

LOYA CASUALTY INSURANCE COMPANY

FOR INFORMATION, OR TO MAKE A COMPLAINT, CALL:

Servicing Office: (915) 590-5692
1-800-554-0595
Claims Office: (915) 590-5692
1-800-880-0472

Address all correspondence to:
Service Office
1800 Lee Trevino, Suite 201
El Paso, Texas 79936

IMPORTANT NOTICE

The insured has made Loya Casualty Insurance Company (hereinafter called the Company) a written application attached hereto and incorporated by reference. Each and every statement of fact contained in the application, or any subsequent application, is hereby warranted by the insured to be true. The application and the particulars and statements contained therein are hereby agreed to be the basis of this policy, and any renewals of this policy, and shall any of these statements not be true, this policy shall be declared void from its inception date by the Company. Unless drivers residing with the named insured are named in the Declarations, coverage may not be afforded. If you desire coverage for drivers other than those shown, request your producer to have your policy amended to list the additional drivers.

TO REPORT A NEW LOSS OR IF YOU ALREADY HAVE A CLAIM NUMBER AND DESIRE INFORMATION CALL (800) 880-0472

FOR UNDERWRITING INFORMATION CALL (800) 554-0595

THESE POLICY PROVISIONS WITH THE DECLARATIONS PAGE AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THIS POLICY.

MEXICO WARNING

Unless "you" have automobile insurance written by a Mexican insurance company, "you" may spend many hours or days in jail, if "you" have an "accident" in Mexico. Insurance coverage should be secured from a company licensed under the laws of Mexico to write insurance in order to avoid complications and some other penalties possible under the laws of Mexico, including the possible impoundment of "your" automobile.

Loya Casualty Insurance Company Personal Auto Policy

This is your new Personal Auto Insurance Policy. The policy is written in simplified language you can understand. PLEASE READ YOUR POLICY CAREFULLY – it contains the full terms of our agreements.

If there is any question concerning your policy, please call your producer or company.

YOUR PERSONAL AUTO POLICY-QUICK REFERENCE

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PERSONAL AUTO POLICY

AGREEMENT

In reliance upon the statements of fact made in the application for this insurance, which statements of fact “you” warrant are absolutely true, in return for the payment of premium, and subject to all the terms and conditions of the policy, “we” agree with “you” as follows:

DEFINITIONS

Certain words and phrases are defined. They are in quotations marks when used.

- A. Throughout this policy, “you” and “your” refer to:
 - 1. The named insured shown in the Declaration; and
 - 2. The spouse if a “resident” of the same household.
 - B. “We”, “us” and “our” refer to the Company providing this insurance.
 - C. For purposes of this policy, a private passenger type “auto” shall be deemed to be owned by a person if leased:
 - 1. under a written agreement to that person; and
 - 2. for a continuous period of at least 6 months.
 - D. “Bodily injury” means bodily harm, sickness or disease, including death resulting from injury, including consequential damages resulting from any of these.
 - E. “Business” means any full or part-time profession or occupation.
 - F. “Family member” means a person related to “you” by blood, marriage or adoption who is a “resident” of “your” household. This includes a ward or foster child.
 - G. “Occupying” means in , upon, getting in, on, out or off.
 - H. “Property damage” means physical injury to, destruction of, or loss of use of tangible property.
 - I. “Trailer” means a vehicle designed to be pulled by a :
 - 1. private passenger “auto”; or
 - 2. pickup, van or panel truck.
 It also means a farm wagon or farm implement while being towed by a vehicle listed in 1. or 2. above.
 - J. “Your covered auto” means:
 - 1. Any vehicle shown in the Declarations.
 - 2. Any of the following types of vehicles on the date “you” become the owner:
 - a. private passenger auto; or
 - b. a pickup, van or panel truck for which no other insurance policy provides coverage.
- (i) If the vehicle described in J.2. (a) or (b) replaces one shown in the Declarations, it will have the same coverage as the vehicle it replaced if it is acquired during the policy period. However, if “you” wish to

add or continue coverage for physical damage to a vehicle described in J.2. (a) or (b), "you" must ask "us" to provide coverage within 30 calendar days after "you" become the owner of the replacement vehicle and "you" must pay "us" any added premium due.

- (ii) If the vehicle "you" acquire is in addition to any shown in the Declarations, it will have the broadest coverage "we" now provide for any vehicle shown in the Declarations for 30 days after the date "you" become the owner of the additional vehicle, if "you" ask "us" to insure the vehicle within 30 days, if it is acquired during the policy period, and "we" insure all vehicles in "your" household. If "you" wish "us" to provide any coverage, whatsoever, for the additional vehicle beyond 30 calendar days after "you" become the owner of the additional vehicle, "you" must ask "us" to provide such coverage within 30 days after "you" become the owner of the additional vehicle and "you" must pay "us" any added premium due. This provision (ii) also applies to any pickup, panel truck or van used in any "business" other than farming or ranching of which "you" become the owner during the policy period, whether it replaces or is in addition to any vehicle shown in the Declarations.

3. Any "trailer" you own.
4. Any "auto" or "trailer" "you" do not own, while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its:
 - a. breakdown;
 - b. repair;
 - c. servicing;
 - d. loss; or
 - e. destruction.

- K. "Auto" means a self-propelled private passenger motor vehicle with not less than four wheels designed principally for use on paved public streets and highways, provided that if of the pickup, panel truck or van type the rated load capacity does not exceed 2000 pounds.
- L. "Accident" means a sudden, unexpected and unintended event that arises out of the ownership, maintenance, or use of an "auto" as an "auto", and that causes "bodily injury" or "property damage".
- M. "Betterment" is defined as an improvement made by "us" that increases the value of the covered "auto" to a condition that was better than it was prior to the covered loss.
- N. "Resident" means actually living in the household in which "you" reside.
- O. "Collision" means the upset of "your covered auto" or its impact with another vehicle or object.
- P. "Other Than Collision" means a loss caused by theft occurring during the policy period, of "your covered auto", or part thereof, and for loss caused by direct or accidental damage to "your covered auto" other than damage caused by "collision".
- Q. "Non-owned auto" means any private passenger

"auto", pickup, van or "trailer" not owned by or furnished or available for the regular use of, or rented by, "you" or any "family member" while in the custody of, or being operated by, "you" or any "family member." However, "non-owned auto" does not include any vehicle used as a temporary substitute for a vehicle "you" own which is out of normal use because of its:

1. Breakdown;
2. Repair;
3. Servicing;
4. Loss; or
5. Destruction.

"Non-owned auto" does not include a vehicle that is not in the lawful possession of the person operating it.

PART A – LIABILITY COVERAGE

INSURING AGREEMENT

- A. "We" will pay damages for "bodily injury" or "property damage" for which any "insured" becomes legally responsible because of an "accident" and for which coverage is provided under this policy. "We" will settle or defend, as "we" consider appropriate, any claim or suit asking for these damages. Defense will be provided, through attorneys selected by "us", after such suit is tendered to the company. In addition to "our" limit of liability, "we" will pay all defense costs "we" incur on "your" behalf for damages covered by this policy. "Our" duty to settle or defend ends when "our" limit of liability for this coverage has been exhausted by payment settlement or judgment. "We" have no duty to defend any suit or settle any claim for "bodily injury" or "property damage" not covered under this policy.
- B. "Insured" as used in this Part means:
1. "You" or any "family member".
 2. Any person using "your covered auto" with "your" permission, express or implied where the use is within the scope of such permission.
 3. Any other person specifically listed as an additional driver listed on the Declarations Page.
- C. "We" will not pay or defend any claim which is not covered under this policy.

SUPPLEMENTARY PAYMENTS

In addition to "our" limit of liability, "we" will pay on behalf of an "insured":

1. Up to \$250 for the cost of bail bonds required because of an "accident", including related traffic law violations. The "accident" must result in "bodily injury" or "property damage" covered under this policy.
2. Premiums on appeal bonds and bonds to release attachments in any suit "we" defend.

3. Interest accruing after a judgment is entered in any suit "we" defend. "Our" duty to pay interest ends when "we" offer to pay that part of the judgment which does not exceed "our" limit of liability for this coverage.
4. Up to \$50 a day for loss of earnings, but not other income, because of attendance at hearings or trials at "our" request.
5. Other reasonable expenses incurred at "our" request.

EXCLUSIONS

- A. "We" do not provide liability coverage for any person:
1. For "bodily injury" or "property damage" caused intentionally by, or at the direction of, an "insured" or that person; or arising out of an intentional act of an "insured" or that person.
 2. For damage to property owned by, or being transported by, that person.
 3. For damage to property:
 - a. rented to;
 - b. used by; or
 - c. in the care, custody or control of that person.

This exclusion (A.3.) does not apply to damage to a residence or private garage.
 4. For "bodily injury" to an employee of that person during the course of employment. This exclusion (A.4.) does not apply to "bodily injury" to a domestic employee unless workers' compensation benefits are required or available for that domestic employee.
 5. For that person's liability arising out of the ownership or operation of a vehicle while it is being used to carry persons or property for a fee. This exclusion (A.5.) does not apply for a share-the-expense car pool.
 6. While employed or otherwise engaged in the "business" of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. storing; or
 - e. parking;

vehicles designed for use mainly on public highways. This includes road testing and delivery. This exclusion (A.6.) does not apply to the ownership, maintenance or use of "your covered auto" by:

 - a. "you"
 - b. any "family member", or
 - c. any partner, agent or employee of "you" or any "family member".
 7. For "bodily injury" and /or "property damage" arising out of the ownership, maintenance or use of any "auto" in any trade, profession,

occupation or job for the purpose of pick-up and/or delivery of products, food, or other items by an "insured" or any other person. By way of example, and not limitation, "we" will not provide liability coverage for any person who is in the course of delivering food, documents, newspapers or flowers.

