

California Personal Automobile Policy

NATIONAL
GENERAL[®]
an **Allstate**[®] company

PO Box 3199, 450 W. Hanes Mill Rd Ste 101
Winston-Salem NC 27102-3199

Integon National Insurance Company

10954NG (01012022)

**California
Personal Automobile Policy**

This policy is a legal contract between **you** and **us**. These policy provisions along with the Declarations page, applications, and endorsements, if any, issued to form a part thereof, complete this policy. **IMPORTANT:** Please read **your** California Personal Auto Policy and any endorsements carefully as they contain language which may restrict or exclude coverage. The policy specifically addresses who may use **your insured auto** and under what conditions coverage will be afforded.

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

NOTICE: For your protection, California law requires the following to appear on this form.

“Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.”

Table of Contents

AGREEMENT	1	PART C(II) – UNINSURED MOTORIST PROPERTY	
DEFINITIONS USED THROUGHOUT		DAMAGE	11
THIS POLICY	1	PART D- COVERAGE FOR DAMAGE TO AN	
PART A – LIABILITY COVERAGE	3	INSURED AUTO	14
PART B- MEDICAL PAYMENTS COVERAGE	6	PART E - DUTIES AFTER AN ACCIDENT OR LOSS	
PART C(I)- UNINSURED MOTORIST BODILY		– FILING A CLAIM	18
INJURY COVERAGE	8	PART F – GENERAL PROVISIONS	20

THIS IS A RESTRICTED POLICY

The reduced coverage disclosures are incorporated in this policy and made part of this policy.

REDUCED LIMITS OF LIABILITY

THE MAXIMUM AMOUNT PAYABLE FOR “BODILY INJURY” AND “PROPERTY DAMAGE” UNDER PART A – LIABILITY COVERAGE OF THIS POLICY SHALL BE [\$15,000/\$30,000/\$5,000] FOR DRIVERS NOT LISTED IN THE DECLARATIONS AND UNDER SPECIFIED SITUATIONS SET FORTH IN THE POLICY AND ENDORSEMENTS. THESE LOWER LIMITS APPLY EVEN IF THE LIMITS OF LIABILITY SHOWN IN “YOUR” DECLARATIONS ARE HIGHER.

AGREEMENT

This policy is issued and renewed in reliance upon the truth and accuracy of the representations made in the application for this insurance. The terms of this policy impose obligations on **you**. The responsibilities, acts and/or omissions, in connection with this insurance, shall be binding on **you**. **We** agree with **you**, in return for **your** premium payment, to insure **you** subject to all the terms of this policy. **We** will insure **you** for the coverages and the limits of liability for which premium is shown in the Declarations of this policy.

DEFINITIONS USED THROUGHOUT THIS POLICY

The following words and phrases in bold letters have special meaning when used throughout this policy and, unless specifically modified, in any endorsement.

1. **"Accident"** means a sudden, unexpected and unintended occurrence from the standpoint of the **insured** which causes **bodily injury** or **property damage**. An **accident** can only be caused by the operation, maintenance or use of an **auto** as it was designed to be used. All **bodily injury** or **property damage** caused by or arising from the same or a similar occurrence will be deemed to be caused by one **accident** regardless of the amount of time between occurrences.
2. **"Actual cash value"** means the fair market value of the stolen or damaged property at the time of **loss**.
3. **"Auto"** means a self-propelled land motor vehicle of the private passenger type with four wheels that is designed for use on public roads and subject to motor vehicle registration. An **auto** also includes a pick-up, sedan, delivery, panel truck or utility type with a capacity of one ton or less and not used in a **business**, other than farming or ranching, by **you**, a **resident** or a **family member**.
4. **"Auto business"** means a **business** of selling, repairing, servicing, storing or parking **autos** for use mainly on public highways. This includes road testing and delivery.
5. **"Bodily injury"** means bodily harm, sickness or disease, including death that results therefrom. **Bodily injury** does not include harm, sickness, disease or death arising out of a medically defined sexually transmitted disease contracted by any person nor the exposure of such a disease by any person to any other person.
6. **"Business"** means a part-time or full-time trade, profession, job, course of employment or occupation.
7. **"Child passenger restraint system"** means a system described in California Vehicle Code Section 27360. The **child passenger restraint system** must meet the applicable federal motor vehicle safety standards.

8. **"Crime"** means any felony or act which is the subject of felony charges committed while, or that arises out of, maintaining, operating or using any vehicle. **"Crime"** also includes, but is not limited to, the following acts that are, may be held to be, or arise out of, a felony: any illegal trade or transportation; negligent entrustment; driving while intoxicated or under the influence of any substance; and any act calculated to elude law enforcement.
9. **"Depreciation"** means decline of value due to wear and tear or obsolescence.
10. **"Derivative claims"** include, but are not limited to, damages for care, emotional injury, mental anguish, loss of society, loss of companionship, loss of services, loss of consortium and wrongful death resulting from **bodily injury** to another.
11. **"Family member"** means a person living in **your** household that is related to **you** or **your** spouse by blood, marriage, registered domestic partnership under California Family Code 297 and 298, or adoption, including a ward or foster child. **Family member** includes **your** spouse if he/she lives in **your** household. A spouse includes a **registered domestic partner**. **Family member** does not include a roommate, housemate, or unmarried cohabiter.
12. **"Insured auto"** means:
 - a. Any **auto** owned by **you** and specifically described in the Declarations.
 - b. A replacement **auto** owned by **you** that:
 - i. is a private passenger **auto** with a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 pounds;
 - ii. is eligible for coverage pursuant to **our** underwriting criteria; and
 - iii. permanently replaces an **auto** expressly described in the Declarations.A replacement **auto** will have the same coverage as the **auto** it replaces if **you**:
 - i. acquire the **auto** during the policy period;
 - ii. insure all of the **autos you own** with **us**; and
 - iii. ask **us** to provide coverage for that **auto**.**COVERAGE FOR THE REPLACEMENT AUTO WILL BE IN EFFECT NO EARLIER THAN THE TIME AND DAY ON WHICH YOU ASK US TO ADD COVERAGE. ALL INSURANCE FOR THE AUTO BEING REPLACED TERMINATES ON THE DATE YOU TAKE DELIVERY OF THE REPLACEMENT AUTO.**
 - c. An additional **auto** owned by **you** that is:
 - i. a private passenger **auto** with a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 pounds; and

- ii. eligible for coverage pursuant to **our** underwriting criteria.

An additional **auto** will have the broadest coverage **we** now provide for any **auto** shown in the Declarations, if **you**:

- i. acquire the **auto** during the policy period;
- ii. insure all of the **autos you own** with **us**; and
- iii. ask **us** to provide coverage for that **auto**.

COVERAGE FOR AN ADDITIONAL **AUTO** WILL BE IN EFFECT NO EARLIER THAN THE TIME AND DAY ON WHICH **YOU ASK US TO ADD COVERAGE**.

- d. Any **utility trailer you own**:
 - i. while attached to an **insured auto**;
 - ii. not used in a **business**; and
 - iii. that is not insured under any other **auto** insurance policy.
- e. Any **auto** or **utility trailer** not owned by, or furnished or available for the regular use of, **you**, a **family member** or a **resident** when used by **you** or a **family member** on a temporary basis as a substitute for any **insured auto** described on the Declarations which is out of normal use because of its:
 - i. breakdown;
 - ii. repair;
 - iii. servicing;
 - iv. **loss**; or
 - v. destruction.

Such temporary substitute must be eligible for coverage pursuant to **our** underwriting guidelines. Under the **Limit of Liability** in PART D – COVERAGE FOR DAMAGE TO AN INSURED AUTO, if the temporary substitute suffers a **loss** while in **your** custody, and **we** choose to pay the **actual cash value** of that **auto**, the most **we** will pay is \$50,000.

- 13. “**Loss**” means sudden, direct and accidental destruction or damage. **Loss** does not include, and **we** will not pay for, **diminution in value**.
- 14. “**Minimum limits**” mean the minimum amount of liability insurance for **bodily injury** and/or **property damage** that is required by law in a **state** which must be provided by a bond or policy of automobile insurance that covers private passenger **autos**.

The **minimum limits** of liability insurance required by California law are:

- a. [\$15,000] each person in any one **accident**, [\$30,000] for two or more persons in any one **accident** for **bodily injury**; and
- b. [\$5,000] for **property damage** in any one **accident**.

- 15. “**Occupy**”, “**occupying**” and “**occupied**” mean a person’s location inside an **auto**.
- 16. “**Own** or **Owned**” means, with respect to a motor vehicle, to have actual legal title and the right to legal possession and control. This includes, but is not limited to, having the right to such possession and control subject to a gift, a conditional sales agreement, mortgage or lease.

For purposes of this policy, an **auto** shall be deemed **owned** by a person if leased:
 - a. Under a written agreement to that person; and
 - b. For a continuous period of at least six (6) months.
- 17. “**Permissive driver**” means a person who is not listed on the Declarations and who uses an **insured auto** with, and within the scope of, **your** express or implied permission.
- 18. “**Property damage**” means physical damage to, or destruction of, tangible property, including loss of its use.
- 19. “**Racing**” means preparation for, and/or participating in, a speed contest, demolition, stunting contest, hill climb, performance contest, exhibition or activity, or the event itself whether or not in an organized setting.
- 20. “**Registered domestic partner**” means two consenting individuals who are 18 years or older and are in a committed relationship with a same sex partner who meet the requirements of the California Family Code section 297 and have filed a valid Declaration of Domestic Partnership with the California Secretary of State pursuant to California Family Code section 298.
- 21. “**Resident**” means a person, other than a **family member**, living in **your** household.
- 22. “**State**” means the District of Columbia, any state, territory or possession of the United States and any province of Canada.
- 23. “**Utility trailer**” means a non-powered vehicle designed to be towed on public roads by an **auto**, if not used as a home, office, store, display trailer, passenger trailer, or for **business** purposes.
- 24. “**We**”, “**us**” and “**our**” mean the Underwriting Company shown in the Declarations as providing this insurance.
- 25. “**You**” and “**your**” mean the policyholder named in the Declarations.

