



**Civil Service Employees (CSE) Insurance Company (ICO)**

# **PERSONAL AUTO POLICY**

**CALIFORNIA**

**CALIFORNIA REQUIRED NOTICE ABOUT “LIMITS OF FUTURE COVERAGE”:**

- **YOUR PREMIUM MAY BE INCREASED.** Please read “Policy Changes” where we specify when and why premium may change (including but not limited to changing drivers to be listed on the policy, changing vehicles, changing coverages, change of garaging address, accidents or traffic violations).
- **THE POLICY MAY BE CANCELLED, NON-RENEWED OR OTHERWISE ENDED.** Please read the following Policy terms to understand the reasons for and how the Policy can end: “Premium Payment”, all terms under “Policy Termination”, and all terms under “Our Rights When Misrepresentation, Concealment or Fraud Occurs”.

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## PERSONAL AUTO POLICY

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### IMPORTANT NOTICES: PLEASE READ YOUR POLICY.

This Policy and *your declarations* form a legal contract.

The Declarations tells you what coverage(s) you have purchased, the premium you must pay for that coverage, and the limit you selected. The limit shown on the Declarations is subject to reductions and other limitations set forth in this Policy.

The Declarations, this Policy and any Endorsements to this Policy describe the coverage provided. These documents include definitions that apply, as well as conditions, exclusions, limitations, and insureds' duties that must be met for coverage to apply.

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## GENERAL DEFINITIONS

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Many of the words and phrases used in *your* Policy are defined in this General Definitions section. Defined words and phrases:

1. Are shown in ***bold face italics***; and
2. Have the meaning set forth below when that word or phrase is used anywhere in the Policy, even if the word or phrase is being used in the singular, plural, possessive or active or passive tense. When a coverage section of *your* Policy defines the same word or phrase, only the definition of the word or phrase used in that coverage section will apply in that section.

In *your* Policy:

***"Accident"*** means a sudden, unexpected, and unintended event.

***"Application"*** means the process and form(s):

1. ***We*** or ***our*** agent use to gather data about *you* and *your autos*; and
  2. Upon which ***we*** rely when ***we*** issue this Policy and set the premium to be charged.
- The ***"application"*** includes, though is not limited to, any process used by ***us*** or ***our*** agent for *you* to:
1. Select or reject coverage(s), limits, deductibles and other Policy options;
  2. Give ***us*** any information ***we*** require to issue, rate or service *your* Policy; or
  3. Make representations to ***us*** that ***we*** rely on to issue the policy and set *your* premium.

***"Auto"*** means a private passenger type land ***motor vehicle*** that is a four-wheeled automobile, van, pick-up truck or sport utility vehicle, or dual rear wheel six-wheeled pick-up truck, with a manufacturer's gross vehicle weight rating that does not exceed 12,000 pounds.

This definition of ***"auto"*** does not include any:

1. All-terrain or quad vehicle, dune buggy, go-cart or golf cart;
2. Step-van;
3. Parcel delivery van;
4. Cargo cutaway van;
5. Van with cab separate from the cargo area;
6. ***Motor vehicle*** with an occupant capacity of twelve (12) or more ***persons***;
7. Box truck with a separate, box-like cargo area;
8. Vehicle while located for use as a dwelling or other premises; or
9. Designed and primarily used for commercial purposes.

***"Bodily injury"*** means physical bodily harm to a ***person*** and all sickness, disease or death that results.

***"Business"*** means, whether full-time or part-time, any profession, occupation, job, employment, trade, commercial or for-profit activity.

***"Child passenger restraint system"*** means a system, as described in Section 27360 of the California Vehicle Code (as amended), that:

1. Is used to secure or restrain child passengers being transported in **motor vehicles**; and
2. Meets applicable federal motor vehicle safety standards.

**"Crime"** means:

1. Any act or omission that is a statutory criminal offense or violation of the penal code, but not misdemeanor violations of the motor vehicle or traffic code; and
2. Whether or not the **person** is arrested, charged and/or convicted of an offense or violation.

**"Crime"** includes, but is not limited to, any felony, but does not include fleeing, eluding or evading law enforcement.

**"Declarations"** means the most recently dated form from **us** that:

1. **We** have sent to the last address shown in **our** records for this Policy; and
2. Sets forth the Policy data listed here:
  - a. the coverage(s), limits, deductibles and other Policy options chosen;
  - b. **insured autos**;
  - c. the premium(s) to be paid;
  - d. the Policy period and other Policy data; and
  - e. **our** company and agent information.

**"Diminution of value"** (sometimes referred to as stigma damages) means the perceived or real decrease in market or resale value of property due to an **accident, loss** or repair.

**"Fungus or mold"** means, no matter the cause, any form or type of:

1. Fungi or fungus;
2. Mold, mildew or yeast; or
3. Any of the following listed here produced or released by such:
  - a. mycotoxins, toxins or spores;
  - b. scents or odors;
  - c. bacteria or viruses; or
  - d. any other by-products or organism(s) that result.

**"Hazardous materials"** means any solid, liquid, gaseous or thermal substance, irritant or contaminant. This includes but is not limited to:

1. Smoke, vapor, soot, fumes, acids, alkalis, toxic chemicals, asbestos, lead;
2. Explosive or flammable substances;
3. Any waste material or product which includes, but is not limited to, materials that may be recycled, reconditioned, or reclaimed, whether or not known to result in environmental damage;
4. Any harmful biological, pathogenic, poisonous or toxic chemical, liquid, gas or substance; and
5. Pollutants as defined by any law of the United States of America.

**"Hazardous materials"** does not include:

1. Products and fluids intended for, and normal to, the operation of a **motor vehicle**, but only when used in the proper and intended scope of the vehicle's normal use.
2. Fuel for a motorized vehicle or lawn and yard equipment, but only when being safely transported in a federally approved container.
3. Cleaning products, but only when in quantities for ordinary household use and transported in the original product container.

**"Insured auto"** means the **autos** that **we** have agreed to insure, as described on the **declarations**, unless:

1. **You** have asked **us** to remove that **auto** from this Policy; or
2. That **auto** is sold, assigned, gifted, title transferred, or possession permanently transferred, to a **person** or party other than **you**.

**"Listed driver"** means a **person**, other than **you** or a **relative**, who:

1. Is a regular user of an **insured auto**; or
2. Resides in the same household as **you**;

and who has been disclosed to **us** and is shown as a driver on the **declarations**, but who is not any of the following:

1. Designated as "Excluded";
2. Listed on a named driver exclusion for this Policy; or
3. A driver designated as "List Only" on the **declarations**.

**"Minimum limits"** means:

1. The minimum amounts of liability insurance required to apply to an **auto**, or its **owner** or operator, by the **motor vehicle** compulsory insurance and/or financial responsibility laws of the state in which **you** reside, as shown in **our** records as the garaging address for an **insured auto**. The minimum limit amount is the per person/per accident limits required by such laws; and
2. If **our** records show the garaging address for the **insured auto(s)** is in the State of California, then the **"minimum limits"**, as the term is used throughout this Policy, are as follows (unless amended by law to a different split limit which would then apply instead as required by law):
  - a. \$15,000 for all compensatory damages due to all **bodily injury** to one **person** arising out of the covered use of an **auto** or **motor vehicle** in any one **accident**;
  - b. \$30,000 for all compensatory damages due to all **bodily injury** to two or more **persons** arising out of the covered use of an **auto** or **motor vehicle** in any one **accident** (still subject to the liability limit directly above for one **person**); and
  - c. \$5,000 for the total of all property damages arising out of the covered use of an **auto** or **motor vehicle** in any one **accident**.

These minimum per person/per accident limits set forth above will apply when the term **"minimum limits"** is used in this Policy, even if the **declarations** shows a combined single limit ("CSL").

**"Motor vehicle"** means a self-propelled land motor vehicle that is:

1. Both designed and permitted by law for use on public roads; and
2. Subject to motor vehicle registration law in a U.S. state or the U.S. District of Columbia.

**"Motor vehicle business"** means any **business** that involves **motor vehicle** or **trailer** transactions. This includes, but is not limited to, the following:

1. Selling, leasing or renting;
  2. Repairing, servicing or delivering;
  3. Loading or unloading;
  4. Testing, road testing or test-driving;
  5. Storing, parking or valet parking;
  6. Towing; or
  7. Washing, cleaning or detailing of;
- any **motor vehicle** or **trailer**.

**"Named insured"** means the **person(s)** or entity shown on the **declarations** as the policyholder or designated as "Named Insured". If the **"named insured"** is not a **person**, then there is no coverage under this Policy for any **relative**, **spouse** or **registered domestic partner**.

**"Newly acquired auto"** means an **auto** newly **owned**, during the Policy period, by **you**, if it:

1. Replaces an **insured auto**; or
2. Is an added **auto** and **we**, or an insurance company that has common ownership with **us**, insure all other **autos owned** by **you** on the date of that **auto's** delivery to **you**;

but only if **you**:

1. Tell **us** about it within thirty (30) days after its delivery to **you**;
2. Tell **us** which **auto** policy is to apply if **you** have more than one **auto** policy with **us**;
3. Pay **us** any extra premium when due; and
4. Give **us** information **we** require to determine:
  - a. if the **auto** is an acceptable insurable risk under **our** Rules and Guidelines; and
  - b. the correct extra premium due.

The coverage that applies to a **"newly acquired auto"** is as follows:

1. If a **newly acquired auto** replaces an **insured auto**, it will have the same coverage as the **auto** replaced as of the date **you** acquire the **auto**, except no coverage will apply under Physical Damage if:
  - a. **You** do not give **us** notice within thirty (30) days from the date **you** acquire the **auto**;
  - b. The **auto** is an unacceptable risk to **us**; or
  - c. **You** do not pay the extra premium when due.

2. If a **newly acquired auto** replaces an **insured auto** which does not have Physical Damage Coverage under this Policy, any of the coverages under Physical Damage Coverage that **you** elect to add will apply:
  - a. At the time **you** acquire the **auto** if **you** ask **us** within thirty (30) days after **you** acquire the **auto** to add the coverage(s); or
  - b. At the time **you** ask **us** to add the coverage(s) if **you** contact **us** more than thirty (30) days after **you** acquire the **auto**.

No Physical Damage Coverage will apply if **we** determine the **auto** is not an acceptable risk to **us** or if **you** do not pay the extra premium when due.
3. If a **newly acquired auto** is an added **auto**, as of the date acquired by **you**, it will have the broadest coverage that applies to any **insured auto**, except Physical Damage Coverage, if **you**:
  - a. give **us** notice and ask for that coverage within thirty (30) days from the date **you** acquire the **auto**; and
  - b. pay the extra premium for this coverage during the thirty (30) day period when due.

If Physical Damage Coverage applies to an **insured auto**, the added **auto** will have that same Physical Damage Coverage as of the date acquired by **you** if:

  - a. **you** give **us** notice within thirty (30) days from the date **you** acquire the **auto**; and
  - b. that added **auto** is an acceptable insurable risk under **our** Rules and Guidelines.
4. If no **insured auto** has Physical Damage Coverage, any coverage added will not apply until after:
  - a. **you** ask **us** for that coverage;
  - b. **we** have determined that it is an acceptable insurable risk under **our** Rules and Guidelines; and
  - c. **you** have paid any extra premium when due for this coverage.
5. If **you** want to add any coverage or increase any limits, this will not apply until after:
  - a. **you** ask **us** for that coverage;
  - b. **we** have determined that it is an acceptable insurable risk under **our** Rules and Guidelines; and
  - c. **you** have paid any extra premium when due.
6. If a **newly acquired auto** is an added **auto**, but **you** do not give **us** notice within thirty (30) days from the date **you** acquire the **auto**, or **you** give **us** notice but do not pay the extra premium when due, no insurance will apply under this Policy with respect to the ownership, maintenance or use of that **auto** unless and until after:
  - a. **you** ask **us** to insure the **auto**;
  - b. **you** provide **us** all information **we** require to determine:
    - (1) if the **auto** is an acceptable insurable risk under **our** Rules and Guidelines; and
    - (2) the correct premium to insure it; and
  - c. **you** pay the extra premium when due.

If a **newly acquired auto** is entitled to coverage under this Policy and any other policy issued by **us** or an insurance company that has common ownership with **us**, it will be covered only under the one policy that provides **you** with the broadest coverage, subject to the terms set forth above in this definition.

**"Non-owned auto"** means an **auto** that:

1. Is not:
  - a. **owned** by;
  - b. registered in the name of; or
  - c. furnished or available for the regular or frequent use of; **you**, a **relative** or a **listed driver**, and
2. Is being used with permission from the **owner** or a **person** in lawful possession of that **auto**.

**"Nuclear event"** means and includes any nuclear exposure, reaction, radiation or radioactive contamination, no matter how caused and as a consequence of any of these.

**"Occupying"** means in, on or getting in or out.

**"Own"** or **"owner"** means to have or hold (or the **person** or entity who has or holds):

1. Legal title to the **motor vehicle**, **auto** or **trailer**; or
2. Primary legal possession of the **motor vehicle**, **auto** or **trailer**:
  - a. that is leased or rented to that **person** or entity pursuant to a written contract for a continuous period of six (6) months or more; or
  - b. subject to a lien or security agreement.

**"Pedestrian"** means a **person** who is not **occupying** a:

1. Self-propelled or motorized vehicle (other than a wheelchair); or
2. Vehicle of any type or a trailer designed to be pulled by a self-propelled or motorized vehicle.

**"Person"** means a human being.

**"Punitive or exemplary damages"** means all damages (other than compensatory damages) awarded to:

1. Punish or deter conduct; and/or
2. Fine, penalize or impose a statutory penalty due to conduct; because that conduct is malicious, grossly negligent, wanton, willful, fraudulent or unlawful.

This includes, but is not limited to, any:

1. Damages that have been defined by law as punitive damages or exemplary damages (for example, treble or statutory multiple damages); and
2. Costs, attorney fees, other fees or interest awarded because of such damages.

**"Racing"** means when using an **auto, motor vehicle** or any other vehicle, whether as a driver or passenger, to do any of the following:

1. Participate in or practice or prepare for any speed contest, race, stunt, demolition, competition or timed contest or activity, whether or not that activity is planned or organized.
2. Operate or **occupy** a vehicle on an indoor or outdoor track, course or trail designed or used for:
  - a. racing or speed contests;
  - b. demonstration driving;
  - c. driver training;
  - d. high performance driving; or
  - e. driving competition.

**"Registered domestic partner"** means a **person** who resides with the **named insured** and is legally recognized as a domestic partner or civil union partner of that **named insured** as registered under a domestic partner or civil union law. If the **named insured** is not a **person**, then no one is a **"registered domestic partner"** for any coverage under this Policy.

**"Relative"** means a **person** related to **you** by blood, marriage or adoption, including **your** ward or foster child, who resides in **your** household. A **"relative"** includes **your** unmarried and dependent child who is temporarily away at school or military service who continues to reside **your** household. If the **named insured** is not a **person**, then no one is a **"relative"** for any coverage under this Policy.

**"Spouse"** means the **person** married to the **named insured** if that **person** is residing with the **named insured**. If the **named insured** is not a **person**, then no one is a **"spouse"** for any coverage under this Policy.

**"Trailer"** means a non-motorized device designed for use with, and permitted by law to be towed on public roads by, an **auto**. There is no coverage under this Policy for **loss** or damage to any **"trailer"**. There is no coverage under this Policy for any **"trailer"**:

1. While it is being used:
  - a. as a residence or premises; or
  - b. to carry **persons**; or
  - c. for display purposes;
2. That is not designed for use with an **auto**;
3. Except while it is attached to an **insured auto**.

