
72639	136
72640	208
72641	208
72642	210
72644	211
72645	205
72648	208
72650	205
72651	210
72653	210
72654	210
72655	208
72657	140
72658	210
72660	211
72661	206
72662	211
72663	140
72666	208
72668	206
72669	208
72670	208
72672	207
72675	208
72677	207
72679	142
72680	140
72682	207
72683	208
72685	208
72686	203
72687	207
72701	196
72702	196

ZIP Code	System Territory
72703	196
72704	196
72711	198
72712	198
72714	199
72715	199
72716	198
72717	127
72718	242
72719	244
72721	211
72722	245
72727	200
72728	198
72729	127
72730	196
72732	197
72733	197
72734	245
72735	196
72736	245
72737	196
72738	195
72739	245
72740	195
72741	196
72742	211
72744	201
72745	198
72747	245
72749	127
72751	198
72752	211
72753	196
72756	241
72757	241
72758	242
72760	211
72761	245
72762	198
72764	196
72765	196
72766	196
72768	245
72769	243
72770	198
72773	211
72774	196
72776	211
72801	119
72802	119
72811	119
72812	119
72820	119

ZIP Code	System Territory
72821	119
72823	119
72824	116
72826	119
72827	116
72828	116
72829	116
72830	119
72832	119
72833	116
72834	116
72835	119
72837	119
72838	114
72839	119
72840	119
72841	114
72842	116
72843	118
72845	119

ZIP Code	System Territory
72846	119
72847	119
72851	119
72852	212
72853	116
72854	119
72855	119
72856	204
72857	116
72858	119
72860	116
72863	119
72865	119
72901	248
72902	249
72903	249
72904	249
72905	130
72906	249
72908	130

ZIP Code	System Territory
72913	249
72914	249
72916	249
72917	249
72918	130
72919	249
72921	130
72923	130
72924	123
72926	191
72927	125
72928	119
72930	121
72932	130
72933	129
72934	128
72935	130
72936	130
72937	249
72938	124

ZIP Code	System Territory
72940	247
72941	130
72943	119
72944	246
72945	247
72946	128
72947	128
72948	128
72949	126
72950	114
72951	119
72952	131
72955	130
72956	130
72957	130
72958	122
72959	202

## APPENDIX 2: PREMIUM CALCULATIONS

### Abbreviations:

BR	Base Rate
BT	Business Tier
CG	College Graduate Discount
CP	Class Point Factor
CR	Renewal Cap Factor
DF	Deductible Factor
IL	Increased Limit Factor
MC	Multi-Car Discount
MU	Multi-Product Discount

MX	Maximum Discount
SD	Safe Driver Discount
SF	Symbol Factor
SR	Senior Driver Discount
TF	Term Factor
VA	Vehicle Age Factor
VU	Vehicle Use
WB	Welcome Back Discount

### Calculation Notes:

All rounding is done after all factor and discounts multiplication is completed. If a factor is shown in the calculation methodology below is not applicable, replace such discount or factor with a factor of 1.00.

#### Bodily Injury Calculation:

$$BR*IL*((CF+PF)-1)*SF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Property Damage Calculation:

$$BR*IL*((CF+PF)-1)*SF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Personal Injury Protection Calculation:

$$BR*IL*((CF+PF)-1)*SF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Uninsured/Underinsured Motorists Calculation:

$$BR*IL*CF*VU*TF*CR$$

#### Medical Payments Calculation:

$$BR*IL*CF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-MC)]*VU*TF*CR$$

#### Comprehensive Calculation:

$$BR*((CF+PF)-1)*SF*MY*DF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Collision Calculation:

$$BR*((CF+PF)-1)*SF*MY*DF*MAX[1-MX,(1-SD)*(1-PI)*(1-RD)*(1-SR)*(1-MC)*(1-CG)*(1-MU)]*VU*TF*CR$$

#### Accidental Death Calculation:

$$BR*TF*CR$$

#### Towing Coverage Calculation:

$$BR*TF*CR$$

#### Rental Coverage Calculation:

$$BR*TF*CR$$

## **APPENDIX 3: VEHICLE SYMBOLS**

Vehicle Symbols are listed in a separate binder.

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
 First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
 Company Tracking Number: ARDNIC06  
 TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
 Product Name: Private Passenger Auto  
 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Supporting Document Schedules

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	A-1 Private Passenger Auto Abstract	Filed	09/02/2010

**Comments:**

**Attachments:**

A-1 Abstract (DIC).pdf  
 A-1 Abstract (DNIC).pdf

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	APCS-Auto Premium Comparison Survey	Filed	09/02/2010

**Comments:**

All new business is written in DNIC, as a result, I have provided an APCS form for that file only.

In testing, I found a mistake in our filing. I have updated my APCS form and my rate tables. (8/13/2010)

The APCS file has been updated on 8/17 to reflect the new effective date. The new effective date has been defined as 8/24. - Thank you

**Attachments:**

APCS 201007 DNIC Uploaded 08\_17\_10.pdf  
 APCS 201007 DNIC Uploaded 08\_17\_10.xls

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	NAIC loss cost data entry document	Filed	09/02/2010

**Comments:**

**Attachments:**

Form RF-1 (DIC).pdf  
 Form RF-1 (DNIC).pdf

	<b>Item Status:</b>	<b>Status</b>
--	---------------------	---------------

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
 First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
 Company Tracking Number: ARDNIC06  
 TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
 Product Name: Private Passenger Auto  
 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

**Bypassed - Item:** NAIC Loss Cost Filing Document for OTHER than Workers' Comp  
**Date:** 09/02/2010  
**Bypass Reason:** Have not previously needed to file this document.  
**Comments:**

**Item Status:** Filed  
**Status:**  
**Date:** 09/02/2010  
**Satisfied - Item:** Actuarial Support  
**Comments:**  
**Attachments:**  
 Actuarial Support (DIC).pdf  
 Actuarial Support (DNIC).pdf

**Item Status:** Filed  
**Status:**  
**Date:** 09/02/2010  
**Satisfied - Item:** Direct General - Increased Fee Justification  
**Comments:**  
 Since our most recent revision in February, Direct General in Arkansas has increased acquisition and underwriting costs. As a result, we are requesting a policy fee increase of \$5.00. Please see the attached sheet for a breakdown and explanation of costs.  
**Attachment:**  
 Support - Increased Policy Fee Justification.pdf

ARKANSAS INSURANCE DEPARTMENT

FORM A-1 PRIVATE PASSENGER AUTOMOBILE ABSTRACT

Instructions: All questions must be answered. If the answer is "none" or "Not applicable, so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent private passenger auto rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name Direct Insurance Company  
 NAIC # (including group #) 37720

1. Are there any areas in the State of Arkansas in which your company will not write automobile insurance?  Yes  No  
 If yes, list the areas: \_\_\_\_\_

2. Do you furnish a market for young drivers?  Yes  No

3. Do require collateral business to support a youthful driver?  Yes  No

4. Do you insure drivers with an international or foreign driver's license?  Yes  No

5. Specify the percentage you allow in credit or discounts for the following:

- a. Driver over 55 5%
- b. Good Student Discount N/A
- c. Multi-car Discount 20%
- d. Accident Free Discount\* 5%

Please Specify Qualification for Discount:

All operators are accident and violation free in preceding 12 mos.

e. Anti-Theft Discount N/A

- f. Other (specify) \_\_\_\_\_ N/A
- College Graduate 5%
- Prior Insurance 15%
- Renewal 15%

6. Do you have an installment payment plan for automobile insurance?  Yes  No

If so, what is the fee for installment payments?

\$8 per installment

7. Does your company utilize a tiered rating plan?  Yes  No

If so, list the programs and percentage difference and current volume for each plan:

Program	Percentage Difference	Volume
N/A	N/A	N/A

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*Nathan S Succop*

\_\_\_\_\_  
Signature

Nathan Succop  
Printed Name

Associate Product Manager  
Title

615-365-3680  
Telephone Number

nathan.succop@directgeneral.com  
Email address

ARKANSAS INSURANCE DEPARTMENT

FORM A-1 PRIVATE PASSENGER AUTOMOBILE ABSTRACT

Instructions: All questions must be answered. If the answer is "none" or "Not applicable, so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent private passenger auto rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name Direct National Insurance Company  
 NAIC # (including group #) 23736

1. Are there any areas in the State of Arkansas in which your company will not write automobile insurance?  Yes  No  
 If yes, list the areas: \_\_\_\_\_

2. Do you furnish a market for young drivers?  Yes  No

3. Do require collateral business to support a youthful driver?  Yes  No

4. Do you insure drivers with an international or foreign driver's license?  Yes  No

5. Specify the percentage you allow in credit or discounts for the following:

a. Driver over 55	5%
b. Good Student Discount	N/A
c. Multi-car Discount	15% to 17%
d. Accident Free Discount*	5%
. Please Specify Qualification for Discount: <u>All operators are accident and violation free in preceding 12 mos.</u>	
e. Anti-Theft Discount	N/A
f. Other (specify)	
College Graduate	5%
Welcome Back	5%
Multi Product Discount	3%

6. Do you have an installment payment plan for automobile insurance?  
 Yes  No

If so, what is the fee for installment payments?  
\$8 per installment

7. Does your company utilize a tiered rating plan?  Yes  No

If so, list the programs and percentage difference and current volume for each plan:

Program	Percentage Difference	Volume
Tier N (New Business)		\$6,716,094
Tier P (Prior w/ min limits)	-7%	\$805,564
Tier H (Prior w/ > min limits)	-15%	\$76,351

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*Nathan S Succop*

\_\_\_\_\_  
 Signature  
 Nathan Succop  
 \_\_\_\_\_  
 Printed Name  
 Associate Product Manager  
 \_\_\_\_\_  
 Title  
 615-365-3680  
 \_\_\_\_\_  
 Telephone Number  
[nathan.succop@directgeneral.com](mailto:nathan.succop@directgeneral.com)  
 \_\_\_\_\_  
 Email address

## ARKANSAS INSURANCE DEPARTMENT RATE FILING ABSTRACT

Insurer Name: Direct Insurance Company  
 NAIC Number: 37720  
 Name of Advisory Organization Whose Filing You are Referencing: N/A  
 Co. Affiliation to Advisory Organization: Member      Subscriber      Service Purchaser       
 Reference Filing #: N/A Proposed Effective Date: 08/17/2010

Contact Person: Nathan Succop  
 Signature: \_\_\_\_\_  
 Telephone No.: (615) 365-3680

