

**ALABAMA PERSONAL AUTO POLICY  
IMPORTANT NOTICE**

The insured has made Young America Insurance Company (hereinafter called the Company) a written application attached hereto and incorporated by reference. All statements and descriptions in the application for this policy or in negotiations therefore, by or on behalf of the insured, shall be deemed to be representations and not warranties. Misrepresentations, omissions, concealment of facts or incorrect statements shall not prevent a recovery under the policy unless either:

1. Fraudulent;
2. Material either to the acceptance of the risk, or to the hazard assumed by us; or
3. We in good faith would either not have issued the policy, would not have issued the policy at the same premium rate, would not have issued the policy in as large an amount, or would not have provided coverage with respect to the hazard resulting in the loss, if the true facts had been made known to us as required by the application for the policy or contract otherwise.

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.**

This policy does not provide any coverage for any loss that occurs within the Territory of Mexico.

**Young America Insurance Company  
Alabama Personal Automobile 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 the Company.**

**YOUR PERSONAL AUTO POLICY QUICK  
REFERENCE**

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**ALABAMA MOTOR VEHICLE POLICY**

If **you** pay **your** premium on time, **we** will provide the insurance described in this policy.

**YOUR DUTIES**

**WHAT YOU MUST DO IN CASE OF AN ACCIDENT OR LOSS**

**Notify Us As Soon As Practicable**

If a person or vehicle covered by this policy is involved in an **accident** or **loss** for which this insurance may apply, report it to **us** within twenty-four (24) hours or as soon as practicable by calling **us** at: **1-800-880-0472**.

**For coverage to apply under this policy, you or an insured person must promptly report each accident or loss even if an insured person is not at fault.**

**You** should provide **us** with the following **accident** or **loss** information as soon as it is available:

- time;
- place;
- circumstances of the **accident** or **loss** (for example, how the **accident** happened and weather conditions);
- names and addresses of all persons involved;
- names and addresses of any witnesses;
- the license plate numbers of the vehicles involved; and
- insurance provided on any other vehicles involved in the **accident** or **loss**.

**You** or an insured person should also notify the police within twenty-four (24) hours or as soon as practicable **if**:

- **you** cannot identify the **owner** or operator of a vehicle involved in the **accident**; or
- theft or vandalism has occurred.

A person claiming coverage must:

- cooperate with **us** in any matter concerning a claim or lawsuit;
- provide any written proof of **loss** **we** may reasonably require;
- allow **us** to take the signed and recorded statements, including sworn statements and examinations under oath, and answer all reasonable questions **we** may ask as often as **we** may reasonably require;
- promptly send **us** any and all legal papers relating to any claim or lawsuit;
- attend hearings and trials as **we** require;

- take reasonable steps after a **loss** to protect the **covered vehicle**, non-owned vehicle, or trailer from further **loss**. **We** will pay reasonable expenses incurred in providing that protection. If **you** fail to do so, any further damages will not be covered under this policy;
- allow **us** to have the damaged **covered vehicle**, non-owned vehicle, or trailer inspected and appraised before its repair or disposal;
- submit to medical examinations at **our** expense by doctors **we** select as often as **we** may reasonably require; and
- authorize **us** to obtain medical and other records.
- allow **us** to take **your** signed and recorded statements.

### GENERAL DEFINITIONS

Except as otherwise defined in this policy, terms appearing in boldface will have the following meaning:

1. “**Accident**” means a sudden, unexpected and unintended occurrence.
2. “**Bodily injury**” means bodily harm, sickness, or disease, including death that results from bodily harm, sickness, or disease.
3. “**Business**” includes a trade, profession, or occupation.
4. “**Covered vehicle**” means:
  - a. any **vehicle** shown on the **Declarations Page**, unless **you** have asked **us** to delete that **vehicle** from the policy;
  - b. any additional **vehicle** on the date **you** become the **owner** if:
    - (i) **you** acquire the **vehicle** during the policy period shown on the **Declarations Page**;
    - (ii) **we** insure all other **vehicles owned** by **you**, and
    - (iii) no other insurance policy provides coverage for that **vehicle**.

If **we** provide coverage for a **vehicle you** acquire in addition to any **vehicle** shown on the **Declarations Page**, **we** will provide the broadest coverage **we** provide for any **vehicle** shown on the **Declarations Page**. **We** will provide that coverage for a period of thirty (30) days after **you** become the **owner**. **We** will not provide coverage after the thirty (30) day period, unless within this period **you** ask **us** to insure the additional **vehicle**. If **you** add

any coverage to this policy or increase **your** limits, these changes to **your** policy will not become effective until after **you** ask **us** to add the coverage or increase **your** limits; and

- c. any replacement **vehicle** on the date **you** become the **owner** if:
  - (i) **you** acquire the **vehicle** during the policy period shown on the **Declarations Page**;
  - (ii) the **vehicle** that **you** acquire replaces one shown on the **Declarations Page**; and
  - (iii) no other insurance policy provides coverage for that **vehicle**.

If the **vehicle** that **you** acquire replaces one shown on the **Declarations Page**, it will have the same coverage as the **vehicle** it replaces. **You** must ask **us** to insure a replacement **vehicle** within thirty (30) days after **you** become the **owner** if **you** want to continue any coverage **you** had under Part IV – Damage To A Vehicle. If the **vehicle** replaced did not have coverage under Part IV – Damage To A Vehicle, **you** may add coverage for the replacement **vehicle**. However, if **you** add coverage under Part IV- Damage To A Vehicle, it will not become effective until after **you** ask **us** to add the coverage. If **you** add any other coverage to this policy or increase **your** limits, it will not become effective until after **you** ask **us** to add the coverage or increase **your** limits.

5. “**Declarations Page**” means the document from **us** listing:
  - a. the types of coverage **you** have elected;
  - b. the limits for each coverage;
  - c. the cost for each coverage;
  - d. the specified **vehicles** covered by this policy;
  - e. the types of coverage for each **vehicle**; and
  - f. other information applicable to this policy.
6. “**Loss**” means sudden, direct, and accidental **loss** or damage.
7. “**Occupying**” means in, upon, on, entering, getting in, out, exiting or off the vehicle.
8. “**Owned**” means the person:
  - a. holds legal title to the **vehicle**;
  - b. has legal possession of the **vehicle** that is subject to a written security agreement with an original term of six (6) months or more; or
  - c. has legal possession of the **vehicle** that is leased to that person under a written agreement for a continuous period of six (6) months or more.

9. “**Owner**” means any person who, with respect to a **vehicle**:
- holds legal title to the **vehicle**;
  - has legal possession of the **vehicle** that is subject to a written security agreement with an original term of six (6) months or more; or
  - has legal possession of the **vehicle** that is leased to that person under a written agreement for a continuous period of six (6) months or more.

10. “**Property damage**” means physical damage to, destruction of, or loss of use of, tangible property.

11. “**Relative**” means a person primarily residing in the same household as **you**, and related to **you** by blood, marriage, or adoption, including a ward, stepchild, or foster child. **Your** unmarried dependent children temporarily away from home will be considered to be primarily residing in the same household as **you** if they intend to continue to reside in **your** household.

12. “**Vehicle**” and “**vehicles**” mean a land motor vehicle:

- of the private passenger, pickup body, or sedan delivery type;
- designed for operation principally upon public roads;
- with at least four wheels; and
- with a gross vehicle weight of 10,000 pounds or less.

13. “**We**”, “**Us**” and “**Our**” mean the company providing the insurance, as shown on the **Declarations Page**.

