



ACCIDENT/VIOLATION DISCOUNTS AND SURCHARGES

State Farm Fire and Casualty Company

Applicable to Vehicles Rated
As Private Passenger Cars

Effective July 15, 2005 New Business
Effective August 15, 2005 Renewals

(continued inside)

Like a good neighbor, State Farm is there.®

STATE FARM FIRE AND
CASUALTY COMPANY

Home Office:
Bloomington, IL 61710-0001

The following discounts and surcharges apply based upon the drivers' chargeable accidents and violations.

3-STAR DISCOUNT – The 3-Star Discount applies if the assigned drivers have had no at-fault accidents or minor violations during the past three years and no major violations during the past five years. There must also be at least one driver who has been licensed for three years and the household vehicles must not have been driven without liability insurance in violation of any financial responsibility or compulsory insurance requirement.

The 3-Star Discount will continue to apply as long as the drivers do not have any violations or chargeable accidents. Otherwise, the smaller 2-Star Discount will apply, and a surcharge may also apply.

2-STAR DISCOUNT – If the 3-Star Discount doesn't apply, the 2-Star Discount applies if the insured vehicle has not been driven without liability insurance in violation of any financial responsibility or compulsory insurance requirement during the past year. The premiums for the 2-Star Discount level are 20% higher than the premiums for the 3-Star Discount level for Liability, Personal Injury Protection, Comprehensive, and Collision Coverages, 36% higher for Uninsured and Underinsured Motor Vehicle Coverages, and 59% higher for all other coverages.

DRIVER RECORD SURCHARGES – Major violations, **minor violations**, and chargeable accidents incurred by the drivers of the vehicle may result in surcharges applied to Liability, Personal Injury Protection, and Collision Coverage premiums. The surcharge depends on the number and timing of the accidents or violations, and will remain in effect for up to three years.

At-fault accidents are those for which State Farm® made payments under the Property Damage Liability or Collision Coverage. In the event of a multiple vehicle accident, a property damage liability payment must have been made. **An at-fault accident is considered chargeable when the Company has paid \$750 or more under the Property Damage Liability and Collision Coverages combined.** (For accidents occurring prior to April 1, 1999, payments of \$400 or more under Property Damage Liability or, in the event of a single car collision, under Collision Coverage.)

An accident that occurred within the three years prior to the date of application will be considered at-fault if it resulted in death or bodily injury or damage to any property. An at-fault accident is considered chargeable if it resulted in death or bodily injury or damage to any property in the amount of \$750 or more (\$400 or more for accidents which occurred prior to April 1, 1999).

A multiple vehicle accident will not be considered at-fault, nor chargeable, if the driver was less than 50% liable.

For accidents that occurred prior to the date of application, the accident will not be considered at-fault, nor chargeable, if: (1) the accident was caused by contact with birds, animals, missiles, or falling objects, or (2) the car was lawfully parked, or (3) the operator of the car has been reimbursed by, or on behalf of, a person responsible for the accident or has a judgment against such person, or (4) the car was struck in the rear by another vehicle and the operator of the struck vehicle has not been convicted of a moving traffic violation in connection with the accident, or (5) the car was struck by a “hit-and-run” vehicle if the accident is reported to the proper authorities within 24 hours, or (6) the operator was not convicted of a moving traffic violation in connection with the accident, but the operator of the other vehicle involved in the

accident was convicted of a moving traffic violation, or (7) the operator was operating a vehicle of a type not eligible for rating under this Plan, or (8) the insurer recovered 80% or more of the insurer’s loss through subrogation when it was a collision loss, or (9) the accident resulted in a payment under Personal Injury Protection or Additional Personal Injury Protection Coverage and no payment is made under the Liability or Collision Coverages, unless the accident is a single vehicle accident in which damage to property occurs.

Major violations include: (1) driving a motor vehicle under the influence of intoxicants or drugs, (2) manslaughter (whether or not “involuntary”), reckless homicide or felonious assault arising out of the use of a motor vehicle, (3) reckless driving which results in an injury to a person, (4) failure to stop and report or identify oneself when involved in a motor vehicle accident, (5) operating a motor vehicle without a valid operator’s license or during a period of revocation or suspension of motor vehicle registration or operator’s license, and (6) operating a motor vehicle without the owner’s authority if such operation results in a felony.

Minor violations include traffic law offenses for speeding, stop sign and signal infractions, improper turns, failure to yield right of way, and similar offenses. A minor violation shall not be counted as a separate incident if it occurred in connection with a chargeable accident. If any violation is subsequently dismissed, it will no longer be considered a chargeable violation.

