



**State of Arizona
Street Legal/Off-Road
Motorcycle Manual**

Pacific Specialty Insurance Company

I. POLICY TERM

Policies will be written for 12-month terms only. Direct bill premium invoicing is available. A premium invoice will be mailed directly to the insured 20 days prior to the monthly policy anniversary date. A service fee is added to all installments, but not the initial down payment. The service fee is \$10 if installments are invoiced and paid manually. The service fee is \$3 if installments are paid electronically using automatic payments.

II. APPLICATION PROCEDURES

A. For policies bound online using our website rating facility:

All application questions must be fully completed by producer and applicant. After policy has been bound and a policy number has been issued, the application must then be printed and wet signed by both the producer and the applicant. The application and supporting documentation are retained at the point of sale by the producer. The records shall be open at all reasonable times for inspection by the Company.

B. For policies NOT bound online using our website rating facility:

A Pacific Specialty Insurance Company ("PSIC") motorcycle application must be fully completed and mailed to PSIC (or its representative). No coverage is bound unless all of the following provisions are satisfied when the application is submitted:

- *All underwriting rules are followed; and*
 - *A PSIC application (including any/all necessary disclosures) is fully completed and signed by both the applicant and producer; and*
 - *Photocopy of driver's license(s) accompany(s) application; and*
 - *If physical damage coverage is purchased at the time the application is executed, a signed self-certification form is acceptable.*
 - *If physical damage coverage is purchased or a motorcycle is added mid-term, clear photographs of left and right side of motorcycle accompanies application unless:
 1. *A copy of the sales contract from a licensed dealer is attached and the purchase date is the same as the requested effective date, or*
 2. *A copy of an insurance policy with physical damage coverage for the motorcycle is attached and the policy expires no later than the requested effective date**
- (NOTE: The aforementioned photographs must be taken on the requested effective date. If a producer is unable to submit photographs as required above, a fully completed/signed inspection form will be accepted in lieu of photos.)*
- *Required premium (or minimum required down payment) accompanies application; and*
 - *All of the above referenced items are mailed to PSIC (or its representative) and postmarked within two (2) business days of requested effective date.*

Applications received in our office that are not postmarked within the required binding period specified above, provided all other underwriting criteria are met, will be made effective the date received in our office.

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All licensed drivers under the age of 35 who reside in the household MUST be listed on the application as an operator or listed on the Exclusion of Named Drivers & Partial Rejection of Coverage Form. No liability or physical damage coverage will be extended to a non-listed driver residing in the household under the age of 35.

The Applicant/Named Insured must be the registered owner of the vehicle. Accordingly, we require a signed application by the registered owner of the vehicle. If multiple registered owners exist, either signature is acceptable. Each excluded driver requires a signature of the named insured.

In the event a producer designates a risk "bound" which does not conform to our underwriting rules, PACIFIC SPECIALTY INSURANCE COMPANY will seek reimbursement from the producer for any claims it must pay incident to the aforescribed binder.

The UM and UIM Coverages Selection Form must be signed.

III. COVERAGES AVAILABLE

The following is a breakdown of the ONLY coverages offered under our program

A. LIABILITY (BI & PD) - limits available are as follows:

- \$15,000/\$30,000/\$10,000
- \$25,000/\$50,000/\$25,000
- \$50,000/\$100,000/\$25,000
- \$100,000/\$300,000/\$50,000
- \$250,000/\$500,000/\$100,000

B. MEDICAL PAYMENTS - limits available are as follows:

- \$1,000 per person
- \$2,000 per person

On off-road vehicles, this coverage is not available.

C. UNINSURED MOTORISTS BODILY INJURY (UMBI) / UNDERINSURED MOTORISTS BODILY INJURY (UIMBI) – limits available are as follows:

- \$15,000/\$30,000
- \$25,000/\$50,000
- \$50,000/\$100,000
- \$100,000/\$300,000
- \$250,000/\$500,000 (Submit Risks Only)

On off-road vehicles, limits of \$15,000/\$30,000 only are available. Higher UMBI and UIMBI limits are not available on off-road vehicles.

UMBI/UIMBI limits not to exceed LIABILITY limits.