14. “**You**” and “**Your**” mean:

- a person or persons shown as a named insured on the **Declarations Page**; and
- the spouse of a named insured if residing in the same household at the time of **loss**.

## **PART I – LIABILITY TO OTHERS**

### **INSURING AGREEMENT**

Subject to the Limits of Liability, if **you** pay the premium for liability coverage, **we** will pay:

- damages, other than punitive or exemplary damages, for **bodily injury** and **property damage**; and
- punitive damages due for wrongful death; for which an **insured person** becomes legally responsible because of an **accident** arising out of the:
  - ownership, maintenance, or use of a **vehicle**; or
  - use of any **trailer** while attached to a:
    - covered vehicle**; or
    - non-owned vehicle** operated by an **insured person**.

Damages include prejudgment interest awarded against an **insured person**.

**We** will settle or defend, at **our** option, any claim for damages covered by this Part I. Our duty to settle or defend ends when our limit of liability for this coverage has been exhausted by payments of judgments or settlements. We have no duty to defend any suit or settle any claim for **bodily injury** or **property damage** not covered under this policy.

### **ADDITIONAL DEFINITIONS**

When used in this Part I:

- “**Insured person**” and “**insured persons**” mean:
  - you** or a **relative** with respect to an **accident** arising out of the ownership, maintenance, or use of a **covered vehicle**;
  - any person with respect to an **accident** arising out of that person’s use of a **covered vehicle** with the express or implied permission of **you** or a **relative**;
  - a **relative** with respect to an **accident** arising out of the maintenance or use of a **non-owned vehicle** with the express or implied permission of the **owner** of the **vehicle**;
  - you** with respect to an **accident** arising out of the maintenance or use of any **vehicle** with the express or implied permission of the **owner** of the **vehicle**;
  - any person or organization with respect only to vicarious liability for an **accident** arising out of the use of a **covered vehicle** or **non-owned vehicle** by a person described in a, b, c, or d above; and
  - any Additional Interest Insured designated by **you** in **your** application or by a change request agreed to by **us**, with respect to liability for an **accident** arising out of the use of a **covered vehicle** or **non-owned vehicle** by a person described in a, b, c, or d above.

2. “**Non-owned vehicle**” means any **vehicle** that is not **owned** by **you**, a **relative**, or the named insured’s non-resident spouse.

3. “**Trailer**” means a non-motorized trailer, including a farm wagon or farm implement, designed to be towed on public roads by a **vehicle**, but that is not used:

- for commercial or **business** purposes;
- as a primary residence;

- c. as a premises for office, store or display purposes; or
- d. as a passenger conveyance.

### ADDITIONAL PAYMENTS

In addition to **our** limit of liability, **we** will pay for an **insured person**:

1. all expenses that **we** incur in the settlement of any claim or defense of any lawsuit;
2. interest accruing after entry of judgment, until **we** have paid or tendered that portion of the judgment which does not exceed **our** limit of liability. This does not apply if **we** have not been given notice of suit or the opportunity to defend an **insured person**;
3. the premium on any appeal bond or attachment bond required in any lawsuit **we** defend. **We** have no duty to purchase a bond in an amount exceeding **our** limit of liability, and **we** have no duty to apply for or furnish these bonds;
4. up to \$250 for a bail bond required because of an **accident** arising out of the ownership, maintenance, or use of a **covered vehicle** or **non-owned vehicle**. **We** have no duty to apply for or furnish this bond; and
5. reasonable expenses, including loss of earnings up to \$200 a day, incurred at **our** request.

**EXCLUSIONS – READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART I.**

Coverage under this Part I, including **our** duty to defend, does not apply to:

1. **bodily injury** or **property damage** arising out of the ownership, maintenance, or use of a **vehicle** or **trailer** while being used:
  - a. to carry persons or property for compensation or a fee; or
  - b. for retail or wholesale delivery, including, but not limited to, the pickup transport, or delivery of magazines, newspapers, mail, or food.  
This exclusion does not apply to shared-expense car pools;
2. any liability assumed by an **insured person** under any contract or agreement;
3. **bodily injury** to an employee of an **insured person** arising out of or within the course of employment, except for domestic employees if benefits are neither paid nor required to be provided under workers' compensation, disability benefits, or similar laws;
4. **bodily injury** or **property damage** arising out of an **accident** involving a **vehicle** or **trailer** while being used by a person while employed or engaged in the **business** of selling, leasing, repairing, parking,

storing, servicing, delivering, or testing vehicles. However, this exclusion does not apply to **you**, a **relative**, or an agent or employee of **you** or a **relative**, when using a **covered vehicle**;

5. **bodily injury** or **property damage** resulting from any pre-arranged or organized racing, speed or demolition contest, stunting activity, or in practice or preparation of any such contest or activity;
6. **bodily injury** or **property damage** due to a nuclear reaction or radiation;
7. **bodily injury** or **property damage** for which insurance is afforded under a nuclear energy liability insurance contract;
8. any obligation for which the United States Government is liable under the Federal Tort Claims Act;
9. **bodily injury** or **property damage** caused by an intentional act of an **insured person** or at the direction of an **insured person**;
10. **property damage** to any property owned by, rented to, being transported by, used by, or in the charge of an **insured person** or a person residing in **your** household. However, this exclusion does not apply to:
  - a. a rented residence or rented garage damaged by a **covered vehicle**; or
  - b. **property damage** to another **covered vehicle**;
11. **bodily injury** to **you** or a **relative**;
12. **bodily injury** or **property damage** resulting from a **relative's** operation or use of a vehicle, other than a **covered vehicle**, owned by a person who resides with **you**;
13. **bodily injury** or **property damage** resulting from **your** operation or use of a **vehicle owned by you**, other than a **covered vehicle**; or
14. **bodily injury** or **property damage** arising out of the use of a **covered vehicle** while leased or rented to others. However, this exclusion does not apply to the operation of a **covered vehicle** by **you** or a **relative**; or
15. **bodily injury** or **property damage** caused by, or reasonably expected to result from a criminal act or omission of that **insured person**. This exclusion applies regardless of whether that **insured person** is actually charged with, or convicted of, a crime. For purposes of this exclusion, criminal acts or omissions do not include non felonious traffic violations.

### LIMITS OF LIABILITY

The limit of liability shown on the **Declarations Page** is the most **we** will pay regardless of the number of:

1. claims made;
2. **covered vehicles**;
3. **trailers** shown on the **Declarations Page**;
4. **insured persons**;

5. lawsuits brought;
6. **vehicles** involved in an **accident**; or
7. premiums paid.

If the **Declarations Page** shows that “combined single limit” or “CSL” applies, the amount shown is the most **we** will pay for the total of all damages resulting from any one **accident**. However, without changing this total “each accident” limit of liability, **we** will comply with any law that requires **us** to provide any separate limits.

If **your Declarations Page** shows a split limit:

1. the amount shown for “each person” is the most **we** will pay for all damages due to **bodily injury** to one person;
2. subject to the “each person” limit, the amount shown for “each accident” is the most **we** will pay for all damages due to **bodily injury** sustained by two or more persons in any one **accident**; and
3. the amount shown for “property damage” is the most **we** will pay for the total of all **property damage** for which an **insured person** becomes liable as a result of any one **accident**.

The “each person” limit of liability includes the total of all claims made for **bodily injury** to a person and all claims of others derived from such **bodily injury**, including, but not limited to, emotional injury or mental anguish resulting from the **bodily injury** of another or from witnessing the **bodily injury** to another, loss of society, loss of companionship, loss of services, loss of consortium, and wrongful death.

