



Pennsylvania Commercial Automobile Policy

We understand how important your
vehicles are to your livelihood.

PO Box 3199 • Winston Salem, NC 27102-3199

Integon General Insurance Company

National General 
Auto, Home & Health Insurance

PENNSYLVANIA COMMERCIAL AUTO 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.

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AGREEMENT

- A. This Policy is a legal contract between **you** and **us**. The Policy provisions, along with the **Declarations Page** and Application, which are incorporated into and made part of this Policy, and any endorsements issued, complete this Policy. If there is no written Application, then the statements made by **you** at the time of application become a part of this Policy.
- B. This Policy is issued and renewed in reliance upon the truth and accuracy of the information **you** provide in the written or verbal Application for this insurance. The terms of this Policy impose obligations on all persons defined as **you** and on all persons or organizations seeking coverage under this Policy. **We** agree to provide insurance, subject to the terms, conditions and limitations set forth in this Policy, if **you** have paid, when due, all of the premiums for the coverages **you** have chosen. **We** will only insure **you** for the coverages and the Limits of Liability for which a premium is shown on the **Declarations Page** of the Policy.
- C. If the initial payment to **us** is in any non-cash method, this insurance is conditioned on that initial payment being honored by **your** financial institution.
- D. **You** have a continuing duty to notify **us** of any changes relating to **autos** or individuals covered under this Policy.

DEFINITIONS USED THROUGHOUT THIS POLICY

The following words or phrases, when printed in bold-faced type, will have the following meaning throughout the Policy, whether in the singular, plural or possessive.

- A. "**Accident**" and "**accidental**" mean a sudden, unexpected and unintended event.
- B. "**Actual cash value**" means the fair market value of the stolen or damaged property at the time of **loss**.
- C. "**Additional auto**" means an **auto** that **you** acquire in addition to the **auto(s)** shown on the **Declaration Page**, if:
1. No other insurance applies to the acquired **auto**;
 2. Within thirty (30) calendar days after **you** become the **owner** of the **additional auto**, **you** ask **us** to add the **additional auto** to **your** Policy;
 3. The **additional auto** is eligible for coverage pursuant to **our** underwriting criteria;
 4. If the **auto** is used in **your** business, **we** already insure all **autos owned** by **you** that are used in **your** business and are eligible for coverage pursuant to **our** underwriting criteria; and
 5. If the **auto** is not used in **your** business, **we** already insure all **autos you own** that are eligible for coverage pursuant to **our** underwriting criteria.

If **you** ask **us** to insure the **additional auto** within thirty (30) calendar days after **you** acquire the **auto** and **we** agree to insure it, any coverage **we** provide for the **additional auto** is subject to the following conditions:

1. On the date **you** become the **owner**, an **additional auto** will have the broadest coverage **we** provide on any **auto** shown on the **Declarations Page**.
2. Any coverage **you** ask **us** to add to the **auto** or any increase of limits of liability shall not begin until after:
 - a. **We** agree to add the coverage or increase the limits; and
 - b. **You** pay any additional premium when due.

With respect to PART D > COVERAGE FOR DAMAGE TO YOUR AUTO, if **we** provide coverage for an **additional auto** and the **additional auto** is:

1. A **private passenger auto**, **we** will provide the broadest coverage **we** provide for any **auto** shown on the **Declarations Page**; or
 2. Any **auto** other than a **private passenger auto**, and **you** have purchased Physical Damage coverage for at least one **auto** other than a **private passenger auto**, **we** will provide the broadest coverage for which the **additional auto** is eligible.
- D. "**Auto**" means a land motor vehicle or **trailer** designed for travel on public roads. It does not include **mobile equipment**.
- E. "**Bodily injury**" means bodily harm, sickness or disease, including death that results from such **bodily injury**. **Bodily injury** does not include harm; sickness; disease or death arising out of:
1. The contraction of a medically defined communicable disease by any person; nor
 2. The exposure of such a disease by any person to any other person.
- F. "**Carry persons or property for compensation or a fee**" means to deliver, transport or carry persons; products; goods; materials; property; animals; or livestock for any form of money; salary; income; property; consideration; or any other thing of value, whether or not:
1. Going to a pick-up or returning from a drop-off;
 2. The money or other item of value is paid or given;
 - a. By any passenger, recipient or other party on a per-trip basis; or
 - b. In the course of, or as related to, any **business** activities of a person insured under this Policy; or

3. Any of the persons; products; goods; materials; property; animals; or livestock intended to be delivered or transported are actually in the vehicle or **trailer** at the time of the **accident** or **loss**.

“**Carry persons or property for compensation or a fee**” includes, but is not limited to, the delivery of goods, either on a wholesale or retail basis, such as food, magazines, newspapers, or flowers.

G. “**Covered auto**” means:

1. Any **auto** described on the **Declarations Page** for which a premium charge is shown unless **you** have asked **us** to delete that **auto** from the Policy.
2. A **newly acquired auto**.
3. Any **auto** not **owned** by **you** which is:
 - a. Driven by **you** or a listed driver; and
 - b. Used on a temporary basis as a substitute for any **auto** described in this definition which is out of service no longer than thirty (30) days because of its:
 - i. Breakdown; ii. Repair;
 - iii. Servicing; iv. **Loss**; or
 - v. Destruction;

The **auto** being used as a temporary substitute must be eligible for coverage pursuant to **our** underwriting criteria.

PART D > COVERAGE FOR DAMAGE TO YOUR AUTO does not apply to a temporary substitute **auto**.

H. “**Crime**” means any act or omission that is:

1. A state or federal felony in the United States;
2. An attempt to flee or elude law enforcement or a crime scene; or
3. An illegal activity, trade or transportation; whether or not there is an arrest, charge or conviction.

“**Crime**” does not include:

1. Misdemeanor violations of the motor vehicle or traffic laws other than an attempt to:
 - a. Flee or elude law enforcement; or
 - b. Flee a crime scene;
2. Vehicular homicide; or
3. Driving under the influence of alcohol or any illegal substance.

I. “**Declarations Page**” means the document prepared by **us** listing **your** Policy information which may include the types of coverage **you** have elected, the limit of each coverage, the cost of each coverage, the specifically described **autos** covered by this Policy, and the types of coverage for each specifically described **auto**.

- J. “**Depreciation**” means a decline in value due to wear and tear or obsolescence.

- K. “**Derivative claims**” include, but are not limited to, damages for care, emotional injury or mental anguish, wrongful death, or loss of:

1. Service;
2. Consortium;
3. Society; or
4. Companionship;

resulting from the **bodily injury** of another or from witnessing the **bodily injury** to another.

- L. “**Diminution in value**” means the actual or perceived loss in market or resale value by reason of the fact that the property has been damaged.

- M. “**Employee**” means anyone for which the employer will pay for his or her services and has the authority to direct performance. This includes direct staff, independent contractors, leased workers and temporary workers.

- N. “**Family member**” means, if **you** are an individual:

1. A person related to **you** by blood, marriage or adoption who **resides** in **your** household; or
2. A ward or foster child or stepchild who **resides** in **your** household;

at the time of the **accident** or **loss**.

- O. “**Loss**” means sudden, direct and **accidental** destruction or damage.

- P. “**Mobile equipment**” means any of the following types of land vehicles, including any attached machinery and equipment:

1. Bulldozers, power shovels, cranes, rollers, booms, winches, shredders, graders, diggers, mixers, compressors, generators, drills, welders, pumps, farm implements and machinery, forklifts, street sweepers or other cleaners and other similar specialized equipment;
2. Vehicles **you** use solely on premises **you** own or rent and on accesses to public roads that adjoin these premises;
3. Vehicles designed for normal use off public roads or which do not require licensing in the state in which **you** live or **your** business is licensed;
4. Vehicles which travel on crawler treads;
5. Non self-propelled vehicles used primarily to provide mobility to the following permanently attached equipment: air compressors; pumps and generators; spraying, welding, cleaning, lighting, geophysical exploration and well servicing equipment; cherry pickers or other devices used to raise or lower workers; snow removal equipment; or road maintenance equipment;

6. Vehicles used primarily for purposes other than transportation of persons or cargo. However, self-propelled vehicles with permanently attached equipment listed below are not mobile equipment but will be considered **autos**:
- Snow removal, road maintenance and street cleaning equipment.
 - Any equipment listed in paragraph 5. above.

However, **mobile equipment** does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered **autos**.

Q. **“Motor vehicle business”** means the business of:

- | | |
|----------------|------------------------|
| 1. Selling; | 2. Repairing; |
| 3. Servicing; | 4. Storing; |
| 5. Parking; | 6. Road testing; |
| 7. Delivering; | 8. Leasing or renting; |
| 9. Washing; or | 10. Valet parking; |

any motor vehicle.

R. **“Named insured”** means the individual(s) or organization(s) designated as the named insured(s) on the **Declarations Page**.

S. **“Newly acquired auto”** means an **additional auto** or a **replacement auto** of which **you** become the **owner** during the policy period.

T. **“Occupying”** means in; upon; getting into, out of, on or off. A person cannot be **occupying** more than one motor vehicle at a time.

U. **“Own”, “owned”, “owner”, and “ownership”**, with respect to an **auto** or **trailer**, mean the person who:

- Holds the legal title to the **auto** or **trailer**; or
- Has legal possession of an **auto** or **trailer** that is:
 - Subject to a written security agreement; or
 - Leased to that person by a written agreement for a continuous period of six (6) months or longer.

V. **“Permissive operator”** means any person using a **covered auto** with and within the scope of **your** express permission provided such person:

- Has a valid U.S. driver’s license at the time of the **accident**; and
- Is not an **undisclosed operator**.

W. **“Personal vehicle sharing program”** means the sharing of a vehicle for non-commercial use.

X. **“Pollutant”** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Y. **“Private passenger auto”** means a land motor vehicle:

- Of the private passenger, pickup body, or cargo van type;
- Designed for operation principally upon public roads;
- With at least four wheels; and
- With a gross vehicle weight rating of 12,000 pounds or less, according to the manufacturer’s specifications.

However, **private passenger auto** does not include step-vans, parcel delivery vans, cargo cutaway vans or other vans with cabs separate from the cargo area.

Z. **“Property damage”** means physical damage to, destruction of, or loss of use of, tangible property, if caused solely by an **accident** covered under this Policy.

AA. **“Punitive or exemplary damages”** means all damages that may be awarded, other than compensatory damages, to:

- Punish or deter conduct; and/or
- Fine, penalize or impose a statutory penalty due to conduct;

because the conduct is malicious, grossly negligent, wanton, willful, fraudulent or unlawful. This includes, but is not limited to, any damages that have been defined by law as punitive damages or exemplary damages, and any additional costs, attorney fees, other fees or interest awarded because of such damages.

BB. **“Racing”** means:

- Participating in, competing in, practicing for or preparing for any prearranged or organized racing, speed, demolition or stunting contest or activity;
- Participating in or competing in an unarranged or spontaneous street or off-road race or stunt;
- Operating an **auto** on an indoor or outdoor track, course or trail designed or used for:
 - Racing or speed contest or adventure;
 - Demonstration driving;
 - Driver or skills training;
 - High performance driving; or
 - Driving competition.

CC. "**Replacement auto**" means an **auto** that **you** acquire during the current policy term that has taken the place of an **auto** shown on the **Declarations Page**. Any coverage **we** provide for a **replacement auto** is subject to the following terms:

1. No other insurance applies to the **replacement auto**, and **we** insure all **autos** that **you** own.
2. On the date **you** become the **owner** of a **replacement auto**, if coverage applies under this Policy, that **replacement auto** will have the same coverage as the **auto** shown on **your Declarations Page** that is being replaced.
3. The deductible that applies to a **replacement auto** shall be the same as the **auto** it replaced.
4. All coverage **we** provide for the **replacement auto** ends thirty (30) calendar days after **you** become the **owner** if **you** do not ask **us** to insure it within those thirty (30) calendar days.
5. Any coverage **you** ask **us** to add to the **auto** or any increase of limits of liability shall not begin until after:
 - a. **We** agree to add the coverage or increase the limits; and
 - b. **You** pay any additional premium when due.
6. The **replacement auto** is eligible for coverage pursuant to **our** underwriting criteria.

DD. "**Reside**", "**resides**", and "**residing**" mean to dwell within the household as the person's primary and legal domicile. Minor dependent children whose parents are separated or divorced shall be deemed to **reside** in both parents' household.

EE. "**Trailer**" means a non-motorized vehicle, including a farm wagon or farm implement, designed to be pulled on public roads by an **auto** if the **trailer** is not being used:

1. As a residence, office, store, business or for display purposes; or
2. To transport passengers.

A **trailer** does not include a mobile home.

FF. "**Undisclosed operator**" means a person who is a regular operator of a **covered auto** hired prior to the policy period shown on the **Declarations Page** and such person is not listed as a driver on the **Declarations Page** of this Policy.

GG. "**We**," "**us**" and "**our**" mean the Company shown on the **Declarations Page** as providing this insurance.

HH. "**You**" and "**your**" mean the person or organization shown on the **Declarations Page** as the **named insured**.

DUTIES AFTER AN ACCIDENT OR LOSS – FILING A CLAIM

GENERAL DUTIES

- A. **We** do not provide coverage under this Policy unless **you** have paid the required premium when due. Failure to give notice as required may affect coverage provided under this Policy. Failure to comply with any of the duties in this Policy 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 by an **insured** or against an **insured**.
- B. **We** must be notified promptly of how, when and where the **accident** or **loss** happened. Notice should include the following:
 1. All known facts and circumstances. This notice to **us** should include all known names, addresses and telephone numbers of any injured persons and witnesses.
 2. All known license plate information of vehicles involved or vehicle descriptions; and
 3. All known driver's license information of persons involved.
- C. Any person, organization or entity claiming any coverage under this Policy must:
 1. Cooperate with **us** in the investigation, settlement or defense of any claim or lawsuit and assist **us** in:
 - a. Making settlements;
 - b. Obtaining or authorizing **us** to obtain or secure evidence;
 - c. Giving evidence;
 - d. Obtaining the attendance of witnesses at hearings and depositions; and
 - e. The conduct of lawsuits.
 2. Promptly send **us** copies of any notices or legal papers filed or received in connection with the **accident** or **loss**. **We** will not pay for attorney fees or costs incurred by any **insured** or other person without **our** prior written consent.
 3. Agree to give **us** information and consent necessary for **us** to comply with any statutes or government regulations that apply including, but not limited to, the person's social security number.
 4. Submit, as often as **we** reasonably require, to medical or physical examinations by physicians **we** select. **We** will pay for these examinations.