(C2.) UNINSURED MOTORIST / UNDERINSURED MOTORISTS BODILY INJURY DEDUCTIBLE OPTION) – deductible schedule is as follows:

- \$0 deductible
- \$250 deductible
- \$500 deductible

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- \$750 deductible
- \$1,000 deductible

Deductible options can only be selected on UMBI or UIMBI limits of 25,000/\$50,000 or higher.

D. COVERAGE FOR DAMAGE TO YOUR MOTORCYCLE:

- (D1.) COMPREHENSIVE - Deductible amounts are indicated in the motorcycle type section on page 6 of the manual.
- (D2.) COLLISION - Deductible amounts are indicated in the motorcycle type section on page 6 of the manual.

\$2,000 of coverage for insurable special equipment (accessories) is included with the purchase of comprehensive and collision coverage. Additional accessories may be insured at a premium charge of 5% of their new cost up to \$10,000.

PLEASE NOTE THAT ANY VEHICLE WITH MORE THAN \$10,000 NON-FACTORY EQUIPMENT, REGARDLESS WHETHER COVERAGE IS REQUESTED OR NOT, IS AN UNACCEPTABLE VEHICLE.

The Following Items are Insurable Accessories

SADDLE BAGS, FAIRINGS, CUSTOM SEATS, TANK BAGS, SISSY BARS, CRASH BARS/SLIDERS SIDE CARS, TRAILERS, SAFETY APPAREL, CUSTOM PAINT, AND CHROMED PARTS

The Following Items are NOT Insurable Accessories:

- 1) *Any internal engine or drive train part designed to enhance performance or handling characteristics, or the cost of labor for their installation.*
- 2) *The labor of performing the process or the cost of labor for installation of any powder coated or custom painted part.*
- 3) *Any substituted stock part from another model or model year cycle, or the cost of labor for their substitution.*

As motorcycles age and are sold or traded, the closer the vehicles are to their original stock configuration the more valuable they become.

Motorcycles are insured on an Actual Cash Value (ACV) basis. Accessories are also insured on an ACV basis. In almost all circumstances, adding \$5,000 of insurable accessories to a vehicle does not increase the value of the vehicle by \$5,000.

Deductibles for Comprehensive Coverage and Collision Coverage may be different. Physical damage deductibles for a motorcycle on a multi-vehicle policy may be different. Collision Coverage cannot be purchased without Comprehensive Coverage. A 15% surcharge applies to Comprehensive Coverage when purchased without Collision Coverage. Comprehensive only policies are available on off-road vehicles without a surcharge.

(E) ROADSIDE ASSISTANCE COVERAGE:

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- Roadside Assistance is an optional coverage that may be purchased for \$12 per vehicle per annual policy. A maximum of 5 service calls are allowed per policy term with a maximum benefit of \$500 per incident.

The Following Optional Coverages are ONLY Available if Comprehensive and Collision Coverages are purchased:

(F) DISAPPEARING DEDUCTIBLES:

- A coverage option is available to reduce the physical damage deductibles by 25% each claim-free year*. No deductible will apply on the fifth policy period and thereafter if no physical damage losses are paid during the previous 4 policy periods.
- The Disappearing Deductible option is only available if the physical damage deductible is \$1,000 or less.

* Claims free applies to comprehensive or collision losses for which the company has paid any amount.

(G) EMERGENCY EXPENSE - if a covered Comprehensive or Collision loss occurs which:

- Renders the covered motorcycle or non-owned motorcycle inoperable;
 - Requires the covered vehicle to be repaired; or
 - Is one in which the covered motorcycle is stolen;
- and such loss occurs more than 50 miles from the residence shown on the declarations page.

We will pay for:

- Temporary living facilities;
- Transportation back to the insured's residence;
- The cost of returning the covered motorcycle or non-owned motorcycle to the insured's residence, if we have not declared it a total loss; and
- rental charges if the insured rents a motor vehicle from a rental agency or vehicle repair shop while the covered motorcycle is being repaired.

The maximum limit of coverage for Emergency Expense is \$750.

