

Spinnaker Insurance Company Private Passenger Auto  
Rule Manual – Mile Auto Insurance  
State of Tennessee

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**B01 – Fixed Monthly Premium**

The developed premium by vehicle by coverage is calculated for the 6-month term. The Fixed Monthly Premium is determined by multiplying the fixed premium percentage found in the rate manual by the developed premium by coverage. The 6-month written premium is earned daily. The minimum 6-month developed premium per coverage is \$5.00.

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**B02 –Premium by the Mile**

The developed premium by vehicle by coverage is calculated for the 6-month term. The Premium by the Mile is determined by multiplying the variable premium percentage found in the rate manual by the developed premium and then dividing by the base number of miles in the rate manual and rounding to the tenth of a penny. It is due at the end of each Billing Cycle for retroactive miles driven. The minimum per mile rate is \$0.01.

The miles driven per month are rounded to the nearest mile.

Miles driven are determined using electronic methods, including but not limited to verified photographs of the vehicle odometer or hardware-based telematics systems.

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**B03 – Mileage Disputes**

Any customer disputes around actual miles driven will be credited to the customer's account on the day the dispute is settled and their premium will be adjusted accordingly.

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**B04 – Fees**

All fees are fully earned unless noted.

Mileage Monitoring Fee - \$5 per mileage reading.

Policy Fee \$ 42 (earned as billed – either \$42/term or \$7 each monthly installment)

Convenience Fee - \$3 for credit card / debit card transactions

NSF Fee - The fee for a payment not honored by the payer's financial institution for any reason (including without limitation checks that are refused for non-sufficient funds, checks on which payment has been stopped, and attempted electronic funds collections that are refused by the financial institution) is \$20.

Late Fee - A fee of \$10 will be charged for any late installment payment.

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**B05 – Reserved for Future Use**

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**B06 – Assumed Miles**

Mileage for any unreported months will be determined as follows:

- A. When a customer signs an application for a policy, a binder is issued for that policy and an authorization is taken for the first month's payment. The customer is trained to report their monthly odometer reading using the Mile Auto smartphone-based technology.
- B. Customers will get up to a 3-day grace period from the policy inception date to submit their first odometer reading for all covered vehicles. If a reading for at least one of the covered vehicles is received before the end of the 3-day grace period, the policy will be issued at the date and time of the binder.
- C. If an odometer reading is not received by the end of the 3-day grace period, the binder expires and the payment authorization is released. If an odometer reading is received thereafter, the policy is bound at the date and time that the odometer reading is received.
- D. 25 days after policy inception, notification will be sent to the customer reminding them of the need to submit an updated odometer reading. Reminders will be sent on a daily basis for 5 days and if an odometer reading is not received, the customer will be billed at a rate of 40 miles per day.
- E. Vehicles added after the policy inception date will also receive a 3-day grace period for the first odometer reading. If the odometer reading is not received by the end of the 3-day period, the vehicle will be billed at a rate of 40 miles per day until the initial odometer reading is received.

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**B07 - Renewal Payments**

If the renewal payment is postmarked (mailed payments) or transacted (phone or internet payments) on or before the later of the renewal payment due date or within seven days after the renewal effective date, the renewal term will be put in force with no lapse in coverage.

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**B08 – Reserved for Future Use**

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**D01 – Driver Definitions and Disclosure Requirements**

The term "eligible to be rated driver" refers to resident relatives of legal driving age who are or have been licensed operators and drivers of insured vehicles other than those:

- A. With a signed named driver exclusion form;
- B. Designated as list only; or
- C. Drivers with learner's permits.

Under certain circumstances, the applicant may designate specific household members as "list only" drivers so that their violation and accident histories do not affect premium. For any driver(s) shown as "list only" a Named Driver Exclusion Endorsement must be included.

For the Company to accept a request to designate a driver as list only, the driver must meet at least one of the following criteria:

- Is out of the country;
- Is disabled and does not drive;
- Has other auto insurance;
- Has never been licensed;
- Has a permanently revoked, suspended or surrendered license;
- Has a currently suspended license.
- Is incarcerated; or
- Is under 21 and never licensed.

The term "ratable spouse" indicates a policy where both the principal named insured (PNI) and spouse are either eligible to be rated or list only because they are by the military in a location outside any state, territory, or possession of the United States of America. Where a PNI is widowed, and being rated as married, it indicates that the widowed PNI is either eligible to be rated or list only because they are deployed by the military in a location outside any state, territory, or possession of the United States of America.

The term "rated driver" refers to driver(s) used to develop the Household Factor, as defined in the rate order of calculation.

Regular occasional drivers must be listed on the policy as active drivers, even if they do not reside in the household. (example – child away at school without an insured vehicle comes home on weekends and operates an insured vehicle).

In addition, the applicant must report:

- All unlicensed members of the household. Unlicensed persons are not rated, but must be listed on the application.
- All regular or frequent and infrequent vehicle operators.
- All persons 14 years old and older living in the insured's household, whether they are licensed or not. All licensed age 14 and older must either be rated on the policy or excluded from coverage (subject to exclusion rules).

Unlisted drivers discovered during the policy term may, at the company discretion, be added to the policy.

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**D02 – Permit Rating**

Drivers with a learner's permit who are single, under the age of 19, and a child of the primary named insured will not be included in the rating of the policy. The permit driver will become an eligible-to-be-rated driver when the company is notified by the named insured or a third-party vendor, that the permit driver is eligible to operate a vehicle at any time without supervision or has obtained their full license. Where third party notification of licensing is not available, permit drivers will be classified as eligible-to-be-rated at the first renewal of the policy after the permit driver becomes of legal licensing age. Unless reported by the named insured, we will notify the customer of the change in license status, providing them an opportunity to revert to the non-rated status if the driver continues to require supervision at all times when operating a motor vehicle.

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**D03 – Driver Classification**

Driver Age refers to the age attained at the driver's last birthday before inception of the policy term. If a driver is aged 24 or younger and has a birth date within 30 days after being included on the policy: use the higher age; and their number of months since last birthday will be treated as zero. For all other drivers, we will compute the actual number of months between the inception of the policy term and their last birthday.