5. Submit to examinations under oath by **us** or **our** representative as often as **we** reasonably require. These examinations will take place at a reasonable location of **our** choice and outside the presence of any witness, person or entity making a claim due to the same **accident** or **loss**, or any other person other than **your** attorney. **We** may:
 - a. Also require an examination under oath from any **family member** or **employee** who may be able to assist **us** in obtaining relevant information even if that person is not claiming benefits under this Policy; and
 - b. Make a video and/or audio recording or any other type of recording of an examination under oath.
6. Give **us** written and recorded statements as often as **we** reasonably request.
7. Give **us** written authorization to obtain:
 - a. Medical records and reports, including current reports, notes and test 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; and
 - e. Other records **we** deem relevant in the investigation or settlement of a claim.
8. Provide a sworn statement as proof of loss as **we** require.
9. Not voluntarily assume any obligation to pay, make any payment or incur any expense for **bodily injury** or **property damage** arising out of an **accident**.
10. Attend hearings and trials as **we** require.
11. Authorize **us** to get any information on any data, maintenance or event recorder or similar device installed in a **covered auto** as **we** deem relevant to the facts of the **accident** or **loss**.
12. Allow **us** to take any photographs **we** may require as a part of **our** investigation.
13. Convey title to and possession of the damaged, destroyed or stolen property to **us** if **our** payment is based on a total **loss** or constructive total **loss**. A constructive total **loss** occurs when the cost of repairs exceeds the lesser of the **actual cash value** of the damaged property immediately before the **loss**, or the limits of liability of the damaged property as indicated on the **Declarations Page**.

ADDITIONAL DUTIES FOR COVERAGE FOR DAMAGE TO YOUR AUTO

A person seeking coverage under PART D > COVERAGE FOR DAMAGE TO YOUR AUTO must, in addition to the **GENERAL DUTIES**:

1. Promptly, but no later than twenty-four (24) hours after discovery of the **loss**, report the theft or vandalism of any **auto** or other property insured under this Policy, or its equipment or parts, to the police or other local law enforcement.
2. Take reasonable steps after a **loss** to protect all property insured under PART D > COVERAGE FOR DAMAGE TO YOUR AUTO from further **loss**. **We** will pay reasonable and necessary expenses incurred in providing that protection. Any further **loss** due to failure to protect will not be covered under this Policy. Keep a record of **your** expenses for consideration in the settlement of a claim.
3. Permit **us** to inspect and appraise all **loss** covered under PART D > COVERAGE FOR DAMAGE TO YOUR AUTO before its repair or disposal.
4. Promptly report any **accident** or **loss** to the police or other local law enforcement if the person cannot identify the **owner** or operator of an at-fault vehicle involved in the **accident**.
5. Authorize **us** to move the damaged **auto** or **trailer** to a storage facility of **our** choice at **our** expense.

PART A > LIABILITY COVERAGE

INSURING AGREEMENT

- A. Subject to the limit of liability shown on the **Declarations Page**, if **you** pay **us** the premium for Liability Coverage, **we** will pay compensatory damages for which an **insured** is legally liable due to **bodily injury** or **property damage** caused by an **accident** that arises out of the **ownership**, maintenance or use of an **auto** covered under this PART A. **We** will not pay for **punitive or exemplary damages**.
- B. **We** will settle or defend, as **we** consider appropriate, any claim or lawsuit asking for these damages. If **we** defend, **we** will choose the counsel of **our** choice, which may include an in-house counsel. In addition to **our** limits of liability, **we** will pay all defense costs **we** incur. **Our** duty to settle or defend ends when **we** have paid **our** limit of liability for claims arising out of any one **accident**. **We** have no duty to:
 1. Defend any lawsuit;
 2. Settle any claim; or
 3. Pay any judgment;
 for **bodily injury** or **property damage** not covered under this Policy.

ADDITIONAL DEFINITIONS – PART A > LIABILITY COVERAGE

When used in this PART A:

1. The definition of **auto** shall also include **mobile equipment** but only while being carried or towed by a **covered auto**.
2. “**Insured**” means:
 - a. **You** for the **ownership**, maintenance or use of a **covered auto**.
 - b. Any additional driver listed on the **Declarations Page**, but only while using a **covered auto**.
 - c. Any additional driver not listed on the **Declarations Page** while using a **covered auto** but only if the additional driver was hired during the policy period.
 - d. A **permissive operator**.
 - e. For the use of a **covered auto**, any person or organization, but only with respect to the legal liability for acts or omissions of a person for whom coverage is afforded under this PART A.
3. The following are not **insureds** under this PART A:
 - a. The United States of America or any of its agencies.
 - b. Any person with respect to **bodily injury** or **property damage** resulting from the operation of an **auto** by that person as an **employee** of the United States Government. This applies only if the provisions of 28 U.S.C. §2679 as amended, require the Attorney General of the United States to defend that person in any civil action which may be brought for the **bodily injury** or **property damage**.
 - c. Any person while he or she is working in a **motor vehicle business** unless that business is **yours** and it was so represented in **your** Application.
 - d. Any person, other than one of **your employees**, while he or she is moving property to or from a **covered auto**.
 - e. The **owner** or anyone else from whom **you** hire or borrow a **covered auto** unless the **covered auto** is a **trailer** connected to a **covered auto you own**.
 - f. Any person who is specifically excluded from coverage under this Policy by the **named insured** if the **named insured** is an individual, or by an authorized representative if the **named insured** is an organization.
 - g. Any person who is an **undisclosed operator**.

SUPPLEMENTARY PAYMENTS

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

1. Premiums on appeal bonds and attachment bonds required in any lawsuit **we** defend and choose to appeal. **We** have no duty to:
 - a. Apply for or furnish any bond; or
 - b. Pay the premium on any bond in an amount that is more than **our** limit of liability.
2. Interest on damages owed by **you** because of a judgment in a lawsuit **we** defend and accruing:
 - a. After a judgment is entered in any lawsuit **we** defend on that portion of the judgment that is within **our** limit of liability. **Our** duty to pay interest ends when **we** offer to pay that part of the judgment which does not exceed **our** limits of liability for this coverage.
 - b. Before the judgment, where owed by law, but only on that part of the judgment **we** pay. Prejudgment interest awarded is subject to the applicable Pennsylvania Rules of Civil Procedure.
3. Reasonable loss of earnings, up to \$200 per day, that are incurred by an **insured** due to attendance at hearings, proceedings, or trials at **our** request. The **insured** must make a written request for loss of earnings and provide written proof of such loss.
4. Up to \$200 for a bail bond required due to a traffic law violation resulting in **bodily injury** or **property damage** covered by this PART A. **We** have no duty to apply for or furnish such a bond.
5. Other reasonable expenses incurred at **our** request.

EXCLUSIONS

PLEASE READ THE EXCLUSIONS CAREFULLY. IF ANY EXCLUSION APPLIES, COVERAGE WILL NOT BE PROVIDED FOR AN ACCIDENT OR LOSS THAT OTHERWISE WOULD BE COVERED UNDER THIS POLICY.

- A. **We** do not provide Liability Coverage for, nor do **we** have a duty to defend for:
 1. **Bodily injury** or **property damage**:
 - a. Caused intentionally by, 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 the actual **bodily injury** or **property damage** that results is different than that which was intended.
 2. **Property damage** to property:
 - a. Owned by;
 - b. Rented to;
 - c. Used by;
 - d. Transported by; or
 - e. In the care, custody or control of;
you, a **family member** or an **insured**, including damage to **autos** being towed by the **insured**.

3. **Bodily injury** to any:
 - a. Owner, officer or principal of **you**, if **you** are an organization;
 - b. **Employee** of an **insured**;
 - c. Fellow **employee** of an **insured**;
 - d. Spouse, child, parent, brother, sister or other **family member** of a., b. or c. above;

arising out of and in the course of employment, unless worker's compensation, disability benefits, or other similar benefits are not required to be provided by the **named insured**.

This exclusion applies whether the **insured** may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

4. Liability arising out of the **ownership**, maintenance or use of a vehicle while it is being used to **carry persons or property for compensation or a fee** or as a public or livery conveyance, unless **you** have indicated to **us** in **your** application that a **covered auto** is used for this purpose. This exclusion does not apply to shared-expense car pools whose members are on the way to or from the same place of employment.
5. Any obligation for which an **insured** or the insurer of that **insured** may be held liable under a worker's compensation, unemployment compensation, disability benefits law or any similar law.
6. **Bodily injury, property damage or loss** due to defects, deficiencies, inadequacies or dangerous conditions in **your** products or in work performed by **you** or on **your** behalf. This includes erroneous deliveries of liquids into a wrong receptacle or to a wrong address and erroneous delivery of one liquid product for another.
7. **Bodily injury or property damage** that occurs while any person is using an **auto** without the **owner's** express or implied permission or beyond the scope of the **owner's** express or implied permission.
8. **Bodily injury or property damage** resulting from:
 - a. The loading of property before it has been placed in or on a **covered auto**;
 - b. The unloading of property after it has been taken off or out of a **covered auto**;

- c. The loading or unloading of property by any device that is attached to a **covered auto**;
- or
- d. The loading or unloading of property by anyone who is not **your employee**.

9. **Bodily injury to you, any family member or any insured.**

10. **Bodily injury or property damage** for which any person:
 - a. Is 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.

This exclusion applies even if the limits of that insurance are exhausted.

11. **Bodily injury or property damage** arising out of the **ownership**, maintenance or use of any vehicle while **racing**.
12. Any obligation for which the United States Government is held responsible under the Federal Tort Claims Act.
13. Any liability assumed by an **insured** under any contract or agreement including liability imposed upon an **insured** by statute arising from the **insured's** sponsorship of a minor for an operator's license.
14. **Bodily injury or property damage** to any person that results from an **accident or loss** that occurs while the **insured** is committing a **crime**.
15. **Bodily injury or property damage** caused by, or any consequence of:
 - a. War, whether declared or undeclared;
 - b. Civil war;
 - c. Insurrection;
 - d. Rebellion or revolution;
 - e. Radioactive contamination; or
 - f. Nuclear reaction or radiation, whether controlled or uncontrolled or however caused.

16. **Bodily injury or property damage** arising out of the **ownership**, maintenance or use of a **covered auto** as a residence or premises.
17. **Bodily injury or property damage** arising out of or resulting from, in whole or in part, any actual, alleged, or threatened migration; release; existence; or presence of, or actual, alleged, or threatened exposure to, any mold, mildew, fungus or other microbes. This includes any type or form of: (i) decomposing or disintegrating organic material or microorganism; (ii) organic surface growth on moist, damp, or decaying matter; (iii) yeast or spore-bearing plant-like organism; or (iv) spores; scents; toxins; mycotoxins; bacteria; viruses; or any other by-products produced or released by any mold, mildew, fungus, or other microbes.
18. Court ordered criminal restitution.
19. **Bodily injury or property damage** resulting from the discharge of any firearm or weapon in connection with the **ownership**, maintenance or use of any **auto**.
20. **Bodily injury or property damage** caused by or through the **ownership**, use or operation of any **mobile equipment**. However, this exclusion does not apply when the equipment is a **covered auto** or is attached to a **covered auto**.
21. **Bodily injury or property damage** resulting from the explosion or discharge of Class A and B explosives, poisonous gas, liquid gas, compressed gas, or radioactive material and all other materials and/or commodities as listed in the Motor Carrier Act (49 CFR 173, 172.101, 173.389, 171.389, 171.8) which are manufactured, sold, transported, handled or distributed by an **insured**.
22. **Bodily injury or property damage** arising from the operation of any equipment including but not limited to:
- Air compressors;
 - Pumps;
 - Generators;
 - Spraying equipment;
 - Welding equipment;
 - Cleaning equipment;
 - Lighting equipment;
 - Geophysical exploration equipment;
 - Well servicing equipment;
 - Cherry pickers or other devices used to raise or lower workers;
 - Snow removal equipment; or
 - Road maintenance equipment;
- regardless of whether the equipment is part of, or attached to, a **covered auto**.
23. **Bodily injury or property damage** if a **covered auto** is attached to a **trailer** not listed on the **Declarations Page** and the **trailer**:
- Is greater than twelve (12) feet in length; or
 - Has a load capacity of 2,000 pounds or more; and
- is owned by **you** or **your employee** or has been hired or borrowed by **you** or **your employee** for more than thirty (30) consecutive calendar days.
24. **Bodily injury or property damage** arising out of the actual, alleged or threatened discharge, seepage, migration, dispersal, release or escape of **pollutants**:
- That are contained in any property that is:
 - Being transported or towed by, or handled for movement into, onto or from a **covered auto**;
 - Otherwise being transported by or on behalf of the **insured**; or
 - Being stored, disposed of, treated or processed in or upon an **covered auto**;
 - Before the **pollutants** or any property in which the **pollutants** are contained are moved from the place where they are accepted by the **insured** for movement into or onto a **covered auto**; or
 - After the **pollutants**, or any property in which the **pollutants** are contained, are moved from a **covered auto** to the place where they are finally delivered, disposed of or abandoned by the **insured**.
- Paragraph a. iii. of Exclusion 24 does not apply to fuels, lubricants, fluids, exhaust gases or other similar **pollutants** that are needed for or result from the normal electrical, hydraulic or mechanical functioning of a **covered auto** or its parts, if:
- The **pollutants** escape or are discharged, dispersed or released directly from a **covered auto** part designed by its manufacturer to hold, store, receive or dispose of such **pollutants** and is a part that would be required for the customary operation of a **covered auto**; and
 - The **bodily injury or property damage** does not arise out of the operation of any **mobile equipment**.
- Paragraphs b. and c. of exclusion 24. do not apply to **accidents** that occur away from premises owned by or rented to an **insured** with respect to **pollutants** not in or upon a **covered auto** if:
- The **pollutants**, or any property in which the **pollutants** are contained, are upset, overturned or damaged as a result of the maintenance or use of a **covered auto**; and

- ii. The discharge, dispersal, release or escape of the **pollutants** is caused directly by such upset, overturn or damage.
25. Any damage, cost or expense arising out of any governmental direction or request that **you** test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize **pollutants**.
 26. Liability arising out of the **ownership**, maintenance or use of a vehicle while it is being used in a **personal vehicle sharing program**.
 27. **Bodily injury** or **property damage** arising out of the operation of a **covered auto** by any driver not meeting legal age requirements to operate a vehicle in the state in which the **covered auto** is principally garaged.
- B. **We** do not provide Liability Coverage for, nor do **we** have a duty to defend, any **insured** for **bodily injury** or **property damage** arising out of the **ownership**, maintenance, or use of:
1. Any vehicle which has less than four wheels or which is designed for use mainly off public roads such as any type of all-terrain or quad vehicle, dune buggy, go-cart, or golf cart. This exclusion does not apply to **your trailer**.
 2. Any vehicle, other than a **covered auto**, that is:
 - a. **Owned** by **you**; or
 - b. Furnished or available for **your** regular use.
 3. Any **auto**, other than a **covered auto**, that is:
 - a. **Owned** by any **family member**; or
 - b. Furnished or available for the regular use of any **family member**.