(H) TRANSPORTATION TRAILER COVERAGE:

- Coverage provides physical damage protection for loss to an owned transport trailer subject to the limits of the policy.
 - Maximum insurable value of a transport trailer is \$2,500.
- A \$250 deductible will apply.

Lienholder Deductibles are \$250 in the event the vehicle has been repossessed and the lienholder is making a claim under the loss payee coverage.

The Liability BI and Liability PD, Medical Payments, UMBI and UIMBI limits must be the same for ALL of the motorcycles on the policy.

All coverage(s), except UMBI and UIMBI, will not apply when any covered motorcycle is operated by any "Persons Excluded" (listed on the application and/or policy), regardless of where the "Person Excluded" resides or whether the person is licensed to drive.

PRODUCERS ARE ENCOURAGED TO FULLY EXPLAIN AND SELL ALL AVAILABLE COVERAGES WHENEVER POSSIBLE.

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IV. FINANCIAL RESPONSIBILITY FILINGS

If requested a financial responsibility filings will be issued until cancelled for a fee of \$20 for the filing. This fee is non-refundable.

Filings can be issued only when we insure all the vehicles in the same household registered to the Named Insured. We do not issue financial responsibility filings for states other than Arizona.

V. UNACCEPTABLE RISKS

PACIFIC SPECIALTY INSURANCE COMPANY will not accept the following risks:

A. NON-OWNED VEHICLES (named insured must be the registered owner of vehicle)

B. UNACCEPTABLE OPERATORS

1. Any operator with more than two at-fault accidents or three accidents regardless of fault in the 36 months prior to the requested effective date of the policy. Any operator with more than two major convictions or more than 5 minor violations in the 36 months prior to the requested effective date of the policy.
2. Operators without a valid Driver's License. Operators who do not have a valid U.S. or Canadian license but have a valid foreign license or international driver's license must provide a copy of the valid license. If we are unable to obtain a Motor Vehicle Report (MVR) or otherwise verify validity of any of the insured's licenses, the risk is subject to cancellation or nonrenewal.
3. Any operator convicted in the last 7 years of:
 - a) A felony while driving a motor vehicle
 - b) Vehicular manslaughter
 - c) Causing bodily injury or death while evading a police officer
 - d) Illegal transportation of explosives
 - e) More than one offense of driving a motor vehicle with a blood alcohol level equal to or in excess of the legal intoxication level as mandated by Arizona law.
 - f) Driving while under the influence of any illegal narcotic and causing bodily injury to any person other than the operator.
4. Operators employed or attending school outside of the State of Arizona are unacceptable.
5. Operators with restricted driver's licenses pertaining to the use of illegal narcotics are unacceptable.
6. Garaging address must be in the State of Arizona.

VI. UNACCEPTABLE MOTORCYCLES

For new business the following are unacceptable motorcycles:

1. Motorcycles modified for high performance.
2. Motorcycles used for:
 - Racing/speed contest
 - Any business or commercial purposes

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- Emergency services

For new business, Comprehensive and Collision coverages may not be written on:

1. Models over 15 years old.
2. Motorcycles with accessories in excess of \$10,000 (regardless of whether accessory coverage is requested or not).
3. Motorcycles with a value (excluding accessories) of \$45,000 or more.
4. Trikes* (3-Wheeled Motorcycles)
5. Special Construction motorcycles, Harley Davidson replicas or Custom Built motorcycles (Motorcycles manufactured domestically by other than major manufacturers where at least 5,000 units or less are made available for retail sale on an annual basis).
6. Motorcycles with pre-existing damage or with salvaged title.
7. Units with turbo or other performance enhancement.
8. Units that are homemade, go-cart, dune buggy, tractors, or not produced by original equipment manufacturers. Units re-powered by engine castings not produced by the motorcycle manufacturer.
9. Motorcycles with any structural change/modification or physical alteration of frame or change in cc size.