8. Using a vehicle without a reasonable belief that the person is entitled to do so.
9. For "bodily injury" or "property damage" for which that person:
 - a. is an "insured" under a nuclear energy liability policy; or
 - b. would be an "insured" under a nuclear energy liability policy but for its termination upon exhaustion of its limit of liability.

A nuclear energy liability policy is a policy issued by any of the following or their successors:

 - a. American Nuclear Insurers;
 - b. Mutual Atomic Energy Liability Underwriters; or
 - c. Nuclear Insurance Association of Canada.
10. For liability assumed by an "insured" under contract for any vehicle:
 - a. rented to;
 - b. used by; or
 - c. in the care of that person.
11. For "property damage" to "you", a "family member" and/or any "insured".
12. For "bodily injury" to "you", a "family member" and/or any "insured", including whenever, the ultimate benefits of that indemnification accrue directly to "you", a "family member" and/or any "insured".
13. For exemplary or punitive damages arising out of any loss otherwise covered under this policy.

- B. "We" do not provide Liability Coverage for the ownership, maintenance or use of:
1. Any motorized vehicle having fewer than four wheels.
 2. Any vehicle, other than "your covered auto" which is:
 - a. owned by "you"; or
 - b. furnished or available for "your" regular use.
 3. Any vehicle, other than "your covered auto", which is:
 - a. owned by any "family member"; or
 - b. furnished or available for the regular use of any "family member".

However, this exclusion (B.3.) does not apply to "your" maintenance or use of any vehicle which is:

- a. owned by a "family member"; or

- b. furnished or available for the regular use of any "family member".
- 4. Maintenance or use of any insured vehicle while the vehicle is being used by "you" or an "insured" in a racing event or speed contest of any kind.

- 2. A compulsory insurance or similar law requiring a non-resident to maintain insurance whenever the non-resident uses a vehicle in that state or province, "your" policy will provide at least the required minimum amounts and types of coverage.
- B. No one will be entitled to duplicate payments for the same elements of loss.

LIMIT OF LIABILITY

Regardless of the number of vehicles involved in the "accident", persons "insured", claims made, premiums paid, or the number of vehicles or premium shown in the Declarations Page:

- 1. The "bodily injury" liability limit for each person as shown in the Declarations Page is the maximum "we" will pay for "bodily injury" sustained by any one person in any one "accident", including all derivative claims which include, but are not limited to, loss of consortium, loss of services, loss of companionship, or injury to any personal relationship.
- 2. Subject to the "bodily injury" liability limit for each person, the "bodily injury" liability limit for each accident as stated in the Declarations Page is the maximum "we" will pay for "bodily injury" sustained by two or more persons in any one "accident", including all derivative claims which include, but are not limited to, loss of consortium, loss of services, loss of companionship, or injury to any personal relationship.
- 3. The "property damage" liability limit for each "accident" as stated in the Declarations Page is the maximum "we" will pay for all "property damage" arising out of any one "accident".
- 4. If this policy provides "bodily injury" liability in excess of \$15,000 per person and \$30,000 per "accident", and/or "property damage" liability limits in excess of \$5,000 per "accident", then the amount of coverage in excess of those limits shall not apply to the operation or use of a motor vehicle by any person other than the named "insured", an additional driver listed in the Declarations of this policy, a "family member", or any employee or agent of the named "insured" in the course and scope of that employment or agency.

OUT OF STATE COVERAGE

If an "accident" to which this policy applies occurs in any state or province other than the one in which "your covered auto" is principally garaged, "we" will interpret "your" policy for that "accident" as follows:

- A. If the state or province has:
 - 1. A financial responsibility or similar law specifying limits of liability for "bodily injury" or "property damage" higher than the limit shown in the Declarations, "your" policy will provide the higher specified limit.

FINANCIAL RESPONSIBILITY

When this policy is certified as future proof of financial responsibility, this policy shall comply with the law to the extent required. If, due to such certification, "we" are required to pay a claim, which would otherwise have not been covered under this Part, "you" agree to reimburse "us" to the extent of that payment.

OTHER INSURANCE

If there is other applicable liability insurance:

- 1. Any insurance "we" provide for a vehicle "you" do not own shall be excess over any other collectible insurance. However, any insurance "we" provide for a vehicle "you" do not own will be primary insurance if the vehicle is insured under a policy affording coverage to a named "insured" engaged in the "business" of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. delivering;
 - e. testing;
 - f. road testing;
 - g. parking; or
 - h. storing
 motor vehicles. This applies only if an "insured":
 - a. is operating the vehicle; and
 - b. is neither the person engaged in such "business" nor that person's employee or agent.
- 2. Any insurance "we" provide for a vehicle "you" own shall be excess to that of:
 - a. A person engaged in the "business" of:
 - 1. selling;
 - 2. repairing;
 - 3. servicing;
 - 4. delivering;
 - 5. testing;
 - 6. road testing;
 - 7. parking; or
 - 8. storing
 motor vehicles, if the "accident" occurs while the vehicle is being operated by that person or that person's employee or agent; or

- b. an owner, tenant or lessee of premises on which loss arising out of the loading or unloading of the vehicle occurs.
- 3. "We" will pay only "our" share of the loss. "Our" share is the proportion that "our" limit of liability bears to the total of all applicable limits.

PART B – MEDICAL PAYMENTS COVERAGE

INSURING AGREEMENT

- A. "We" will pay any reasonable expense incurred for necessary medical and funeral services because of "bodily injury":
 - 1. Caused by an "accident"; and
 - 2. Sustained by an "insured".
 "We" will pay only those expenses incurred within one year from the date of the accident.
- B. "Insured" as used in this Part means:
 - 1. "You" or any "family member":
 - a. while "occupying;" or
 - b. as a pedestrian when struck by:
 - a motor vehicle designed for use mainly on public roads or a trailer of any type.
 - 2. Any other person while "occupying" "your covered auto."

EXCLUSIONS

"We" do not provide Medical Payments Coverage for any person for "bodily injury":

- 1. Sustained while "occupying" any motorized vehicle having fewer than four wheels.
- 2. Sustained while "occupying" "your covered auto" when it is being used to carry persons or property for a fee.
This exclusion (2.) does not apply to a share the expense car pool.
- 3. Sustained while "occupying" any vehicle located for use as a residence or premises.
- 4. Occurring during the course of employment if workers' compensation benefits are required or available for the "bodily injury".
- 5. Sustained while "occupying" or when struck by, any vehicle other than "your covered auto" which is:
 - a. owned by "you"; or
 - b. furnished or available for "your" regular use.
- 6. Sustained while "occupying" or when struck by, any vehicle other than "your covered auto" which is:
 - a. owned by any "family member"; or
 - b. furnished or available for the regular use of any "family member".

- 7. However, this exclusion (6.) does not apply to "you". Sustained while "occupying" a vehicle without a reasonable belief that a person is entitled to do so.
- 8. Arising out of the use of any vehicle in the operation of a business for the purpose of delivering property from the business to the consumer. By way of example, and not limitation, we do not cover food delivery, flower delivery, or document delivery.
- 9. Caused by or as a consequence of:
 - a. discharge of a nuclear weapon (even if accidental);
 - b. war (declared or undeclared);
 - c. civil war;
 - d. insurrection; or
 - e. rebellion or revolution.
- 10. From, or as a consequence of, the following, whether controlled or uncontrolled or however caused:
 - a. nuclear reaction;
 - b. radiation; or
 - c. radioactive contamination.

LIMIT OF LIABILITY

- A. The limit of liability shown in the Declarations for this coverage is "our" maximum limit of liability for each person injured in any one "accident". This is the most "we" will pay regardless of the number of:
 - 1. "Insureds";
 - 2. Claims made;
 - 3. Vehicles or premiums shown in the Declarations; or
 - 4. Vehicles involved in the "accident".
- B. Any amounts otherwise payable for expenses under this coverage shall be reduced by any amounts paid or payable for the same expense under Part A or Part C.
- C. No payment will be made unless the injured person or that person's legal representative agrees in writing that any payment shall be applied toward any settlement or judgment that person receives under Part A or Part C.

OTHER INSURANCE

- A. If there is other applicable auto medical payments insurance "we" will pay only "our" share of the loss. "Our" share is the proportion that "our" limit of liability bears to the total of all applicable limits. However, any insurance "we" provide with respect to a vehicle "you" do not own shall be excess over any other collectible auto insurance providing payments for medical or funeral expenses.
- B. If there is other applicable insurance, which is not motor vehicle liability insurance, available with respect to a loss covered by Part B of this policy, the Insurance under Part B of this policy shall apply only

as excess insurance over any such other insurance.

REIMBURSEMENT AGREEMENT

If payment is made under this part, to or on behalf of any person, that person agrees to reimburse "us" to the extent of such payment from the proceeds of any settlement or judgment against any third party responsible for the "bodily injury" giving rise to such payment.