**"Transportation network company"** means an organization or entity, that includes, but is not limited to, a corporation, limited liability company, partnership, sole proprietor, or any other entity, that provides prearranged transportation services for compensation using an online-enabled or digital application, software, website, system or platform.

**"Uncollectible instrument"** and **"not honored upon presentment"**, means a bank or other financial institution does not honor, or does not recognize, a form of payment. This includes, though is not limited to, a payment where:

1. A check is dishonored or refused due to insufficient funds;

2. A check or transfer is drawn from empty or closed accounts;
  3. There is an invalid credit or debit card;
  4. Credit card charges are dishonored or refused by the issuing financial institution; or
  5. Funds transferred via any electronic means or method are refused, dishonored or rejected;
- all of which are deemed nonpayment of premium.

**"You"** and **"your"** mean the **named insured(s)** shown on the **declarations** and the **named insured's**:

1. **Spouse**; or
2. **Registered domestic partner**;

if a resident of the same household as the **named insured**. **"You"** and **"your"** do not include any **spouse** or **registered domestic partner** if the **named insured** is not a **person**.

**"War"** means and includes war (declared or not), civil war, insurrection, rebellion or revolution.

**"We"**, **"us"** and **"our"** mean the insurance company shown on the **declarations** as being **your** insurer.

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## GENERAL INSURING AGREEMENT & TERMS

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In return for **your** payment of all premiums when due, and in reliance upon the statements, information and representations in **your application**, **we** agree to provide the coverage shown in the **declarations** with a premium charge, as described in this Policy, subject to the terms, conditions, exclusions and limitations of this Policy.

**You** agree and represent that by accepting this Policy, the statements, information and representations in **your application** are **your** statements and are true, accurate and complete.

**We** and **you** also agree that:

1. The premium for the coverage(s) shown on the **declarations** of this Policy, and any fees or charges that may apply, must be paid when required for that coverage to apply;
2. When the initial payment to start this Policy is made to **us**, or **our** agent, by check, money order, draft, credit card, debit card, direct payroll withdrawal, electronic funds transfer (EFT), ACH or similar method, this Policy is conditioned on that payment being honored by the financial institution when presented by **us**; and
3. Coverage is subject to all terms, conditions, exclusions and limitations set forth in this Policy contract which:
  - a. contains all agreements between **you** and **us**; and
  - b. is made up of all the following forms (no matter how issued by **us** or **our** agent) as a part of this Policy: this Policy book, **your** most recently dated **declarations**, the **application**, and any Endorsements issued by **us**.

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## POLICY PERIOD – WHEN COVERAGE APPLIES

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This Policy applies only during the Policy period. The Policy period is:

1. Shown on the **declarations**, as amended, and ends at 12:01 A.M. in the time zone that applies to the address shown on the **declarations**; and
2. For successive periods shown on the **declarations**, as amended, if the required renewal premium is paid when due.

This Policy does not apply:

1. Outside the Policy period shown on the **declarations**;
2. During any lapse in coverage under this Policy; or
3. After this Policy has been cancelled or otherwise terminated.

If **you** apply for coverage on the same day the Policy is to start, no coverage shall apply on that first day of the initial Policy period before the time **you** apply for coverage and **we** accept the risk.

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## POLICY TERRITORY – WHERE COVERAGE APPLIES

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This Policy applies to **accidents** and loss that take place only in the Policy territory. The Policy territory is:

1. In the United States of America, and its territories and possessions;



2. Canada; and
3. While an **insured auto** is being shipped between the ports of the territory described above.

The Policy territory does NOT include the Republic of Mexico ("Mexico"). **We** are not licensed to sell insurance in Mexico. It is a crime for a **person** to operate a motor vehicle in Mexico without a liability policy issued by an insurer licensed to sell insurance in Mexico. This insurance will not satisfy the minimum insurance requirements in Mexico.

Section V - Accidental Death, Dismemberment and Loss of Sight Coverage applies anywhere in the world.

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## PREMIUM PAYMENT

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All premium, and any fees or charges that apply, must be paid when due for coverage to apply. This coverage and benefits under this policy are conditioned on **our** receipt of the full and valid payment of the initial down-payment of premium. **We** have the right to void this policy from its inception if the initial down-payment is unpaid or dishonored for any reason.

If an initial or renewal premium payment is made with an **uncollectible instrument** or is **not honored upon presentment**, then as to:

1. That initial premium payment, it is deemed not to be made and:
  - a. this Policy shall be void from its inception; and
  - b. **we** are not liable under this Policy for any claims or damages which would otherwise be covered if that payment had been honored upon presentment.
2. The proposed renewal, the payment is deemed not to be made and:
  - a. **our** offer of Policy renewal is deemed rejected by **you**; and
  - b. the Policy ends by expiring under its own terms without renewal.

In either case described here, the Cancellation and Nonrenewal terms of this Policy do not apply.

**You** must pay **us** for all expenses incurred and payments made by **us** if **we** are required by law to make any payment after **we** void this Policy or the Policy ends without renewal.

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## POLICY TERMINATION

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### NON-RENEWAL

#### 1. NAMED INSURED'S NONRENEWAL:

If **we** offer renewal of the Policy and **we** do not receive the renewal premium payment when due:

- a. the nonpayment is deemed the **named insured's** rejection of **our** offer to renew the policy; and
- b. **named insured** agrees that the Policy will expire and lapse under its own terms by automatically ending at the end of the current Policy period.

#### 2. OUR RIGHT NOT TO RENEW THIS POLICY:

**We** may decide not to renew or continue this Policy at the end of the Policy period shown on the **declarations** for one or more of the following reasons:

- a. due to a substantial increase in the hazard insured against, which may include:
  - (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 auto**;
  - (3) a change in, or addition of, an insured **person** under the Policy;
  - (4) a change in the location of garaging of an **insured auto**;
  - (5) a change in the use of an **insured auto**;
  - (6) convictions for violating any provision of the California Vehicle Code or Penal Code relating to the operation of a **motor vehicle**;
  - (7) **our** payment of any claim made under this Policy; or
  - (8) because **you, relatives, listed drivers** or a principal or occasional driver of an **insured auto**, have been assessed points as follows:
    - (a) a total of three or more violation points under Section 2632.13 (at-fault accidents) of the California Code of Regulations within the preceding 36 months and, at the time of the expiration of **your** current policy, and **you** are not eligible under **our** then-current underwriting rules to purchase a policy of private passenger auto insurance from **us**; or

- (b) two or more points under Section 2632.13 (at-fault accidents) of the California Code of Regulations as a result of a violation of the California Vehicle Code for which two points are assessed under California Vehicle Code Section 12810, as amended.

Traffic violation points may be counted only for violations that have conviction dates not more than 36 months preceding the renewal date of the policy;

- b. any reason listed for cancellation of the Policy by **us** under the "Cancellation" clauses below of this Policy; or
- c. any other reason that is not specified above if that reason is both lawful and not unfairly discriminatory (such a reason may alternatively result in a premium increase if the Policy is continued).

If **we** decide not to renew or continue this Policy at the end of a Policy period:

- a. **we** will send notice to the first **named insured** shown on the **declarations** at the last address shown in **our** records; and
- b. notice will be sent at least thirty (30) days before the end of the Policy period.

- 3. If **we** fail to give the **named insured** either an offer of renewal or notice of nonrenewal, as required by California insurance law (as amended), the existing policy, with no change in its terms and conditions, shall remain in effect for thirty (30) days from the date that either the offer to renew or the notice of nonrenewal is delivered or mailed to the **named insured**. However, the policy shall terminate on the effective date of any other replacement or succeeding automobile insurance policy procured by **you**, or **your** agent or broker, with respect to any automobile designated in both policies.

## CANCELLATION

This Policy may be cancelled during the Policy period as follows:

### 1. NAMED INSURED'S RIGHT TO CANCEL THIS POLICY:

Any **named insured** shown on the **declarations** may decide to cancel this Policy during the Policy period.

To be effective, this shall be done by:

- a. giving **us**, or **our** authorized agent, advance written notice stating a future date and time when the **named insured** is requesting the Policy to be cancelled;
- b. returning this Policy to **us**; or
- c. by any other means agreed to by both the **named insured** and **us**.

Cancellation by any one **named insured** shall be binding as to all **named insureds** and all others who would be **insured** under this policy.

### 2. OUR RIGHT TO CANCEL THIS POLICY:

**We** may decide to cancel this Policy during the Policy period, as allowed by law, as follows:

- a. **We** may cancel only for one or more of the following reasons:

- (1) nonpayment of premium when due;
- (2) for material misrepresentation or fraud affecting the Policy or an insured. This includes, but is not limited to, **our** discovery of:
  - (a) fraud by the **named insured** in pursuing a claim under the Policy; or
  - (b) 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; or
    - (v) any other factor found by the commissioner to have a substantial relationship to the risk of loss.

Any insured who negligently misrepresents information described directly above in this paragraph may avoid cancellation by furnishing corrected information to **us** within twenty (20) days after receiving notice of cancellation and agreeing to pay any difference in premium for the Policy period in which the information remained undisclosed. This shall not waive any of **our** rights to otherwise void the policy;

- (3) due to a substantial increase in the hazard insured against, including **your** driver license or **motor vehicle** registration, or the license or registration of any driver who:
  - (a) resides with **you**; or
  - (b) customarily uses an **insured auto**;has been suspended, revoked or has expired, and it is not reinstated prior to the time that **our**

cancellation of the Policy becomes effective, unless that **person** is a named excluded driver. This reason must have occurred during the Policy period or, if the Policy is a renewal, during its Policy period or the 180 days immediately preceding its effective date;

- (4) due to a substantial increase in the hazard insured against, including the fact that **you** did not inform **us** or **our** agent about any physical disability or physical or mental medical condition or change in medical condition that could impair the ability of **you** or any driver insured under this Policy to operate a vehicle safely during the 36 months preceding the effective date of this Policy or any Policy renewal date, but only if:
    - (a) the California Department of Motor Vehicles has for that same reason suspended, revoked, or refused to issue a license pursuant to suspension of a license, and the suspension is not removed prior to the time that the nonrenewal or cancellation of the Policy becomes effective; or
    - (b) a physical disability is at issue and **you** or the affected driver insured under this Policy has failed to comply with a requirement of the California Department of Motor Vehicles, or the appropriate agency in the state that has issued the driver's license for that insured, regarding vehicle equipment or modification of the vehicle;
  - (5) due to a substantial increase in the hazard insured against, including the fact that an **insured auto** is:
    - (a) changed in the type of use to commercial use, such as used in carrying passengers for hire or compensation (this shall not apply to a shared-expense car pool) or used in the **business** of transportation of flammables or explosives;
    - (b) in such a condition that it becomes a substantially greater risk to insure, including the altering of that **auto** to increase speed or acceleration capabilities which renders the **auto** unsafe in violation of California Vehicle Code Section 24002, as amended; or
    - (c) subject to inspection by California law or federal safety requirements and has not been inspected or, if inspected, has failed to qualify if that failure is not removed prior to the time that **our** cancellation of the Policy becomes effective;
  - (6) due to a substantial increase in the hazard insured against, including the fact that **you** or any listed driver insured under this Policy has been convicted of any alcohol-related offense specified in Sections 23152; 23153; 23220; 23221; 23222; 23224; or 23226 of the California Vehicle Code, as amended, provided that **person** does not otherwise qualify to purchase a good driver discount policy pursuant to Section 1861.025;
  - (7) due to other substantial increases in the hazard insured against, including but not limited to the following:
    - (a) the refusal or failure by the insured to give **us**, within 30 days after reasonable written request to the insured, information needed to accurately underwrite or classify the risk; or
    - (b) permissive use of an **insured auto** by **persons** other than the insured and principal or occasional drivers of an **insured auto**, to an extent that indicates regular use by those **persons**; or
  - (8) any other reason that is not specified above if that reason is both lawful and not unfairly discriminatory.
- b. If **we** decide to cancel this Policy, **we** will send cancel notice to the first **named insured** shown on the **declarations** at the last address shown in **our** records. This notice will be sent at least:
- (1) ten (10) days before the effective date of cancellation if cancellation is for nonpayment of premium when due; or
  - (2) twenty (20) days before the effective date of cancellation in all other cases.
- This policy will end at the earliest effective date and time shown in any cancel notice.

Nothing in this “**Our Right To Cancel This Policy**” clause shall supersede or waive any of **our** rights to void or rescind this Policy.

#### **RETURN OF PREMIUM UPON CANCELLATION**

If this Policy is cancelled, any unearned premium will be:

- 1. Refunded and calculated on a pro rata daily basis, reduced by **our** fully-earned policy fee; and
- 2. Returned to the **named insured** within a reasonable period of time.

The making of, or offering to make, a refund is not a condition of cancellation and does not change the effective cancel date.

## AUTOMATIC TERMINATION

The Cancellation and Nonrenewal terms of this Policy do not apply if:

1. An insurable interest no longer exists in the property insured. This occurs when a **person** or party, other than **you**, a **relative** or a **listed driver**, becomes the **owner** of an **insured auto**. In this case, coverage for that **auto** will end at the earlier of the time the:
  - a. new **owner** obtains possession; or
  - b. ownership is conveyed to the new **owner**.
2. **You** get other **motor vehicle** insurance on an **insured auto** or a **newly acquired auto**. In this case, any similar insurance provided by this Policy will end, but only as to that **auto**, on the effective date of the other **motor vehicle** insurance.
3. **You** reject **our** offer to renew or continue this Policy by not paying the required renewal or continuation premium when due. In this case, **you** have allowed the Policy to expire and lapse under its own terms so that it automatically ends at the end of the current Policy period.

## OTHER TERMINATION TERMS

This Policy is neither severable nor divisible. Any cancellation or nonrenewal of the Policy, whatever the reason, will be effective for all:

1. **Autos, trailers** and/or any other vehicles to which this Policy may apply; and
2. **Persons** and parties.

Nothing in this “**Other Policy Termination Terms**” clause, or any other part of the Policy, obligates **us** to renew or continue this Policy, or waives **our** rights to void this Policy (as allowed by law).

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## PROOF OF NOTICE

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Any proof of mailing or sending notice, whether by post or electronically, shall be sufficient proof of notice, except when state law requires otherwise.

If and when allowed by law:

1. **We** may send or deliver, by way of electronic devices or other methods, any notice instead of mailing it.
2. Sufficient proof of notice includes, but is not limited to, proof of:
  - a. mailing, which means evidence that a notice or paper has been presented to the United States Postal Service for mailing, which may be shown by use of:
    - (1) any form of certificate of mailing or certificate of bulk mailing issued by the United States Postal Service;
    - (2) intelligent mail barcode or another similar tracking method used and approved by the United States Postal Service; or
    - (3) other credible proof of mailing or sending of actual notice.
  - b. delivery directly to **you**, including delivery via e-mail, phone text, fax or any type of electronic device.

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## COMPLIANCE WITH STATE LAW

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If any of the terms of this Policy:

1. Do not comply with the laws of the state where this Policy is issued to, that Policy term(s) is amended to so comply with the state law that applies.
2. Are found invalid by a court with proper jurisdiction, then that Policy term(s) is amended so that it:
  - a. does not apply to the portion of the otherwise covered damages or loss that is less than or equal to **minimum limits** or minimum amounts of coverage required by law; and
  - b. continues to apply to the portion of the damages or loss that is greater than **minimum limits** or minimum amounts of coverage required by law.

