

North Carolina Motor Home Policy



PERSONAL



COMMERCIAL



MOTORCYCLE



RV



HOMEOWNERS



FLOOD



HEALTH & LIFE

10954 (05/16)

National General 
Auto, Home & Health Insurance

5630 University Parkway • PO Box 3199
Winston-Salem NC 27102-3199

Integon National Insurance Company

**NORTH CAROLINA MOTOR HOME POLICY
POLICY AGREEMENT**

10503 (06012011)

YOUR MOTOR HOME POLICY QUICK REFERENCE

DECLARATIONS PAGE

Your Name, Address, Recreational Vehicle or Trailer, Policy Period, Coverages and Amounts of Insurance

This policy is a legal contract between you and us. These policy provisions, along with the Declarations Page, statements made at the time of application and any endorsements issued, complete this policy.

Read your policy carefully. Provisions of this contract and its endorsements (if any) restrict coverage. Be certain you understand all of the coverage terms, the exclusions, and your rights and duties. This policy specifically addresses under what conditions coverage will be afforded for any insured and any person who may use your covered auto.

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AGREEMENT

This policy is issued and renewed in reliance upon the truth and accuracy of the representations made in the application for this insurance. The terms of this policy impose obligations on all persons defined as **you**. The responsibilities, acts and/or omissions, in connection with this insurance, of any person defined as **you** shall be binding upon all other persons defined as **you**.

In return for payment of the premium and subject to all the terms of this policy, **we** agree with **you** as follows:

DEFINITIONS

- A. Throughout this policy, "**You**" and "**Your**" refer to:
1. The named insured shown in the Declarations; and
 2. The spouse if a resident of the same household.
- B. "**We**," "**us**" and "**our**" refer to the Company shown in the Declarations as providing this insurance.
- C. For purposes of this policy, a **recreational vehicle** shall be deemed to be owned by a person if leased:
1. Under a written agreement to that person; and
 2. For a continuous period of at least 6 months.

The following words or phrases, when printed in bold-faced type or in quotation marks, are defined as follows:

- A. "**Accident**" means: a sudden, unexpected, and unintended event arising out of the ownership, maintenance, or use of an **recreational vehicle** that results in a claim for damages either by an **insured** or against an **insured** under the terms of **your** policy.
- B. "**Actual Cash Value**" means: the fair market value of the stolen or damaged property at the time of **loss**.
- C. "**Bodily injury**" means: bodily harm, sickness or disease, including death that results therefrom. **Bodily Injury** does not include harm, sickness, disease or death arising out of a medically defined communicable disease contracted by any person nor the exposure of such a disease by any person to any other person.
- D. "**Business**" means: trade, profession or occupation.
- E. "**Depreciation**" means: decline of value due to wear and tear or obsolescence.
- F. "**Diminution in value**" means: the actual or perceived reduction, if any, in the **actual cash value** by reason of the fact that the property has been damaged and repaired.
- G. "**Family member**" means: a person related to **you** by blood, marriage or adoption who is a resident of **your** household. This includes a ward or foster child, or stepchild.
- H. "**Loss**" means: sudden, direct, and accidental destruction or damage. "**Loss**" does not include **diminution in value**.

- I. "**Occupying**" means: in; upon; getting into, out of, on or off.
- J. "**Property damage**" means: physical injury to, destruction of, or loss of use of tangible property.
- K. "**Recreational vehicle**" means a vehicle used primarily for recreational purposes, with permanently installed equipment for cooking and/or sleeping, which is:
1. a self-propelled motor home; or
 2. a van conversion;
- L. "**Trailer**" means: a non-powered vehicle, that is not a **recreational vehicle**, designed for regular use to be pulled on public roads and be pulled by a **Recreational vehicle**.
- M. "**Vehicle**" means: a land motor vehicle which is required to be registered under the laws relating to motor vehicles designed primarily for operation upon: the public streets; roads; and highways; and driven by power other than muscular power.
- N. "**Your covered auto**" means:
1. Any **recreational vehicle** shown in the Declarations.
 2. A newly acquired **recreational vehicle**.
If the **recreational vehicle you** acquire replaces a **recreational vehicle** shown in the Declarations, it will have the same coverage as the **recreational vehicle** it replaced, if **you**:
 - a. acquire the **recreational vehicle** during the policy period and it is eligible for coverage pursuant to our underwriting guidelines; and
 - b. ask **us** to insure it within 30 days after **you** become the owner; and
 - c. insure all of the **recreational vehicles you** own with **us**.If **you** do not notify **us** within the time limit noted in b., no coverage exists for the replacement **recreational vehicle**.
If the **recreational vehicle you** acquire is in addition to any shown in the Declarations, it will have the broadest coverage **we** now provide for any **recreational vehicle** shown in the Declarations, if **you**:
 - a. acquire the **recreational vehicle** during the policy period and it is eligible for coverage pursuant to our underwriting guidelines; and
 - b. ask **us** to insure it within 30 days after **you** become the owner; and
 - c. insure all of the **recreational vehicles you** own with **us**.If **you** do not notify **us** within the time limit noted in b., no coverage exists for the newly acquired **recreational vehicle**.
 3. Any **trailer you** own:
 - a. while attached to **your covered auto**; and

- b. not used in a **business**; and
- c. that is not insured under any other insurance policy.

However, if the **trailer** is a **recreational vehicle** or is designed to be pulled by a **recreational vehicle**, item 3. a. above does not apply.

- 4. Any **recreational vehicle** or **trailer** not owned by **you** while used on a temporary basis as a substitute for any other **recreational vehicle** or **trailer** described in this definition which is out of normal use because of its:
 - a. breakdown;
 - b. repair;
 - c. servicing;
 - d. **loss**; or
 - e. destruction.

PART A - LIABILITY COVERAGE

INSURING AGREEMENT

- A. If **you** pay a premium for this coverage, **we** will pay damages, except punitive or exemplary damages, for **bodily injury** or **property damage** for which any **insured** becomes legally responsible because of an **accident**. Damages include prejudgment interest awarded against the **insured** subject to **our** limit of liability for this coverage. **We** will settle or defend, as **we** consider appropriate, any claim or suit asking for these damages. If **we** defend, **we** will choose the counsel of **our** choice. In addition to **our** limit of liability, **we** will pay all defense costs **we** incur. **Our** duty to settle or defend ends when **we** offer to pay and pay **our** limit of liability for this coverage. **We** have no duty to defend any suit, settle any claim or pay any judgment for **bodily injury** or **property damage** not covered under this policy.
- B. **Insured** as used in Part A means:
 - 1. **You** or any **family member** for the ownership, maintenance, or use of any **recreational vehicle**, with the owner's permission.
 - 2. Any person using **your covered auto** with **your** permission.
 - 3. For **your covered auto**, any person or organization other than 1. and 2. above. This provision applies only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.
 - 4. For any **recreational vehicle**, other than **your covered auto**, any person or organization other than 1. and 2. above. This provision applies only with respect to legal responsibility for acts or omissions of **you** or any **family member** for whom coverage is afforded under this Part. This provision applies only if the person or organization does not own or hire the **recreational vehicle**.