PART C – UNINSURED MOTORIST COVERAGE

INSURING AGREEMENT

- A. "We" will pay damages which an "insured" is legally entitled to recover from the owner or operator of an "uninsured motor vehicle" because of:
1. "Bodily injury" sustained by an "insured" and caused by an "accident" and
 2. "Property damage" caused by an "accident" if the Declarations indicate that Uninsured Motorist "Property Damage" Coverage applies to that "auto". Only items 1 and 4 under the definition of "uninsured motor vehicle" apply to "property damage".

The owner's or operator's liability for these damages must arise out of the ownership, maintenance, or use of the "uninsured motor vehicle." Any judgment for damages arising out of a suit brought without "our" written consent is not binding on "us". The insurance applies separately with respect to each "insured", but neither this provision nor application of the insurance to more than one "insured" shall operate to increase the limits of the company's liability.

- B. As used in this Part, "Insured" means:
1. "You" or any "family member."
 2. Any other person "occupying" "your covered auto."
 3. Any person, for damages that person is entitled to recover because of "bodily injury" to which this coverage applies, sustained by a person in 1. or 2. above.
- C. "Property damage", as used in this endorsement, means injury to, or destruction of, "your covered auto". However, "property damage" does not include:
1. Loss of use of "your covered auto"; or
 2. Damage to personal property contained in "your covered auto".
- D. "Uninsured motor vehicle" means a land motor vehicle or "trailer" of any type:
1. To which no liability bond or policy applies at the time of the "accident".
 2. Which, with respect to damages for "bodily injury" only, is an underinsured motor vehicle. An underinsured motor vehicle is one to which a liability bond or policy applies at the time of the "accident" but its limit for "bodily injury" liability is less than the "bodily

injury" limit of liability for this coverage.

3. Which, with respect to damages for "bodily injury" only, is a hit and run vehicle whose owner or operator cannot be identified and which hits or makes physical contact with:
 - a. "you" or any "family member";
 - b. a vehicle which "you" or any "family member" are "occupying"; or
 - c. "your covered auto".
4. To which a liability bond or policy applies at the time of the "accident" but the bonding or insuring company:
 - a. denies coverage;
 - b. refuses to admit coverage except conditionally or with reservation; or
 - c. is or becomes insolvent.

However, "uninsured motor vehicle" does not include any vehicle or equipment:

1. Owned by or furnished or available for the regular use of "you" or any "family member."
2. Owned or operated by a self-insurer under any applicable motor vehicle law.
3. Owned by any governmental unit or agency.
4. Designed or modified for use primarily off public roads while not on public roads.
5. While located for use as a residence or premises.

UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE

With respect to coverage for "property damage", the "accident" must involve direct physical contact between "your covered auto" and the "uninsured motor vehicle" and:

1. The owner or operator of the "uninsured motor vehicle" must be identified; or
2. The "uninsured motor vehicle" must be identified by its license number.

EXCLUSIONS

- A. "We" do not provide Uninsured Motorist Coverage for "property damage" or "bodily injury" sustained by any person:
1. While "occupying", or when struck by, a motor vehicle owned by an "insured" unless the occupied vehicle is insured for this coverage under this policy. "Motor vehicle" as used in this paragraph means any self-propelled vehicle.
 2. If that person or their legal representative settles the "bodily injury" or "property damage" claim without "our" consent.
 3. When "your covered auto" is being used to carry persons or property for a fee. This exclusion (A.3.) does not apply to a share the expense car pool.
 4. Using a vehicle without a reasonable belief

that the person is entitled to do so.

B. This coverage shall not apply:

1. To "bodily injury" sustained by any person while "occupying" or when struck by a "trailer" of any type used with a motor vehicle owned by "you" or any "family member" which is not insured for this coverage under this policy.
2. To "property damage" to:
 - a. a "trailer" of any type;
 - b. any motor vehicle owned by "you" to which Collision Coverage applies under this policy; or
 - c. any other motor vehicle to the extent that there is a valid and collectible Collision Coverage applicable to that damage under any other policy.

However, exclusion B.2.(b) and B.2.(c) above shall not apply to "Waiver of Collision Deductible Coverage".

3. Directly or indirectly to benefit:
 - a. Any "insured" or self-insurer under any of the following or similar law:
 - (1) workers' compensation law; or
 - (2) disability benefits law.
 - b. an insurer of property.
4. Directly to the benefit of the United States or any State or political subdivision thereof.
5. To "bodily injury" claims unless within one year of the date of the "accident" wherein "bodily injury" is sustained:
 - a. an agreement as to the amount due under this part has been concluded;
 - b. or the person insured under this part or the legal representative of said person has formally instituted arbitration proceedings by notifying "us" in writing by certified mail, returned receipt requested; or
 - c. has commenced legal action in a court of competent jurisdiction for "bodily injury" against the uninsured motorist involved in the "accident".

LIMIT OF LIABILITY

- A. The limit of Uninsured Motorist Bodily Injury Liability shown in the Declarations is "our" maximum limit of liability for all damages for "bodily injury" resulting from any one "accident". This limit includes damages for care, loss of service, loss of consortium and injury to any interpersonal relationship.
- B. "Our" maximum limit of liability for all damages for "property damage" resulting from any one "accident" will be the lesser of:
 1. The limit of Uninsured Motorist Property Damage Liability shown in the Declarations;

2. The actual cash value of "your covered auto"; or
3. The amount of any deductible if there is valid and collectible Collision Coverage under any other policy; or
4. The amount to repair the vehicle.
5. Any adjustment for depreciation and physical condition will be made in determining actual cash value at the time of the loss.

C. The limit of Uninsured Motorist Bodily Injury Liability or Uninsured Motorist Property Damage Liability shown in the Schedule or in the Declarations is the most "we" will pay regardless of the number of:

1. "Insureds";
2. Claims made;
3. Vehicles or premiums shown in the Declarations; or
4. Vehicles involved in the "accident".

D. Except with respect to coverage under item 2. of the definition of "uninsured motor vehicle", any amounts otherwise payable for damages within the loss payable under the terms of this coverage shall be reduced by all sums:

1. Paid because of the "bodily injury" or "property damage" by, or on behalf of, persons or organizations who may be legally responsible. This includes all sums paid under Part A;
2. Paid and the present value of all sums payable because of the "bodily injury" under any worker's compensation law exclusive of non-occupational disability benefits; and
3. Paid or payable because of the "bodily injury" under any automobile medical payments coverage. This includes all sums paid under Part B.

E. With respect to coverage under item 2. of the definition of "uninsured motor vehicle", the limit of liability shall be reduced by all sums:

1. Paid because of the "bodily injury" by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part A of the policy; and
2. Paid or payable because of "bodily injury" under any automobile medical payments coverage. This includes all sums paid under Part F. regardless of the number of vehicles involved, whether insured or not, persons covered, claims made, premiums paid or the number of premiums shown on the policy, in no event shall the limit of liability for two or more motor vehicles or two or more policies be added together, combined or stacked to determine the limit of insurance coverage available to injured persons.

WAIVER OF COLLISION DEDUCTIBLE

When there is a covered loss to "your covered auto" insured for Collision Coverage under this policy, "we" will pay the full Collision deductible if:

1. The loss involves an "uninsured motor vehicle," as the term is defined in items 1. and 4. of the "uninsured motor vehicle" definition above;
2. "You" are legally entitled to recover the full amount of the loss from the owner or operator of the "uninsured motor vehicle," and
3. A specific premium charge in the Declarations indicates that the Waiver of Collision Deductible provision applies to that vehicle.

Additionally, the "accident" must involve direct physical contact between "your covered auto" and the "uninsured motor vehicle" and:

1. The owner or operator of the "uninsured motor vehicle" must be identified; or
2. The "uninsured motor vehicle" must be identified by its license number.

Subject to the above, if "you" are legally entitled to recover only a percentage of the loss, "we" will pay that percentage of "your" deductible. However, if the amount of the loss is less than "your" deductible, "we" will pay the percentage of the loss "you" are legally entitled to recover.

In no event will "we" pay more than the amount of the loss.

OTHER INSURANCE

If there is other applicable similar insurance available under more than one policy or provision of coverage:

1. Any recovery for damages for "property damage" or "bodily injury" sustained by an "insured" may equal, but not exceed, the higher of the applicable limit for any one vehicle under this insurance or any other insurance.
2. "We" will pay only "our" share of the loss. "Our" share is the proportion that "our" limit of liability bears to the total of all applicable limits. However, "we" will not provide any insurance with respect to a vehicle "you" do not own if the owner of that vehicle has similar insurance.

ARBITRATION

- A. If "we" and an "insured" do not agree:
 1. Whether that person is legally entitled to recover damages under this endorsement; or
 2. As to the amount of damages; either party may make a written demand for arbitration within one year of the date of "accident". In this event the matter or matters upon which either party do not agree shall be settled by a single neutral arbitrator for decision, in accordance with the laws of the state

of California. The decision made by the arbitrator may be entered as a judgment in any court having jurisdiction.