All other Policy terms remain unchanged and in full effect.

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## ELECTRONIC TRANSACTION OF INSURANCE

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As allowed by law, **you** and **we** agree that electronic signatures, notices and forms:

1. May be used to transact this insurance;
2. Will satisfy any legal or other requirement for written signatures, notices or forms; and

3. Shall include, but are not limited to, any assent, acceptance, agreement, election, selection, rejection, notice or form done as a recorded telephonic signature or assent or sent via e-mail, internet, text message or fax. When a law requires a signature on any form or document, or letter or document to be notarized, verified or acknowledged or made under oath, the electronic signatures will satisfy this requirement if the signature of the **person** authorized to perform the service of notarizing, verification, or acknowledgment is attached or logically associated with the signature or electronic signatures of record.

EXCLUSIONS THAT APPLY TO ALL COVERAGE THERE IS NO COVERAGE UNDER ANY SECTION OF THIS POLICY, AND FURTHER **WE** HAVE NO DUTY TO DEFEND ANY **INSURED** UNDER SECTION I:

1. With respect to the ownership, operation, or use of any type of **auto**, **motor vehicle** or **trailer** that is:
  - a. rented, leased or subleased by **you** or a **relative** to any other **person** or party in exchange for any form of payment, services, value, compensation or reimbursement.
  - b. being used as a public or livery conveyance. This does not apply to coverage under Section II or III for **bodily injury** to an **insured** as a passenger who is not operating the **motor vehicle**.
  - c. being used for any transport of **persons** for compensation or a fee, or in the course of any similar for-profit activity. For example, and not a limitation, this exclusion applies to:
    - (1) the pickup, carrying and drop off of **persons**;
    - (2) use of an **auto** from the moment a driver participating in activities with a **transportation network company** logs on to the **transportation network company's** online-enabled application or platform until that driver logs off the online-enabled application;
    - (3) any ride-share network or services, charter-party carrier services, passenger-stage company, car service, livery service or similar activity for any compensation, income, profit, fee, or charge paid by or for any occupant of the **auto**.This does not apply to:
    - (1) a share-the-expense car pool; or
    - (2) use for a charitable or volunteer purpose; or
    - (3) coverage under Section II or III for **bodily injury** to an **insured** as a passenger who is not operating a **motor vehicle**.
  - d. being used for any transport or delivery of property or goods for compensation or a fee, including but not limited to any transport or delivery of food, packages, parcels or other property. This exclusion also applies to a driver participating in activities with a **transportation network company** from the time the driver logs on to the **transportation network company's** online-enabled application or platform until that driver logs off the online-enabled application or completes a delivery, whichever is later.
  - e. being used by any **person** employed or engaged in any way in a **motor vehicle business**. This does not apply to **you**, a **relative** or a **listed driver** using or operating an **insured auto**.
  - f. being used in the course of any **business** unless related to a **business** use acceptable and approved by **us** for which **you** have paid a business use surcharge.
2. With respect to the ownership, operation, or use of any type of **auto**, **motor vehicle** or **trailer** that is being used for **racing**.
3. For and while any **person** who is an **insured**, as defined in any coverage section, is operating or using any type of **auto** or other **motor vehicle** while committing, aiding or abetting a **crime**.
4. For and while any **person** who is an **insured**, as defined in any coverage section, is rendering professional services.
5. While the **insured auto** is rented, leased, owned or given to anyone in exchange for payment or any form of compensation or value or reimbursement. This does not apply to **you**, a **relative** or a **listed driver** using or operating an **insured auto**.
6. For any type or sort of **punitive or exemplary damages**.
7. For **bodily injury**, **property damage**, **loss**, an **accident** or any type of damages due to or arising from:
  - a. **war** of any kind.
  - b. any **nuclear event**.
  - c. the transport or storage of **hazardous materials** in an **insured auto** or a **newly acquired auto**.
8. For any emergency response service charges, fees or assessments billed from a fire department, emergency services or law enforcement agency responding to an **accident**. This does not apply to emergency ambulance services.
9. For and while an **insured auto** or a **newly acquired auto** is used in connection with a personal vehicle sharing program, peer-to-peer sharing program or other similar program that engages in the **business** of

facilitating the sharing of private passenger **motor vehicles**. This does not apply to a share-the-expense car pool or use for a charitable or volunteer purpose.

10. Except if not enforceable by law, coverage is excluded when any **person** defined as an "**insured**" in any coverage Section, is using, **occupying** or struck by a motorized vehicle or device, other than an **insured auto** shown on the **declaration**, or a **newly acquired auto**, if that vehicle or device is:
  - a. **Owned** by; or
  - b. Furnished or available for the regular use of; that **person**.

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## SECTION I - LIABILITY COVERAGE

### Bodily Injury Liability Property Damage Liability

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## INSURING AGREEMENT

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If the premium for Bodily Injury Liability Coverage and/or Property Damage Liability Coverage has been paid when due, that coverage(s) shown on the **declarations** will apply under this Policy and is subject to all Policy terms.

**We** will pay for:

1. Compensatory damages, subject to the Limits of Liability, that an **insured** is legally liable for because of:
  - a. **bodily injury** to others; and/or
  - b. **property damage**;caused by or resulting from an **accident** that arises out of the ownership, maintenance or use of an **auto** for which that **insured** is covered by the terms of this Liability Coverage; and
2. Costs incurred to settle and defend a claim or suit brought against an **insured**. **We** will investigate, negotiate and settle or defend with counsel selected, hired and paid by **us**. Any payment(s) for settlement and defense costs:
  - a. is in addition to compensatory damages for **bodily injury** and/or **property damage** covered under this Liability Coverage; and
  - b. does not to reduce the limit of liability for the applicable coverage shown on the **declarations**.Except that, **our** duty to settle or defend ends when **our** limit of liability has been:
  - a. exhausted by payment of judgments or settlements; or
  - b. deposited into a court with jurisdiction.

If, in the defense of any claim where an **insured** is entitled by law to independent counsel, and has not waived that right in writing, **we** will provide such counsel. Independent counsel may be chosen by the **insured** provided the following minimum qualifications are met by that counsel who has:

- a. at least five (5) years of experience in civil litigation, including substantial defense experience in the subject at issue in the action; and
- b. errors and omissions insurance coverage at the same minimum amounts we require of counsel **we** retain for the defense of an **insured**.

**We** have no obligation to pay the fees of such counsel until the **insured** gives **us** reasonable written proof that the counsel chosen possesses these minimum qualifications. In no event are **we** obligated to pay fees in excess of the rate actually paid by **us** to an attorney in the ordinary course of business in the defense of a similar action in the community in which the claim arose or is being defended.

**We** have no duty to defend, settle, pay or investigate any claim, lawsuit or judgment not covered under the terms this Policy.

Subject to the Limits of Liability, compensatory damages to which this Liability Coverage applies includes:

1. Prejudgment interest awarded against an **insured**; and
2. The cost to replace a **child passenger restraint system** in use by a child or damaged during an **accident** for which the liability coverage under this Policy applies due to the liability of an **insured**.

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## ADDITIONAL PAYMENTS

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If Bodily Injury Liability Coverage and/or Property Damage Liability Coverage apply to cover damages that arise from an **accident**, **we** also will pay to or on behalf of an **insured**:

1. Court costs of any suit for damages.
2. Post-judgment interest on all compensatory damages owed by an **insured** as the result of a judgment until **we** pay, offer or deposit in court the amount due under this coverage. **We** have no duty to make any interest payment if **we** have not been given both:
  - a. notice of suit; and
  - b. the chance to defend an **insured**.
3. Premiums or costs for the purchase of bonds:
  - a. to secure the release of an **insured's** property attached under a court order in any lawsuit **we** defend, up to **our** limit of liability for the face amount of the bond.
  - b. required to appeal a decision in a suit for damages that **we** are defending.
  - c. up to \$500 for each bail bond needed because of a covered **accident** or traffic violation related to a covered **accident**.

**We** have no duty to:

  - a. apply for, furnish, or secure any bonds; or
  - b. pay premiums for or the cost of any bond in an amount that is greater than **our** limit of liability.
4. Expenses incurred by an **insured** at **our** request.
5. Loss of actual wages or salary (but not other income) suffered by the **insured**, up to \$250 per day, as a result of **our** asking the **insured** to attend:
  - a. the trial of a civil suit; or
  - b. any related mediation, arbitration, deposition or hearing.

Any additional payment by **us**, as set forth directly above, is separate from and does not reduce the limit of liability that applies to the covered **accident**.

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#### ADDITIONAL DEFINITIONS

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Words and phrases shown in **bold face italics** will have the meaning set forth here when that word or phrase is used in this Section I for Liability Coverage, even if the word or phrase is being used in the singular, plural, possessive or active or passive tense.

In this Section I:

**"Additional named insured"** means a trust that holds legal title to an **insured auto** and has been designated by **you** as an **"additional named insured"** as shown on the **declarations**.

**"Insured"** means:

1. **You, relatives**, and other **listed drivers** for the:
  - a. ownership, maintenance or use of an **insured auto** or a **newly acquired auto**.
  - b. use or operation of a **non-owned auto** with permission from its **owner**.
  - c. use of a **trailer** while it is being towed by any of these **autos**.
2. Any other **person** for the use or operation of an **insured auto** or a **newly acquired auto**, with express or implied permission from **you**, a **relative** or a **listed driver**.
3. For the use of an **insured auto**, any **person**, organization or **additional named insured** that has no other applicable insurance, but only as to legal liability for acts or omissions of a **person** who is an **insured** in clause 1 or 2 above for whom coverage is afforded under this Liability Coverage. This does not increase **our** limit of liability, and ends when liability of a **person** who is an **insured** in clause 1 or 2 above has been exhausted.

**"Property damage"** means:

1. Physical harm to, or destruction of, tangible real or personal property; and
2. Loss of use that results from that physical harm or destruction.

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#### ADDITIONAL EXCLUSIONS

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IN ADDITION TO THE EXCLUSIONS THAT APPLY TO ALL COVERAGE, THERE IS NO COVERAGE UNDER SECTION I FOR, AND **WE** HAVE NO DUTY TO DEFEND, ANY **INSURED**:

1. For any **bodily injury** to:
  - a. a fellow employee while on the job and that arises out of the maintenance or use of any vehicle by another employee in the employer's **business**. This does not apply to **you** as to **bodily injury** to a fellow employee.
  - b. any employee of an **insured** arising out of and in the course of employment. This does not apply to **your** household employee who is not covered or not required to be covered under any worker's compensation insurance.
2. For any **bodily injury** to **you** or **relatives** residing in **your** household.
3. For any **bodily injury, property damage** or any other damages:
  - a. caused by an intentional act of an **insured** or at the direction of an **insured**; or
  - b. that is or should be reasonably expected to result from an intentional act of an **insured**; even if that resulting **bodily injury** or **property damage** is:
    - a. of a different kind or degree than expected or intended; or
    - b. sustained by a different **person(s)** than expected or intended.
4. For any **bodily injury, property damage** or any other damages for which the United States government may be found liable under the Federal Tort Claims Act or otherwise.
5. For **property damage** to any property:
  - a. **owned**, operated or being transported by;
  - b. rented or leased to; or
  - c. in the charge or care of;that **insured**. This does not apply to damage to a rented residence or garage.
6. For any liability imposed upon or assumed by the **insured**, or that **insured's** insurer, under any type of workers compensation law.
7. For liability assumed by the **insured** under a contract.
8. While an **insured auto** is subject to any conditional sale or purchase agreement not declared in this Policy. This does not apply to **you**.
9. For any **bodily injury, property damage** or any other damages that result from **hazardous materials**, including any order, demand, claim or suit for testing for, monitoring, cleaning up, removing, treating, neutralizing or remediating **hazardous materials** or environmental damage.

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#### LIMITS OF LIABILITY

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If purchased, the limit(s) of liability for Bodily Injury Liability Coverage and/or Property Damage Liability Coverage are shown on the **declarations** and are subject to the following:

1. The limit is not increased in any way if there is a covered **accident** that involves a **trailer** attached to and being towed by an **auto**.
2. For any one covered **accident**, the limit that applies is the most **we** will pay no matter the number of:
  - a. **insureds**, heirs, survivors or wrongful death beneficiaries;
  - b. vehicles and/or trailers involved in the **accident**;
  - c. claims made;
  - d. lawsuits filed;
  - e. **autos, trailers**, or vehicles covered or shown on the **declarations**;
  - f. premiums paid;
  - g. policies issued by **us**; or
  - h. policies or bonds that apply.There will be no adding, stacking or combining of coverage.
3. **Split Limit Liability Coverage**

If **you** bought Liability Coverage with a split limit that sets forth separate limits for Bodily Injury Liability Coverage and Property Damage Liability Coverage, then for **your** Liability Coverage:

  - a. The Bodily Injury limit of liability shown on the **declarations** that applies "Per Person" is the most **we** will pay for all covered damages due to **bodily injury** sustained by any one **person** in any one **accident**.



- b. Subject to the limit of liability that applies "Per Person", the Bodily Injury limit of liability shown on the **declarations** that applies "Per Accident" is the most **we** will pay for all covered damages due to **bodily injury** sustained by two or more **persons** in any one **accident**. Without changing this "Per Accident" limit, **we** will apply that limit to provide any separate "per person" limit required by law for **bodily injury** liability.
- c. The Property Damage limit of liability shown on the **declarations** is the most **we** will pay for all covered damages due to **property damage** sustained in any one **accident**.
- d. The limit that applies "Per Person" includes all claims, causes of action and lawsuits of others that relate to or derive from the **bodily injury** of the injured **person**. When allowed by law, this limit includes, but is not limited to, all claims and lawsuits for:
  - (1) Emotional distress or mental anguish as a result of seeing the **accident**.
  - (2) Loss of: society, companionship, services, support and/or consortium.
  - (3) Wrongful death.

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## OTHER INSURANCE OR COVERAGE

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This "Other Insurance or Coverage" clause does NOT create, expand or imply any coverage that does not already exist under the terms of this Policy.

Subject to all other limitations and exclusions in this Policy, if there is other similar coverage or source of recovery (including, but not limited to, any other applicable liability insurance, bonds, self-insurance certificates of insurance, deposits of cash made to evidence financial responsibility, or a report of governmental ownership, lease or use filed and deemed a policy of automobile liability insurance by law), or any other **auto** or vehicle liability coverage, bond or self-insurance applies to the same **accident**, **we** will not pay more than **our** share of the damages. **Our** share is the proportion that the limit of liability of this Policy bears to the total of all **auto** or vehicle liability coverage, bonds, self-insurance and other similar sources of recovery that apply with the same level of priority to the **accident**. However:

- 1. If a **non-owned auto** or a **trailer** has other vehicle liability coverage, bond or self-insurance that applies to the **accident**, then this Policy's coverage is excess to all of these other sources of recovery (unless otherwise required by law).
- 2. This Policy's coverage does not apply to a **newly acquired auto** if there is any other liability coverage, bond or self-insurance that applies to that **newly acquired auto** (except under a policy issued by **us** or an insurance company that has common ownership with **us**).
- 3. If there is other applicable insurance, **we** shall be entitled to reimbursement of an equal share of the defense cost (as defined by and to the extent allowed and/or required by California Insurance Code Section 11580.9, as amended) and attorney fees in any lawsuit **we** defend.