SUPPLEMENTARY PAYMENTS

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

1. Up to \$300 for the cost of bail bonds required because of traffic law violations resulting from an **accident**. The **accident** must result in **bodily injury** or **property damage** covered under this policy. **We** have no obligation to apply for or furnish a bond.
2. Premiums on appeal bonds and bonds to release attachments in any suit **we** defend and **we** choose to appeal.
3. For damages covered under this policy, interest accruing after a judgment is entered in any suit **we** defend. **Our** duty to pay interest ends when **we** offer to pay that part of the judgment which does not exceed **our** limit of liability for this coverage.
4. Reasonable loss of wages, up to \$50 per day, because of attendance at hearings, proceedings, or trials at **our** request. This does not include other types of income.
5. Reasonable expenses for emergency first aid **you** administer to others at the scene of an **accident** involving any **recreational vehicle** covered by this policy.
6. Other reasonable expenses incurred at **our** request.

EXCLUSIONS

- A. Coverage under this Part A, including **our** duty to defend, does not apply to:
 1. **Bodily injury** or **property damage** caused intentionally by or at the direction of an **insured**. However, this exclusion shall apply only to the damages that are in excess of the minimum limits of liability coverage required by the financial responsibility law of North Carolina;
 2. **Property damage** to property owned or being transported by an **insured**.
 3. **Property damage** to property:
 - a. rented to;
 - b. used by; or
 - c. in the care, custody, or control of; an insured.

This exclusion does not apply to **property damage** to a rented residence or rented private garage caused by **your covered auto**.
 4. **Bodily injury** to an employee or fellow employee of any **insured** arising out of the course of employment. This exclusion does not apply to **bodily injury** to a domestic employee unless Workers' Compensation benefits, disability benefits, or similar benefits are required or available for that domestic employee.

5. Liability arising out of the ownership or operation of a **vehicle** while it is being used to carry persons or property for compensation or a fee. This exclusion does not apply to a share-the-expense car pool.
6. Any person while employed or otherwise engaged in the **business** of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. storing;
 - e. parking;
 - f. road testing;
 - g. delivering;
 - h. leasing; or
 - i. washing

vehicles designed for use mainly on public highways.

However, coverage does apply to **you or a family member** when using **your covered auto**.
7. Maintaining or using any **vehicle** while that person is employed or otherwise engaged in any **business** not described in Exclusion 6. If a **business** or artisan use is noted in the Declarations for a **recreational vehicle** shown in the Declarations, this exclusion does not apply to: the ownership; maintenance; or use of that **recreational vehicle** by:
 - a. **you**;
 - b. any **family member**; or
 - c. any partner, agent or employee of **you** or any **family member**.
8. Any person using a **vehicle** beyond the scope of the owner's express or implied permission.
9. Bodily injury or property damage for which an insured:
 - a. is an insured under a nuclear energy liability policy; or
 - b. would be an insured under a nuclear energy liability policy but for its termination upon exhaustion of its limit of liability.

For the purpose of this exclusion a nuclear energy liability policy means a policy issued by any of the following or their successors:

 - a. Nuclear Energy Liability Insurance Association;
 - b. Mutual Atomic Energy Liability Underwriters; or
 - c. Nuclear Insurance Association of Canada.
10. **Bodily injury** or **property damage** arising out of the ownership, maintenance, or use of:
 - a. a motorcycle or any motorized vehicle having fewer than four wheels or more than six wheels; or
 - b. an all-terrain vehicle regardless of the number of wheels it has; or
 - c. any self-propelled vehicle not licensed for use on public roads; or
 - d. any vehicle weighing 10,000 or more pounds other than **your covered auto**.
11. **Bodily injury** or **property damage** arising out of any person's liability for the ownership, maintenance, or use of **your covered auto** when it:
 - a. is being rented or leased to others; or
 - b. has been sold to another; or
 - c. is under a conditional sales agreement by **you** to another.

However, for a. and c. above, this exclusion shall apply only to the damages that are in excess of the minimum limits of liability coverage required by the financial responsibility law of North Carolina.
12. **Bodily injury** or **property damage** arising out of the ownership, maintenance, or use of a **vehicle** while it is being operated in or while in practice or preparation for any prearranged or organized:
 - a. race event;
 - b. hill climb;
 - c. demonstration;
 - d. speed contest;
 - e. stunting contest; or
 - f. performance contest.

However, this exclusion shall apply only to the damages that are in excess of the minimum limits of liability coverage required by the financial responsibility law of North Carolina.
13. **Bodily injury** or **property damage** for which the United States Government is held responsible under the Federal Tort Claims Act.
14. **Bodily injury** or **property damage** arising out of any liability assumed by an **insured** under any contract or agreement.
15. **Bodily injury** or **property damage** to any person while **occupying** any vehicle:
 - a. being used in unlawful activity (other than a traffic violation), illicit trade or transportation; or
 - b. used or operated in an attempt to flee a law enforcement agent;

and such person is a willing participant in such activity listed in a. or b. above.

However, this exclusion shall apply only to the damages that are in excess of the minimum limits of liability coverage required by the financial responsibility law of North Carolina.

16. **Bodily injury** or **property damage** caused by or any consequence of any of the following:

- a. war, whether declared or undeclared;
- b. civil war;
- c. insurrection;
- d. rebellion or revolution;
- e. radioactive contamination;
- f. nuclear reaction or radiation, whether controlled or uncontrolled or however caused.

17. **Bodily injury** or **property damage** arising out of the ownership, maintenance, or use of **your covered auto** while it is parked and:

- a. being used as a residence or premises which includes but may not be limited to use of a **your covered auto** for entertainment purposes, camping purposes, as a living facility, or as a sleeping facility;
- b. being used for commercial or **business** purposes;
- c. being used as a premises for office, store or display purposes; or
- d. stabilizing jacks are in use.

B. **We** do not provide Liability Coverage for the ownership, maintenance, or use of:

1. Any **vehicle**, other than **your covered auto**, which is:
 - a. owned by **you**; or
 - b. furnished or available for **your** regular use.
2. Any **vehicle**, other than **your covered auto**, which is:
 - a. owned by any **family member**; or
 - b. furnished or available for the regular use of any **family member**.

LIMIT OF LIABILITY

A. The limit of liability shown in the Declarations for each person for Bodily Injury Liability Coverage is **our** maximum limit of liability for all damages for **bodily injury**, sustained by any one person in any one **accident**. This includes all derivative claims arising out of said **bodily injury**. Derivative claims include, but are not limited to, damages for care; death; loss of service; loss of consortium; loss of society or companionship. Subject to this limit for each person, the limit of liability shown in the Declarations for each **accident** for Bodily Injury Liability Coverage is **our** maximum limit of liability for all damages for **bodily injury** resulting from any one **accident**. This includes all derivative claims arising out of said **bodily injury**. Derivative claims include,

but are not limited to, damages for care; death; loss of service; loss of consortium; loss of society or companionship. The limit of liability shown in the Declarations for each **accident** for Property Damage Liability Coverage is **our** maximum limit of liability for all damages to all property resulting from any one **accident**. The limit of liability shown in the Declarations is the most **we** will pay under Bodily Injury Liability Coverage or Property Damage Liability Coverage, whichever is applicable, as a result of any one **accident** regardless of the number of:

1. **Insureds**;
2. Claims made;
3. **Recreational vehicles** or premiums shown in the Declarations;
4. Vehicles involved in the **accident**;
5. Premiums paid; or
6. Lawsuits brought.

A **recreational vehicle** and attached **trailer** are considered one **recreational vehicle**. Therefore, the limit of liability will not be increased for an **accident** involving a **recreational vehicle** with an attached **trailer**.