(1) Line of Insurance by Coverage	(2) Indicated Rate Level Change	(3) Requested % Rate Level Change	For Loss Costs Only				
			(4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Cost (if Applicable)	(8) Co. Current Loss Cost Multiplier
Bodily Injury	19.2%	2.8%					
Property Damage	14.3%	2.2%					
Uninsured Motorists - BI	13.9%	8.3%					
Uninsured Motorists - PD	8.1%	2.4%					
Underinsured Motorists	13.9%	5.4%					
Personal Injury Protection	23.2%	9.7%					
Medical Payments	9.3%	5.0%					
Comprehensive	-2.5%	-0.1%					
Collision	11.0%	3.0%					
Rental	-11.4%	-3.3%					
Towing	-7.3%	-3.7%					
Accidental Death	-5.4%	-5.4%					
<b>Total Overall Effect</b>	<b>13.1%</b>	<b>2.2%</b>					

N Apply Lost Cost Factors to Future Filings? (Y or N)  
15.0 Estimated Maximum Rate Increase for any Arkansas Insured (%)  
0.0 Estimated Maximum Rate Decrease for any Arkansas Insured (%)

Corresponds to Question 3 on RF-2 or RF-WC

<u>5 Year History</u>								Liab	Phys Dam	
Year	Policy Count	Rate Chg. %	History Eff. Date	AR Earned Premium (000)	Incurred Losses (000)	Arkansas Loss Ratio	Countrywide Loss Ratio			
<u>2005</u>	<u>26,664</u>	<u>0.0%</u>	<u>N/A</u>	<u>12,783</u>	<u>8,080</u>	<u>63%</u>	<u>73%</u>	A. Total Production Exp.	16.6%	16.6%
<u>2006</u>	<u>16,313</u>	<u>-2.7%</u>	<u>5/18/2006</u>	<u>10,991</u>	<u>6,653</u>	<u>61%</u>	<u>74%</u>	B. General Expense	3.7%	3.7%
<u>2007</u>	<u>5,464</u>	<u>1.7%</u>	<u>3/1/2007</u>	<u>5,346</u>	<u>3,544</u>	<u>66%</u>	<u>75%</u>	C. Taxes, License & Fees	2.6%	2.6%
<u>2008</u>	<u>3,417</u>	<u>0.0%</u>	<u>N/A</u>	<u>3,436</u>	<u>2,231</u>	<u>65%</u>	<u>70%</u>	D. Underwriting Profit & Contingencies	2.9%	4.0%
<u>2009</u>	<u>2,192</u>	<u>0.0%</u>	<u>N/A</u>	<u>1,871</u>	<u>1,500</u>	<u>80%</u>	<u>77%</u>	E. Other (explain)		
								F. TOTAL	25.8%	26.9%

## ARKANSAS INSURANCE DEPARTMENT RATE FILING ABSTRACT

Insurer Name: Direct National Insurance Company  
 NAIC Number: 23736  
 Name of Advisory Organization Whose Filing You are Referencing: N/A  
 Co. Affiliation to Advisory Organization: Member      Subscriber      Service Purchaser       
 Reference Filing #: N/A Proposed Effective Date: 08/17/10

Contact Person: Nathan Succop  
 Signature: \_\_\_\_\_  
 Telephone No.: (615) 365-3680

(1) Line of Insurance by Coverage	(2) Indicated % Rate Level Change	(3) Requested % Rate Level Change	For Loss Costs Only				
			(4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Cost (if Applicable)	(8) Co. Current Loss Cost Multiplier
Bodily Injury	19.2%	3.0%					
Property Damage	14.3%	2.0%					
Uninsured Motorists - BI	13.9%	7.7%					
Uninsured Motorists - PD	8.1%	3.8%					
Underinsured Motorists	13.9%	7.6%					
Personal Injury Protection	23.2%	14.7%					
Medical Payments	9.3%	6.5%					
Comprehensive	-2.5%	-0.3%					
Collision	11.0%	3.0%					
Rental	-11.4%	-3.3%					
Towing	-7.3%	-3.7%					
Accidental Death	-5.4%	-5.4%					
<b>Total Overall Effect</b>	<b>13.1%</b>	<b>2.4%</b>					

N Apply Lost Cost Factors to Future Filings? (Y or N)

15.0 Estimated Maximum Rate Increase for any Arkansas Insured (%)

0.0 Estimated Maximum Rate Decrease for any Arkansas Insured (%)

Corresponds to Question 3 on RF-2 or RF-WC

5 Year History								Liab	Phys Dam	
Year	Policy Count	Rate Chg. %	History Eff. Date	AR Earned Premium (000)	Incurred Losses (000)	Arkansas Loss Ratio	Countrywide Loss Ratio			
<u>2005</u>	<u>0</u>	<u>0.0%</u>	<u>N/A</u>	<u>0</u>	<u>0</u>	<u>0%</u>	<u>0%</u>	A. Total Production Exp.	14.2%	14.2%
<u>2006</u>	<u>11,309</u>	<u>1.7%</u>	<u>12/19/2006</u>	<u>2,005</u>	<u>1,303</u>	<u>65%</u>	<u>74%</u>	B. General Expense	2.4%	2.4%
<u>2007</u>	<u>22,715</u>	<u>0.0%</u>	<u>N/A</u>	<u>8,597</u>	<u>5,353</u>	<u>62%</u>	<u>75%</u>	C. Taxes, License & Fees	3.4%	3.4%
<u>2008</u>	<u>24,842</u>	<u>0.0%</u>	<u>N/A</u>	<u>10,896</u>	<u>7,856</u>	<u>72%</u>	<u>70%</u>	D. Underwriting Profit & Contingencies	4.9%	5.0%
<u>2009</u>	<u>26,078</u>	<u>3.9%</u>	<u>1/21/2009</u>	<u>9,258</u>	<u>7,354</u>	<u>79%</u>	<u>77%</u>	E. Other (explain)		
								F. TOTAL	24.9%	25.0%

## STATE OF ARKANSAS

### DIRECT INSURANCE COMPANY

#### EXPLANATORY MEMORANDUM FOR INDICATED CHANGE EXHIBIT

Column	1	Calendar year direct earned premium.
Column	2	Ceded Earned Premiums. Premiums ceded to Resinsurance
Column	3	Onlevel Factor - Factor needed to restate actual premiums at present rate level
Column	4	Basic Limits Earned Premium at Current Rate Level
Column	5	Premium Trend - Projected annual trend of average onlevel premiums
Column	6	Column 4 times one plus column 5
Column	7	Accident year incurred losses for the 2 years combined
Column	8	Allocated Loss Adjustment Expense Incurred for the 2 years combined
Column	9	Losses in excess of reinsurance limits
Column	10	Basic Limit Loss and ALAE: (7)+(8)-(9)
Column	11	Developed (Ultimate) Basic Limit Loss and ALAE
Column	12	Loss Trend - Projected annual loss trend. This is calculated using a combination of internal and external loss trends.
Column	13	Trended Developed Basic Limit Loss and ALAE: (11) x [1 + (12)]
Column	14	(13) including any catastrophe load - This is a load only for the Comprehensive coverage. The estimate used is developed using RMS Risklink
Column	15	Projected Trended Loss and ALAE Loss Ratio: (14) / (6)
Column	16	ULAE %: This % is calculated using the Paid to Paid method and is based on historical ULAE percentages of paid loss.
Column	17	ULAE: Estimated ULAE using the ULAE% (16) times (14)
Column	18	Claim Counts - Incurred claim counts for the two accident years combined
Column	19	Credibility - Based on Direct's analysis of loss cost variance by coverage, various levels are used to determine full credibility by coverage. This level combined with the incurred claim counts in (18) are applied to the square root rule.
Column	20	Projected Trended Loss and LAE Ratio: [(14) + (17)] / (6)
Column	21	Selected Trended Loss and LAE Ratio: Credibility weighted ratio of 2 accident years vs the most recent accident year
Column	22	Permissible Loss Ratio: Based on the expense ratio for Direct National Insurance Company combined with a profit load net of investment income.
Column	23	Projected Indicated Change: Credibility weighted indicated rate change.

ARKANSAS  
Combined (DNIC/DIC)

2 Accident Years Combined (Basic Limits)												
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Coverage	Earned Premium	Ceded Increased Limit Earned Premium	Onlevel Factor	Basic Limit Earned Premium at Current Rates	Premium Trend	Basic Limit Trended Earned Premium at Current Rates	Incurred Losses	Allocated Adjustment Expense	Increased Limit and Wind Incurred Losses	Basic Limit Incurred Loss & ALAE	Developed Basic Limit Incurred Loss & ALAE	Loss Trend
BI	9,289,256	5,106	1.130	10,494,609	0.0%	10,494,609	5,847,167	75,517	25,000	5,897,683	8,313,222	5.9%
PD	8,365,443	376	1.118	9,354,586	0.0%	9,354,586	6,357,967	33,300	0	6,391,267	6,988,798	3.0%
PIP	62,077	0	1.172	72,781	0.0%	72,781	66,060	42	0	66,102	108,579	5.6%
MP	17,365	0	0.999	17,343	0.0%	17,343	16,573	0	0	16,573	19,879	8.2%
UMB	477,686	1,179	1.093	520,828	0.0%	520,828	371,705	10,698	0	382,402	511,126	6.2%
UMP	356,556	601	1.034	368,124	0.0%	368,124	273,023	1,651	0	274,674	306,202	2.9%
ADD	356,803	0	1.000	356,803	0.0%	356,803	20,000	46	0	20,046	25,813	0.0%
CMP	3,203,341	0	1.000	3,202,752	3.8%	3,323,270	2,135,849	6,591	655,952	1,486,488	1,545,039	2.9%
COL	7,025,555	0	1.003	7,048,112	3.8%	7,312,952	5,001,369	23,913	0	5,025,282	5,186,880	2.9%
CSE	0	0	0.000	0	0.0%	0	0	0	0	0	0	0.0%
RNT	42,879	0	1.000	42,879	0.0%	42,879	7,908	0	0	7,908	8,079	0.0%
TOW	17,369	0	1.000	17,369	0.0%	17,369	150	0	0	150	157	0.0%
<b>Total</b>	<b>29,214,329</b>	<b>7,261</b>	<b>1.078</b>	<b>31,496,185</b>	<b>1.2%</b>	<b>31,881,542</b>	<b>20,097,771</b>	<b>151,757</b>	<b>680,952</b>	<b>19,568,576</b>	<b>23,013,773</b>	<b>4.1%</b>
Liability	18,925,185	7,261	1.120	21,185,073	0.0%	21,185,073	12,952,495	121,253	25,000	13,048,748	16,273,619	4.6%
Phys Dam	10,289,144	0	1.002	10,311,112	3.7%	10,696,470	7,145,276	30,504	655,952	6,519,828	6,740,154	2.9%
<b>Total</b>	<b>29,214,329</b>	<b>7,261</b>	<b>1.078</b>	<b>31,496,185</b>	<b>1.2%</b>	<b>31,881,542</b>	<b>20,097,771</b>	<b>151,757</b>	<b>680,952</b>	<b>19,568,576</b>	<b>23,013,773</b>	<b>4.1%</b>