PART A – LIABILITY COVERAGE

INSURING AGREEMENT

WE DO NOT PROVIDE LIABILITY COVERAGE FOR AN AUTO THAT IS NOT AN INSURED AUTO UNDER THIS POLICY. THERE IS NO COVERAGE UNDER THIS POLICY IF AN INSURED IS DRIVING ANY OTHER VEHICLE.

Subject to the limit of liability shown in the Declarations, if **you** pay the premium for Liability Coverage, **we** will pay damages for **bodily injury** or **property damage** for which any **insured** is legally responsible because of an **accident**. Damages include prejudgment interest awarded against the **insured** subject to **our** limit of liability for this coverage. Damages do not include punitive or exemplary damages or attorney fees incurred with respect to any claim for punitive or exemplary damages.

We will defend any suit or settle any claim for these damages as **we** think appropriate. If **we** defend, **we** will choose the counsel of **our** choice which may include an in-house counsel. In addition to **our** limit of liability, **we** will pay all defense costs **we** incur. **We** have no duty to defend any suit, settle any claim or pay any judgment for **bodily injury** or **property damage** not covered under this policy. **Our** duty to settle or defend ends when **our** limit of liability for this coverage has been paid.

We will pay for the replacement of a **child passenger restraint system** that was damaged or was in use by a child during an **accident** for which coverage under PART A – LIABILITY COVERAGE of this policy is applicable. No one is entitled to duplicate payments for the same elements of damage in the event the replacement of a **child passenger restraint system** is covered under more than one provision of this policy.

ADDITIONAL DEFINITIONS

As used in PART A, “**insured**” means:

1. **You** for the ownership, maintenance or use of an **insured auto**.
2. A **family member**, if listed as a driver on the Declarations while using an **insured auto**.
3. Any other person listed as a driver on the Declarations while using an **insured auto** with **your** permission.
4. A **permissive driver**.

THE COVERAGE AVAILABLE TO THE PERMISSIVE DRIVER IS LIMITED TO THE MINIMUM LIMITS OF FINANCIAL RESPONSIBILITY REQUIRED BY CALIFORNIA LAW WHICH IS [\$15,000/\$30,000/\$5000].

The following are not considered an **insured** under PART A of this policy:

1. The United States of America or any of its agencies.

2. Any person for **bodily injury** or **property damage** arising from the operation of a vehicle by that person as an employee of the United States Government when the provisions of the Federal Tort Claims Act apply.

ADDITIONAL PAYMENTS

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

1. All costs **we** incur in the settlement of any claim or defense of any suit.
2. For damages covered under this policy, interest accruing after a judgment is entered in any suit **we** defend. **Our** duty to pay interest ends when **we** offer to pay that part of the judgment which does not exceed **our** limit of liability for this coverage.
3. Premiums on appeal bonds and attachment bonds required in any suit **we** defend. But **we** will not pay the premium for attachment bonds for an amount in excess of **our** limit of liability. **We** have no obligation to apply for or to furnish such bonds.
4. Up to \$100 for a bail bond required due to a traffic law violation resulting from an **accident**. The **accident** must result in **bodily injury** or **property damage** covered by this PART A. **We** have no obligation to apply for or furnish such a bond.
5. Reasonable loss of wages, up to \$75.00 a day, because of attendance at hearings, proceedings, or trials at **our** request. This does not include other types of income.
6. Any other reasonable expenses incurred at **our** written request.

EXCLUSIONS

PLEASE READ THE EXCLUSIONS CAREFULLY. IF ANY EXCLUSION APPLIES, **YOU WILL NOT HAVE COVERAGE FOR AN ACCIDENT OR LOSS THAT OTHERWISE WOULD BE COVERED UNDER PART A.**

- A. Liability to others and/or **our** duty to defend does not apply to:
 1. **Bodily injury** or **property damage** arising out of the ownership, maintenance or use of a vehicle while it is being used to carry, transport or deliver persons or property for which there is a fee, charge or compensation of any form to any person for such use. This exclusion (**A.1.**) does not apply to shared-expense car pools.
 2. **Bodily injury** or **property damage** caused intentionally by or at the direction of any **insured**. This applies even if the **bodily injury** or **property damage** is different than what was intended or expected.
 3. Punitive or exemplary damages or attorney fees incurred with respect to any claim for punitive or exemplary damages.

4. **Bodily injury** or **property damage** for which an **insured**:
- is an insured under a nuclear energy liability policy; or
 - 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:

- Nuclear Energy Liability Insurance Association;
- Mutual Atomic Energy Liability Underwriters; or
- Nuclear Insurance Association of Canada.

This exclusion (**A.4.**) applies even if the limits of that insurance are exhausted.

5. Liability imposed upon, or assumed by, any **insured** or the insurer of that **insured** under any workers' compensation law.
6. **Bodily injury** or **property damage** caused or sustained by any person while employed or otherwise engaged in the **auto business** and arising out of the **auto business** operations.
7. **Bodily injury** or **property damage** caused or sustained by any person arising out of the maintenance, operation or use of any vehicle while that person is employed or engaged in any **business**.
8. Property damage to:
- property **owned** or transported by an **insured**; or
 - property rented to, used by or in the care, custody or control of an **insured**. This exclusion (**A.8.b.**) does not apply to a residence or private garage not **owned** by an **insured**.
9. **Bodily injury** or **property damage** arising out of the ownership, maintenance, or use of any motorized vehicle:
- with less than four (4) wheels; or
 - designed mainly for use off public roads while not on public roads.
10. **Bodily injury** or **property damage** occurring while an **insured auto** is rented or leased to others.
11. **Bodily injury** to an employee or fellow employee of an **insured** during the course and scope of employment. This exclusion (**A.11.**) does not apply to **bodily injury** to a domestic employee unless workers' compensation benefits are required or available for that domestic employee.
12. **Bodily injury** or **property damage** arising out of liability assumed by an **insured** under any contract or agreement.
13. **Bodily injury** or **property damage** resulting from the use of a vehicle by a person or persons specifically excluded from coverage under PART A – LIABILITY COVERAGE by an endorsement or under any other provision of this policy.
14. **Bodily injury** or **property damage** arising out of actual, alleged, or threatened discharge, dispersal, release, or escape of any pollutant unless such discharge, dispersal, release, or escape is sudden and accidental and arises directly from collision or upset of an **insured auto**.
15. **Bodily injury** to **you**, a **family member**, a **resident** or any person who is an **insured** under the terms of this policy.
16. **Bodily injury** or **property damage** for which the United States Government is held responsible under the Federal Tort Claims Act.
17. **Bodily injury** or **property damage** arising out of the loading or unloading of any vehicle unless the loading or unloading is by **you** or a **family member**.
18. Charges, fees and administrative expenses for services performed by law enforcement and municipal personnel when responding to an **accident** or **loss**.
19. **Bodily injury** or **property damage** resulting from the use of a vehicle without the owner's permission. This exclusion does not apply to a **family member**, listed on the Declarations, while using an **insured auto** owned by **you**.
20. **Bodily injury** or **property damage** caused by or as a consequence of:
- war, whether declared or undeclared;
 - civil war;
 - insurrection;
 - rebellion or revolution;
 - radioactive contamination; or
 - nuclear reaction or radiation, whether controlled or uncontrolled or however caused.
21. **Bodily injury** or **property damage** caused by the use of firearms or any other weaponry in connection with the ownership, maintenance or use of any vehicle.
- B. **We** do not provide Liability Coverage for the ownership, maintenance or use of:
- Any **auto**, other than an **insured auto**, which is:
 - owned by you**; or
 - furnished or available for **your** regular use.
 - Any **auto**, other than an **insured auto**, which is:

- a. owned by any **family member** or **resident**; or
 - b. furnished or available for the regular use of any **family member** or **resident**.
- C. **NOTICE: THE FOLLOWING ARE EXCLUDED UNLESS PROHIBITED BY LAW. IF THE EXCLUSIONS ARE PROHIBITED BY LAW, THEN ONLY THE MINIMUM LIMITS OF [\$15,000/\$30,000/\$5,000] REQUIRED BY THE FINANCIAL RESPONSIBILITY LAW OF CALIFORNIA WILL APPLY:**
- 1. **Bodily injury** or **property damage** resulting from the ownership, maintenance or use of an **insured auto** while **racing** or while in any **racing** event.
 - 2. **Bodily injury** or **property damage** resulting from the ownership, maintenance or use of an **insured auto** in the commission of, or attempt to commit, a **crime**.
- D. **NOTICE: TO THE EXTENT THAT THE LIMITS OF LIABILITY FOR PART A - LIABILITY COVERAGE EXCEED THE LIMITS OF LIABILITY REQUIRED BY THE FINANCIAL RESPONSIBILITY LAW IN CALIFORNIA, "WE" DO NOT PROVIDE LIABILITY COVERAGE FOR ANY "INSURED":**
- 1. Attempting to elude or evade law enforcement.
 - 2. While operating a vehicle while that **insured** is under the influence of:
 - a. alcohol; or
 - b. a controlled substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. sections 811 and 812. Controlled substances include, but are not limited to, cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.
 - 3. While operating a vehicle without a valid driver's license or permit.
 - 4. For an **auto** driven by a person:
 - a. under the minimum age to obtain a license to operate a private passenger **auto** in the **state** in which the **auto** is registered; or
 - b. under fifteen (15) years of age.

LIMITS OF LIABILITY

- A. If Liability Coverage is payable on behalf of **you** or any person listed in the Declarations as a driver, the following applies:

The limit of liability shown in the Declarations for "each person" for Bodily Injury Liability Coverage is the most **we** will pay for all damages due to **bodily injury** sustained by any one person in any one **accident**. This includes all **derivative claims** arising out of and due to said **bodily injury**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.

Subject to this limit for "each person", the limit of liability shown in the Declarations for "each **accident**" is the most **we** will pay for all damages due to **bodily injury** sustained by two or more persons in any one **accident**. This includes all **derivative claims** arising out of and due to said **bodily injury**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.

The limit of liability shown in the Declarations for each **accident** for Property Damage Liability is the most **we** will pay for all damages to all property resulting from any one **accident**.