- B. Any amount payable under this coverage to or for an injured person will be reduced by any payment made to that person under any Medical Payments, Uninsured or Underinsured Motorists, Personal Injury Protection or No Fault coverage.
- C. No one will be entitled to receive duplicate payments for the same elements of damage.

OUT OF STATE COVERAGE

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

If the state or province has:

1. A financial responsibility or similar law specifying limits of liability for **bodily injury** or **property damage** higher than the limit shown in the Declarations, **your** policy will provide the higher specified limit.
2. A compulsory insurance or similar law requiring a nonresident to maintain insurance whenever the nonresident uses an **auto** in that state or province, **your** policy will provide at least the required minimum amounts and types of coverage.

FINANCIAL RESPONSIBILITY REQUIRED

When this policy is certified as proof of financial responsibility, this policy will comply with the law to the extent required.

OTHER INSURANCE

If there is other applicable liability insurance, **we** will pay only **our** share of the **loss**. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable

limits. However, any insurance **we** provide for a vehicle **you** do not own shall be excess over any other collectible insurance.

PART B - MEDICAL PAYMENTS COVERAGE

INSURING AGREEMENT

A. Subject to the limit of liability shown in the Declarations, if **you** pay a premium for Medical Payments Coverage, **we** will pay reasonable expenses incurred for necessary medical and funeral services because of **bodily injury**:

1. Caused by an **accident**; and
2. Sustained by an **insured**.

We will pay only those medical and funeral expenses incurred within 3 years from the date of the **accident**.

B. **Insured** as used in Part B means:

1. **You** or any **family member**:
 - a. while **occupying** a **recreational vehicle**; or
 - b. as a pedestrian when struck by a motor vehicle designed for use mainly on public roads or a **trailer** of any type.
2. Any other person while **occupying your covered auto** when **your covered auto** is being used within the scope of **your** permission.

EXCLUSIONS

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

1. Arising out of the ownership or operation of a **vehicle** while it is being used to carry persons or property for compensation or a fee. This exclusion does not apply to a share-the-expense car pool.
2. Occurring during the course of employment if Worker's Compensation benefits are required or available for the **bodily injury**.
3. Sustained while **occupying** any **vehicle**, other than **your covered auto**, which is:
 - a. owned by **you**; or
 - b. furnished or available for **your** regular use.
4. Sustained while **occupying**, any **vehicle**, other than **your covered auto**, which is:
 - a. owned by any **family member**; or
 - b. furnished or available for the regular use of any **family member**.

However, this Exclusion 4. does not apply to **you**.

5. Sustained while **occupying** any **vehicle** being used beyond the scope of the owner's express or implied permission.
6. Resulting from the maintenance or use of any **vehicle** while that person is engaged in the **business** of:
 - a. selling;
 - b. repairing;

- c. servicing;
- d. storing;
- e. parking;
- f. road testing;
- g. delivering;
- h. leasing, or
- i. washing

vehicles designed for use mainly on public highways.

However, coverage does apply to **you**, a **family member**, or any partner, agent or employee of **you** or a **family member** when using **your covered auto**.

7. Resulting from the maintenance or use of any **vehicle** while that person is employed or otherwise engaged in any **business** not described in Exclusion 6. If a **business** or artisan use is noted in the Declarations for a **recreational vehicle** shown in the Declarations, this exclusion does not apply to:
 - a. **you**; or
 - b. any **family member**; or
 - c. Any partner or employee of **you** or any **family member**.
8. Caused by or as a consequence of:
 - a. war, whether declared or undeclared;
 - b. civil war;
 - c. insurrection;
 - d. rebellion or revolution;
 - e. radioactive contamination;
 - f. nuclear reaction or radiation, whether controlled or uncontrolled or however caused.
9. Sustained while **occupying**:
 - a. a motorcycle or any motorized vehicle having fewer than four wheels or more than six wheels; or
 - b. an all-terrain vehicle regardless of the number of wheels it has; or
 - c. any self-propelled vehicle not licensed for use on public roads; or
 - d. any vehicle weighing 10,000 or more pounds other than **your covered auto**.
10. Resulting from ownership, maintenance, or use of a **vehicle** while it is being operated in or while in practice or preparation for any prearranged or organized:
 - a. race;
 - b. hill climb;
 - c. demonstration;
 - d. speed contest;
 - e. stunting contest; or
 - f. performance contest.

11. Sustained while **occupying** any vehicle located for use as a residence or premises.
12. Intentionally caused by that person or reasonably expected to result from an intentional act by that person.
13. Sustained while **occupying** any **vehicle**:
 - a. being used in unlawful activity (other than a traffic violation), illicit trade or transportation; or
 - b. used or operated in an attempt to flee a law enforcement agent;
 and such person is a willing participant in such activity listed in a. or b. above.

LIMIT OF LIABILITY

- A. The limit of liability shown in the Declarations for this coverage is **our** maximum limit of liability for each person injured in any one **accident** regardless of the number of:
 1. **Insureds**;
 2. Claims made;
 3. **Recreational vehicles** or premiums shown in the Declarations;
 4. Vehicles involved in the **accident**;
 5. Premiums paid; or
 6. Lawsuits brought.
- B. Any amounts payable for expenses under this coverage shall be reduced by any amounts paid or payable for the same expenses under any Auto Liability, Uninsured Motorists, Underinsured Motorists, No Fault or Personal Injury Protection Coverage provided by this policy.
- C. When **we** make payment to **you** for any amount due under this Part B, **we** may deduct from the payment any premium or fees that are due and unpaid under this policy.
- D. No one will be entitled to receive duplicate payments for the same elements of damage.

OTHER INSURANCE

If there is other applicable **recreational vehicle** or **trailer** medical payments insurance **we** will pay only **our** share of the damages. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits. This policy will be excess over any coverage afforded to a permissive user of **your covered auto**. Further, any coverage afforded under this Part B shall be excess over any Personal Injury Protection, No Fault or Workers' Compensation benefits required by law.

PART C – UNINSURED MOTORISTS COVERAGE

The definition of **uninsured motor vehicle** in this Part C applies in its entirety only if you have paid a premium for combined Uninsured/Underinsured Motorists Coverage. If you have paid a premium for Uninsured Motorists Coverage only, then paragraph **b.** of the definition of **uninsured motor vehicle** does not apply and no underinsured motorists coverage is provided under this Part C.

COVERAGE

1. **We** will pay all sums the **insured** is legally entitled to recover as compensatory damages from the owner or driver of:
 - a. An **uninsured motor vehicle** because of **bodily injury** sustained by the **insured** and caused by an **accident**; and
 - b. An **uninsured motor vehicle** as defined in Paragraphs **a.** and **c.** of the definition of **uninsured motor vehicle**, because of **property damage** caused by an **accident**.

The owner's or driver's liability for these damages must result from the ownership, maintenance, or use of the **uninsured motor vehicle**.
2. With respect to damages resulting from an **accident** with a vehicle described in paragraph **b.** of the definition of **uninsured motor vehicle**, we will pay under this coverage only if **a.** or **b.** below applies:
 - a. The limits of any applicable liability bonds or policies have been exhausted by payment of judgments or settlements; or
 - b. A tentative settlement has been made between an **insured** and the insurer of a vehicle described in Paragraph **b.** of the definition of **uninsured motor vehicle** and we:
 - (1) Have been given prompt written notice of such tentative settlement; and
 - (2) Advanced payment to the **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification.
3. Any judgment for damages arising out of a **suit** brought without sending us a copy of the summons, complaint or other process against an uninsured motorist is not binding on us.