  

(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)		
Coverage	Trended Developed Basic Limit Incurred	Trended Developed Basic Limit Incurred with Cat Load	Projected Trended Incurred Loss & ALAE	Ratio	ULAE%	ULAE	Claim Counts	Credibility	Projected Trended Incurred Loss & LAE	Selected Trended Incurred Loss & LAE	Permissible Loss Ratio	Projected Indicated Change
BI	8,803,734	8,803,734	83.9%	14.9%	1,309,299	1,273	0.674	96.4%	99.0%	78.2%	78.2%	19.2%
PD	7,196,936	7,196,936	76.9%	14.9%	1,070,335	2,471	0.969	88.4%	89.7%	78.2%	78.2%	14.3%
PIP	114,675	114,675	157.6%	14.9%	17,055	30	0.140	181.0%	188.5%	78.2%	78.2%	23.2%
MP	21,501	21,501	124.0%	14.9%	3,198	7	0.068	142.4%	142.4%	78.2%	78.2%	9.3%
UMB	542,820	542,820	104.2%	14.9%	80,729	106	0.211	119.7%	117.9%	78.2%	78.2%	13.9%
UMP	315,160	315,160	85.6%	14.9%	46,871	179	0.248	98.3%	99.1%	78.2%	78.2%	8.1%
ADD	25,813	25,813	7.2%	14.9%	3,839	4	0.060	8.3%	8.2%	78.2%	78.2%	-5.4%
CMP	1,589,180	2,020,920	60.8%	14.9%	300,553	974	0.625	69.9%	75.3%	78.2%	78.2%	-2.5%
COL	5,339,574	5,339,574	73.0%	14.9%	794,106	1,716	0.853	83.9%	88.4%	78.2%	78.2%	11.0%
CSE	0	0	0.0%	14.9%	0	0	0.000	0.0%	0.0%	78.2%	78.2%	0.0%
RNT	8,079	8,079	18.8%	14.9%	1,201	28	0.158	21.6%	21.6%	78.2%	78.2%	-11.4%
TOW	157	157	0.9%	14.9%	23	6	0.074	1.0%	1.0%	78.2%	78.2%	-7.3%
<b>Total</b>	<b>23,957,627</b>	<b>24,389,368</b>	<b>76.5%</b>	<b>14.9%</b>	<b>3,627,209</b>	<b>6,794</b>	<b>1.000</b>	<b>87.9%</b>	<b>90.7%</b>	<b>78.2%</b>	<b>78.2%</b>	<b>13.1%</b>
Liability	17,020,638	17,020,638	80.3%	14.9%	2,531,325	4,070	1.000	92.3%	94.2%	78.2%	78.2%	16.3%
Phys Dam	6,936,989	7,368,730	68.9%	14.9%	1,095,884	2,724	1.000	79.1%	83.9%	78.2%	78.2%	6.7%
<b>Total</b>	<b>23,957,627</b>	<b>24,389,368</b>	<b>76.5%</b>	<b>14.9%</b>	<b>3,627,209</b>	<b>6,794</b>	<b>1.000</b>	<b>87.9%</b>	<b>90.7%</b>	<b>78.2%</b>	<b>78.2%</b>	<b>13.1%</b>

## STATE OF ARKANSAS

### DIRECT INSURANCE COMPANY

#### EXPLANATORY MEMORANDUM FOR INDICATED CHANGE EXHIBIT

Column	1	Calendar year direct earned premium.
Column	2	Ceded Earned Premiums. Premiums ceded to Resinsurance
Column	3	Onlevel Factor - Factor needed to restate actual premiums at present rate level
Column	4	Basic Limits Earned Premium at Current Rate Level
Column	5	Premium Trend - Projected annual trend of average onlevel premiums
Column	6	Column 4 times one plus column 5
Column	7	Accident year incurred losses for the 2 years combined
Column	8	Allocated Loss Adjustment Expense Incurred for the 2 years combined
Column	9	Losses in excess of reinsurance limits
Column	10	Basic Limit Loss and ALAE: (7)+(8)-(9)
Column	11	Developed (Ultimate) Basic Limit Loss and ALAE
Column	12	Loss Trend - Projected annual loss trend. This is calculated using a combination of internal and external loss trends.
Column	13	Trended Developed Basic Limit Loss and ALAE: (11) x [1 + (12)]
Column	14	(13) including any catastrophe load - This is a load only for the Comprehensive coverage. The estimate used is developed using RMS Risklink
Column	15	Projected Trended Loss and ALAE Loss Ratio: (14) / (6)
Column	16	ULAE %: This % is calculated using the Paid to Paid method and is based on historical ULAE percentages of paid loss.
Column	17	ULAE: Estimated ULAE using the ULAE% (16) times (14)
Column	18	Claim Counts - Incurred claim counts for the two accident years combined
Column	19	Credibility - Based on Direct's analysis of loss cost variance by coverage, various levels are used to determine full credibility by coverage. This level combined with the incurred claim counts in (18) are applied to the square root rule.
Column	20	Projected Trended Loss and LAE Ratio: [(14) + (17)] / (6)
Column	21	Selected Trended Loss and LAE Ratio: Credibility weighted ratio of 2 accident years vs the most recent accident year
Column	22	Permissible Loss Ratio: Based on the expense ratio for Direct National Insurance Company combined with a profit load net of investment income.
Column	23	Projected Indicated Change: Credibility weighted indicated rate change.

ARKANSAS  
Combined (DNIC/DIC)

2 Accident Years Combined (Basic Limits)												
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Coverage	Earned Premium	Ceded Increased Limit Earned Premium	Onlevel Factor	Basic Limit Earned Premium at Current Rates	Premium Trend	Basic Limit Trended Earned Premium at Current Rates	Incurred Losses	Allocated Adjustment Expense	Increased Limit and Wind Incurred Losses	Basic Limit Incurred Loss & ALAE	Developed Basic Limit Incurred Loss & ALAE	Loss Trend
BI	9,289,256	5,106	1.130	10,494,609	0.0%	10,494,609	5,847,167	75,517	25,000	5,897,683	8,313,222	5.9%
PD	8,365,443	376	1.118	9,354,586	0.0%	9,354,586	6,357,967	33,300	0	6,391,267	6,988,798	3.0%
PIP	62,077	0	1.172	72,781	0.0%	72,781	66,060	42	0	66,102	108,579	5.6%
MP	17,365	0	0.999	17,343	0.0%	17,343	16,573	0	0	16,573	19,879	8.2%
UMB	477,686	1,179	1.093	520,828	0.0%	520,828	371,705	10,698	0	382,402	511,126	6.2%
UMP	356,556	601	1.034	368,124	0.0%	368,124	273,023	1,651	0	274,674	306,202	2.9%
ADD	356,803	0	1.000	356,803	0.0%	356,803	20,000	46	0	20,046	25,813	0.0%
CMP	3,203,341	0	1.000	3,202,752	3.8%	3,323,270	2,135,849	6,591	655,952	1,486,488	1,545,039	2.9%
COL	7,025,555	0	1.003	7,048,112	3.8%	7,312,952	5,001,369	23,913	0	5,025,282	5,186,880	2.9%
CSE	0	0	0.000	0	0.0%	0	0	0	0	0	0	0.0%
RNT	42,879	0	1.000	42,879	0.0%	42,879	7,908	0	0	7,908	8,079	0.0%
TOW	17,369	0	1.000	17,369	0.0%	17,369	150	0	0	150	157	0.0%
<b>Total</b>	<b>29,214,329</b>	<b>7,261</b>	<b>1.078</b>	<b>31,496,185</b>	<b>1.2%</b>	<b>31,881,542</b>	<b>20,097,771</b>	<b>151,757</b>	<b>680,952</b>	<b>19,568,576</b>	<b>23,013,773</b>	<b>4.1%</b>
Liability	18,925,185	7,261	1.120	21,185,073	0.0%	21,185,073	12,952,495	121,253	25,000	13,048,748	16,273,619	4.6%
Phys Dam	10,289,144	0	1.002	10,311,112	3.7%	10,696,470	7,145,276	30,504	655,952	6,519,828	6,740,154	2.9%
<b>Total</b>	<b>29,214,329</b>	<b>7,261</b>	<b>1.078</b>	<b>31,496,185</b>	<b>1.2%</b>	<b>31,881,542</b>	<b>20,097,771</b>	<b>151,757</b>	<b>680,952</b>	<b>19,568,576</b>	<b>23,013,773</b>	<b>4.1%</b>

  

(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)		
Coverage	Trended Developed Basic Limit Incurred	Trended Developed Basic Limit Incurred with Cat Load	Projected Trended Incurred Loss & ALAE	Ratio	ULAE%	ULAE	Claim Counts	Credibility	Projected Trended Incurred Loss & LAE	Selected Trended Incurred Loss & LAE	Permissible Loss Ratio	Projected Indicated Change
BI	8,803,734	8,803,734	83.9%	14.9%	1,309,299	1,273	0.674	96.4%	99.0%	78.2%	78.2%	19.2%
PD	7,196,936	7,196,936	76.9%	14.9%	1,070,335	2,471	0.969	88.4%	89.7%	78.2%	78.2%	14.3%
PIP	114,675	114,675	157.6%	14.9%	17,055	30	0.140	181.0%	188.5%	78.2%	78.2%	23.2%
MP	21,501	21,501	124.0%	14.9%	3,198	7	0.068	142.4%	142.4%	78.2%	78.2%	9.3%
UMB	542,820	542,820	104.2%	14.9%	80,729	106	0.211	119.7%	117.9%	78.2%	78.2%	13.9%
UMP	315,160	315,160	85.6%	14.9%	46,871	179	0.248	98.3%	99.1%	78.2%	78.2%	8.1%
ADD	25,813	25,813	7.2%	14.9%	3,839	4	0.060	8.3%	8.2%	78.2%	78.2%	-5.4%
CMP	1,589,180	2,020,920	60.8%	14.9%	300,553	974	0.625	69.9%	75.3%	78.2%	78.2%	-2.5%
COL	5,339,574	5,339,574	73.0%	14.9%	794,106	1,716	0.853	83.9%	88.4%	78.2%	78.2%	11.0%
CSE	0	0	0.0%	14.9%	0	0	0.000	0.0%	0.0%	78.2%	78.2%	0.0%
RNT	8,079	8,079	18.8%	14.9%	1,201	28	0.158	21.6%	21.6%	78.2%	78.2%	-11.4%
TOW	157	157	0.9%	14.9%	23	6	0.074	1.0%	1.0%	78.2%	78.2%	-7.3%
<b>Total</b>	<b>23,957,627</b>	<b>24,389,368</b>	<b>76.5%</b>	<b>14.9%</b>	<b>3,627,209</b>	<b>6,794</b>	<b>1.000</b>	<b>87.9%</b>	<b>90.7%</b>	<b>78.2%</b>	<b>78.2%</b>	<b>13.1%</b>
Liability	17,020,638	17,020,638	80.3%	14.9%	2,531,325	4,070	1.000	92.3%	94.2%	78.2%	78.2%	16.3%
Phys Dam	6,936,989	7,368,730	68.9%	14.9%	1,095,884	2,724	1.000	79.1%	83.9%	78.2%	78.2%	6.7%
<b>Total</b>	<b>23,957,627</b>	<b>24,389,368</b>	<b>76.5%</b>	<b>14.9%</b>	<b>3,627,209</b>	<b>6,794</b>	<b>1.000</b>	<b>87.9%</b>	<b>90.7%</b>	<b>78.2%</b>	<b>78.2%</b>	<b>13.1%</b>

Direct General Insurance - Arkansas  
Increased Policy Fee Justification  
August 10, 2010

Due to the increasing numbers of discounts put in place, we have increased the number of policies that are manually underwritten to verify accuracy. Additionally, we now use an external vendor to assist in compiling loss history. Finally, we have increased our acquisition costs in the state through increased advertising spend.

