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MOTORCYCLE UNDERWRITING GUIDE



A part of American Reliable Insurance Company,
an Assurant Specialty Property Company

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PURPOSE / INTRODUCTION

The American Reliable Insurance Company Motorcycle Program is designed to provide a competitive market for both standard and non-standard motorcycle risks. This program requires careful underwriting to ensure proper risk evaluation and pricing.

When rating there are four fundamental risk criteria to be considered. They are:

1. The Applicant
2. The type of motorcycle
3. The coverage
4. Garaging location (aka "zip code")

The application plays a critical role in the motorcycle underwriting process. The Agent should ensure that the application is complete, is correct, and provides all the information requested.

This Underwriting Guide has been written and is maintained for the use of company personnel and agents. The guide outlines current company underwriting philosophy and practices.

BINDING AUTHORITY

All coverages are bound as of the date and time on the original application, renewal application or endorsement request, providing that:

- The application is fully completed and necessary signatures have been obtained.
- Full premium payment accompanies the application or minimum down payment on installment option. (Coverage will not be bound if any check is NSF).
- The U.S. Postal Service postmark (not office meter date) appearing on the remittance envelope is within 72 hours (3 calendar days) of the effective date; otherwise, coverage is bound 12:01 A.M. the day received by the Company.
- **DO NOT BACKDATE COVERAGE.**
- Coverage may not be written or bound in any area where there is a hurricane or tropical storm watch, warning or occurrence. Binding may also be restricted for other natural disasters such as flood, earthquakes, etc., at American Reliable's discretion.

POLICY TERM

All policies are annual.

AUDIT PROCEDURES

American Reliable and U.S. Insurance Services may conduct periodic audits. Routine audits will be performed on random files. As an agent you are required to provide file maintenance documentation to a Company representative.

ENDORSEMENT PROCEDURES

The online rating & policy management system allows complete endorsement changes including:

- Adding or deleting drivers.
- Adding or deleting coverage
- Adding or deleting vehicles (units).
- Updating / changing the insured's home address.

CANCELLATIONS “Please refer to your state laws for specific cancellation rules”

- No flat cancellations after policy inception date except for NSF checks.
- Policies may be cancelled by returning the original policy, or submitting a signed Lost Policy Release, or by the Company sending direct notice of cancellation to the insured.
- Policies on which a Financial Responsibility Filing / SR-22 has been filed may never be cancelled flat.
- If a policy, vehicle or form of coverage is cancelled by Company, compute return premium pro rata.

REINSTATEMENTS

We will not allow reinstatements on mid-term policies that have lapsed in coverage.

RENEWALS “See state specific filing for renewal rules”.

At least 30 days prior to expiration, a premium notice will be mailed to the insured. The insured will be instructed to pay the premium due. Renewal premiums must be received by the expiration date of the policy. If payment is not received by the expiration date, the policy will expire and no further coverage afforded.

If the premium is received after the expiration date, the policy needs to be rewritten to a new application and policy number applied, effective 12:01 the day after postmark but with a lapse in coverage if still acceptable.

The maximum number of rewrites we will allow in a year will be two, after which the risk will not be rewritten.

POLICY ISSUANCE

To be complete, a policy must consist of at least:

- Motorcycle Policy
- A complete Motorcycle Declarations Page

- Any required endorsements (refer to forms page in the state filing).

Policies are to be issued by U.S. Insurance Services, not the producing agents.

Note: *It is extremely important that all appropriate signatures be obtained and selection boxes be marked on the application in order to eliminate possible improper payments on Uninsured / Underinsured Motorist or other rejected coverages.*

DEFINITIONS - See the filed rule pages and motorcycle policy for definitions.

RISK SELECTION

Preferred Business – Our marketing approach emphasizes programs designed to attract business broadly defined as:

- Mature and experienced operators
- Good driving records
- Cycles garaged
- A manufactured motorcycle/ATV. (i.e. Must be recognized in one of the published Motorcycle Appraisal Guides)

Prohibited Risk Guide – The following criteria are a general guide. The Company reserves the right to occasionally reject risks on a judgement basis, when warranted, even though they may fall within the guidelines.