WHO IS AN INSURED

1. **You** and any **family members**.
2. Anyone else **occupying** a **your covered auto**. The **your covered auto** must be out of service because of its breakdown, repair, servicing, **loss**, or destruction.
3. Anyone for damages he or she is entitled to recover because of **bodily injury** sustained by another **insured**.

EXCLUSIONS

This coverage does not apply to:

1. Any claim settled by the **insured** or any legal representative of the **insured** without our consent. However, this exclusion does not apply to a settlement made with the insurer of a **vehicle** described in Paragraph **b.** of the definition of **uninsured motor vehicle**, in accordance with the procedure described in Paragraph **A.2.b.**

2. The direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits, or similar law.
3. The direct or indirect benefit of any insurer of property.
4. A **vehicle** or property contained in the **vehicle** other than a **your covered auto**.
5. The first \$100 of the amount of **property damage** to the property of each **insured** as the result of any one **accident**.
6. Anyone using a **vehicle** without a reasonable belief that the person is entitled to do so.
7. Punitive or exemplary damages.
8. **Bodily Injury** or **Property Damage** arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

- b. Any insurance **we** provide with respect to a **vehicle**:
 - (1) **You** do not own; or
 - (2) Owned by **You** or, any **family member**, that is not a **your covered auto** for Uninsured Motorists Coverage under this coverage form;

shall be excess over any other collectible uninsured motorists insurance providing coverage on a primary basis.
- c. If the coverage under this coverage form is provided:
 - (1) On a primary basis, **we** will pay only our share of the **loss** that must be paid under insurance providing coverage on a primary basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on a primary basis.
 - (2) On an excess basis, **we** will pay only our share of the **loss** that must be paid under insurance providing coverage on an excess basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on an excess basis.

LIMIT OF INSURANCE

1. Regardless of the number of **your covered autos, insureds**, premiums paid, claims made or **vehicles** involved in the **accident**, the most **we** will pay for all damages resulting from any one **accident** is the limit of UNINSURED MOTORISTS COVERAGE shown in the Declarations.
2. No one will be entitled to receive duplicate payments for the same elements of **loss** under this coverage form and any Liability Coverage Form or Medical Payments Coverage Endorsement attached to this Coverage Part.

We will not make a duplicate payment under this coverage for any element of **loss** for which payment has been made by or for anyone who is legally responsible.

We will not pay for any element of **loss** if a person is entitled to receive payment for the same element of **loss** under any workers' compensation, disability benefits or similar law exclusive of non-occupational disability benefits.

OTHER INSURANCE

1. If there is other applicable insurance available under one or more policies or provisions of coverage:
 - a. The maximum recovery under all coverage forms or policies combined may equal but not exceed the highest applicable limit for any one **vehicle** under any coverage form or policy providing coverage on either a primary or excess basis.

ADDITIONAL DUTIES FOR UNINSURED MOTORISTS COVERAGE:

- a. Promptly notify the police if a hit and run driver is involved;
- b. Promptly send **us** copies of the legal papers if a lawsuit is brought. A lawsuit may not be brought against anyone legally responsible for the use of any auto involved in the **accident** until 60 days after an **insured** notifies us or our agent of his belief that the prospective defendant is an uninsured motorist.
- c. Any person who intends to pursue recovery against the owner or operator of an **uninsured motor** vehicle, as described in Paragraph **b.** of the definition of **uninsured motor vehicle**, for damages beyond those paid or payable under this policy shall give **us**:
 1. Notice of such intent; and
 2. the opportunity to participate, at our expense, in the prosecution of such claim.
- d. A person seeking coverage from an insurer, owner or operator of a vehicle described in Paragraph **b.** of the definition of **uninsured motor vehicle** must also promptly notify **us** in writing of a tentative settlement between the **insured** and the insurer and allow **us** to advance payment to that **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification to preserve our rights against the insurer, owner or operator of such **vehicle**.

OUR RIGHT TO RECOVER PAYMENT

- A. If **we** make any payment on **your** behalf, **we** are entitled to recover what **we** paid from other parties. **You** must transfer rights of recovery against others to **us**.

You must do everything necessary to secure these rights and do nothing to jeopardize them.

However, **our** rights under this paragraph do not apply with respect to **vehicles** described in Paragraphs **1.4.a., c. and d.** of the definition of **uninsured motor vehicle**. For these **vehicles**, if **we** make any payment and **you** recover from another party, **you** must hold the proceeds in trust for **us** and pay us back the amounts **we** have paid.

- B. **Our** rights do not apply under this provision with respect to damages caused by an **accident** with a **vehicle** described in Paragraph **b.** of the definition of **uninsured motor vehicle** if **we**:

- (1) Have been given prompt written notice of a tentative settlement between an **insured** and the insurer of a **vehicle** described in Paragraph **b.** of the definition of **uninsured motor vehicle**; and
- (2) Fail to advance payment to the **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification.

- C. If **we** advance payment to the **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification:

- (1) That payment will be separate from any amount the **insured** is entitled to recover under the provisions of Underinsured Motor Vehicle Coverage; and
- (2) **We** also have a right to recover the advanced payment.

ARBITRATION

1. If **we** and an **insured** disagree whether the **insured** is legally entitled to recover damages from the owner or driver of an **uninsured motor vehicle** or do not agree as to the amount of damages that are recoverable by that **insured**, then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated. The **insured** may make written demand for arbitration. In this event, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.
2. Unless both parties agree otherwise, arbitration will take place in the county in which the **insured** lives. Local rules of law as to arbitration procedure and evidence will apply. A decision

agreed to by two of the arbitrators will be binding.

3. If the **insured** elects not to arbitrate, our liability will be determined only in an action against us. In any action against us, except an action to determine whether a vehicle is an **uninsured motor vehicle**, we may require the **insured** to join the owner or driver of the **vehicle** as a party defendant.

ADDITIONAL DEFINITIONS

As used in this Part C:

1. **Family member** means a person related to **you** by blood, marriage, or adoption who is a resident of **your** household, including a ward or foster child.
2. **Occupying** means in, upon, getting in, on, out or off.
3. **Property damage** means injury to or destruction of the property of an **insured**.
4. **Uninsured motor vehicle** means a land motor vehicle or trailer:
 - a. For which neither a bond or policy nor cash or securities on file with the North Carolina Commissioner of Motor Vehicles provides at least the amounts required by the North Carolina Motor Vehicle Safety and Responsibility Act;
 - b. That is an underinsured motor vehicle. An underinsured motor vehicle is a land motor vehicle or **trailer** for which the sum of all bodily injury liability bonds or policies at the time of an **accident** provides at least the amounts required by the North Carolina Motor Vehicle Safety and Responsibility Act but their limits are either:
 - (1) Less than the limits of underinsured motorists coverage applicable to a **your covered auto** that **you** own involved in the **accident**; or
 - (2) Less than the limits of this coverage, if a **your covered auto** that **you** own is not involved in the **accident**; or
 - (3) Reduced by payments to others injured in the **accident** to an amount which is less than the Limit of Insurance for this coverage.