When a driver's age is incremented, the number of years the driver has been licensed will also be incremented. For Permit drivers, the number of years licensed does not begin to increment until the first time the driver's age increments after changing from a Permit license status.

Marital status is defined as follows:

Single - a driver who is not married, as defined below;

Married - a driver who is legally married, or who is deemed married or in a domestic partnership / civil union pursuant to state laws, but not including a driver who is legally separated. The inability of married persons or persons in a domestic partnership to live together because of career obligations or military service does not deny them the married classification. The term spouse refers to the other member in a marriage, deemed marriage, civil union or domestic partnership.

Widow/Widower – a driver who was legally married, but whose spouse is deceased. Widowed operators are rated as single. However, if a married driver becomes widowed during a Company policy term, the driver will be rated as married for the balance of that term and all subsequent renewal policy terms.

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**D04 – Driving Record Classification**

Chargeable Period for Point Assignment - The Chargeable Period for Points Assignment is the 35-month period prior to current policy term inception or the date on which the driver is added to the policy, whichever is later.

Chargeable Date - The Chargeable Date is determined by the Occurrence Date and the Violation/Suspension Date as reported by the TN DMV. This date is used to determine if the accident or violation took place within the Accident and Violation Evaluation Period. If the date is not furnished on the application, the Chargeable Date will be deemed to be the day before the inception date of the policy, unless the Company obtains another date from a consumer report (which it has no duty to obtain). For drivers added mid-term, if the violation or accident date is unknown or not provided, the Chargeable Date will be the day before the date the driver is added to the policy.

Accident and Violation Evaluation Period - the Accident and Violation Evaluation Period is the 59-month period prior to current policy term inception or the date on which the driver is added to the policy, whichever is later.

MVR/Court Data/Claims Loss History Report Reconciliations - accidents and violations listed on the application will be reconciled with similar accidents and violations obtained from a consumer report to avoid duplication. When reconciliation occurs, the accidents and violations will be assigned the date of occurrence listed on the consumer report. If reconciliation does not occur, accidents and violations listed on the application and/or the consumer reports may be considered separate violations.

Same Day Offenses - If an occurrence results in multiple violations or accidents that are assigned to the same driver, the driving record points for that occurrence will be based on the violation or accident with the highest Bodily Injury point charge. In the event that the same day offenses have the same Bodily Injury point charge, the offense occurring first alphabetically will be assigned the Bodily Injury point charge.

Source of Points - charge for accidents or violations occurring while a driver is operating a private passenger auto, commercial vehicle, motorcycle or recreational vehicle. Points for accidents and violations are charged per occurrence at the violation class level.

Non-Mile Accidents, Claims and Convictions – Accidents, claims and convictions occurring prior to the driver becoming insured with the Company on the current policy.

Mile Accidents, Claims and Convictions – Accidents, claims or violations that occurred after becoming insured with the Company on the current policy. If the current policy was rewritten with the Company with rewrite reason code O or C, accidents, claims or violations occurring on previously consecutive policies with the Company will be considered Mile accidents or violations.

At-Fault Accidents:

- A. New Business and Newly Added Drivers - Accidents noted on the MVR, from court data, or on the application will be deemed to be at-fault unless proof is received to verify that the insured was not at-fault. Accidents noted on the claims loss history report will be deemed to be at-fault if payments were made under liability (BI, PD) or collision coverages. However, if any collision only claims have a \$0 payout, or if amounts paid under collision only claims have been subrogated, those accidents will be deemed to be not-at-fault. Accidents involving hitting another vehicle or object as a result of swerving to avoid an animal are considered to be at-fault.

Accidents, which are not considered to be at-fault include, but are not limited to, the following:

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1. The accident was caused by collision with a bird or animal;
  2. The automobile was lawfully parked;
  3. The automobile was struck in the rear by another vehicle and the driver of the automobile which was struck in the rear was not convicted of a moving violation in connection with the accident;
  4. The automobile was struck by a "hit-and-run" driver and the accident was reported to the proper authorities within 24 hours;
  5. The driver of the automobile was not convicted of a moving traffic violation in connection with the accident, but the driver of another vehicle involved in the accident was convicted of a moving traffic violation; or
  6. The driver was at-fault but the accident is not chargeable under applicable state laws and regulations or other Company procedures.
- B. Renewal Business - Accidents reported to the Company will be deemed at-fault if we determine our insured is at least 51% liable for the accident. Accidents reported for a driver not listed on the policy will be classified as permissive use. Newly discovered accidents noted only on an MVR or from court data when obtained at renewal will be deemed non-chargeable. A newly discovered accident noted on the claims loss history report when obtained at renewal will be added only if the accident occurred prior to the driver being specified as having coverage under the policy and the driver was at-fault.
- C. Non-Chargeable Accidents:
1. Under TCA § 56-7-1108. Personal automobile insurance of municipal, county, and state employees. Whenever a full-time employee of municipal, county, or state government is involved in a traffic accident while acting as the agent of the governmental employer and while operating a motor vehicle owned by the governmental employer, the accident shall in no way be considered by the employee's personal automobile insurance carrier in fixing insurance premiums, nor shall it cause any increase in the employee's personal automobile insurance premiums.
  2. Under TCA § 56-7-1109(a) Whenever a person who is employed as a driver is involved in a traffic accident in the course of employment and while operating a motor vehicle owned by or leased to the person's employer, the accident shall in no way be considered by the person's personal automobile insurance carrier in fixing insurance premiums, nor shall it cause any increase in the person's personal automobile insurance premiums, if the accident did not involve negligence on the part of the person. Likewise, an accident involving the person while using the person's personal vehicle and not involving negligence by the person shall not be considered relative to insurance or premiums for the person's employer.
  3. Under TCA § 56-7-1109(b) Whenever a person is involved in a traffic accident while operating a motor vehicle, if the accident did not involve negligence on the part of the person, it shall in no way be considered by the person's personal automobile insurance carrier in fixing premiums, nor shall it cause any increase in the person's personal automobile insurance premiums. Likewise, an accident involving the person, while operating another person's insured vehicle under the other person's authority and not involving negligence on the part of the driver, shall not cause an increase in the personal automobile insurance premiums for the owner of the vehicle; provided, that the owner did not violate any contractual duties or obligations by authorizing the driver to operate the vehicle.
  4. Under TCA § 56-7-1201(f) No insurer shall increase the automobile insurance rate or premium of an insured with uninsured motorist coverage nor cancel the coverage due solely to the payment of any claim under uninsured motorist coverage.