3. Arbitration cannot be demanded by the "insured" prior to the "insured" complying with all the terms and conditions of this policy.
 4. Agreement to arbitration does not waive any of the terms and conditions of the policy.
- B. Each party will:
 1. Pay the expenses it incurs; and
 2. Bear the expense of the arbitrator equally.
 - C. Any decision of the arbitrator will be binding as to:
 1. Whether the "insured" is legally entitled to recover damages; and
 2. The amount of damages.
 - D. In no event shall "our" liability, regardless of the award of the arbitrator, or any trial demanded pursuant to C.2 above, exceed the limit of liability stated in the Declarations.

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO

INSURING AGREEMENT

- A. "We" will pay for "collision" only if the Declarations indicate that "collision" coverage is provided. "We" will pay for loss caused by "collision" to "your covered auto" as listed in the Declarations of "your" policy, but only for the amount of each loss in excess of the deductible amount stated in the Declarations. Coverage is provided only for the original equipment as available and installed by the manufacturer or its authorized dealer at time of purchase. "We" will pay for loss caused by "collision" to a "non-owned auto", when operated with the permission of the owner, by the named insured, or any listed driver provided that a person is legally liable to the owner for the loss to the automobile. Legally liable, as used herein, shall not include liability assumed by contract.
- B. "We" will pay for "other than collision" only if the Declarations indicate that "Other Than Collision" coverage is provided. Coverage is provided only for the original equipment as available and installed by the manufacturer or its authorized dealer at time of purchase. "We" will pay only for the amount of each loss in excess of the deductible stated in the Declarations.

Loss caused by the following is considered "Other Than Collision":

1. Missiles or falling objects;
2. Fire;
3. Theft or larceny;
4. Explosion or earthquake;

5. Windstorm;
6. Hail, water, or flood;
7. Malicious mischief or vandalism;
8. Riot or civil commotion;
9. Contact with bird or animal; or
10. Breakage of glass.

If breakage of glass is caused by a "collision", "you" may elect to have it considered a loss caused by "collision."

TRANSPORTATION EXPENSES

In addition, "we" will pay up to \$10 per day, to a maximum of \$300, for transportation expenses incurred by "you". This applies only in the event of the total theft of "your covered auto". "We" will pay only transportation expenses incurred during the period:

1. Beginning 48 hours after the theft; and
2. Ending when "your covered auto" is returned to use or "we" pay for its loss.
3. "We" will not pay "you" the cost of renting a car from an individual. The car must be rented from a "business" whose day-to-day operations involve car rental.

EXCLUSIONS

"We" do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. "We" will, therefore, not pay for:

1. Loss to "your covered auto" which occurs while it is used to carry persons or property for a fee. This exclusion (1.) does not apply to a share-the-expense car pool.
2. Loss occurring to "your covered auto" while it is being rented or hired for a fee.
3. Damage due and confined to:
 - a. wear and tear;
 - b. deterioration;
 - c. latent or inherent defects;
 - d. freezing;
 - e. mechanical or electrical breakdown or failure; or
 - f. road damage to tires.
 This exclusion (3.) does not apply if the damage results from the total theft of "your covered auto".
4. Loss due to or as a consequence of:
 - a. radioactive contamination;
 - b. discharge of any nuclear weapon (even if accidental);
 - c. war (declared or undeclared);
 - d. civil war;
 - e. insurrection; or

- f. rebellion or revolution.
5. Loss or damage to sound producing or recording equipment valued at more than \$500 even though factory or dealer installed, and then only for the amount in excess of the deductible on the coverage applicable.
6. Loss to tapes, records, CD's or other devices for use with equipment designed for the reproduction of sound.
7. Loss to a camper body or "trailer" "you" own which is not shown in the Declarations. This exclusion (7.) does not apply to a camper body or "trailer" "you":
 - a. acquire during the policy period; and
 - b. ask us to insure within 30 days after "you" become the owner.
8. Loss to any "non-owned auto" or any vehicle used as a temporary substitute for a vehicle "you" own, when used by "you" or any "family member" without a reasonable belief that "you" or that "family member" are entitled to do so.
9. "We" will not pay for physical damage to any vehicle other than "your covered auto" which is rented, hired, or leased for a period of less than 6 months, by "you".
10. Loss to:
 - a. TV antennas;
 - b. awnings or cabanas; or
 - c. equipment designed to create additional living facilities.
11. Loss to any of the following or the accessories:
 - a. citizen band radio;
 - b. two-way mobile radio;
 - c. telephone; or
 - d. scanning monitor receiver.
12. Loss to any custom furnishings or equipment in or upon any vehicle. Custom furnishings or equipment include but are not limited to:
 - a. special carpeting and insulation, furniture, bars or television receivers;
 - b. facilities for cooking and sleeping;
 - c. height-extending roofs; or
 - d. custom murals, paintings or other decals or graphics.
13. Loss to equipment designed or used for the detection or location of radar.
14. Loss to any "non-owned auto" being maintained or used by any person while employed or otherwise engaged in the "business" of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. storing; or
 - e. parking;
 vehicles designed for use on public highways. This includes road testing and delivery.
15. Loss to any "non-owned auto" being maintained or used by any person while employed or otherwise

- engaged in any "business" not described in exclusion 14. This exclusion (15.) does not apply to the maintenance or use by "you" or any "family member" of a "non-owned auto" which is a private passenger "auto" or "trailer".
16. Loss or damage to a vehicle being towed by "your covered auto", which is not shown on the Declarations and for which premium has not been paid. This provision does not pertain to any "trailer".
 17. The cost of delay in repair, nor will "we" pay more than the cost of repair and/or replacement of automobiles of standard makes and similar type, and "we" will not pay for any extraneous items or any finish or special customizing of such vehicle other than as originally and normally manufactured. This policy does not insure, under any of the coverages, the cost of any part of the "auto", or its equipment, that is not permanently attached to the vehicle at the time of loss.
 18. Loss or damage to any specially built body, food vending equipment, catering equipment, or refrigeration equipment, nor to travel trailers, unless such equipment is described in the application and a premium charged therefore.
 19. The cost of loss or damage to any special equipment or furnishings, unless permanently attached to the covered "auto" and specifically declared in the application from which this policy was issued and then only for the amount in excess of the deductible on the coverage applicable. Special equipment or furnishing includes but is not limited to the following described custom equipment:
 - a. custom car kits;
 - b. custom grills, louvers, scoops, continental kits and/or spoilers;
 - c. chrome, alloy, mag-type wheels or any custom wheel coverings or racing tires or tires wider than those installed as original factory equipment;
 - d. window film tinting;
 - e. alarms, radar detection devices;
 - f. customized t-tops, sunroof, moon roof, convertible tops, and/or customized non-factory vinyl tops;
 - g. customized paint, including but not limited to lacquer paint and upholstery other than the original manufacturer;
 - h. ground effects kits;
 - i. modified and/or altered suspensions other than factory installed;
 - j. special gauges, modified carburetor systems and/or engines.
 20. Loss to "your covered auto" while being operated in any pre-arranged or organized racing or speed contest or in practice or preparation for any such contest.
 21. Any loss to "your covered auto" arising out of or during its commercial use for the transportation of any explosive substance, flammable liquid, or similar hazardous material, except transportation incidental to "your" ordinary household or farm activities.
 22. Any loss resulting from lack of lubricants, oil, transmission fluid, coolant, or loss resulting from seepage of water.
 23. Any loss due to taking or confiscation by governmental or civil authority, for any purpose including temporary taking or temporary confiscation.
 24. Any loss due to illegal sale, or repossession of a motor vehicle by the rightful owner.
 25. Any loss due to theft, embezzlement or other unlawful conversion of the owned automobile after custody of said automobile has been entrusted to another party for the purpose of subleasing, leasing or selling said automobile, whether under a consignment or not. This exclusion will apply whether the theft, embezzlement or unlawful conversion of the automobile was committed by the person to whom the vehicle was entrusted or by any other person.
 26. Any loss of, or to, or destruction of any vehicle, in whole or in part, intentionally caused by, or at the direction of "you", any "insured", a "family member", or any person listed as a driver in the Declarations.
 27. "Collision" coverage shall not apply to any "auto" being operated by any person not listed on the policy who has been a "resident" of your household for more than 30 days. "You" must notify us within 30 days of the time when a person becomes a "resident" who was not listed on the policy.
 28. "Collision" coverage shall not apply to any "auto" being operated by any person without a current valid license to drive a motor vehicle, regardless of where that person resides.
 29. "We" will not pay for diminution of value, caused by "collision" to "your covered auto".
 30. "We" will not pay for diminution of value, caused by "other than collision" to "your covered auto".

RENTAL REIMBURSEMENT COVERAGE

"We" will pay for the rental of an "auto" while "your covered auto" is inoperable as a result of "collision". "We" will not pay Rental Reimbursement for damage due to wear and tear, freezing, mechanical or electrical breakdown or failure or road damage to tires. The maximum of "our" liability for rental reimbursement is \$25.00 a day with a \$250.00 maximum of coverage in any 12 month period. A specific premium charge in the Declarations for Rental Reimbursement Coverage indicates that the Rental Reimbursement Coverage applies to "your" policy.

In addition, "we" will pay up to \$100 for the cost of towing "your" vehicle due to a covered "collision" loss, if the Declarations indicates that Rental Reimbursement Coverage applies to "your" policy.

TOWING AND LABOR

"We" will pay towing and labor costs incurred each time "your covered auto" is disabled, up to the amount shown in the Declarations as applicable to that vehicle. "We" will only pay for labor performed at the place of disablement. This coverage applies only to "your covered auto" for which a premium charge is shown in the Declarations for Towing and Labor Costs Coverage.