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## OUT-OF-STATE COVERAGE

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If an **accident** covered under this Policy occurs in any state, territory or province other than the one in which an **insured auto** is principally garaged (as shown in **our** records), but still within the Policy Territory, and that other state, territory or province has a financial responsibility, compulsory or mandatory insurance or other similar law that requires all **owners** or operators of an **auto** to have:

- 1. Liability insurance with limits of liability for **bodily injury** or **property damage** higher than the limits shown on the **declarations**, **we** will provide that required higher limit for Liability Coverage under this Policy. Unless required by law to do so, **we** will not provide any Liability Coverage for an **accident** if the **declarations** shows **you** did not buy Liability Coverage from **us** on this Policy.
- 2. Specific types of insurance coverage whenever an **auto** is driven in that state, territory or province, **we** will provide the required minimum amounts and types of coverage so required.

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## FINANCIAL RESPONSIBILITY

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When certified by **us** under any law as proof of future financial responsibility, and while required during the policy period, this Policy shall comply with such law to the extent required. If **we** make a payment **we** would not have made if this Policy had not been certified as proof of future financial responsibility, **we** must be reimbursed by **you** or an **insured** for such payment and related costs.

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## BANKRUPTCY

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The bankruptcy or insolvency of an **insured**, or that **person** or party's estate, shall not relieve **us** of any obligations under this Policy.

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## SECTION II - MEDICAL PAYMENTS COVERAGE

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### INSURING AGREEMENT

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If the premium for Medical Payments Coverage has been paid when due, that coverage(s) shown on the **declarations** will apply under this Policy and is subject to all Policy terms.

**We** will pay, subject to the limit of liability, for:

1. **Reasonable** and necessary **medical expenses** incurred and required to be paid by an **insured**;
  2. **Funeral expenses** incurred on behalf of an **insured**; and
  3. Death of an **insured**;
- that arise out of **bodily injury** sustained by an **insured** as a result of a **motor vehicle accident**.

**We** will pay only for:

1. Those expenses incurred for services furnished within two (2) years from the date of the **accident**; and
2. Death of an **insured** if it:
  - a. occurs within ninety (90) days of the **accident**; and
  - b. is a direct result of the **bodily injury** from the **accident** without any other cause.

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### ADDITIONAL TERMS

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**We** have the right, either directly or through our representative, to review each **medical expense** and other expenses to determine if they are **reasonable** and necessary for both the diagnosis and treatment of the **insured's bodily injury**, and pay only those that are determined by **us** to be **reasonable** and necessary.

That review may include use independent sources of information and services of **our** choice to help **us** decide if a **medical expense** is not **reasonable** or not necessary for either the diagnosis or treatment of the **insured's bodily injury**. This includes, but is not limited to:

1. Review of medical files;
2. Published sources of **medical expense** information and fee schedules;
3. Computer databases and software;
4. Physical exams performed by physicians **we** select and pay for; and/or
5. Use of third-party cost containment and utilization review providers to identify excessive or inappropriate treatments and expenses.

**We** have no obligation to pay for any **medical expense**, or portion thereof, that:

1. Is not **reasonable** and/or not necessary for the diagnosis or treatment of the **insured's bodily injury**;
2. Is for treatment of **bodily injury** that is not the result of the covered **accident**; or
3. Results from a service, treatment, procedure and/or product that is not provided and prescribed by a U.S. state licensed health care provider acting within the proper scope of that license.

Payment for death of an **insured** shall be paid:

1. To the surviving **spouse** or **registered domestic partner**, or
2. If there is no surviving **spouse** or **registered domestic partner**, at **our** option, to a parent or guardian or the deceased **insured's** estate.

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### ADDITIONAL DEFINITIONS

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Words and phrases shown in **bold face italics** will have the meaning set forth here when that word or phrase is

used in this Section II for Medical Payments Coverage, even if the word or phrase is being used in the singular, plural, possessive or active or passive tense.

In this Section II:

**"Insured"** means:

1. **You, relatives** and **listed drivers**:
  - a. while operating or **occupying**; or
  - b. when as a **pedestrian** is struck by; any **auto** or **motor vehicle** designed for use mainly on public roads; and
2. Any other **person** while **occupying**:
  - a. an **insured auto** with permission from **you**, a **relative** or a **listed driver**; or
  - b. a **non-owned auto** operated by **you**, a **relative** or a **listed driver** with permission from the **auto's owner**.

**"Insured"** does not include, any **person** who resides in **your** household who has a driver's license or permit but is not listed as a driver on this Policy and shown as a driver in the **declarations**.

**"Funeral expenses"** means fees, costs or charges incurred or required to be paid for services directly related to the funeral, burial, cremation and/or interment of the remains of an **insured** who has died as a result of a **motor vehicle accident** covered by this Section II.

**"Medical expenses"** mean fees, costs or charges incurred or required to be paid for **reasonable** and necessary medical treatment, services, procedures and products provided or prescribed by a United States ("U.S.") state licensed health care provider, and within the proper scope of that provider's practice, including:

1. Ambulance, hospital, surgical, medical, dental, x-ray, professional nursing, chiropractic, and pharmaceutical services;
2. Physical, occupational, and vocational therapy and rehabilitation;
3. Speech and hearing therapy and rehabilitation; and
4. Medications, prosthetic and orthopedic devices, eyeglasses, hearing aids, and other medical products and supplies.

**"Medical expenses"** do not include any fees, costs or charges for:

1. Treatment, services, procedures and products that are experimental or for research, or not commonly recognized in the medical profession in the U.S. as a customary treatment for the **bodily injury**.
2. Massage therapy not prescribed by a U.S. state licensed doctor or chiropractor.
3. Services that are not necessary for treatment or care of the **bodily injury** sustained in the **accident**.

**"Reasonable"** means the lowest cost amount for **medical expenses** to be determined, as **we** decide, by one of the following methods:

1. The **usual and customary charge**; or
2. The fee, cost or charge set forth in any medical fee schedule:
  - a. that applies to medical payments, no-fault or personal injury protection coverage in a motor vehicle liability policy issued in the state where medical services are provided; and
  - b. as required or allowed by the law of the state where medical services are provided; or
3. The fee, cost or charge agreed to by both the **insured's** health care provider and **us** (or a third party **we** have contracted with to determine that amount).

**"Usual and customary charge"** means the amount **we** find represents a common and typical fee, cost or charge for treatment, services, procedures or products in the geographic area in which it is rendered. **We** may use independent sources of **our** choice to find the **usual and customary charge** for **medical expenses**.

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## ADDITIONAL EXCLUSIONS

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IN ADDITION TO THE EXCLUSIONS THAT APPLY TO ALL COVERAGE, THERE IS NO COVERAGE UNDER SECTION II FOR **BODILY INJURY**:

1. To the extent worker's compensation benefits are required to be payable.
2. While using or **occupying** any motorcycle, moped or any other similar motorized vehicle which has less than four (4) wheels.

3. While using, **occupying** or through being struck by any motor vehicle or device:
  - a. designed for use mainly off public roads;
  - b. that operates on rails or crawler treads; or
  - c. while it is parked and being used as a residence or premises.
4. Sustained while **occupying** or using a vehicle without permission to do so from the **owner** of the vehicle. This does not apply to **you** or **relatives** when **occupying** an **insured auto** insured for this coverage or a **newly acquired auto**.
5. Expense that is paid or payable under TRICARE, CHAMPUS, or any similar health care program of the United States Department of Defense Military Health System.

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#### LIMITS OF LIABILITY

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If purchased, the limit of liability for Medical Payments Coverage is shown on the **declarations** for any one **insured** and is subject to the following:

1. The limit is not increased in any way if there is a covered **accident** that involves a trailer attached to and being towed by an **auto** or **motor vehicle**.
2. For any one **insured** injured in any one covered **accident**, the limit that applies is the most **we** will pay no matter the number of:
  - a. **insureds**, heirs, survivors or wrongful death beneficiaries;
  - b. vehicles and/or trailers involved in the **accident**;
  - c. claims made;
  - d. lawsuits filed;
  - e. **autos, trailers**, or vehicles covered or shown on the **declarations**;
  - f. premiums paid; or
  - g. policies or bonds that apply.There will be no adding, stacking or combining of coverage.
3. The limit of liability for Medical Payments Coverage shown on the **declarations** includes any amount paid for **funeral expenses**, subject to a sub-limit of liability of \$1,000 per **insured** for **funeral expenses**.
4. **Our** limit of liability for the covered death of an **insured** is \$1,000 per **insured**. This is in addition to the limit of liability for Medical Payments Coverage shown on the **declarations**.

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#### ASSIGNMENT OF BENEFITS

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If the **insured** gives **us** a written and signed assignment of benefits for **medical expenses** that are payable under this coverage:

1. **We** will pay for those **medical expenses** directly to the health care provider if that provider is licensed to provide such care by a state in the U.S. where the care or services were rendered; and
2. If **we** do this, **we** have no further obligation to pay those same benefits to an **insured** or to any other **person** or party.

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#### OTHER INSURANCE OR COVERAGE

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This "Other Insurance or Coverage" clause does NOT create, expand or imply any coverage that does not already exist under the terms of this Policy.

Subject to all other limitations and exclusions in this Policy, if there is other **auto** or vehicle insurance, coverage, bond or self-insurance available for payment of **medical expenses** incurred due to **bodily injury** in the **accident**, **we** will not pay more than **our** share of the damages, expenses or loss. **Our** share is the proportion that the limit of liability of this Policy bears to the total of all **auto** or vehicle coverage, bond or self-insurance that apply, with the same level of priority, to the **accident**. However:

1. Insurance provided under Section II for **insureds** other than **you, relatives** or **listed drivers**, injured while **occupying** an **insured auto** or a **newly acquired auto**, will be excess over any other valid collectible benefits or sources of recovery for the same **medical expenses**, costs or damages for those **persons**.
2. Insurance provided under this coverage will be excess over any benefits the **insured** is eligible to receive under any **motor vehicle** personal injury protection or other similar type of no-fault insurance.

3. For a **motor vehicle accident** arising out of the use of a **non-owned auto**, if that **auto** is insured with medical payments coverage or similar coverage under a policy of insurance, bond or self-insurance, any coverage provided under this policy shall be excess.
4. This Policy's coverage does not apply to a **newly acquired auto** if there is any other **auto** medical payments coverage that applies to that **newly acquired auto** (except under a policy issued by **us** or an insurance company that has common ownership with **us**).

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### SECTION III – COVERAGE FOR UNINSURED MOTORISTS (UM) AND UNDERINSURED MOTORISTS (UIM)

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#### INSURING AGREEMENTS

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##### **Uninsured/Underinsured Motorist Bodily Injury Coverage (“UM/UIM BI”)**

If the premium for Uninsured / Underinsured Motorist Bodily Injury Coverage (“UM/UIM BI”) has been paid when due, that coverage shown on the **declarations** will apply under this Policy and is subject to all Policy terms.

**We** will pay for compensatory damages an **insured** is legally entitled to collect from the **owner** or driver of an **uninsured motor vehicle** or **underinsured motor vehicle** because of **bodily injury** sustained by that **insured** as a result of an **accident**. The **bodily injury** must be caused by an **accident** that arises out of the ownership, maintenance, or use of that **uninsured motor vehicle** or **underinsured motor vehicle**.

##### **Uninsured Motorist Property Damage Coverage (“UM PD”)**

If the premium for Uninsured Motorist Property Damage Coverage (“UM PD”) has been paid when due, that coverage, as shown on the **declarations**, will apply under this Policy and is subject to all Policy terms.

**We** will pay for **property damage** that an **insured** is legally entitled to collect from the **owner** or driver of an **uninsured motor vehicle** because that **property damage** is caused as a result of an **accident** that:

1. Arises out of the ownership, maintenance, or use of that **uninsured motor vehicle**; and
2. Involves direct physical contact between the **insured auto** (or a **newly acquired auto**) and the **uninsured motor vehicle**;

provided the following conditions are also met:

1. The **owner**, driver or license number of that **uninsured motor vehicle** is identified; and
2. The **accident** has been reported to **us** or **your** agent within ten (10) business days of the date of that **accident**.

However, Uninsured Motorist Property Damage Coverage will not pay for **loss** or **property damage** to the extent covered under any Collision Coverage, and in that event **we** will pay under this coverage for any Collision deductible incurred by **you**.

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#### ADDITIONAL TERMS

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If the **owner** or driver of an **uninsured motor vehicle** or **underinsured motor vehicle** has liability insurance, self-insurance or bond that applies, **we** will not make a payment to or for an **insured** until:

1. After the limits of liability under all motor vehicle and/or automobile liability insurance, self-insurance and/or bonds that apply to that **owner** and/or driver of an **underinsured motor vehicle** have been exhausted by payment of judgments or settlements, and proof of that payment is given to **us**;
2. **We** and the **insured** reach a written settlement agreement; or
3. **We** have been given:
  - a. at least thirty (30) days prior written notice of a settlement offer between the **insured** and insurer, **owner** or driver of an **uninsured motor vehicle** or **underinsured motor vehicle**; and
  - b. a reasonable chance to advance payment to the **insured** in an amount equal to that settlement offer to protect **our** rights.

**We** will pay any amount due under this coverage to the **insured** or the **insured's** representative.

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#### ADDITIONAL DEFINITIONS

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Words and phrases shown in ***bold face italics*** will have the meaning set forth here when that word or phrase is used in this Section III, even if the word or phrase is being used in the singular, plural, possessive or active or passive tense.

In this Section III:

***“Insured”*** means:

1. ***You*** (including the ***named insured’s spouse*** or ***registered domestic partner*** whether or not actually residing with the ***named insured*** at the time of the ***accident***), ***relatives*** and ***listed drivers***.
2. Any other ***person*** who, at the time of the ***accident***, is:
  - a. ***occupying*** or using an ***insured auto*** or a ***newly acquired auto***, if the operation and use of that ***auto*** is with permission from ***you***, a ***relative*** or a ***listed driver***; or
  - b. ***occupying*** a ***non-owned auto*** while being operated by ***you***.
3. Any other ***person*** for damages that ***person*** is entitled to recover because of ***bodily injury*** sustained by a ***person*** described above in this definition of ***“insured”*** for purposes of Section III – UM/UIM. This shall not increase ***our*** limit of liability in any way.

***“Property damage”*** means physical injury to or destruction of:

1. An ***insured auto*** (or a ***newly acquired auto***) for which UM PD has been purchased on this Policy and as a result of direct physical contact with an ***uninsured motor vehicle***.
2. A ***child passenger restraint system*** in use by a child in, or damaged during, an ***accident*** for which UM PD under this Policy is applicable due to the liability of the ***owner*** or driver of an ***uninsured motor vehicle***.

***Property damage*** does not include:

1. Damage to, or destruction or loss of, any other personal property.
2. Loss of use.
3. ***Diminution of value***.

***“Underinsured motor vehicle”*** means a ***motor vehicle*** to which one or more ***motor vehicle*** or automobile liability bond or policies (or self-insurance or cash deposits which have been posted to satisfy a financial responsibility law) applies at the time of the ***accident***, but the sum of the limits of liability for ***bodily injury*** liability coverage (or the amount of the self-insurance or cash deposits) is less than the limit for UM/UIM BI Coverage shown on the ***declarations***.

This ***underinsured motor vehicle*** definition only applies for purposes of ***bodily injury***.