Ineligible Motorcycles

- Motorcycles with more than two wheels. (ATV's, Sidecars, Trikes and other approved cycles are eligible if listed in published Motorcycle Appraisal Guides.)
- Motorcycles used for commercial, exhibition, racing or escort purposes.
- Physical damage coverage on motorcycles with accessories valued at more than 50% of the value of the cycle without accessories or \$5000.
- No physical damage coverage on motorcycles over 20 years old, except in cases of renewal.
- Motorcycles with a maximum value greater than \$35,000 based on the Manufacturers List Price.
- Motorcycles /ATV's which are not produced by a manufacturer and identified in one of the published Motorcycle Appraisal Guides. In mandatory liability states, we will provide liability coverages for motorcycles not listed in published Motorcycle Appraisal Guides, contact underwriting for more information.
- Vehicles leased or rented to others.
- Units that are: homemade, chopped, go-cart, dune buggy, tractors, cushmans, or units with pickup styled boxes (utility vehicles).
- Any vehicle with no motor/engine.
- Units not produced with a motorcycle manufactured motor.

Ineligible Operators

- Operators who do not have a valid driver's licenses (this rule does not apply to off road units).
- Operators with International Licenses.
- Operators who have been cancelled or non-renewed for cause by a previous auto or motorcycle insurer in the past 36 months for risk reason. (Except where prohibited by law.)
- Operators exceeding the maximum violation/accident requirements.
- Operators with multiple DUI's.
- Operators convicted of insurance fraud.
- Operators without a garaging address.
- Operators requiring proof of state financial responsibility (SR-22).
- Vehicles co-owned by individuals not residing in the same household.

MVR GUIDELINES (for previous 36 months)

Principal operators 25 and over

Maximum Acceptable

Up to 4 Minors and 2 at-fault accidents ≤\$1,000 or Majors (only 1 DUI allowed)

Maximum Acceptable - Operators 24 and under

2 Minors and 1 at-fault accident – no Majors

Accident/Violation Levels

- Level 0 0 minors, zero at-fault accidents, zero majors
- Level 1 1-2 minors, zero at-fault accidents, zero majors
- Level 2 Up to 2 minors & 1 at-fault accident over \$1000, zero majors
- Level 3 Up to 3 minors & 1 at-fault accident over \$1000 or 1 major
- Level 4 Up to 4 minors & 2 at-fault accident over \$1000 or 2 majors (no multiple DUI's)

Major Violation Definition

- DUI / Implied Consent
- Hit & Run
- Eluding an officer
- Felony, Homicide or Manslaughter Involving A Motor Vehicle
- Driving while suspended
- Careless and Reckless
- Leaving a scene of an accident
- Racing
- Improper use of a license/registration

-----ADDENDUM FOR NORTH CAROLINA OPERATORS-----**Accident/Violation Levels**

- Use North Carolina Safe Driver Insurance Plan (SDIP)

Major Violation Definition

- Use North Carolina Safe Driver Insurance Plan (SDIP)

CLAIMS UNDERWRITING

All claim activity must be given underwriting consideration. Remove the company from risk in the following situations as soon as permitted by state regulations:

- Risk violates Prohibited Risk Guide as to type of unit or violations.
- If two claims presented in prior 12-month period.
- If 3 claims presented from original policy present.
- Total losses will require continuance of coverage verified. (Applicable to all states.)
- If one chargeable or more than two non-chargeable within the annual policy term.

All Motorcycles will be subject to underwriting judgment. In addition to driving records, we will consider the following elements:

- Principal operator should be employed.
- Cycles in large metro areas should be garaged at night.
- Principal operators should be over 25 years of age.

VEHICLE AGE

For rating purpose the model year changes on January 1st each year.

PRINCIPAL GARAGING

Principal garaging / storage location is the address where the vehicle is kept at least 6 months of the year. The location must be in a state with a State filed American Reliable Motorcycle/ATV program.

DRIVER ASSIGNMENT

All operators of the insured motorcycle/ATV must be listed on the application. All operators must have a valid U.S. driver's license, except for operators of off road ATV's.

MOTORCYCLE TYPES**Standard Motorcycle**

This type of motorcycle represents simplicity and versatility with price and practicability in mind. Typically it is clean, has an uncluttered design, good performance and gas mileage with relaxed upright seating and user friendly ergonomics. Examples include Honda CB750 or Suzuki Savage)

Cruiser Motorcycle

These types of motorcycles are descendants of the “classic” motorcycle, with styling that gives you that laid-back look. They are comfortable, easy to ride and maintain. They usually feature: Swept-back or high handlebars, a low seat with a laid-back riding position, and forward-set foot pegs for that laid-back look. Has a stepped seat for two, often with a passenger support bar. Most feature a v-twin engine, vibration-free shaft drive, with mellow power but a throaty exhaust note. Most also have some factory chrome and stylish paint jobs. Examples include Honda Shadow or Yamaha V-Star)