However, an underinsured motor vehicle does not include a **your covered auto** unless the limit of Uninsured Motorists Coverage shown in the Declarations or Schedule is greater than the Limit of Insurance for Liability Coverage shown in the Declarations of this policy.

- c. For which the insuring or bonding company denies coverage or is or becomes insolvent.
- d. That is a hit-and-run vehicle causing **bodily injury** to an **insured** and neither the driver

nor owner can be identified. The **vehicle** must hit, a **your covered auto** or a **vehicle** an **insured** is **occupying**.

However, **uninsured motor vehicle** does not include any **vehicle**:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;
- b. Owned by:
 - (1) The United States of America;
 - (2) Canada
 - (3) A state; or
 - (4) An agency, except vehicles owned by political subdivisions of **(1), (2), or (3)** above.
- c. Designed for use mainly off public roads while not on public roads.

PART D - COVERAGE FOR DAMAGE TO YOUR AUTO

INSURING AGREEMENT

- A. If **you** pay a premium for this coverage, **we** will pay for direct and accidental **loss** to **your covered auto** or any **non-owned auto** or **trailer**, including their equipment. **We** will pay for **loss** to **your covered auto** caused by:
1. **Collision** only if the Declarations indicate that Collision Coverage is provided for that **recreational vehicle**.
 2. **Other Than Collision** only if the Declarations indicate that **Other Than Collision** Coverage is provided for that **recreational vehicle**.

If there is a **loss** to a **non-owned auto**, **we** will provide the broadest coverage applicable to any of **your covered autos** shown in the Declarations provided the **non-owned auto** would be eligible for coverage pursuant to our underwriting guidelines.

Our payment will be reduced by any deductible shown in the Declarations.

- B. **Collision** means the upset of **your covered auto** or a **non-owned auto** or **trailer** or its impact with another vehicle or object.
- C. **Other Than Collision** means **loss** caused by the following:
1. Missiles or falling objects;
 2. Fire;
 3. Theft or larceny;
 4. Explosion or earthquake;
 5. Windstorm;
 6. Hail, water or flood;
 7. Malicious mischief or vandalism;
 8. Riot or civil commotion;

9. Contact with bird or animal; or
10. Breakage of glass, except as a result of **collision**.

- D. **Non-owned auto** means: Any **recreational vehicle** or **trailer** not owned by or furnished or available for the regular use of **you** or a **family member** while in the custody of or being operated by **you** or any **family member** and while being used within the scope of the owner's express or implied permission.
- E. **Customized equipment and parts** means: equipment, devices, accessories, changes and enhancements, which alter the appearance or performance of an auto. This includes, but is not limited to, such items as: body or suspension alterations; custom or special wheels or tires; side exhausts; roll bars; light bars; spoilers; ground effects; bedliners; side exhausts; utility boxes; custom windows; custom painting; murals; or decals or graphics and also, includes but is not limited to, such items as any electronic equipment; antennas; and other devices used exclusively to send or receive audio, visual or data signals; or play back recorded media; which are permanently installed in **your covered auto** using bolts, brackets or slide-out brackets.

TOWING AND STORAGE CHARGES

In addition, after an **accident** to which Part D applies, **we** will pay reasonable charges for transporting and storing **your covered auto** or any **non-owned auto** or **trailer** to a repair facility near the location of **loss**.

TRANSPORTATION AND EMERGENCY TRAVEL EXPENSES

- A. Following Theft **Losses**:

In addition, **we** will pay, without application of a deductible, up to \$20 per day, to a maximum of \$600 for:

1. Transportation expenses incurred from a commercially licensed rental agency by **you** in the event of the total theft of **your covered auto**. This applies only if the Declarations indicate that **Other Than Collision** is provided for that **recreational vehicle**.
2. Loss of use expenses for which **you** become legally responsible in the event of the total theft of a **non-owned auto**. This applies only if the Declarations indicate that **Other Than Collision** Coverage is provided for **your covered auto**.

We will pay only expenses incurred during the period:

1. Beginning 48 hours after the theft; and
2. Ending when **your covered auto** or the **non-owned auto** is returned to use or **we** offer to pay for its **loss**.

- B. **Losses** Occurring Away from Home:

In the event of a **loss** covered under Part D which causes **your covered auto** to be rendered

uninhabitable or inoperable more than 50 miles from the principal garaging or storage location, **we** will pay **you** for the expenses **you** incur for lodging, transportation, and meals.

We will pay up to \$250 per day up to the maximum limit displayed on **your** declaration page per **loss**, until the **recreational vehicle** is repaired or returned to its principal garaging or storage location.

The maximum limit displayed on **your** declaration page is the most **we** will pay for such expenses regardless of any other emergency expense allowance, additional living expenses, or transportation expense coverage in **your** policy.

The following supplementary payments are added. They apply only to **your covered auto** that has both **Collision** and **Other Than Collision** Coverage as shown by a premium for those coverages in the Declarations. No deductible applies to these payments.

LOCKSMITH SERVICES

We will pay up to \$50 for the expense **you** incur for locksmith's service if **your covered auto's** ignition or door key is lost, stolen, or locked in **your covered auto**.

THEFT REWARD

We will pay \$1,000 to any person providing information which directly results in the conviction of any person(s) involved in the total theft of **your covered auto** or any **non-owned auto**. The total amount **we** will pay for any such conviction is \$1,000 regardless of the number of persons who may provide information resulting in any such conviction and regardless of the number of persons convicted of the crime.

FIRE DEPARTMENT SERVICE PROTECTION

If **Other Than Collision** coverage applies to the **your covered auto**, **we** will pay up to \$1000 for **your** liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect the **your covered auto** from a covered **loss**. No deductible applies to this coverage.

EXCLUSIONS

We will not pay for:

1. **Loss to your covered auto** or any **non-owned auto** which occurs while it is being used to carry persons or property for compensation or a fee. This exclusion does not apply to a share-the-expense car pool.
2. Damage due and confined to:
 - a. wear and tear;
 - b. freezing;
 - c. mechanical or electrical breakdown or failure; or
 - d. road damage to tires.
 - e. latent defect;
 - f. rust or corrosion;
 - g. gradual deterioration;

- h. improper maintenance or lack of routine maintenance;
- i. gradual accumulation of snow and ice on the **recreational vehicle**;
- j. gradual leakage of water; or
- k. prior loss or damage

This exclusion does not apply if the damage results from the total theft of **your covered auto** or any **non-owned auto**.

3. **Loss** due to or as a consequence of:
 - a. radioactive contamination;
 - b. war, whether declared or undeclared;
 - c. civil war;
 - d. insurrection;
 - e. rebellion or revolution; or
 - f. discharge of any nuclear weapon, even if accidental.
4. **Loss to your covered auto** or any **non-owned auto** due to forfeiture ordered by the courts or destruction or confiscation by governmental or civil authorities. This exclusion does not apply to the interests of Loss Payees in **your covered auto**.
5. **Loss to your covered auto** and any **non-owned auto** being maintained or used by any person while employed or otherwise engaged in the **business** of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. storing;
 - e. parking;
 - f. road testing; or
 - g. delivering;vehicles designed for use on public highways.
6. **Loss to your covered auto** while maintained or used by any person employed or otherwise engaged in any **business** not described in Exclusion 5. If a **business** or artisan use is noted in the Declarations for a **recreational vehicle** shown in the Declarations, this exclusion does not apply to the ownership, maintenance, or use of that **recreational vehicle** by:
 - a. **you**; or
 - b. any **family member**.
7. **Loss to your covered auto** or any **non-owned auto** which occurs while being operated in, or while in practice or preparation for any prearranged or organized:
 - a. race;
 - b. hill climb;
 - c. demonstration;
 - d. speed contest;
 - e. stunting contest; or
 - f. performance contest.