- B. If Liability Coverage is payable on behalf of a **permissive driver**, the following applies:

The part of the limit of liability shown in the Declarations for "each person" for Bodily Injury Liability Coverage that does not exceed the **minimum limits** required in California is the most **we** will pay for all damages due to **bodily injury** sustained by any one person in any one **accident**. This includes all **derivative claims** arising out of and due to said **bodily injury**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.

Subject to this limit for "each person", the part of the limit of liability shown in the Declarations for "each **accident**" that does not exceed the **minimum limits** required in California is the most **we** will pay for all damages due to **bodily injury** sustained by two or more persons in any one **accident**. This includes all **derivative claims** arising out of and due to said **bodily injury**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.

The part of the limit of liability shown in the Declarations for each **accident** for Property Damage Liability that does not exceed the **minimum limits** required in California is the most **we** will pay for all damages to all property resulting from any one **accident**.

- C. All **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **accident**.
- D. **We** will pay no more than the maximum limit of liability regardless of the number of:
- 1. **Autos** or premiums shown on the Declarations;
 - 2. **Insureds**;
 - 3. Claims made or lawsuits brought;
 - 4. Claimants;
 - 5. Policies applicable;
 - 6. Vehicles involved in the **accident**; or
 - 7. Premiums paid.

An **auto** and attached **utility trailer** are considered one **auto**. Therefore, the limit of liability will not be increased for an **accident** involving an **auto** with an attached **utility trailer**.

- E. Any amount paid or payable under Medical Payments Coverage or Uninsured Motorist Coverage of this policy shall be deducted from the amounts payable under this PART A.
- F. No one will be entitled to receive duplicate payments for the same elements of damage.

CONFORMITY WITH FINANCIAL RESPONSIBILITY LAWS

When **we** certify this policy as proof of financial responsibility, it will comply with the law to the extent of the coverage required. Any coverage provided under this provision, which is broader than the coverage otherwise provided under this PART A, will be excess over any other valid and collectible insurance. **You** agree to reimburse **us** for any payment made by **us** which **we** would not have been obligated to make under the terms of this policy.

OUT OF STATE INSURANCE

If an **accident** to which this policy applies occurs in any **state** other than California, **we** will interpret **your** policy as follows:

If the **state** has:

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

OTHER INSURANCE

If there is other applicable **auto** liability insurance on a loss covered under this PART A, **we** will pay only **our** share of the damages. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits. However, any insurance **we** provide for an **auto** **you** do not own shall be excess over any other collectible insurance, self-insurance or bond.

PART B- MEDICAL PAYMENTS COVERAGE

INSURING AGREEMENT

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

- 1. caused by an **accident**; and
- 2. sustained by an **insured**.

We will pay only those **medical expenses** incurred within one year from the date of the **accident**.

We, or someone on **our** behalf, will determine:

- 1. whether the **medical expenses** are reasonable; and
- 2. whether the **medical expenses** are necessary.

ADDITIONAL DEFINITIONS

As used in PART B:

A. "**Insured**" means:

- 1. **You** or any **family member**:
 - a. while **occupying** an **insured auto**; or
 - b. as a pedestrian when struck by an **auto** or **utility trailer**.
- 2. Any other person when **occupying** an **insured auto** while the **insured auto** is being used by **you** or being used with **your** permission by a driver named in the Declarations.

B. "**Reasonable expenses**" mean usual and customary charges or costs that are related to the provision of service(s) or procedure(s) within a geographic area that providers located in that geographic area normally charge for the same or similar service(s) or procedure(s).

C. "**Medical expenses**" mean reasonable, necessary and curative medical, surgical, dental, x-ray, ambulance, hospital, and funeral services, including the cost of pharmaceuticals, orthopedic and prosthetic devices, that a prudent physician would provide for the purpose of preventing, diagnosing or treating an illness, injury, disease or symptom in a manner that is:

- 1. In accordance with the generally accepted standards of medical practice;
- 2. Clinically appropriate in terms of type, frequency, extent, site and duration; and
- 3. Not primarily for the convenience of the patient, physician or other health care provider.

Medical expenses do not include expenses:

- 1. For treatment, services, products or procedures that are:
 - a. experimental in nature, for research, or not primarily designed to serve a medical purpose; or
 - b. not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of **bodily injury**; or

2. Incurred for:
 - a. the use of thermography or other related procedures of similar nature;
 - b. the use of acupuncture or other related procedures of similar nature; or
 - c. the purchase or rental of equipment not primarily designed to serve a medical purpose.

EXCLUSIONS

PLEASE READ THE EXCLUSIONS CAREFULLY. IF ANY EXCLUSION APPLIES, **YOU WILL NOT HAVE COVERAGE FOR AN ACCIDENT OR LOSS THAT OTHERWISE WOULD BE COVERED UNDER PART B.**

This coverage does not apply to **bodily injury** to any **insured**:

1. Sustained when **occupying** an **insured auto** while it is being used to carry, transport or deliver persons or property for which there is a fee, charge or compensation of any form to any person for such use. This exclusion (1.) does not apply to shared-expense car pools.
2. Sustained while **occupying** any vehicle while it is located for use as a residence or premises and not as a vehicle.
3. Sustained while **occupying** or when struck by any vehicle that is:
 - a. **owned by you, a family member or a resident;** or
 - b. furnished or available for regular use by **you, a family member or a resident;**
 that is not insured for Medical Payments under this policy.
4. Sustained during the course of employment if benefits are payable or must be provided under a workers' compensation law or similar law.
5. Sustained by any person while employed or otherwise engaged in the **auto business** and arising out of the **auto business** operations.
6. Sustained by any person arising out of the maintenance, operation or use of any vehicle while that person is employed or engaged in any **business** not described in Exclusion 5.
7. Caused by, or as a consequence of:
 - a. war, whether declared or undeclared;
 - b. civil war;
 - c. insurrection;
 - d. rebellion or revolution;
 - e. radioactive contamination; or
8. Who is covered under any private or governmental benefit, service, or reimbursement plan, or any prepaid health plan.
9. Sustained while **occupying** any vehicle used or operated in any **racing** event.
10. Sustained while an **insured auto** is rented or leased to others.
11. Sustained while in the commission of a **crime** or attempting to commit a **crime**.
12. Caused intentionally or deliberately by or at the direction of any **insured person**.
13. 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: (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.
14. Arising out of the ownership, maintenance, or use of any motorized vehicle:
 - a. with less than four (4) wheels; or
 - b. that is designed mainly for use off public roads while not on public roads.
15. Resulting from the use of a vehicle by a person or persons specifically excluded from coverage under PART A – LIABILITY COVERAGE by endorsement or under any other provision of this policy.
16. Caused by a vehicle driven by a person:
 - a. under the minimum age to obtain a license to operate a private passenger **auto** in the **state** in which the **auto** is registered; or
 - b. under fifteen (15) years of age.
17. While operating a vehicle while that **insured** is under the influence of:
 - a. alcohol; or
 - b. a controlled substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. sections 811 and 812. Controlled substances include, but are not limited to, cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.
18. While operating a vehicle without a valid driver's license or permit.

19. For which the United States Government is held responsible under the Federal Tort Claims Act.
20. When caused by the use of firearms or any other weaponry in connection with the ownership, maintenance or use of any vehicle.

LIMIT OF LIABILITY

- A. The limit of liability shown in the Declarations for this coverage is **our** maximum limit of liability for each person injured in any one **accident** regardless of the number of:
 1. Claims made or lawsuits brought;
 2. **Autos** or premiums shown in the Declarations;
 3. Vehicles involved in the **accident**;
 4. **Insureds**;
 5. Premiums paid; or
 6. Policies applicable.
- B. Any amount paid or payable for **medical expenses** under PART A – LIABILITY COVERAGE or PART C(I) - UNINSURED MOTORIST COVERAGE of this policy shall be deducted from the amounts payable under this PART B.
- C. When **we** make payment to **you** for any amount due under this PART B, **we** may deduct from the payment any premium or fees that are due and unpaid under this policy.
- D. No one will be entitled to receive duplicate payments for the same elements of damage.

OTHER INSURANCE

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

PART C(I)- UNINSURED MOTORIST BODILY INJURY COVERAGE

INSURING AGREEMENT

If **you** pay the premium for Uninsured Motorist Bodily Injury Coverage, **we** will pay damages 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 an **insured**;
2. Caused by an **accident**; and
3. Arising out of the ownership, maintenance, or use of an **uninsured motor vehicle**.

Damages do not include prejudgment interest, punitive or exemplary damages or attorney fees incurred with respect to any claim for punitive or exemplary damages.

Any judgment or settlement for damages against an owner or operator of an **uninsured motor vehicle** that arises out of a lawsuit brought without **our** written consent is not binding on **us**.

We will pay damages an **insured** is entitled to recover from the owner or operator of an **underinsured motor vehicle** only after the limits of liability under any applicable liability bonds or policies have been exhausted by payment of judgments or settlements and proof of payment is submitted to **us**.

The decision as to whether an **insured** is legally entitled to recover damages or as to the amount of damages, shall be made by agreement between the **insured** and **us**. If no agreement is reached, the decision will be made by arbitration.

ADDITIONAL DEFINITIONS

As used in this PART C(I):

1. "**Insured**" means:
 - a. **You** or any family member;
 - b. Any other person **occupying** an **insured auto** while the **insured auto** is being operated by **you** or by someone with **your** permission and within the scope of that permission.
 - c. any person **occupying** an **auto** not owned by **you** or a household resident or by an excluded driver or furnished for the regular use of **you** or a household resident or by an excluded driver while operated by **you** or a resident spouse.
 - d. Any person who is legally entitled to recover damages covered under Uninsured Motorist Bodily Injury Coverage because of **bodily injury** sustained by a person in a., b. or c. above.
2. **Minimum limits** mean the minimum amounts of coverage for **bodily injury** that is required by law in a **state** which must be provided by a policy of automobile insurance that covers private passenger **autos**. The **minimum limits** for Uninsured Motorist insurance required by California are [\$15,000] per person and [\$30,000] per **accident** for **bodily injury**.
3. "**Occupy**" means in, upon, entering into or getting out of an **auto**.
4. "**Underinsured motor vehicle**" means a motor vehicle which is insured for **bodily injury** by a liability bond or policy at the time of the **accident**, but its limits of liability are less than the Uninsured Motorist Bodily Injury liability limits shown in the Declarations for the **insured auto** involved in the **accident**.