	<b>Total Cost</b>	<b>Avg New Policy/Month</b>	<b>Cost / Pol</b>
Increased Underwriting	\$558	1659	\$0.34
External Vendor (A Plus)	\$2,406	1659	\$1.45
Increased Ad Spend	\$5,569	1659	\$3.36
<b>Total</b>	<b>\$8,533</b>	<b>1659</b>	<b>\$5.14</b>

SERFF Tracking Number: DRCT-126738433 State: Arkansas  
 First Filing Company: Direct Insurance Company, ... State Tracking Number: EFT \$100  
 Company Tracking Number: ARDNIC06  
 TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
 Product Name: Private Passenger Auto  
 Project Name/Number: Arkansas Rate Revision - Aug 2010/06 / 13

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
07/26/2010	Rate and Rule	Rules: Direct National Insurance Company	08/09/2010	201007-AR-DNIC-PPA-Rules.pdf 201007-AR-DNIC-PPA-Rules (Redline).pdf
08/12/2010	Supporting Document	APCS-Auto Premium Comparison Survey	08/13/2010	APCS 201007 DNIC.pdf (Superseded) APCS 201007 DNIC.xls (Superseded)
08/09/2010	Supporting Document	APCS-Auto Premium Comparison Survey	08/12/2010	APCS 201007 DNIC.pdf (Superseded) APCS 201007 DNIC.xls (Superseded)
07/25/2010	Supporting Document	APCS-Auto Premium Comparison Survey	08/09/2010	APCS 201007 DNIC.pdf

<u>Class</u>	<u>BI</u>	<u>PD</u>	<u>PIP</u>	<u>MP</u>	<u>UMB</u>	<u>UDB</u>	<u>UMP</u>	<u>CMP</u>	<u>COL</u>
1	0.37	0.52	0.51	0.51	0.51	0.51	0.47	0.97	0.47
FM14	1.49	1.65	1.37	1.37	1.37	1.37	1.72	1.45	1.72
FM15	1.49	1.65	1.37	1.37	1.37	1.37	1.72	1.45	1.72
FM16	1.49	1.65	1.37	1.37	1.37	1.37	1.72	1.45	1.72
FM17	1.51	1.63	1.38	1.38	1.38	1.38	1.72	1.68	1.72
FM18	1.55	1.63	1.40	1.40	1.40	1.40	1.75	1.38	1.75
FM19	0.90	1.10	1.18	1.18	1.18	1.18	1.19	1.33	1.19
FM20	0.85	0.95	1.13	1.13	1.13	1.13	1.03	1.22	1.03
FM21	0.77	0.83	0.86	0.86	0.86	0.86	0.91	1.19	0.91
FM22	0.69	0.75	0.89	0.89	0.89	0.89	0.84	1.05	0.84
FM23	0.64	0.76	0.92	0.92	0.92	0.92	0.74	1.07	0.74
FM24	0.62	0.65	1.03	1.03	1.03	1.03	0.67	0.96	0.67
FM25	0.63	0.73	0.88	0.88	0.88	0.88	0.75	0.95	0.75
FM26	0.63	0.73	0.88	0.88	0.88	0.88	0.75	0.95	0.75
FM27	0.63	0.73	0.88	0.88	0.88	0.88	0.75	0.95	0.75
FM28	0.63	0.73	0.88	0.88	0.88	0.88	0.75	0.95	0.75
FM29	0.63	0.73	0.88	0.88	0.88	0.88	0.75	0.95	0.75
FM30	0.57	0.66	0.87	0.87	0.87	0.87	0.67	0.83	0.67
FM31	0.57	0.66	0.87	0.87	0.87	0.87	0.67	0.83	0.67
FM32	0.57	0.66	0.87	0.87	0.87	0.87	0.67	0.83	0.67
FM33	0.57	0.66	0.87	0.87	0.87	0.87	0.67	0.83	0.67
FM34	0.57	0.66	0.87	0.87	0.87	0.87	0.67	0.83	0.67
FM35	0.66	0.67	0.94	0.94	0.94	0.94	0.69	0.74	0.69
FM36	0.66	0.67	0.94	0.94	0.94	0.94	0.69	0.74	0.69
FM37	0.66	0.67	0.94	0.94	0.94	0.94	0.69	0.74	0.69
FM38	0.66	0.67	0.94	0.94	0.94	0.94	0.69	0.74	0.69
FM39	0.66	0.67	0.94	0.94	0.94	0.94	0.69	0.74	0.69
FM40	0.60	0.64	0.82	0.82	0.82	0.82	0.67	0.73	0.67
FM41	0.60	0.64	0.82	0.82	0.82	0.82	0.67	0.73	0.67
FM42	0.60	0.64	0.82	0.82	0.82	0.82	0.67	0.73	0.67
FM43	0.60	0.64	0.82	0.82	0.82	0.82	0.67	0.73	0.67
FM44	0.60	0.64	0.82	0.82	0.82	0.82	0.67	0.73	0.67
FM45	0.60	0.64	0.82	0.82	0.82	0.82	0.67	0.73	0.67
FM46	0.60	0.64	0.82	0.82	0.82	0.82	0.67	0.73	0.67
FM47	0.60	0.64	0.82	0.82	0.82	0.82	0.67	0.73	0.67
FM48	0.60	0.64	0.82	0.82	0.82	0.82	0.67	0.73	0.67
FM49	0.60	0.64	0.82	0.82	0.82	0.82	0.67	0.73	0.67
FM50	0.57	0.53	0.70	0.70	0.70	0.70	0.53	0.63	0.53
FM51	0.57	0.53	0.70	0.70	0.70	0.70	0.53	0.63	0.53
FM52	0.57	0.53	0.70	0.70	0.70	0.70	0.53	0.63	0.53
FM53	0.57	0.53	0.70	0.70	0.70	0.70	0.53	0.63	0.53
FM54	0.57	0.53	0.70	0.70	0.70	0.70	0.53	0.63	0.53
FM55	0.62	0.55	0.64	0.64	0.64	0.64	0.52	0.55	0.52
FM56	0.62	0.55	0.64	0.64	0.64	0.64	0.52	0.55	0.52
FM57	0.62	0.55	0.64	0.64	0.64	0.64	0.52	0.55	0.52
FM58	0.62	0.55	0.64	0.64	0.64	0.64	0.52	0.55	0.52
FM59	0.62	0.55	0.64	0.64	0.64	0.64	0.52	0.55	0.52
FM60	0.62	0.55	0.64	0.64	0.64	0.64	0.52	0.55	0.52
FM61	0.62	0.55	0.64	0.64	0.64	0.64	0.52	0.55	0.52
FM62	0.62	0.55	0.64	0.64	0.64	0.64	0.52	0.55	0.52
FM63	0.62	0.55	0.64	0.64	0.64	0.64	0.52	0.55	0.52
FM64	0.62	0.55	0.64	0.64	0.64	0.64	0.52	0.55	0.52
FM65	0.71	0.54	0.73	0.73	0.73	0.73	0.57	0.44	0.57
FM66	0.72	0.55	0.69	0.69	0.69	0.69	0.59	0.42	0.59
FM67	0.76	0.58	0.68	0.68	0.68	0.68	0.64	0.48	0.64
FM68	0.79	0.63	0.69	0.69	0.69	0.69	0.66	0.41	0.66
FM69	0.82	0.62	0.67	0.67	0.67	0.67	0.64	0.40	0.64
FM70	0.82	0.66	0.68	0.68	0.68	0.68	0.68	0.42	0.68
FM71	0.86	0.65	0.76	0.76	0.76	0.76	0.74	0.38	0.74
FM72	0.87	0.66	0.65	0.65	0.65	0.65	0.68	0.38	0.68
FM73	0.90	0.64	0.64	0.64	0.64	0.64	0.69	0.36	0.69
FM74	0.91	0.72	0.61	0.61	0.61	0.61	0.79	0.39	0.79