No one will be entitled to duplicate payments for the same elements of damages.

Any payment to a person under this Part I shall be reduced by any payment to that person under Part III – Uninsured/Underinsured Motorist Coverage.

A **vehicle** and attached **trailer** are considered one **vehicle**. Therefore, the Limits of Liability will not be increased for an **accident** involving a **vehicle** which has an attached **trailer**.

## **FINANCIAL RESPONSIBILITY LAWS**

When **we** certify this policy as proof of financial responsibility, this policy will comply with, and is subject to, all of the provisions of the Alabama Motor Vehicle Safety Responsibility Act. **You** must reimburse **us** if **we** make a payment that **we** would not have made if this policy was not certified as proof of financial responsibility.

## **OTHER INSURANCE**

If there is other applicable liability insurance or bond, **we** will pay only **our** pro-rata share of the damages. **Our** share is the proportion that **our** Limit of Liability bears to the total of all applicable limits.

However, any insurance **we** provide for a:

1. **vehicle**, other than a **covered vehicle**; or
2. **trailer**, other than a **trailer** being towed by a **covered vehicle**;

will be excess over any other collectible insurance, self-insurance, or bond.

## **OUT-OF-STATE COVERAGE**

If an **accident** to which this Part I applies occurs in any state, territory or possession of the United States of America or any province or territory of Canada, other than the one in which a **covered vehicle** is principally garaged, and the state, province, territory or possession has:

1. a financial responsibility or similar law requiring limits of liability for **bodily injury** or **property damage** higher than the limits shown on the **Declarations Page**, this policy will provide the higher limit; or
2. a compulsory insurance or similar law requiring a non-resident to maintain insurance whenever the non-resident uses a **vehicle** in that state, province, territory or possession, this policy will provide the greater of:
  - a. the required minimum amounts and types of coverage; or
  - b. the Limits of Liability under this policy.

## **PART II – MEDICAL PAYMENTS COVERAGE**

### **INSURING AGREEMENT**

Subject to the Limits of Liability, if **you** pay the premium for Medical Payments Coverage, **we** will pay the **usual and customary charge** for reasonable and necessary expenses, incurred within three (3) years from the date of an **accident**, for medical and funeral services because of **bodily injury** up to the limits of the medical payments coverage:

1. sustained by an **insured person**;
2. caused by an **accident**; and
3. arising out of the ownership, maintenance or use of a motor **vehicle** or **trailer**.

Any dispute as to the **usual and customary charge** will be resolved between the service provider and **us**.

## ADDITIONAL DEFINITIONS

When used in this Part II:

1. “**Insured person**” and “**insured persons**” mean:
  - a. **you** while **occupying** any **vehicle**, other than a **vehicle owned by you** which is not a **covered vehicle**;
  - b. a **relative** while **occupying** a **covered vehicle** or **non-owned vehicle**;
  - c. **you** or any **relative** when struck by a motor **vehicle** of any type, or a **trailer**, while not **occupying** a motor **vehicle**;
  - d. any other person while **occupying** a **covered vehicle**; and
  - e. any person **occupying** a **trailer**;
    - (i) shown on the **Declarations Page**; or
    - (ii) **owned by you** while attached to a **covered vehicle**.
2. “**Non-owned vehicle**” means any **vehicle** that is not **owned by you**, a **relative**, or the named insured’s non-resident spouse.
3. “**Trailer**” means a non-motorized trailer, including a farm wagon or farm implement, designed to be towed on public roads by a land motor vehicle, but that is not used:
  - a. for commercial or **business** purposes;
  - b. as a primary residence;
  - c. as a premises for office, store or display purposes; or
  - d. as a passenger conveyance.
4. “**Usual and customary charge**” means an amount which **we** determine represents a customary charge for services in the geographical area which the service is rendered. **We** shall determine the usual and customary charge through the use of independent sources of **our** choice.

### **EXCLUSIONS – READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART II.**

Coverage under this Part II does not apply to **bodily injury**:

1. sustained by any person while **occupying** a **covered vehicle** while it is being used:
  - a. to carry persons or property for compensation or a fee; or
  - b. for retail or wholesale delivery, including, but not limited to, the pickup, transport or delivery of magazines, newspapers, mail, or food.This exclusion does not apply to shared-expense car pools;

2. sustained while **occupying** any **vehicle** or **trailer** while being used as a residence or premises;
3. if workers’ compensation benefits are available for the **bodily injury**;
4. arising out of an **accident** involving a **vehicle** or **trailer** while being used by a person while employed or engaged in the **business** of selling, leasing, repairing, parking, storing, servicing, delivering, or testing **vehicles**. However, this exclusion does not apply to **you**, a **relative**, or an agent or employee of **you** or a **relative**, when using a **covered vehicle**;
5. resulting from any pre-arranged or organized racing, speed or demolition contest, stunting activity, or in practice or preparation for any such contest or activity;
6. due to a nuclear reaction or radiation;
7. for which insurance is afforded under a nuclear energy liability insurance contract;
8. for which the United States Government is liable under the Federal Tort Claims Act;
9. sustained by any person while **occupying** a **covered vehicle** or **trailer** without the express or implied permission of **you** or a **relative**;
10. sustained by **you** or a **relative** while **occupying** a **non-owned vehicle** without the express or implied permission of the **owner**;
11. that is intentionally inflicted on an **insured person** at that person’s request or self-inflicted;
12. caused directly or indirectly by:
  - a. any accidental or intentional discharge, dispersal, or release of radioactive, nuclear, pathogenic, or poisonous biological material; or
  - b. any intentional discharge, dispersal, or release of chemical or hazardous material for any purpose other than its safe and useful purpose; or
13. caused by, or reasonably expected to result from, a criminal act or omission of an **insured person**. This exclusion applies regardless of whether **the insured person** is actually charged with, or convicted of, a crime. For purposes of this exclusion, criminal acts or omissions do not include traffic violations.

### **LIMITS OF LIABILITY**

The Medical Payments limit of liability shown on the **Declarations Page** is the most **we** will pay for each **insured person** injured in any one **accident**, regardless of the number of:

1. claims made;
2. **covered vehicles**;
3. **trailers** shown on the **Declarations Page**;
4. **insured persons**;
5. lawsuits brought;
6. **vehicles** involved in an **accident**; or

7. premiums paid.

Any amount payable to an **insured person** under this Part II will be reduced by any amount paid or payable for the same expense under Part I – Liability To Others or Part III - Uninsured/Underinsured Motorist Coverage.

No one will be entitled to duplicate payments under this policy for the same elements of damages.

## OTHER INSURANCE

If there is other applicable **vehicle** medical payments insurance, **we** will pay only **our** share of the medical and funeral services. **Our** share is the proportion that **our** Limit of Liability bears to the total of all applicable limits. However, any insurance **we** provide for an **insured person occupying** a:

1. **vehicle**, other than a **covered vehicle**; or
2. **trailer**, other than a **trailer** being towed by a **covered vehicle**;

will be excess over any other **vehicle** or **trailer** insurance providing payments for medical or funeral expenses.

## PART III – UNINSURED/UNDERINSURED MOTORIST COVERAGE

### INSURING AGREEMENT

If **you** pay the premium for this coverage, **we** will pay for damages that an **insured person** is legally entitled to recover from the **owner** or operator of an **uninsured motor vehicle** because of **bodily injury**:

1. sustained by an **insured person**;
2. caused by an **accident**; and
3. arising out of the ownership, maintenance, or use of an **uninsured motor vehicle**.