LIMIT OF LIABILITY

- A. "Our" limit of liability for loss will be the lesser of the:
1. Actual cash value of the stolen or damaged property, but not to exceed \$50,000.00, unless specifically endorsed for a greater amount, or;
 2. Amount necessary to repair or replace the property, but not to exceed \$50,000.00 unless specifically endorsed for a greater amount or;
 3. Amount necessary to repair the property subject to "our" determination of declaring the property a total loss.
 4. The limit of liability for a "non-owned auto" for "collision" coverage will be the cost to repair or replace the vehicle, up to the amount equal to the actual cash value of "your covered automobile" as listed in the Declarations, less "your" deductible. However, the most "we" will pay for loss to any "non-owned auto" which is a "trailer" is \$500.00.
- B. Actual cash value means fair market value.
- C. "We" reserve the right to make payment for repairs or replacement of property with other property of like kind and quality and/or parts supplied by a source other than the manufacturer of "your" vehicle such as aftermarket, used, recycled, rebuilt, restored, recored or exchanged parts.
- D. "We" reserve the right to take any appropriate deductions from settlement due to "betterment".

TOTAL LOSS

In the event that "we" determine "your" vehicle to be a total loss, "you" must allow "us" to move "your" vehicle to a storage free location of "our" choice. "We" reserve the right to retain "your" vehicle and/or its salvage property after "we" determine that "your" vehicle is a total loss.

PAYMENT OF LOSS

"We" may pay for loss in money or repair or replace the

damaged or stolen property. "We" may make this payment to "you" or any "loss payee" as the person or entities interest appear. "We" may, at "our" expense, return any stolen property to:

1. "You"; or
2. The address shown in this policy. If "we" return stolen property, "we" will pay for any damage resulting from the theft. "We" may keep all or part of the property at an agreed or appraised value.

NO BENEFIT TO BAILEE

This insurance shall not directly or indirectly benefit any carrier or other bailee for hire.

OTHER INSURANCE

If other insurance also covers the loss, "we" will pay only "our" share of the loss. "Our" share is the proportion that "our" limit of liability bears to the total of all applicable limits. However, any insurance "we" provide with the respect to a "non-owned auto" or any vehicle used as a temporary substitute for a vehicle "you" own shall be excess over any other collectible insurance.

APPRAISAL

- A. If "we" and "you" do not agree on the amount of loss, either may demand an appraisal of the loss. In that event, each party will select a competent appraiser. The two appraisers will select an umpire. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
1. Pay its chosen appraiser; and
 2. Bear the expenses of the appraisal and umpire equally.
- B. "We" do not waive any of "our" rights under this policy by agreeing to an appraisal.

PART E – DUTIES AFTER AN ACCIDENT OR LOSS

- A. "We" must be notified promptly in writing of how, when, and where the "accident" or loss happened. Notice should also include the names and addresses of any injured persons and of any witnesses.
- B. A person seeking any coverage must:
1. Cooperate with "us" in the investigation, settlement or defense of any claim or suit.
 2. Promptly send "us" copies of any notices or legal papers received in connection with the "accident" or loss.
 3. Submit, as often as "we" reasonably require:
 - a. To physical exams by physicians "we" select. "We" will pay for these

- exams.
- b. To examinations under oath, and correct and sign under oath the transcript of the examination (s) under oath.
- c. Any documents “we” indicate are reasonable and necessary to investigate and process your claim at the examination under oath. Such documents will be provided in a timely manner, and if need be, prior to the scheduled examination under oath.

- 4. Authorize “us” to obtain:
 - a. medical reports; and
 - b. other pertinent records.
- 5. Submit a proof of loss when required by “us”.

C. A person seeking Uninsured Motorist Coverage must also:

- 1. Notify the police within 24 hours if a hit and run driver is involved.
- 2. Provide “us”, within 30 days of the date of filing, with a copy of the complaint if a suit is brought by the “insured” against the owner or operator of the “uninsured motor vehicle”.
- 3. Within a reasonable time, make available at “our” expense all pleadings and depositions, if an “insured” brings an action against an owner or operator of an “uninsured motor vehicle”.
- 4. Provide “us” with proof that the limits of liability under any applicable liability bond or policies have been exhausted by payment of judgments or settlements.
- 5. Notify “us” or “our” agent within 10 business days of the “accident” for Uninsured Motorist Property Damage coverage.

D. A person seeking Coverage for Damage to Your Auto must also:

- 1. Take reasonable steps after loss, at “your” expense, to protect “your covered auto” or a “non-owned auto” and its equipment from further loss. If “your covered auto” is disabled due to loss insured under this policy, and either towing or storage of the “covered auto” is necessary to protect the “auto” from further loss, “we” will pay reasonable towing charges and reasonable storage charges up to and no more than five days for protection of “your covered auto”.
- 2. Notify the police, within 48 hours of discovery of the event, if “your covered auto” is stolen.
- 3. Permit “us” to inspect and appraise the damaged property as often as “we” reasonably require before its repair or disposal.
- 4. Send “us”, within 60 days of the loss, “your” signed sworn statement in proof of loss in

the form provided to “you”; or, if no form is provided to “you”, a form of “your” own creation, sworn to under oath, and showing the date and time of loss, the cause of loss, the actual cash value and amount of loss to “your covered auto”, and attaching detailed repair estimates.

PART F- GENERAL PROVISIONS

BANKRUPTCY

Bankruptcy or insolvency of the “insured” shall not relieve “us” of any obligations under this policy.

CHANGES

This policy contains all the agreements between “you” and “us”. Its terms may not be changed or waived except by endorsement issued by “us”. If a change requires a premium adjustment, “we” will adjust the premium as of the effective date of change. “We” may revise this policy form to provide more coverage without additional premium charge. If “we” do this, “your” policy will automatically provide the additional coverage as of the date the revision is effective in “your” state.

MISREPRESENTATION OR FRAUD

This entire policy shall be void if, whether before or after a loss, any “insured” has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of any “insured” therein, or in case of any fraud or attempted fraud or of false swearing by any “insured” relating thereto. Each and every statement of fact made by any “insured” in the application or any subsequent application for insurance, which is made part hereof, is agreed to be material.

BREACH OF WARRANTY

If a breach of any warranty or condition contained in this policy, the application, or any endorsement attached hereto shall occur, such breach shall cause this insurance to be immediately void.

LEGAL ACTION AGAINST US

- A. No legal action may be brought against “us” until there has been full compliance with all the terms and conditions of this policy. In addition, under Part A, no legal action may be brought against “us” until:
 - 1. “We” agree in writing that the “insured” has an obligation to pay; or
 - 2. The amount of that obligation has been finally determined by judgment after trial.
- B. No person or organization has any right under

this policy to bring “us” into any action brought to determine the liability of an “insured”.

- C. Under Part B and Part D, no legal action may be brought against “us” on or upon this policy, or arising out of any activities of the Company in any way related to this policy, or claims “you” have presented, unless filed within one year of the “accident” or loss.
- D. No legal action may be brought against “us” under, upon or resulting from the actions of the Company, with regard to the Uninsured Motorist Coverage, until there has been full compliance with all the terms and conditions of the policy, nor unless within 1 year from the date of the “accident”:
1. Suit for “bodily injury” has been filed against the uninsured motorist in a court of competent jurisdiction and notice of such suit has been given to “us”;
 2. Agreement as to the amount due under this coverage has been concluded; or
 3. The “insured” or his legal representative has formally instituted arbitration proceedings.

OUR RIGHT TO RECOVER PAYMENT

- A. If “we” make a payment under this policy, and the person to or for whom payment was made has a right to recover damages from another, “we” shall be subrogated to that right. That person shall do:
1. Whatever is necessary to enable us to exercise “our” rights; and
 2. Nothing after loss to prejudice them. However, “our” rights in this paragraph (A.) do not apply under Part D, against any person using “your covered auto” with a reasonable belief that that person is entitled to do so.
- B. If “we” make a payment under this policy and the person to or for whom payment is made recovers damages from another, that person shall:
1. Hold in trust for “us” the proceeds of the recovery; and
 2. Reimburse “us” to the extent of “our” payment.

POLICY PERIOD AND TERRITORY

- A. This policy applies only to “accidents” and losses which occur:
1. During the policy period as shown in the Declarations; and
 2. Within the policy territory.
- B. The policy territory is:
1. The United States of America, its territories or possessions;
 2. Puerto Rico; or
 3. Canada.

This policy also applies to loss to, or “accidents” involving, “your covered auto” while being transported between their ports.