However, this exclusion B.3. does not apply to **you**.
 4. A **covered auto** that:
 - a. Is being rented or leased, subleased, loaned or given by **you** or a **family member** to another party in exchange for money, value, goods, services, compensation or reimbursement;
 - b. Has been given in exchange for compensation;
 - c. Is under a conditional sales agreement by **you** to another; or
 - d. Has been entrusted to anyone other than **you** or a **family member** for consignment; sale; promoting sale; subleasing; leasing; renting; or selling, and is no longer in **your** possession.

LIMITS OF LIABILITY

- A. The Bodily Injury limit of liability shown on the **Declarations Page** for “each person” is the most **we** will pay for all damages, including **derivative**

claims, arising out of and due to **bodily injury** sustained by any one person in any one **accident**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.

- B. Subject to the limit for “each person”, the Bodily Injury limit of liability shown on the **Declarations Page** for “each **accident**” is the most **we** will pay for all damages, including **derivative claims**, arising out of and due to **bodily injury** resulting from any one **accident**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.
- C. The Property Damage limit of liability shown on the **Declarations Page** for “each **accident**” is the most **we** will pay for all damages due to **property damage** sustained in any one **accident**.
- D. If the **Declarations Page** indicates that a combined single limit applies, the limit of liability shown is the most **we** will pay for the total of all damages, including **derivative claims**, arising out of and due to **bodily injury** and/or **property damage** resulting from any one **accident**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.

Without changing this total limit of liability, **we** will comply with any law that requires **us** to provide any separate limits.

- E. There will be no adding, stacking or combining of coverage. The limits of liability for Bodily Injury Liability Coverage and Property Damage Liability Coverage shown on the **Declarations Page** are the most **we** will pay as a result of any one **accident** without regard to the number of:
 1. **Insureds**, heirs or survivors;
 2. Claimants;
 3. Claims made;
 4. Lawsuits filed;
 5. Vehicles shown on the **Declarations Page**;
 6. Premiums shown on the **Declarations Page**;
 7. Vehicles involved in the **accident**; or
 8. Premiums paid.
- F. A **covered auto** and attached **trailer** are considered one **auto**. Therefore, the limit of liability will not be increased for an **accident** involving an **auto** with an attached **trailer**.
- G. Any payment under PART A > LIABILITY COVERAGE will be reduced by any payment made to that person under PART B > FIRST PARTY BENEFITS COVERAGE or PART C > UNINSURED/ UNDERINSURED MOTORIST BODILY INJURY COVERAGE.

H. No one will be entitled to receive duplicate payments for the same element of **loss** or damages under PART A for which payment has been made:

1. Under any other coverage provided by this Policy;
2. By or on behalf of the person or organization that may be legally responsible; or
3. Under any other insurance or source of recovery.

OUT OF STATE COVERAGE

A. If an **accident** to which this Policy applies occurs in any state or province other than the one in which a **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 requiring a nonresident driver to maintain insurance with limits of liability for **bodily injury** or **property damage** higher than the limits shown on the **Declarations Page**, the limits of liability under this Policy that apply to that **accident** will be the higher minimum Liability Coverage limits required by the law in that state or province. However, **we** will not provide any Liability Coverage for an **accident** if the **Declarations Page** does not show **you** have purchased that Liability Coverage unless that state or province has a financial responsibility or similar law that requires **us** to do so; or
2. A compulsory insurance or similar law requiring a non-resident to maintain insurance whenever the non-resident uses an **auto** in that **state** or province, this Policy will provide the greater of:
 - a. The required minimum limits and types of coverage; or
 - b. The applicable limits of liability provided for that **insured** under this Policy.

B. This extension does not apply to the limit or limits specified by any law governing commercial carriers of passengers or property.

C. **We** will not modify the coverage under this Policy if the **accident** involves a **covered auto** which is registered in or operated in a state, other than the state in which this Policy is issued, for thirty (30) days or more within the calendar year in which the **accident** occurred.

FINANCIAL RESPONSIBILITY REQUIRED

When this Policy is certified as proof of financial responsibility, this Policy will comply with the law of the state in which the Policy is written to the extent required. If **we** make a payment for an **accident** which is not covered under the terms of this Policy but which **we** paid solely to comply with the terms of a financial responsibility certification, **you** must reimburse **us** to the

extent of such payment. **We** will be obligated to pay no more than the minimum amount required by that agency or applicable law.

OTHER INSURANCE

A. If there is other applicable liability insurance, self-insurance or bond, **we** will pay only **our** share of the damages. **Our** share is the proportion that **our** limits of liability bear to the total of all applicable limits with the same priority. However, any insurance **we** provide for an **auto you** do not **own** will be excess over any other collectible insurance, self-insurance or bond.

B. If the other insurer refuses to defend, **we**:

1. Will continue to defend where required by law;
2. Shall be subrogated to the **insured's** rights against the other insurer;
3. Reserve **our** rights against such insurer; and
4. Do not waive any of **our** rights against the other insurer by continuing to defend.

C. If a **covered auto**, which is specifically described on the **Declarations Page**, is a **trailer**, this Policy will be primary only if the **trailer** is attached to a **covered auto** that is a power unit **you own** and is specifically described on the **Declarations Page**; it will be excess in all other circumstances

D. If any applicable insurance other than this Policy is issued by **us** and is applicable to a covered **accident**, the total amount payable among all such policies shall not exceed the limits provided by the single policy with the highest limits of liability.

PART B > FIRST PARTY BENEFITS COVERAGE INSURING AGREEMENT

A. Subject to the limit of liability and the provisions of **the Act**, if **you** pay the premium for First Party Benefits Coverage, **we** will pay the following First Party Benefits, if shown on the **Declarations Page**, for loss or expense sustained by an **insured** because of **bodily injury** caused by an **accident** arising out of the maintenance or use of a **motor vehicle**:

1. **Medical expenses**;
2. **Income loss**;
3. **Funeral expenses**; and
4. **Accidental death benefit**.

B. If Combination First Party Benefit is shown on the **Declarations Page**, **we** will pay **medical expenses, income loss, funeral expenses** and **accidental death benefit** subject to the combined single limit of liability shown on the **Declarations Page** for each **insured** who sustains **bodily injury**. The **bodily injury** must be caused by an **accident** arising out of the maintenance or use of a **motor vehicle**. These benefits are subject to the provisions of **the Act**.

Subject to the combined single limit, the most **we** will pay for:

1. Funeral expenses is \$2,500.
2. Accidental death benefit is \$25,000.

We will only pay for expense or loss incurred within three years from the date of the **accident**.

ADDITIONAL DEFINITIONS – PART B > FIRST PARTY BENEFITS COVERAGE

As used in this PART B:

A. “**Accidental death benefit**” is a benefit paid to the personal representative of the **insured** should **bodily injury** caused by a **motor vehicle accident** result in death within twenty four (24) months from the date of the **accident**. The **accidental death benefit** under this Policy will be paid to the executor or administrator of the deceased **insured’s** estate. If there is no executor or administrator, benefits shall be paid to:

1. The deceased **insured’s** surviving spouse;
2. The deceased **insured’s** children, if there is no surviving spouse; or
3. The deceased **insured’s** estate, if there is no surviving spouse or surviving children.

B. “**Funeral expenses**” means reasonable expenses incurred for, and directly related to, the funeral, burial, cremation or other form of disposition of the remains of the deceased **insured**. The expenses must be incurred as a result of the death of the **insured**, caused by a **motor vehicle accident**, and within twenty four (24) months from the date of the **accident**.

C. “**Income loss**” means up to eighty percent (80%) of actual loss of gross income by an **insured** as the result of a **motor vehicle accident**.

Income loss also means reasonable expenses actually incurred to reduce loss of gross income by hiring:

1. A substitute to perform the work a self-employed **insured** would have performed except for the **bodily injury**; or
2. Special help, thereby enabling an **insured** to work.

Income loss does not include:

1. Loss of expected income for any period following the death of an **insured**;
2. Expenses incurred for services performed following the death of an **insured**; or
3. Any loss of expected income or expenses incurred for services performed which occur during the first five (5) working days the **insured** did not work due to **bodily injury** caused by the **motor vehicle accident**.

D. “**Insured**” means:

1. **You**, if an individual, or any **relative**;
2. Any other person:
 - a. While **occupying** an **insured auto**; or
 - b. While not **occupying** a **motor vehicle** if injured as a result of an **accident** in Pennsylvania involving an **insured auto**. This does not apply if the **insured auto** is parked and unoccupied at the time of the **motor vehicle accident** unless it was parked in a manner as to create an unreasonable risk of injury.

E. “**Insured auto**” means a **motor vehicle**:

1. To which liability coverage under this Policy applies and for which a specific premium is charged; and
2. For which **you** maintain First Party Benefits Coverage as required under **the Act**.

F. “**Medical expenses**” means, subject to the limitations of 75 PA C.S.A. §1797 relating to customary charges for treatment, reasonable charges for reasonable and necessary medical treatment and rehabilitative services including:

1. Hospital, surgical, nursing, dental, psychiatric, psychological, osteopathic, ambulance, and chiropractic services;
2. Licensed physical therapy, vocational rehabilitation, occupational therapy, speech pathology, audiology therapy and optometric services; and
3. Medications, medical supplies and prosthetic devices;

all without limitation as to time, provided that, within eighteen (18) months from the date of the **motor vehicle accident** causing **bodily injury**, it is ascertainable with reasonable medical probability that further **medical expenses** may be incurred as a result of the **bodily injury**.

Medical expenses may include any non-medical remedial care and treatment rendered in accordance with a recognized religious method of healing.

All medical treatment and medical and rehabilitative services must be provided by or prescribed by a person or facility approved by the Department of Health, the equivalent governmental agency responsible for health programs or the accrediting designee of a department or agency of the state in which those services are provided.

G. “**Motor vehicle**” means a self-propelled vehicle operated or designed for use upon public roads. However, **motor vehicle** does not include a vehicle operated:

1. By muscular power; or
2. On rails or tracks.

- H. **“Named insured”** means the individual(s) designated as the named insured on the **Declarations Page**.
- I. **“Relative”** means, if **you** are an individual:
1. A spouse or a person related to **you** by blood, marriage or adoption who **resides** in **your** household; or
 2. A minor, **residing** in **your** household, in the custody of either **you** or someone related to **you** by blood, marriage or adoption.
- J. **“The Act”** means the Pennsylvania Motor Vehicle Financial Responsibility Law of 1984 as amended.

EXCLUSIONS

PLEASE READ THE EXCLUSIONS CAREFULLY. IF ANY EXCLUSION APPLIES, COVERAGE WILL NOT BE PROVIDED FOR AN ACCIDENT OR LOSS THAT OTHERWISE WOULD BE COVERED UNDER THIS POLICY.

We do not provide First Party Benefits Coverage for any person for **bodily injury**:

1. Sustained by any person while intentionally causing or attempting to cause **bodily injury** to:
 - a. Himself;
 - b. Herself; or
 - c. Any other person.
2. Sustained by any person while committing a felony.
3. Sustained by any person while seeking to elude lawful apprehension or arrest by a law enforcement official.
4. Sustained by any person who knowingly converted a **motor vehicle**. However, this exclusion (4.) does not apply to:
 - a. **You**; or
 - b. Any **relative**.
5. Sustained by any person who, at the time of the **accident**:
 - a. Is the owner of a currently registered **motor vehicle** who does not have in effect the financial responsibility required by **the Act**; or
 - b. Is **occupying** a **motor vehicle owned** by that person for which the financial responsibility required by **the Act** is not in effect.
6. Sustained by any person maintaining or using a **motor vehicle** while located for use as a residence or premises.
7. Sustained by any person while he or she is working in a **motor vehicle business** unless that business is **yours** and it was so represented in **your** Application. This exclusion (7.) does not apply if the conduct is off the business premises.
8. Sustained by a person not **occupying** a **motor vehicle** if the **accident** occurs outside of Pennsylvania. This exclusion (8.) does not apply to:
 - a. **You**; or
 - b. Any **relative**.
9. Sustained by any person while **occupying**:
 - a. A recreational vehicle designed for use off public roads; or
 - b. A motorcycle, motor driven cycle, motorized pedacycle or similar type vehicle required to be registered under **the Act**.
10. Caused by, or as a consequence of:
 - a. War (declared or undeclared);
 - b. Civil war;
 - c. Insurrection;
 - d. Rebellion or revolution;
 - e. Radioactive contamination; or
 - f. Nuclear reaction or radiation, whether controlled or uncontrolled or however caused.
11. Arising out of the **ownership**, maintenance, or use of any vehicle while **racing**.
12. Caused when an **insured auto** is being used to **carry persons or property for compensation or a fee** or as a public or livery conveyance, unless **you** have indicated to **us** in **your** Application that an **insured auto** is used for this purpose. This exclusion does not apply to shared-expense car pools whose members are on the way to or from the same place of employment.
13. Sustained by any person as a result of loading or unloading any **motor vehicle**, except while using, maintaining, or **occupying** the **motor vehicle**.
14. Sustained by any person injured by an **insured auto** while it is unoccupied and parked so as to not cause unreasonable risk of injury.
15. Arising out of or resulting from, in whole or in part, any actual, alleged, or threatened migration, release, existence, or presence of or actual, alleged, or threatened exposure to mold, mildew, fungus or other microbes, including any type or form of:
 - a. Decomposing or disintegrating organic material or microorganism;
 - 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.