5. "**Uninsured motor vehicle**" means a motor vehicle which is:

- a. not insured by a bodily injury liability bond or policy at the time of the **accident**.
- b. insured by a bodily injury liability bond or policy at the time of the **accident**, but the insuring company:
 - i. denies coverage;
 - ii. refuses to admit coverage except conditionally or with reservation; or
 - iii. is insolvent or becomes insolvent within one year of the **accident**.
- c. a hit-and-run vehicle whose operator or owner is unknown and which strikes:
 - i. **you** or a **family member**;
 - ii. a vehicle which **you** or a **family member** are **occupying**; or
 - iii. an **insured auto**.

The **insured** or someone on his or her behalf must:

- i. report the **accident** within 24 hours to the police;
 - ii. file with **us**, within 30 days after the **accident**, a statement under oath that the **insured** has a cause of action arising out of the **accident** for damages against a person(s) whose identity is unknown; and
 - iii. give **us** full details of his or her injuries and treatment.
- d. used without the owner's permission if there is no bodily injury liability bond or policy applicable at the time of the **accident**.
- e. an **underinsured motor vehicle**.

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

- a. **owned** or operated by **you** or a **family member** or furnished or available for the regular use of **you** or a **family member**. This does not apply if a vehicle **owned** by **you** or a **family member** strikes an **insured** while being operated, or caused to be operated, by a person without the injured **insured's** consent in connection with criminal activity that has been documented in a police report and to which the injured **insured** is not a party.
- b. specifically described in the Declarations;
- c. **owned** by or operated by a self-insurer as contemplated by any financial responsibility law;
- d. **owned** by the United States, Canada, a **state**, political subdivision or agency of any of those governments;
- e. operated on rails or crawler treads;

- f. while used as a residence or premises and not as a vehicle;
- g. that is a farm type tractor; or
- h. designed or modified for use primarily off public roads, while not on public roads.

EXCLUSIONS

READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, **YOU** WILL NOT HAVE COVERAGE FOR AN **ACCIDENT** OR **LOSS** THAT OTHERWISE WOULD BE COVERED UNDER THIS PART C(I).

A. This coverage does not apply to **bodily injury**:

1. sustained by an **insured** arising out of the ownership or operation of a vehicle while it is being used to carry, transport or deliver persons or property for which there is a fee, charge or compensation of any form to any person for such use. This exclusion (**A.1.**) does not apply to shared-expense car pools.
2. sustained by an **insured** while operating or **occupying** any vehicle:
 - a. **owned** by **you**, a **family member** or a **resident**; or
 - b. furnished to or available for the regular use of **you**, a **family member** or a **resident**;that is not insured for this coverage under this policy.
3. sustained by an **insured** while **occupying** a vehicle rented or leased to that **insured** for public or livery purposes.
4. arising out of the ownership, maintenance or use of a vehicle while it is being used for **racing**.
5. sustained while **occupying** or using any vehicle that has less than four (4) wheels.
6. caused or sustained by any person while employed or otherwise engaged in the **auto business** and arising out of **auto business** operations.
7. Sustained while maintaining or using any vehicle while that **insured** is employed or otherwise engaged in any **business** not described in Exclusion 6. above.
8. to an **insured** that results from the ownership, maintenance or use of an **insured auto** in the commission of a **crime** and the **insured** is a willing participant in such **crime**.
9. caused intentionally by or at the direction of any **insured**. This applies even if the **bodily injury** is different than what was intended or expected.
10. sustained by an **insured** while **occupying** a motor vehicle, other than an **insured auto**, if the owner thereof has Uninsured Motorist Coverage which applies to that motor vehicle and that is similar to coverage provided in this policy.

11. sustained as the result of an **accident** occurring outside the policy territory.
 12. sustained while using or **occupying** any vehicle without the express or implied permission of the owner.
 13. when caused by the use of firearms or any other weaponry in connection with the ownership, maintenance or use of any vehicle.
 14. sustained by any **family member** while **occupying**, or when struck by, any vehicle **you** own which is insured for this coverage on a primary basis under any other policy.
 15. caused by a vehicle operated by any person who is specifically excluded from coverage under PART A – LIABILITY COVERAGE by an endorsement or under any other provision of this policy.
 16. To someone who is not an **insured** under this policy.
- B. **We** do not provide Uninsured Motorist Bodily Injury Coverage for:
1. the benefit of any insurer or self-insurer under any workers' compensation or disability benefits law or any similar law;
 2. the benefit of the United States, any **state** or political subdivision of the United States, or any of the military services or agencies of the United States; or
 3. punitive or exemplary damages or attorney fees incurred with respect to any claim for punitive or exemplary damages.

LIMITS OF LIABILITY

- A. The Limits of Liability shown in the Declarations apply, subject to the following:
1. The **bodily injury** liability limit for "each person" is the maximum **we** will pay for all damages due to **bodily injury** sustained by one person in each **accident**. This includes all **derivative claims** arising out of and due to said **bodily injury**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.
 2. Subject to this limit for "each person", the **bodily injury** liability limits for "each **accident**" are the maximum limits of liability **we** will pay as damages due to **bodily injury** sustained by two or more persons in any one **accident**. This includes all **derivative claims** arising out of and due to said **bodily injury**. For the purpose of such limit of liability, all damages, including **derivative claims**, shall constitute a single claim.
- B. The limit of liability shown in the Declarations for Uninsured Motorist Bodily Injury Coverage is the maximum **we** will pay as the result of any one **accident** regardless of the number of:
1. **autos** or premiums shown in the Declarations;

2. **insureds**;
 3. claims made or lawsuits brought;
 4. policies applicable;
 5. vehicles involved in the **accident**; or
 6. premiums paid.
- C. Any amounts otherwise payable for **bodily injury** under this coverage will be reduced by all sums:
1. paid or payable from or on behalf of persons or organizations who may be legally responsible. This includes, but is not limited to, all sums paid or payable under PART A - LIABILITY COVERAGE;
 2. paid or payable under any motor vehicle medical payments insurance available to the **insured** including, but not limited to, all sums paid or payable under PART B – MEDICAL PAYMENTS COVERAGE; and
 3. paid or payable under any of the following or similar law:
 - a. workers' compensation law;
 - b. disability benefits law; or
 - c. personal injury protection or no-fault coverage.
- D. Any payment made under this coverage shall reduce the amount that person is entitled to receive for the same element of damage under PART A – LIABILITY COVERAGE and PART B – MEDICAL PAYMENTS COVERAGE of this policy.
- E. No one will be entitled to receive duplicate payments for the same elements of damage. In no event shall the limit of liability for two or more vehicles or two or more policies be added together, combined or stacked to determine the limit of insurance coverage available to an **insured**.

OTHER INSURANCE

If there is other applicable Uninsured Motorist Bodily Injury Coverage available, **we** will pay only **our** share of the damages. **Our** share is the proportion **our** limits of liability bear to the total of all available limits. If this policy and any other policy providing similar insurance apply to the same **accident**, the maximum limits of liability under all the policies shall be the highest applicable limits of liability under any one policy. However, any insurance **we** provide shall be excess over any other Uninsured Motorist Bodily Injury insurance except for **bodily injury** to **you** and a **family member** while **occupying your insured auto**.

ARBITRATION

- A. If an **insured** and **we** do not agree:
1. that the **insured** is legally entitled to recover damages from the owner or operator of an **uninsured motor vehicle**; or

2. as to the amount of payment under this PART C(I);

then the matter will be settled by arbitration. Disputes concerning coverage under Uninsured Motorist Bodily Injury Coverage may not be arbitrated.

- B. Either party may request arbitration. The requesting party must notify the other party in writing. Such notice must be sent by certified mail, return receipt requested.
- C. If the **accident** involves an **uninsured motor vehicle** as defined in provisions a. through d. of the definition of **uninsured motor vehicle**, any demand for arbitration must be made within two years of the date of the **accident**. If the **accident** involves an **underinsured motor vehicle**, any demand for arbitration must be made after all applicable bodily injury liability bonds or policies have been exhausted by payment of judgments or settlements and prior to the expiration of the bodily injury statute of limitations in the **state** in which the **accident** occurred.
- D. A single neutral arbitrator shall settle the matter or matters upon which the parties do not agree, and such decision may be entered in a court having jurisdiction. The cost of the arbitrator shall be borne equally by the parties and each party shall pay its own expenses.
- E. If an **insured** has a workers' compensation claim arising out of the same **accident**, the arbitrator shall not proceed with the arbitration until the physical condition of the **insured** is stationary and ratable. If an **insured** claims a permanent disability, such claim shall be adjudicated by award or settled by compromise and release before the arbitration may proceed.
- F. The arbitration will take place in the county where the **insured** lives unless both parties agree otherwise. Local court rules of procedure and evidence will apply.
- G. The decision of the arbitrator will be binding as to:
 1. Whether the **insured** is legally entitled to recover damages; and
 2. The amount of damages.The arbitrator shall have no authority to award an amount in excess of the limits of liability shown in the Declarations for this coverage.

LEGAL ACTION AGAINST US

The **LEGAL ACTION AGAINST US** provision in PART F – GENERAL PROVISIONS is deleted and replaced with the following for PART C(I) only:

No legal action may be brought against **us** until:

1. there has been full compliance with all the terms of **your** policy; and
2. one of the following actions occurs within two years from the date of the **accident**:
 - a. suit is filed for **bodily injury** against the owner or operator of the **uninsured motor vehicle**, as defined in provisions a. through d. of the definition of **uninsured motor vehicle**, in a court of competent jurisdiction. **We** must be given written notice of such suit within a reasonable time after the **insured** knew or should have known that the other vehicle or owner/operator was uninsured. Failure of the **insured** to provide such notice will not be a basis of denial of coverage unless such failure prejudices **our** rights;
 - b. agreement is reached with **us** as to the amount due under the policy; or
 - c. **we** are notified in writing, by certified mail, return receipt requested, that formal arbitration is demanded.

If one of the above events does not occur within two years after the date of the **accident**, **we** will not be liable for any uninsured motorist bodily injury benefits or claims based upon injuries sustained in the **accident**.