TERMINATION

- A. Cancellation. This policy may be cancelled during the policy period as follows:
1. The named insured shown in the Declarations may cancel by:
 - a. Returning this policy to “us”; or
 - b. Giving “us” advance written notice of the date cancellation is to take effect.
 2. “We” may cancel by mailing to the named insured shown in the Declarations at the address shown in this policy:
 - a. At least 10 days notice if cancellation is for nonpayment of premium; or
 - b. At least 20 days notice in all other cases.
 3. “We” will cancel this policy for the following reasons only:
 - a. Non payment of premium;
 - b. The driver’s license or motor vehicle registration of the named insured or of any other operator who either resides in the same household or customarily operates an automobile insured under this Policy has been under suspension or revocation during the policy period or, if the policy is a renewal, during its policy period or the 180 days immediately preceding its effective date;
 - c. Discovery of fraud by the named insured in pursuing a claim under the policy provided the insurer does not rescind the policy;
 - d. Discovery of material misrepresentation of any of the following information concerning the named insured or any “resident” of the same household who customarily operates an automobile insured under the policy:
 - i. Safety record.
 - ii. Annual miles driven in prior years.
 - iii. Number of years of driving experience.
 - iv. Record of prior automobile insurance claims, if any.
 - v. Any other factor found by the commissioner to have a substantial relationship to the risk of loss; provided, however, that any insured who negligently misrepresents information described in this paragraph may avoid

cancellation by furnishing corrected information to the insurer within twenty days after receiving notice of cancellation and agreeing to pay any difference in premium for the policy period in which the information remained undisclosed; or

e. A substantial increase in the hazard insured against.

B. Non-renewal. If “we” decide not to renew or continue this policy, “we” will mail notice to the named insured shown in the Declarations at the address shown in this policy. Notice will be mailed at least 30 days before the end of the policy period. If the policy period is other than one year, “we” will have the right not to renew or continue it only at each anniversary of its original effective date.

C. Automatic Termination. If “we” offer to renew or continue and “you” or “your” representative do not accept, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that “you” have not accepted “our” offer. If “you” obtain other insurance on “your covered auto” any similar insurance provided by this policy will terminate as to that “auto” on the effective date of the other insurance.

D. Other Termination Provisions

1. If the law in effect in “your” state at the time this policy is issued, renewed or continued:
 - a. requires a longer notice period;
 - b. requires a special form of, or procedure for, giving notice; or
 - c. modifies any of the stated termination reasons;“we” will comply with those requirements.
2. “We” may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.
3. If this policy is cancelled, “you” may be entitled to a premium refund. If so, “we” will send “you” the refund. If “we” cancel, “we” will refund “you” the pro rata unearned premium. If “you” cancel, “we” will refund you 90% of the pro rata unearned premium. However, making or offering to make a refund is not a condition of cancellation.
4. The effective date of cancellation stated in the notice shall become the end of the policy period.

TRANSFER OF YOUR INTEREST IN THIS POLICY

A. “Your” rights and duties under this policy may not be assigned without “our” written consent. However, if a named insured shown in the Declarations dies,

coverage will be provided for:

1. The surviving spouse, if a “resident” in the same household at the time of death. Coverage applies to the spouse as if a named insured shown in the Declarations; and
2. The legal representative of the deceased person as if a named insured shown in the Declarations. This applies only with respect to the representative’s legal responsibility to maintain or use “your covered auto”.

B. Coverage will only be provided until the end of the policy period.

TWO OR MORE AUTO POLICIES

If this policy and any other automobile insurance policy issued to “you” by “us” apply to the same “accident”, the maximum limit of “our” liability under all the policies shall not exceed the highest applicable limit of liability under any one policy.

POLICY FEE AND/OR FILING FEE

A Policy Fee and Filing Fee, if any, as set forth under the Declarations of this policy, is fully earned upon issuance of the policy and is not refundable.

ADDITIONAL PREMIUM DUE-LOSS SETTLEMENT

In the event of additional premium due to the incorrect rating of this policy, “we” shall have the right to correct the premium in accordance with “our” published rates and underwriting rules. If a loss occurs under the policy “we” shall have the option to deduct such additional premium from any loss settlement.

PERSONS EXCLUDED

All coverages, including Uninsured Motorist, and including “our” obligation to defend under the policy shall not apply, nor shall they accrue to the benefit of “you” or any third party claimant, while any “auto” is being operated by any “Persons Excluded” (listed on the Application and/or Declarations Page and/or “Persons Excluded Endorsement” of this policy), regardless of where the person resides or whether the person is licensed to drive.

This exclusion applies to the policy, or any continuation, renewal, or replacement of the policy by the named insured, or reinstatement within 30 days of any lapse thereof.

LOSS PAYABLE CLAUSE

Loss or damage under this policy shall be paid as interest may appear to “you” and the “loss payee” shown in the Declarations.

If “you” surrender possession of the covered “auto” to the

“loss payee” or the “loss payee” repossesses the covered “auto”, “we” will not pay the “loss payee” for loss occurring after the date the “loss payee” or its agents takes possession of the “auto”.

“We” will not pay the “loss payee” more than the Repair Costs of the “covered auto”, Actual Cash Value of the “covered auto” or the existing loan balance as of the date of loss, whichever is less and minus any applicable deductible. This insurance covering the interest of “loss payee” shall become invalid only because of “your” illegal or fraudulent acts or omissions. “We” will not pay for any loss caused by conversion, embezzlement, or concealment by “you” or anyone acting on “your” behalf. If “we” pay the “loss payee” “we” shall, to the extent of payment, be subrogated to the “loss payee’s” rights to recovery. If the loss is not covered under the policy, “we” are subrogated to the “loss payee’s” rights against “you”, up to the amount of “our” payment.

“We” reserve the right to cancel the policy as permitted by the policy terms and the cancellation shall terminate the policy and this agreement as to the “loss payee’s” interest. “We” will give the same notice of cancellation to the “loss payee” and named insured as required under the law.

LOSS PAYABLE DEDUCTIBLE PROVISION

If “we” are asked to pay the “loss payee”, “we” will apply a deductible shown in the Declarations for the interest of the “loss payee”, only not to exceed \$200 for Part D coverage for damage to your “auto”.

This “loss payee” deductible provision is extended, provided that when a loss occurs, the “loss payee” can show:

1. The named insured has defaulted in payment; and
2. The “loss payee” has made all reasonable efforts to collect overdue payments and, failing to do so, has repossessed the vehicle shown in the Declarations; and
3. The interest of the “loss payee” has become impaired.

Nothing in this provision changes the amount of the deductible in the Declarations for the interest of the named insured.

DEFINITIONS

For purposes of this endorsement only the following definitions are amended.

- A. Throughout this policy, “you” and “your” mean only the person shown as the named insured on the Declarations Page.
- J. “Your covered auto” means:
1. An “auto” not owned by “you”, “your” spouse or members of the household in which

“you” reside which “you” are using with the permission of the owner.

2. Any “auto” of which “you” acquire ownership during the policy period. For coverage to apply under Part 1 Liability coverage, “you” must, however, notify “us” within 30 days of its acquisition. “Physical Damage” coverage will apply to the newly acquired “auto” only if “you” ask “us” to provide such coverage and “we” agree to do so. “You” must pay any additional premium charges for coverage for the newly acquired “auto”.

PART A- LIABILITY COVERAGE

INSURING AGREEMENT

This section of “your” policy is amended as follows:

“We” will pay damages for which “you” are legally liable because of “bodily injury” and/or “property damage” caused by an “accident” arising out of the use of “your covered auto”. “We” will settle any claim or defend any lawsuit which is payable under the policy.

“We” have no duty to defend any suit or settle any claim for “bodily injury” or “property damage” not covered under this policy.

“OUR” DUTY TO SETTLE OR DEFEND ENDS WHEN “OUR” LIMIT OF LIABILITY FOR THIS COVERAGE HAS BEEN PAID.

DEFINITIONS

As used in this Part, “insured” means “you” while “you” are using “your covered auto” with the permission of the owner.

EXCLUSIONS

Exclusion A.6 is amended as follows:

6. While employed or otherwise engaged in the “business” of:
 - a. Selling;
 - b. Repairing;
 - c. Parking; or
 - d. Storing;Vehicles designed for use mainly on public highways. This includes road testing and delivery.

Exclusion A.7 is amended as follows:

7. “Bodily injury” or “property damage” resulting from the maintenance or use of “your covered auto” in the course of any “business”. For purposes of this endorsement “business” includes, but is not limited to, delivery for a charge or fee of newspapers, magazines or any food.

Exclusion B.2 is amended as follows:

2. Any vehicle other than “your covered auto.”

OTHER INSURANCE is replaced in its entirety with the following:

This coverage is excess over any other applicable insurance or bond.

PART B- MEDICAL PAYMENTS COVERAGE

This coverage applies only if a premium is shown for Medical Payments Coverage on the Declarations Page.

EXCLUSIONS

Exclusion 5 is amended as follows:

5. Sustained while “occupying” or when struck by any vehicle which:
 - a. is owned by “you”, “your” spouse or members of the household in which “you” reside.

Exclusion 8 is amended as follows:

8. Sustained while “occupying” a vehicle when it is being used in the “business” of an “insured.”

OTHER INSURANCE is replaced in its entirety with the following:

This coverage is excess over any other applicable insurance or bond.

DEFINITIONS

For purposes of this endorsement only the following definitions are amended.

As used in this Part, “insured” means:

“You” while occupying, or when struck by, a car or “trailer”.

PART C- UNINSURED MOTORIST COVERAGE

It is agreed that the Uninsured Motorist Coverage is amended as follows:

This coverage applies only if a premium is shown for Uninsured Motorist Coverage- Bodily Injury coverage on the Declarations Page.

INSURING AGREEMENT

This section of “your” policy is amended as follows:

- A. “We” will pay damages for “bodily injury”, which “you” are legally entitled to recover from the owner or operator of an “uninsured motor vehicle”. The “bodily injury” must be caused by an “accident” and result from the ownership, maintenance or use of an “uninsured motor vehicle”.