LIMIT OF LIABILITY

- A. There will be no adding, stacking, or combining of coverage. The limit of liability shown on the **Declarations Page** for each First Party Benefit that applies is the most **we** will pay for that benefit to or for each **insured** as a result of any one **motor vehicle accident**. This is the most **we** will pay regardless of the number of:
1. **Insureds**, heirs or survivors;
 2. Claimants;
 3. Claims made;
 4. Lawsuits filed;
 5. Vehicles shown on the **Declarations Page**;
 6. Premiums shown on the **Declarations Page**;
 7. Vehicles involved in the **accident**;
 8. Premiums paid; or
 9. Insurers providing First Party Benefits.
- B. If Combination First Party Benefits are afforded, **we** will:
1. Provide at least the minimum required by **the Act for medical expenses**. The maximum limit of liability for the total of all Combination First Party Benefits is the aggregate limit shown on the **Declarations Page**; and
 2. Apply the total limit of liability to provide any separate limits required by **the Act** for all First Party Benefits. This provision will not change **our** total limit of liability.
- C. Any amount payable under all First Party Benefits Coverages shall be excess over any amounts paid, payable or required to be provided to an **insured** under any worker's compensation law or similar law.
- D. No one will be entitled to receive duplicate payments for the same element of **loss** or damages under this or other similar automobile insurance, including self-insurance.

PRIORITIES OF POLICIES

We will pay all First Party Benefits in accordance with the order of priorities set forth by **the Act**. **We** will not pay if there is another insurer at a higher level of priority. The **First** category listed below is the highest level of priority and the **Fourth** category listed below is the lowest level of priority. When multiple policies apply, the priority order is:

- First:** The insurer providing benefits to the **insured** as a **named insured**.
- Second:** The insurer providing benefits to the **insured** as a **relative** who is not a **named insured** under another policy providing coverage under **the Act**.

Third: The insurer of the **motor vehicle** which the **insured** is **occupying** at the time of the **accident**.

Fourth: The insurer providing benefits on any **motor vehicle** involved in the **accident** if the **insured** is:

- a. Not **occupying a motor vehicle**; and
- b. Not provided First Party Benefits under any other automobile policy.

In this priority, an unoccupied parked **motor vehicle** is not a **motor vehicle** involved in an **accident** unless it was parked in a manner as to create an unreasonable risk of injury.

If multiple policies of equal priority apply:

1. The insurer against which the claim is first made shall process and pay the claim, up to its limit of liability, as if wholly responsible. The insurer is thereafter entitled to recover contribution pro rata from any other insurer for the benefits paid and the costs of processing the claim;
2. If contribution is sought among insurers responsible under the **Fourth** priority above, proration shall be based upon the number of involved vehicles;
3. The maximum recovery under all policies will not exceed the amount payable under the policy with the highest limit of liability; and
4. If **we** are the insurer against whom the claim is first made, **our** payment to or for an **insured** will not exceed the applicable limit of liability for First Party Benefits Coverage shown on the **Declarations Page**.

CONDITIONS

A. Notice

If an **accident** occurs, written notice adequately identifying the **insured** and reasonably accessible facts concerning the time, place and circumstances of the **accident** shall be given as soon as practicable by or on behalf of each **insured** to **us** or any of **our** authorized agents.

B. Medical Reports; Proof of Claim.

As soon as practicable the **insured**, or someone on his or her behalf, shall give **us** proof of claim, under oath if required, fully describing the nature and extent of **bodily injury**, treatment and rehabilitation received and contemplated and other information to assist **us** in determining the amount due and payable.

Proof of claim shall be made upon forms furnished by **us** unless **we** fail to supply such forms within fifteen (15) days after receiving notice of claim.

The **insured** shall submit to mental and physical examinations by physicians selected by **us** when and as often as **we** may reasonably require. **We** will pay the costs of such examinations.

The **insured** (or, in the event of such person's incapacity or death, his or her legal representative) shall, if **we** request, sign papers to enable **us** to obtain medical reports and copies of records. A copy of such medical report will be forwarded to such **insured** upon his or her written request.

If **income loss** benefits are claimed, the **insured** presenting such claim shall authorize **us** to obtain details of all earnings paid to him or her by an employer or earned by him or her since the time of the injury or during the year immediately preceding the date of the **accident**.

C. Customary Charges for Treatment.

The amount **we** will pay to a person or institution providing treatment, accommodation, products or services to an **insured** for a **bodily injury** covered by benefits for **medical expenses** shall not exceed the amount the person or institution customarily charges for like treatment, accommodations, products and services in cases involving no insurance.

CONSTITUTIONALITY CLAUSE

The premium for, and the coverages of, this Policy were established based on the provisions of **the Act**.

If a court of competent jurisdiction declares any provision of this Policy invalid, **we** have the right to amend that provision and to recompute the premium for this coverage subject to the approval of the Insurance Commissioner.

PART C > UNINSURED/UNDERINSURED MOTORIST BODILY INJURY COVERAGE

A. INSURING AGREEMENT – UNINSURED MOTORIST BODILY INJURY COVERAGE

Subject to the limit of liability shown on the **Declarations Page**, if **you** pay **us** the premium for Uninsured Motorist Bodily Injury Coverage, **we** will pay compensatory damages for which an **insured** is legally entitled to recover from the **owner** or operator of an **uninsured motor vehicle** because of **bodily injury**:

1. Sustained by that **insured**;
2. Caused by an **accident**; and
3. Arising out of the **ownership**, maintenance or use of an **uninsured motor vehicle**.

We will not pay for **punitive or exemplary damages**.

B. INSURING AGREEMENT – UNDERINSURED MOTORIST BODILY INJURY COVERAGE

Subject to the limit of liability shown on the **Declarations Page**, if **you** pay **us** the premium for Underinsured Motorist Bodily Injury Coverage, **we** will pay compensatory damages for which an **insured** is legally entitled to recover from the **owner** or operator of an **underinsured motor vehicle** because of **bodily injury**:

1. Sustained by that **insured**;
2. Caused by an **accident**; and
3. Arising out of the **ownership**, maintenance or use of an **underinsured motor vehicle**.

We will not pay for **punitive or exemplary damages**.

C. **We** will pay under this PART C only after the limits of liability under any applicable **bodily injury** liability policies, self-insurance and bonds have been exhausted by payment of judgments or settlements.

D. **We** are not bound by any settlement entered into without **our** consent.

E. **We** are not bound by any judgment for damages that arises out of a lawsuit unless **we**:

1. Received reasonable notice of filing of the lawsuit resulting in the judgment; and
2. Had a reasonable opportunity to protect **our** interest in the lawsuit.

F. An **insured** must notify **us** in writing at least thirty (30) days before entering into any settlement with the **owner**, operator or insurer of an **uninsured motor vehicle** or **underinsured motor vehicle**. To preserve **our** right of subrogation, **we** may elect to pay any sum offered in settlement by, or on behalf of, the **owner** or operator of an **uninsured motor vehicle** or **underinsured motor vehicle**. If **we** do so, the **insured** agrees to assign to **us** all rights that such **insured** has against the **owner** or operator of the **uninsured motor vehicle** or **underinsured motor vehicle**.

ADDITIONAL DEFINITIONS – PART C > UNINSURED/UNDERINSURED MOTORIST BODILY INJURY COVERAGE

As used in this PART C:

A. “**Insured**” means:

1. **You**, if an individual, or any **family member**.
2. Any other person **occupying a covered auto** with, and within the scope of, **your** express or implied permission.
3. Any person for damages that person is legally entitled to recover because of **bodily injury** to which this coverage applies sustained by a person listed in A.1. or A.2. above. This shall not increase **our** limit of liability to an amount that exceeds the limit of liability applicable to that person referred to in A. 1 or A.2. above.

- B. **“Non-economic loss”** means pain and suffering and other nonmonetary detriment.
- C. **“Underinsured motor vehicle”** means a land motor vehicle to which a **bodily injury** liability bond or policy applies at the time of the **accident** but the sum of all applicable limits of liability for **bodily injury** is insufficient to pay the amount the **insured** is legally entitled to recover as damages.

“Underinsured motor vehicle” does not include any vehicle or equipment:

1. Operated on rails or crawler treads;
2. Designed mainly for use off public roads while not on public roads;
3. While located for use or being used as a residence or premises;
4. **Owned** by, furnished to or available for the regular use of **you** or any **family member**;
5. Which is shown on the **Declarations Page** or which is insured for coverage under PART A of this Policy;
6. That is not required to be registered as a motor vehicle; or
7. Which is an **uninsured motor vehicle**.

- D. **“Uninsured motor vehicle”** means a land motor vehicle or **trailer**:
1. To which no **bodily injury** liability bond or policy applies at the time of the **accident**.
 2. Which is a hit-and-run vehicle whose operator or **owner** cannot be identified and which hits or causes an **accident** without hitting:
 - a. **You** or a **family member**;
 - b. A vehicle that **you** or a **family member** are **occupying**; or
 - c. A **covered auto**;

provided the **accident** is reported to the police or proper governmental authority as soon as practicable and the **insured** notifies **us** within thirty (30) days, or as soon as practicable thereafter, that the **insured** or his/her legal representative has a legal action arising out of the **accident** and sets forth the facts in support thereof.

If there is no physical contact with the hit-and-run vehicle, the facts of the **accident** must be proved.

3. To which a **bodily injury** liability bond or policy applies at the time of the **accident** but the bonding or insuring company:
 - a. Denies coverage; or
 - b. Is or becomes insolvent within six (6) years after the **accident**.

However, **“uninsured motor vehicle”** does not include any vehicle or equipment:

1. **Owned** or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer which is or becomes insolvent;
2. Operated on rails or crawler treads;
3. Designed mainly for use off public roads while not on public roads;
4. While located for use or being used as a residence or premises;
5. **Owned** by, furnished to or made available for the regular use of **you** or any **family member**;
6. Which is shown on the **Declarations Page** or which is insured for coverage under PART A of this Policy;
7. That is not required to be registered as a motor vehicle; or
8. Which is an **underinsured motor vehicle**.

ADDITIONAL DUTIES FOR PART C > UNINSURED/UNDERINSURED MOTORIST BODILY INJURY COVERAGE

A person seeking coverage under PART C > UNINSURED/UNDERINSURED MOTORIST BODILY INJURY COVERAGE must also, in addition to the **GENERAL DUTIES**:

1. Promptly report any **accident** or **loss** to the police or other local law enforcement.
2. Notify the police as soon as practicable after an **accident** that involves a hit-and-run vehicle or unknown driver.
3. Report the **accident** to **us** within thirty (30) days of the **accident**.
4. Serve a copy of any legal action and all pleadings on **us** as required by law.
5. Send **us** copies of legal papers if a lawsuit is commenced.
6. Promptly notify **us** in writing of an offer of settlement between the **insured** and the **owner**, operator or insurer of the **underinsured motor vehicle**.
7. Allow **us** thirty (30) days after an offer of settlement to advance payment to that **insured** in an amount equal to the offer to preserve all of **our** rights against the **owner**, operator or insurer of any **underinsured motor vehicle**.
8. Give **us** proof that the limits of liability under any liability policies that apply to an **uninsured motor vehicle** or **underinsured motor vehicle** have been exhausted by payment of judgments or settlements.
9. Make available to **us** for inspection the **auto** that the **insured** was **occupying** at the time of the **accident**.

EXCLUSIONS

PLEASE READ THE EXCLUSIONS CAREFULLY. IF ANY EXCLUSION APPLIES, COVERAGE WILL NOT BE PROVIDED FOR AN ACCIDENT OR LOSS THAT OTHERWISE WOULD BE COVERED UNDER THIS POLICY.

A. **We** do not provide Uninsured/Underinsured Motorist Bodily Injury Coverage for **bodily injury** sustained by any **insured**:

1. If the **insured** or his or her legal representative, without thirty (30) days advance written notice to **us**, either:

- a. Settles the **bodily injury** claim; or
- b. Brings suit and obtains a judgment related to the **bodily injury** claim;

and, in doing so, impairs or prejudices **our** rights or interests.

2. If **our** interests or rights have been impaired or prejudiced by a judgment in any lawsuit against any person or organization that may be liable for such **bodily injury** and **we** have not given prior written consent to the **insured** to proceed with that lawsuit.

3. Caused intentionally by, or at the direction of, an **insured** or that is, or should be, reasonably expected to result from an intentional act of an **insured** even if the actual **bodily injury** that results is different than that which was intended.

4. Arising out of the **ownership**, maintenance or use of a vehicle while it is being used to **carry persons or property for compensation or a fee** or as a public or livery conveyance, unless **you** have indicated to **us** in **your** application that a **covered auto** is used for this purpose. This exclusion does not apply to shared-expense car pools whose members are on the way to or from the same place of employment.

5. That occurs while the **insured** is employed or otherwise engaged in any **motor vehicle business** unless that business is **yours** and it was so represented in **your** application.

6. That occurs while any person is using an **auto** without the **owner's** express or implied permission or beyond the scope of the **owner's** express or implied permission.

7. Resulting from:

- a. The loading of property before it has been placed in or on a **covered auto**;
- b. The unloading of property after it has been taken off or out of a **covered auto**;
- c. The loading or unloading of property by any device that is attached to a **covered auto**; or
- d. The loading or unloading of property by anyone who is not **your employee**.

8. Who:

- 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.

9. Arising out of the **ownership**, maintenance, or use of any vehicle while **racing**.

10. For which the United States Government is held responsible under the Federal Tort Claims Act.

11. That results from an **accident** or **loss** that occurs while the **insured** is committing a **crime**.

12. Caused by or any consequence of:

- a. War, whether declared or undeclared;
- b. Civil war;
- c. Insurrection;
- d. Rebellion or revolution;
- e. Radioactive contamination; or
- f. Nuclear reaction or radiation, whether controlled or uncontrolled or however caused.