PART C(II) – UNINSURED MOTORIST PROPERTY DAMAGE

INSURING AGREEMENT

- A. If **you** pay the premium for Uninsured Motorist Property Damage Coverage, **we** will pay damages which **you** are legally entitled to recover from the owner or operator of an **uninsured motor vehicle**:
 1. because of **property damage** to an **insured auto**; and
 2. caused by an **accident**.Uninsured Motorist Property Damage Coverage does not apply to any **auto** that is not listed on the Declarations.
- B. Damages do not include prejudgment interest, punitive or exemplary damages or attorney fees incurred with respect to any claim for punitive or exemplary damages.
- C. The owner's or operator's liability for these damages must arise out of the ownership, maintenance, or use of an **uninsured motor vehicle**.
- D. In order for payment to be made under this coverage:

1. there must be actual, direct physical contact between the **insured auto** and the **uninsured motor vehicle**;
 2. the owner or operator of the **uninsured motor vehicle** must be identified or the **uninsured motor vehicle** must be identified by its license number; and
 3. **you**, or someone on **your** behalf, must notify **us** or **our** agent within 10 business days from the date of the **accident**.
- E. The decision as to whether **you** are legally entitled to recover damages or as to the amount of damages, shall be made by agreement between **you** and **us**. If no agreement is reached, the decision will be made by arbitration.
- F. Any judgment or settlement for damages against an owner or operator of an **uninsured motor vehicle** that arises out of a lawsuit brought without **our** written consent is not binding on **us**.
- G. **We** will pay for the replacement of a **child passenger restraint system** that was damaged or was in use by a child during an **accident** for which Uninsured Motorist Property Damage Coverage under this policy is applicable. No one is entitled to duplicate payments for the same elements of damage in the event the replacement of a **child passenger restraint system** is covered under more than one provision of this policy.

ADDITIONAL DEFINITIONS

As used in this PART C(II):

1. "**Collision**" means the upset of an **insured auto** or its impact with another vehicle or object.
2. "**Property damage**" means **loss** to an **insured auto** resulting from a **collision**. However, **property damage** does not include:
 - a. personal property contained in an **insured auto** other than a **child passenger restraint system**;
 - b. loss of use of an **insured auto**; or
 - c. **diminution in value**.
3. "**Uninsured motor vehicle**" means a motor vehicle which is:
 - a. not insured by a property damage liability bond or policy at the time of the **accident**;
 - b. insured by a property damage liability bond or policy at the time of the **accident** but the bonding or insuring company:
 - i. denies coverage;
 - ii. refuses to admit coverage except conditionally or with reservation; or
 - iii. is or becomes insolvent within one year of the date of the **accident**.

- c. used without the owner's permission if there is no property damage liability bond or policy applicable at the time of the **accident** with respect to the owner or operator of the vehicle.

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

- a. that has at least the minimum **property damage** liability limits required pursuant to California Vehicle Code Section 16056 even if the **property damage** liability limits are not sufficient to compensate for all **property damage** caused by the owner or operator of the **uninsured motor vehicle**;
- b. **owned** or operated by **you** or a **family member**;
- c. furnished or available for the regular use of **you** or a **family member**;
- d. specifically described in the Declarations;
- e. **owned** by or operated by a self-insurer as contemplated by any financial responsibility law;
- f. **owned** by the United States, Canada, a **state**, political subdivision or agency of any of those governments;
- g. operated on rails or crawler treads;
- h. while located for use as a residence or premises and not as a vehicle;
- i. that is a farm-type tractor; or
- j. designed or modified for use primarily off public roads, except while actually upon public roads.

EXCLUSIONS

READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, **YOU** WILL NOT HAVE COVERAGE FOR AN **ACCIDENT** OR **LOSS** THAT OTHERWISE WOULD BE COVERED UNDER PART C(II).

- A. Uninsured Motorist Property Damage does not apply to **property damage**:
1. arising out of the ownership or operation of an **insured auto** while it is being used to carry, transport or deliver persons or property for a fee, charge or compensation. This exclusion (**A.1.**) does not apply to a share-the-expense car pool.
 2. when the **insured auto** is being used without **your** express or implied permission or beyond the scope of **your** express or implied permission.
 3. to an **insured auto** while being used in the commission of a **crime** by **you**, a listed driver or a **permissive driver** and such person is a willing participant in such activity.
 4. when caused by the use of firearms or any other weaponry in connection with the ownership, maintenance or use of an **insured auto**.

5. if there is no actual, direct physical contact between the **uninsured motor vehicle** and the **insured auto**.
 6. unless the owner or operator of the **uninsured motor vehicle**, or the license plate number of the **uninsured motor vehicle**, can be identified.
 7. to a **utility trailer** not listed in the Declarations.
 8. arising out of the ownership, maintenance, or use of an **insured auto** while it is being operated or used in a **racing** event.
 9. when an **insured auto** is operated by any person who is specifically excluded from coverage under PART A – LIABILITY COVERAGE by an endorsement or under any other provision of this policy.
 10. caused intentionally by or at the direction of **you** or a **family member** even if the **property damage** is different than what was intended or expected.
 11. to an **insured auto** for which Collision Coverage applies.
 12. to any vehicle:
 - a. **owned by you** or a **family member**; or
 - b. furnished or available for the regular use of **you** or a **family member**;
 if such vehicle is not insured for Uninsured Motorist Property Damage under this policy.
 13. while an **insured auto** is being used in the course and scope of any **business** including an **auto business**.
- B. Uninsured Motorist Property Damage Coverage does not apply to:
1. a claim for loss of use of an **insured auto**.
 2. **loss** or damage to personal property contained within an **insured auto** except for a **child passenger restraint system**.
 3. the benefit of any insurer of property.

LIMIT OF LIABILITY

- A. The limit of liability under this coverage for **property damage** to an **insured auto** arising out of one **accident** is the lesser of:
1. the **actual cash value** of the **insured auto** at the time of the **accident**;
 2. the limit of liability for Uninsured Motorist Property Damage shown in the Declarations;
 3. the amount necessary to repair the **insured auto** to its pre-loss condition. If **we** choose to repair the **insured auto**, **you** must begin repairs on it within ninety (90) days from the date of **loss**. **We** will not be responsible for any **loss** or portion thereof which is caused by **your** delay in commencing such repairs; or

4. the amount necessary to replace the **insured auto** less deduction for any applicable **depreciation**.
- B. This is the most **we** will pay under Uninsured Motorist Property Damage Coverage as the result of any one **accident** regardless of the number of:
1. **insured autos**;
 2. premiums shown in the Declarations;
 3. vehicles involved in the **accident**;
 4. claims made or lawsuits brought;
 5. premiums paid; or
 6. policies applicable.
- C. **Our** payment for **loss** will be reduced by:
1. any applicable deductible shown in the Declarations;
 2. any prior damage to the **insured auto**;
 3. any amount paid or payable by or on behalf of persons or organizations who may be legally responsible; and
 4. if applicable, the salvage value if **you** retain the salvage.
- D. An adjustment for **depreciation** and physical condition will be made in determining **actual cash value** at the time of the **accident**.
- E. In no event shall **you** be entitled to receive duplicate payment for the same element of damages. Coverage under this endorsement may not be stacked with other Uninsured Motorist Property Damage Coverage.
- F. No payment shall be made under Uninsured Motorist Property Damage Coverage if damages are paid or payable under PART D – COVERAGE FOR DAMAGE TO AN INSURED AUTO.
- G. Payment for **property damage** under this endorsement is subject to the following:
1. if repair or replacement of damaged property increases the overall value of the **insured auto**, **we** may deduct this amount from the repair cost; and
 2. no more than one deductible shall be applied to any one **accident**.

OTHER INSURANCE

If there is other applicable Uninsured Motorist Property Damage Coverage available, **we** will pay only **our** share of the damages. **Our** share is the proportion **our** limits of liability bear to the total of all available limits. If this policy and any other policy providing similar insurance apply to the same **accident**, the maximum limits of liability under all the policies shall be the highest applicable limits of liability under any one policy.

ARBITRATION

A. If **we** and **you** do not agree:

1. whether **you** are legally entitled to recover damages from the owner or operator of an **uninsured motor vehicle**; or
2. as to the amount of payment under this PART C(II);

then the matter will be settled by arbitration. Disputes concerning coverage under Uninsured Motorist Property Damage may not be arbitrated.

- B. Either party may request arbitration. The requesting party must notify the other party in writing within one year from the date of the **accident**. Such notice must be sent by certified mail, return receipt requested.
- C. The arbitration shall be conducted by a single neutral arbitrator. Each party will:
1. pay the expenses it incurs; and
 2. bear the expenses of the arbitrator equally.
- D. Unless both parties agree otherwise, arbitration will take place in the county in which the **insured** lives. Local rules of procedure and evidence will apply.
- E. Any decision of the arbitrator will be binding as to:
1. whether **you** are legally entitled to recover damages; and
 2. the amount of damages.

The arbitrator will have no authority to award an amount in excess of the limit of liability shown in the Declarations for this coverage.

LEGAL ACTION AGAINST US

The **LEGAL ACTION AGAINST US** provision in PART F – GENERAL PROVISIONS is deleted and replaced with the following for PART C(II) only:

No legal action may be brought against **us** until:

1. there has been full compliance with all the terms of **your** policy; and
2. one of the following actions occurs within one year from the date of the **accident**:
 - a. suit is filed for **property damage** against the owner or operator of the **uninsured motor vehicle** in a court of competent jurisdiction. **We** must be given written notice of such suit within a reasonable time after **you** knew or should have known that the other motor vehicle or owner/operator was uninsured. **Your** failure to provide such notice will not be a basis of denial of coverage unless such failure prejudices **our** rights;
 - b. agreement is reached with **us** as to the amount due under the policy; or

- c. **we** are notified in writing, by certified mail, return receipt requested, that formal arbitration is demanded.

If one of the above events does not occur within one year after the date of the **accident**, **we** will not be liable for any uninsured motorist benefits or claims based upon a **loss** as the result of an **accident**.