**On a submit risk basis, the Company will allow physical damage (Comprehensive & Collision) coverages on a limited number of 3-wheeled motorcycles such as the following:*

- *Can-Am Spyder models*
- *Harley Davidson Street Glide Trike and Tri Glide Ultra Classic*
- *Honda Goldwings with trike conversion kits*
- *Piaggio MP3 models*

VII. MOTORCYCLE TYPES

Pacific Specialty Insurance Company groups motorcycles into the following categories:

- A - BMWs (Except Sport Bikes)
- B - Sport Bike
- C - Dual Sport
- D - Standard Bike
- E - Standard Bike (High Performance)
- F - Scooters
- G - Touring/Sport Touring
- H - Cruisers
- I - Harleys (Other than XL's) and Similar Cruisers
- J - Harleys – XL (or Similar Sportsters)
- K - Off-Road Vehicles (Not Street Legal)
- L- Electric Bike

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Motorcycles are manufactured with very diverse purposes in design. To a non-cyclist it may be more difficult to decipher, however, they are as diverse as automobiles. The underwriting results from the various classes are as diverse as the cycles themselves.

Below we have outlined the above referenced categories:

- Grp A- European Luxury Design Motorcycles. Primarily BMW Motorcycles (except BMW Sport Bikes). Similar to Expensive European Luxury Automobiles.
- Grp B- Café design motorcycles. Sport fairinged racing style cycles with all emphasis on performance and handling. Similar in design and purpose as the new extremely high performance Chevrolet Corvettes, Dodge Vipers, Porches and Ferraris.
- Grp C- On/Off road design motorcycles. Enduro type cycles designed to be ridden off road, however, still perform safely on public road ways. Dual purpose cycles. Design emphasis on durability for off road use. Similar in purpose to 4x4 off-road sport utility vehicles.
- Grp D- Standard design cycles designed to utilitarian, not specializing in any one area. Higher performance engines and suspension systems, however, no aero dynamic fairing and body panels have been added. These units are similar to sport performance sedans.
- Grp E- These cycles are manufactured with extremely high performance large engines. They are designed with more emphasis on acceleration and raw power and less emphasis on handling. No or limited aero dynamic fairings. Similar to the Ford V-8 Mustang and similar muscle cars.
- Grp F- Scooter Design motorcycles. Step through design scooters with emphasis on inexpensive reliable short distance transportation. Not designed for freeway use or other high speed long range usage. Basic errand running capabilities.
- Grp G- Touring Design motorcycles. Cycles designed specifically for long range touring, including full touring fairings and a full compliment of luggage compartments to carry necessary clothing and other necessities. Most similar to customized conversion vans. Recent touring design motorcycles also designed with an emphasis on handling and performance ("Sport Touring").
- Grp H- Cruiser Style motorcycles. Cycles designed with an upright relaxed riding position with much less emphasis on performance and handling and more on rider comfort and style. Almost exclusively two cylinder lower performance motorcycles.
- Grp I- Harleys – Other. American Made Cruiser Design. Specifically and limited to motorcycles manufactured by Harley Davidson (except XL models) and select companies manufacturing Harley-type "clones". US made expensive cruiser style cycles.
- Grp J - Harleys – XL. Specifically and limited to the XL (Sportster) models manufactured by Harley Davidson and select companies manufacturing Harley (XL)-type "clones".

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Grp K - Off-Road – Any motorcycle that is not licensed for road use, such as dirt bikes, ATVs, golf carts and similar vehicles.

Grp L - Electric Bike – Any battery-powered motorcycle or scooter.

DEDUCTIBLE SCHEDULE (Physical Damage including Accessories Coverage):

Code	Type	Base Deductible
A	BMW (except Sport Bikes)	350
B	Sport Bike	500
C	Enduro	300
D	4 Cyl. Low Perf.	300
E	4 Cyl. High Perf.	500
F	Scooters	200
G	Touring	350
H	Cruisers	350
I	Harley – Other	500
J	Harley - XL Models	500
K	Off-Road	*
L	Electric Bike	200

* See off-road rate pages.

VIII. MOTORCYCLE AGE

The age of the motorcycle is determined by taking the current model year less the model year of the motorcycle. The current model year shall change effective October 1 of the calendar year regardless of the actual introductory date of new model year motorcycles.