8. **Loss** to equipment designed or used for the detection of radar or laser.
9. **Loss** to wearing apparel, tools or personal effects.
10. **Loss** to tapes, records, compact discs, or other media, or any other accessories used with electronic equipment designed to receive or transmit audio, visual or data signals.
11. **Loss** due to and resulting from intentional acts committed by **you** or any **family member**.
12. **Loss** to, or loss of use of, a **non-owned auto** rented by:
 - a. **you**; or
 - b. any **family member**;
 if a rental vehicle company is precluded from recovering such **loss** or loss of use, from **you** or that **family member**, pursuant to the provisions of any applicable rental agreement or state law.
13. **Loss** to **your covered auto** while it:
 - a. is being rented or leased to others;
 - b. has been sold to another; or
 - c. is under a conditional sales agreement by **you** to another.
14. **Loss** to **your covered auto** and its equipment while **you** or any **family member** or anyone driving with express or implied permission from **you** or a **family member**:
 - a. is using **your covered auto** in any unlawful activity (other than a traffic violation), illicit trade or transportation; or
 - b. using or operating **your covered auto** in an attempt to flee a law enforcement agent;
 and such person is a willing participant in such activity listed in a. or b. above.
15. **Loss** of the entire **your covered auto** or any part thereof:
 - a. due to conversion, embezzlement, secretion, theft, larceny, robbing, or pilferage committed by any person in lawful possession or custody of the **your covered auto**; or
 - b. resulting from any person voluntarily parting with the title to or possession of the **your covered auto** if induced to do so by any fraudulent scheme, trick, device, or false pretense.
16. **Loss** to internal equipment or furnishings, whether permanently attached to the **your covered auto** or not, caused by scorching, marring, scratching or breakage unless:
 - a. the breakage is to glass which is permanently a part of or attached to **your covered auto**; or
 - b. the cause of such damage is malicious mischief, vandalism, riot or civil commotion.
17. **Loss** to a **your covered auto, non-owned auto or trailer**, caused directly or indirectly by any of the following:
 - a. water leakage or seepage unless caused by any other **loss** covered under this Part D.
 - b. wet or dry rot;
 - c. rust or corrosion;
 - d. dampness of atmosphere or extremes of temperature;
 - e. deterioration or disintegration; or
 - f. delamination unless caused by any other **loss** covered under this Part D.

This exclusion does not apply to sudden and immediate damage caused by the failure or breakage of a hot water heater, fresh water or wastewater plumbing system, dishwasher, refrigerator, washing machine or similar appliances.
18. **Loss** to **your covered auto** or any **non-owned auto**, caused directly or indirectly by mold, mildew, fungus or other microbes, including any type or form of:
 - a. decomposing or disintegrating organic material;
 - b. organic surface growth on moist, damp, or decaying matter;
 - c. yeast or spore bearing plant-like organism; or
 - d. spores, scents, toxins, mycotoxins, bacteria, viruses, or any other by-products produced or released by any mold, mildew, fungus or other microbes. However, this exclusion does not apply to **loss** caused by mold, mildew or fungus, if such **loss** is caused by any other **loss** covered in this Part D.
19. **Loss** to any **customized equipment and parts** permanently installed by **you**.

LIMIT OF LIABILITY

- A. **Our** limit of liability for **loss** will be the lesser of the:
 1. **Actual cash value**;
 2. Amount necessary to repair or, at **our** option, replace the property with other property of like kind and quality less deduction for any applicable **depreciation**;
 3. Stated amount shown in the Declarations, if applicable; or
 4. Difference between the fair market value of the **your covered auto** immediately before the **loss** and its fair market value immediately after the **loss**.

The most we will pay for **loss** to any **trailer** owned by **you** is \$2500. However, the most **we** will pay for **loss** to any **non-owned auto** which is a **trailer** is \$500.
- B.
 1. An adjustment for **depreciation** and physical condition will be made in determining **actual cash value** in the event of a total **loss**.
 2. If a repair or replacement results in better than like kind or quality, **we** will not pay for the amount of the betterment.

- C. Further, if there is a stated amount **you** declared on the application or endorsement for a specific **recreational vehicle** listed and shown in the Declarations, that stated amount will be the maximum Limit of Liability applicable for **loss** to that **recreational vehicle**.
- D. **Customized equipment and parts** - the limit of liability for **loss** to **customized equipment and parts** is: the amount necessary to repair or replace such **customized equipment and parts** with parts of like kind and quality, reduced by the applicable deductible.
- E. **Our** liability for the cost of repairing **your covered auto**, or any **non-owned auto** is limited to the amount needed to perform physical repairs to the stolen or damaged property. Part D of **your** policy-Coverage for Damage to Your Covered Auto-does not cover, and **we** will not pay for, **diminution in value**.
- F. **Our** payment for **loss** will be reduced by any applicable deductible shown in the Declarations for **Collision** and/or **Other Than Collision** if selected. **Loss** to TV antennas, awnings, cabanas or equipment designed to create additional living facilities that are permanently attached to the **your covered auto** is covered.

PAYMENT OF LOSS

We may pay for the **loss** in money or repair or replace the damaged or stolen property. **We** may, at **our** expense, return any stolen property to:

1. **You**; or
2. The address shown on the Declarations Page of this policy.

If **we** return stolen property, **we** will pay for any direct physical damage to **your covered auto** or any **non-owned auto** or its equipment resulting from the theft, subject to the provisions of the LIMIT OF LIABILITY section. **We** may keep all or part of the property at an agreed or appraised value. **You** do not have the right to abandon salvage to **us**.

IN THE REPAIR OF **YOUR COVERED AUTO** UNDER THE PHYSICAL DAMAGE COVERAGE PROVISIONS OF THIS POLICY, WE MAY REQUIRE OR SPECIFY THE USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIGINAL MANUFACTURER. THESE PARTS ARE REQUIRED TO BE AT LEAST EQUAL IN TERMS OF FIT, QUALITY, PERFORMANCE AND WARRANTY TO THE ORIGINAL MANUFACTURER PARTS THEY REPLACE.

When **we** make payment of any amounts due under Part D to **you** or the loss payee, as interests may appear, or to anyone on **your** behalf, **we** may deduct from the payment any premium or fees that are due and unpaid under the policy.

NO BENEFIT TO BAILEE

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

OTHER SOURCES OF RECOVERY

If other insurance also covers the **loss**, **we** will pay only **our** share of the **loss**. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits. Any applicable deductible of this policy will be taken in a proportionate share based on the applicable deductibles of each policy. However, any insurance **we** provide with respect to a **non-owned auto** shall be excess over any other collectible source of recovery including, but not limited to:

1. Any coverage provided by the owner of the **non-owned auto**;
2. Any other applicable physical damage insurance; or
3. Any other source of recovery applicable to the **loss**.