An ***underinsured motor vehicle*** does not include any vehicle or equipment:

1. That is either of the following types of vehicles:
  - a. any vehicle shown on the ***declarations*** or covered under the Liability Coverage on this Policy; or
  - b. any vehicle ***owned*** by, furnished to or available for the regular use of ***you*** or a ***relative***; unless, at the time of the ***accident***, the following apply:
    - a. that vehicle is an ***auto*** is ***owned*** by ***you*** or a ***relative*** and is being operated, or caused to be operated, by a ***person*** without the consent of the ***owner*** of that ***auto*** and in connection with criminal activity that has been documented in a police report; and
    - b. the injured ***insured*** is not a party to that criminal activity;
2. Designed or modified for use mainly off public roads except while on public roads;
3. Operated on rails or crawler treads;
4. While located for or being used as a residence or premises; or
5. ***Owned*** by any governmental unit or agency.

***“Unidentified motor vehicle”***, for UM/UIM BI coverage only, means a ***motor vehicle***:

1. For which the ***owner*** or driver cannot be identified that has had physical contact with the ***insured*** or a vehicle occupied by an ***insured***; and
2. That causes an ***accident*** resulting in ***bodily injury*** to an ***insured***; provided that the ***insured*** or someone on that ***person’s*** behalf:
  1. Reports the ***accident*** within twenty-four (24) hours to the proper law enforcement of the locale where the ***accident*** occurred; and
  2. Files with ***us***, within thirty (30) calendar days after the ***accident***, a statement under oath that the ***insured***, or that ***person’s*** legal representative, has a cause of action arising out of the ***accident*** for damages against a ***person*** whose identity is unascertainable and has set forth facts in support thereof.

The facts of the ***accident*** must be corroborated by competent evidence.

**"Uninsured motor vehicle"** means a **motor vehicle** that is:

1. Not insured or bonded for liability at the time of the **accident**;
2. Insured or bonded for liability at the time of the **accident**, but the:
  - a. insuring or bonding company:
    - (1) denies coverage or refuses to admit coverage (except conditionally or with reservation); or
    - (2) is or becomes insolvent within one (1) year of the **accident**; or
  - b. **motor vehicle** is an **underinsured motor vehicle**, though only for purposes of and as related to **bodily injury**; or
3. An **unidentified motor vehicle**, though only for purposes of and as related to **bodily injury**.

An **uninsured motor vehicle** does not include any vehicle or equipment:

1. That is either of the following types of vehicles:
  - a. any vehicle shown on the **declarations** or covered under the Liability Coverage on this Policy;
  - b. any vehicle **owned** by, furnished to or available for the regular use of **you** or a **relative**;unless, at the time of the **accident**, the following apply:
  - a. that vehicle is an **auto** is **owned** by **you** or a **relative** and is being operated, or caused to be operated, by a **person** without the consent of the **owner** of that **auto** and in connection with criminal activity that has been documented in a police report; and
  - b. the injured **insured** is not a party to that criminal activity;
2. Designed or modified for use mainly off public roads except while on public roads;
3. Operated on rails or crawler treads;
4. While located for or being used as a residence or premises;
5. **Owned** by any governmental unit or agency; or
6. **Owned** or operated by a self-insurer within the meaning of the financial responsibility or motor vehicle law of the state in which the **motor vehicle** is registered, except:
  - a. a self-insurer that is or becomes insolvent within one (1) year of the **accident**; or
  - b. a **motor vehicle** that is an **underinsured motor vehicle**.

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#### ADDITIONAL EXCLUSIONS

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IN ADDITION TO THE EXCLUSIONS THAT APPLY TO ALL COVERAGE, THERE IS NO COVERAGE UNDER SECTION III:

1. If the **insured**, or the legal representative of the **insured**, settles the claim or prosecutes it to judgment without **our** written consent and, in doing so, harms **our** rights or interests. However, this exclusion does not apply to an **accident** caused by an **underinsured motor vehicle**.
2. For **bodily injury** sustained by an **insured** or **property damage**:
  - a. while using or **occupying** a motorized vehicle or device (other than an **insured auto** or a **newly acquired auto**) if the vehicle or device is **owned** by, or furnished or available for the regular use of, **you**, a **relative** or a **listed driver**.
  - b. while using a **non-owned auto** without the consent of its **owner**, or operating outside of the scope of the **owner's** consent.
3. For **bodily injury** sustained by an **insured** or **property damage** as the result of an act of that **insured** that is intended or reasonably likely to cause **bodily injury** or **property damage**.
4. To the extent it benefits, directly or indirectly, any:
  - a. worker's compensation or disability benefits insurer or self-insurer under any such or similar law; or
  - b. insurer or self-insurer of property.
5. To the extent it benefits directly the United States, or any state or any political subdivision thereof.
6. For **bodily injury** that occurs while that **insured** is **occupying**, operating or otherwise using any motorized vehicle or device (other than an **insured auto** or a **newly acquired auto**) if the **owner** of that vehicle or device has similar uninsured or underinsured motorist insurance available for the use of that vehicle.
7. For **property damage**:
  - a. if there is no direct physical contact between the **insured auto** (or a **newly acquired auto**) and the **uninsured motor vehicle**.
  - b. if the **owner** or driver of the **uninsured motor vehicle** causing the **property damage** cannot be identified by name and address, or by other information to identify that **person** and establish that no liability bond or policy applied at the time of the **accident**.
  - c. for **property damage** that is due and confined to:

- (1) wear and tear;
  - (2) freezing;
  - (3) mechanical or electrical breakdown or failure; or
  - (4) road damage to tires.
  - d. caused by any type of **underinsured motor vehicle** or underinsured motorist.
8. For or due to **diminution of value**.

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## LIMITS OF LIABILITY

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If purchased, the limit(s) of liability for applicable coverage under this Section III are shown on the **declarations** and are subject to the following:

1. The limit is not increased in any way if there is a covered **accident** that involves a trailer attached to and being towed by any vehicle.
2. For any one covered **accident**, the limit that applies is the most **we** will pay no matter the number of:
  - a. **insureds**, heirs, survivors or wrongful death beneficiaries;
  - b. vehicles and/or trailers involved in the **accident**;
  - c. claims made;
  - d. lawsuits filed;
  - e. **autos, trailers**, or vehicles covered or shown on the **declarations**;
  - f. premiums paid; or
  - g. policies or bonds that apply.

There will be no adding, stacking or combining of coverage.
3. **Split Limit UM/UIM BI Coverage**  
 If **you** bought coverage with a split limit that sets forth separate limits for **bodily injury**, then for **your** UM/UIM BI Coverage:
  - a. The UM/UIM BI limit of liability shown on the **declarations** that applies "Per Person" is the most **we** will pay for all covered damages due to **bodily injury** sustained by any one **person** in any one **accident**.
  - b. Subject to the limit of liability that applies "Per Person", the UM/UIM BI limit of liability shown on the **declarations** "Per Accident" is the most **we** will pay for all covered damages due to **bodily injury** sustained by two or more **persons** in any one **accident**. Without changing this "Per Accident" limit, **we** will apply that limit to provide any separate "per person" limit required by law for **bodily injury** liability.
  - c. The limit that applies "Per Person" includes all claims, causes of action and lawsuits of others that relate to or derive from the **bodily injury** of the injured **person**. When allowed by law, this limit includes, but is not limited to, all claims and lawsuits for:
    - (1) Emotional distress or mental anguish as a result of seeing the **accident**.
    - (2) Loss of: society, companionship, services, support and/or consortium.
    - (3) Wrongful death.
4. **UM PD Coverage Limit**  
 If **you** bought UM PD, the limit of liability shown on the **declarations** for "property damage" or "PD" under this coverage is the most **we** will pay for all covered **property damage** sustained in any one **accident**, and is subject to the following:
  - a. **we** shall not pay more than the lowest of the:
    - (1) **actual cash value** of the damaged property at the time of the **accident**; or
    - (2) **cost of repair or replacement**; or
    - (3) if **you** bought UM PD with the Collision Deductible Only option, then the amount of **your** Collision Coverage deductible on the damaged **insured auto** (or the **newly acquired auto**) if there is valid and collectible Collision Coverage under this Policy for the **accident** which is covered under both Collision Coverage and UM PD.

The meaning of the terms "**actual cash value**" and "**cost of repair or replacement**" as defined under Section IV also apply to this UM PD Coverage.
  - b. **our** payment will not include, and **you** are responsible for (when applicable), the amount of:
    - (1) any deductible that applies as shown on the **declarations**. When applying the deductible, if the **property damage**:
      - (a) is to more than one **auto** covered by UM PD Coverage and resulting from the same **accident**, only the highest applicable deductible will apply.
      - (b) is the result of more than one **accident**, a separate deductible shall apply to each **accident**.



- (2) betterment to any property, including any costs for labor, parts, and materials to repair prior damage, deterioration, and/or defects to the property that had not been repaired prior to the **accident**.
- (3) the salvage value if **you** or the **owner** retains salvage.
- c. **we** have no duty to cover or pay for any **diminution of value**.
- 5. **Our** limit of liability for UM/UIM Coverage shown on the **declarations** shall be reduced by any amount paid or to be paid because of **bodily injury**:
  - a. by or on behalf of any **persons** or parties that may be legally responsible, including, but not limited to all sums paid under Section I of this policy;
  - b. under any workers' compensation law, disability benefits law, or similar laws (though exclusive of non-occupational disability benefits); and
  - c. under TRICARE, CHAMPUS, or any similar health care program of the United States Department of Defense Military Health System.

But, this shall not reduce the available amount to less than **minimum limits**.
- 6. If the **insured** has valid and collectible automobile medical payment insurance available to him or her (under this or any other policy), the damages recoverable under this UM/UIM BI coverage as damages that **insured** is entitled to recover from the **owner** or driver of an **uninsured motor vehicle** or **underinsured motor vehicle** shall be reduced, for purposes of this UM/UIM BI coverage, by the amounts paid or due to be paid under that automobile medical payment insurance.
- 7. If an **accident** covered under this Section III is caused by an **underinsured motor vehicle**, the following apply:
  - a. when **bodily injury** is caused by one or more **motor vehicles**, whether insured, underinsured, or uninsured, **our** maximum liability for UM/UIM BI coverage shall not exceed the coverage limit shown on the **declarations** for UM/UIM BI reduced by the amount paid to the **insured** by or for any **person** or organization that may be held legally liable for that **bodily injury**.
  - b. if **we** pay a **bodily injury** claim due to an **accident** caused by an **underinsured motor vehicle**, to the extent of such payment, **we** are entitled to reimbursement or a credit for all amounts received by the **insured** from the **owner** or driver of the **underinsured motor vehicle**, or that party's insurer.

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## OTHER INSURANCE OR COVERAGE

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This "Other Insurance or Coverage" clause does NOT create, expand or imply any coverage that does not already exist under the terms of this Policy.

Subject to all other limitations and exclusions in this Policy, if there is other similar coverage or source of recovery, the following apply in this Policy:

- 1. If the **insured** sustains **bodily injury**:
  - a. As a **pedestrian** and other similar UM/UIM coverage issued by **us** or any other insurer applies:
    - (1) The total limits under all such coverages shall not exceed that of the coverage with the highest limit of liability; and
    - (2) **We** are liable only for **our** share. **Our** share is that proportion of the damages that the limit of liability of this coverage bears to the total of all such UM/UIM coverage that applies to the **accident**.
  - b. While **occupying** an **insured auto**, and that **insured auto** is shown on the declarations page of another policy issued by **us** or any other insurer providing UM/UIM coverage:
    - (1) The total limits of liability under all such coverages shall not exceed that of the coverage with the highest limit of liability; and
    - (2) **We** are liable only for **our** share. **Our** share is that proportion of the damages that the limit of liability of this coverage bears to the total of all such UM/UIM coverage that applies to the **accident**.
  - c. While **occupying** a vehicle not shown on the **declarations** of this Policy, coverage under this policy applies:
    - (1) As excess to any other UM/UIM that applies to the vehicle as primary coverage; but
    - (2) Only in the amount by which it exceeds the primary coverage.
- 2. If coverage under more than one policy issued by **us** or any other insurer applies as excess:
  - a. The total limits of liability shall not exceed the difference between the limit of liability of the coverage that applies as primary and the highest limit of liability of any one of the coverages that apply as excess UM/UIM coverage; and

- b. **We** are liable only for **our** share. **Our** share is that proportion of the damages that the highest limit of liability of any policy issued by **us** bears to the total of all UM/UIM coverage applicable as excess to the **accident**.
3. If there is other applicable uninsured motorist property damage coverage, **we** will pay only **our** share of the covered damages. **Our** share is the proportion that **our** limit of liability bears to the total of all available coverage limits.

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#### DECIDING FAULT & DAMAGES - ARBITRATION OPTION

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If **we** and an **insured** are unable to agree as to either:

1. Fault: Is the **insured** entitled to collect damages from the **owner** or driver of an **uninsured motor vehicle** or **underinsured motor vehicle**; or
  2. Amount of damages: The amount of **bodily injury** compensatory damages or **property damage** the **insured** is legally entitled to recover;
- arbitration will be used to resolve that disagreement if demanded by either party and as required under, and in accord with, California UM/UIM law.

Any arbitration pursuant to this Arbitration clause shall be:

1. As related to **bodily injury**:
  - a. brought:
    - (1) if the **accident** involves an **uninsured motor vehicle**, then within two (2) years of the date of the **accident**; or
    - (2) if the **accident** involves an **underinsured motor vehicle**, then after all applicable **bodily injury** liability bonds or policies have been exhausted by payment of judgments or settlement and then prior to the expiration of the bodily injury statute of limitations in the state in which the **accident** occurred.
  - b. concluded either:
    - (1) within five (5) years from the institution of the arbitration proceeding; or
    - (2) if the **insured** has a workers' compensation claim arising from the same **accident**, within three (3) years of the date that claim is concluded or within the five (5) year period set forth directly above (whichever occurs later).
2. As related to **property damage**, formally instituted with a written demand by the **insured** within one (1) year from the date of the **accident**.

Either **we** or the **insured** may initiate arbitration by written demand. If there is a demand to arbitrate, then:

1. The arbitration shall be conducted by one neutral arbitrator. The parties shall mutually agree on the appointment of one competent, qualified and impartial arbitrator. If the parties are unable to agree on an arbitrator within 30 days, then either party may request a judge of a court with proper jurisdiction to select the arbitrator.
2. The cost of the expert witness shall be paid by the party who hired them. The cost of the arbitrator and other expenses of arbitration shall be shared equally by both parties.
3. The arbitration shall take place in the county in which **you** reside unless the parties agree to another place.
4. The local court rules as to procedure and evidence will apply.
5. A decision by the arbitrator will be binding as to:
  - a. whether the **insured** is legally entitled to recover damages from the **owner** or driver of an **uninsured motor vehicle** or **underinsured motor vehicle**; and
  - b. the amount of damages to be recovered by that **insured**.However, an award, or a judgment confirming an award, shall not be conclusive on any party in any other action or proceeding between:
  - a. the **insured**, the **insured's** insurer, the **insured's** legal representatives, or the **insured's** heirs; and
  - b. the owner or operator of the **uninsured motor vehicle** or **underinsured motor vehicle**;to recover damages arising out of the **accident** upon which the award is based.
6. The arbitrator has no authority to:
  - a. award an amount:
    - (1) In excess of the limit of liability;
    - (2) As **punitive or exemplary damages**;

- (3) For any interest, costs or fees;
  - b. decide any:
    - (1) Coverage or policy issue; or
    - (2) Issues or resolve any dispute as to anything other than the legal liability and damages as set forth above; or
  - c. consolidate claims or disputes in arbitration without the mutual consent of the parties.
7. No party shall be entitled to arbitrate any claims or disputes in a representative capacity or as a member of a class.