Mid-term Driving History Re-evaluation – At the named insured's request during the policy term, the

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Company will re-evaluate the driving history of all drivers on the policy by removing points associated with accidents and violations that occurred more than 35 months prior to the date of re-evaluation if none of the drivers have had new accidents or violations since the premium for that policy term was determined. The policy premium shall be adjusted accordingly, as of the date of the named insured's request, based on the revised point total.

Clean Driver Classification – Drivers with zero BI/PD points are classified as “Clean” drivers.

Clean at Inception - To be considered Clean at Inception, there must be no claims or violations during the Accident and Violation Evaluation Period and zero BI/PD points for all eligible-to-be-rated drivers at new business policy inception.

For purposes of this rule, Not-at-fault Accidents (NAF) and Comprehensive claims that are not permitted for use in rating will not be included in the Clean at Inception determination.

Refer to the rate manual for the violation codes and violation class codes assigned to violations and accidents.

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**D05 – Unverifiable Driving Record**

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When the Company attempts to obtain a driving record from the state's Bureau of Motor Vehicles that issued the license or a similar agency and the record is not provided, we will assess that driver the number of points indicated in the violation points table in the rates filing. The date assigned to the violation is the day before the date the driver is included on the policy term. The points will be removed when the Company receives a valid driving record, either from the driver or in accordance with its normal driving record ordering practices. Upon receipt of a driving record, any points associated with violations/accidents that are disclosed on the driving record will be added.

Drivers under age 18 will not be charged with unverifiable driving record points.

For drivers with a Unverifiable Driving Record, the number of years licensed does not begin to increment until the first time the driver's age increments after the Company receives a valid driving record.

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Any driver who does not have a valid U.S. or Canadian license issued from the province of New Brunswick but has a valid foreign license, international driver's license or Canadian license from any other province will be assessed the number of points indicated in the Violation Points table in the rates filing. The date assigned to the points will be the day before the driver is included on the policy term.

Those points are deleted at the first renewal after a valid U.S. license has been obtained, maintained for 12 months, and reported to the Company.

In addition, a driver who would be assessed such points and who (a) has never been issued a U.S. license, and (b) has driven out of the country because of U.S. military duty or a driver with a Canadian license from a province other than New Brunswick will not have the points assessed if such driver presents the Company with a motor vehicle report that is issued in English by a Canadian governmental agency within the past 30 days.

For drivers with a Foreign Driver's license, the number of years licensed does not begin to increment until the first time the driver's age increments after the Company receives a valid driving record.

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Drivers requiring an SR-22 are not eligible. Policies may not be written when a driver requiring an SR-22 resides with the named insured.

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**D08 – Youthful Driver Discount**

The Youthful Driver Discount is a composite of the following:

Clean Driver status, meaning the Youthful Driver has zero points.

A Good Student Discount is available to rated drivers, other than the primary named insured or spouse, under age 23 meeting qualifications A, B, and C below:

- A. The driver is enrolled as a full-time student in high school, college or vocational-technical school,
- B. The driver has a “B” average or better, or has at least a 3.0 average (out of 4.0), or ranks scholastically in the top 20% of the class, or is on the “Dean’s List” or “Honor Roll” of an accredited school.
- C. Has no At-Fault Accidents, no convictions for Moving Violations, no convictions for any felony or any offense related to drugs, marijuana or controlled substances, and no license suspensions for refusal to submit to chemical tests in the three years prior to the policy effective date

Proof of eligibility must be provided at the policy inception at each annual renewal.

A Teen Driver Discount is available to a driver under age 19 and a child of the primary named insured. To qualify for the Teen Driver Discount, a policy must have a Continuous Insurance Classification of C2, C3, or C4

A Distant Student Discount is available to an Eligible to be Rated Driver who is a child of the primary named insured, and who is under age 23 and is a full time student residing at an educational institution at least 100 miles from the garaging address of any covered vehicle, provided the student does not have regular access to a covered vehicle while at school.

At Fault and Not At Fault Accidents are described in Rule D04.

Refer to the rate pages for the Youthful Driver Discount eligibility and amount.

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**D09 – Driver Exclusions**

Any person required to be disclosed on the application, except the Named Insured, may be excluded from coverage under the policy. The violation and accident history of excluded drivers does not affect premium. The company will not pay for any claim arising from an accident or loss which occurs while any vehicle is being driven by any excluded driver.

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**D10 – Mature Driver Discount**

Operators eligible for the Mature Driver Discount must meet all of the following requirements:

- Be at least 55 years of age;
- Provide proof of successful voluntary completion of a motor vehicle accident prevention course (taught by an instructor approved by the Commissioner of Safety) within the past 3 years;
- Have had no accidents or violations in the past 35 months; and
- Have not had their license revoked or suspended in the past 3 years.

An approved course must be completed every three (3) years for the discount to remain in effect.

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**D11 – Driver's License Type Rating Factor**

License types are classified as follows:

- O = Operator – Personal Auto
- B = Commercial Vehicle/Business (non-chauffeur)
- C = Chauffeur
- P = Permit
- N = Not Licensed/State ID

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**P01 – Liability Limits**

Bodily Injury and Property Damage liability limits are required to be equal to or higher than the highest minimum financial responsibility limits required by law in any state in which a vehicle is garaged for more than two months out of the year. All vehicles on the policy with Liability Coverage must carry the same limits.

Refer to the rates filing for available limits (expressed in \$000's) and associated factors.

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**P02 – Uninsured Motorist BI Coverage**

The chosen Uninsured Motorist Bodily Injury (UMBI) limit applies to all vehicles with liability coverage.

UM/UIM limits cannot exceed the limits chosen for Bodily Injury Liability.

UM/UIM combined single limits are available only when Bodily Injury Liability combined single limits have been selected.

Refer to the rates filing for available limits (expressed in \$000's) and associated factors.

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**P03 – Underinsured Motorist Property Damage Coverage**

The chosen Uninsured Motorist Property Damage (UMPD) limit applies to all vehicles with liability coverage.