Tour Motorcycle

This type of motorcycle gives you the comfort features for long-range rides with a smooth quiet ride. They usually feature large fairings, luggage compartments, plush seats for operator and passenger, am/fm stereo, cruise control, and adjustable suspension for rider comfort and load capacity. Examples include Honda Goldwing or Suzuki Cavalcade)

Sport Motorcycle

Sporty-styled street bikes known within the industry as “sport-naked bikes.” They are lighter and more nimble than a Standard, Cruiser or Tour motorcycle. They usually feature comfortable seating for rider and passenger, strong performance, large displacement engine, adjustable suspension, and some come with aerodynamic “half” fairings. Examples include Suzuki TL1000S or Yamaha FZ1)

High Performance Motorcycle

This combination of race-bike looks and unforgettable performance thrives on any riding challenge the skilled rider brings to it. They usually comes with the leading edge engine design, racing technology, aerodynamic styling, low handle bars with a lean forward riding position, high performance tires, big disc brakes and adjustable suspension for handling and comfort. Examples include Honda CBR or Suzuki GSXR)

Harley Motorcycle



All Harley Davidson manufactured cycles fit into one of 4 motorcycle segments

Class 1: All Harley XL's and XLH's with insured operators 26 years of age or older.

Class 2: All Harley models with insured operators 25 years of age or younger.

Class 3: All 0-1450cc's and 1451cc's and higher which are not XL's, XLH's, FLT's or FLH's and the insured operator is 26 years of age or older.

Class 4: All FLH and FLT models with insured operator 26 years of age or older.

Moped/Scooter



Two-wheeled self-propelled vehicles with either a small displacement motor (usually 250cc and less), step through styled frames or pedals for auxiliary power.

Custom Construction



Motorcycles that are constructed by known and industry recognized manufactures that typically design their units based on owner input. Commonly they resemble "Harley Davidson" styling, but are designed in a one-off fashion. Examples include American Iron Horse, California Customs, California Motorcycle Company, Big Dog, etc.)

TRIKES



We will insure Trikes if they meet the following conditions:

- They are only written under the Standard Program.
- They must have original motorcycle manufacturer's engine.
- No front fork modifications are acceptable.
- They must have original manufacturer's VIN.
- A photo of the insured Trike conversion must be *included in the agents underwriting file*

Until the mid 80's most Trikes were built by individuals or in small shops. This made it difficult to determine the value of the bike or to find replacement parts when a claim occurred. There are now many manufacturers who specialize in this type of bike. Acceptable manufacturer's are:

- Lehman Trikes, Inc. – Westlock, Alberta, Canada

- Motor Trike – Troup, Texas
- The Trike Shop – White Bear, Minnesota
- California Sidecar – Arlington, Virginia
- D.F.T. – Addison, Illinois
- Tr-Wong Industries – Victoria, B.C., Canada

ATV Motorcycle

4, 6, 8 wheeled vehicles equipped with a motorcycle engine and are designed for off road use.

Class 1: All 4x4 units. Examples include Yamaha Wolverine 4x4 or Polaris Sportsman 4x4)

Class 2: All 2x4 units. Examples include Yamaha Banchee and Honda EX)

AVAILABLE COVERAGES - See State filing for full listing of coverages available in your state.

- Bodily Injury Liability
- Property Damage Liability
- Guest Passenger Liability
- Uninsured / Underinsured Motorists
- Uninsured Motorists Property Damage
- Collision
- Other Than Collision
- Medical Services
- Riding Safety Apparel, Towing & Trip Interruption
- Loss of Income (Virginia Only)
- Rental Insurance (Virginia Only)
- Accessories and Add-On Equipment

PACKAGE POLICIES - Full Coverage Package Policies Include

- Bodily Injury Liability
- Property Damage Liability
- Passenger Liability
- Collision
- Other Than Collision
- Uninsured/Underinsured (optional in some states)
- Accessories and Add-On Equipment

Liability Only Policies Include

- Bodily Injury Liability

- Property Damage Liability
- Passenger Liability
- Uninsured/Underinsured (optional in some states)

DEDUCTIBLES

See filed rate pages for deductible options and premium factors, some states require additional options. Optional deductibles of \$250, \$500, \$1,000 and \$1,500 are available on physical damage coverage policies. Deductibles for Collision and Other than Collision must match.

INCREASED LIMITS

Increased BI/PD limits are available in all states. Refer to the appropriate state rate filing for limits available and premium charged.