APPRAISAL

A. If **we** and **you** do not agree on the amount of **loss**, either may demand an appraisal of the **loss**. In this event, each party will select a competent 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. Each party will:

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

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

PART E - DUTIES AFTER AN ACCIDENT OR LOSS - FILING A CLAIM

GENERAL DUTIES

- A. **We** must be notified promptly of how, when and where the **accident** or **loss** happened. Notice should also include the names and addresses of any injured persons and of any witnesses. Failure to give notice as required herein may affect coverage provided under this policy. Failure to comply with any of the duties under this Part E may result in denial of coverage and relieve **us** of all duties to investigate, settle, defend, pay any judgment or otherwise honor any claims made against an **insured**.
- B. A person seeking coverage must:
 1. Cooperate with **us** in the investigation, settlement or defense of any claim or lawsuit.
 2. Promptly send **us** copies of any notices or legal papers received in connection with the **accident** or **loss**.
 3. Submit as often as **we** require:
 - a. to physical exams by physicians **we** select. **We** will pay for these exams.
 - b. to examinations under oath outside the presence of any person other than **your** attorney.
 - c. to recorded statements.

4. Authorize **us** to obtain:
 - a. medical reports; and
 - b. other pertinent records.
5. Submit a sworn statement as proof of loss as **we** require.
6. Provide **us** with records and documents **we** request and permit **us** to make copies.
7. Not voluntarily assume any obligation to pay, make any payment or incur any expense, other than to provide first aid to others, for **bodily injury** or **property damage** arising out of an **accident**.

ADDITIONAL DUTIES FOR COVERAGE FOR DAMAGE TO YOUR COVERED AUTO

A person seeking Coverage For Damage To Your Covered Auto must also in addition to the duties stated above:

1. Notify the police within 24 hours after discovery of the **loss**, if **your covered auto** or any **non-owned auto**, including their equipment is stolen or vandalized.
2. Take reasonable steps after **loss** to protect **your covered auto** or any **non-owned auto**, including their equipment from further **loss**. **We** will pay reasonable expenses incurred to do this.
3. Permit **us** to inspect and appraise the damaged property before its repair or disposal.

PART F - GENERAL PROVISIONS

ADDITIONAL DEFINITION USED IN THIS PART

Mail, mailing or mailed means:

1. Delivery by **us** to any of the following:
 - a. United States Postal service;
 - b. Public or private mail carrier; or
2. Sent by us through electronic transmission, if not prohibited by state law.

BANKRUPTCY

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

CHANGES

- A. The premium for each of **your covered autos** is based on information **we** have received from **you** or other sources. **You** agree:
 - a. That if any of this information material to the development of the policy premium is incorrect, incomplete or changed, **we** may adjust the premium accordingly during the policy period.
 - b. To cooperate with **us** in determining if this information is correct and complete, and to advise us of any changes in this information.
 - c. To advise **us** of any changes such as new drivers, residents of **your** household, garaging

location of **your covered auto**, or the way **you** use **your covered auto**.

- B. Any adjustment of **your** premium will be made using **our** rules in effect at the time of the change. Premium adjustments may include, but are not limited to, changes in:
 1. **Recreational Vehicles** insured by the policy, including changes in use;
 2. Drivers;
 3. Coverages or coverage limits;
 4. Place of principal garaging of **your covered autos**;
 5. Eligibility for discounts or surcharges or other premium credits or debits; or
 6. Other factors permitted by law
- C. **We** may revise **your** policy coverages to provide more protection without additional premium charge. If **we** do this and **you** have the coverage which is changed, **your** policy will automatically provide the additional coverage as of the date the revision is effective in North Carolina. This does not apply to changes made with a general program revision that includes both broadening and restrictions in coverage, whether that general program revision is made through introduction of a subsequent edition of **your** policy or an amendatory endorsement. Otherwise, this policy contains all of the coverage agreements between **you** and **us**. Its terms may not be changed or waived except by an endorsement issued by **us**.

LEGAL ACTION AGAINST US

- A. No legal action may be brought against **us** until there has been full compliance with all the terms of this policy. In addition, under Part A no legal action may be brought against **us** unless:
 1. **we** agree in writing that the **insured** has an obligation to pay; or
 2. the amount of that obligation has been finally determined by judgment after trial.
- B. No person or organization has any right under this policy to bring legal action against **us** or to make **us** a party to any legal proceeding to determine the liability of the **insured**.

OUR RIGHT TO RECOVER PAYMENT

- A. If **we** make a payment under this policy and the person to or for whom payment was made has a right to recover damages from another, **we** shall be subrogated to that right. That person shall:
 1. do whatever is necessary to enable **us** to exercise **our** rights; and
 2. do nothing after an **accident** or **loss** to prejudice them; and
 3. deliver to **us** any legal papers relating to that recovery; and

4. take the necessary or appropriate action, through a representative designated by **us**, to recover payment as damages from the responsible person or organization. If there is a recovery, then **we** shall be reimbursed out of the recovery for expenses, costs and attorney's fees incurred in connection with this recovery; and
5. execute and deliver to **us** any legal instruments or papers necessary to secure the rights and obligations of the **insured** and **us** as established here.

However, **our** rights under this paragraph A. do not apply to:

1. Part B – Medical Payments Coverage
2. Part D- COVERAGE FOR DAMAGE TO YOUR COVERED AUTO of this policy, against any person using **your covered auto**, as defined under that Part, with the express or implied permission of the owner.
3. Uninsured Motorists Coverage as that endorsement contains separate provisions which state our right to recover payment under this coverage.

- B. If **we** make a payment under this policy and the person to or for whom payment is made recovers damages from another, that person shall:
1. Hold in trust for **us** the proceeds of the recovery; and
 2. Reimburse **us** to the extent of **our** payment.
- However, our rights under this paragraph do not apply to Part B – Medical Payments Coverage.

POLICY PERIOD AND TERRITORY

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

This policy also applies to covered **accidents** or covered **losses** while **your covered auto** is being transported between their ports.

PREMIUM DUE ON POLICIES

An affiliate or business partner of **ours** may provide **you** with special offers that may be applied toward the premium to purchase a policy issued by **us**, and **we** may provide **you** with special offers that may be applied toward the purchase of products offered by an affiliate or business partner of **ours**.

In addition, **our** affiliate or business partner may:

1. provide **you** special offers toward the purchase of a product or service provided through or by **our** affiliate or business partner;
2. make a contribution on **your** behalf to an educational or charitable fund under a program sponsored through or by **our** affiliate or business partner; or
3. make a contribution toward any educational or charitable fund of **your** choice.

TERMINATION - CANCELLATION, NONRENEWAL, AUTOMATIC TERMINATION, DISHONORED/INSUFFICIENT CHECKS, CREDIT CARDS, DRAFT OR OTHER REMITTANCE, OTHER TERMINATION PROVISIONS

- A. Cancellation. This policy may be cancelled during the policy period as follows:
1. The named insured shown in the Declarations may cancel by:
 - a. returning this policy to **us**; or
 - b. giving **us** advance written notice of the date cancellation is to take effect.
 2. **We** may cancel by **mailing** to the named insured shown in the Declarations at the address shown in this policy:
 - a. at least 15 days notice:
 - (1) if cancellation is for nonpayment of premium; or
 - (2) if notice is **mailed** during the first 60 days this policy is in effect and this is not a renewal or continuation policy; or
 - b. at least 15 days notice in all other cases.
 3. After this policy is in effect for 60 days, or if this is a renewal or continuation policy, **we** will cancel only:
 - a. for nonpayment of premium; or
 - b. for an act or omission by **you** or **your** representative that constitutes material misrepresentation or nondisclosure of a material fact obtaining this policy, continuing this policy, or presenting a claim under this policy; or
 - c. for increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk; or
 - d. for substantial breach of contractual duties, conditions, or warranties that materially affects the insurability of the risk; or
 - e. for a fraudulent act against **us** by **you** or **your** representatives that materially affects the insurability of the risk; or
 - f. for willful failure by **you** or **your** representative to institute reasonable loss control measures that materially affects the insurability of the risk; or

- g. for loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30; or
- h. if **you** are convicted of a crime arising out of acts that materially affect the insurability of the risk; or
- i. for a determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina;
- j. You become a nonresident of North Carolina and are not otherwise entitled to insurance through the Reinsurance Facility;
- k. Our contract with the agent through whom this policy is written is terminated for reasons other than the quality of the agent's **insureds**; or
- l. for any other reason permitted by the North Carolina General Statutes.