If neither party demands arbitration, and there is still a dispute as to fault and/or damages (or otherwise), then the **insured** shall:

1. File a lawsuit in a court with proper jurisdiction against the **owner** or driver of the **uninsured motor vehicle**, **underinsured motor vehicle** or **us**, or if such **owner** or driver is unknown, against **us**; and
2. Upon filing, immediately give **us** copies of the summons and complaints filed by the **insured** in that action; and
3. Secure a judgment in that action. The judgment must be the final result of an actual trial and an appeal, if an appeal is taken.

If the **insured** files suit against the **owner** or driver of the **uninsured motor vehicle** or **underinsured motor vehicle**, **we** have the right to defend on the issues of the legal liability of and the damages owed by such **owner** or driver.

Any lawsuit against **us** must be filed within the statute of limitations that applies to the **bodily injury** claim against the **owner** or driver of an **uninsured motor vehicle** or **underinsured motor vehicle**.

If the **insured** and the **person** or party legally liable for the **insured's bodily injury** reach a settlement agreement to pay the **insured** such **person's** limits of liability, the **insured** must submit the agreement to **us** in writing for **our** approval prior to final execution of such settlement agreement if:

1. The settlement would not fully satisfy the **insured's** claim for **bodily injury**; and
2. An **uninsured motor vehicle** or **underinsured motor vehicle** claim has been or will be made against **us**.

The **insured** may file suit against **us** and the legally liable **person** if, within 30 days after **our** receipt of the settlement agreement, **we** do not:

1. Approve the settlement;
2. Waive **our** rights of recovery against the **person** or party legally liable for the **bodily injury**;
3. Authorize the signing of a full release; or
4. Agree to arbitrate the **uninsured motor vehicle** or **underinsured motor vehicle** claim.

The suit shall decide:

1. If the **insured** is legally entitled to collect damages; and
2. If so, how much.

The limit of **bodily injury** liability coverage of the **person** or party legally liable shall be exhausted before any award may be entered against **us**. The award against **us** shall be binding and conclusive on **us** and the **insured** up to **our** coverage limit.

Except as provided above:

1. **We** are not bound by any judgment against any **person** or party obtained without **our** written consent; and
2. The **insured** shall not enter into any settlement with any **person** or party legally liable for the **insured's bodily injury** without **our** written consent if the settlement agreement precludes **our** right of recovery against such **person** or party.

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## SECTION IV – PHYSICAL DAMAGE COVERAGES

### Comprehensive Coverage Collision Coverage

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## INSURING AGREEMENTS

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### Comprehensive Coverage

If the premium for Comprehensive Coverage is paid when due, that coverage shown on the **declarations** will apply under this Policy and is subject to all Policy terms. **We** will pay for a **comprehensive loss** to the following, including its **original equipment**:

1. An **insured auto**.
2. A **newly acquired auto**.
3. A **non-owned auto** if that **auto** is:
  - a. driven by, or in the custody of, **you**, a **relative** or a **listed driver**; and
  - b. used within the scope of consent of the **owner** or **person** in lawful possession of such **auto**.
4. A **trailer** for which this coverage has been purchased and is listed on the **declarations**.

If Comprehensive Coverage applies to a **loss**, **we** will also:

1. Pay to replace a **child passenger restraint system** in use by a child in, or damaged during, that **accident** or **loss**.
2. Repay **you** for transportation costs incurred if an **insured auto** is stolen in its entirety, subject to the following limitations. **We** will pay up to \$25 per day, subject to a maximum of \$750 per **loss**, for the period that:
  - a. begins forty-eight (48) hours after **you** tell **us** and the police of the theft; and
  - b. ends when an **insured auto** is returned to use or forty-eight (48) hours after **we** offer to pay for the **comprehensive loss**.

Transportation costs will not be paid under this clause if a higher limit for Transportation Expense Coverage applies.

3. Pay the reasonable charges for necessary towing for which **you** become legally liable because of an **insured auto** or a **newly acquired auto** being transported after a **loss**. But, **we** will not pay more than the average towing charge in the geographic area where the **loss** occurred.

**We** must be given written proof (that can be verified) of the costs **you** incurred.

### Collision Coverage

If the premium for Collision Coverage is paid when due, that coverage shown on the **declarations** will apply under this Policy and is subject to all Policy terms. **We** will pay for **loss** caused by impact with any object or **person**, or overturning or upset, to:

1. An **insured auto**.
2. A **newly acquired auto**.
3. A **non-owned auto** while that **auto** is:
  - a. driven by, or in the custody of, **you**, a **relative** or a **listed driver**; and
  - b. used within the scope of consent of the **owner** or **person** in lawful possession of such **auto**.

When this coverage applies to an **auto** it includes that **auto** and its **original equipment**.

If Collision Coverage applies to a **loss**, **we** will also pay:

1. To replace a **child passenger restraint system** in use by a child in, or damaged during, that **accident** or **loss**.
2. The reasonable charges for necessary towing for which **you** become legally liable because of an **insured auto** or a **newly acquired auto** being transported after a **loss**. But, **we** will not pay more than the average towing charge in the geographic area where the **loss** occurred. **We** must be given written proof (that can be verified) of the costs **you** incurred.

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### ADDITIONAL DEFINITIONS

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Words and phrases shown in **bold face italics** will have the meaning set forth here when that word or phrase is used in this Section IV for Physical Damage Coverages, even if the word or phrase is being used in the singular, plural, possessive or active or passive tense.

In this Section IV:

**"Actual cash value"** means the fair market value of the stolen or damaged property immediately prior to the **accident** or **loss**, adjusted by:

1. The age, mileage and physical condition of the property;
2. Prior damage;

3. **Depreciation**; and
4. The type of title that applies to the property if it is a **motor vehicle**.

“**Comprehensive**” means all perils other than caused by collision, and including any **loss** caused by:

1. Missiles;
2. Falling or thrown objects;
3. Fire or explosion (unless caused by a collision);
4. Theft or larceny;
5. Earthquake;
6. Windstorm or hail;
7. Water or flood;
8. Vandalism or malicious mischief;
9. Riot or civil commotion;
10. Contact with bird or animal; or
11. Breakage of glass (unless caused by a collision).

“**Cost of repair or replacement**” means the amount necessary to:

1. Repair physical damage to return property to its pre-**loss** physical condition; or
2. Replace stolen or damaged property;

as determined by **us**, based on one of the following methods, at **our** option:

1. The cost of repair or replacement as agreed upon by **you** and **us**;
2. A competitive bid approved by **us**; or
3. **Our** written estimate based upon the reasonable prevailing competitive price.

To determine the **cost of repair or replacement**, **you** agree that parts and equipment, as allowed by law, may be new, reconditioned, remanufactured, or used, including, but not limited to:

1. **Original equipment manufactured** parts or equipment (**OEM**); and/or
2. Non-**original equipment manufactured** parts or equipment (non-**OEM**).

If **you** have not purchased the **OEM** option, **we** may specify the use of parts that are not **OEM** (except where not permitted by law). Warranties applicable to parts that are not **OEM** may be provided by the manufacturer or distributor of such parts rather than the manufacturer of the **auto**.

“**Custom equipment**” means equipment, parts, devices, accessories, enhancements and/or changes to an **auto** or vehicle that:

1. Are not **original equipment**;
2. Add to, or alter, performance, function or appearance; and
3. Are **permanently installed**.

“**Custom equipment**” includes, but is not limited to:

1. Additional or customized furnishings or equipment such as:
  - a. custom wheels, seats, paint, decals, graphics, striping, chrome and/or murals;
  - b. tires that are not the size specified by the manufacturer;
  - c. ground effects, after-market lights, custom grilles, louvers, side pipes, hood scoops, spoilers and front end protectors;
  - d. modified suspension, engines, carburetor or exhaust systems;
  - e. campers (bodies, slide-ons, shells, conversions) and height-extending roofs;
  - f. special carpeting, furniture, or bars;
  - g. facilities or equipment for refrigerating and sleeping;
  - h. winches, roll bars and running boards;
  - i. equipment to make a vehicle handicap accessible;
  - j. pickup truck caps, covers, bed liners; and
  - k. tool bench/boxes;but not including equipment for cooking.
2. Electronic equipment designed for use in a vehicle and that reproduces, receives or transmits audio, visual, digital or data signals such as:
  - a. radios, stereos, tape deck players, compact disc systems and satellite radio systems;
  - b. video entertainment systems, DVD or video players and televisions;
  - c. GPS and navigation systems;
  - d. emergency and roadside assistance detection and/or communication devices;

- e. internet access systems;
- f. personal computers;
- g. mobile cellular and other telephones; and
- h. two-way mobile radios, citizen band radios, and scanners.

**"Depreciation"** means the drop in value of property due to wear and tear, and the decline in value of an object's parts and components over the course of its useful life.

**"Loss"** means sudden, direct, and accidental physical damage. For Comprehensive Coverage, **"loss"** also includes full or partial theft. **"Loss"**, under this Section IV, does not mean or include any **diminution of value**.

**"Original equipment manufactured"** and **"OEM"** mean parts, equipment or items produced and/or installed by:

1. The manufacturer of the vehicle; or
2. A vendor of the manufacturer of the vehicle that the manufacturer intends as part of the vehicle or a manufacturer's option when new.

**"Original equipment"** means equipment, devices or accessories that are **permanently installed**:

1. By the original factory manufacturer of the vehicle at the time of its original assembly or fabrication;
2. By the vehicle dealer as an original manufacturer new car option at the time of the vehicle's original retail sale and purchase; or
3. To replace an item in paragraph 1 or 2 above in this definition with equipment, devices or accessories with similar function and value if such item is common to the use of an **insured auto** as a vehicle, and is not an item of **custom equipment**.

**"Permanently installed"** means a part or item is attached by bolts, brackets, screws, paint, adhesive, welding or other means so that it cannot be unattached without the use of tools or chemicals.

**"Windshield"** is the front window glass panel of an **auto**, and does not include the side or back windows.

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## OTHER ADDITIONAL COVERAGES AVAILABLE

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### TRANSPORTATION EXPENSE

If Transportation Expense coverage is shown for an **auto** on the **declarations**, **we** will pay up to the daily (per day) limit shown for this coverage on the **declarations**, for up to thirty (30) days, for:

1. The expense incurred by **you** for rental of an **auto** from an **auto** rental agency or garage; or
2. Expenses incurred by **you** for any transportation other than for rental of a **motor vehicle**; or
3. Any combination of the expenses described immediately above in 1. and 2.;

due to a covered **loss** to an **insured auto** or a **newly acquired auto** to which

Comprehensive Coverage or Collision Coverage applies under this Policy. This transportation expense reimbursement coverage:

1. Begins:
  - a. when an **insured auto** or a **newly acquired auto** is inoperable due to that **loss**; or
  - b. if an **insured auto** or a **newly acquired auto** can run, when **you** leave an **insured auto** at the shop for agreed repairs; and
2. Ends:
  - a. when an **insured auto** or a **newly acquired auto** has been repaired or replaced; or
  - b. seventy-two (72) hours after **we** offer a cash settlement for a total **loss**.

**We** must be given written proof (that can be verified) of the covered transportation expenses **you** have incurred if **we** are not paying a rental agency or garage directly for those expenses.

### CUSTOM EQUIPMENT COVERAGE

If there is a covered **loss** under Comprehensive Coverage or Collision Coverage, as a part of that covered **loss**, **we** will pay up to \$1,000, or any higher limit **you** purchase for this coverage as shown on the **declarations**, for:

1. **Loss to custom equipment** in an **insured auto** to which the Comprehensive Coverage or Collision Coverage applies; and
2. Any related labor and installation costs.

For any one covered **loss**:

1. The limit that applies as described directly above is the most **we** will pay, for all damage to such **custom equipment**, and any related labor and installation costs, without regard to the cost or value of the **custom equipment** actually installed.
2. This coverage is subject to any deductible that applies as shown on the **declarations** for Comprehensive Coverage or Collision Coverage, but only one deductible shall be applied to any one covered **loss**.  
**We** must be given written proof of (that can be verified) or sales receipts for any **custom equipment**.

#### OEM PARTS GUARANTEE

If OEM Parts Guarantee is shown for an **insured auto** on the **declarations**, when **we** repair that **auto** under Comprehensive Coverage or Collision Coverage, **we** will pay for use of parts that are original equipment manufactured, meaning parts, equipment or items produced and/or installed by:

1. The manufacturer of the vehicle; or
2. A vendor of the manufacturer of the vehicle that the manufacturer intends as part of the vehicle or a manufacturer's option when new.

#### LOAN/LEASE PAYOFF (GAP Coverage)

If coverage for Loan/Lease Payoff is shown on the **declarations** for an **insured auto**, when that **insured auto** is determined by **us** to be a total **loss** to which Comprehensive Coverage or Collision Coverage applies for that **loss**, **we** will pay, in addition to any amounts otherwise payable under this Section, the difference between:

1. The actual cash value of the **insured auto** at the time of the total **loss**; and
2. Any greater amount **you** are legally obligated to pay under a written loan or lease agreement to which the **insured auto** is subject at the time of the total **loss**;

reduced by:

1. Unpaid finance charges or refunds due to **you** or the **owner** of the **insured auto** for such charges;
2. Excess mileage charges or charges for wear and tear;
3. Charges for extended warranties or refunds due to **you** or the **owner** of the **insured auto** for extended warranties;
4. Charges for credit insurance or refunds due to **you** or the **owner** for credit insurance;
5. Past due payments and charges for past due payments;
6. The transfer or rollover of a previous loan or lease balance from another vehicle; and
7. Collection or repossession expenses.

NOTE: **our** payment under this coverage shall not exceed twenty-five percent (25%) of the actual cash value of the **insured auto** at the time of the **loss**.