IX. MINIMUM PREMIUMS AND FEES

The minimum written premium for each motorcycle on the policy, regardless of term, is as follows:

Coverage	Minimum Written Premium
Bodily Injury and Property Damage	\$50
Medical Payments Coverage	\$45
Uninsured Motorists Bodily Injury Coverage	\$60
Underinsured Motorists Bodily Injury Coverage	\$50
Comprehensive	\$35
Collision	\$105

Policy fees are \$20 per policy and are non-refundable (fully retained).

Auto Theft Prevention Authority Fee is \$1 per motorcycle for 12-month policies

X. DISCOUNTS (Not Applicable to Off-Road Vehicles)

A. ASSOCIATION DISCOUNT

A 10% discount applies if the named insured is a member of the following associations:

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1. ABATE (A Brotherhood Aiming Towards Education)
2. AMA (American Motorcycle Association)
3. Blue Knights
4. BMWMOA (BMW Motorcycle Owners of America)
5. BLUE KNIGHTS
6. BRAG (Buell Riders Adventure Group)
7. CMA (Christian Motorcycle Association)
8. COG (Concours Owners Group)
9. GWRRA (Gold Wing Road Riders Association)
10. GWTA (Gold Wing Touring Association)
11. HOG (Harley Owners Group)
12. HRCOA (Honda Rider's Club of America)
13. IRG (Indian Rider's Group)
14. MSF (Motorcycle Safety Foundation) Instructor
15. MGNOC (Moto Guzzi National Owners Club)
16. RAT (Rider's Association of Triumph)
17. Red Knights
18. RE (Rider's Edge) Instructor
19. STAR Touring & Riding Association
20. USCA (United Sidecar Association)
21. VMC (Venturers Motorcycle Club)
22. VRA (Vulcan Riders Association)
23. VTS (Venture Touring Society)
24. WOW (Women on Wheels)

Proof of membership must accompany application.

B. MOTORCYCLE COURSE

For each insured who has successfully completed the Motorcycle Safety / Defensive Driver / Rider's Edge Course within the past five years, the cycle will receive a 5% discount. A copy of the certificate must accompany application.

C. ANTI-THEFT DISCOUNT

A 5% discount may be applied to the comprehensive coverage purchased when the motorcycle has an audible alarm.

D. MULTI-CYCLE DISCOUNT

A 15% discount applies to all cycles on a multi-cycle policy. To qualify for this discount the policy must meet the following requirements:

1. Only cycles owned by the Named Insured and Resident Spouse may be combined on a multi-cycle policy.
2. All cycles must have the same coverages and limits with the exception of comprehensive and collision, which may vary by cycle.

E. TRANSFER DISCOUNT

For new business only, a 10% discount will apply to the policy if each insured on the policy has had continuous motorcycle insurance. Proof of continuous motorcycle insurance for new business is required. An example of acceptable proof is a copy of the declaration page from the insured's current insurance company.

This discount will be removed with the first annual renewal.

F. PERSISTENCY DISCOUNT

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For renewal business, if there have been no at-fault accidents for each insured on the policy during the past twelve months, a 10% discount will apply to the policy on the insured's first annual renewal of the policy.

For renewal business, if there have been no at-fault accidents for each insured on the policy during the past twenty-four months, a 15% discount will apply to the policy on the insured's second annual renewal of the policy.

The persistency discount will be removed upon renewal if any insured on the policy has had an at-fault accident during the previous policy term.

G. MULTI-POLICY DISCOUNT

If the insured has another in force policy with Pacific Specialty Insurance Company, or any affiliate, a premium credit will be allowed based on the schedule below. This credit will apply to the basic premium for the policy and is available for all programs. This credit will be discontinued if/when the other policy(ies) lapse. Only one credit for the highest qualifying discount level, as identified below, can be applied to the policy at any time.

Discount Level	Other Policy Type	Credit
Level I	Any PSIC Commercial, CPL, Excess Flood, Earthquake, or any other PSIC policy not otherwise specified in this table. This discount level also applies if a private passenger auto policy is written with the same producer.	5%
Level II	Personal Umbrella, all Powersports (except Motorcycle) – Motorhome, Travel Trailer, Boat, PWC, or Snowmobile. This discount level also applies if the insured has an extended warranty through PSIC's affiliate Western Service Contract Corporation.	10%
Level III	Residential Property (HO-3, HO-4, HO-6, dwelling fire, mobile home), Motorcycle (dirt), or 3 or more PSIC policies of any type.	15%

H. GARAGING DISCOUNT

A 5% discount will be applied to the comprehensive-collision coverage if the motorcycle is garaged at the insured's residence in a lockable structure.

