

Memorandum of Commercial Insurance and Subscription Agreement

This is a Memorandum of Insurance and a Subscription Agreement. Your signature at the end of this document is required. If our records do not show that you have provided us with a signed copy of this document, we reserve the right to terminate your coverage. Please keep a copy for your records.

Farmers Insurance Exchange

Policy Number:

Rates quoted reflect the rates in effect as of the date of this application and are subject to revision. The company reserves the right to accept, reject or modify this application after investigation, review of the application and review of all other underwriting information. The undersigned represents and warrants that he/she has applied for the insurance coverage(s) as set forth above, pursuant to an application entered into the insured's computer records, and hereby confirms that he/she supplied information so entered and warrants and represents that all such information is true and correct.

With your permission, we may use your credit history to run an "insurance score" for the purpose of underwriting or rating your policy. An insurance score is a number or rating derived from an algorithm, computer application, model or other process that is based wholly or in part on credit information. We use an insurance score to predict an individual applicant's or customer's future insurance loss exposure.

Applicable only to states with the privacy act: I have received a copy of the investigation practices and protection of your privacy form, which advises me of my rights concerning the investigative practices of the member companies and exchanges of the Farmers Insurance Group of Companies.

The property limits are only estimated values based upon the information provided to us by you and third parties. You are responsible for determining the appropriate Building and/or Business Personal Property coverage limits. Please also note that this estimate does not replace or supersede any term or condition of your policy and does not replace any required current professional appraisals or use of other estimating methods.

FRAUD WARNING STATEMENTS

All States (other than Colorado, District of Columbia, Florida, Oklahoma, Oregon and New York) - Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects the person to criminal and civil penalties. (In LA, ME, TN, VA and WA, insurance benefits may also be denied.)

Colorado - It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

District of Columbia - WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

Florida - Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Oklahoma - WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

Oregon - Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance and any person who intentionally makes a misrepresentation of a material fact in connection with obtaining or withholding Workers' Compensation or Occupational Disability coverages, payments or benefits may be guilty of a crime and may be subject to civil fines and criminal penalties.

Additional Fee Information

The following additional fees apply on an account, not a per-policy, basis.

In consideration of our agreement to allow you to pay in installments, the following service fee(s) will apply:

For the Monthly Recurring Electronic Funds Transfer (EFT) and fully enrolled in on-line billing (paperless) option, a service charge of \$ _____ per Installment is applied per account.

For the Monthly EFT payment plan, a service charge of \$ _____ per installment is applied per account.

For the 2-Pay payment plan option, a service charge of \$ _____ is applied per renewal term.

For all payment plans other than those listed above, a service charge of \$ _____ per installment is applied per account.

If your account is for payment of premium on more than one policy, any change in these fees will not be effective until the updated service fee information is provided for each of the policies.

In addition, the following fees also apply:

Late Fee: \$ _____ (applied per account)

Returned Payment Charge: \$ _____ (applied per each check, electronic transaction or other remittance which is not honored by your financial institution for any reason including but not limited to insufficient funds or a closed account)

Reinstatement Fee: \$ _____ (applied per account; over 30 days but under 6 months)

One or more of the fees or charges described above may be deemed a part of premium under applicable state law.

Subscription Agreement Notice

Insured

Effective Date

Policy Number

Agent Number

Farmers Insurance Exchange is a reciprocal, or interinsurance exchange insurance company. This form of insurance company is owned by its members (also called subscribers), and the members appoint a third party, called the Attorney-in-Fact, to conduct certain administrative services for the company.

To become a member of the Exchange, please sign the Subscription Agreement printed below. Under the Subscription Agreement, you will be appointing Farmers Underwriters Association to act as the Attorney-in-Fact. The Association has acted in this capacity since 1928. The Subscription Agreement provides for payment of compensation to the Association for its becoming and acting as Attorney-in-Fact. This compensation consists of a membership fee and a percentage of premiums on all policies of insurance or reinsurance issued or effected by the Exchange. These fees are included in your policy payment and are not an additional fee.

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Subscription Agreement

For and in consideration of the benefits to be derived therefrom the subscriber covenants and agrees with Farmers Insurance Exchange and other subscribers thereto through their and each of their attorney-in-fact, the Farmers Underwriters Association, to exchange with all other subscribers' policies of insurance or reinsurance containing such terms and conditions therein as may be specified by said attorney-in-fact and approved by the Board of Governors or its Executive Committee for any loss insured against, and subscriber hereby designates, constitutes and appoints Farmers Underwriters Association to be attorney-in-fact for subscriber, granting to it power to substitute another in its place, and in subscriber's name, place and stead to do all things which the subscriber or subscribers might or could do severally or jointly with reference to all policies issued, including cancellation thereof, collection and receipt of all monies due the Exchange from whatever source and disbursement of all loss and expense payments, effect reinsurance and all other acts incidental to the management of the Exchange and the business of interinsurance; subscriber further agrees that there shall be paid to said Association, as compensation for its becoming and acting as attorney-in-fact, the membership fees and twenty per centum of the Premium Deposit for the insurance provided and twenty per centum of the premiums required for continuance thereof.

The remaining portion of the Premium Deposit and of additional term payments made by or on behalf of the subscriber shall be applied to the payment of losses and expenses and to the establishment of reserves and general surplus. Such reserves and surplus may be invested and reinvested by a Board of Governors duly elected by and from subscribers in accordance with provisions of policies issued, which Board or its Executive Committee or an agent or agency appointed by written authority of said Executive Committee shall have full powers to negotiate purchases, sales, trades, exchanges, and transfers of investments, properties, titles and securities, together with full powers to execute all necessary instruments. The expenses above referred to shall include all taxes, license fees, attorneys' fees and adjustment expenses and charges, expenses of members' and governors' meetings, agents' commissions, and such other specified fees, dues and expenses as may be authorized by the Board of Governors. All other expenses incurred in connection with the conduct of the Exchange and such of the above expenses as shall from time to time be agreed upon by and between the Association and the Board of Governors or its Executive Committee shall be borne by the Association.

The principal office of the Exchange and its attorney-in-fact shall be maintained in the City of Los Angeles, County of Los Angeles, State of California.

This agreement can be signed upon any number of counterparts with the same effect as if the signatures of all subscribers were upon one and the same instrument, and shall be binding upon the parties thereto, severally and ratably as provided in policies issued. Wherever the word "subscriber" is used the same shall mean members of the Exchange, the subscriber hereto, and all other subscribers to this or any other like agreement. Any policy issued hereon shall be non-assessable.

On behalf of the named insured herein I have read the above Memorandum of Insurance and Subscription Agreement. I agree that the Memorandum of Insurance accurately summarizes the insurance for which the named insured has applied and on behalf of named insured I agree to the terms and conditions of the insurance as described in the Memorandum of Insurance. The named insured herein also agrees to be bound to all of the terms and conditions of the Subscription Agreement.

Subscribed to this _____ day of _____, 20____, a.m./p.m. X _____
Signature (If applicant is a minor, parent or guardian must also sign)