An **insured person** must notify **us** in writing at least 30 days before entering into any settlement with the **owner** or operator of an **uninsured motor vehicle**, or that person's liability insurer. In order to preserve **our** right of subrogation, **we** may elect to pay any sum offered in settlement by, or on behalf of, the **owner** or operator of an **uninsured motor vehicle**. If **we** do this, **you** agree to assign to **us** all rights that **you** have against the **owner** or operator of an uninsured motor vehicle.

Any judgment or settlement for damages against an **owner** or operator of an **uninsured motor vehicle** that arises out of a lawsuit brought with **our** written consent is not binding on **us**.

## ADDITIONAL DEFINITIONS

When used in this Part III:

1. “**Insured person**” and “**insured persons**” mean:
    - a. **you** or a **relative**;
    - b. any person **occupying a covered vehicle**; and
    - c. any person who is entitled to recover damages covered by this Part III because of **bodily injury** sustained by a person described in a or b above.
  2. “**Non-owned vehicle**” means any **vehicle** that is not **owned** by **you**, a **relative**, or the named insured's non-resident spouse.
  3. “**Uninsured motor vehicle**” means a land motor vehicle or trailer of any type:
    - a. to which no **bodily injury** liability bond or insurance policy applies at the time of the **accident**;
    - b. to which a **bodily injury** liability bond or insurance policy applies at the time of the **accident**, but the bonding or insuring company:
      - (i) denies coverage; or
      - (ii) is or becomes insolvent;
    - c. to which a **bodily injury** liability bond or insurance policy applies at the time of the **accident**; but its limit of liability for **bodily injury** is less than the minimum limit of liability for **bodily injury** specified by the financial responsibility law of the state in which a **covered vehicle** is principally garaged;
    - d. that is a hit-and-run vehicle whose operator or **owner** cannot be identified and which causes an **accident** resulting in **bodily injury** to an **insured person**.

If there is no physical contact with the hit-and-run **vehicle**, the facts of the **accident** must be proven by competent evidence other than by the testimony of an **insured person**;
    - e. to which a **bodily injury** liability bond or policy applies at the time of the **accident**, but the sum of all applicable limits of liability for **bodily injury** is less than the damages which the **insured person** is legally entitled to recover.
- An “**uninsured motor vehicle**” does not include any motorized vehicle or equipment:
- a. **owned** or operated by a self-insurer under any applicable vehicle law, except a self-insurer that is or becomes insolvent;
  - b. operated on rails or crawler treads;



- c. designed mainly for use on public roads, while not on public roads;
- d. while being used as a residence or premises;
- e. shown on the **Declarations Page** of this policy; or
- f. not required to be registered as a motor vehicle.

**EXCLUSIONS – READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART III.**

- 1. Coverage under this Part III is not provided for **bodily injury** sustained by any person while using or **occupying a covered vehicle** while being used:
  - a. to carry persons or property for compensation or a fee; or
  - b. for retail or wholesale delivery, including but not limited to, the pickup, transport, or delivery of magazines, newspapers, mail or food.  
This exclusion does not apply to shared expense car pools;
- 2. Coverage under this Part III will not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar laws:
  - a. workers' compensation law; or
  - b. disability benefits laws.
- 3. We do not provide **Uninsured Motorist Coverage** sustained by an **insured** if that **insured** or the legal representative settles the **bodily injury** claim and such settlement prejudices our right to recover payment.

**LIMITS OF LIABILITY**

The limit of liability shown on the **Declarations Page** for “**Uninsured/Underinsured Motorist Coverage**” is the most we will pay regardless of the number of:

- 1. claims made;
- 2. **insured persons**;
- 3. lawsuits brought;
- 4. **vehicles** involved in the **accident**; or
- 5. premiums paid.

If coverage under this Part III applies to one **covered vehicle**, **our** maximum limit of liability under this policy is the amount shown on the **Declarations Page** for coverage under this Part III. However, if coverage under this Part III applies to more than one **covered vehicle**, **our** limit of liability under this policy will be the amount shown on the **Declarations Page** for coverage under this Part III multiplied by the number of

**covered vehicles** listed on this policy as covered under Part III, not to exceed three.

If your **Declarations Page** shows a split limit:

- 1. the amount shown for “each person” is the most **we** will pay for all damages due to **bodily injury** to one person; and
- 2. subject to the “each person” limit, the amount shown for “each accident” is the most **we** will pay for all damages due to **bodily injury** sustained by two or more persons in any one **accident**.

The “each person” limit of liability includes the total of all claims made for **bodily injury** to an **insured person** and all claims of others derived from such **bodily injury**, including, but not limited to, emotional injury or mental anguish resulting from the **bodily injury** of another or from witnessing the **bodily injury** to another, loss of society, loss of companionship, loss of services, loss of consortium, and wrongful death.

If the **Declarations Page** shows that “combined single limit” or “CSL” applies, the amount shown is the most **we** will pay for the total of all damages resulting from any one **accident**. However, without changing this total limit of liability, **we** will comply with any law that requires **us** to provide any separate limits.

The damages that an **insured person** is legally entitled to recover because of **bodily injury** under this Part III will be reduced by:

- 1. all sums paid because of **bodily injury** by or on behalf of any persons or organizations that may be legally responsible including, but not limited to, all sums paid under Part I – Liability To Others; and
- 2. any difference between the sums paid by the insurers of the persons or organizations who may be legally responsible and the limits of liability under those bonds and policies.

No one will be entitled to duplicate payments for the same elements of damages.

If multiple vehicle policies issued by **us** are in effect for **you**, **we** will pay no more than the highest limit of liability for this coverage available under any one policy.

**OTHER INSURANCE**

If there is other applicable uninsured or underinsured motorist coverage, **we** will pay only **our** share of the damages. **Our** share is the proportion that **our** Limit of Liability bears to the total of all available coverage limits. However, any insurance **we** provide shall be excess over any other uninsured or underinsured

motorist coverage, except for **bodily injury to you** or a relative when **occupying a covered vehicle**.

We will not pay for any damages which would duplicate any payment made for damages under other insurance.

#### **PART IV – DAMAGE TO A VEHICLE**

##### **INSURING AGREEMENT – COLLISION COVERAGE**

If **you** pay the full premium for Collision Coverage, **we** will pay for **loss** to a:

1. **covered vehicle** for which Collision Coverage has been purchased;
  2. **non-owned vehicle**; or
  3. **trailer**;
- when it overturns or is in a collision with another object, subject to the Limits of Liability.

##### **INSURING AGREEMENT – COMPREHENSIVE COVERAGE**

If **you** pay the full premium for Comprehensive Coverage, **we** will pay for comprehensive **loss** to a:

1. **covered vehicle** for which Comprehensive Coverage has been purchased;
  2. **non-owned vehicle**; or
  3. **trailer**;
- subject to the Limits of Liability.

A comprehensive **loss** is a **loss** to a **covered vehicle**, **non-owned vehicle**, or **trailer**, other than a **loss** covered under Collision Coverage, including, but not limited to, any of the following:

1. contact with an animal (including a bird);
2. explosion or earthquake;
3. fire;
4. malicious mischief or vandalism;
5. missiles or falling objects;
6. riot or civil commotion;
7. theft or larceny; or
8. windstorm, hail, water, or flood.

If **you** pay the premium for Comprehensive Coverage under this policy, **we** will pay **you** up to the greater of:

1. \$20 each day for thirty (30) days; or
2. any higher limit of liability purchased as Rental Reimbursement Coverage that is shown on the **Declarations Page**;

for transportation expenses incurred by **you** if a **covered vehicle** to which Comprehensive Coverage applies is stolen, or for loss of use damages that **you** are legally liable to pay if a **non-owned vehicle** is stolen.