I. AUTOMATIC RENEWAL DISCOUNT

A 3% discount applies when the insured has set up coverage to automatically renew at policy expiration.

J. ABS BRAKES DISCOUNT

A 10% discount applies when the insured motorcycle is equipped with factory installed ABS brakes.

K. MILITARY DISCOUNT

A 5% discount applies when the named insured is an active member of the military, evidenced by an active military driver's license.

L. 1ST RESPONDERS DISCOUNT

A 10% discount applies to any of the following general emergency responder professions:

- Peace officers - Paramedics - Firefighters

M. HOMEOWNERS DISCOUNT

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The Homeowner discount of 15% applies when a named insured owns a home, mobile home or condominium. In order to qualify for the discount, the mobile home must be 10 years old or newer.

N. MAXIMUM DISCOUNT – 50%

XI. SURCHARGES (Not Applicable to Off-Road Vehicles)

A. INEXPERIENCED OPERATOR

A 30% surcharge (all coverages) applies to any operator on the policy who does not have a valid Class M motorcycle license.

B. ACCIDENTS

An accident will be considered chargeable unless documentation is furnished describing the accident and showing that the applicant was less than 50% at fault. The surcharge applies to all coverages and is shown below:

Accidents	Surcharge
0	0%
1	20%
2+	75%

Please refer to page 9 for further explanation.

C. MINOR CITATIONS

The surcharge applies to all coverages and is shown below:

Minor Citations	Surcharge
0	0%
1	0%
2	25%
3	50%
4	75%
5+	150%

D. MAJOR CITATIONS

The surcharge applies to all coverages and is shown below:

Major Citations	Surcharge
0	0%
1	50%
2+	150%

E. YOUTHFUL OPERATOR

If the motorcycle is defined as a sport bike or high performance motorcycle and the operator is under the age of 21, then the Youthful Operator Surcharge is 50% and applies to all coverages.

F. FOREIGN / INTERNATIONAL DRIVER'S LICENSE

All operators who do not have a valid U.S. or Canadian license but have a valid foreign license or international driver's license will be surcharged 25%.

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The experience period for driving surcharges is 36 months. Violations will be charged based on the conviction date. Count all violations and chargeable accidents received while operating a private passenger automobile or motorcycle.

ACCIDENTS:

Any accident shall be considered chargeable unless documentation is furnished describing the accident and showing that the applicant was less than 50% at fault. Acceptable proof of non-fault is either:

- (a) A traffic collision report which lists the other driver at fault under primary cause of collision and indicates a vehicle code section violated, or
- (b) A copy of a draft from the opposing insurance carrier which clearly states the date of the accident and shows the applicant as payee, or
- (c) A letter from the opposing insurance carrier claims representative stating non-fault for the accident.

(APPLICANT'S SIGNED STATEMENT OR LETTERS FROM ATTORNEYS ARE NOT ACCEPTABLE.)

An operator shall not be considered "principally at-fault" if:

- (a) The vehicle was lawfully parked at the time of the accident. A vehicle rolling from a parked position shall not be considered lawfully parked and shall be considered in the operation of the last operator;
- (b) The vehicle was struck in the rear by another vehicle, and the driver has not been convicted of a moving violation in connection with the incident;
- (c) Operator of a vehicle was not convicted of a moving violation, and the operator of another vehicle involved in the accident was convicted of a moving traffic violation;
- (d) The driver's vehicle was damaged as a result of contact with a vehicle operated by a "hit and run" operator of another vehicle, and the accident was reported to the legal authorities within a reasonable time after the accident;
- (e) The accident resulted from contact with animals, birds or falling objects;
- (f) The driver was responding to a call of duty as a paid or volunteer member of any police or fire department, first aid squad or any law enforcement agency, while performing any other governmental function in a public emergency;
- (g) The accident was a solo vehicle accident that was principally caused by a hazardous condition of which a driver, in the exercise of reasonable care, would not have noticed (for example, "black ice").