NOTIFICATION OF INFORMATION PRACTICE – YOUR PRIVACY

When “you” applied for insurance, “you” entrusted “us” with some personal information about yourself. Like “you”, “we” are concerned with “your” privacy and its protection. Therefore, “we” want “you” to know about “our” procedures for protecting “your” privacy, and “our” rights and responsibilities regarding recorded information about “you”. As “our” customer, “we” want “you” to understand how “we” gather information, how “we” protect it, and how “you” can help insure its accuracy.

WHAT KIND OF INFORMATION IS COLLECTED ABOUT YOU

1. “Your” application for insurance contained personal information which “you” supplied. On some occasions it becomes necessary for “us” to obtain additional information, such as motor vehicle driving records from the Department of Motor Vehicles, and information from an independent source to verify and add to information given in “your” application. The independent sources are commonly called Consumer Reporting Agencies.
2. “You” have a right to access the information “we” have collected about “you”, and “you” have the further right to correction with respect to all personal information contained in “our” files.
3. Since, like “you”, “we” are concerned with protection of “your” privacy, the information collected about “you” is kept confidential. However, personal information and other privileged information collected by “us” or “our” agents may, in certain circumstances, be disclosed to certain parties, such as reinsuring companies, and insurance claims adjusters needed to service “your” insurance account. This may be done without “your” authorization, as permitted or required by law.

NOTICE OF LIMITS OF FURTHER COVERAGE

Pursuant to Section 11580.09 of the California Insurance Code, “you” are notified for the purpose of cancellation, refusal to renew or premium increase, that **LOYA CASUALTY INSURANCE COMPANY**, shall state the reasons for this action which shall include, if applicable, but not limited to, the following:

1. “Accident” involvement by an “insured”, and whether the “insured” is at fault in the “accident”.
2. A change in, or an addition of, an insured vehicle.
3. A change in, or an addition of, an “insured” under this

- policy.
4. A change in the location of garaging of an insured vehicle.
 5. A change in the use of the insured vehicle.
 6. Convictions for violating any provision of the Vehicle Code or the Penal Code relating to the operation of a motor vehicle.
 7. The payment made by this insurer due to a claim filed by an "insured" or a third party. Further be advised that some non-renewals and premium increases may result from reasons that are not specified above that are both lawful and not unfairly discriminatory. The California Department of Insurance should be contacted after contacts between the complainant and Loya Casualty Insurance Company or its agents or other representative have failed to produce a satisfactory solution to the problem.

California Department of Insurance
Consumer Services Bureau
300 South Spring Street
Los Angeles, California 90013

Telephone #
In California- 1-800-927-4357
Out of State- 1-800-897-8921

YOUR PRIVACY IS OUR CONCERN

"We" gather information about "our" customers only in the interest of providing them with quality services at fair prices. "We" are committed to the careful handling of personal information. If, after reading this notice, "you" may have any questions about what's in "your" files, contact "us".

In Witness Whereof, the company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a duly authorized representative of the company.



Secretary



President

AMENDMENT OF POLICY PROVISIONS – CALIFORNIA

This endorsement changes the Private Passenger Auto Policy. Please read it carefully.

I. DEFINITIONS

Items C., D. and H. are replaced by the following:

- C. For the purposes of this policy, a private passenger type “auto” shall be deemed to be owned by a person if leased:
1. under a written agreement to that person; and
 2. for a continuous period of at least 6 months.
- D. “Bodily injury” means bodily injury to a person, including resulting sickness, disease or death.
- H. “Property damage” means physical injury to or destruction of tangible property.

II. PART A – LIABILITY COVERAGE

A. Item A. of the **INSURING AGREEMENT** provision is replaced by the following:

A. “We” will pay damages for “bodily injury” or “property damage” for which any “insured” becomes legally responsible because of an “accident” and for which coverage is provided under this policy. “We” will defend any suit asking for these damages. Defense will be provided, through attorneys selected by “us”, after such suit is tendered to the Company. In addition to “our” limit of liability, “we” will pay all defense costs “we” incur on “your” behalf for suits seeking damages covered by this policy. “Our” duty to defend ends when “our” limit of liability for this coverage has been exhausted by payment of settlements or judgments. “We” have no duty to defend any suit for “bodily injury” or “property damage” not covered under this policy. “We” have the right, but not the duty, to investigate or settle, as “we” consider appropriate, any claim asking for damages for “bodily injury” or “property damage” because of an “accident” and for which coverage is provided under this policy.

B. Item 3. of the **SUPPLEMENTARY PAYMENTS** provision is replaced by the following:

3. Interest accruing on the covered portion of a judgment entered in any suit “we” defend. “Our” duty to pay interest ends when “we” offer to pay

or deposit in court that part of the judgment which is covered and does not exceed “our” limit of liability for this coverage.

C. Item A. in the **EXCLUSIONS** provision is revised as follows:

1. Exclusion 11. is deleted.
2. Exclusions 3., 4., 5., 6. and 12. are replaced by the following:
3. For damage to property:
 - a. rented to;
 - b. used by; or
- c. in the care, custody or control of: “you”, a “family member”, any “insured” and/or that person. This exclusion (A.3.) does not apply to damage to a residence or private garage.
4. For “bodily injury” during the course of employment to an employee of any “insured” or of that person. This exclusion (A.4.) does not apply to “bodily injury” to a domestic employee unless workers’ compensation benefits are required or available for that domestic employee.
5. For that person’s liability arising out of the ownership or operation of a vehicle while it is:
 - a. being used to carry persons or property for a fee. This exclusion (A.5.a.) does not apply for a share-the-expense car pool; or
 - b. rented or leased to another; this exclusion (A.5.b.) does not apply if “you” or any “family member” lends “your covered auto” to another for reimbursement of operating expenses only.
6. While employed or otherwise engaged in the “business” of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. transporting;
 - e. storing; or
 - f. parking;vehicles designed for use mainly on public highways. This includes road testing and delivery. This exclusion (A.6.) does not apply to the ownership, maintenance or use of “your covered auto” by:
 - a. “you”;
 - b. any “family member”; or
 - c. any partner, agent or employee of “you” or any “family member”.

12. For “bodily injury” to “you”, a “family member”, any “insured” and/or any designated excluded driver who would have otherwise been included in the policy definition of an “insured”.

3. The following Exclusions are added:

For “bodily injury” to anyone, whenever the ultimate benefits of such coverage would accrue directly to “you”, a “family member”, any “insured” and/or any designated excluded driver who would have otherwise been included in the policy definition of an “insured”.

For “bodily injury” or “property damage” occurring while an “insured” or that person is engaged in:

- a. criminal activity;
- b. eluding or fleeing arrest; or
- c. illegal transportation or trade.

D. Item 3. of the **LIMIT OF LIABILITY** provision is replaced by the following:

3. The “property damage” liability limit for each “accident” as stated in the Declarations Page is the maximum “we” will pay for all “property damage” arising out of any one “accident”, regardless of the number of persons or organizations suffering such “property damage”.

E. The **OTHER INSURANCE** provision is replaced by the following:

OTHER INSURANCE

If there is other applicable liability insurance:

1. Any insurance “we” provide for losses arising out of the ownership, maintenance or use of a vehicle “you” do not own shall be excess over any other collectible insurance.
2. When this insurance is primary, “we” will pay only “our” share of the loss. “Our” share is the proportion that “our” limit of liability bears to the total of all applicable limits.

III. PART B – MEDICAL PAYMENTS COVERAGE

A. Item B. of the **INSURING AGREEMENT** provision is replaced by the following:

- B. “Insured” as used in this Part means:
1. “You” or any “family member”:
 - a. while “occupying” “your covered auto”; or
 - b. as a pedestrian when struck by a motor vehicle designed for use mainly on public roads or a trailer of any type.
 2. Any other person while “occupying” “your covered auto” while being used by “you”, a “family member” or other

persons with “your” permission.

B. The **EXCLUSIONS** provision is revised as follows:

1. Exclusions 2. and 8. are replaced by the following:
 2. Sustained while “occupying” “your covered auto” when it is:
 - a. being used to carry persons or property for a fee. This exclusion (2.a.) does not apply to a share-the-expense car pool; or
 - b. rented or leased to another; this exclusion (2.b.) does not apply if “you” or any “family member” lends “your covered auto” to another for reimbursement of operating expenses only.
 8. Arising out of the use of any vehicle in the operation of a “business” for the purpose of delivering property from a “business” to a consumer. By way of example, and not limitation, “we” do not cover food delivery, flower delivery, or document delivery.
2. The following exclusions are added:
Caused intentionally by, or at the direction of, an “insured” or that person; or arising out of an intentional act of an “insured” or that person.

Occurring while an “insured” or that person is engaged in:

- a. criminal activity;
- b. eluding or fleeing arrest; or
- c. illegal transportation or trade.

C. Item A. of the **OTHER INSURANCE** provision is replaced by the following:

A. If there is other applicable auto medical payments insurance “we” will pay only “our” share of the loss. “Our” share is the proportion that “our” limit of liability bears to the total of all applicable limits. However, any insurance “we” provide to a person who sustains “bodily injury” while “occupying” a vehicle “you” do not own shall be excess over any other collectible auto insurance providing payments for medical or funeral expenses.