<u>Class</u>	<u>BI</u>	<u>PD</u>	<u>PIP</u>	<u>MP</u>	<u>UMB</u>	<u>UDB</u>	<u>UMP</u>	<u>CMP</u>	<u>COL</u>
FM75	1.01	0.67	0.60	0.60	0.60	0.60	0.74	0.28	0.74
FM76	1.01	0.67	0.60	0.60	0.60	0.60	0.74	0.28	0.74
FM77	1.02	0.68	0.60	0.60	0.60	0.60	0.77	0.26	0.77
FM78	1.02	0.68	0.60	0.60	0.60	0.60	0.77	0.26	0.77
FM79	1.05	0.76	0.57	0.57	0.57	0.57	0.78	0.25	0.78
FM80	1.05	0.76	0.57	0.57	0.57	0.57	0.78	0.25	0.78
FM81	1.09	0.74	0.58	0.58	0.58	0.58	0.79	0.24	0.79
FM82	1.09	0.74	0.58	0.58	0.58	0.58	0.79	0.24	0.79
FM83	1.25	1.00	0.68	0.68	0.68	0.68	0.80	0.24	0.80
FM84	1.25	1.00	0.68	0.68	0.68	0.68	0.80	0.24	0.80
FM85	1.18	0.75	0.55	0.55	0.55	0.55	0.79	0.22	0.79
FM86	1.18	0.75	0.55	0.55	0.55	0.55	0.79	0.22	0.79
FM87	1.20	0.76	0.53	0.53	0.53	0.53	0.81	0.22	0.81
FM88	1.20	0.76	0.53	0.53	0.53	0.53	0.81	0.22	0.81
FM89	1.23	0.77	0.52	0.52	0.52	0.52	0.82	0.21	0.82
FM90	1.23	0.77	0.52	0.52	0.52	0.52	0.82	0.21	0.82
FM91	1.26	0.78	0.51	0.51	0.51	0.51	0.84	0.20	0.84
FM92	1.26	0.78	0.51	0.51	0.51	0.51	0.84	0.20	0.84
FM93	1.26	0.78	0.51	0.51	0.51	0.51	0.84	0.20	0.84
FM94	1.26	0.78	0.51	0.51	0.51	0.51	0.84	0.20	0.84
FM95	1.26	0.78	0.51	0.51	0.51	0.51	0.84	0.20	0.84
FM96	1.26	0.78	0.51	0.51	0.51	0.51	0.84	0.20	0.84
FM97	1.26	0.78	0.51	0.51	0.51	0.51	0.84	0.20	0.84
FM98	1.26	0.78	0.51	0.51	0.51	0.51	0.84	0.20	0.84
FM99	1.26	0.78	0.51	0.51	0.51	0.51	0.84	0.20	0.84
FS14	2.29	1.92	1.59	1.59	1.59	1.59	2.07	1.02	2.07
FS15	2.29	1.92	1.59	1.59	1.59	1.59	2.07	1.02	2.07
FS16	2.29	1.92	1.59	1.59	1.59	1.59	2.07	1.02	2.07
FS17	2.34	1.85	1.52	1.52	1.52	1.52	1.93	0.98	1.93
FS18	2.40	1.94	1.53	1.53	1.53	1.53	1.98	1.01	1.98
FS19	1.52	1.49	1.24	1.24	1.24	1.24	1.49	1.05	1.49
FS20	1.38	1.30	1.19	1.19	1.19	1.19	1.36	1.05	1.36
FS21	1.17	1.22	1.13	1.13	1.13	1.13	1.21	1.01	1.21
FS22	0.96	1.04	1.00	1.00	1.00	1.00	1.09	1.07	1.09
FS23	0.98	1.04	1.11	1.11	1.11	1.11	0.95	1.02	0.95
FS24	0.80	0.86	1.03	1.03	1.03	1.03	0.92	1.00	0.92
FS25	0.93	0.94	1.17	1.17	1.17	1.17	0.92	1.05	0.92
FS26	0.93	0.94	1.17	1.17	1.17	1.17	0.92	1.05	0.92
FS27	0.93	0.94	1.17	1.17	1.17	1.17	0.92	1.05	0.92
FS28	0.93	0.94	1.17	1.17	1.17	1.17	0.92	1.05	0.92
FS29	0.93	0.94	1.17	1.17	1.17	1.17	0.92	1.05	0.92
FS30	0.90	0.85	1.29	1.29	1.29	1.29	0.87	0.94	0.87
FS31	0.90	0.85	1.29	1.29	1.29	1.29	0.87	0.94	0.87
FS32	0.90	0.85	1.29	1.29	1.29	1.29	0.87	0.94	0.87
FS33	0.90	0.85	1.29	1.29	1.29	1.29	0.87	0.94	0.87
FS34	0.90	0.85	1.29	1.29	1.29	1.29	0.87	0.94	0.87
FS35	0.90	0.84	1.29	1.29	1.29	1.29	0.81	0.94	0.81
FS36	0.90	0.84	1.29	1.29	1.29	1.29	0.81	0.94	0.81
FS37	0.90	0.84	1.29	1.29	1.29	1.29	0.81	0.94	0.81
FS38	0.90	0.84	1.29	1.29	1.29	1.29	0.81	0.94	0.81
FS39	0.90	0.84	1.29	1.29	1.29	1.29	0.81	0.94	0.81
FS40	0.79	0.76	1.07	1.07	1.07	1.07	0.77	0.85	0.77
FS41	0.79	0.76	1.07	1.07	1.07	1.07	0.77	0.85	0.77
FS42	0.79	0.76	1.07	1.07	1.07	1.07	0.77	0.85	0.77
FS43	0.79	0.76	1.07	1.07	1.07	1.07	0.77	0.85	0.77
FS44	0.79	0.76	1.07	1.07	1.07	1.07	0.77	0.85	0.77
FS45	0.79	0.76	1.07	1.07	1.07	1.07	0.77	0.85	0.77
FS46	0.79	0.76	1.07	1.07	1.07	1.07	0.77	0.85	0.77
FS47	0.79	0.76	1.07	1.07	1.07	1.07	0.77	0.85	0.77
FS48	0.79	0.76	1.07	1.07	1.07	1.07	0.77	0.85	0.77
FS49	0.79	0.76	1.07	1.07	1.07	1.07	0.77	0.85	0.77
FS50	0.68	0.67	0.92	0.92	0.92	0.92	0.67	0.75	0.67

<u>Class</u>	<u>BI</u>	<u>PD</u>	<u>PIP</u>	<u>MP</u>	<u>UMB</u>	<u>UDB</u>	<u>UMP</u>	<u>CMP</u>	<u>COL</u>
FS51	0.68	0.67	0.92	0.92	0.92	0.92	0.67	0.75	0.67
FS52	0.68	0.67	0.92	0.92	0.92	0.92	0.67	0.75	0.67
FS53	0.68	0.67	0.92	0.92	0.92	0.92	0.67	0.75	0.67
FS54	0.68	0.67	0.92	0.92	0.92	0.92	0.67	0.75	0.67
FS55	0.69	0.67	0.88	0.88	0.88	0.88	0.64	0.66	0.64
FS56	0.69	0.67	0.88	0.88	0.88	0.88	0.64	0.66	0.64
FS57	0.69	0.67	0.88	0.88	0.88	0.88	0.64	0.66	0.64
FS58	0.69	0.67	0.88	0.88	0.88	0.88	0.64	0.66	0.64
FS59	0.69	0.67	0.88	0.88	0.88	0.88	0.64	0.66	0.64
FS60	0.69	0.67	0.88	0.88	0.88	0.88	0.64	0.66	0.64
FS61	0.69	0.67	0.88	0.88	0.88	0.88	0.64	0.66	0.64
FS62	0.69	0.67	0.88	0.88	0.88	0.88	0.64	0.66	0.64
FS63	0.69	0.67	0.88	0.88	0.88	0.88	0.64	0.66	0.64
FS64	0.69	0.67	0.88	0.88	0.88	0.88	0.64	0.66	0.64
FS65	0.80	0.70	0.92	0.92	0.92	0.92	0.74	0.64	0.74
FS66	0.80	0.68	0.90	0.90	0.90	0.90	0.74	0.62	0.74
FS67	0.91	0.73	0.86	0.86	0.86	0.86	0.81	0.62	0.81
FS68	0.89	0.73	0.87	0.87	0.87	0.87	0.80	0.60	0.80
FS69	0.90	0.75	0.82	0.82	0.82	0.82	0.80	0.60	0.80
FS70	0.94	0.75	0.81	0.81	0.81	0.81	0.81	0.58	0.81
FS71	0.94	0.79	0.77	0.77	0.77	0.77	0.84	0.57	0.84
FS72	0.97	0.87	0.77	0.77	0.77	0.77	0.87	0.55	0.87
FS73	0.99	0.84	0.73	0.73	0.73	0.73	0.89	0.57	0.89
FS74	1.01	0.80	0.73	0.73	0.73	0.73	0.84	0.53	0.84
FS75	1.18	0.95	0.72	0.72	0.72	0.72	0.93	0.43	0.93
FS76	1.18	0.95	0.72	0.72	0.72	0.72	0.93	0.43	0.93
FS77	1.21	0.93	0.72	0.72	0.72	0.72	0.94	0.40	0.94
FS78	1.21	0.93	0.72	0.72	0.72	0.72	0.94	0.40	0.94
FS79	1.23	0.88	0.71	0.71	0.71	0.71	1.00	0.42	1.00
FS80	1.23	0.88	0.71	0.71	0.71	0.71	1.00	0.42	1.00
FS81	1.28	0.94	0.71	0.71	0.71	0.71	0.95	0.31	0.95
FS82	1.28	0.94	0.71	0.71	0.71	0.71	0.95	0.31	0.95
FS83	1.31	0.95	0.70	0.70	0.70	0.70	0.98	0.30	0.98
FS84	1.31	0.95	0.70	0.70	0.70	0.70	0.98	0.30	0.98
FS85	1.33	0.92	0.70	0.70	0.70	0.70	0.99	0.30	0.99
FS86	1.33	0.92	0.70	0.70	0.70	0.70	0.99	0.30	0.99
FS87	1.37	1.00	0.68	0.68	0.68	0.68	1.03	0.28	1.03
FS88	1.37	1.00	0.68	0.68	0.68	0.68	1.03	0.28	1.03
FS89	1.41	0.95	0.69	0.69	0.69	0.69	1.04	0.28	1.04
FS90	1.41	0.95	0.69	0.69	0.69	0.69	1.04	0.28	1.04
FS91	1.45	0.98	0.75	0.75	0.75	0.75	1.05	0.30	1.05
FS92	1.45	0.98	0.75	0.75	0.75	0.75	1.05	0.30	1.05
FS93	1.45	0.98	0.75	0.75	0.75	0.75	1.05	0.30	1.05
FS94	1.45	0.98	0.75	0.75	0.75	0.75	1.05	0.30	1.05
FS95	1.45	0.98	0.75	0.75	0.75	0.75	1.05	0.30	1.05
FS96	1.45	0.98	0.75	0.75	0.75	0.75	1.05	0.30	1.05
FS97	1.45	0.98	0.75	0.75	0.75	0.75	1.05	0.30	1.05
FS98	1.45	0.98	0.75	0.75	0.75	0.75	1.05	0.30	1.05
FS99	1.45	0.98	0.75	0.75	0.75	0.75	1.05	0.30	1.05
MM14	2.20	1.95	1.79	1.79	1.79	1.79	2.06	1.97	2.06
MM15	2.20	1.95	1.79	1.79	1.79	1.79	2.06	1.97	2.06
MM16	2.20	1.95	1.79	1.79	1.79	1.79	2.06	1.97	2.06
MM17	2.22	1.85	1.60	1.60	1.60	1.60	2.07	1.96	2.07
MM18	2.24	2.02	1.54	1.54	1.54	1.54	2.36	1.94	2.36
MM19	1.49	1.42	1.28	1.28	1.28	1.28	1.44	1.62	1.44
MM20	1.37	1.23	1.19	1.19	1.19	1.19	1.33	1.55	1.33
MM21	1.15	1.17	1.22	1.22	1.22	1.22	1.29	1.40	1.29
MM22	0.95	1.00	1.14	1.14	1.14	1.14	1.12	1.40	1.12
MM23	0.92	0.94	0.98	0.98	0.98	0.98	0.99	1.29	0.99
MM24	0.81	0.94	1.01	1.01	1.01	1.01	0.94	1.29	0.94
MM25	0.83	0.91	1.02	1.02	1.02	1.02	0.84	1.11	0.84
MM26	0.83	0.91	1.02	1.02	1.02	1.02	0.84	1.11	0.84