13. Resulting from the discharge of any firearm or weapon in connection with the **ownership**, maintenance or use of any **auto**.

14. That occurs while the **covered auto** is being used in a **personal vehicle sharing program**. This exclusion applies only to amounts greater than the minimum limits required by the Pennsylvania Motor Vehicle Financial Responsibility Law of 1984 as amended.

B. **We** do not provide Uninsured/Underinsured Motorist Bodily Injury Coverage for any **insured** for **bodily injury** arising out of the **ownership**, maintenance or use of:

1. Any vehicle which has less than four wheels or which is designed for use mainly off public roads such as any type of all-terrain or quad vehicle, dune buggy, go-cart, or golf cart. This exclusion does not apply to use of a **trailer**.
2. Any vehicle which is not insured for Uninsured or Underinsured Motorist Bodily Injury Coverage under this Policy, that is:

- a. **Owned by you**; or
 - b. Furnished or available for **your** regular use.
- This includes a **trailer** of any type used with that vehicle.

- 3. Any vehicle which is not insured for Uninsured or Underinsured Motorist Bodily Injury Coverage under this Policy that is:
 - a. **Owned by any family member**; or
 - b. Furnished or available for the regular use of any **family member**.
- 4. A **covered auto** that:
 - a. Has been rented, leased, subleased, loaned or given by **you** or a **family member** to another party in exchange for money, value, goods, services, compensation or reimbursement;
 - b. Has been given in exchange for compensation;
 - c. Is under a conditional sales agreement by **you** to another; or
 - d. Has been entrusted to anyone other than **you** or a **family member** for consignment; sale; promoting sale; subleasing; leasing; renting; or selling, and is no longer in **your** possession.

This exclusion does not apply to **you** or a **family member**.

C. **We** will not be bound by:

- 1. Any settlement entered into without **our** consent; or
- 2. Judgment entered into with a party who is liable for damages without **our** consent.

D. **We** do not provide coverage under this endorsement for **non-economic loss** caused by an **accident** involving an **uninsured motor vehicle** or **underinsured motor vehicle** unless the **insured** has a legal right to recover for **non-economic loss** under **the Act**. The **insured's** legal right to recover damages for **non-economic loss** under **the Act** will be determined by the liability tort limitation, if any, applicable to that person.

LIMIT OF LIABILITY

A. **STACKED COVERAGE**

If Stacked Uninsured and/or Underinsured Motorist Bodily Injury Coverage is shown on the **Declarations Page**, then the following provisions apply:

- 1. **Our** maximum limit of liability for all damages, including **derivative claims**, arising out of and due to **bodily injury** sustained by **you** or a **family member** in any one **accident** is the each person limit multiplied by the number of **covered**

autos shown on the **Declarations Page**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.

- 2. Subject to the maximum limit for each person described in 1. above, **our** maximum limit of liability for all damages, including **derivative claims**, arising out of and due to **bodily injury** sustained by **you** or a **family member** as the result of any one **accident** is the each **accident** limit multiplied by the number of **covered autos** shown on the **Declarations Page**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.
- 3. Subject to the maximum limits of liability set forth in 1. and 2. above, the most **we** will pay for **bodily injury** sustained in such **accident** for an **insured** other than **you** or a **family member** is that **insured's** pro-rata share of the each person or each **accident** limit of liability shown on the **Declarations Page** applicable to the **covered auto** that such **insured** was **occupying** at the time of the **accident**. **You** or any **family member** who sustains **bodily injury** in such an **accident** will also be entitled to a pro-rata share of the each person or each **accident** limit described in this paragraph.
 - a. A person's pro-rata share shall be the proportion that person's damages bears to the total damages sustained by all **insureds**.
 - b. This is the maximum limit of liability **we** will pay as the result of one **accident** without regard to the number of:
 - i. **Insureds**, heirs or survivors;
 - ii. Claimants;
 - iii. Claims made;
 - iv. Lawsuits filed;
 - v. Vehicles shown on the **Declarations Page**;
 - vi. Premiums shown on the **Declarations Page**;
 - vii. Vehicles involved in the **accident**;
 - viii. Premiums paid; or
 - ix. Policies issued by **us**.

- 4. If **bodily injury** is suffered by any **insured** other than **you** or a **family member** in an **accident** in which neither **you** or any **family member** suffered **bodily injury**, the limit of liability shown on the **Declarations Page** for each person is **our** maximum limit of liability for all damages, including **derivative claims**, arising out of and due to **bodily injury** sustained by any **insured**

in any such **accident**. Subject to this limit for each person, the limit of liability shown on the **Declarations Page** for each **accident** is our maximum limit of liability for all damages for **bodily injury** resulting from any such **accident**. This is the most **we** will pay as the result of any one **accident** without regard to the number of:

- a. **Insureds**, heirs or survivors;
 - b. Claimants;
 - c. Claims made;
 - d. Lawsuits filed;
 - e. Vehicles shown on the **Declarations Page**;
 - f. Premiums shown on the **Declarations Page**;
 - g. Vehicles involved in the **accident**;
 - h. Premiums paid; or
 - i. Policies issued by **us**.
5. If the **Declarations Page** indicates a combined single limit, the following provisions apply:
- a. **Our** maximum limit of liability for all damages, including **derivative claims**, arising out of and due to **bodily injury** sustained by **you** or a **family member** in any one **accident** is the limit of liability shown on the **Declarations Page** multiplied by the number of **covered autos** shown on the **Declarations Page**.
 - b. **Our** maximum limit of liability for all damages, including **derivative claims**, arising out of and due to **bodily injury** sustained by an **insured** other than **you** or a **family member** is the limit of liability shown on the **Declarations Page** applicable to the **covered auto** that such **insured** was **occupying** at the time of the **accident**.
 - c. For the purpose of such limit of liability in a. and b. above, all damages, including **derivative claims**, shall constitute a single claim. However, without changing this total limit of liability, **we** will comply with any law that requires **us** to provide any separate limits.
6. For the purposes of stacked coverage, an **insured auto** does not include a **trailer**.
7. Stacked limits of liability shall not increase the limit of liability applicable to any **insured** other than **you** or a **family member**.

B. NONSTACKED COVERAGE

If Nonstacked Uninsured and/or Underinsured Motorist Bodily Injury Coverage is shown on the **Declarations Page**, then the following provisions apply:

1. The Uninsured/Underinsured Motorist Bodily Injury limit of liability shown on the **Declarations Page** for each person is the most **we** will pay for all damages, including **derivative claims**, arising out of and due to **bodily injury** sustained by any one person in any one **accident**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.
 2. Subject to the limit of liability for each person, the Uninsured/Underinsured Motorist Bodily Injury limit of liability shown on the **Declarations Page** for each **accident** is the most **we** will pay for all damages, including **derivative claims**, arising out of and due to **bodily injury** resulting from any one **accident**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.
 3. If the **Declarations Page** indicates that a combined single limit applies, the limit of liability shown is the most **we** will pay for the total of all damages, including **derivative claims**, arising out of and due to **bodily injury** and **property damage** as the result of any one **accident**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim. However, without changing this total limit of liability, **we** will comply with any law that requires **us** to provide any separate limits.
 4. There will be no adding, stacking or combining of coverage. The limits of liability for Uninsured or Underinsured Motorist Bodily Injury shown on the **Declarations Page** are the most **we** will pay as the result of any one **accident** without regard to the number of:
 - a. **Insureds**, heirs or survivors;
 - b. Claimants;
 - c. Claims made;
 - d. Lawsuits filed;
 - e. Vehicles shown on the **Declarations Page**;
 - f. Premiums shown on the **Declarations Page**;
 - g. Vehicles involved in the **accident**;
 - h. Premiums paid; or
 - i. Policies issued by **us**.
- C. Any payment under PART C > UNINSURED/UNDERINSURED MOTORIST BODILY INJURY COVERAGE will be reduced by all sums:
1. Paid or payable from or on behalf of persons or organizations that may be legally liable. This includes, but is not limited to, all sums paid or payable under PART A > LIABILITY COVERAGE;

2. Paid or payable under any of the following or similar laws:
 - a. Disability benefits law;
 - b. Personal Injury Protection Coverage or No-Fault Coverage; or
 - c. Medical Payments Coverage; and
 3. That person is entitled to receive for the same element of loss under PART B > FIRST PARTY BENEFITS COVERAGE of this Policy.
- D. If an **insured** enters into a settlement agreement for an amount less than the sum of the limits of liability under all applicable bodily injury liability bonds and policies, **our** limit of liability for Underinsured Motorist Bodily Injury Coverage shall not exceed the difference between the damages sustained by the **insured** and the sum of the applicable **bodily injury** liability limits.
- E. No one will be entitled to receive duplicate payments for the same elements of **loss** or damage under PART C for which payment has been made:
1. Under any other coverage provided by this Policy;
 2. By or on behalf of the person or organization that may be legally responsible; or
 3. Under any other insurance or source of recovery.
- F. An **insured** who recovers damages under Uninsured Motorist Bodily Injury Coverage cannot recover damages under Underinsured Motorist Bodily Injury Coverage for the same **accident**.
- G. An **insured** precluded from maintaining an action for **non-economic loss** under PA C.S.A. §75-1705 (relating to election of tort options) may not recover from Uninsured or Underinsured Motorist Bodily Injury Coverage for **non-economic loss**.

OTHER INSURANCE

- A. If there is other Uninsured or Underinsured Motorist Bodily Injury Coverage, or similar insurance, that applies or is available under one or more policies, then the following apply:
1. Payment will be made in the following order of priority:

First:	The Uninsured or Underinsured Motorist Bodily Injury Coverage applicable to the vehicle the insured was occupying at the time of the accident .
Second:	A policy affording Uninsured or Underinsured Motorist Bodily Injury Coverage to the insured .
 2. If two or more policies have equal priority, the insurer, against which the claim is first made under the priorities above, shall process and pay

the claim, up to its limit of liability, as if wholly responsible. The insurer is entitled to recover contribution pro-rata from any other insurer for the damages paid and the costs of processing the claim.

- B. For Nonstacked Uninsured/Underinsured Motorist Bodily Injury Coverage the following provisions also apply:
1. When there is applicable insurance available under the **First** priority:
 - a. The limit of liability applicable to the vehicle the **insured** was **occupying**, under the **First** priority, shall first be exhausted; and
 - b. The maximum recovery under all policies in the **Second** priority shall not exceed the highest applicable limit of liability for Uninsured/Underinsured Motorist Bodily Injury Coverage for any one vehicle under any one policy in the **Second** priority.
 2. When there is no applicable insurance available under the **First** priority, the maximum recovery under all policies in the **Second** priority shall not exceed the highest applicable limit for any one vehicle under any one policy.
- C. Except as provided in D. below, if the **insured** has other similar insurance available to him and applicable to the **accident**, the damages shall not exceed the higher of the applicable limits of liability of this insurance and such other insurance. **We** shall not be liable for a greater proportion of any loss to which this coverage applies than the limit of liability under this PART C bears to the sum of the applicable limits of liability of this insurance and such other insurance.
- D. Any insurance **we** provide with respect to a vehicle that **you** do not **own** shall be excess over any other collectible insurance, self-insurance, bond or any other collectible proceeds from a governmental entity providing coverage on a primary basis. Coverage provided by this Policy shall apply only in the amount by which the limit of liability for this coverage exceeds the applicable limit of liability of such other insurance.
- E. Any insurance **we** provide to an **insured** that is not **occupying a covered auto** shall be excess over any other collectible insurance, self-insurance, bond or any other collectible proceeds from a governmental entity providing insurance on a primary basis.

ARBITRATION

- A. If **we** and an **insured** do not agree:
1. Whether the **insured** is legally entitled to recover damages for **bodily injury** under this PART C; or

2. On the amount of damages that are recoverable by the **insured**;

then upon mutual agreement of both parties prior to the expiration of the bodily injury statute of limitations in the state in which the **accident** happened, only these two issues may be submitted to arbitration. However, unless required by law, neither party may be compelled to participate in arbitration, and neither party shall be liable to the other for refusing to arbitrate.

- B. If both **we** and an **insured** agree to arbitration, each party will select a competent, licensed and impartial arbitrator. The two arbitrators will select a third arbitrator. If they cannot agree within thirty (30) days, **you** or **we** may request that a judge of a court of record, in the county where the **insured** lives, select the third arbitrator.
- C. Unless both parties agree otherwise, arbitration will take place in the county in which the **insured** lives and the American Arbitration Association rules as to procedure and evidence will apply. If the parties do not agree to be governed by the American Arbitration Association rules, local rules of law as to procedure and evidence will apply.
- D. A decision agreed to by two of the arbitrators will be binding as to:

1. Whether the **insured** is legally entitled to recover damages; and
2. The amount of the damages.

However, the decision shall be binding only if the amount of damages awarded does not exceed:

1. The limits for **bodily injury** shown on the **Declarations Page** for Uninsured Motorist Bodily Injury Coverage; or
2. The minimum limit for **bodily injury** required by the motor vehicle compulsory insurance or financial responsibility laws of the state in which **you reside**, as shown in **our** records as the garaging address for a **covered auto**.

If the amount of the arbitrators' award exceeds the minimum limit for **bodily injury**, either party may demand the right to trial. This demand must be made within sixty (60) days of the arbitrators' decision. If this demand is not made within sixty (60) days, the amount of damages agreed to by the arbitrators will be binding.

- E. The arbitrators shall have no authority to:
 1. Award an amount in excess of the limit of liability for this coverage as shown on the **Declarations Page**;
 2. Award any amount as **punitive or exemplary damages**;
 3. Award any costs or fees;

4. Award any amount as interest;
 5. Decide any coverage issue; or
 6. Decide any issues or resolve any dispute with respect to anything other than:
 - a. The legal liability of the **owner** or operator of an **uninsured motor vehicle** or **underinsured motor vehicle**; and
 - b. The amount of compensatory damages that is recoverable by the **insured**.
- F. Each party will:
 1. Pay the costs, fees and other expenses it incurs; and
 2. Bear the expenses of the third arbitrator equally.