UMPD is available for any vehicle without Collision coverage.

UMPD limits cannot exceed those chosen for Property Damage coverage.

UMPD Coverage is subject to a \$200 deductible. This deductible does not apply if the vehicle involved in the accident is insured by the Company for Collision Coverage and UMPD Coverage and the operator of the vehicle has been positively identified and is solely at fault.

Refer to the rates filing for available limits (expressed in \$000's) and associated factors.

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**P04 – Medical Payments**

Medical Payments Coverage is only available on policies with Bodily Injury/Property Damage Liability Coverage. Chosen limits must be identical for all cars with liability coverage on a multi-car policy.

Refer to the rates filing for available limits and associated factors.

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**P05 – Comprehensive and Collision Coverages**

Collision coverage may not be purchased without Comprehensive coverage. Physical Damage only policies are not acceptable.

When a Loss Payee is shown on a vehicle, Comprehensive and Collision coverage are required for that vehicle.

Vehicles >25 years old are not eligible for Comprehensive and/or Collision coverage in the regular (other than PAM) program.

Refer to the rates filing for available deductibles and associated factors.

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**P06 – Optional Coverages**

The following optional coverages are only available when both Comprehensive and Collision coverages are written for the individual vehicle:

- A. Loan/Lease Payoff (LOAN)
- B. Rental Reimbursement (RENT)
- C. Roadside Assistance (ROAD)
- D. Additional Custom Parts or Equipment (ACPE)

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**P07 – Named Non-Owner Policies**

- A. Available for operators of non-owned private passenger vehicles.
- B. Non-owner policies provide liability protection for the named insured while driving a non-owned auto. The coverages available are BI, PD, and UM.
- C. A separate policy is required for each individual.
- D. Physical damage (CL and CP) for non-owner policies are not available.
- E. Non-owner coverage is not available for business use or artisan purposes.

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**P08 – Unacceptable Risks**

Risk acceptability at new business, during and after free look review, and at renewal is determined in accordance with the Company's current acceptance criteria, which:

- A. are not unfairly discriminatory;
- B. are compliant with applicable law and;
- C. address acceptability and/or verification of drivers, policies, vehicle types, vehicle garaging locations and vehicle use.

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**P09 – Reinstatement after Cancellation for Non-payment**

If a policy has been canceled for nonpayment of premium, eligible policies may be offered the option to reinstate. If the named insured on an eligible policy chooses to reinstate the cancelled policy in lieu of purchasing a new policy, the named insured must provide a written or recorded statement representing that for the time period between the effective date and time of cancellation and the date and time on which reinstatement is requested no motor vehicle accident involving a household member, accident involving a listed vehicle, or damage to a listed vehicle has occurred. No coverage shall be provided for such accidents or damage if the policy is reinstated.

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**P10 – Treatment of Total Loss Vehicles**

The policy will not automatically cancel if a vehicle on the policy is settled as a total loss.

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**P11 – Hardship Accommodation**

If the Company has determined that a hardship has occurred, and that the hardship will;

- A. prevent a named insured from obtaining a benefit under the Company's Rules, or
- B. result in the named insured suffering an adverse consequence in accordance with the Company's Rules;

the Company may choose to extend such benefit to, or not impose the adverse consequence on, the named insured.

The term "hardship" may include, but is not limited to, situations that involve:

- 1. Substantial physical loss to the residence of the named insured (e.g., loss caused by fire)
- 2. Death or serious illness within the named insured's immediate family
- 3. Military obligations
- 4. Bank error or other third-party error not contributed to by the named insured

A hardship accommodation must be requested by or on behalf of the named insured. Only current or recent named insureds are eligible. Notwithstanding anything contained in this Rule, this Rule shall never operate to cover a claim under an insurance policy issued by the Company.

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**P12 – Reserved for Future Use**

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**P13 – Prior Insurance Classification**

Prior Insurance Classification is determined by the number of days the primary named insured was without private passenger auto liability insurance during the six months immediately preceding the original inception date of the policy. Only classifications of A and B will be considered to have prior insurance.

If the Prior Insurance Classification differs between the primary named insured and spouse, the Company will use the more favorable of the two.

<b>Number of days without insurance</b>	<b>Classification</b>
0	A
1-31	B
no prior insurance or > 31 days without	C

Any insured that has provided documentation to show that they had no previous need for prior insurance will be considered to have prior insurance with 0 days coverage; provided that the sole cause of the lapse was that insurance was not required under the Tennessee Financial Responsibility statute.

Prior Insurance Classification is established at new business and does not change at renewal. For policies canceled and eligible for reinstatement, Prior Insurance Classification does not change at reinstatement. For policies rewritten as new business after cancellation, Prior Insurance Classification will be evaluated at the time of Rewrite.

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

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**P14 – Reserved for Future Use**

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**P15 – Compliant Without Insurance**

In the event there has been a lapse in coverage during the six months immediately preceding the inception of the Company policy, a Named Insured or spouse who meets the following criteria will be considered to have prior insurance:

If, at all times during the three years immediately prior to applying for insurance, the applicant either maintained proper insurance coverage or:

- A. Neither owned nor operated a vehicle in violation of the Tennessee Financial Responsibility Statute;
- B. Was on deployment in the United States military and was not required to have insurance;
- C. Maintained a self insurance certificate or indemnity bond.

A Named Insured or spouse meeting one of these criteria will be asked to verify the reason for no insurance or to complete an affidavit affirming they have not operated a vehicle.

A Named Insured or spouse that was not required to have insurance must take reasonable steps to obtain insurance within 15 days following the expiration of such reason.

If there is a lapse in coverage on the previous policy, we use the minimum liability limits required by state law and the minimum length of coverage to determine the rate. However, if the liability coverage limits or length of coverage were greater than the minimum, the customer can call for an adjustment to the rate.

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**P16 – Reserved for Future Use**

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**P17 – Low Payout Claim Forgiveness**

The Company will not increase premium based on any low-payout claim that occurs while the driver is continuously insured with the Company. A low-payout claim is one where the Company's loss payout from all coverages on a claim is equal to or less than \$500 (less all applicable deductibles).

There is no limit to the number of low-payout claims that will be subject to this rule.