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#### ADDITIONAL EXCLUSIONS

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IN ADDITION TO THE EXCLUSIONS THAT APPLY TO ALL COVERAGE, THERE IS NO COVERAGE UNDER SECTION IV OF ANY KIND, FOR OR RELATED TO:

1. **Loss** or damage to any type or sort of **auto**:
  - a. due and related only to:
    - (1) rust or corrosion;
    - (2) wear and tear;
    - (3) deterioration,
    - (4) freezing;
    - (5) mechanical or electrical breakdown; or
    - (6) road damage to tires. This exclusion does not apply:
      - (a) if the damage results from a total theft to which Comprehensive Coverage under this Policy applies.
      - (b) to damage to tires covered by Emergency Road Service Coverage (if purchased).
  - b. due and related only to:
    - (1) prior **loss** or damage;
    - (2) the lack of routine and/or proper maintenance; or
    - (3) manufacturer's defects or faulty materials or parts.
  - c. due to taking by any government or civil authority.
2. **Loss** or damage to any type or sort of **auto** when that **loss** or damage:

- a. is caused intentionally by or at the direction of **you**, a **relative** or a **listed driver**, or the **owner** of the property; or
  - b. should be reasonably expected to result from an intentional act by **you**, a **relative** or a **listed driver**, even if the **loss** that results is not of the same nature that was intended to be caused.
- This exclusion does not apply to an innocent co-insured's legal interest in property if the:
- a. innocent co-insured did not cooperate in or contribute to the cause of the **loss**;
  - b. **loss** arose out of an act of domestic violence; and
  - c. **person** who caused the **loss** is criminally prosecuted for the act causing the **loss**.
3. **Loss** or damage caused by, or arising out of the actual, alleged or threatened presence, growth, proliferation or spread of, **fungus or mold**, without regard to the factors causing or contributing to its growth, or for any testing or remediation of **fungus or mold**. This exclusion does not apply if the **fungus or mold** are the direct result of a covered **loss** that is payable under Comprehensive Coverage or Collision Coverage.
  4. Loss of use damages.
  5. **Loss** or damage to an **insured auto** or **newly acquired auto** if it is:
    - a. subject to any lien, lease or sales agreement not shown on the **declarations** or on file with **us**; or
    - b. repossessed.
  6. **Loss** or damage to an **insured auto** while it is no longer in **your** possession because it has been entrusted to another **person** or party to be rented, leased, subleased or sold.
  7. **Loss** or damage to any **non-owned auto** used by **you**, a **relative** or a **listed driver** without permission to do so from its **owner**.
  8. **Loss** or damage to any **auto** rented by **you**, a **relative** or a **listed driver** if the company renting that **auto** is not entitled to recover for the **loss** under the terms of the rental agreement or under law.
  9. **Loss** or damage to any:
    - a. items of personal property (including, but not limited to, video devices, streaming devices, internet devices, compact discs, tapes, citizens band radio, ham radio, mobile phones, iPads, tablets, power or charging cords for electronic devices, devices wholly or partially designed to prevent radar detection or circumvent any other law enforcement detection measures, and tools). This does not apply to permanently installed:
      - (1) **OEM** electronic devices; or
      - (2) **custom equipment**, up to the limit of liability.
    - b. item that is not **permanently installed** unless expressly covered under the terms set forth under this Section IV.
    - c. portion of any **custom equipment** in excess of the limit that applies to **custom equipment**. This does not apply as to **our** duty to pay to replace a **child passenger restraint system** in use by a child in, or damaged during, an **accident** or **loss** that is otherwise covered under this Section IV.
  10. Conversion, embezzlement or secretion of any **auto**.
  11. **Loss** or damage to parts used for the purpose of **racing**, even if **you** have purchased **custom equipment** coverage.
  12. Repossession by any party acting on behalf of the **owner** of an **insured auto** or **newly acquired auto**.
  13. **Diminution of value**.
  14. The cost of towing, transportation or salvage operations of any **auto** or vehicle while within the Republic of Mexico.
  15. **Loss** to any **trailer**.

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## LIMITS OF LIABILITY

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The limit of **our** liability for any covered **loss** to an **auto** shall not be more than the lowest of the:

1. **Actual cash value** of the damaged or stolen property at the time of the **loss**; or
2. **Cost of repair or replacement**.

**Our** limit of liability will not be more than \$1,000 for **loss** to **custom equipment**, as further described under Custom Equipment Coverage, or any higher limit **you** have paid for such coverage as shown on the **declarations**. Coverage for **custom equipment** will not cause **our** limit of liability for the **loss** to be increased to an amount greater than the **actual cash value** of the **auto**, including all its **custom equipment**.

**Our** payment will not include, and **you** are responsible for (when applicable), the amount of:



1. Any deductible that applies as shown on the **declarations**. When applying the deductible, if the **loss**:
  - a. is to more than one **auto** covered by this Section IV resulting from the same collision, only the highest applicable deductible will apply.
  - b. is the result of more than one **accident** or **loss**, a separate deductible shall apply to each **accident** or **loss**.
2. Depreciation or betterment to any property, including any costs for labor, parts, and materials to repair prior damage, deterioration, and/or defects to the property that had not been repaired prior to the **loss**.
3. The salvage value if **you** or the **owner** retains salvage.

If coverage under this Section IV applies to a **non-owned auto**, then the:

1. Broadest Comprehensive Coverage or Collision Coverage that applies to any one **insured auto** shown on the **declarations** will apply; and
2. Highest deductible that applies to any one **insured auto** shown on the **declarations** will apply.

**We** have no duty under Section IV of this Policy to cover or pay for any **diminution of value**.

**We** have no duty under Section IV of this Policy to cover or pay for any storage costs in excess of the storage **we** reasonably determine is the average or customary charge for such storage in the geographic area.

If **you** agree to have a **windshield** repaired at **our** expense after a **loss**, no deductible will be applied and **we** have no duty to also:

1. Pay the **actual cash value** of that **windshield**; or
2. Replace that **windshield**.

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#### SETTLEMENT OF LOSS

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To settle a covered **comprehensive loss** and/or collision **loss**, **we** may pay (as limited by the Limits of Liability section above):

1. The **actual cash value**, including applicable sales tax for the damaged or stolen property; or
2. The **cost of repair or replacement** of the damaged or stolen property.

**We** may make any such payment directly to:

1. **You**, the **owner** of the property, or the loss payee/lienholder (if any is designated); or
2. A repair facility with **your** prior consent.

If **we** make a payment for theft or total **loss**, **you** or the **owner** must transfer the title of that property to **us** at or before the time of payment (unless **you** or the **owner** are keeping the salvage).

**We** may:

1. At **our** expense, return any stolen property to **you**, to the address shown on the **declarations**, or to any other **owner**. If **we** return stolen property, **we** will pay for covered damage resulting from the theft.
2. Keep all or part of the property at an agreed or appraised value, but there shall be no abandonment of property to **us**.

**We** have no duty to keep or preserve salvage.

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#### NO BENEFIT TO BAILEE

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This Policy, and the coverages under it, shall not directly or indirectly benefit any carrier or other bailee for hire.

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#### OTHER INSURANCE OR COVERAGE

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This "Other Insurance or Coverage" clause does not create, expand or imply any coverage that does not already exist under the terms of this Policy.

Subject to all other limitations and exclusions in this Policy, if there is other similar coverage or source of

recovery to cover the **loss**, **we** will pay only **our** share of any **loss**. **Our** share is determined by adding the limits of this insurance to the limits of all other insurance or source(s) of recovery that apply on the same level of priority and finding the percentage of the total that **our** limits represent. However:

1. When this Policy covers a **non-owned auto**:

- a. this coverage is excess to any other coverage or source of recovery;
- b. **we** will not pay any amount under this coverage until after all other collectible insurance and source(s) of recovery have been exhausted by payment after the deductible under that other insurance has been met; and
- c. **we** do not pay any portion of a deductible that applies under the other insurance on that **non-owned auto**.

But with respect to a **non-owned auto** rented by **you**, a **relative** or a **listed driver** from a **business** that rents **autos**, when coverage applies under this Section IV to that rented **non-owned auto**, if similar coverage applies to the rented **non-owned auto** under a policy of insurance issued to the **owner** of that rented **non-owned auto** or the rental company, **we** will pay the difference between the highest deductible for any of an **insured autos** and any higher deductible under that other policy of insurance.

2. This Policy's coverage does not apply to a **newly acquired auto** if there is any other collectible insurance or source(s) of recovery on or applicable to that **newly acquired auto** (except under a policy issued by **us** or an insurance company that has common ownership with **us**).

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### APPRAISAL

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If **we** and **you** do not agree on the amount of **loss**, either may request an appraisal of the **loss**. In the event of a request for appraisal, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. The appraisers will state separately the **actual cash value** and 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.

The appraisers and umpire have authority only to decide the amount of the **loss**. They have no authority to:

1. Decide any coverage or policy issues under the Policy; or
2. Award any fees, interest or costs.

Each party will:

1. Pay its chosen appraiser; and
2. Bear equally the expenses of the umpire.

**We** do not waive any of **our** rights under this Policy by agreeing to an appraisal.

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### LOSS PAYEE – LIENHOLDER

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If a "loss payee" or lienholder is designated and shown on the **declarations**, then a covered **loss** to an **insured auto** or a **newly acquired auto** under this Policy will be paid according to **your** interest and that of any such loss payee or lienholder. At **our** option, **we** may make separate payments according to those interests.

If **we** pay a repair shop directly for repair of a **loss** with **your** consent, **we** have no duty to the loss payee or lienholder with respect to that **loss**.

If the loss payee or lienholder makes a claim under this Policy, the loss payee or lienholder:

1. Must abide by all terms and conditions of this Policy; and
2. Has no greater rights than **you** to receive any payment.

If **we** pay the loss payee, to the extent of the payment, **we** shall be subrogated to the loss payee's rights of recovery.

**We** may void, cancel or terminate this Policy according to its terms. Any such voiding, cancellation or termination shall also void, cancel or terminate this agreement as to any loss payee's interest. **We** will give notice as required by law.

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## INSUREDS' DUTIES AFTER ANY ACCIDENT OR LOSS

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The failure to give notice and/or perform any duty listed below, or elsewhere in the Policy, may result in a partial or total denial of some or all coverage under this Policy.

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### GIVE PROMPT NOTICE TO US

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#### GIVE PROMPT NOTICE TO US OF ANY:

1. **Accident or loss:**

**We**, or **our** authorized agent, must be given notice immediately or as soon as practicable after any **accident** or loss, but in no case shall notice be given later than twenty (20) days after that **accident** or loss, as to the fact it took place, and the time, place and date of its happening.

As soon as known or as soon as practicable after known, also give **us** these details:

- a. all names and other relevant information of who was involved in the **accident** or loss. This also includes, but is not limited to, witness, injury and loss information such as names, addresses and telephone numbers of any witnesses and/or injured **persons**;
- b. license plate information of vehicles involved or vehicle descriptions;
- c. all known driver license information of **persons** involved;
- d. any law enforcement action taken;
- e. driving conditions; and
- f. any other relevant information.

2. **Claim or lawsuit:**

**We** must be given prompt and timely notice of any:

- a. claim being brought; or
  - b. lawsuit that has been or is being filed;
- that may affect this Policy and the benefits and rights under it.

Copies of all notices, summons and/or other legal papers and process, either sent or received, in connection with any **accident** or loss also must be given to **us**.

#### GIVE PROMPT NOTICE TO LAW ENFORCEMENT WITHIN 24 HOURS OF ANY ACCIDENTS OR LOSSES THAT INVOLVE:

1. Vandalism or theft;
2. Hit-and-run vehicles; or
3. Unidentified at-fault drivers;

and complete an official report to a law enforcement agency with jurisdiction.

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### COOPERATE FULLY WITH US

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**You, relatives, listed drivers**, insureds under this Policy and any other **person** or party seeking coverage from this Policy (or any such **person's** or party's legal representative) must:

1. Fully cooperate in all matters with **us**, provide information to **us** and do whatever other duties are needed to settle any and all claims.
2. Take reasonable steps after damage to or loss of property to:
  - a. protect all property insured from further damage or loss. **We** will repay reasonable expenses incurred to protect that property;
  - b. preserve, to the extent feasible, any and all damaged property (including but not limited to parts removed from an **insured auto**) for inspection and testing; and
  - c. prevent costs when not necessary including, but not limited to, storage fees, impound fees, and parking fees.
3. Allow **us** to inspect and/or take pictures or video of:
  - a. any **auto** or vehicle being used at the time of, or that was involved in, an **accident** or **loss**.
  - b. all damage to or loss of property so it can be appraised before repair, replacement or disposal.
4. Give **us** proof of loss or claim, and under oath, if required by **us**.
5. Cooperate with **us** to investigate, settle and/or defend any claim, arbitration, mediation, appraisal or lawsuit, and help **us** as needed to:
  - a. make settlements;

- b. get, or authorize **us** to get or secure evidence;
  - c. give evidence;
  - d. obtain the attendance of witnesses at hearings, depositions and trial; and
  - e. conduct arbitration, mediation, appraisal or lawsuits.
6. Give **us** as often as **we** reasonably request:
- a. current and prior **accident**, loss, **bodily injury** and treatment information; and
  - b. written authorization to obtain any such information **we** find is relevant or may lead to relevant information.
7. Take physical and/or mental exams, to be done at **our** expense by licensed health care providers **we** choose, as often as **we** may reasonably require.
8. Give **us**, and allow **us** to get, written and recorded statements as often as **we** reasonably required.
9. Give **us**, and allow **us** to get with written authorization to be given to **us** by any **person** seeking coverage under this Policy, any and all relevant records and/or documents (or copies thereof) including, but not limited to:
- a. medical records and reports, including current reports, notes and tests results, records of prior medical history and treatment, therapy records, and counseling records;
  - b. credit and financial records;
  - c. photographs;
  - d. telephone, including cellular, text messaging and all other telephonic communication records, including billing records;
  - e. employment, income and/or wage information;
  - f. current and prior insurance claims records; and
  - g. other records, receipts and/or invoices deemed by **us** to be relevant to investigate or settle a claim.
10. Allow or authorize **us** to get any information on any data, video device, maintenance or event recorder device installed or used in an **auto** as **we** deem relevant to the facts of the **accident** or loss. This may include information on, but is not limited to, any on-board computer, global positioning system ("GPS") or data recorder.
11. Make a statement under oath or take an examination under oath ("EUO"s), in which case, it will be:
- a. at a reasonable location of **our** choice;
  - b. conducted by **us**, or **our** representative, as often as **we** reasonably require;
  - c. outside the presence of any witness, **person** or party making a claim due to the same **accident** or loss, or any other **person** except for:
    - (1) that **person's** legal counsel; and/or
    - (2) a parent or guardian if the **person** making the statement is a minor or deemed incompetent by law; and
  - d. video and/or audio and/or court reporter recorded, as **we** choose.
- We** may also require a statement under oath or an exam under oath (EUO) from:
- a. any **relative** or any **person** who is an insured under any Section of this Policy who may be able to help **us** to get relevant information, even if that **person** is not claiming benefits under this Policy; or
  - b. any health care provider rendering services for which benefits are sought under this Policy.
12. Not admit fault, assume any obligation to other **persons** or parties, incur any expenses (other than first aid to others) nor prejudice **our** rights in any way.

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## CLAIMS SETTLEMENT

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When making a claim, **you, relatives, listed drivers, persons** insured under this Policy, and any other **person** or party seeking coverage from this Policy (or any such **person's** or party's legal representative) must:

- 1. Cooperate and comply with all applicable notice requirements, duties and terms set forth in this Policy; and
- 2. Assist **us** to settle any and all claims.

To adjust claims and determine amounts to be paid under this Policy, **we** may use:

- 1. Estimating, appraisal or injury evaluation records, systems or tools;
- 2. Records, systems or tools that may be developed by **us** or by third parties; and/or
- 3. Information that may include and come from, but is not limited to, published resources, medical fee schedules, and/or computer software, databases, and specialized technology.

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## POLICY CHANGES

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### CHANGE OF POLICY TERMS

#### 1. CHANGES BY YOU:

**You** must promptly, and no later than thirty (30) days after the date of the change, give **us** or **our** agent notice of changes that affect **your** Policy and may result in an increase or decrease of **your** Policy premium. These include, but are not limited to, changes to:

- a. the number, type, and/or use of **autos** or **motor vehicles** insured under **your** Policy;
- b. the number of **relatives** or other drivers using the **autos** or **motor vehicles** insured under **your** Policy;
- c. driver license status, driving history (including the number of vehicle **accidents** a **person** has been involved in, whether or not at-fault, and any convictions for violating the vehicle or penal laws as related to operation of a **motor vehicle**), or marital status of any **person** who resides in **your** household or who regularly operates an **insured auto**; and
- d. **your** address and/or the principal place where **you** garage any of the **autos** or **motor vehicles** insured under **your** Policy.

But, if **you** want to add or increase coverage for a **newly acquired auto**, **you** must contact **us** within four (4) days after **you** acquire the **auto** if **you** want that coverage to apply from the date the **auto** was acquired.