PART D > COVERAGE FOR DAMAGE TO YOUR AUTO

INSURING AGREEMENT

- A. If **you** pay **us** the premium for this coverage and a stated amount is shown on the **Declarations Page** for the **covered auto** and its permanently attached equipment which has been installed by the factory, dealer or retailer, **we** will pay for **loss** caused by:
 1. **Collision** only if the **Declarations Page** indicates that Collision Coverage is provided for that **auto**; or
 2. **Comprehensive** only if the **Declarations Page** indicates that Comprehensive Coverage is provided for that **auto**; or
 3. **Fire and Theft with Combined Additional Coverage** only if the **Declarations Page** indicates that Fire and Theft with Combined Additional Coverage is provided for that **auto**.

Our payment will be reduced by the applicable deductible shown on the **Declarations Page**.

- B. If **you** pay **us** the premium for this coverage and there is no stated amount shown on the **Declarations Page** for the **covered auto**, **we** will pay for **loss** caused by:
 1. **Collision** only if the **Declarations Page** indicates that Collision Coverage is provided for that **auto**; or
 2. **Comprehensive** only if the **Declarations Page** indicates that Comprehensive Coverage is provided for that **auto**; or
 3. **Fire and Theft with Combined Additional Coverage** only if the **Declarations Page** indicates that Fire and Theft with Combined Additional Coverage is provided for that **auto**.

Our payment will be reduced by the applicable deductible shown on the **Declarations Page**.

CUSTOMIZED EQUIPMENT AND PARTS COVERAGE

- A. If **you** pay **us** the premium for Customized Equipment and Parts Coverage and it is shown on the **Declarations Page** or on the applicable schedule, the limit of liability for **loss** to the **customized equipment and parts** specifically listed on the application or on the applicable schedule will be the lowest of:
1. The **actual cash value** of such **customized equipment and parts** reduced by the applicable deductible shown on the **Declarations Page** and its salvage value if **you** or the owner retain the salvage.
 2. The amount shown as the declared value of the **customized equipment and parts** in the application or applicable schedule reduced by the applicable deductible shown on the **Declarations Page** and its salvage value if **you** or the owner retain the salvage.
 3. The amount necessary to repair the **customized equipment and parts**, reduced by the applicable deductible shown on the **Declarations Page**.
 4. The amount necessary to replace the **customized equipment and parts**, reduced by the applicable deductible shown on the **Declarations Page** and reduced by its salvage value if **you** or the owner retain the salvage.
- B. Customized Equipment And Parts Coverage applies only if:
1. **You** have purchased Collision Coverage for the **covered auto** containing the **customized equipment and parts** and the **loss** falls under that coverage;
 2. **You** have purchased Comprehensive Coverage for the **covered auto** containing the **customized equipment and parts** and the **loss** falls under that coverage; or
 3. **You** have purchased Fire and Theft with Combined Additional Coverage for the **covered auto** containing the **customized equipment and parts** and the **loss** falls under that coverage.

TRANSPORTATION EXPENSE COVERAGE

- A. **We** will pay Transportation Expense Coverage up to \$30 per day, not to exceed \$900, for temporary transportation expenses incurred by **you** because of the total theft of a **covered auto**. Transportation expenses apply only if:
1. They are incurred from a commercially licensed rental agency; and
 2. The **Declarations Page** indicates that Comprehensive Coverage or Fire and Theft with Combined Additional Coverage apply to that **auto**.

- B. **We** will only pay transportation expenses incurred during the period:
1. Beginning forty-eight (48) hours after **you** report the theft of a **covered auto** to **us** and the police; and
 2. Ending the earlier of:
 - a. When a **covered auto** is returned to use;
 - b. When a **covered auto** has been recovered and returned to **you** or its **owner**;
 - c. When a **covered auto** has been recovered and repaired;
 - d. When a **covered auto** has been replaced;
 - e. Seventy-two (72) hours after **we** make an offer to pay for the **loss** if the **covered auto** is deemed by **us** to be a total **loss** or unrecoverable; or
 - f. When **you** have incurred the maximum \$900 expense limit.

PET PROTECTION

- A. If **your pet** is **occupying** a **covered auto** involved in a covered **collision, comprehensive or fire and theft with combined additional coverage loss**, we will provide up to:
1. \$1000 per incident, regardless of the number of **your pets** involved, up to \$3,000 per policy period for **pet injury treatment or pet replacement**;
 2. \$25 per day up to \$125 per policy period for boarding fees if **you** are hospitalized and unable to care for **your pet**;
 3. \$75 per policy period for recovery costs if **your pet** is missing after the **accident**; and
 4. \$125 per policy period for replacing pet-related travel equipment damaged in the **accident**.
- B. Any payment **we** make for **pet replacement** will be reduced by any prior payments **we** made for **pet injury treatment** for **your pet** resulting from the same incident. No deductible applies to this coverage.

SUPPLEMENTARY PAYMENTS

In addition to **our** limit of liability, **we** will pay:

- A. Towing expenses which **we** consider reasonable, not to exceed \$2,000 per **loss**, to remove a **covered auto** that is non-drivable from the site of an **accident or loss** and transport it to a repair facility. This applies only if the **Declarations Page** indicates that Collision Coverage, Comprehensive Coverage or Fire and Theft with Combined Additional Coverage applies to that **auto**.
- B. Storage expenses up to \$25 per day, not to exceed \$375 per **loss**, for storage charges. This applies only if Collision Coverage, Comprehensive Coverage or Fire and Theft with Combined Additional Coverage applies to that **auto**.

ADDITIONAL DEFINITIONS - PART D > COVERAGE FOR DAMAGE TO YOUR AUTO

When used in this PART D:

- A. **“Collision”** means when a **covered auto** collides with another object or overturns.
- B. **“Comprehensive”** and **“Other Than Collision”** mean **loss** caused by:
1. Missiles or falling objects;
 2. Fire or lightning;
 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. Impact with a bird or animal; or
 10. Breakage of glass, except breakage of glass caused by a **collision**.
- C. **“Customized equipment and parts”** means equipment, devices, accessories, changes and enhancements, other than those installed by the original manufacturer, 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; decals or graphics. **Customized equipment and parts** 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. The **customized equipment and parts** must be permanently installed in a **covered auto** using bolts, brackets or slide-out brackets.
- D. **“Fire and Theft with Combined Additional Coverage”** means **loss** caused by:
1. Fire or lightning;
 2. Smoke or smudge due to a sudden, unusual, and faulty operation of any fixed heating equipment serving the premises on which a **covered auto** is located;
 3. The stranding, sinking, burning, collision, or derailment of any conveyance in or upon which a **covered auto** is being transported;
 4. Windstorm, hail, earthquake, explosion, flood or rising waters;
 5. The forced landing or falling of any aircraft or its parts or equipment;
 6. External discharge or leakage of water except **loss** resulting from rain, snow, sleet, whether or not wind-driven;
 7. Malicious mischief or vandalism;
 8. Theft, larceny, robbery, or pilferage; or
 9. Impact with a bird or animal.
- E. **“Original equipment manufacturer”** and **“OEM”** mean parts or items:
1. Produced and/or installed by the manufacturer of the **auto**; or
 2. Produced by a vendor of the manufacturer of the **auto** that the manufacturer intends as a part of the **auto** or manufacturer’s option when new.
- F. **“Pet injury treatment”** means reasonable and customary veterinary costs incurred by **you** or a **family member** for treatment of **your pet** that is injured in a covered **loss** while **occupying** a **covered auto**. Reasonable and customary veterinary costs include any medications or procedures prescribed by a veterinarian.
- G. **“Pet replacement”** means the cost to replace **your pet** with one of like kind and quality, if **your pet**:
1. Dies as the result of a covered **loss**; or
 2. Is **occupying** the **covered auto** during a covered total theft **loss** and **your pet** is not recovered.
- This does not include any training, grooming, veterinary bills, or any other expenses other than the cost to replace the pet itself.
- H. **“Your pet”** means a dog or cat owned by **you** or a **family member**.

EXCLUSIONS

PLEASE READ THE EXCLUSIONS CAREFULLY. IF ANY EXCLUSION APPLIES, COVERAGE WILL NOT BE PROVIDED FOR AN ACCIDENT OR LOSS THAT OTHERWISE WOULD BE COVERED UNDER THIS POLICY.

- A. **We** will not pay for:
1. **Loss**:
 - a. Caused intentionally by, or at the direction of, **you** or any **family member**; or
 - b. That is, or should be, reasonably expected to result from an intentional act of **you** or any **family member**;even if the actual **loss** or damage is different than that which was intended.
 2. **Loss** arising out of the **ownership**, maintenance or use of a vehicle while it is being used to **carry persons or property for compensation or a fee** or as a public or livery conveyance, unless **you** have indicated to **us** in **your**

application that a **covered auto** is used for this purpose. This exclusion does not apply to shared-expense car pools whose members are on the way to or from the same place of employment.

3. **Loss** to portable equipment, devices, accessories and any other personal effects that are not permanently installed. This includes, but is not limited to:
 - a. Tapes, records, compact discs, DVDs or other recording or recorded media;
 - b. Any containers designed to carry or store tapes, records, compact discs, DVDs or other recording or recorded media;
 - c. Personal computers, telephones, DVD players, two-way mobile radios or televisions; or
 - d. Any other accessories used with electronic equipment designed to receive or transmit audio, visual or data signals.
4. **Loss** to equipment designed or used for the detection or location of radar, laser or other speed measuring equipment or its transmission.
5. **Loss** to camper units or other detachable living quarter units.
6. **Loss** to pickup covers, caps or shells not permanently attached to a **covered auto**.
7. **Loss** to equipment such as booms, drill rigs, welders, winches or hazard lights not permanently attached to a **covered auto**.
8. **Loss** to chains, tarpaulins, binders, cargo securing devices, lifts or removable sides.
9. **Loss** to any custom paint work or body work, including lettering and decals.
10. Damage due and confined to:
 - a. Wear and tear;
 - b. Freezing;
 - c. Mechanical, electronic or electrical breakdown or failure;
 - d. Deterioration, rust or corrosion; or
 - e. Road damage to tires.

This exclusion does not apply if the damage results from the total theft of a **covered auto** to which Comprehensive Coverage or Fire and Theft with Combined Additional Coverage under this Policy applies.

11. **Loss** to a **covered auto** being maintained or used by any person while employed or otherwise engaged in any **motor vehicle business** unless that business is **yours** and it was so represented in **your** application.

12. **Loss** to wearing apparel, tools or personal effects.
13. **Loss** that occurs while a **covered auto** is being used in the course of committing a **crime**. This does not apply to **loss** that occurs when the **covered auto** has been stolen.
14. **Loss** due to the use of a **covered auto** for transportation of any explosive substance, flammable liquid, or similarly hazardous material.
15. **Loss** to a **covered auto** while such **auto** is engaged in **racing**.
16. **Loss** to a **covered auto** while it is subject to any bailment lease, mortgage or other encumbrance not specifically declared and described in this Policy.
17. **Loss** to a **trailer you own** that is not shown on the **Declarations Page**. This exclusion does not apply to a **trailer you**:
 - a. Acquire during the policy period; and
 - b. Ask **us** to insure within thirty (30) days after **you** become the **owner**.
18. **Loss** to a **covered auto** while in anyone else's possession under a written **trailer** exchange agreement provided that this exclusion shall not apply to a loss payee. If **we** pay the loss payee, **you** must reimburse **us** for payment.
19. **Loss** due to theft, larceny or conversion of a **covered auto** or its equipment:
 - a. By **you**, a **family member**, any other persons listed as a driver on the **Declarations Page** or an **employee**;
 - b. Where there is no visible sign of forced entry into the **covered auto**; or
 - c. Prior to its delivery to **you**.
20. **Loss** to a **covered auto** due to or as a consequence of:
 - a. Destruction, seizure or confiscation by government or civil authorities including, but not limited to, destruction; seizure; or confiscation by any federal or state law enforcement officer in connection with any violation of any controlled substances law for which **you** are convicted; or
 - b. Repossession by any entity acting on behalf of the **owner** of the **covered auto**.

This exclusion does not apply to the interests of loss payees in a **covered auto**. If **we** pay the loss payee, **you** must reimburse **us** for payment.

21. Damage caused directly or indirectly by any of the following:
 - a. Water leakage or seepage;
 - 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.

22. **Loss** arising out of or resulting from, in whole or in part, any actual, alleged, or threatened migration; release; existence; or presence of, or actual, alleged, or threatened exposure to, any mold, mildew, fungus or other microbes. This includes any type or form of: (i) decomposing or disintegrating organic material or microorganism; (ii) organic surface growth on moist, damp, or decaying matter; (iii) yeast or spore-bearing plant-like organism; or (iv) spores; scents; toxins; mycotoxins; bacteria; viruses; or any other by-products produced or released by any mold, mildew, fungus, or other microbes.
23. **Loss** caused by or as any consequence of:
 - a. War, whether declared or undeclared;
 - b. Civil war;
 - c. Insurrection;
 - d. Rebellion or revolution;
 - e. Radioactive contamination; or
 - f. Nuclear reaction or radiation, whether controlled or uncontrolled or however caused.
24. **Loss** to a **covered auto** while being used in any manner by an **undisclosed operator**.
25. **Loss** to a **covered auto** while being used in any manner by any person who is specifically excluded from coverage under this Policy by the **named insured**, if the **named insured** is an individual, or by an authorized representative if the **named insured** is an organization.
26. **Loss** to a **covered auto** prior to its delivery to **you**.
27. Damage due and confined to:
 - a. Prior **loss** or damage;
 - b. Manufacturer's defects or faulty materials; and
 - c. **Your** lack of routine and/or proper maintenance as prescribed by the manufacturer.
28. **Loss** resulting from the purchase of a **covered auto** from any person or organization other than the **auto's** rightful **owner**.
29. Amounts incurred for:
 - a. Mileage;
 - b. Fuel;
 - c. **Collision** damage waiver;

- d. Navigation devices;
- e. Insurance; or
- f. Tolls.