Claims previously added to a policy are subject to the low-payout waiving criteria in effect and filed at that time.

Whether the \$500 threshold has been met will be determined by the Company through its claims adjusting process. The monetary amount of a claim payout will not be reduced by subrogation recoveries made by the Company.

Any associated violations related to the low-payout claim will be used to determine the rate.

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**P18 –Financial Responsibility**

A Financial Responsibility insurance score is ordered on the Named Insured only.

The Company uses the TransUnion TrueRisk<sup>SM</sup> Standard Auto Score TrueRisk numeric scores are assigned by Mile to Financial Responsibility Groups. Financial Responsibility Groups are used to determine tier assignment and selected rating factors.

Where a credit report cannot be obtained, or where a credit report consists only of inquiries, an insured will be assigned a neutral or better Insurance Score.

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

Financial Responsibility scores are ordered and Financial Responsibility Groups are assigned at New Business. The Financial Responsibility Group will remain the same at renewal unless a Financial Responsibility score is reordered in accordance with the Financial Responsibility Re-Order procedure.

Financial Responsibility Re-Order procedure - At the request of the Named Insured, the Company shall re-order credit information, recalculate the insurance score, and evaluate the insurance score to determine if it would place the policy in a better financial responsibility tier (based on the Bodily Injury financial responsibility tier factor). If the new financial responsibility tier is a better tier, the insured will be placed in that tier. The named insured or his authorized agent may not, however, make such a request more often than once in any 12- month period. The change is effective as of requested date.

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P18 – Financial Responsibility (continued)

TrueRisk Score Range		Mile
From	To	Financial Responsibility Group
818	884	A1
804	817	B1
791	803	C1
776	790	D1
760	775	E1
741	759	F1
720	740	G1
697	719	H1
673	696	I1
647	672	J1
618	646	K1
587	617	L1
553	586	M1
517	552	N1
478	516	O1
436	477	P1
386	435	Q1
300	385	R1

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**P19 – Reserved for Future Use**

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**P20 – Reserved for Future Use**

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**P21 – Multi-Car Status**

Multi-car status applies if there is more than one motor vehicle in the household. Refer to the rates filing for corresponding factors and coverages to which they apply.

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**P22 – Homeowner Status**

Homeowner status applies if the named insured or resident spouse's primary residence is a house or condominium owned by the named insured or resident spouse. Mobile Homes do not qualify for homeowner status.

Mobile Home Owner status applies if the named insured or resident spouse's primary residence is a mobile home permanently fixed to a foundation and owned by the named insured or resident spouse.

The Company may take reasonable steps to verify this information.

Refer to the rates filing for corresponding factors and coverages to which Homeowner or Mobile Home Owner status applies.

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**P23 – Reserved for Future Use**

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**P24 – Electronic Funds Transfer**

"EFT" is defined as an Electronic Funds Transfer from the insured's checking account to the Company.

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**P25 – Advance Shop Days**

For purposes of determining the Advance Quote Factor, the Advance Shop Days are defined as the number of days between the date a customer initiates a quote with the Company and the policy effective date.

A policy in which the primary named insured (PNI) is single and not eligible-to-be-rated, the PNI is married and the PNI and spouse are both not eligible-to-be-rated, or the Prior Insurance Classification is B or C will receive an Advance Quote Factor of 1.0 in the rate order of calculation.

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

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**P26 – Reserved for Future Use**

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**P27 – Reserved for Future Use**

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**P28 – Continuous Insurance Discount**

New Business

At new business, the Continuous Insurance Discount is calculated by determining the length of time the named insured(s) including spouse(s) have been continuously covered under private passenger automobile liability insurance policies issued by another carrier. When multiple named insureds and/or spouses are involved, we will use the least number of months of continuous coverage for any one of the individuals. In order to qualify for the discount at new business, the policy must qualify for prior insurance classification A or B.

Continuous Insurance Discount levels are as follows:

- A. C2 – 60+ months continuous prior insurance immediately preceding the current term, any prior carrier.
- B. C3 – 36-59 months continuous prior insurance immediately preceding the current term, any prior carrier.
- C. C4 – 12-35 months continuous prior insurance immediately preceding the current term, any prior carrier.
- D. C5 – 1-11 months continuous prior insurance immediately preceding the current term, any prior carrier.
- E. C9 – New business with no prior insurance

Renewal

At renewal, the discount level will be determined by the following criteria and implemented according to the rate manual exhibit:

- A. If, at new business, the policy qualified for the C3 Level, the policy will remain in the C3 Level until the number of months the named insured or spouse has been continuously covered under Mile and prior policies reaches 60, at which time, the policy will be moved up to the C2 Level. ;
- B. If, at new business, the policy qualified for the C4 Level, the policy will remain in the C4 Level until the number of months the named insured or spouse has been continuously covered under Mile and prior policies reaches 36, at which time, the policy will be moved up to the C3 Level. ;
- C. If, at new business, the policy qualified for the C5 Level, the policy will remain in the C5 level until the number of months the named insured or spouse has been continuously covered under Mile or prior policies reaches 12, at which time, the policy will be moved to the C4 level; or
- D. If, at new business, the policy qualified for the C9 Level, the policy will remain in the C9 level until the number of months the named insured or spouse has been continuously covered under Mile policies reaches 12, at which time, the policy will be moved up to the C4 Level.

Continuous coverage means no lapse or gap in coverage between policy terms preceding the initial Mile policy inception and no lapses, gaps or cancellations during the policy period or between renewal terms while covered under a Mile policy.

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

Refer to the rates filing for corresponding factors and coverages to which they apply.

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**P29 – Residency Rewards**

Residency Rewards is a factor based on length of residency and policy tenure expressed in months. The length of residency is determined by the duration of time that the named insured has resided at the current address listed on the policy. The duration of time is calculated by measuring the length of time between the date on which the insured most recently began residing at the address and the policy effective date. The factor will apply only to policies with a prior insurance classification of C. Length of Residency will be classified into one of the following categories:

A = 0-11 months

B = 12 or more months

X = N/A

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

Refer to the rate factor pages for corresponding factors and coverages to which they apply.