PART D- COVERAGE FOR DAMAGE TO AN INSURED AUTO

IMPORTANT NOTICE:

1. IF “YOU” PAY THE PREMIUM FOR PART D – COVERAGE FOR DAMAGE TO AN INSURED AUTO, THEN “WE” WILL PROVIDE COVERAGE FOR AN “INSURED AUTO” ONLY WHEN OPERATED BY “YOU” OR SOMEONE WITH “YOUR” PERMISSION.
2. EXCEPT AS REQUIRED BY LAW, “WE” WILL NOT PAY FOR THE STORAGE OF AN “INSURED AUTO” IN THE EVENT YOU HAVE A “LOSS” THAT IS COVERED UNDER THIS PART D. “OUR” PAYMENT TO THE BODY REPAIR SHOP OR TOW YARD WILL BE REDUCED BY THE AMOUNT OF THE STORAGE COST. IT IS IMPERATIVE THAT “YOU” WORK WITH “US” TO QUICKLY RESOLVE ANY ISSUES WITH AN “INSURED AUTO” SO THAT STORAGE COSTS ARE MINIMIZED.

INSURING AGREEMENT – COLLISION COVERAGE

If **you** pay the premium for Collision Coverage, **we** will pay for sudden, direct and accidental **loss** to an **insured auto**, including an attached **utility trailer**, resulting from a **collision**. **We** will pay for the replacement of a **child passenger restraint system** that was damaged or was in use by a child during an **accident** for which coverage under PART D – COVERAGE FOR DAMAGE TO AN INSURED AUTO of this policy is applicable. No one is entitled to duplicate payments for the same elements of damage in the event the replacement of a **child passenger restraint system** is covered under more than one provision of this policy.

INSURING AGREEMENT – OTHER THAN COLLISION COVERAGE

If **you** pay the premium for Other Than Collision Coverage, **we** will pay for sudden, direct and accidental **loss** to an **insured auto**, including an attached **utility trailer**, resulting from a **loss** caused by **Other Than Collision**.

INSURING AGREEMENT: COLLISION DEDUCTIBLE WAIVER

- A. If **you** pay the premium for Collision Deductible Waiver and the premium for Collision Coverage for an **insured auto** that is not covered under Uninsured Motorist Property Damage Coverage, **we** will pay the **collision deductible** for that **insured auto** if involved in an **accident** with an **uninsured motor vehicle**.

- B. In order for payment to be made under this coverage:
1. There must be actual, direct physical contact between the **insured auto** and the **uninsured motor vehicle**;
 2. The owner's or operator's liability for damage to the **insured auto** must arise out of the ownership, maintenance or use of an **uninsured motor vehicle**;
 3. **You** must be legally entitled to recover damages from the owner or operator of the **uninsured motor vehicle**;
 4. The owner or operator of the **uninsured motor vehicle** must be identified or the **uninsured motor vehicle** must be identified by its license number; and
 5. **You**, or someone on **your** behalf, must notify **us** or **our** agent within 10 business days from the date of the **accident**.

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

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

E. "**Uninsured motor vehicle**" means a motor vehicle which is:

1. not insured by a property damage liability bond or policy at the time of the **accident**;
2. insured by a property damage liability bond or policy at the time of the **accident** but the bonding or insuring company:
 - a. denies coverage;
 - b. refuses to admit coverage except conditionally or with reservation; or
 - c. is or becomes insolvent within one year of the date of the **accident**.
3. used without the owner's permission if there is no property damage liability bond or policy applicable at the time of the **accident** with respect to the owner or operator of the vehicle.

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

1. that has at least the minimum property damage liability limits required pursuant to California Vehicle Code Section 16056 even if the property damage liability limits are not sufficient to compensate for all **property damage** caused by the owner or operator of the **uninsured motor vehicle**;

2. **owned** or operated by **you** or a **family member**;
3. furnished or available for the regular use of **you** or a **family member**;
4. specifically described in the Declarations;
5. **owned** by or operated by a self-insurer as contemplated by any financial responsibility law;
6. **owned** by the United States, Canada, a **state**, political subdivision or agency of any of those governments;
7. operated on rails or crawler treads;
8. while located for use as a residence or premises and not as a vehicle;
9. that is a farm-type tractor; or
10. designed or modified for use primarily off public roads, except while actually upon public roads.

F. "**Property damage**" means **loss** to an **insured auto** resulting from a **collision**. However, **property damage** does not include:

1. personal property contained in an **insured auto** other than a **child passenger restraint system**;
2. loss of use of an **insured auto**; or
3. **diminution in value**.

ADDITIONAL DEFINITIONS

As used in this PART D:

A. "**Collision**" means upset of an **insured auto** or its impact with another vehicle or object.

B. "**Other than Collision**" means **loss** caused by the following:

1. missiles or falling objects;
2. fire;
3. theft or larceny;
4. explosion or earthquake;
5. windstorm;
6. hail, water or flood;
7. malicious mischief or vandalism;
8. riot or civil commotion;
9. contact with bird or animal; or
10. breakage of glass. If breakage of glass results from a **collision**, **you** may elect to have it treated as a **loss** caused by **collision**.

C. "**Deductible**" means that amount which is shown in the Declarations for Collision Coverage and/or Other Than Collision Coverage which will be deducted from **our** payment to **you** for any **loss** to an **insured auto**.

EXCLUSIONS

READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, **YOU WILL NOT HAVE COVERAGE FOR AN ACCIDENT OR LOSS THAT OTHERWISE WOULD BE COVERED UNDER PART D.**

We will not pay for loss:

1. to an **insured auto** while used to carry, transport or deliver persons or property for which there is a fee, charge or compensation of any form to any person for such use including, but not limited to, delivery of magazines, newspapers, food, pizza, or any other product. This exclusion (1.) does not apply to shared-expense car pools.
2. caused by war (declared or undeclared), civil war, insurrection, rebellion, revolution, nuclear reaction, radiation or radioactive contamination, or any consequence of these.
3. to any of the following items or their accessories:
 - a. camper shells and custom enclosures for pickup trucks;
 - b. chrome, alloy or magnesium wheels;
 - c. citizens band or two-way radios;
 - d. custom bodywork;
 - e. custom chroming;
 - f. custom interiors;
 - g. custom paint, windows, murals, paintings or other decals or graphics;
 - h. custom wide-tread tires or racing slicks;
 - i. scanning monitor receivers;
 - j. telephones;
 - k. television sets;
 - l. bedliners, tool boxes, utility boxes, and fifth wheel conversions;
 - m. side exhausts, headers, tachometers, pressure and temperature gauges;
 - n. winches, roll bars and light bars;
 - o. body or suspension alterations or any equipment not installed by the original manufacturer which mechanically or structurally changes an insured auto and results in an increase in performance or change in appearance and includes equipment which does not conform to California Motor Vehicle Code.
4. to any device for the transmitting, recording, receiving or reproduction of data, sound or picture that is operated by power from the electrical system, unless the system is factory installed.
5. to portable equipment, devices, accessories, or any other personal effects that are not permanently installed by the original manufacturer. This includes, but is not limited to:
 - a. tapes, compact discs, DVD's or similar recording or recorded media;
 - b. any container designed to store or carry tapes, compact discs, DVD's or other similar recording or recorded media;
 - c. other accessories used with electronic equipment designed to receive or transmit audio, visual or data signals;
 - d. equipment designed or used for the detection of radar or laser; or
 - e. GPS tracking systems, cell phones, computers, DVD players.
6. to any item, not listed in Exclusions 3., 4. and 5. that are not permanently attached to or installed in an **insured auto**.
7. resulting from prior **loss** or damage, manufacturer's defects, gradual accumulation of snow or ice on an **insured auto** or road damage to tires. But coverage does apply if the damage is the result of other **loss** covered by this policy.
8. due to wear and tear, freezing, mechanical or electrical breakdown or failure. But coverage does apply if the **loss** results from the total theft of an **insured auto**.
9. to tires. But coverage does apply if the **loss** results from fire, theft, malicious mischief or vandalism, or if the **loss** to tires occurs with other **loss** to an **insured auto**.
10. to an **insured auto** while being maintained or used by any person while employed or otherwise engaged in the **auto business**.
11. to an **insured auto** while maintained or used by any person employed or otherwise engaged in any **business** not described in Exclusion 10.
12. to an **insured auto** caused intentionally by or at the direction of **you** or any person listed on the Declarations using an **insured auto** with **your** express or implied permission.
13. to a **utility trailer** which is not shown in the Declarations.
14. to an **insured auto** while being used or operated in any **rac**ing event.
15. to an **insured auto** while it:
 - a. is being rented or leased to others;
 - b. has been sold to another; or
 - c. is under a conditional sales or consignment agreement by **you** to another.
16. to an **insured auto** caused by forfeiture ordered by the courts or destruction or confiscation by any governmental or civil authority.

17. to an **insured auto** arising out of or during its use for the transportation of any explosive substance, flammable liquid or similar hazardous materials. This exclusion does not apply to transportation of **your** ordinary household or farm activities.

18. to an **insured auto** which is subject to any bailment not specifically declared and described in this policy.

19. to an **insured auto** while being used by **you** or any listed driver in the commission of a **crime** and such person is a willing participant in such activity.

20. resulting from:

- a. lack of lubricant or coolant;
- b. leakage or seepage of water;
- c. wet or dry rot;
- d. rust or corrosion;
- e. dampness of atmosphere;
- f. extremes of temperature;
- g. deterioration;
- h. disintegrations; or
- i. delaminating;

unless caused by any other **loss** covered under this PART D.

21. to an **insured auto** caused directly or indirectly by mold, mildew, fungus or other microbes, including any type or form of: a) decomposing or disintegrating organic material; b) organic surface growth on moist, damp, or decaying matter; c) yeast or spore bearing plant-like organism; or d) spores, scents, toxins, mycotoxins, bacteria, viruses, or any other by-products produced or released by any mold, mildew, fungus or other microbes. However, this exclusion does not apply to loss caused by mold, mildew or fungus if such loss is caused by any other loss covered in this PART D.

22. due to theft, larceny or conversion of an **insured auto** or its equipment:

- a. prior to its delivery to an **insured**;
- b. by **you**, a **family member**, a **resident** or any person listed as a driver in the Declarations; or
- c. where there is no visible sign of forced entry into the **insured auto**.

23. due to illegal sale or repossession of an **insured auto** by the rightful owner.

