

CALIFORNIA COMMERCIAL AUTOMOBILE INSURANCE PLAN (CAIP)

FREQUENTLY ASKED QUESTIONS

1. IS THERE A RATING MECHANISM FOR COMMERCIAL APPLICATIONS?

- a. **NO!** The manual has the tools to help manually rate the policy. (See below for copies of the rating worksheets.) If you want to submit the application with a deposit without rating, see **SEC. 44. (Rating Examples are at the end of the FAQs.)**

2. APPLICANTS ELIGIBLE FOR PLAN-SEC. 40

- a. California Residents and nonresidents of the state only with respect to vehicles registered in the state, however an applicant who has recently moved to California can reregister vehicles.
- b. **Risks Eligible for Assignment-SEC. 40**
 - i. All applicants shall be assigned to a servicing carrier and pooled in CAIP except for the following:
 - 1. Private Passenger nonfleet
 - 2. Miscellaneous nonfleet personal vehicles including the following types that are registered with the DMV
 - a. Motor homes
 - b. Campers
 - c. Dune Buggies
 - d. All-terrain vehicles
 - e. Antique autos
 - f. Snowmobiles
 - g. Golf carts
 - h. Motorcycles, motor scooters, motorbikes, trail bikes, and mopeds
 - 3. Named nonowner applicants

3. APPLICANTS NOT ELIGIBLE FOR PLAN-SEC. 40

- a. Applicant will **NOT** be eligible for coverage under the following circumstances:
 - i. If any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license, EXCEPT if that person's driving privilege has been suspended or revoked and can be restored upon the filing of proof of insurance.
 - ii. Anyone who usually drives the motor vehicle fails to meet all obligations to pay to any insurer any automobile insurance premiums own on a policy.
 - iii. Insured has failed to obtain a producer of record.

4. REQUIRED DOCUMENTS TO BE SUBMITTED WITH THE APPLICATION-SEC. 41

- a. Each new application submitted to the Plan shall be accompanied by a legible copy of **EACH** of the following:

- i. the current, valid driver's license, temporary license, or operating permit of the applicant and all principal operators, including out of state and international licenses. *if physical copy of license is unavailable due to suspension or revocation, indicate such on the application.
- ii. The current vehicle registration or, if not available, a document showing proof of vehicle ownership.
- iii. ***The Producer shall complete and submit a **CAIP Inspected Units Form** with each commercial application submitted for an applicant who requires Federal Highway Administration (FHWA) or Federal Motor Carrier Safety Administration (Motor Carrier Act of 1980 or Bus Regulatory Act of 1982-Motor Carrier Endorsement-MCS 90 or 90 B) filings or endorsements.

5. PREMIUM PAYMENT OPTIONS-SEC. 44

- a. Full Annual Premium is acceptable, however, if the premium check is inadequate, the outstanding premium balance shall be due within 30 days of the date of the premium notice
- b. Advance Premium Payment Option
 - i. A deposit of 40% of the estimated total annual premium or a minimum deposit per vehicle or power unit, which ever is greater.

The minimum deposit premium requirements per vehicle or power unit are as follows:

- 1. Private passenger automobiles-\$125 per vehicle
- 2. Extra Heavy Trucks and Truck-Tractors-\$5,000 per power unit
- 3. Any other Commercial Vehicle-\$1,000 per power unit

- c. Refer to Section 44 of the CA ARP Manual for additional Payment Plan Options

6. EFFECTIVE DATE OF COVERAGE-SEC. 46

- a. In no event shall coverage be effective prior to the date and time of completion, signing, and dating of the application forms. All applications, supporting documentation and deposit need to be **MAILED** to the Plan **WITHIN 2** working days of submitting the application into EASi.
- b. In the event of a future effective date of coverage is requested by the producer of record, coverage shall become effective as of 12:01 am on the future date requested provided all the following requirements are met:
 - i. Future date cannot exceed 45 days from the date of application completion.
 - ii. The producer and applicant certify on the application the date and time of the future effective date of coverage.

7. MAKING CHANGES-SEC. 47 & SEC. 48

- a. For additional vehicles or coverages, the policy change shall be submitted directly to the servicing carrier no later than 3 working days after its receipt by the producer, the addition of vehicles requires a 25% deposit of the new premium, if the deposit is not received, the Producer may be subject to a **complaint** filed by the carrier.

- b. For Broker of Record Changes go to: <https://www.aipso.com/Plan-Sites/California-ARP>. Scroll to Forms and find either **Commercial Agency Change** or **Commercial Producer Change Authorization** form(s).

8. CANCELLATIONS-SEC. 51

- a. If the insured requests cancellation, the return premium shall be calculated at .90 of the pro rate unearned premium for the period of coverage, subject to a minimum premium of \$250 per vehicle or policy, whichever is greater.

9. COMMISSION-SEC. 52

- a. The designated servicing carrier to which an assignment has been made shall pay the producer a commission for the producer's services in accordance with the following
 - i. **Long Haul Trucking Risks and Public Automobile Risks:** Commission shall be 5% of the written premium.
 - ii. **For Other Classes of Business:** Commission shall be 12% of the written premium.

10. WHEN WILL THE CARRIER SEND OUT THE POLICY? -SEC. 54

- a. The carrier has 30 days to send out the New Commercial Business Policy.

11. CLAIM HANDLING-SEC. 54

- a. The servicing company shall be responsible for handling all claims responsibly and promptly in accordance with the terms of the policy contract.