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**P30 – Three-year Safe Driving Discount**

This discount applies if all the following conditions are met:

- a. None of the eligible to be rated drivers has any occurrences that have an AAF, MAJ, MIN, SPD, DWI or NAF class codes during the Chargeable Period for Points Assignment;
- b. There are no Permissive Use At-fault accidents on the policy during the Chargeable Period for Points Assignment;
- c. The Prior Insurance Classification is “A” or “B”; or the named insured or spouse has been insured by the Company for at least 24 months prior to the inception of the term; and
- d. The age of one or more of the eligible to be rated drivers is greater than or equal to 19.

The discount will be removed if an eligible to be rated driver who does not meet the criteria is added to the policy.

At Fault and Not At Fault Accidents are described in Rule D04.

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

Refer to the rate filing for corresponding factors and coverages to which they apply.

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**P31 – Full Coverage Status**

For the purposes of this rule, "full coverage" means that a vehicle on the policy has bodily injury, property damage, and collision coverage. When changes are made that effect the "full coverage" of any vehicle on the policy, the Full Coverage Status will be updated as of the effective date of the change.

A - All insured vehicles on the policy are covered for Collision coverage.

S – Some insured vehicles on the policy are covered for Collision coverage.

N - No insured vehicles on the policy are covered for Collision coverage.

Refer to the rates filing for corresponding factors and coverages to which they apply.

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**P32 – Occupation/Education Rating**

Occupation/education rating factors will be applied based on the most favorably ranked pairing of occupation and education for the eligible-to-be-rated primary named insured or spouse.

The education level will be classified into one of the following eight categories:

- X) Unknown
- 1) No high school diploma or GED
- 2) High school diploma or GED
- 3) Vocational/trade school degree or military training
- 4) Some college
- 5) Currently in college
- 6) College degree
- 7) Graduate work or graduate degree

For each eligible-to-be-rated primary named insured or spouse, their occupation is categorized into an occupation group that is paired with that driver's education level. After a ranking for each driver's education and occupation has been assigned the best ranked combination will be used.

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

Refer to the rates factor pages for the occupation codes to group assignment, the education/occupation ranking, and the corresponding Education/Occupation factors and coverages to which they apply.

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**P33 – Household Member Factor**

The number of cars and number of rated drivers are used to determine the Household Member Factor. Household members refer to all Eligible to be Rated drivers and all List-Only and Excluded drivers and all relatives residing in the insured household over age 15.

Use Household Member Factor Table 1 if all Household Members are over age 20 or if any Household member is not Eligible to be Rated.

Use Household Member Factor Table 2 if all Household Members are Eligible to be Rated and any Household Member is under age 21.

Refer to the rates filing for corresponding factors and coverages to which they apply.

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**P34 – Household Structure Factor**

A factor will be applied to all policies based on the "Household Structure".

When changes are made to a policy that affect the "Household Structure" of the policy, the Household Structure Factor will be updated as of the effective date of the change.

For purposes of this rule, the term "Youthful" refers to drivers under the age of 21. The "Youthful Driver Count" counts eligible to be rated, excluded and list only "youthful" drivers, excluding anyone who qualifies for Permit Rating treatment.

Refer to the rate factor pages which show how the "household structure" is determined, corresponding factors and coverages to which they apply.

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**P35 – Recent Non-Mile Auto Claims**

The number of Non-Mile Auto AAF that occur in the 12 months preceding the driver add date will be counted for all eligible-to-be-rated drivers.

At Fault and Not At Fault Accidents are described in Rule D04.

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**P36 – Length of Vehicle Ownership**

Length of vehicle ownership is based on the length of time the vehicle has been owned or leased at the time the vehicle is added to the policy.

The length of vehicle ownership will be classified into one of the following categories for which a factor will be assigned:

- A - Less than 1 year
- B - 1-2 years
- C - 3-4 years
- D - 5 or more years
- X - unknown

Refer to the rate factor pages for corresponding factors and coverages to which they apply.

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**P37 – New Business Five Year Accident Free Discount**

This discount applies at the time of sale or within 31 days of the new business policy term effective date if all of the following conditions are met:

- A. None of the eligible to be rated drivers have any occurrences of an at-fault accident during their Accident and Violation Evaluation Period.
- B. None of the eligible-to-be-rated drivers have any occurrence of a Non-Mile NAF class code during the Accident and Violation Evaluation Period.
- C. None of the eligible to be rated drivers have any occurrences of an unverifiable driving record or a foreign driver's license during the chargeable period.
- D. The age of one or more eligible to be rated drivers is greater than or equal 21; and
- E. If the policy term is the new business term, the prior insurance classification is "A" or "B".

The discount will be removed if an eligible to be rated driver who does not meet the criteria is endorsed on the policy.

At Fault and Not At Fault Accidents are described in Rule D04.

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

Refer to the rates filing for corresponding factors and coverages to which they apply.

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**P38 – Five Year Claims Free Discount**

This discount will be applied if all of the following conditions are met:

- A. None of the eligible to be rated drivers have any occurrences of an at-fault accident during their Accident and Violation Evaluation Period.
- B. None of the eligible-to-be-rated drivers have any occurrence of a NAF class code during the Accident and Violation Evaluation Period.
- C. None of the eligible to be rated drivers have any occurrences of an unverifiable driving record or a foreign driver's license during the chargeable period.
- D. The age of one or more eligible to be rated drivers is greater than or equal 21; and
- E. If the policy term is the new business term, the prior insurance classification is "A" or "B".
- F. The current policy has been active for at least 60 months.

The discount will be removed if an eligible to be rated driver who does not meet the criteria is endorsed on the policy.

At Fault and Not At Fault Accidents are described in Rule D04.

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

Refer to the rates filing for corresponding factors and coverages to which they apply.

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**P39 – Claims and Violations Counts**

Mile and Non-Mile claims during the Accident and Violation Evaluation Period are counted at the violation code level for all eligible-to-be-rated drivers. All PUA and PUN claims are counted regardless of driver status.

Claims are defined to include the following violation codes: AAF, NAF, CMP, CMU, ANO, ANC, PUA, PUN.

Mile and Non-Mile violations during the Accident and Violation Evaluation Period are counted at the violation class code level for all eligible-to-be-rated drivers. FDL violation codes are not included in the MAJ class violation count.