<u>Class</u>	<u>BI</u>	<u>PD</u>	<u>PIP</u>	<u>MP</u>	<u>UMB</u>	<u>UDB</u>	<u>UMP</u>	<u>CMP</u>	<u>COL</u>
MM27	0.83	0.91	1.02	1.02	1.02	1.02	0.84	1.11	0.84
MM28	0.83	0.91	1.02	1.02	1.02	1.02	0.84	1.11	0.84
MM29	0.83	0.91	1.02	1.02	1.02	1.02	0.84	1.11	0.84
MM30	0.65	0.72	0.93	0.93	0.93	0.93	0.76	0.99	0.76
MM31	0.65	0.72	0.93	0.93	0.93	0.93	0.76	0.99	0.76
MM32	0.65	0.72	0.93	0.93	0.93	0.93	0.76	0.99	0.76
MM33	0.65	0.72	0.93	0.93	0.93	0.93	0.76	0.99	0.76
MM34	0.65	0.72	0.93	0.93	0.93	0.93	0.76	0.99	0.76
MM35	0.71	0.76	1.33	1.33	1.33	1.33	0.68	0.81	0.68
MM36	0.71	0.76	1.33	1.33	1.33	1.33	0.68	0.81	0.68
MM37	0.71	0.76	1.33	1.33	1.33	1.33	0.68	0.81	0.68
MM38	0.71	0.76	1.33	1.33	1.33	1.33	0.68	0.81	0.68
MM39	0.71	0.76	1.33	1.33	1.33	1.33	0.68	0.81	0.68
MM40	0.65	0.71	0.99	0.99	0.99	0.99	0.74	0.79	0.74
MM41	0.65	0.71	0.99	0.99	0.99	0.99	0.74	0.79	0.74
MM42	0.65	0.71	0.99	0.99	0.99	0.99	0.74	0.79	0.74
MM43	0.65	0.71	0.99	0.99	0.99	0.99	0.74	0.79	0.74
MM44	0.65	0.71	0.99	0.99	0.99	0.99	0.74	0.79	0.74
MM45	0.65	0.71	0.99	0.99	0.99	0.99	0.74	0.79	0.74
MM46	0.65	0.71	0.99	0.99	0.99	0.99	0.74	0.79	0.74
MM47	0.65	0.71	0.99	0.99	0.99	0.99	0.74	0.79	0.74
MM48	0.65	0.71	0.99	0.99	0.99	0.99	0.74	0.79	0.74
MM49	0.65	0.71	0.99	0.99	0.99	0.99	0.74	0.79	0.74
MM50	0.62	0.57	0.89	0.89	0.89	0.89	0.58	0.65	0.58
MM51	0.62	0.57	0.89	0.89	0.89	0.89	0.58	0.65	0.58
MM52	0.62	0.57	0.89	0.89	0.89	0.89	0.58	0.65	0.58
MM53	0.62	0.57	0.89	0.89	0.89	0.89	0.58	0.65	0.58
MM54	0.62	0.57	0.89	0.89	0.89	0.89	0.58	0.65	0.58
MM55	0.68	0.59	0.80	0.80	0.80	0.80	0.63	0.67	0.63
MM56	0.68	0.59	0.80	0.80	0.80	0.80	0.63	0.67	0.63
MM57	0.68	0.59	0.80	0.80	0.80	0.80	0.63	0.67	0.63
MM58	0.68	0.59	0.80	0.80	0.80	0.80	0.63	0.67	0.63
MM59	0.68	0.59	0.80	0.80	0.80	0.80	0.63	0.67	0.63
MM60	0.68	0.59	0.80	0.80	0.80	0.80	0.63	0.67	0.63
MM61	0.68	0.59	0.80	0.80	0.80	0.80	0.63	0.67	0.63
MM62	0.68	0.59	0.80	0.80	0.80	0.80	0.63	0.67	0.63
MM63	0.68	0.59	0.80	0.80	0.80	0.80	0.63	0.67	0.63
MM64	0.68	0.59	0.80	0.80	0.80	0.80	0.63	0.67	0.63
MM65	0.76	0.61	0.81	0.81	0.81	0.81	0.64	0.71	0.64
MM66	0.77	0.64	0.87	0.87	0.87	0.87	0.71	0.72	0.71
MM67	0.81	0.65	0.81	0.81	0.81	0.81	0.70	0.66	0.70
MM68	0.81	0.69	0.83	0.83	0.83	0.83	0.74	0.63	0.74
MM69	0.82	0.68	0.85	0.85	0.85	0.85	0.73	0.67	0.73
MM70	0.85	0.73	0.80	0.80	0.80	0.80	0.72	0.63	0.72
MM71	0.90	0.74	0.90	0.90	0.90	0.90	0.76	0.59	0.76
MM72	0.86	0.74	0.84	0.84	0.84	0.84	0.77	0.60	0.77
MM73	0.87	0.75	0.83	0.83	0.83	0.83	0.76	0.60	0.76
MM74	0.90	0.75	0.86	0.86	0.86	0.86	0.81	0.55	0.81
MM75	1.28	0.92	0.86	0.86	0.86	0.86	0.97	0.44	0.97
MM76	1.28	0.92	0.86	0.86	0.86	0.86	0.97	0.44	0.97
MM77	1.34	0.91	0.86	0.86	0.86	0.86	0.98	0.45	0.98
MM78	1.34	0.91	0.86	0.86	0.86	0.86	0.98	0.45	0.98
MM79	1.38	0.93	0.84	0.84	0.84	0.84	1.00	0.44	1.00
MM80	1.38	0.93	0.84	0.84	0.84	0.84	1.00	0.44	1.00
MM81	1.41	1.00	0.90	0.90	0.90	0.90	1.05	0.42	1.05
MM82	1.41	1.00	0.90	0.90	0.90	0.90	1.05	0.42	1.05
MM83	1.44	1.00	0.84	0.84	0.84	0.84	1.08	0.40	1.08
MM84	1.44	1.00	0.84	0.84	0.84	0.84	1.08	0.40	1.08
MM85	1.54	1.01	0.85	0.85	0.85	0.85	1.13	0.39	1.13
MM86	1.54	1.01	0.85	0.85	0.85	0.85	1.13	0.39	1.13
MM87	1.55	1.03	0.85	0.85	0.85	0.85	1.10	0.39	1.10
MM88	1.55	1.03	0.85	0.85	0.85	0.85	1.10	0.39	1.10

<u>Class</u>	<u>BI</u>	<u>PD</u>	<u>PIP</u>	<u>MP</u>	<u>UMB</u>	<u>UDB</u>	<u>UMP</u>	<u>CMP</u>	<u>COL</u>
MM89	1.58	1.07	0.86	0.86	0.86	0.86	1.12	0.38	1.12
MM90	1.58	1.07	0.86	0.86	0.86	0.86	1.12	0.38	1.12
MM91	1.58	1.10	0.97	0.97	0.97	0.97	1.66	0.38	1.66
MM92	1.58	1.10	0.97	0.97	0.97	0.97	1.66	0.38	1.66
MM93	1.58	1.10	0.97	0.97	0.97	0.97	1.66	0.38	1.66
MM94	1.58	1.10	0.97	0.97	0.97	0.97	1.66	0.38	1.66
MM95	1.58	1.10	0.97	0.97	0.97	0.97	1.66	0.38	1.66
MM96	1.58	1.10	0.97	0.97	0.97	0.97	1.66	0.38	1.66
MM97	1.58	1.10	0.97	0.97	0.97	0.97	1.66	0.38	1.66
MM98	1.58	1.10	0.97	0.97	0.97	0.97	1.66	0.38	1.66
MM99	1.58	1.10	0.97	0.97	0.97	0.97	1.66	0.38	1.66
MS14	3.09	2.71	1.50	1.50	1.50	1.50	2.83	1.52	2.83
MS15	3.09	2.71	1.50	1.50	1.50	1.50	2.83	1.52	2.83
MS16	3.09	2.71	1.50	1.50	1.50	1.50	2.83	1.52	2.83
MS17	3.06	2.68	1.45	1.45	1.45	1.45	2.72	1.50	2.72
MS18	3.11	2.54	1.35	1.35	1.35	1.35	2.85	1.51	2.85
MS19	2.17	2.26	1.23	1.23	1.23	1.23	2.47	1.77	2.47
MS20	1.77	1.81	1.05	1.05	1.05	1.05	2.08	1.83	2.08
MS21	1.51	1.65	1.07	1.07	1.07	1.07	1.74	1.45	1.74
MS22	1.27	1.35	1.03	1.03	1.03	1.03	1.54	1.47	1.54
MS23	1.18	1.24	0.91	0.91	0.91	0.91	1.37	1.38	1.37
MS24	1.00	1.12	0.84	0.84	0.84	0.84	1.21	1.36	1.21
MS25	1.07	1.21	1.06	1.06	1.06	1.06	1.31	1.45	1.31
MS26	1.07	1.21	1.06	1.06	1.06	1.06	1.31	1.45	1.31
MS27	1.07	1.21	1.06	1.06	1.06	1.06	1.31	1.45	1.31
MS28	1.07	1.21	1.06	1.06	1.06	1.06	1.31	1.45	1.31
MS29	1.07	1.21	1.06	1.06	1.06	1.06	1.31	1.45	1.31
MS30	1.04	1.01	1.13	1.13	1.13	1.13	1.10	1.21	1.10
MS31	1.04	1.01	1.13	1.13	1.13	1.13	1.10	1.21	1.10
MS32	1.04	1.01	1.13	1.13	1.13	1.13	1.10	1.21	1.10
MS33	1.04	1.01	1.13	1.13	1.13	1.13	1.10	1.21	1.10
MS34	1.04	1.01	1.13	1.13	1.13	1.13	1.10	1.21	1.10
MS35	0.93	0.98	1.08	1.08	1.08	1.08	0.96	1.09	0.96
MS36	0.93	0.98	1.08	1.08	1.08	1.08	0.96	1.09	0.96
MS37	0.93	0.98	1.08	1.08	1.08	1.08	0.96	1.09	0.96
MS38	0.93	0.98	1.08	1.08	1.08	1.08	0.96	1.09	0.96
MS39	0.93	0.98	1.08	1.08	1.08	1.08	0.96	1.09	0.96
MS40	0.87	0.88	0.95	0.95	0.95	0.95	0.89	0.94	0.89
MS41	0.87	0.88	0.95	0.95	0.95	0.95	0.89	0.94	0.89
MS42	0.87	0.88	0.95	0.95	0.95	0.95	0.89	0.94	0.89
MS43	0.87	0.88	0.95	0.95	0.95	0.95	0.89	0.94	0.89
MS44	0.87	0.88	0.95	0.95	0.95	0.95	0.89	0.94	0.89
MS45	0.87	0.88	0.95	0.95	0.95	0.95	0.89	0.94	0.89
MS46	0.87	0.88	0.95	0.95	0.95	0.95	0.89	0.94	0.89
MS47	0.87	0.88	0.95	0.95	0.95	0.95	0.89	0.94	0.89
MS48	0.87	0.88	0.95	0.95	0.95	0.95	0.89	0.94	0.89
MS49	0.87	0.88	0.95	0.95	0.95	0.95	0.89	0.94	0.89
MS50	0.76	0.74	0.79	0.79	0.79	0.79	0.81	0.88	0.81
MS51	0.76	0.74	0.79	0.79	0.79	0.79	0.81	0.88	0.81
MS52	0.76	0.74	0.79	0.79	0.79	0.79	0.81	0.88	0.81
MS53	0.76	0.74	0.79	0.79	0.79	0.79	0.81	0.88	0.81
MS54	0.76	0.74	0.79	0.79	0.79	0.79	0.81	0.88	0.81
MS55	0.79	0.76	0.73	0.73	0.73	0.73	0.77	0.69	0.77
MS56	0.79	0.76	0.73	0.73	0.73	0.73	0.77	0.69	0.77
MS57	0.79	0.76	0.73	0.73	0.73	0.73	0.77	0.69	0.77
MS58	0.79	0.76	0.73	0.73	0.73	0.73	0.77	0.69	0.77
MS59	0.79	0.76	0.73	0.73	0.73	0.73	0.77	0.69	0.77
MS60	0.79	0.76	0.73	0.73	0.73	0.73	0.77	0.69	0.77
MS61	0.79	0.76	0.73	0.73	0.73	0.73	0.77	0.69	0.77
MS62	0.79	0.76	0.73	0.73	0.73	0.73	0.77	0.69	0.77
MS63	0.79	0.76	0.73	0.73	0.73	0.73	0.77	0.69	0.77
MS64	0.79	0.76	0.73	0.73	0.73	0.73	0.77	0.69	0.77