Transportation expenses and loss of use damages coverage begins forty-eight (48) hours after **you** report the theft to **us**, and ends the earliest of:

1. when the **covered vehicle** or **non-owned vehicle** has been recovered and returned to **you** or its **owner**;
2. when the **covered vehicle** or **non-owned vehicle** has been recovered and repaired;
3. when the **covered vehicle** or **non-owned vehicle** has been replaced; or
4. seventy-two (72) hours after **we** make an offer to pay the applicable limit of liability under this Part IV if the **covered vehicle** or **non-owned vehicle** is deemed by **us** to be a **total loss** or unrecoverable.

**You** must provide **us** written proof of **your** transportation expenses and loss of use damages.

If **we** can pay the **loss** under either Comprehensive Coverage or Collision Coverage, **we** will pay under the coverage where **you** collect the most.

##### **INSURING AGREEMENT – CUSTOM PARTS OR EQUIPMENT COVERAGE & ADDITIONAL CUSTOM PARTS OR EQUIPMENT COVERAGE**

Subject to the Limits of Liability, if **you** pay the premium for Comprehensive Coverage or Collision Coverage, **we** will pay for theft of, or damage to, **custom parts or equipment** resulting from any **loss** for which Comprehensive Coverage or Collision Coverage is provided under the terms of this policy. All payments for **loss to custom parts or equipment** shall be reduced by the applicable deductible, but only one deductible may be applied to any one **loss** in an **accident** which is covered by this Part IV. However, Additional Custom Parts or Equipment Coverage applies only to **custom parts or equipment** on a **covered vehicle** for which this coverage has been purchased.

The limit of liability for loss to **custom parts or equipment** is the lowest of:

1. the actual cash value of such **custom parts or equipment**, reduced by the applicable deductible, and by its salvage value if **you** or the **owner** retain the salvage;
2. the amount necessary to repair such **custom parts or equipment**, reduced by the applicable deductible;
3. the amount necessary to replace such **custom parts or equipment**, reduced by the applicable deductible, and reduced by its salvage value if **you** or the **owner** retain the salvage; or
4. the limit of:

- a. \$1,000 if **you** did not purchase Additional Customs Parts or Equipment Coverage; or
- b. if **you** have purchased Additional Custom Parts or Equipment Coverage, up to \$2500.00 added to the amount of Additional Custom Parts or Equipment Coverage **you** purchased. However, the Limit of Liability for **custom parts or equipment** shall not exceed the declared value of all **custom parts or equipment** on the **covered vehicle**.

We will reduce the amount of the loss to **custom parts or equipment** by its salvage value if **you** or the **owner** retain the salvage.

Coverage for **custom parts or equipment** shall not cause **our** limit of liability for **loss** to a **vehicle** under this Part IV to be increased to an amount in excess of:

- a. the actual cash value of the **vehicle**, including its **custom parts or equipment**; or
- b. any applicable Limits of Liability or Stated Amount Vehicle Coverage elected by **you**.

#### ADDITIONAL DEFINITIONS

When used in this Part IV:

1. “**Custom parts or equipment**” means equipment, devices, accessories, enhancements, and changes, other than those which are original manufacturer installed, which:
  - a. are permanently installed or attached; and
  - b. alter the appearance or performance of a **vehicle**.

This includes any electronic equipment, antennas, and other devices used exclusively to send or receive audio, visual, or data signal, or to play back recorded media other than those which are original manufacturer installed, that are permanently installed in a **covered vehicle** or **non-owned vehicle** using bolts or brackets, including slide-out brackets.
2. “**Non-owned vehicle**” means any **vehicle** that is not **owned by you**, a **relative**, a resident of **your** household, or the spouse of the named insured even if not residing in the same household as the named insured, while in the custody of, or being operated by, **you** or a **relative** with the express or implied permission of the **owner**.
3. “**Total loss**” means:
  - a. the theft of the **vehicle** if the **vehicle** is not recovered within thirty (30) days; or
  - b. any other **loss** to the **vehicle** that is payable under this Part IV if the cost to repair the damage (including parts and labor), when combined with the salvage value, exceeds the actual cash value of the **vehicle** at the time of **loss**.

4. “**Trailer**” means a non-motorized trailer, including a farm wagon or farm implement, designed to be towed on public roads by a land motor **vehicle**, that is:
  - a. **owned by you**;
  - b. not **owned by you**, while being towed by a **covered vehicle**; or
  - c. shown on the **Declarations Page**; but that is not used:
    - a. for commercial or **business** purposes;
    - b. as a primary residence;
    - c. as a premises for office, store or display purposes; or
    - d. as a passenger conveyance.

**EXCLUSIONS – READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART IV.**

Coverage under this Part IV does not apply for loss:

1. to any vehicle while being used:
  - a. to carry persons or property for compensation or a fee; or
  - b. for retail or wholesale delivery, including, but not limited to, the pickup, transport, or delivery of magazines, newspapers, mail, or food.

This exclusion does not apply to shared-expense car pools;
2. to any **covered vehicle** or **trailer** while it is leased or rented to others;
3. to a **non-owned vehicle** or **trailer**, other than one rented by **you** or a **relative**, if being maintained or used by a person while employed or engaged in any **business** not described in the next exclusion. this exclusion does not apply to the use by **you** or any **relative** of a **non-owned vehicle** that is a private passenger vehicle or **trailer**;
4. to a **non-owned vehicle** or **trailer**, while being used or driven by a **person** while employed or engaged in the **business** of selling, leasing, repairing, **parking**, **storing**, servicing, delivering, or testing **vehicles**;
5. to a **covered vehicle**, **non-owned vehicle**, or **trailer**, resulting from any pre-arranged or organized racing, **speed** or **demolition** contest, stunting activity, or in practice or preparation for any such **contest** or activity;
6. to a **covered vehicle**, **non-owned vehicle**, or **trailer**, due to a **nuclear reaction** or radiation;
7. to a **covered vehicle**, **non-owned vehicle** or **trailer**, for which insurance is afforded under a nuclear energy liability insurance contract;
8. due to destruction or confiscation by governmental or civil authorities of a covered

vehicle, non-owned vehicle or trailer, because you or any relative engaged in illegal activities;

9. to a **covered vehicle, non-owned vehicle or trailer**, caused by an intentional act by you, or a **relative**, or the **owner** of the **non-owned vehicle or trailer**, or at the direction of you, a **relative** or the **owner** of the **non-owned vehicle or trailer**. However, this exclusion does not apply to a **loss** to a **covered vehicle** to the extent of the legal interest of a named insured who:
  - a. sustains the **loss** as the result of abuse by another named insured;
  - b. did not direct, participate in, or consent to the intentional act causing the **loss**; and
  - c. either:
    - (i) files an abuse complaint against the person whose act caused the **loss** and does not voluntarily dismiss the complaint; or
    - (ii) seeks a warrant for the abuser's arrest for the act causing the **loss** and cooperates in the prosecution of the abuser;
10. to a **covered vehicle, non-owned vehicle or trailer**, that is due **and** confined to:
  - a. wear and tear;
  - b. freezing;
  - c. mechanical or electrical breakdown or failure; or
  - d. road damage to tires.This exclusion does not apply if the damage results from the theft of a **covered vehicle, non-owned vehicle or trailer**;
11. due to theft or conversion of a **covered vehicle, non-owned vehicle or trailer**,
  - a. by you, a **relative**, or any resident of your household;
  - b. prior to its delivery to you or a **relative**; or
  - c. while in the care, custody, or control of anyone engaged in the **business** of selling the **vehicle or trailer**;
12. to equipment, devices, accessories, and any other personal effects **which** are not permanently **installed or** attached by brackets or bolts. This includes, but is not limited to:
  - a. tapes, compact discs, cassettes, and other recording or recorder media;
  - b. any case or other container designed for use in storing or carrying tapes, compact discs, cassettes, or other recording media;
  - c. any device used for the detection or location of radar, laser, or other speed measuring equipment or its transmission; and
  - d. CB radios, telephones, two-way mobile radios, or televisions;
13. to **custom parts or equipment** in excess of the applicable Limits of Liability; or