MAJOR VIOLATIONS:

- Driving under the influence of alcohol
- Driving while license is suspended/revoked
- Driving while impaired
- Refusal of alcohol test (implied consent)
- Open container
- All other alcohol-related violations
- All drug related violations
- Exhibition of speed (other than normal speeding)
- Operating a vehicle without owner's consent
- Attempting to elude a police officer
- Any felony involving a motor vehicle
- Speed contest
- Hit and run

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- Altering driver's license
- Unlawful use of driver's license
- Violation of anti-theft laws

MINOR VIOLATIONS:

All other moving violations, except the following:

- Failure to wear a seatbelt
- Driving at a speed of 65 mph or less on a 55 mph highway

XII. MOTORCYCLE EXPERIENCE

The total number of continuous years riding experience the operator has as a licensed motorcyclist.

XIII. ADDITIONAL PREMIUMS

Until the expiration of the policy term covered by the quotation or until a change is subsequently made at the request of the insured Pacific Specialty Insurance Company will adhere to the premium initially quoted by Pacific Specialty Insurance Company or by producers making quotations resulting in the issuance of a Pacific Specialty Insurance Company insurance policy and which quotations provided the applicant with a premium more than \$10 lower than should otherwise have been quoted. The aforementioned does not apply to those situations where the lower quotation was made because the applicant provided incorrect information, fraudulently obtained the insurance policy or made material misrepresentations to the producer or Pacific Specialty Insurance Company. Pacific Specialty Insurance Company will advise the insured in writing that the premium quotation initially provided: a) was incorrect, b) should have been another dollar amount to be cited by Pacific Specialty Insurance Company in its communication to the insured, and c) will be honored by Pacific Specialty Insurance Company until the first policy renewal or until a change is subsequently made at the request of the insured.

The following schedule designates the required down payment for any additional premium generating endorsements-or up rates due MVR inaccuracies.

Schedule I Required Down Payments on Additional Premiums

Days from Policy Inception
(Binder or Postmark Date
whichever is sooner)

Days Passed	Required Down
0-30	20%
31-60	25%
61-90	35%
91-120	45%
121-150	50%
151-180	70%
181+	100%

The insured will then have the following options:

FOR POLICIES UTILIZING OPTIONAL INSTALLMENT PAYMENT PLAN:

The outstanding additional premium balance will automatically be divided over the remaining installments.

FOR POLICIES NOT UTILIZING OPTIONAL INSTALLMENT PAYMENT PLAN:

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The insured will be mailed an additional premium notification for the outstanding additional premium balance. If the additional premium is not paid the policy will be cancelled by direct notice. Information required to delete the additional premium may be faxed to PSIC for review and processing as appropriate.

XIV. ENDORSEMENTS

You must include the policy number along with producer's or customer's gross check for the additional premium and submit these items within 48 hours of the insured's request. Faxed responses to suspense letters are acceptable if due date is within 72 hours.

A. POLICY CHANGES

Any policy change request that deletes motorcycles on a multi-cycle policy, deletes drivers, or deletes or reduces coverages requires a written request signed by the Named Insured.

All endorsement requests must be mailed to GENERAL AGENT or COMPANY within 48 hours after the endorsement is taken.

B. ENDORSEMENT DEPOSITS

A down payment must be included with the request for all endorsement requests resulting in additional premium. Any remaining balance will be divided equally over the remaining installment payments, (refer to Schedule-I above to determine required percentage.) For assistance regarding the calculation of additional premium amounts for endorsements call customer service at 1-800-303-5000. Endorsement requests resulting in additional premiums that are submitted without payment will be returned UNBOUND.

XV. RENEWALS

A. A notice of expiration/renewal offer will be mailed to the insured and loss payee at least 20 days prior to expiration. Insured is to pay PSIC or GENERAL AGENT directly, whichever is applicable. To be renewed with no lapse in coverage, premium payment must be postmarked BEFORE the end of the seven day grace period, which starts on the expiration date. If payment is not received by the end of the grace period, a notice of cancellation will be sent by first class or certified mail to the named insured. Cancellation will take effect as of the date of the mailing of notice. Renewals will not be accepted beyond 30 days after expiration. The same options apply to renewals as to new business.