<u>Class</u>	<u>BI</u>	<u>PD</u>	<u>PIP</u>	<u>MP</u>	<u>UMB</u>	<u>UDB</u>	<u>UMP</u>	<u>CMP</u>	<u>COL</u>
MS65	1.03	0.88	0.88	0.88	0.88	0.88	0.95	0.72	0.95
MS66	1.04	0.89	0.90	0.90	0.90	0.90	0.95	0.72	0.95
MS67	1.05	1.00	0.84	0.84	0.84	0.84	1.00	0.68	1.00
MS68	1.07	0.96	0.85	0.85	0.85	0.85	1.02	0.70	1.02
MS69	1.14	1.05	0.84	0.84	0.84	0.84	1.05	0.72	1.05
MS70	1.14	1.03	0.84	0.84	0.84	0.84	1.11	0.70	1.11
MS71	1.15	1.04	0.88	0.88	0.88	0.88	1.12	0.70	1.12
MS72	1.14	1.05	0.87	0.87	0.87	0.87	1.19	0.66	1.19
MS73	1.23	1.07	0.86	0.86	0.86	0.86	1.13	0.64	1.13
MS74	1.23	1.12	0.87	0.87	0.87	0.87	1.21	0.73	1.21
MS75	1.77	1.44	0.84	0.84	0.84	0.84	1.55	0.53	1.55
MS76	1.77	1.44	0.84	0.84	0.84	0.84	1.55	0.53	1.55
MS77	1.86	1.53	0.87	0.87	0.87	0.87	1.61	0.47	1.61
MS78	1.86	1.53	0.87	0.87	0.87	0.87	1.61	0.47	1.61
MS79	1.93	1.52	0.87	0.87	0.87	0.87	1.67	0.46	1.67
MS80	1.93	1.52	0.87	0.87	0.87	0.87	1.67	0.46	1.67
MS81	1.95	1.59	0.83	0.83	0.83	0.83	1.67	0.45	1.67
MS82	1.95	1.59	0.83	0.83	0.83	0.83	1.67	0.45	1.67
MS83	2.28	1.81	0.93	0.93	0.93	0.93	1.71	0.44	1.71
MS84	2.28	1.81	0.93	0.93	0.93	0.93	1.71	0.44	1.71
MS85	2.11	1.67	0.87	0.87	0.87	0.87	1.74	0.44	1.74
MS86	2.11	1.67	0.87	0.87	0.87	0.87	1.74	0.44	1.74
MS87	2.15	1.65	0.85	0.85	0.85	0.85	1.88	0.43	1.88
MS88	2.15	1.65	0.85	0.85	0.85	0.85	1.88	0.43	1.88
MS89	2.20	1.68	0.87	0.87	0.87	0.87	1.77	0.42	1.77
MS90	2.20	1.68	0.87	0.87	0.87	0.87	1.77	0.42	1.77
MS91	2.30	1.83	0.84	0.84	0.84	0.84	1.84	0.41	1.84
MS92	2.30	1.83	0.84	0.84	0.84	0.84	1.84	0.41	1.84
MS93	2.30	1.83	0.84	0.84	0.84	0.84	1.84	0.41	1.84
MS94	2.30	1.83	0.84	0.84	0.84	0.84	1.84	0.41	1.84
MS95	2.30	1.83	0.84	0.84	0.84	0.84	1.84	0.41	1.84
MS96	2.30	1.83	0.84	0.84	0.84	0.84	1.84	0.41	1.84
MS97	2.30	1.83	0.84	0.84	0.84	0.84	1.84	0.41	1.84
MS98	2.30	1.83	0.84	0.84	0.84	0.84	1.84	0.41	1.84
MS99	2.30	1.83	0.84	0.84	0.84	0.84	1.84	0.41	1.84

**Private Passenger Auto Premium Comparison Survey Form**  
FORM APCS - last modified August 2005

NAIC Number: 23736  
 Company Name: Direct National Insurance Company  
 Contact Person: Nathan Succop  
 Telephone No.: 615-365-3680  
 Email Address: nathan.succop@directgeneral.com  
 Effective Date: 09/02/2010

**Assumptions to Use:**  
 1 Liability -Minimum: \$25,000 per person  
 2 Bodily Injury \$50,000 per accident  
 \$25,000 per accident  
 3 Property Damage \$100 deductible per accident  
 4 Comprehensive & Collision \$250 deductible per accident  
 5 The insured has elected to accept:  
 Uninsured motorist property and bodily injury equal to liability coverage  
 Underinsured bodily injury equal to liability coverage  
 6 Personal Injury Protection of \$5,000 for medical, loss  
 wages according to statute and \$5,000 accidental  
 7 If male and female rates are different, use the highest of the two

Submit to: Arkansas Insurance Department  
 1200 West Third Street  
 Little Rock, AR 72201-1904  
 Telephone: 501-371-2800  
 Email as an attachment [insurance.pnc@arkansas.gov](mailto:insurance.pnc@arkansas.gov)  
 You may also attach to a SERFF filing or submit on a compact disk

DISCOUNTS OFFERED:  
 PASSIVE RESTRAINT/AIRBAG 0 %  
 AUTO/HOMEOWNERS 0 %  
 GOOD STUDENT 5 %  
 ANTI-THEFT DEVICE 0 %  
 Over 55 Defensive Driver Discount 5 %  
 \$250/\$500 Deductible Comp./Coll. 0 %

Vehicle	Coverages	Gender	Age	Fayetteville				Trumann				Little Rock				Lake Village				Pine Bluff			
				Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female
				18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66
1999 Chevrolet Silverado 1500 2WD "LS" regular cab 119" WB	Minimum Liability			\$1,625	\$1,876	\$732	\$731	\$1,709	\$1,986	\$777	\$779	\$2,263	\$2,647	\$1,025	\$1,031	\$1,523	\$1,757	\$702	\$698	\$1,931	\$2,221	\$901	\$893
	Minimum Liability with Comprehensive and Collision			\$2,229	\$2,675	\$1,047	\$1,015	\$2,643	\$3,210	\$1,289	\$1,234	\$3,013	\$3,631	\$1,433	\$1,394	\$2,447	\$2,961	\$1,221	\$1,155	\$2,737	\$3,274	\$1,348	\$1,288
	100/300/50 Liability with Comprehensive and Collision			\$2,639	\$3,152	\$1,244	\$1,211	\$3,138	\$3,791	\$1,528	\$1,468	\$3,695	\$4,437	\$1,757	\$1,717	\$2,894	\$3,477	\$1,442	\$1,370	\$3,324	\$3,945	\$1,639	\$1,571
2003 Ford Explorer XLT 2WD, 4 door	Minimum Liability			\$1,690	\$1,958	\$757	\$759	\$1,780	\$2,074	\$805	\$808	\$2,358	\$2,769	\$1,061	\$1,072	\$1,583	\$1,833	\$725	\$723	\$2,007	\$2,317	\$931	\$924
	Minimum Liability with Comprehensive and Collision			\$2,540	\$3,086	\$1,195	\$1,156	\$3,068	\$3,767	\$1,501	\$1,429	\$3,394	\$4,133	\$1,617	\$1,569	\$2,844	\$3,483	\$1,423	\$1,340	\$3,112	\$3,766	\$1,535	\$1,461
	100/300/50 Liability with Comprehensive and Collision			\$2,968	\$3,587	\$1,400	\$1,359	\$3,585	\$4,379	\$1,747	\$1,673	\$4,107	\$4,982	\$1,954	\$1,905	\$3,311	\$4,026	\$1,651	\$1,564	\$3,723	\$4,471	\$1,834	\$1,756
2003 Honda Odyssey "EX"	Minimum Liability			\$1,644	\$1,909	\$740	\$741	\$1,744	\$2,038	\$790	\$795	\$2,317	\$2,727	\$1,045	\$1,056	\$1,552	\$1,801	\$712	\$712	\$1,971	\$2,280	\$916	\$910
	Minimum Liability with Comprehensive and Collision			\$2,468	\$3,002	\$1,164	\$1,126	\$2,991	\$3,678	\$1,464	\$1,396	\$3,321	\$4,049	\$1,584	\$1,538	\$2,773	\$3,399	\$1,387	\$1,309	\$3,041	\$3,684	\$1,501	\$1,430
	100/300/50 Liability with Comprehensive and Collision			\$2,902	\$3,510	\$1,369	\$1,332	\$3,514	\$4,298	\$1,714	\$1,643	\$4,044	\$4,911	\$1,924	\$1,878	\$3,245	\$3,949	\$1,618	\$1,535	\$3,659	\$4,399	\$1,804	\$1,728
2005 Toyota Camry LE 3.0L 4 door Sedan	Minimum Liability			\$1,668	\$1,941	\$749	\$751	\$1,774	\$2,078	\$802	\$808	\$2,359	\$2,784	\$1,061	\$1,074	\$1,577	\$1,836	\$722	\$723	\$2,004	\$2,324	\$928	\$925
	Minimum Liability with Comprehensive and Collision			\$2,751	\$3,380	\$1,303	\$1,254	\$3,394	\$4,212	\$1,670	\$1,584	\$3,665	\$4,506	\$1,756	\$1,697	\$3,153	\$3,903	\$1,584	\$1,489	\$3,390	\$4,145	\$1,679	\$1,593
	100/300/50 Liability with Comprehensive and Collision			\$3,197	\$3,905	\$1,513	\$1,466	\$3,932	\$4,852	\$1,924	\$1,838	\$4,409	\$5,396	\$2,104	\$2,046	\$3,638	\$4,470	\$1,820	\$1,720	\$4,024	\$4,882	\$1,988	\$1,898
2003 Cadillac Seville "STS" 4 door Sedan	Minimum Liability			\$1,668	\$1,941	\$749	\$751	\$1,774	\$2,078	\$802	\$808	\$2,359	\$2,784	\$1,061	\$1,074	\$1,577	\$1,836	\$722	\$723	\$2,004	\$2,324	\$928	\$925
	Minimum Liability with Comprehensive and Collision			\$3,506	\$4,352	\$1,752	\$1,642	\$4,859	\$6,073	\$2,587	\$2,365	\$4,810	\$5,963	\$2,470	\$2,306	\$4,742	\$5,912	\$2,598	\$2,347	\$4,717	\$5,827	\$2,519	\$2,307
	100/300/50 Liability with Comprehensive and Collision			\$3,952	\$4,877	\$1,962	\$1,854	\$5,397	\$6,713	\$2,841	\$2,619	\$5,554	\$6,853	\$2,818	\$2,655	\$5,227	\$6,479	\$2,834	\$2,578	\$5,351	\$6,564	\$2,828	\$2,612
1998 Chevrolet Cavalier LS 4D Sedan	Minimum Liability			\$1,578	\$1,828	\$713	\$714	\$1,677	\$1,956	\$765	\$766	\$2,228	\$2,616	\$1,011	\$1,019	\$1,494	\$1,729	\$690	\$687	\$1,900	\$2,192	\$889	\$881
	Minimum Liability with Comprehensive and Collision			\$2,284	\$2,762	\$1,083	\$1,046	\$2,777	\$3,396	\$1,371	\$1,303	\$3,109	\$3,772	\$1,493	\$1,448	\$2,585	\$3,150	\$1,306	\$1,228	\$2,850	\$3,432	\$1,419	\$1,349
	100/300/50 Liability with Comprehensive and Collision			\$2,705	\$3,253	\$1,285	\$1,246	\$3,285	\$3,994	\$1,613	\$1,544	\$3,809	\$4,603	\$1,823	\$1,778	\$3,043	\$3,682	\$1,531	\$1,448	\$3,450	\$4,123	\$1,714	\$1,638