14. to a **covered vehicle, non-owned vehicle or trailer**, for diminution of value.
15. **Loss to equipment designed or used for the detection** or location of radar or laser.
16. to any **vehicle** caused by, or reasonably expected to result from, a criminal act or omission of you, a **relative**, or the owner of a **non-owned vehicle**. This exclusion applies regardless of whether you, the **relative**, or the **owner** of the **non-owned vehicle** is actually charged with, or convicted of, a crime. For purposes of this exclusion, criminal acts or omissions do not include non felonious traffic violations.

## LIMITS OF LIABILITY

1. The limit of liability for **loss** to a **covered vehicle, non-owned vehicle or trailer**, is the lowest of:
  - a. the actual cash value of the stolen or damaged property at the time of **loss**, reduced by the applicable deductible shown on the **Declarations Page**, and by its salvage value if you or the **owner** retain the salvage;
  - b. the amount necessary to replace the stolen or damaged property, reduced by the applicable deductible shown on the **Declarations Page**, and by its salvage value if you or the **owner** retain the salvage;
  - c. the amount necessary to repair the damaged property to its pre-loss condition, reduced by the applicable deductible shown on the **Declarations Page**; or
  - d. any applicable Limits of Liability or Stated Amount Vehicle Coverage elected by you, reduced by its salvage value if you or the **owner** retains the salvage.However, if the **loss** is to a **trailer**:
  - a. the most we will pay for **loss** to a **trailer** that is shown on the **Declarations Page** is the limit of liability shown on the **Declarations Page** for the **trailer** sustaining the **loss**; and
  - b. the most we will pay for **loss** to any other **trailer** is \$500.
2. Payments for **loss** to a **covered vehicle, non-owned vehicle, or custom parts or equipment** are subject to the following provisions:
  - a. If coverage applies to a **non-owned vehicle**, we will provide the broadest coverage applicable to any **covered vehicle** shown on the **Declarations Page**.
  - b. If you have elected a Stated Amount for a **covered vehicle**, the Stated Amount is the most we will pay for all **loss** to that **covered vehicle**, including its **custom parts or equipment**.

- c. Coverage for **custom parts or equipment** will not cause **our** limit of liability for **loss** to an **vehicle** under this Part IV to be increased to an amount in excess of the actual cash value of the **vehicle**, including its **custom parts or equipment**.
- d. In determining the amount necessary to repair damaged property to its pre-loss condition, the amount to be paid by **us**:
  - (i) will not exceed the prevailing competitive labor rates charged in the area where the property is to be repaired and the cost of repair of replacement parts and equipment, as reasonably determined by **us**, and
  - (ii) will be based on the cost of repair or replacement parts and equipment which may be new, reconditioned, remanufactured, or used, including, but not limited to:
    - (a) original manufacturer parts or equipment; and
    - (b) nonoriginal manufacturer parts or equipment.
- e. To determine the amount necessary to repair or replace the damaged property as referred to in subsection 1, the total cost of necessary repair or replacement may be reduced by unrepaired prior damage. Unrepaired prior damage includes broken, cracked or missing parts; rust; dents; scrapes; gouges; and peeling paint. The reduction for unrepaired prior damage is the cost of labor parts and materials necessary to repair or replace damage, deterioration, defects, or wear and tear on exterior body parts, windshields and other glass, wheels, and paint, that existed prior to the **accident** and that is eliminated as a result of the repair or replacement of property damaged in the **loss**.
- f. To determine the amount necessary to repair or replace the damaged property as referred to in subsection 1, an adjustment may be made for betterment or depreciation and physical condition on:
  - (i) batteries;
  - (ii) tires;
  - (iii) engines and transmissions, based on mileage driven; and
  - (iv) any other mechanical parts that are nonfunctioning or inoperative.

**We** will not make an adjustment for the labor costs associated with the replacement or repair of these parts.

- g. The actual cash value is determined by the marked value, age and condition of the vehicle at the time the **loss** occurs.

- 3. If no more than one **vehicle** is shown on the **Declarations Page**, coverage will be provided as specified on the **Declarations Page** as to each **vehicle**;
- 4. No deductible will apply to a **loss** to window glass when the glass is repaired instead of replaced.
- 5. If two or more deductibles apply to any one covered **loss**, only the lowest deductible will apply.

#### **INSURING AGREEMENT – RENTAL REIMBURSEMENT COVERAGE**

If the **Declarations Page** indicates that Rental Reimbursement Coverage applies to **your** policy, **we** will pay for reimbursement of rental expenses of an **auto** rented from a qualified rental agency while **your covered auto** is being repaired following a covered **Comprehensive** or **Collision** loss. **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 \$30.00 a day with a \$900.00 maximum of coverage in any 12 month period. A specific premium charge in the **Declarations Page** 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.

#### **PAYMENT OF LOSS**

Payment under this Part IV for a **loss** to a **covered vehicle** will be made according to **your** interest and the interest of any lienholder shown on the **Declarations Page** or designated by **you**. At **our** option, payment may be made to both jointly, or to either separately. Either way, **we** will protect the interest of both. However, if the **covered vehicle** is not a total **loss**, **we** may make payment to **you** and the repairer of the **vehicle**.

Protection of the leinholder's financial interest will not be affected by any act or omission by any person

entitled to coverage under this policy. However, protection under this clause does not apply:

1. in any case of conversion, embezzlement, secretion, or willful damaging or destruction, of the **covered vehicle** by or at the direction of **you**, a **relative**, or the **owner** of the **covered vehicle**, or
2. to any **loss** caused by, or reasonably expected to result from a criminal act or omission of **you**, a **relative**, or the owner of the **covered vehicle**. This applies regardless of whether **you**, the **relative**, or the owner of the **covered vehicle** is actually charged with, or convicted of, a crime. For purposes of this clause, criminal acts or omissions do not include non felonious traffic violations.

If this policy is cancelled, nonrenewed, or voided, the interest of any lienholder under this agreement will also terminate.

When **we** make payment to a lienholder for **loss** under this policy, **we** will be subrogated to the rights of the party **we** pay, to the extent of **our** payment. When **we** pay a lienholder for a **loss** for which **you** are not covered, **we** are entitled to the lienholder's right of recovery against **you** to the extent of **our** payment. **Our** right to subrogation will not impair the lienholder's right to recover the full amount of its claim.

#### **NO BENEFIT TO BAILEE**

Coverage under this Part IV will not directly or indirectly benefit any carrier or other bailee for hire.

#### **LOSS PAYEE AGREEMENT**

Payment under this Part IV for a **total loss** to a **covered vehicle** will be made according to **your** interest and the interest of any Loss Payee or lienholder shown on the **Declarations Page** or designated by **you**. Payment may be made to both jointly, or separately, at **our** discretion. **We** may make payment for a partial **loss** covered under this Part IV directly to the repair facility with **your** consent

Where fraud misrepresentation, material omission, or intentional damage has been committed by or at the direction of **you** or a **relative**, or where the **loss** is otherwise not covered under the terms of this policy, the Loss Payee or lienholder's interest will not be protected.