Violations are defined to include the following violation classes: MAJ, MIN, SPD, DWI.

In the event of same day offenses, the occurrence that would have been assigned the highest Bodily Injury point charge during the Chargeable Period for Points Assignment will be the claim or violation that is included in the Claims and Violations Count. In the event that the same day offenses have the same Bodily Injury point charge, the offense occurring first alphabetically will be included in the Claims and Violations Count.

At Fault and Not At Fault Accidents are described in Rule D04.

Refer to the rate factor pages for the violation code to violation class assignment.

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**P40 – Prior Insurance Bodily Injury Limits**

Prior BI Limits code is determined by the Bodily Injury limits provided by the non-Mile insurance policy immediately preceding the inception date of the first (new business) term of the policy.

Prior BI Limits	Code
State minimum limits or less or Compliant Without Insurance	1
Greater than state minimum but < 50/100	2
Greater than or equal to 50/100, but < 100/300 or 100 CSL	3
Greater than or equal to 100/300 or 100 CSL, but < 250/500 or 300 CSL	4
Greater than or equal to 250/500 or 300 CSL	5
Prior Insurance without BI limit	N
No Prior Insurance or > 31 days without	X

Renewal policies retain the Prior Insurance BI Limit classification from the preceding term.

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

Refer to the rate factor pages for corresponding factors and coverages to which they apply.

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**P41 – Nonpay Cancel Notice/Nonpay Reinstate Count**

Payment Behaviors are occurrences of Nonpayment Cancel notices and Reinstates After Cancellation for Nonpayment within the most recent 2 terms for 6-month policies and the most recent term for 12-month policies.

Refer to the rate factor pages for corresponding factors and coverages to which they apply.

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**P42 – Addition Endorsement Count**

Vehicle endorsements are counts of mid-term motor vehicle additions or replacements with differing effective dates, made after the inception date of the policy, and in the 12 months preceding renewal.

Refer to the rate factor pages for corresponding factors and coverages to which they apply.

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**P43 – Rewrite Code**

A Mile policy that has been canceled and re-written with Mile within 31 days will be classified as follows:

C = Spinoff policy from parent to child or other in-force policy  
O= Moved out of state and required new policy  
R = any other Rewrite reason.

A policy which is not a rewrite will be assigned Rewrite code = N.

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**P44 – Non-Servicing Agent Factor**

A Non-servicing Agent sells Company policies but does not provide customer service post sale. A factor will be assigned to address differing costs incurred in this distribution channel.

Refer to the rate factor pages for corresponding factors and coverages to which they apply.

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**P45 – Tenure with Mile**

Tenure with Mile is determined by the number of months elapsed from the effective date of the initial Mile new business policy term and the effective date of the current term, provided the policy has not canceled, been re-written or incurred a lapse of more than 30 days. If continuous coverage with Mile has been interrupted by a cancellation, expiration or lapse of more than 30 days, tenure will be determined by the effective date of the Mile policy term beginning after the most recent coverage interruption.

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**P46 – Summary of Coverage Abbreviations**

The following abbreviations for coverages are used within the rates filing:

Bodily Injury (BI),  
Property Damage (PD),  
Medical Payments (MED),  
Uninsured Motorist Bodily Injury (UMBI),  
Uninsured Motorist Property Damage (UMPD),  
Comprehensive (COMP),  
Collision (COLL),  
Additional Custom Parts or Equipment (ACPE),  
Rental Reimbursement (RENT),  
Roadside Assistance (ROADSIDE/TOW),  
Loan/Lease Payoff (LOAN)

Refer to the rates filing for coverage limit and deductible offerings.

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**P47 – Monthly Rate Factor**

The rate calculation at the coverage level includes a Monthly Rate Factor determined by the number of months that the revision has been effective.

To determine the trend month for a policy, take the policy effective date less the new business rate revision effective date, divide by 30.5 days, and truncate the number to an integer. The resulting trend month will be used to select the Monthly Rate Factor from the Monthly Rate Factor Table included in the rate filing. This Factor will be used for the duration of the policy term. Month 0 is defined as the first 31-day period [days 0 - 30]; Month 1 is the second 30-day period [days 31 - 60]; Month 2 is the third 31-day period [days 61 - 91] and so on.

Monthly Rate Factors will be used with new and renewal business. The Monthly Rate Factor used to calculate the premium for a new or renewal policy term is determined by the effective date of the new or renewal term and shall be applied to any premium changes caused by the endorsements during the term and is not recalculated for the month in which the endorsement occurs.

Refer to the rates filing for corresponding factors and coverages to which they apply.

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**P48 – Automatic Card Payments**

"Automatic Card Payments" are defined as recurring credit or debit card charges on the insured's credit/debit card account to the Company.

To be eligible for Automatic Card Payments, a named insured:

- May not use a non-reloadable prepaid card;
- Must make the down payment with a Credit/Debit Card and the same card must be used for the future payments; and
- Must provide a valid email address.

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**P49 – Reserved for Future Use**

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**P50 - Porsche America Program (PAM)**

A special program for Porsche owners is distributed through our partnership with Porsche. Maximum value for PAM vehicles is \$300,000. All vehicles in the program will be rated on a Stated Amount basis.

The Porsche America Program is referenced as PAM in the rates filing.

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**P51 – Mile and Non-Mile Incidents**

Claims, violations and other incidents occurring prior to the inception of the initial Mile policy term or when Mile coverage is not in force are referred to as Non-Mile incidents.

Claims, violations and other incidents occurring during the period when a Mile policy is in force are referred to as Mile incidents.

Claims resulting in no paid loss will not be used to assign points or affect any other rating or eligibility classification.

At Fault and Not At Fault Accidents are described in Rule D04.

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**P52 – Reserved for Future Use**

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**V01 – Vehicle Symbols**

Vehicle symbols will be assigned to all vehicles.

Make symbol: This identifies the vehicle make.

Model symbol: This identifies the vehicle model.

Style symbol: This identifies the vehicle body type, number of doors, wheel drive, and number of cylinders.