30. **Loss** to a **covered auto** that occurs while it is being used in a **personal vehicle sharing** program.
 31. **Diminution in value** to a **covered auto**.
 32. **Loss** arising out of the operation of a **covered auto** by any driver not meeting legal age requirements to operate a vehicle in the state in which the **covered auto** is principally garaged.
- B. **We** do not provide coverage for **loss** arising out of the **ownership**, maintenance or use of:
1. Any vehicle that has less than four wheels or which is designed for use mainly off public roads such as any type of all-terrain or quad vehicle, dune buggy, go-cart, or golf cart. This exclusion does not apply to **your trailer**.
 2. A **covered auto** that:
 - a. Has been rented, leased, subleased, loaned or given by **you** or a **family member** to another party in exchange for money, value, goods, services, compensation or reimbursement;
 - b. Has been given in exchange for compensation;
 - c. Is under a conditional sales agreement by **you** to another; or
 - d. Has been entrusted to anyone other than **you** or a **family member** for consignment; sale; promoting sale; subleasing; leasing; renting; or selling and is no longer in **your** possession.

LIMIT OF LIABILITY

- A. **Our** limit of liability for **loss** shall not exceed the lowest of the:
1. **Actual cash value** reduced by:
 - a. The applicable deductible shown on the **Declarations Page**; and
 - b. Its salvage value if **you** or the **owner** retain the salvage;
 2. Amount necessary to replace the stolen or damaged property, or its parts if the **loss** is limited to parts, reduced by:
 - a. The applicable deductible shown on the **Declarations Page**; and
 - b. Its salvage value if **you** or the **owner** retain the salvage;
 3. Amount necessary to repair the physical damage to the **covered auto**, or its parts if the **loss** is limited to parts, to return it to its pre-loss physical condition, reduced by the applicable deductible shown on the **Declarations Page**; or
 4. Stated amount shown on the **Declarations Page**, if any.

B. A deduction for **depreciation** and betterment will be made from the amount **we** will pay for repair or replacement of the damaged or stolen property, or any part thereof, if the repair or replacement results in better property or in a better part with regard to:

1. Its market value;
2. The useful life of the part; or
3. The improvement of the condition of the **auto** considering wear and tear and damage that existed prior to the **loss**.

Our adjustment to the amount payable by **us** due to betterment or **depreciation** on parts replaced includes, but is not limited to:

1. Batteries;
2. Tires;
3. Engines;
4. Transmissions; and
5. Any other parts that wear out over time or have a finite useful life or duration typically shorter than the life of the **auto** as a whole. This does not include external crash parts, wheels, windshields or other glass.

C. An adjustment for **depreciation** and betterment will be made in determining **actual cash value** in the event of a total **loss**.

D. In repairing damaged property, **we** may specify the use of mechanical, non-safety related automobile parts not made by the original manufacturer. These parts will be at least equal in terms of fit, quality, performance and warranty to the original manufacturer parts they replace. Warranties applicable to non-**OEM** parts may be provided by the manufacturer or distributor of these parts rather than the manufacturer of the **covered auto**. If **we** specify the use of non-**OEM** parts, **we** will identify each such part on **your** repair estimate.

E. In determining the amount necessary to repair the damaged parts, **we** will not pay more than the prevailing competitive labor rates charged in the area in which the property is to be repaired. **We** will also not pay more than the cost of repair or replacement parts as reasonably determined by **us**. **Our** liability for the cost of repairing damaged property is limited to the amount needed to perform physical repairs to the stolen or damaged property. PART D > COVERAGE FOR DAMAGE TO YOUR AUTO does not cover, and **we** will not pay for, **diminution in value**.

F. If there is a stated amount **you** declared on the application or endorsement for a specific **auto** shown on the **Declarations Page**, that stated amount is the most **we** will pay for **loss** to that **auto**, including its permanently attached equipment.

G. Further, if the stated amount **you** declared on the application or endorsement is less than 90% of the **actual cash value** at the time of **loss** to a **covered auto**, **you** will share with **us** in the cost of repair or replacement as follows:

1. **We** will pay the same portion of the **loss** which the stated amount bears to 90% of the **actual cash value** of a **covered auto** at the time of **loss**.
2. **We** will reduce the payment of **loss** by the Auto Damage deductible shown on the **Declarations Page** prior to calculating the proportionate amount **we** will pay.

For illustrative purposes only, the following example provides steps for calculating the proportionate amount **we** will pay:

Stated Amount = \$7,000

Actual cash value (ACV) = \$10,000

90% of ACV = \$9,000

Deductible = \$1,000

Loss Amount = \$5,000

Stated Amount / 90% of ACV = Proportionate Amount

$\$7,000 / \$9,000 = 78 \%$

(Loss Amount – Deductible) x Proportionate Amount = Amount Paid

$(\$5,000 - \$1,000) \times .78 = \$3,111$

H. In the event of a total **loss** to an **auto** listed on the **Declarations Page**, **you**, or someone on **your** behalf, must provide **us** the key to such **auto** at **our** request. If **we** are not provided the key to such **auto**, **we** will reduce any amount payable to **you** by \$250 because of:

1. The cost in duplicating the key; or
2. The loss in salvage value.

This provision will not apply if **you** retain the salvage.

I. Payments for **loss** covered under this PART D are subject to the terms set forth here:

1. No more than one deductible shall be applied to any one covered **loss**.
2. In determining the amount necessary to repair damaged property to its pre-**loss** condition, the amount to be paid by **us** will be based on the cost of repair or on the cost of replacement parts and equipment which may be new, reconditioned, remanufactured or used including, but not limited to:
 - a. Original manufacturer parts or equipment; and
 - b. Non-**OEM** parts or equipment.

3. The **actual cash value** is determined by the market value, age and condition of the vehicle at the time the **loss** occurs.
 4. Duplicate recovery for the same elements of **loss** is not permitted. No one will be entitled to receive duplicate payments for the same elements of **loss** under this coverage and:
 - a. Any other coverage provided by this Policy; or
 - b. Under any other insurance or source of recovery.
- J. **We** have no duty to pay the **actual cash value** of window glass or to replace window glass after a **loss** if **you** agree to have the window glass repaired at **our** expense.

PAYMENT OF LOSS

- A. At **our** option, **we** may:
1. Pay for, repair or replace damaged or stolen property;
 2. Return the stolen property to **you** or to the address last known by **us** at **our** expense. **We** will pay for direct physical damage to a **covered auto** resulting from the theft subject to the **LIMIT OF LIABILITY** section; or
 3. **We** may keep all or part of the damaged or stolen property at the agreed or appraised value, but there shall be no abandonment to **us**.
- B. **We** may make payment for a **loss** to **you**, the owner of the property, the repair facility or to any applicable lienholder and/or loss payee. Payment for a **loss** is required only if **you** have fully complied with the policy provisions.
- C. When **we** make a payment of any amount due under this PART II to **you**, the lienholder and/or loss payee or to anyone on **your** behalf, **we** may deduct from the payment any premium or fees that are due and unpaid under the Policy.
- D. If **we** make a payment for theft or total **loss** of an **auto**, **you** or the **owner** must transfer the title of that **auto** to **us** at or before the time of payment, unless **you** or the **owner** keep the salvage of a totaled **auto**.
- E. A party with an additional interest in a **covered auto** shall have no greater rights than **your** rights to recover for a **loss**.

PERMISSION TO RELEASE VEHICLE

This Policy allows **us** to act as an agent on **your** behalf in the event a **covered auto** is non-drivable and incurring storage and/or any additional **accident** related expenses thus conferring authority for **us** to move the **covered auto** to a secure, storage free inspection facility.

NO BENEFIT TO BAILEE

This insurance shall not in any way benefit directly or indirectly any person, organization or other bailee caring for or handling property for a fee.

OTHER SOURCES OF RECOVERY

If other insurance 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 limits 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.

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, licensed and impartial appraiser within fifteen (15) days of the demand for appraisal. If the appraisers agree on the amount of the **loss**, they shall submit a written report to **us** and this shall be deemed to be the amount of the **loss**.
- B. If the appraisers cannot agree on the amount of **loss** within a reasonable time, they shall then choose a competent, impartial umpire. If they cannot agree on an umpire within fifteen (15) days, either **you** or **we** may petition a judge of a court having jurisdiction to choose 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. Subject to the provisions of the Policy, a written agreement signed by two of these three will be binding.
- C. Each party will:
1. Pay its chosen appraiser; and
 2. Bear the expenses of the appraisal and umpire equally.
- D. By agreeing to an appraisal, **we** do not waive any of **our** rights or defenses under this Policy, including **our** right to deny the claim.
- E. Appraisers have authority only to decide the amount of the **loss**. The appraisers have no authority to:
1. Make any coverage decisions under the Policy; or
 2. Award any fees, interest or costs.

LOSS PAYABLE CLAUSE

- A. Subject to all the terms of this Policy, **loss** or damage shall be paid, as interest may appear, to the **named insured** and/or the loss payee shown on the **Declarations Page** of this Policy, both jointly or separately, at **our** discretion.
- B. The loss payee's interest will not be protected if the **loss** results from **your** fraudulent acts or omissions, conversion, secretion or embezzlement of a **covered auto** or if the **loss** is not payable to **you** under the terms of this Policy.

- C. **We** reserve the right to cancel or nonrenew this Policy as permitted by policy terms and state law. The cancellation or nonrenewal shall terminate this agreement as to the loss payee's interest. If **we** are required by law or regulation to give the loss payee notice of cancellation, **we** will give such notice in accordance to such law or regulation. In addition, any continuance of coverage protecting the loss payee's interest shall terminate on the effective date of a policy contract or insurance binder for similar coverage issued by another insurance carrier.
- D. In the event the loss payee makes a claim under this Policy, the loss payee shall be required to abide by all terms and conditions of this Policy applicable to **you** and shall have no greater rights than **you** to receive payment.
- E. When **we** pay the loss payee, **we** shall, to the extent of payment, be subrogated to the loss payee's rights of recovery.
- F. This clause has no effect if the name of the loss payee is not shown on the **Declarations Page**.

GENERAL PROVISIONS

ADDITIONAL DEFINITIONS USED IN THIS SECTION

- A. "**Mail**", "**mailing**" or "**mailed**" means:
 - 1. Delivery by **us** to any of the following:
 - a. United States Postal Service; or
 - b. Public or private mail carrier;
 - 2. Sent by **us** through electronic transmission, if not prohibited by state law; or
 - 3. Any other methods allowed by law.
- B. "**Proof of mailing**" means sufficient evidence that a correspondence or notice has been presented to the United States Postal Service for mailing. **Proof of mailing** includes, but is not limited to, any form of certificate of mailing or certificate of bulk mailing issued by the United States Postal Service, including a Certificate of Bulk Mail or any other form allowed by state law.

BANKRUPTCY

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

CHANGES

- A. This Policy, along with the **Declarations Page** and Application, which are incorporated into and made part of this Policy, and any endorsements issued by **us**, contain all the agreements between **you** and **us**. Its terms may not be changed or waived except in writing by **us**.
- B. The premium for each **covered auto** is based on information **we** have received from **you** or other sources. **You** agree:

- 1. 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.
- 2. To cooperate with **us** in determining if this information is correct and complete.
- 3. To advise **us** of any changes such as the following which **we** consider material to the development of the Policy premium:
 - a. The number or types of **covered autos**;
 - b. The operators using the **autos** insured under **your** Policy (either additions or deletions);
 - c. People **residing** in **your** household;
 - d. **Your** address and/or the principal place where **you** garage any of the **autos** insured under this Policy;
 - e. The use of **autos** insured under **your** Policy;
 - f. **You** or a **family member** obtain a driver's license or operator's permit or have a driver's license revoked, suspended or reinstated;
 - g. The marital status of **you**, a **family member** or any regular operator;
 - h. Coverages, coverage limits or deductibles;
 - i. Eligibility for discounts or surcharges or other premium credits or debits; or
 - j. Other factors permitted by law.
- C. 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. **Autos** insured under the Policy;
 - 2. Use of the **autos** insured under the Policy;
 - 3. Drivers;
 - 4. Coverages or coverage limits;
 - 5. Principle place where **you** garage any of the **autos** insured under this Policy;
 - 6. Eligibility for discounts or surcharges or other premium credits or debits;
 - 7. Marital status; or
 - 8. Other factors permitted by law.
- D. **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 **your** state. 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.

- E. If **you** ask **us** to delete an **auto**, no coverage will apply as of the date and time **you** ask **us** to delete such **auto**.
- F. If **we** make a change to this Policy during the policy period that broadens any coverage without an additional premium charge, **you** will have the broadened coverage if that coverage is in effect on the date of change. The effective date of a change will be the date **we** implement that change in the state in which the Policy is written.

ADDITIONAL PREMIUM AGREEMENT

You acknowledge that the premium for each term of **your** Policy is determined by information in **our** possession at the inception date of the policy period. Any change in this information during the policy period which would affect the rating of **your** Policy gives **us** the right to make an additional charge on a pro-rata basis. In addition, **you** have a duty to inform **us** of any such change.

1. If a premium adjustment is necessary because of an error made by **us** or **our** agent, **we** shall:
 - a. Notify **you** of the nature of the error and the amount of additional premium required; and
 - b. Offer to cancel the Policy pro rata based on the original (incorrect) premium for the period for which coverage was provided; or
 - c. Offer to continue the Policy for its full term with the correct premium applying for the entire term.
2. If **you** or anyone on **your** behalf supply **us** with fraudulent statements, omissions or concealment of material fact, **we** may void the Policy or revise the premium charged. If **we** revise the premium, **we** shall:
 - a. Correct the premium or rate retroactive to the effective date of the Policy; and
 - b. Notify **you** of the reason for the amount of the change. **You** may cancel the Policy by not paying the additional premium. **We** will notify **you** of the date such cancellation becomes effective and compute any return premium based on the correct premium.
3. In the event **we** discover that additional premium is due when **we** adjust a claim under PART D > COVERAGE FOR DAMAGE TO YOUR AUTO, **you** agree that such a premium may be deducted from the amount of payment otherwise due under PART D if such payment is to benefit **you** either directly or indirectly.

SETTLEMENT OF CLAIMS

We may use estimating, appraisal, or injury evaluation systems or tools to determine any amounts to be paid under this Policy. These systems or tools may be developed by **us** or by third parties and may include computer software, databases and special technology.