#### 2. CHANGES BY US:

The terms of this Policy contract may be changed or waived only if agreed to, and done in writing, by **us**. This can be done by **our** issuance of a revised **declarations**, an endorsement or a revised policy. If **we** make a change to this Policy during the Policy period that:

- a. expands any coverage without an extra premium charge, **you** will have the expanded coverage if that coverage is in effect on this Policy when the change occurs. The effective date of a change will be the date **we** implement that change in **your** state.
- b. both expands and limits coverage, and is to be implemented with a general program revision, it will be given to **you** and effective by way of a new version of **your** Policy, or an amendatory endorsement, upon renewal.

#### 3. If any change to **your** Policy requires a premium adjustment or other action, **we** will:

- a. adjust the premium or take required action, to be effective the date of the change, in accord with **our** Rules and Guidelines; and
- b. give **you** notice of the premium or other change.

#### 4. A premium increase also may result from:

- a. **our** payment of a claim under this Policy; or
- b. any other reason that is not otherwise specified above, though only if that reason is both lawful and not unfairly discriminatory.

### CHANGE OF POLICY INTERESTS - TRANSFER OR ASSIGNMENT OF YOUR INTEREST

**You** may not transfer or assign any of **your** interests, rights and/or duties under this Policy except as allowed by the express terms of this Policy for assignment of benefits under Medical Payments Coverage.

But, if a **named insured** shown on the **declarations** dies during the Policy period, coverage (other than Accidental Death, Dismemberment and Loss of Sight coverage) will be provided for:

1. That **named insured's** surviving **spouse**, or **registered domestic partner** if that **person** was residing in the same household as the **named insured** at the time of death. Coverage applies to that **spouse** or **registered domestic partner** as if a named insured shown on the **Declarations**; and
2. Any **person** with proper custody of an **insured auto** or a **newly acquired auto**, until a legal representative is qualified; and then
3. The legal representative of the deceased **named insured**, but only with respect to and within the scope of, such representative's legal duty to maintain or use an **auto** or a **newly acquired auto**.

Coverage shall not apply under this Policy to any **auto** not **owned** by the **named insured**, or the **named insured's spouse** or **registered domestic partner** on the date of the death of the **named insured**.

Any **person** or party who obtains any interest in the Policy, or its benefits, is subject to all the terms and conditions of the Policy. Policy notice requirements are met by mailing the notice to the deceased **named insured's** last known address in **our** records.

### JOINT & INDIVIDUAL INTERESTS

When there are two or more **named insureds** shown on the **declarations**, each acts for all to change or end the Policy. The action of one **named insured** is binding on all **persons** and parties under this Policy.

#### CONSENT OF BENEFICIARY

Consent of any beneficiary designated under Accidental Death, Dismemberment and Loss of Sight Coverage is not needed to change or end the Policy.

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### GENERAL POLICY LIMITS

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#### NON-DUPLICATION

No **person** or party is entitled to receive duplicate payments from **us** for the same elements of damages, expense or loss already paid:

1. Under any coverage or Section of this Policy; or
2. By any other insurance (whether or not issued by **us**, any insurers that have common ownership or affiliation with **us** or any other insurer) or any other source of recovery.

#### TWO OR MORE INSURED

If more than one **person** or party is shown as the **named insured** on the **declarations**, **our** limit of liability under this Policy is not increased.

#### TWO OR MORE POLICIES ISSUED BY US

If this Policy and any other **auto** or **motor vehicle** insurance policy issued to **you** by **us** (or any insurers that have common ownership or affiliation with **us**) apply to the same **accident**, damage or loss:

1. **Our** limit of liability under all those policies shall not exceed the highest limit of liability for the coverage that applies under any one of those policies.
2. The limit of liability may not be added, combined or stacked with similar coverage under any other **auto** or **motor vehicle** policy issued by **us** (or any insurers that have common ownership or affiliation with **us**).

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### OUR RIGHTS WHEN MISREPRESENTATION, CONCEALMENT OR FRAUD OCCURS

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#### OUR RIGHT TO RESCIND AND VOID

**We** have the right to rescind and void this Policy from its inception, and will do so, if in the initial **application** **you** or **your** representative:

1. Made incorrect or untrue statements or representations to **us** or **our** authorized agent as to any material fact;
2. Concealed, omitted or misrepresented any material fact; or
3. Engaged in fraudulent conduct;

whether or not done intentionally or knowingly, or inadvertently, unknowingly or otherwise not intentionally.

A fact is material if **we** would not have issued the Policy, would not have agreed to insure the risk or would not have insured it at the premium initially charged.

If **we** void or rescind this Policy:

1. The Policy will be void from its inception as if the contract was never formed, never existed and the Policy never issued.
2. There is NO coverage for any claims, damages or **loss** that would have otherwise been covered. Except that, if **we** do not review **your application** in a timely manner and there is material misrepresentation, concealment or fraud in or related to **your application** for which **we** can void this Policy, **our** voiding or rescinding of this Policy due to fraud or misrepresentation at the point of **application** will not prevent liability coverage under Section I as to an otherwise covered claim for payment to be made to an innocent injured third-party, but such coverage shall be:
  - a. only as required by law for an **accident** that occurs before **we** notify the **named insured** that the policy is void; and
  - b. limited to the amount of damages that is less than or equal to the **minimum limits** for **bodily injury** and **property damage** to an innocent injured third **person** or party.
3. **You** are responsible to repay **us** for all:
  - a. amounts **we** are required by law to pay, and related expenses, if law requires **us** to protect any innocent third parties or requires **us** to pay any other amount; and

- b. **our** lawyer fees, costs and expenses if **you**, or **your** assignee or representative, dispute **our** right to rescind and **we** prevail in any legal action to resolve that issue.

#### **OUR RIGHT TO DENY COVERAGE AND END THE POLICY**

**We** will not provide coverage or benefits for any **person** or party who has:

1. Misrepresented, concealed, omitted or misstated a material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Aided, abetted or directed any behavior of the type listed in clause 1 or 2 directly above;
- in connection with this Policy or any **accident**, loss or claim under it.

**We** may also cancel, non-renew or otherwise end this Policy, as allowed by law, for any such acts.

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#### **OUR RIGHTS TO RECOVER PAYMENTS (SUBROGATION & REIMBURSEMENT)**

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Any **person** or party, to or for whom a payment is made under this Policy, must:

1. Cooperate with **us** by doing whatever is needed to protect **our** interests and rights to recover **our** payment if there is another responsible or at-fault **person** or party. This cooperation may include, but is not limited to, filing legal papers and taking action as requested by **us** to recover **our** payment; and
2. Not do anything after the **accident** or loss to harm **our** interests and rights.

If a payment is made under this Policy, then to the extent allowed by law and for the amount of that payment made by **us** to any **person** or party:

1. The right of recovery of any such **person** or party passes to **us**, and **we** will be subrogated to all the rights of recovery that such **person** or party has against another.
2. Any such **person** or party who recovers loss or damages from a responsible or at-fault **person** or party, or their insurer, shall hold the proceeds of that recovery in trust for **us** and reimburse **us**.
3. Which is not actually covered by this Policy but is required by law, then (to the extent allowed by law) **you** must reimburse **us** to the full extent of all damages or loss paid by **us** as well as **our** claims adjustment expenses.

**Our** rights, as set forth directly above, shall be considered a first priority claim to be paid before any other claims which may exist are paid, including but not limited to claims by any **person** for general damages. **Our** priority right to recover or be reimbursed will apply whether or not that **person** has been "made whole" and fully compensated for all damages. However, amounts owing to **us** are subject to a reduction for an equitable pro-rata share of the reasonable expenses and fees due to a lawsuit brought by the **person** to or for whose benefit the payment is made to recover proceeds from an at-fault party.

Notwithstanding the above, if and when required by law, **our** rights to recover do not apply as to a payment made under:

1. Section II – Medical Payments Coverage, as to a **person** who is at-fault for causing an **accident** for which a payment was made under that coverage.
2. Section III – UM/UIM, as to the **owner** or driver of an **underinsured motor vehicle** (as defined in that Section of the Policy).

**Our** rights to recover also do not apply as to a payment made under Physical Damage Coverage when a **person**, with the permission of **you**, a **relative** or a **listed driver**, uses an **insured auto** or a **newly acquired auto**.

If **we** pursue recovery from a responsible or at-fault **person** or party:

1. **You** agree to allow **us** to seek recovery of any deductible that may apply.
2. **We** have the right to compromise or settle the deductible and property damage claims against the responsible or at-fault **person** or party for less than the full amount. For those sums, **you** agree to be bound by the:
  - a. settlement agreement entered into by **us** and that **person** or party; or
  - b. outcome of appraisal or arbitration.
3. **We** will share subrogation recoveries on a proportionate basis with **you**, unless **you** have otherwise recovered the whole deductible amount.

- Any reimbursement to **you** by **us** will be reduced by a proportionate share of expenses and lawyer fees incurred due to **our** use of an outside attorney or collection agency to collect the recovery.

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## LEGAL ACTION AGAINST US

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No right to legal action against **us** exists until all the terms of this Policy have been met.

Any legal action against **us** for coverage under any Section of this Policy, or any legal action filed against **us** following an **accident** or **loss**, must be commenced within two (2) years following the date of the **accident** or **loss**, except under Section III – UM/UIM as set forth here. No cause of action shall accrue to an **insured** under Section III - UM/UIM against **us** as to an **accident** involving an **uninsured motor vehicle** (though not an **underinsured motor vehicle**) that causes **bodily injury** and gives rise to a claim under that coverage unless one of the following actions have been taken within two (2) years from the date of the **accident**:

- Suit for **bodily injury** has been filed against the **owner** or driver of that **uninsured motor vehicle**, in a court of competent jurisdiction;
- Agreement as to the amount due under the policy has been concluded; or
- The **insured** has formally instituted arbitration proceedings by notifying **us**, or **our** agent for process, in writing sent by certified mail, return receipt requested.

**We** have no duty to:

- Retain or preserve salvage and/or property for any purpose, including for use as evidence in any civil or criminal proceeding; or
- File any appeal. Though, **we** reserve the right to file an appeal if any part of a judgment impacts this Policy.

In addition, as to Liability Coverage:

- No **person** or party has any right to bring **us** into any action to determine the liability of an **insured** under the Liability Coverage of this Policy.
- No legal action may be brought against **us** until:
  - we** agree in writing that an **insured** under Liability Coverage has an obligation to pay for damages due to a covered **accident**, or
  - the amount of that obligation has been finally determined by judgment after trial and appeal (if any).
- If a judgment is secured against that **insured**, then an action may be brought against **us** by the judgment creditor to recover on that judgment an amount not to exceed **our** limit of liability and subject to all policy terms.

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## ROADSIDE ASSISTANCE COVERAGE

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If the premium for Roadside Assistance Coverage has been paid when due, this coverage will apply to an **insured auto** for which this coverage is shown on the **declarations** and a **newly acquired auto**, and **we** will pay for **our** authorized service representative to provide the following services when necessary due to a **covered emergency** sustained by an **insured auto** or a **newly acquired auto**:

- Towing of a **covered disabled auto**; and
- Labor on a **covered disabled auto** at the place of disablement.

### Additional Definitions for Roadside Assistance Coverage

When used in Roadside Assistance Coverage:

- Covered disabled auto** means an **insured auto** for which this coverage has been purchased or a **newly acquired auto** that sustains a **covered emergency**.
- Covered emergency** means a disablement that is a result of:
  - Mechanical or electrical breakdown;
  - Battery failure;
  - Insufficient supply of fuel, oil, water, or other fluid;
  - Flat tire that needs to be changed;



- e. Lock-out; or
- f. Entrapment in snow, mud, water or sand within 10 feet of a public road or highway.

#### **Limits, Exclusions, Conditions and Other Terms for Roadside Assistance Coverage**

1. Coverage under Roadside Assistance Coverage will not apply to:
  - a. The cost of purchasing parts, fluid, lubricants, or replacement keys, or the labor to make keys;
  - b. Installation of products or material not related to the disablement;
  - c. Labor not related to the disablement;
  - d. Towing or storage related to impoundment, abandonment, illegal parking, or other violations of law;
  - e. Assistance with jacks, levelers, airbags or awnings;
  - f. Labor or repair work performed at a service station, garage, or repair shop;
  - g. Auto storage charges;
  - h. Disablement that occurs on roads not regularly maintained, sand beaches, open fields, or areas designated as not passable due to construction, weather, or earth movement;
  - i. Mounting or removing of snow tires or chains;
  - j. Tire repair;
  - k. Disablement that results from an intentional or willful act or action by **you**, a **relative**, a **listed driver** or any other the operator of a **covered disabled auto**;
  - l. Disablement of any vehicle other than an **insured auto** shown with this coverage on the **declarations** or a **newly acquired auto**;
  - m. Any **insured auto** or a **newly acquired auto** while it is being used in a personal vehicle sharing program, peer-to-peer sharing program or other similar program that engages in the **business** of facilitating the sharing of private passenger **motor vehicles**; or
  - n. A **trailer**.
2. Roadside Assistance Coverage is excess over any other collectible insurance or towing protection coverage.
3. **We** will not provide service under Roadside Assistance Coverage for more than three (3) occurrences to any **insured auto** or a **newly acquired auto** in any six (6) month period.
4. In the event of mechanical disablement that renders the covered **insured auto** or a **newly acquired auto** inoperable, **we** will pay to tow the **auto** to the qualified repair facility closest to the point of disablement, up to a maximum distance of 100 miles from the place of disablement. **You** will be responsible to pay for any excess miles.
5. When delivering fuel **we** will not deliver more than two (2) gallons of fuel.
6. **We** will not tow to or from Mexico.
7. If **you** do not use our approved Roadside Assistance service and **you** arrange Roadside Assistance from an unauthorized service representative, the amount **we** agree to reimburse for reasonable services shall not exceed fifty dollars (\$50). An itemized receipt prepared by the service provider must be received by **us** within 60 days of the date of any such service.
8. **You** are responsible to pay any charges incurred for services from **our** authorized service representative that are not covered under the terms of this Roadside Assistance Coverage.

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#### **NAMED EXCLUDED DRIVER**

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A specifically named driver may be excluded from all coverage under this Policy. This can be done:

1. At the request of the **named insured**; or
2. By **us** where allowed or required by law to prevent the Policy from being cancelled or non-renewed under the laws of the state where **you** reside, as shown on the **declarations**.

The excluded driver will be shown on the **declarations** as excluded.

If a driver is named and shown on the **declarations** as excluded, there is NO coverage under any part of this Policy for any **person**, including **you** and **relatives**, or any other party, for any **accident** or **loss** that occurs

while that named excluded driver is operating any vehicle. This will also exclude coverage for any other parties and **persons**, including, but not limited to, **you** and any **relative** who may be liable vicariously or for negligent entrustment, as to any **accident** or **loss** that arises out of the operation of a vehicle by a named excluded driver.

However, if an **accident** occurs to which Section I – Liability Coverage would otherwise apply, **we** will provide a defense for the **named insured**, as needed, when that named excluded driver:

1. Resides in the same household as the **named insured**;
2. Is jointly sued with the **named insured** as a result of operating the **insured auto** of the **named insured**; and
3. Is an insured under a separate automobile liability insurance policy issued to that named excluded driver as a named insured, but which policy does not provide a defense to the **named insured** under this Policy.

A named driver exclusion will continue to apply to this Policy and all renewals, reinstatements and/or replacement policies unless and until:

1. **We** get written notice from **you** ending that driver exclusion; and
2. The extra premium for coverage of that driver has been paid when due.

**EXECUTED ON BEHALF OF THE COMPANY BY:**

PRESIDENT

A handwritten signature in black ink, appearing to read 'M. Linden', is written over the printed name.

Marcus Linden