**We** will be entitled to the Loss Payee or lienholder's rights of recovery, to the extent of **our** payment to the Loss Payee or lienholder.

#### **OTHER INSURANCE**

If there is other applicable 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 of liability. However, any insurance that **we** provide for a **vehicle** other than a **covered vehicle**, or for a **trailer** other than a **trailer** shown on the **Declarations Page**, will be excess over any other collectible source of recovery including, but not limited to:

1. any coverage provided by, to, or through the **owner** of the **non-owned vehicle** or **trailer**; and
2. any other applicable physical damage insurance.

#### **APPRAISAL**

If **we** cannot agree with **you** on the amount of a **loss**, then **we** and **you** may mutually agree to an appraisal of the **loss**. Within 30 days of any mutual agreement for an appraisal, each party shall appoint a competent appraiser and shall notify the other party of that appraiser's identity. The appraisers will determine the amount of loss. If they fail to agree, the disagreement will be submitted to a qualified umpire chosen by the appraisers. If the two appraisers are unable to agree upon an umpire within 15 days, **we** or **you** may request that a judge of a court of record, in the county where **you** reside, select an umpire. The appraisers and umpire will determine the amount of loss. The amount of loss agreed to by both appraisers, or by one appraiser and the umpire, will be binding. **You** will pay **your** appraiser's fees and expenses. **We** will pay **our** appraiser's fees and expenses. All other expenses of the appraisal, including payment of the umpire if one is selected will be shared equally between **us** and **you**. Neither **we** nor **you** waive any rights under this policy by agreeing to an appraisal.

#### **TOWING AND LABOR COSTS COVERAGE**

**We** will pay reasonable Towing and Labor Costs incurred each time **your covered auto** is disabled, up to the amount shown on the **Declarations Page** as applicable to the 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.

#### **GENERAL PROVISIONS**

##### **POLICY PERIOD AND TERRITORY**

This policy applies only to **accidents** and **losses** occurring during the policy period shown on the **Declarations Page** and which occur within any state, territory, or possession of the United States of America, or any province or territory of Canada, or while a **covered vehicle**, **non-owned vehicle**, or **trailer** is being transported between their ports.

## POLICY CHANGES

This policy, **your** insurance application (which is made a part of this policy as if attached hereto), the **Declarations Page**, as amended, and endorsements to this policy issued by **us** contain all the agreements between **you** and **us**. Subject to the following, its terms may not be changed or waived except by an endorsement issued by **us**.

The premium for each **vehicle** is based on information **we** have received from **you** or other sources. **You** agree to cooperate with **us** in determining if this information is correct and complete, and **you** will notify **us** if it changes during the policy period. If this information is incorrect, incomplete, or changes during the policy period, **we** may adjust **your** premium during the policy period, or take other appropriate action. To properly insure **your vehicle**, **you** must promptly notify **us** when:

1. **your** mailing or residence address changes;
2. the principal garaging address for a **covered vehicle** changes;
3. there is a change with respect to the residents in **your** household or the persons who regularly operate a **covered vehicle**;
4. an operator's marital status changes; or
5. **you** or a **relative** obtain a driver's license or operator's permit.

Changes that may result in a premium adjustment are contained in **our** rates and rules. These include, but are not limited to, **you** or a **relative** obtaining a driver's license or operator's permit, or changes in:

1. the number, type, or use classification of **covered vehicles**;
2. operators using **covered vehicles**;
3. an operator's marital status;
4. the place of principal garaging of any **covered vehicle**;
5. coverage, deductibles, or limits of liability; or
6. rating territory or discount eligibility.

## TERMS OF POLICY CONFORMED TO STATUTES

If any provision of this policy fails to conform with the legal requirements of the state listed on **your** application as **your** residence, the provision shall be deemed amended to conform with such legal requirements. All other provisions shall be given full force and effect. Any disputes as to the coverages provided or the provisions of this policy shall be governed by the law of the state listed on **your** application as **your** residence.

## VEHICLES WITH COMPREHENSIVE COVERAGE AND/OR COLLISION COVERAGE ONLY

If **you** purchase only:

1. Comprehensive Coverage;
2. Collision Coverage; or
3. Comprehensive Coverage and Collision Coverage;

for a **covered vehicle**, no other coverage will be provided under this policy with respect to the ownership, maintenance or use of that **covered vehicle**, or any replacement for that **covered vehicle**, until after **you** have asked **us** to add other coverage.

## TRANSFER

The rights and duties under this policy may not be transferred to another person without **our** written consent. However, if a named insured shown on the **Declarations Page** dies, this policy will provide coverage until the end of the policy period for the legal representative of the named insured, while acting as such, and for persons covered under this policy on the date of the named insured's death.

## FRAUD OR MISREPRESENTATION

This policy was issued in reliance upon the information provided on **your** insurance application. **We** may void this policy if **you** or an insured person:

1. made incorrect statements or representations to **us** with regard to any material fact or circumstance;
  2. concealed or misrepresented any material fact or circumstance; or
  3. engaged in fraudulent conduct;
- at the time of application. **We** may void this policy due to fraud, misrepresentation, or an incorrect statement of a material fact in the application, even after the occurrence of an **accident** or **loss**. This means that **we** will not be liable for any claims or damages which would otherwise be covered. However, if **we** have certified this policy as proof of financial responsibility and **we** void this policy, this shall not affect coverage under Part I of this policy up to the minimum limits required by the financial responsibility law of the state shown on **your** application as **your** residence for an **accident** that occurs before **we** notify the named insured that the policy is void. No payment will be made to any person who engages in fraudulent conduct. If **we** void this policy, **you** must reimburse **us** if **we** make a payment.

**We** may deny coverage for an **accident** or **loss** if **you** or an insured person have knowingly concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with the presentation or settlement of a claim.

## PAYMENT OF PREMIUM

If **your** initial premium payment is by check, draft, or any remittance other than cash, coverage under this policy is conditioned upon the check, draft, or remittance being honored upon presentment to the bank or other financial institution. If the check, draft, or remittance is not honored upon presentment, this policy, may at **our** option, be deemed void from its inception. This means that **we** will not be liable under this policy for any claims or damages which would otherwise be covered if the check, draft, or remittance had been honored upon presentment.

A charge may be added to **your** account if:

1. **you** tender a check, draft, remittance or other method of payment to **us** for any full or partial payment of **your** premium, other than **your** initial payment, and the check, draft, remittance or other method of payment is returned to **us** or refused because of insufficient funds, a closed account or a stop payment order; or
2. **your** premium payment is received after the due date but prior to cancellation.

## CANCELLATION

**You** may cancel this policy by calling or writing **us**, and stating the future date that **you** wish the cancellation to be effective.

**We** may cancel this policy by mailing a notice of cancellation to the named insured shown on the **Declarations Page** at the last known address appearing in **our** records. If **we** cancel this policy during the first fifty-nine (59) days of the initial policy period, or if **we** cancel this policy at any time due to nonpayment of premium, notice of cancellation will be mailed at least ten (10) days before the effective date of cancellation. After this policy has been in effect for fifty-nine (59) days, notice of cancellation due to any reason other than nonpayment of premium will be mailed at least twenty (20) days before the effective date of cancellation.