B. Nonrenewal. If **we** decide not to renew or continue this policy, **we** will **mail** notice to the named insured shown in the Declarations at the address shown in this policy. Notice will be **mailed** at least 45 days before the end of the policy period. Subject to this notice requirement, if the policy period is:

1. Less than one year, **we** will have the right not to renew or continue the policy at the end of the policy period.
2. 1 year or longer, **we** will have the right not to renew or continue this policy at each anniversary of its original effective date.

C. Automatic Termination. If **we** offer to renew or continue **your** policy and **you** or **your** representative does not accept, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that **you** have not accepted **our** offer.

If **you** obtain other insurance on **your covered auto**, any similar insurance provided by this policy will terminate as to that **your covered auto** on the effective date of the other insurance.

D. Dishonored / Insufficient Checks, Credit Cards, Draft or other Remittance. If **you** pay **your** initial premium for any new policy or any subsequent renewal by check, credit card, draft, or any remittance other than cash, the coverage offered by this Policy is conditioned on the remittance being honored upon presentment for payment. If the check, credit card, draft or other remittance is not honored, then **we** shall be deemed not to have accepted the payment and this policy, if allowed by law, shall be void from inception for a new policy and shall terminate on the renewal date if it is a renewal policy.

E. Other Termination Provisions.

1. If the law in effect in North Carolina at the time this policy is issued, renewed or continued:

- a. Requires a longer notice period;
 - b. Requires a special form of or procedure for giving notice; or
 - c. Modifies any of the stated termination reasons; or
 - d. Adds any additional termination reasons;
- we** will comply with those requirements and the policy shall be deemed amended to include any such change in the law

1. If not prohibited by state law, **we** may deliver any notice in person instead of **mailing** it.
2. Proof of **mailing** of any notice shall be sufficient proof of notice.
4. If this policy is cancelled at your request, at the request of a premium finance company or nonpayment of premium, the premium refund, if any, will be computed on a ninety percent (90%) of a pro-rata basis. If we cancel this policy for any reason, the premium refund if any will be computed on a pro-rata basis. However, making or offering to make the refund is not a condition of cancellation.
5. The effective date of cancellation stated in the notice shall terminate all coverages under this policy.

APPRAISAL FOR PROPERTY DAMAGE

In the event of an **accident**:

1. If the claimant and **we** fail to agree as to the difference in fair market value of the motor vehicle immediately before and immediately after the **accident** and the difference in the claimant's and our estimate of the diminution in fair market value of the vehicle is greater than two thousand dollars (\$2,000) or twenty-five percent (25%) of the fair market retail value of the vehicle prior to the **accident** as determined by the latest edition of the National Automobile Dealers Association Pricing Guide Book or other publications approved by the Commissioner of Insurance, whichever is less; and

2. Coverage for the liability claim is not in dispute:

Then on the written demand of either the claimant or **us**, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within 20 days after the demand. Should the appraisers fail to agree, they shall then select a competent and disinterested appraiser to serve as an umpire. If the appraisers cannot agree upon an umpire within 15 days, either the claimant or we may request that a magistrate resident in the county where the insured motor vehicle is registered or the county where the **accident** occurred select the umpire.

The umpire then shall prepare a report determining the amount of **property damage** and shall file the report with **us** and the claimant.

The claimant or we shall have 15 days from the filing of the report to reject the report and notify the other party of

such rejection. If the report is not rejected within 15 days from the filing of the report, the report shall be binding upon both the claimant and us.

Each appraiser shall be paid by the party selecting the appraiser, and the expenses of appraisal and umpire shall be paid by the parties equally.

If either party elects to have an appraisal to determine the amount of **property damage**, then the amount of **property damage** cannot be decided through arbitration.

TRANSFER OF YOUR INTEREST IN THIS POLICY

Your rights and duties under this policy may not be assigned without **our** written consent. However, upon the death of the named insured shown in the Declarations, coverage will be provided until the end of the policy period or cancellation date, whichever is earlier, for:

1. The surviving spouse, if a resident in the same household at the time of death. Coverage applies to the spouse as if a named insured shown in the Declarations.
2. The legal representative of the deceased person while acting within the scope of duties of a legal representative. This applies only with respect to the representative's legal responsibility to maintain or use **your covered auto**.

MISREPRESENTATION AND FRAUD

- A. The statements made by **you** in the application are deemed to be representations. If any representation contained in the application is false, misleading or materially affects the acceptance or rating of this risk by **us**, by: direct misrepresentation; omission; concealment of facts or incorrect statements; the coverage provided under this policy may be affected.
- B. If any representation contained in any notification of change is false, misleading or materially affects the acceptance or rating of this risk by **us**, by: direct misrepresentation; omission; concealment of facts or incorrect statements; the coverage provided under this policy may be affected.
- C. **We** do not provide coverage for **you**, a **family member** or any **insured** who has made fraudulent statements or engaged in fraudulent conduct in connection with any **accident** or **loss** for which coverage is sought under this policy.

This provision applies to Part A – Liability Coverage to the extent that the limits of liability exceed the minimum limits required by the Financial Responsibility Law of North Carolina. If we make payment under Part A–Liability Coverage which we would not have otherwise

made in the absence of the preceding sentence, then we shall have the right to recover such payment from any insured who made a fraudulent statement, engaged in fraudulent conduct, or made a material misrepresentation.

UNPAID PREMIUM AND FEES

When we make payment to you or the loss payee, as interests may appear, or to anyone on your behalf for any first party claim made by you under this policy, we may deduct from the payment any premium or fees that are due and unpaid under the policy.

TWO OR MORE POLICIES

With respect to any **accident** to which this and any other policy issued to **you** by **us** applies, the total limit of **our** liability under all the policies shall not exceed the highest applicable limit of liability under any one policy.

PARTICIPATION CLAUSE

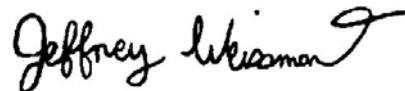
Having the power and authority to permit policyholders to participate in the profits of the operations, the Board of Directors of the Company, within its discretion and in accordance with the provisions of law, may from time to time make determinations concerning payment of such distributions. When distributions are payable, the Board may make reasonable classifications of policies for such distribution, as well as the conditions governing payment.

CHOICE OF LAW

This policy is issued in accordance with the laws of North Carolina and covers property or risks principally located in North Carolina. Any and all claims or disputes in any way related to this policy shall be governed by the laws of North Carolina.



Barry S. Karfunkel
President



Jeffrey Weissmann
Secretary