- A. The make symbol, model symbol, style symbol, and vehicle model year are used to determine factors as set forth in the rate factor pages.
- B. Vehicle symbols and a luxury vehicle indicator will be assigned to all vehicles. When any vehicle is classified as being a luxury vehicle, a "Luxury Vehicle on Policy" indicator will also be set.
- C. For new model releases without a model in the previous model year, and for new versions of models from the previous model year, the Company will assign a symbol and factor based on a similar vehicle. These assignments are what the Company believes are most appropriate for the vehicle based on similar vehicle makes and vehicle models.

Vehicles in the regular (other than PAM) program with Actual Cash Value in excess of \$100,000 are not eligible for coverage.

The Company reserves the right to rate vehicles in the regular (other than PAM) program on a Stated Amount basis if an appropriate symbol cannot be determined.

Refer to the rates filing for corresponding factors and coverages to which they apply.

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**V02 – Stated Amount Rating Basis**

Physical Damage for all vehicles covered under policies in the PAM program, regardless of make, will be rated on a Stated Amount basis. The applicant is responsible for determining the Actual Cash Value of a Stated Amount vehicle at the policy's inception and at each annual renewal. The company reserves the right to request validation of the Stated Amount and to adjust the Stated Amount to ensure accurate rating and appropriate coverage.

Substitute the Stated Amount Factor for the Symbol Factor for the following Coverages:

- Comprehensive
- Collision
- Loan

Use the vehicle's assigned Symbol Factor for all other coverages. Porsche makes with Actual Cash Value in excess of \$300,000 are ineligible in the PAM program. Other makes with Actual Cash Value in excess of \$150,000 are ineligible in the PAM program. Vehicle Makes covered under the regular program with Actual Cash Value in excess of \$100,000 are ineligible.

Vehicles covered under the regular (other than PAM) program may be rated using Stated Amount basis at the company's option if a symbol does not exist or if the symbol does not adequately describe the vehicle's value or repair and replacement cost.

Refer to the rates filing for the corresponding stated amount rating factors and coverages to which they apply.

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**V03 – Model Year**

The model year of the private passenger automobile is the year assigned by the original automobile manufacturer. If the auto is rebuilt or structurally altered, then the model year of the chassis determines the model year of the automobile.

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**V04 – Vehicle Age**

Vehicle Age is calculated by subtracting the Model Year for the automobile from the applicable Base Model Year. A Vehicle Age less than 0 will be rated at Vehicle Age 0. The applicable Base Model Year is equal to the year the policy term is effective.

Select the corresponding Symbol or Stated Amount Vehicle Age factor according to the vehicle's Uninsured Motorist Property Damage, Comprehensive, Collision, and Loan/Lease Payoff rating basis.

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**V05 – Vehicle Garaging Location Rating**

Vehicles are rated based on the zip code in which the vehicle is principally garaged.

Refer to the rates filing for corresponding factors and coverages to which they apply.

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**V06 – Vehicle Use Definitions**

Use and Acceptability

Pleasure - vehicles not used for commercial purposes or commuting to work or school;

Commuting - vehicles used to drive back and forth to work or school;

Business (Not Acceptable) - vehicles used in any occupation, trade, or business or for any profit, revenue, or consideration; and

Farm (Not Acceptable) - vehicles used primarily on a farm, ranch, or orchard.

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**V07 – Business Use Surcharge**

A surcharge applies for any vehicle classified for acceptable business use.

Refer to the rate factor pages for corresponding factors and coverages to which they apply.

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**V08 – Porsche Package Endorsement (PPE)**

The Porsche Package Endorsement provides enhanced physical damage coverages. The Porsche Package Endorsement is an optional endorsement available for an additional premium to insureds in the Porsche America Program (PAM).

Refer to the rates filing for corresponding factors and coverages to which they apply.

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**V09 – Excess Vehicle Factor**

The driver count includes all eligible-to-be-rated drivers and drivers with an issued named driver exclusion form. The driver count excludes drivers with learner's permits as specified in Rule D02.

If there are any drivers with an issued named driver exclusion form, the rating factor for Excess Vehicle is set to 1.0.

If the number of motor vehicles exceeds the number of drivers counted, then there are excess vehicles. The count of excess vehicles is the difference between the number of motor vehicles and the number of counted drivers.

Which motor vehicles are considered excess is determined by applying the following criteria in the following order:

1. Oldest Model Year, or Oldest Model Years if there is more than one excess vehicle
2. Lowest BI Symbol factor, or Lowest BI Symbol factor if there is more than one excess vehicle
3. Last Vehicle Listed

Refer to the rates filing for corresponding factors and coverages to which they apply

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**V10 – Vehicle Tenure**

For the current policy, the number of months between the date the vehicle most recently became insured on the policy and the effective date of the current policy term. For vehicles added mid-term, a vehicle tenure of 0 will be assigned until the next renewal.

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**V11 – Reserved for Future Use**

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**V12 – Smart Technology Discount**

A vehicle is eligible for a Smart Technology Discount if the vehicle is equipped with any of the following factory installed features:

- Automatic emergency braking
- Blind spot warning

Refer to the rate factor pages for corresponding factors and coverages to which they apply.

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**X01 – Tier Placement Definition**

Tier placement is determined by the interaction of the following variables:

1. Prior insurance history;
2. Claims and violations counts;
3. Clean at inception;
4. Number of eligible to be rated drivers;
5. Payment behaviors;
6. Number of vehicle endorsements;
7. Number of vehicles;
8. Tenure with Mile;
9. Current policy tenure;
10. Number of recent non-Mile claims;
11. Rewrite reason;
12. Continuous Insurance Discount;
13. Three year safe driving discount; and
14. New business five year accident free discount

At Fault and Not At Fault Accidents are described in Rule D04.

Applicants with no previous need of insurance as defined in rule P15 – Compliant Without Insurance are treated in a rate neutral fashion.

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**X02 – Tier Movement**

Policies will be subject to an underwriting review for tier movement at every renewal. A policy will maintain the current tier or be placed in a higher rated tier based on new claims or violations or new vehicle endorsements since the last underwriting review.

If a policy is not placed in a higher rated tier at the underwriting review, the policy may qualify for a lower rated tier based on the count of claims or violations within the Accident and Violation Evaluation Period, and current policy tenure.

At Fault and Not At Fault Accidents are described in Rule D04.

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