B. When you are renewing a policy on behalf of the policyholder, we require the notice sent to the policyholder or a copy of the notice sent to you. WE CANNOT PROCESS RENEWALS WITHOUT ONE OF THESE FORMS.

C. Please note that the policy is subject to re-rating at each renewal.

XVI. CANCELLATIONS

A. No flat cancellations are allowed after the inception date except when an insured's check is returned for Non Sufficient Funds (NSF) or credit/debit card transaction is denied, or proof of double coverage is provided. PSIC or GENERAL AGENCY (whichever is applicable) must receive a copy of the front and back of the NSF check or copy of duplicate coverage within 30 days of binder date.

B. A \$10 fee will be assessed for all NSF checks.

C. Cancellations may be requested by return of the original policy or written request signed by the insured.

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- D. Return premiums for all company cancellations will be calculated on a prorated basis. Return premiums for cancellations at the Insured's request may be calculated utilizing the standard short-rate tables.

XVII. CLAIMS PROCEDURE

For fast and friendly claim service and to completely eliminate your time involvement in processing claim forms, please instruct your insureds and claimants to call our claims department directly.

This procedure will give PACIFIC SPECIALTY INSURANCE COMPANY the opportunity to give both your client and claimants immediate direct claim service.

CLAIM TELEPHONE NUMBER: (800) 962-1172

PRODUCER HAS NO AUTHORITY TO ASSIGN A LOSS FOR ADJUSTMENT TO AN ENTITY OTHER THAN PACIFIC SPECIALTY INSURANCE COMPANY.

Pacific Specialty Insurance Company

Rate Worksheet (Street Legal Motorcycle)

Rating Variable	BI/PD	MED	UMBI	UIMBI	CP	CL
Base Rate						
X Territory						
X Financial Responsibility						
X Motorcycle Type						
X Motorcycle Size						
X Marital Status/Age						
X Motorcycle Age						
X Class M Motorcycle Years Exp.						
X (1 - Discounts [Max of 50%])						
= One	1.000	1.000	1.000	1.000	1.000	1.000
- Homeowners Discount						
- Association Discount						
- Motorcycle Safety Course						
- Multi-Cycle						
- Multi-Policy						
- Transfer Discount						
- Automatic Renewal						
- ABS Brakes						
- Military Discount						
- 1 st Responders Discount						
- Anti-Theft Discount						
- Garaging Discount						
X (1 + Surcharges)						
= One	1.000	1.000	1.000	1.000	1.000	1.000
+ Inexperienced Operator						
+ Accident						
+ Minor Citation						
+ Major Citation						
+ Youthful Operator						
+ Foreign / Intern. License						
= Basic Premium						
= Greater of (a) or (b)						
(a) Basic Premium						
(b) Minimum Premium						
X Increased Limits Factor						
X Deductible Factor						
X Comprehensive Only						
= Total Premium by Coverage						
+ Policy Fee	\$20	<p style="text-align: center;"><i>Round to five decimal places at each step in the calculation, except for last step in calculation, where the total final premium is calculated, round to the nearest dollar.</i></p> <p style="text-align: center;"><i>A \$1 Auto Theft Prevention Authority Fee is applied to all vehicles per 12 month policy.</i></p>				
+ Equipment (Accessories)						
+ Roadside Assistance						
+ Transportation Trailer						
+ Emergency Expense						
+ Disappearing Deductible (CP)						
+ Disappearing Deductible (CL)						
= Total Vehicle Premium						

Pacific Specialty Insurance Company

DRIVER ASSIGNMENT:

(All operators must reside in the same household.)

1. The rating factor for each vehicle is determined by applying the highest rated driver to the highest rated vehicle in descending order.
2. If there are more vehicles than operators, rate the highest rated driver to the highest rated vehicle in descending order. The remaining vehicles shall be assigned to the lowest rated driver.