12. PRODUCER PERFORMANCE AND COMPLAINTS-SEC. 20

- a. Complaints may be issued by the carrier regarding the noncompliance of Plan rules. If the complaints are found to be valid, the Producer may be presented to Peer Review and if found in violation of plan rules may be reported to the Department of Insurance. *The two most common complaints are Returned Commission and Failure to Provide Payment to Add Vehicles.

13. WHEN WILL I KNOW WHAT COMPANY MY APPLICANT WAS ASSIGNED TOO?

- a. As soon as the application is assigned, you will be able to see the assignment on EASi 2.0 and a copy of the assignment notice will be mailed to you and applicant.

14. WHY CAN'T I LOGIN INTO EASi 2.0?

- a. If you have forgotten your password or your password has expired, you can reset it on EASi 2.0.
- b. If you are still having trouble, you can call the Plan office at 800-622-0954 or 866-602-8861 (Low Cost number) to check your Producer Certification status.

15. WHAT TO SEND TO THE PLAN?

- a. While the application has been submitted in the EASi 2.0 website, it does not mean that the application has been received by the Plan. You will need to **MAIL** the signed application, supporting documents and payment to the Plan.
- b. The commercial application is paid by **certified funds or by an agency trust account check**.
- c. Mail the entire package to:
 - i. CAARP, PO BOX 6530, PROVIDENCE, RI 02940
 - ii. FEDEX ONLY: CAARP, 302 CENTRAL AVE., JOHNSTON, RI 02919

16. WHAT IF THE APPLICATION IS RETURNED?

- a. When the Plan receives an incomplete application, the entire application and payment is returned to the Producer with a letter that explains the deficiencies in the application
 - i. The Producer has 10 working days from the date of the return letter to complete the application package and return it back to the Plan. *Please submit a retraction form to the Plan if unable to return the application.

17. WHAT IF THE APPLICATION IS REJECTED?

- a. When the application cannot be corrected or there is something on the application that disqualifies the applicant, the Plan will reject the application. The entire application with all the documents and deposit will be returned to the Producer of Record. *A new application will need to be written if an application is rejected.

18. WHAT IF THERE IS A MISTAKE ON THE SUBMITTED APPLICATION?

- a. An application cannot be corrected once the application has been submitted in to EASi 2.0. The application will need to be retracted if there is an error through EASi 2.0 and a new application will need to be written. *if you have mailed the application to the Plan, it is too late! You cannot retract the application if it has been sent!

National Continental Insurance Company

PREMIUM CALCULATION

Territory: Oakland, Territory 060
Limits: \$1,000,000 CSL
Class Code: 575200

Taxicab			
rule 70/ commer. Auto rate	Liability Base Rate		\$11,554
rule 94	Rating Factor	x	1.00
rule 53	Increased Limit Factor	x	<u>2.10</u>
	Liability Premium		\$24,263
rule 57 (all others/ter)	UM @ 30/60		<u>\$55</u>
	Total Liability Premium		\$24,318

National Continental Insurance Company

PREMIUM CALCULATION

Territory: 59
Limits: \$750,000 CSL

Hired Car			
rule 123	Liability Base Rate		\$1,122
	Increased Limit Factor		1.98
	Pollution Liability Surcharge	x	<u>1.05</u>
	Total Liability Premium		\$2,333

Employer Non-Owned (ex. 0 employees)			
rule 124	Liability Base Rate		\$2,015
	Increased Limit Factor	x	<u>1.98</u>
	Total Liability Premium		\$3,990

Extra Heavy Truck Tractor - 5012 (ex. Intermediate)			
rule 72	Liability Base Rate		\$1,542
rule 74	Combined Rating Factor (3.00 + .65)	x	3.65
rule 54	Pollution Liability Surcharge	x	1.05
rule 53	Increased Limit Factor	x	<u>3.50</u>
	Liability Premium		\$20,884
rule 57(B.2.AO BOS) UM @ 30/60			<u>\$31</u>
	Total Liability Premium		\$20,715

Semi Trailer - 6719			
	Liability Base Rate		\$1,592
rule 74	Primary Rating Factor	x	0.15
	Pollution Liability Surcharge	x	1.05
	Increased Limit Factor	x	<u>1.98</u>
	Total Liability Premium		\$496

National Continental Insurance Company

PREMIUM CALCULATION

Territory: Zone 18-36
Limits: \$750,000 CSL

Hired Car			
rule 123	Liability Base Rate		\$1,122
	Increased Limit Factor	x	<u>1.98</u>
	Total Liability Premium		\$2,222

Employer Non-Owned			
rule 124	Liability Base Rate		\$2,015
	Increased Limit Factor	x	<u>1.98</u>
	Total Liability Premium		\$3,990

Extra Heavy Truck Tractor - 5013			
rule 73	Liability Base Rate		\$5,739
rule 74	Primary Rating Factor	x	1.45
rule 54	Pollution Liability Surcharge	x	1.05
rule 53	Increased Limit Factor	x	<u>3.00</u>
	Liability Premium		\$26,213
rule 57	UM @ 30/60		<u>\$31</u>
	Total Liability Premium		\$26,244

Semi Trailer - 8739			
	Liability Base Rate		\$5,739
	Primary Rating Factor	x	0.15
	Pollution Liability Surcharge	x	1.05
	Increased Limit Factor	x	<u>3.00</u>
	Total Liability Premium		\$2,712

National Continental Insurance Company

PREMIUM CALCULATION

Territory: Commerce, Territory 012
Limits: \$500,000 CSL
Class Code: 791400

Non-Emergency Ambulance			
comm. Auto rate (truck tractor)	Liability Base Rate		\$2,789
rule 133	Rating Factor	x	1.75
rule 53	Increased Limit Factor	x	<u>1.84</u>
	Total Liability Premium		\$8,981