24. to an **insured auto** while it is being used or operated by a driver who:

- a. has a revoked driver's license;
- b. is under the minimum age to obtain a driver's license;
- c. does not have a valid driver's license; or
- d. has a suspended driver's license.

25. due to one or more vehicle theft(s) when a police report has not been made within 48 hours of the knowledge of theft(s).

26. while an **insured auto** is being operated by someone who is intoxicated or under the influence of alcohol or an illegal substance.

27. to an **insured auto** caused by or resulting from **your** acquiring an **auto** from the seller without legal title available to **you**.

28. to paint or discoloration(s) of paint as a result of smoke, smog, chemicals, tree sap, animal or bird droppings, unless such damage is a direct result of vandalism.

29. to wearing apparel, tools or personal effects.

LIMIT OF LIABILITY

A. **Our** limit of liability for **loss** will be the lesser of:

- 1. the **actual cash value** of the stolen or damaged property at the time of **loss**. However, if a temporary substitute suffers a **loss** while in **your** custody, and **we** choose to pay the **actual cash value** of that **auto**, the most **we** will pay is \$50,000;
- 2. the amount necessary to repair the **insured auto** to its pre-loss condition. If **we** choose to repair the **insured auto**, **you** must begin repairs on it within ninety (90) days from the date of **loss**. **We** will not be responsible for any **loss** or portion thereof which is caused by **your** delay in commencing such repairs; or
- 3. the amount necessary to replace the property with other property of like kind and quality less deduction for any applicable **depreciation**.

B. **Our** payment for **loss** will be reduced by:

- 1. any applicable **deductible**;
- 2. any unrepaired prior damage to the **insured auto**; and/or
- 3. the salvage value of an **insured auto** if **you** elect to retain the **insured auto** after a total loss.

C. An adjustment for **depreciation** and physical condition will be made in determining **actual cash value** in the event of a total loss. If a repair or replacement results in better than like kind or quality, **we** will not pay for the amount of betterment.

D. This policy does not provide for original equipment manufactured ("OEM") parts in the repair of an **insured auto** under PART D. Instead, this policy allows **us** to use used parts, first use after-market parts, or generic parts unless such parts are not available or **we** elect, in **our** sole discretion, to use OEM parts. **We** warrant that the parts used to repair an **insured auto** will be of like kind, quality, safety, fit and performance as OEM replacement parts. **We** will pay the cost of modifying non-OEM parts if such modification is necessary to complete the repair.

- E. **Our** liability for the cost of repairing an **insured auto** is limited to the amount needed to perform physical repairs to the stolen or damaged property. PART D – COVERAGE FOR DAMAGE TO AN INSURED AUTO does not cover, and **we** will not pay for, **diminution in value**.
- F. If **loss** to an **insured auto** is the result of more than one **accident**, a separate deductible shall apply to each **accident**.
- G. If sound reproducing equipment and component parts are covered under this PART D, then they shall be subject to a maximum limit of Five Hundred Dollars (\$500) in the aggregate when permanently installed by a factory or dealer as original equipment in the dash or console opening of an **insured auto**.
- H. No one will be entitled to duplicate payments under this policy for the same elements of damages.

PAYMENT OF LOSS

We may, at **our** option, pay the **loss** in money or repair or replace damaged or stolen property with other property of like kind and quality. **We** may, at **our** expense, at any time before the loss is paid or the property is replaced, return any stolen property either to **you** or to the address shown in the Declarations. If **we** return stolen property, **we** will pay for any direct physical damage to an **insured auto** or its equipment resulting from the theft, subject to the provisions of the LIMIT OF LIABILITY section. **We** may wait up to thirty (30) days from the date the theft is reported in writing to the police and to **us** to either make payment or replace the property.

We may keep all or part of the property at the agreed or appraised value. **You** do not have the right to abandon salvage to **us**.

Under no circumstances will a payment be made under this policy until evidence of satisfactory repairs is presented to **us**. At that time, **we** will have the right, at **our** option, to inspect the repairs prior to **our** making any payment for the **loss**.

When **we** make a payment of any amount due under this PART D 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.

No Cash Out Allowed - Unless **your** car is determined to be a total **loss** by **us**, if **you** have a covered **loss** under this part, **we** will only pay for repairs made to **your insured auto**, and **we** will not issue **you** a check in lieu of such actual repairs.

NO BENEFIT TO BAILEE

This coverage shall not directly or indirectly benefit any carrier or other bailee for hire liable for loss to an **insured auto**.

OTHER INSURANCE

If there is other applicable similar insurance for a **loss** covered by this PART D, **we** will pay only **our** share of the **loss**. **Our** share is the proportion that **our** limit of liability bears to the total limit 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. Any insurance **we** provide with respect to an **auto you** do not own shall be excess over any other collectible source of recovery.

APPRAISAL

If **you** and **we** do not agree on the amount of **loss**, either may demand appraisal of the **loss**. In this event, each party will select a competent and disinterested appraiser. The two appraisers will select an umpire. The appraisers will state separately the **actual cash value** and the amount of the **loss**. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. pay its chosen appraiser and expenses; and
2. share all other expenses of the appraisal and umpire equally.

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

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

GENERAL DUTIES

- A. In the event of an **accident** or **loss**, notice must be promptly given to **us**. The notice must give the time, place, and circumstances of the **accident** or **loss**, including the names and addresses of injured persons and witnesses. Failure to give notice as required herein may affect coverage provided under this policy. Failure to comply with any of the duties under this PART E may result in denial of coverage and relieve **us** of all duties to investigate, settle, defend, pay any judgment or otherwise honor any claims made against an **insured**.
- B. A person or organization claiming any coverage under this policy must also:
1. Cooperate with **us** and assist **us** in the investigation, settlement or defense of any claim or lawsuit or in any other matter concerning a claim or lawsuit.
 2. Promptly send **us** copies of any notices or legal papers received relating to any claim or lawsuit.
 3. Submit to physical examinations at **our** expense by doctors **we** select as often as **we** may reasonably require.

4. Authorize **us** to obtain medical and other pertinent records.
5. Provide a sworn written statement as proof of loss as **we** require.
6. Submit to examinations under oath:
 - a. by any person named by **us**;
 - b. as often as may reasonably be required;
 - c. at any reasonable time and place that **we** so designate; and
 - d. outside the presence of any person other than **your** attorney.

If more than one person is claiming coverage, **we** may conduct separate examinations for each person.

7. Allow **us** to inspect an **insured auto**, parts or **property damage** when **bodily injury** or **property damage** is being claimed. Inspection includes the removal of any Event Data Recording (EDR) device contained in a motor vehicle and/or to extract data from the EDR device, when applicable, to investigate a claim.
8. Provide **us** with records and documents **we** request and permit **us** to make copies.
9. Not voluntarily assume any obligation to pay, make any payment or incur any expense, other than to provide first aid to others, for **bodily injury** or **property damage** arising out of an **accident**.

ADDITIONAL DUTIES FOR UNINSURED MOTORIST COVERAGE:

- A. A person seeking Uninsured Motorist Bodily Injury Coverage must also in addition to the **GENERAL DUTIES** stated above:
 1. Notify the police as soon as possible of any **accident**.
 2. Notify the police within 24 hours of an **accident** if a hit-and-run or unknown driver is involved and file with **us**, within thirty (30) days after the **accident**, a statement under oath that the **insured** has a cause of action arising out of the **accident** for damages against a person or persons whose identity is unknown and set forth facts in support, thereof.
 3. Promptly serve a copy of any legal action and all pleadings on **us** as required by law.
- B. If **you** make a claim under Uninsured Motorist Property Damage Coverage, in addition to the **GENERAL DUTIES** stated above, **you** or someone on **your** behalf must:
 1. notify the police as soon as possible of any **accident**.

2. report the **accident** within 10 business days to **us** or to the producer.
3. notify the police within 24 hours after the discovery of the loss if an **insured auto** is stolen or vandalized.
4. take reasonable steps after **loss** to protect the **auto** and its equipment from further **loss**. **We** will pay reasonable expenses incurred in providing that protection. If failure to provide such protection results in further **loss**, any additional damages will not be covered under this policy.
5. allow **us** to inspect and appraise the damaged **insured auto** or its damaged parts before its repair or disposal, and provide **us** with all pertinent records and sales invoices.
6. include in the notice of **accident** or **loss**, a statement listing **your** interest and interests of all others in the **insured auto**, any encumbrances on the **insured auto** (such as a lien or mortgage) and a description (including amounts) of all other insurance covering the **insured auto**.

ADDITIONAL DUTIES FOR COVERAGE FOR DAMAGE TO AN INSURED AUTO

A person seeking coverage under PART D – COVERAGE FOR DAMAGE TO AN INSURED AUTO must also in addition to the **GENERAL DUTIES** stated above:

1. Take reasonable steps after **loss** to protect the **auto** and its equipment from further **loss**. **We** will pay reasonable expenses incurred in providing that protection. If failure to provide such protection results in further **loss**, any additional damages will not be covered under this policy.
2. Notify the police within 24 hours after the discovery of the loss if an **insured auto** is stolen or vandalized.
3. Allow **us** to inspect and appraise the damaged **insured auto** or its damaged parts before its repair or disposal.
4. Include in the notice of **accident** or **loss** a statement listing **your** interest and interests of all others in the **insured auto**, any encumbrances on the **insured auto** (such as a lien or mortgage) and a description (including amounts) of all other insurance covering the **insured auto**.
5. Allow **us** to examine the **insured auto**, and provide **us** with all pertinent records and sales invoices.

Failure to comply with any of the above duties under this Part E may result in denial of coverage and relieve us of all duties to investigate, settle, defend, pay a judgment or otherwise honor any claims made against an insured.

PART F – GENERAL PROVISIONS

BANKRUPTCY

We are not relieved of any obligation under this policy because of the bankruptcy or insolvency of an **insured**.

CHANGES

This policy, **your** insurance application, any endorsements and the Declarations include all the agreements between **you** and **us** relating to this insurance. No change or waiver may be effected in this policy except by endorsement issued by **us**.