IV. PART C – UNINSURED MOTORISTS COVERAGE

A. The **INSURING AGREEMENT** is replaced by the following:

INSURING AGREEMENT

- A. “We” will pay damages which an “insured” is legally entitled to recover from the owner or operator of an “uninsured motor vehicle” because of:
1. “Bodily injury” sustained by an “insured” and caused by an “accident” and
 2. “Property damage” caused by an “accident” if the Declarations indicate

that Uninsured Motorist Property Damage Coverage applies to that "auto". Only items 1 and 4 under the definition of "uninsured motor vehicle" apply to "property damage".

The owner's or operator's liability for these damages must arise out of the ownership, maintenance, or use of the "uninsured motor vehicle." Any judgment for damages arising out of a suit brought without "our" written consent is not binding on "us". The insurance applies separately with respect to each "insured", but neither this provision nor application of the insurance to more than one "insured" shall operate to increase the limits of the company's liability.

B. California law provides that any claim for uninsured/underinsured benefits for "bodily injury" expires one year after the "accident" unless one of the following actions is taken within one year from the date of the "accident":

1. "We" and the person insured under this part have concluded an agreement as to the amount due under this policy;
2. Suit is filed for "bodily injury" against the uninsured motorist in a court of competent jurisdiction; or
3. "We" are notified in writing, by certified mail, return receipt requested, that formal arbitration is demanded.

C. As used in this Part, "insured" means:

1. "You" or any "family member."
2. Any other person "occupying" "your covered auto."
3. Any person, for damages that person is entitled to recover because of "bodily injury" to which this coverage applies, sustained by a person in 1. or 2. above.

D. "Property damage", as used in this endorsement, means injury to, or destruction of, "your covered auto". However, "property damage" does not include:

1. Loss of use of "your covered auto"; or
2. Damage to personal property contained in "your covered auto".

E. "Uninsured motor vehicle" means a land motor vehicle or "trailer" of any type:

1. To which no bodily injury liability bond or insurance policy applies with liability limits complying with the Financial Responsibility Law of the state in which "your covered auto" is principally garaged at the time of the "accident".
2. Which, with respect to damages for "bodily injury" only, is an underinsured motor vehicle. An underinsured

motor vehicle is one to which a bodily injury liability bond or insurance policy applies at the time of the "accident" but its limit for "bodily injury" liability is less than the "bodily injury" limit of liability for this coverage.

3. Which, with respect to damages for "bodily injury" only, is a hit and run vehicle whose owner or operator cannot be identified and which hits or makes physical contact with:
 - a. "you" or any "family member";
 - b. a vehicle which "you" or any "family member" are "occupying"; or
 - c. "your covered auto".
4. To which a bodily injury liability bond or insurance policy applies at the time of the "accident" but the bonding or insuring company:
 - a. denies coverage;
 - b. refuses to admit coverage except conditionally or with reservation; or
 - c. is or becomes insolvent.

However, "uninsured motor vehicle" does not include any vehicle or equipment:

1. Owned by or furnished or available for the regular use of "you" or any "family member."
2. Owned or operated by a self-insurer under any applicable motor vehicle financial responsibility law, motor carrier law or any similar law.
3. Owned by any governmental unit or agency.
4. Designed or modified for use primarily off public roads, except while actually on public roads.
5. While located for use as a residence or premises.

B. The **EXCLUSIONS** provision is revised as follows:

1. Item A. is replaced by the following:
 - A. "We" do not provide Uninsured Motorist Coverage for "property damage" or "bodily injury" sustained by any person:
 1. While "occupying", or when struck by, a motor vehicle owned by an "insured" unless the occupied vehicle is insured for this coverage under this policy. "Motor vehicle" as used in this paragraph means any self-propelled vehicle.
 2. If that person or their legal representative settles or has been awarded a judgment of the "bodily injury" or "property damage" claim without "our"

- 3. When "your covered auto" is:
 - a. being used to carry persons or property for a fee. This exclusion (A.3.a.) does not apply to a share-the-expense car pool; or
 - b. rented or leased to another; this exclusion (A.3.b.) does not apply if "you" or any "family member" lends "your covered auto" to another for reimbursement of operating expenses only.
- 4. Using a vehicle without a reasonable belief that the person is entitled to do so.
- 5. Caused intentionally by, or at the direction of, an "insured" or that person; or arising out of an intentional act of an "insured" or that person.
- 6. Occurring while an "insured" or that person is engaged in:

- a. criminal activity;
- b. eluding or fleeing arrest; or
- c. illegal transportation or trade.

2. Item B. in the **EXCLUSIONS** provision is revised as follows

- a. Exclusion 5. is deleted.
- b. The following exclusion is added:
To punitive or exemplary damages.

C. The **ARBITRATION** provision is replaced by the following:

ARBITRATION

- A. If "we" and an "insured" do not agree:
 - 1. Whether that "insured" is legally entitled to recover damages under this Part; or
 - 2. As to the amount of damages;

then either party may make a written demand for arbitration within one year of the date of the "accident". In this event the matter or matters upon which the parties do not agree shall be settled according to American Arbitration Association rules by a single neutral arbitrator, for decision in accordance with the laws of the state of California. The decision made by the arbitrator may be entered as a judgment in any court having jurisdiction.

- B. Arbitration cannot be demanded by the "insured" prior to the "insured" complying with all the terms and conditions of this policy.
- C. Agreement to arbitration does not waive any of the terms and conditions of the policy.
- D. Each party will:

- 1. Pay the expenses it incurs; and
 - 2. Bear the expense of the arbitrator equally.
- E. Any decision of the arbitrator will be binding as between "us" and the "insured" as to:
- 1. Whether the "insured" is legally entitled to recover damages; and
 - 2. The amount of damages.

The decision will not be binding on any party in any action between:

- 1. Any "insured", his insurer, his legal representative or his heirs; and
 - 2. The uninsured/underinsured motorist;
- to recover damages arising out of the "accident" on which the award is based.

F. In no event shall "our" liability, regardless of the award of the arbitrator, or any trial, exceed the limit of liability stated in the Declarations.

V. PART D – COVERAGE FOR DAMAGE TO YOUR AUTO

The **EXCLUSIONS** provision is revised as follows:

- A. Exclusions 2., 6. and 7. are replaced by the following:
 - 2. Loss occurring to "your covered auto" while it is being rented, leased or hired for a fee.
 - 6. Loss or damage to tapes, records, CD's or other devices for use with equipment designed for the reproduction of sound.
 - 7. Loss or damage to a camper body or "trailer" "you" own which is not shown in the Declarations. This exclusion (7.) does not apply to a camper body or "trailer" "you":
 - a. acquire during the policy period; and
 - b. ask "us" to insure within 30 days after "you" become the owner.

B. The following exclusions are added:
Loss caused intentionally by, or at the direction of, an "insured," or arising out of an intentional act of an "insured".

- Loss occurring while an "insured" is engaged in:
- a. criminal activity;
 - b. eluding or fleeing arrest; or
 - c. illegal transportation or trade.

VI. PART F – GENERAL PROVISIONS

A. The **LEGAL ACTION AGAINST US** provision is replaced by the following:

LEGAL ACTION AGAINST US

- A. No legal action may be brought against “us” until the “insured” has fully complied with all the terms and conditions of this policy. In addition, under Part A, no legal action may be brought against “us” until the amount of the “insured’s” obligation to pay has been finally determined either:
1. By a final judgment against the “insured” after actual trial; or
 2. By written agreement of the “insured”, the claimant and “us”.
- B. No person or organization has any right under this policy to bring “us” into any action brought to determine the liability of an “insured”.
- C. Under Part B and Part D, no legal action may be brought against “us” on this policy, or arising out of any activities of the Company in any way related to this policy, or claims “you” have presented, unless filed within one year of the “accident” or loss.

B. The **PERSONS EXCLUDED** provision is replaced by the following:

PERSONS EXCLUDED

All coverages, including Uninsured Motorist, and including “our” obligation to defend under the policy shall not apply, nor shall they accrue to the benefit of “you” or any third party claimant, while any “auto” is being operated by any “Persons Excluded” (listed on the Application and/or Declarations Page and/or “Driver Exclusion Endorsement” of this policy), regardless of where the person resides or whether the person is licensed to drive.

This exclusion applies to the policy, or any continuation, renewal, or replacement of the policy by the named insured, or reinstatement within 30 days of any lapse thereof.

C. The second paragraph of the **LOSS PAYABLE CLAUSE** is replaced by the following:

If “you” surrender possession of the “your covered auto” to the loss payee or the loss payee repossesses “your covered auto”, “we” will not pay the loss payee for loss occurring after the date the loss payee or its agents takes possession of “your covered auto”.

D. The first paragraph of the **LOSS PAYABLE DEDUCTIBLE PROVISION** is replaced by the following:

If “we” are asked to pay the loss payee, “we” will apply a deductible shown in the Declarations for the interest of the loss payee, only not to exceed \$500 for Part D - Coverage for Damage to Your Auto.

E. The **NOTIFICATION OF INFORMATION PRACTICES – YOUR PRIVACY, WHAT KIND OF INFORMATION IS COLLECTED ABOUT YOU and YOUR PRIVACY IS OUR CONCERN** provisions are deleted.

All other policy provisions apply.