The maximum liability limit an insured may purchase is:

- If the insured is 25 years of age and younger the maximum is 50/100
- If the insured is 26-30 years of age the maximum is 100/300
- If the insured is 31 years of age and older the maximum they may select is 250/500 limit only with a submission of their current umbrella policy declarations page.

MULTI UNITS PER POLICY

Up to 8 motorcycles / ATV's can be issued on one policy. A multi unit discount will automatically be applied to each unit. Please refer to state rules for the appropriate discount.

ACCESSORIES

The basic motorcycle policy provides physical damage coverage only to the motorcycle and factory standard equipment.

First \$1,000 of accessories coverage is included at no additional charge when Physical Damage coverages has been purchased on the entire policy.

Any accessories or add-on equipment must be specifically itemized on the application and a premium charged in order to have coverage. (See Exclusion #12 under Part IV of the policy.)

Examples of acceptable accessories are trailers, sidecars, special paint, saddlebags, luggage rack, sissy bar, windshield, After-market fairings, custom exhaust, etc. Crash and roll bars are not considered accessories and, therefore, will be covered at no additional premium charge.

Examples of accessories not covered include sound equipment not permanently installed, tools, clothing, personal effects, citizens brand radios, telephones, etc. If the total value of accessories exceeds 50% of the basic value of the cycle or \$5,000 (whichever is less), the risk is unacceptable for physical damage coverage.

Helmets are covered up to \$300, as long as physical damage coverage is purchased, at no additional charge. No additional coverage is available.

RIDING SAFETY APPAREL, ROAD SIDE TOWING & TRIP INTERUPTION COVERAGE

Provides the following:

- Provides coverage for towing and roadside assistance
- Pays for safety riding apparel damaged while involved in a collision.
- Reimburses for food and lodging expenses when a motorcycle is broken down more than 100 miles away from home.

This coverage is only available when physical damage coverage is purchased.

CANADA NON-RESIDENT INTER-PROVINCE MOTOR VEHICLE LIABILITY INSURANCE CARD

This is a yellow billfold size card. It is important that it is completed and supplied to any American Reliable Insurance Company insured whose policy provides liability coverages and who may enter Canada with his/her motorcycle. It is available upon request and without cost to the insured.

The card must be produced at any time it is requested by a Canadian police officer. It will serve as necessary proof of insurance and guarantees liability limits at least equal to the statutory minimum requirements of every Province in Canada.

DISCOUNTS

Motorcycle Safety Course

A credit shall apply if the applicant has either successfully completed a motorcycle safety course certified by the Motorcycle Safety Foundation (MSF) or successfully completed any advanced rider course that has been approved by the state. States such as Florida that require the beginning rider course (BRC) for licensing purposes are not eligible. An approved rider course must be successfully completed every three years to continue to remain eligible for discount. Riding coaches automatically qualify for this discount because of their coaching status. **A copy of the course certificate or coaching status must be included with the application.**

Motorcycle Association

A credit shall apply if the applicant is a member of an association whose main purpose, as recognized by the insurer, is to promote riding education and safety. (See State filed program for listings of Associations). Riding coaches automatically qualify. **A copy of course certificate or coaching status must be included with the application**

Transfer (Two Options)

Transfer Discount A - A credit shall apply if the principal operator can demonstrate that the **current motorcycle insurance policy has 30 days or less of lapse** from new the new policy inception. *A copy of the Dec page, cancellation notice, renewal quote or ID card must be included with the application.*

Transfer Discount B – A credit shall apply if the principal operator had motorcycle insurance with any insurer within the last twelve months. *A copy of the Dec page, cancellation notice, renewal quote or ID card must be included with the application.* .

Theft Deterrent

A credit shall apply if the motorcycle has an audible alarm, GPS, Lo-Jack or other approved theft deterrent device. Physical damage coverage must be selected for this discount to be applicable.

Homeowners Discount (Available in North & South Carolina Only)

A credit shall apply if the named insured owns a home, condo or mobile home (mobile home must be 10years old and newer). Proof of ownership must be included with application.

Multi-Unit

If Applicant has 2 or more in force motorcycle or ATV units with American Reliable, a credit would apply.

Claim Free Renewal

A credit shall apply if the Named Insured has had a motorcycle insurance policy with American Reliable that has been in force and loss free for more than 1 year.

BULLETINS

Occasionally items not addressed by the underwriting guidelines will be covered by an Underwriting Bulletin. These bulletins will be attached to the guidelines as addendum's.