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 > LIABILITY COVERAGE, no legal action may be brought against **us** unless:
 1. **We** agree in writing that the **insured** has an obligation to pay for damages due to a covered **accident**; 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 an **insured**.
- C. If **we** retain salvage, **we** have no duty to preserve or otherwise retain the salvage for any purpose, including as evidence for a legal proceeding absent any specific and formal written request to do so.
- D. Any lawsuit against **us** for benefits under any part of this Policy, or any lawsuit filed against **us** by an **insured** following an **accident**, must be commenced within the time period set forth in the bodily injury statute of limitations in the law of the state where the **accident** occurred.

OUR RIGHT TO RECOVER PAYMENT

- A. If **we** make a payment under this Policy and the person or organization to or for whom payment was made has a right to recover damages from another, **we** shall be subrogated to that right. That person or organization shall:
 1. Do whatever is necessary to enable **us** to exercise **our** rights;
 2. Do nothing after an **accident** or **loss** to prejudice **our** rights;
 3. Deliver to **us** any legal papers relating to that recovery;
 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 under .PART B > FIRST PARTY BENEFITS of this Policy against a claimant's tort recovery or under PART D > COVERAGE FOR DAMAGE TO YOUR AUTO of this Policy against any person using a **covered auto** with the **owner's** express or implied permission.

- B. If **we** make a payment under this Policy and the person or organization 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.
- C. If **we** pursue recovery from a liable party:
1. **You** permit **us** to seek recovery of any deductible that may apply, but **we** have no duty to do so. **We** will notify **you** if **we** do not intend to collect the deductible.
 2. **We** reserve the right to compromise or settle the deductible and property damage claims against the responsible parties for less than the full amount. For those sums, **you** agree to be bound by:
 - a. A settlement agreement entered into by **us** and the liable party; or
 - b. The outcome of appraisal or arbitration.
 3. If the total recovery is less than the total of **our** payment and the deductible, **we** will reduce reimbursement of the deductible to **you** based on the proportion that the actual recovery bears to the total of **our** payment and the deductible.
 4. Any reimbursement to **you** by **us** will be reduced by a proportionate share of expenses and attorney fees incurred due to the recovery.
- D. If **we** make a payment to, or on behalf of, anyone insured under this Policy which is not covered by this Policy but is compelled by law then, to the extent allowed by law, **you** must reimburse **us** to the full extent of all **loss** or damages paid by **us** and **our** claims adjustment expenses.

POLICY PERIOD AND TERRITORY

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

This Policy also applies to covered **accidents** or covered **losses** while the **auto** insured under this Policy is being transported between their ports.

PREMIUM DUE ON POLICIES

- A. 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**. **We**

may also provide **you** with special offers that may be applied toward the purchase of products offered by an affiliate or business partner of **ours**.

- B. In addition, **our** affiliate or business partner may:
1. Provide **you** with 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.

POLICY TERMINATION

A. Cancellation

1. This Policy may be cancelled during the policy period as follows:
 - a. **You** may cancel by:
 - i. Returning this Policy to **us**; or
 - ii. Giving **us**, or **our** authorized representative, advance written notice of the date cancellation is to take effect. The effective date of the cancellation shall be either the date **we** receive such notice or the date specified in the notice, whichever is later. **We** may, at **our** option, waive the requirement that the notice state a future date for cancellation and cancel the Policy as of the effective date shown in the notice.
 - b. **We** may cancel this Policy by **mailing** a notice of cancellation to the **named insured** at the address last known by **us**:
 - i. At least fifteen (15) days before the effective date of cancellation:
 - (a) If **you** have failed to pay a premium when due, whether the premium is payable directly to **us** or **our** agents or indirectly under a premium finance plan or extension of credit; or
 - (b) If **you** have made a material misrepresentation which affects the insurability of the risk.
 - ii. At least thirty (30) days before the effective date of cancellation if **we** cancel this Policy during the first fifty-nine (59) days; or
 - iii. At least sixty (60) days before the effective date of cancellation in all other cases.

2. When this Policy has been in effect for less than sixty (60) days, **we** may cancel this Policy for any lawful reason. Notice of Cancellation will be provided as required by state law.

3. After this Policy is in effect for sixty (60) days, or if this is a renewal or continuation policy, **we** will cancel only for one or more of the following reasons:
 - a. **You** have made a material misrepresentation which affects the insurability of the risk.
 - b. **You** have failed to pay a premium when due, whether the premium is payable directly to **us** or **our** agents or indirectly under a premium finance plan or extension of credit.
 - c. A condition, factor or loss experience material to insurability has changed substantially or a condition, factor or loss experience material to insurability has become known during the policy period.
 - d. Loss of reinsurance or substantial decrease in reinsurance has occurred, which loss or decrease at the time of cancellation shall be certified to the Insurance Commissioner, as directly affecting in-force policies.
 - e. Material failure to comply with policy terms, conditions or contractual duties.
 - f. The policy was obtained through fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by the company.
 - g. Other reasons that the Insurance Commissioner may approve.

B. Nonrenewal

If **we** decide not to renew or continue this Policy, **we** will **mail** notice to the **named insured** at the address last known by **us**. Notice will be **mailed** at least sixty (60) 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 this 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

1. If **we** offer to renew or continue **your** Policy and **you** or **your** representative do not accept, this Policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that **you** have not accepted **our** offer.
2. If a **covered auto** is sold or transferred to someone other than **you** or a **family member**, insurance provided by this Policy will terminate as to that **auto** on the effective date of the sale or transfer.
3. Nothing in this **POLICY TERMINATION** section shall waive **our** rights to void this Policy, if permitted by law.

D. Payment Of Premium

1. If **you** pay **your** initial premium for any new policy by any remittance other than cash, the coverage offered by this Policy is conditioned on that remittance being honored upon presentment by the financial institution. If the 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. If the Policy is void from inception, it will not be subject to the Cancellation provisions of this Policy. This means that **we** will not be liable under this Policy for any claims or damages which would otherwise be covered if the remittance had been honored upon presentment. If **we** are required by law to make any payment after **we** void this Policy, **you** must pay **us** for all expenses incurred and payments made. **Our** right to void this Policy will not be affected if **we** submit the remittance for payment more than once.
2. If **you** make a premium payment for a renewal of **your** Policy using an uncollectible instrument, **our** offer of policy renewal is deemed rejected by **you** and the Policy terminated without renewal. **Our** right to void this Policy will not be affected if **we** submit the remittance for payment more than once.
3. Examples of an uncollectible instrument and payment not being honored upon presentment include, but are not limited to:
 - a. Checks dishonored or refused due to insufficient funds;
 - b. Checks drawn from closed accounts;
 - c. Invalid credit cards or credit card charges dishonored or refused by the issuing financial institution; and
 - d. Electronic Funds Transfer (EFT) or Automated Clearing House (ACH) transfers or payments from a financial institution or similar account that are refused, dishonored or rejected.
4. If any of these acts or events occur at initial application or at any time during the policy period, it shall be deemed to be nonpayment of premium.

E. Other Termination Provisions

1. If the law in effect at the time this Policy is issued, renewed or continued:
 - a. Requires a longer notice period;
 - b. Requires a special form of, or procedure for, giving notice; or
 - c. Modifies any of the stated termination reasons;**we** will comply with those requirements.
2. If not prohibited by state law, **we** may deliver any notice in person instead of **mailing** it.

3. **Proof of mailing** of any notice shall be sufficient proof of notice.
4. If this Policy is canceled or terminated, the premium refund, if any, will be computed on a pro-rata basis. If the policy is canceled at **your** request, the refund, if any, will be calculated on a short-rate basis. However, making or offering to make the refund is not a condition of cancellation.
5. Any notice stating the Policy has ended shall terminate all coverages under this Policy as of the effective date in the notice.

F. Reinstatement Of Coverage

1. Policies that have been canceled, terminated, nonrenewed or expired may be eligible, at **our** discretion, for reinstatement of coverage. Requirements for reinstatement include but are not limited to:
 - a. No **accidents** or **losses** against the Policy during the canceled, terminated, nonrenewed or expired period; and
 - b. All money due on the Policy must be received.
2. If there was an **accident** or **loss** against the Policy during the canceled, terminated, nonrenewed or expired period, then the reinstatement will be voided, if allowed by law, and the policy will remain canceled, terminated, nonrenewed or expired.
3. If the Policy is reinstated and the payment received is not honored for any reason, the reinstatement will be voided, if allowed by law, and the Policy will remain canceled, terminated, nonrenewed or expired.

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**, if an individual, coverage will be provided until the end of the policy period or cancellation date, whichever is earlier, for:

1. The **named insured's** surviving spouse, if such person **resides** in the **named insured's** household at the time of the **named insured's** death. Coverage applies to the spouse as if a named insured shown on the **Declarations Page**.
2. The legal representative of the deceased person while acting within the scope of the duties of a legal representative. This applies only with respect to the representative's legal responsibility to maintain or use a **covered auto**.
3. Any person having proper custody of a **covered auto** until a legal representative is appointed but in no event for more than thirty (30) days after the date of such death.

MISREPRESENTATION AND FRAUD

A. This Policy was issued in reliance on the information provided on **your** written or verbal insurance Application. **We** reserve the right, at **our** sole discretion, to void from inception or rescind this Policy if **you** or a **family member**:

1. Made any false statements or representations to **us** with respect to any material fact or circumstance; or
2. Concealed, omitted or misrepresented any material fact or circumstance or engaged in any fraudulent conduct;

in the Application for this insurance or when renewing this Policy, requesting reinstatement of this Policy or applying for any coverage under this Policy.

A fact or circumstance will be deemed material if **we** would not have:

1. Written this Policy;
2. Agreed to insure the risk assumed; or
3. Assumed the risk at the premium charged.

This includes, but is not limited to, failing to disclose in the verbal or written Application all persons **residing in your** household or regular operators of a **covered auto**.

- B. This Policy shall be void if **you** fail to notify **us** of any change to the Policy that materially affects **our** acceptance or rating of this risk.
- C. If **we** void this Policy, the Policy will be void from its inception, and **we** will not be liable for any claims or damages that would otherwise be covered.
- D. **We** may cancel this Policy and/or may not provide coverage under this Policy if **you**, a **family member** or anyone else seeking coverage under this Policy concealed or misrepresented any material fact or circumstance or engaged in fraudulent conduct in connection with the presentation or settlement of a claim. This includes, but is not limited to, misrepresentation concerning a **covered auto** or **your** interest in a **covered auto**.
- E. **We** may, at **our** sole discretion, void or rescind this Policy for fraud or misrepresentation even after the occurrence of an **accident** or **loss**. This means that **we** will not be liable for any claims or damages which would otherwise be covered.
- F. If **we** make a payment under this Policy for a **loss** or **accident** to **you** or to a person seeking coverage under this Policy which **we** later discover was obtained through fraud, concealment or misrepresentation by **you** or the person seeking coverage under this Policy, **we** reserve the right, at **our** sole discretion, to recover such payment made or incurred.

INSPECTION AND AUDIT

- A. **We** shall have the right to inspect **your** property and operations at any time. This includes, but is not limited to, the right to inspect and audit the maintenance of any **covered auto**, the identity of **your** drivers and their driving records, and **your** radius of operations. In doing so, **we** do not warrant that the property or operations are safe or healthful or are in compliance with any law, rule or regulation.
- B. **We** shall also have the right to examine and audit **your** books and records at any time during the policy period and any extensions of that period and within three years after termination of the Policy, as far as they relate to the subject matter of this insurance.

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 AUTO POLICIES

If this Policy and any other **auto** policy issued to **you** by **us**, or any company affiliated with **us**, apply to the same **accident** or **loss**, the total limit of **our** liability under all the policies shall not exceed the highest applicable limit of liability under any one policy. However, no one will be entitled to receive duplicate payments for the same elements of damage.

TERMS OF POLICY CONFORM TO STATUTES

If any provision of this Policy fails to conform to the statutes of the state in which this Policy is written, the provision shall be deemed to conform to such statutes. All other provisions shall be given full force and effect. Any disputes as to the coverages provided or the provisions of this Policy shall be governed by the law of the state in which this Policy is written.

JOINT AND INDIVIDUAL INTERESTS

You may change or cancel this Policy; however, **your** action(s) shall be binding on all persons provided coverage under this Policy.

ELECTRONIC SIGNATURE

- A. **You** and **we** agree that electronic signatures may be used and will satisfy any regulatory or other requirement for written signatures. When a law requires:

1. A signature on any form or document; or
2. A letter or document to be notarized, verified, 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.

- B. **You** and **we** agree that electronic signatures shall include, but are not limited to, any assent; acceptance; agreement; election; selection; and rejection sent via e-mail; internet; text message; or fax; or done as a recorded telephonic signature or assent, when done with the intent of the person to be bound, as if signed in writing.

LIMITATION OF USE

You agree that the premium charged for the coverages shown on the **Declarations Page** is based on the commercial use of the **autos** described in the Policy. **You** also agree that the **autos** will be confined during the policy period to the territory within the stated mile radius of the city or town where the **autos** are principally garaged.

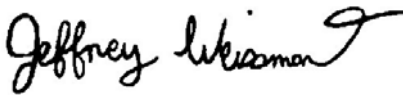
MEXICO - COVERAGE EXCLUSION WARNING

- A. **Accidents** in Mexico are subject to the laws of Mexico, not the laws of the United States. Under Mexican law, **accidents** are considered a criminal offense as well as a civil matter.
- B. This policy does NOT provide coverage for any claim arising from an **accident** or **loss** involving a **covered auto** or an **auto you** do not own while in Mexico. To avoid complications, **you** should purchase insurance from a licensed Mexican insurance company.

In witness whereof, **we**, as officers of the Company, have caused this Commercial Automobile Policy to be executed and attested. If required by state law, this Policy shall not be valid unless countersigned by **our** authorized representative.

A handwritten signature in black ink, appearing to read "Barry S. Karfunkel". The signature is stylized with a large, sweeping flourish at the end.

Barry S. Karfunkel
President

A handwritten signature in black ink, appearing to read "Jeffrey Weissmann". The signature is written in a cursive style.

Jeffrey Weissmann
Secretary