**We** may cancel this policy for any reason within the first fifty-nine (59) days of the initial policy period.

After this policy is in effect for more than fifty-nine (59) days, or if this is a renewal or continuation policy, **we** may only cancel for one or more of the following reasons:

1. **you** do not pay the required premium for this policy when due;
2. misrepresentation by **you** of any material fact in the procurement or renewal of this policy;
3. any insured person violated any of the terms or conditions of this policy;

4. any insured person has made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim;
5. the person shown as the named insured on the **Declarations Page**:
  - a. failed to fully disclose the named insured's motor vehicle accidents and moving traffic violations for the preceding thirty-six (36) months if called for in the application; or
  - b. failed to disclose any information necessary for the acceptance or proper rating of the risk in the application or in response to an inquiry by **us**, any of **our** agents or the named insured's broker;
6. the person shown as the named insured on the **Declarations Page**, or any other operator who either resides in the same household or who customarily operates a **covered vehicle**:
  - a. has, within the thirty-six (36) months prior to the notice of cancellation, had his or her driving license under suspension or revocation;
  - b. is, or becomes, subject to epilepsy or heart attacks, and does not produce a certificate from a physician testifying to such person's unqualified ability to operate a motor **vehicle** safely;
  - c. has an **accident** record, conviction record (criminal or traffic), or physical, mental, or other condition, which is such that the person's operation of an automobile might endanger public safety;
  - d. has within the thirty-six (36) months prior to the notice of cancellation, been addicted to the use of narcotics or other drugs;
  - e. uses alcoholic beverages to excess;
  - f. has within the thirty-six (36) months immediately preceding the notice of cancellation, been convicted of or forfeited bail for:
    - (i) any felony;
    - (ii) criminal negligence resulting in death, homicide or assault arising out of the operation of a motor **vehicle**;
    - (iii) operating a motor **vehicle** while intoxicated or under the influence of drugs;
    - (iv) being intoxicated while occupying or while having custody of an automobile;
    - (v) leaving the scene of an **accident** without stopping to report;
    - (vi) theft or unlawful taking of an automobile;
    - (vii) making false statements in an application for a driver's license; or
    - (viii) three or more violations of:



- (a) any law, ordinance or regulation limiting the speed of motor **vehicles**; or
  - (b) any of the provisions of the motor vehicle laws of any state, the violation of which constitutes a misdemeanor, whether or not the violations were different offenses or repetitions of the same offense;
7. a **covered vehicle** is:
- a. so mechanically defective that its operation might endanger public safety;
  - b. used to carry passengers for compensation or a fee. This does not apply to shared-expense car pools;
  - c. used in the **business** of transporting flammables or explosives;
  - d. an authorized emergency vehicle;
  - e. changed in shape or condition during the policy period so as to substantially increase the risk; or
  - f. subject to an inspection law and has not been inspected or has failed inspection; or
8. any other reason specified by law.

With respect to cancellation, this policy is neither severable nor divisible. Any cancellation will be effective for all coverage for all persons and all **vehicles**.

If this policy is canceled, coverage will not be provided as of the effective date and time shown in the notice of cancellation.

#### **CANCELLATION REFUND**

Upon cancellation, **you** may be entitled to a premium refund. However, **our** making or offering of a refund is not a condition of cancellation.

If this policy is canceled, any refund due will be computed on a daily pro-rata basis.

#### **NONRENEWAL**

**We** may decide not to renew this policy for any reason other than for a not-at-fault claim submitted by the **insured person**. If **we** decide not to renew or continue this policy, **we** will mail notice of nonrenewal to the named insured shown on the **Declarations Page** at the last known address appearing in **our** records.

#### **PROOF OF NOTICE**

Proof of mailing of any notice will be sufficient proof of notice.

#### **AUTOMATIC TERMINATION**

Coverage for a **covered vehicle** shall terminate automatically:

1. when a person other than **you** or a **relative** becomes the **owner** of the **vehicle**; or
2. on the effective date of any other motor vehicle insurance policy covering that **vehicle**.

“**Comprehensive Coverage**” and “**Collision Coverage**” in excess of \$500 for **loss** to a **trailer** shown on the **Declarations Page** shall terminate automatically when a person other than **you** or a **relative** becomes the **owner** of the **trailer**.

#### **COVERAGE CHANGES**

If **we** make a change which broadens a coverage **you** have under this edition of **your** policy, without additional charge, **you** will receive the broadened coverage. The broadened coverage applies on the date the coverage change is implemented in **your** state. This provision does not apply to a general program revision or **our** issuance of a subsequent edition of **your** policy. Otherwise, this policy can be changed only by endorsement issued by **us**.

#### **LEGAL ACTION AGAINST US**

**We** may not be sued unless there is full compliance with all the terms of this policy. Any lawsuit against **us** by **you**, a **relative**, or any other insured person following an **accident**, or an alleged breach of **our** obligations under this policy, must be commenced within the time period set forth as the **bodily injury** statute of limitations in the laws of the state listed in **our** records as **your** principal address.

**We** may not be sued for payment under Part I-Liability To Others until the obligation of an insured person to pay is finally determined either by final judgment against that person or by written agreement of the insured person, the claimant and **us**. No one will have any right to make **us** a party to a lawsuit to determine the liability of an insured person.

If **we** retain salvage, **we** have no duty to preserve or otherwise retain the salvage for any purpose, including evidence for any civil or criminal proceeding.

#### **OUR RIGHT TO RECOVER PAYMENT**

**We** are entitled to the rights of recovery that the insured person to whom payments was made has against another, to the extent of our payment. This right of recovery exists regardless of whether the insured person has been fully compensated for all damages, whether the insured person has a deductible under **our** policy, or whether others have paid for only a part of the insured

person's loss. That insured person may be required to sign documents related to the recovery and must do whatever else we require to help **us** exercise those recovery rights and do nothing after an **accident** or **loss** to prejudice those rights. When an insured person has been paid by **us** and also recovers from another, the amount recovered will be held by the insured in trust for **us** and reimbursed to **us** to the extent of our payment. If **we** are not reimbursed, **we** may pursue recovery of that amount directly against that insured person.

If an insured person recovers from another without **our** written consent, the insured person's right to payment under any affected coverage will no longer exist.

If **we** elect to exercise **our** rights of recovery against another, **we** will also attempt to recover any deductible incurred by an insured person under this policy unless **we** are specifically instructed by that person not to pursue the deductible. **We** have no obligation to pursue recovery against another for any loss not covered by this policy.

**We** reserve the right to compromise or settle the deductible and property damage claims against the responsible parties for less than the full amount. **We** also reserve the right to incur reasonable expenses and attorney fees in pursuit of the recovery.

If the total recovery is less than the total of **our** payment and the deductible, **we** will reduce reimbursement of the deductible based on the proportion that the actual recovery bears to the total of **our** payment and the deductible. A proportionate share of collection expenses and attorney fees incurred in connection with these recovery efforts will also reduce reimbursement of the deductible.

These provisions will be applied in accordance with state law.

#### **JOINT AND INDIVIDUAL INTEREST**

If there is more than one named insured on this policy, any named insured may cancel or change this policy. The action of one named insured shall be binding on all persons provided coverage under this policy.

#### **BANKRUPTCY**

The bankruptcy or insolvency of an insured person will not relieve **us** of any obligations under this policy.

#### **NAMED DRIVER EXCLUSION**

If **you** have asked **us** to exclude any person from coverage under this policy, then **we** will not provide coverage for any claim arising from an **accident** or **loss** involving a motorized vehicle being operated by that excluded driver. This includes any claim for damages made against **you**, a **relative**, or any other person organization that is vicariously liable for an **accident** arising out of the operation of a motorized vehicle by the excluded driver.

Secretary



President