**Private Passenger Auto Premium Comparison Survey Form**  
FORM APCS - last modified August 2005

NAIC Number: 37720  
 Company Name: Direct Insurance Company  
 Contact Person: Nathan Succop  
 Telephone No.: 615-365-3680  
 Email Address: nathan.succop@directgeneral.com  
 Effective Date: 09/02/2010

**Assumptions to Use:**  
 1 Liability -Minimum: \$25,000 per person  
 2 Bodily Injury \$50,000 per accident  
 \$25,000 per accident  
 3 Property Damage \$100 deductible per accident  
 4 Comprehensive & Collision \$250 deductible per accident  
 5 The insured has elected to accept:  
 Uninsured motorist property and bodily injury equal to liability coverage  
 Underinsured bodily injury equal to liability coverage  
 6 Personal Injury Protection of \$5,000 for medical, loss  
 wages according to statute and \$5,000 accidental  
 7 If male and female rates are different, use the highest of the two

Submit to: Arkansas Insurance Department  
 1200 West Third Street  
 Little Rock, AR 72201-1904  
 Telephone: 501-371-2800  
 Email as an attachment [insurance.pnc@arkansas.gov](mailto:insurance.pnc@arkansas.gov)  
 You may also attach to a SERFF filing or submit on a compact disk

DISCOUNTS OFFERED:  
 PASSIVE RESTRAINT/AIRBAG 0 %  
 AUTO/HOMEOWNERS 0 %  
 GOOD STUDENT 0 %  
 ANTI-THEFT DEVICE 0 %  
 Over 55 Defensive Driver Discount 5 %  
 \$250/\$500 Deductible Comp./Coll. 0 %

Vehicle	Coverages	Gender	Age	Fayetteville				Trumann				Little Rock				Lake Village				Pine Bluff			
				Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female
				18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66
1999 Chevrolet Silverado 1500 2WD "LS" regular cab 119" WB	Minimum Liability			\$1,669	\$1,866	\$743	\$746	\$1,732	\$1,941	\$778	\$783	\$2,279	\$2,562	\$1,021	\$1,034	\$1,527	\$1,701	\$696	\$696	\$1,937	\$2,149	\$894	\$890
	Minimum Liability with Comprehensive and Collision			\$2,297	\$2,698	\$1,070	\$1,041	\$2,661	\$3,157	\$1,289	\$1,235	\$3,020	\$3,534	\$1,426	\$1,394	\$2,443	\$2,894	\$1,212	\$1,150	\$2,734	\$3,190	\$1,338	\$1,282
	100/300/50 Liability with Comprehensive and Collision			\$2,714	\$3,155	\$1,270	\$1,238	\$3,159	\$3,707	\$1,526	\$1,472	\$3,709	\$4,299	\$1,750	\$1,718	\$2,893	\$3,383	\$1,430	\$1,365	\$3,324	\$3,827	\$1,627	\$1,565
2003 Ford Explorer XLT 2WD, 4 door	Minimum Liability			\$1,738	\$1,948	\$769	\$775	\$1,805	\$2,028	\$806	\$814	\$2,377	\$2,679	\$1,059	\$1,075	\$1,589	\$1,775	\$720	\$722	\$2,014	\$2,242	\$924	\$923
	Minimum Liability with Comprehensive and Collision			\$2,624	\$3,125	\$1,224	\$1,188	\$3,085	\$3,710	\$1,499	\$1,432	\$3,400	\$4,026	\$1,611	\$1,567	\$2,837	\$3,408	\$1,412	\$1,334	\$3,106	\$3,674	\$1,524	\$1,455
	100/300/50 Liability with Comprehensive and Collision			\$3,060	\$3,604	\$1,432	\$1,394	\$3,607	\$4,289	\$1,746	\$1,679	\$4,123	\$4,833	\$1,947	\$1,907	\$3,308	\$3,921	\$1,638	\$1,557	\$3,723	\$4,343	\$1,823	\$1,750
2003 Honda Odyssey "EX"	Minimum Liability			\$1,689	\$1,894	\$750	\$756	\$1,767	\$1,987	\$791	\$800	\$2,335	\$2,634	\$1,042	\$1,059	\$1,558	\$1,742	\$708	\$710	\$1,978	\$2,202	\$909	\$909
	Minimum Liability with Comprehensive and Collision			\$2,548	\$3,034	\$1,191	\$1,156	\$3,006	\$3,616	\$1,462	\$1,398	\$3,327	\$3,938	\$1,577	\$1,536	\$2,766	\$3,323	\$1,378	\$1,302	\$3,036	\$3,588	\$1,490	\$1,423
	100/300/50 Liability with Comprehensive and Collision			\$2,989	\$3,520	\$1,400	\$1,364	\$3,536	\$4,203	\$1,710	\$1,648	\$4,060	\$4,756	\$1,917	\$1,880	\$3,241	\$3,842	\$1,605	\$1,528	\$3,659	\$4,266	\$1,793	\$1,721
2005 Toyota Camry LE 3.0L 4 door Sedan	Minimum Liability			\$1,714	\$1,924	\$759	\$767	\$1,798	\$2,025	\$803	\$813	\$2,378	\$2,688	\$1,059	\$1,078	\$1,584	\$1,774	\$718	\$721	\$2,012	\$2,243	\$922	\$924
	Minimum Liability with Comprehensive and Collision			\$2,843	\$3,426	\$1,335	\$1,291	\$3,407	\$4,143	\$1,667	\$1,584	\$3,666	\$4,386	\$1,748	\$1,694	\$3,143	\$3,817	\$1,574	\$1,480	\$3,380	\$4,039	\$1,666	\$1,586
	100/300/50 Liability with Comprehensive and Collision			\$3,296	\$3,928	\$1,549	\$1,504	\$3,952	\$4,749	\$1,921	\$1,842	\$4,421	\$5,231	\$2,096	\$2,048	\$3,632	\$4,352	\$1,806	\$1,712	\$4,019	\$4,738	\$1,975	\$1,891
2003 Cadillac Seville "STS" 4 door Sedan	Minimum Liability			\$1,714	\$1,924	\$759	\$767	\$1,798	\$2,025	\$803	\$813	\$2,378	\$2,688	\$1,059	\$1,078	\$1,584	\$1,774	\$718	\$721	\$2,012	\$2,243	\$922	\$924
	Minimum Liability with Comprehensive and Collision			\$3,616	\$4,422	\$1,792	\$1,687	\$4,878	\$6,011	\$2,591	\$2,371	\$4,816	\$5,848	\$2,466	\$2,306	\$4,737	\$5,832	\$2,593	\$2,343	\$4,712	\$5,727	\$2,511	\$2,303
	100/300/50 Liability with Comprehensive and Collision			\$4,069	\$4,924	\$2,006	\$1,900	\$5,423	\$6,617	\$2,845	\$2,629	\$5,571	\$6,693	\$2,814	\$2,660	\$5,226	\$6,367	\$2,825	\$2,575	\$5,351	\$6,426	\$2,820	\$2,608
1998 Chevrolet Cavalier LS 4D Sedan	Minimum Liability			\$1,619	\$1,813	\$723	\$727	\$1,698	\$1,906	\$765	\$771	\$2,243	\$2,526	\$1,007	\$1,021	\$1,498	\$1,672	\$684	\$685	\$1,905	\$2,116	\$881	\$879
	Minimum Liability with Comprehensive and Collision			\$2,353	\$2,786	\$1,106	\$1,072	\$2,792	\$3,337	\$1,370	\$1,306	\$3,116	\$3,669	\$1,487	\$1,447	\$2,580	\$3,080	\$1,297	\$1,223	\$2,846	\$3,343	\$1,408	\$1,344
	100/300/50 Liability with Comprehensive and Collision			\$2,781	\$3,255	\$1,310	\$1,275	\$3,304	\$3,903	\$1,611	\$1,549	\$3,825	\$4,458	\$1,818	\$1,780	\$3,042	\$3,582	\$1,519	\$1,443	\$3,451	\$3,999	\$1,702	\$1,634