Each driver is assigned a Driver Record Level (DRL) based on their chargeable accidents and violations during the past three years. If there were no chargeable accidents or violations, the Driver Record Level is Level 1. Otherwise, the DRL is increased as shown below for each chargeable accident and violation:

Incident	Initial Year	Second Year	Third Year
Minor Violation	+2 levels	+1 level	+0 levels
Chargeable Accident	+3 levels	+2 levels	+1 level
Major Violation	+5 levels	+4 levels	+3 levels

If the incident occurred prior to the date of application, the DRL will be adjusted as if the incident had occurred within one year prior to the date of application, and will decrease for each year the incident is surcharged. However, the DRL will not be affected by an incident when the incident occurred at least three years prior to the effective date of the current renewal.

The Driver Record Surcharge for each individual driver is based on their Driver Record Level, as shown in the following table:

Driver Record Level	Driver Record Surcharge
1	0%
2	0%
3	0%
4	15%
5	50%
6	60%
7	70%
8	90%
9	110%
10*	140%

* Plus 50% for each additional level above 10

The accident surcharges apply to the vehicle the driver is assigned to rather than the vehicle involved in the accident.

Surcharges will be removed if satisfactory evidence is furnished that the driver involved is no longer a member of the household or will not be driving the car in the future. **If that driver is insured on another State Farm policy, the accident or violation will be considered in the rating of that policy.**

The following chart illustrates the surcharges that apply if one driver had the listed driving records. When more than one driver is assigned to a vehicle, the Driver Record Surcharge for each driver is added together to determine the total surcharge. For example, if one driver of the vehicle had an accident in the past year and another driver of the vehicle had a minor violation the surcharge for the initial year would be 15% (= 15% + 0%).

Driving Record	Surcharges		
	Initial Year	Second Year	Third Year
1 minor violation	0%	0%	0%
1 chargeable accident	15%	0%	0%
1 major violation	60%	50%	15%
2 minor violations			
Both occurred within past year	50%	0%	0%
One within past year & other one 1 year ago	15%	0%	0%
One within past year & other one 2 years ago	0%	0%	0%
2 chargeable accidents			
Both occurred within past year	70%	50%	0%
One within past year & other one 1 year ago	60%	15%	0%
One within past year & other one 2 years ago	50%	0%	0%
1 chargeable accident, 1 minor violation			
Both occurred within past year	60%	15%	0%
One within past year & other one 1 year ago	50%	0%	0%
One within past year & other one 2 years ago	15%	0%	0%
1 chargeable accident, 1 major violation			
Both occurred within past year	110%	70%	50%
Major violation within past year & accident 1 year ago	90%	60%	15%
Major violation within past year & accident 2 years ago	70%	50%	15%
Accident within past year & major violation 1 year ago	90%	60%	0%
Accident within past year & major violation 2 years ago	70%	0%	0%
1 minor and 1 major violation			
Both occurred within past year	90%	60%	15%
Major violation within past year & minor 1 year ago	70%	50%	15%
Major violation within past year & minor 2 years ago	60%	50%	15%
Minor violation within past year & major 1 year ago	70%	50%	0%
Minor violation within past year & major 2 years ago	60%	0%	0%

Additional surcharges apply for a higher number of incidents.

The following table shows some examples of how the accident surcharge works. These examples are not based on actual premium amounts and consider only the effect of accident surcharges. We have assumed that the policyholder has the accident records indicated and that the policyholder qualifies for the 3-Star Discount in the no-accident example.

A. One vehicle insured.

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident*	Premium including surcharge for two chargeable accidents*
Bodily Injury, Property Damage	\$ 80	\$ 96 - \$110	\$ 96 - \$163
Uninsured Motorist	5	7 - 7	7 - 7
Personal Injury Protection	40	48 - 55	48 - 82
Comprehensive	25	30 - 30	30 - 30
Collision	50	60 - 69	60 - 102
TOTAL PREMIUM	\$200	\$241 - \$271	\$241 - \$384

B. Two vehicles insured. Accidents chargeable to the principal operator of vehicle number one, while operating vehicle number one.

1. VEHICLE NUMBER ONE

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident*	Premium including surcharge for two chargeable accidents*
Bodily Injury, Property Damage	\$ 80	\$ 96 - \$110	\$ 96 - \$163
Uninsured Motorist	5	7 - 7	7 - 7
Personal Injury Protection	40	48 - 55	48 - 82
Comprehensive	25	30 - 30	30 - 30
Collision	50	60 - 69	60 - 102
TOTAL PREMIUM	\$200	\$241 - \$271	\$241 - \$384

2. VEHICLE NUMBER TWO

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily Injury, Property Damage	\$120	\$120	\$120
Uninsured Motorist	5	5	5
Personal Injury Protection	60	60	60
Comprehensive	40	40	40
Collision	75	75	75
TOTAL PREMIUM	\$300	\$300	\$300

* The surcharge decreases each year. For the two accident example, the surcharge depends on the timing of the accidents.