The premium for each **insured auto** is based on information **we** have received from **you** or other sources about the exposures **you** would have during the policy period. If there is a change to the information used to develop the policy premium, **we** may adjust **your** premium. Changes during the policy term that may result in a premium increase or decrease include, but are not limited to, changes in:

1. the number, type or use classification of **insured autos**;
2. operators;
3. the place of principal garaging of **insured autos**;
4. coverages, deductibles or limits;
5. eligibility for discounts or surcharges or other premium credits or debits; or
6. other factors permitted by law.

You agree:

1. To provide complete and correct information, as well as all information material to the calculation of **your** premium;
2. To cooperate with **us** and assist **us** in the determination of **your** correct and complete exposure information;
3. To advise **us** of all changes in **your** information; and
4. That if return premium is due to **you**, it will be based on the corrected premium amount.

Our right to re-compute premium does not waive or otherwise affect **our** right to rescind this policy based on material misrepresentation or fraud as allowed by law or the terms of the policy. If **we** elect to re-compute premiums, doing so does not reduce or waive **our** right to terminate this policy for fraud or misrepresentation.

When **we** broaden coverage during the policy without charge and **you** have such coverage, the policy will automatically provide the broadened coverage when 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.

LEGAL ACTION AGAINST US

We may not be sued unless there is full compliance with all of the terms of this policy. In addition, **we** may not be sued under PART A - LIABILITY COVERAGE unless:

1. **we** agree in writing that the **insured** has an obligation to pay; or
2. the amount of that obligation has been finally determined by judgment after trial.

No one shall have any right to make **us** a party to a suit to determine the liability of an **insured**.

OUR RIGHT TO RECOVER PAYMENT

If **we** make a payment under this policy and the person to whom or for whom payment was made has a right to recover damages from another, **we** shall be subrogated to that right. That person must:

1. do whatever is necessary to help **us** exercise **our** rights;
2. do nothing after an **accident** or **loss** to prejudice **our** rights;
3. sign and 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.

When a person has been paid damages by **us** under this policy and also recovers from another, the amount recovered shall be held by that person in trust for **us** and reimbursed to **us** to the extent of **our** payment.

POLICY PERIOD AND TERRITORY

This policy applies only to **accidents** and **losses** occurring during the policy period shown in the Declarations while the **insured auto** is within the United States, its territories or possessions, Canada or between their ports.

TERMINATION, CANCELLATION, NONRENEWAL, AUTOMATIC TERMINATION, DISHONORED/INSUFFICIENT PAYMENT, OTHER TERMINATION PROVISIONS

A. CANCELLATION

1. **You** may cancel this policy by returning it to **us** or by giving **us** advance written notice of the date the cancellation is to be effective.

2. **We** may cancel by mailing notice of cancellation to **you** at the address shown in the Declarations or by delivering the notice:

- a. not less than 10 days prior to the effective date of cancellation:
 - i. for nonpayment of premium; or
 - ii. if the policy has been in effect less than 60 days and is not a continuation or renewal policy; or
- b. not less than 20 days prior to the effective date of cancellation for any other circumstance.

3. After this policy is in effect for 60 days, or if this is a renewal or continuation policy, **we** may cancel only for:

- a. nonpayment of premium,
- b. fraud or material misrepresentation affecting the policy;
- c. a substantial increase in the hazard insured against as defined in Section 2632.19 of the Regulations of the California Insurance Commissioner, as amended;
- d. fraud by the named insured in pursuing a claim under this policy provided **we** do not rescind the policy; or
- e. if **your** driver's license or motor vehicle registration or that of:
 - i. any driver who lives with **you**; or
 - ii. any driver who customarily uses an **insured auto**;has been suspended or revoked. This must have occurred:
 - i. during the policy period; or
 - ii. 180 days prior to the most recent renewal or effective date of the policy and **we** had no notice of such suspension or revocation.

However, with respect to a suspended driver's license, such cancellation will not become effective if the suspension is removed prior to the time that the cancellation of the policy is to become effective.

B. NON-RENEWAL AND PREMIUM INCREASE

If **we** decide not to renew or continue this policy, **we** will mail to **you** at the address shown in the Declarations or deliver to **you** notice of non-renewal not less than 30 days before the end of the policy period. Some of the reasons for which **we** may non-renew or increase **your** premium include, but are not limited to, the following:

1. **accident** involvement by an **insured** and whether the **insured** is at fault in the **accident**;

2. a change in, or addition of, an **insured auto**;
3. a change in, or addition of, an insured under the policy;
4. a change in the location of where an **insured auto** is garaged;
5. a change in the use of the **insured auto**;
6. convictions for violating any provisions of the Vehicle Code or the Penal Code relating to the operation of a motor vehicle;
7. the payment by an insurer due to a claim filed by an **insured** or a third party; or
8. the number of miles driven when a mileage verification program applies. When a mileage verification program applies to **your** policy, **we** will base premiums on actual miles driven. **We** will use odometer readings of the **insured auto(s)** to verify the actual miles driven. Miles driven may be verified by odometer readings:
 - a. made by **us**, **our** agent or a third party vendor employed by **us**;
 - b. made by an **auto** repair dealer during a routine vehicle service which **you** provide to **us** or a vendor employed by **us**;
 - c. obtained from licensed smog check stations, the Department of Motor Vehicles, or another government agency that maintains such records;
 - d. reported by **you** to **us** or **your** producer; or
 - e. obtained from a technological device attached to **your** vehicle. However, **we** will only use odometer readings from technological devices to determine actual miles driven.

Some non-renewals and premium increases may result from reasons that are not specified above as long as those reasons are both lawful and not unfairly discriminatory.

C. AUTOMATIC TERMINATION

This insurance will automatically terminate:

1. if **you** obtain insurance from another company for an **insured auto**. Any similar insurance **we** provide for that **insured auto** will terminate as of the date and time **you** obtain the other insurance;
2. if an **auto** listed in the Declarations is sold, transferred, or given as a gift to another person as soon as possession is taken of that **auto**. This termination of coverage occurs whether or not the transaction is complete or title has been effectively transferred; or
3. at the end of the policy period, if **we** or an affiliate offer to renew or continue this policy and **you** or **your** representative do not accept. Failure to pay **your** renewal premium when due will mean that **you** have not accepted **our** offer.

D. DISHONORED/INSUFFICIENT PAYMENT

Coverage offered by this policy is conditioned upon **our** receipt of payment for the premium. If **your** initial premium payment for any new policy or any subsequent renewal is by check, draft, or any remittance other than cash, coverage under this policy is conditioned upon the check, draft, or remittance being honored upon presentment. If the check, draft, or remittance is not honored upon presentment, a new policy may, at **our** option, be deemed void from its inception and a renewal policy may terminate on the renewal date, if allowed by law. This means that **we** will not be liable under this policy for any claims or damages which would otherwise be covered if the check, draft, or remittance had been honored upon presentment. **We** do not waive any of our rights if **we** elect to resubmit a check for payment.

If **you** tender a check to **us** for full or partial payment of **your** premium, other than **your** initial payment, and the check is returned to **us** because of insufficient funds, a closed account or a stop payment, a service charge will be added to **your** account balance.

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, **you** may be entitled to a premium refund. Any refund due will be computed on a daily pro rata basis. However, **we** shall retain a cancellation fee if cancellation is for non-payment of premium or if **you** cancel this policy. **Our** making or offering to make a refund is not a condition of cancellation. **We** reserve the right to apply any refundable unearned premium to any outstanding premium balance due at the time the refund is generated.
5. If **you** owe **us** any premium on **your** expired or expiring policy, these funds must be paid before **your** policy will be renewed by **us**. Any payment sent by **you** will be used to pay any balance owed on the expired or expiring policy, and any remainder of such payment will be applied to the renewal premium.

TRANSFER OF YOUR INTEREST IN THIS POLICY

Your rights and duties under this policy may not be assigned without **our** written consent. If the policyholder named in the Declarations or the spouse of the policyholder that is a resident in the same household dies, the policy will cover:

1. the surviving spouse;
2. the legal representative of the deceased person while acting within the scope of duties of a legal representative; or
3. any person having proper custody of an **insured auto** until a legal representative is appointed.

Coverage will terminate at the earlier of the end of the policy period or cancellation date and is subject to the terms and limitations of the policy and any rights **we** may have by law.

FRAUD OR MISREPRESENTATION

This policy was issued in reliance on the information provided on **your** insurance application. **We** reserve the right, at **our** sole discretion, to void or rescind this policy if **you** or a **family member** concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct at the time of application. This includes, but is not limited to, failing to disclose all persons 14 years of age or older that live in **your** household at the time of application.

We will not provide coverage under this policy if **you**, any **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(s) concerning an **insured auto** or **your** interest in an **insured auto**.

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.

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(s) made or incurred.

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

With respect to any **accident** to which this and any other policy issued to **you** by **us** or by a company affiliated with **us** applies to a single **accident** or **loss** covering:

1. **you**;
2. a **family member**; or
3. an **auto** listed on **your** Declarations;

the total limit of **our** liability under all the policies shall not exceed the highest applicable limit of liability under any one policy issued by **us** or **our** affiliate. In no event shall **our** liability for a covered **loss** or **accident** exceed the Limit of Liability applicable to an **auto** covered by **our** policy. The total limit if two of **our** policies apply to an **accident** will be the highest limit under either policy.

TERMS OF POLICY CONFORMED TO STATUTES

If any provision of this policy conflicts with the statutes of the **state** in which this policy is issued, the provision will be deemed amended to conform to such statutes. All other provisions shall be given full force and effect.

ALARM

If **your** application states that there is an alarm system installed on or in an **insured auto**, **you** agree that the alarm system will be kept in good working condition at all times and that it will not be removed from that **insured auto**. If this agreement is breached, insurance hereunder as regards to THEFT of that **insured auto** shall be void and **you** may become personally liable to **us** for damages in accordance with OUR RIGHT TO RECOVER PAYMENT provision of this policy.

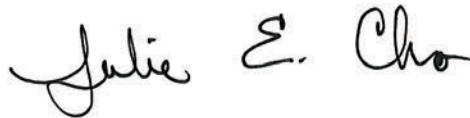
CONSUMER ASSISTANCE

If you are unable to satisfactorily resolve a problem after contacting your producer or our customer service representatives at 1-909-944-1400, you may wish to notify the Department of Insurance, Consumer Services Division, 300 South Spring Street, Los Angeles, CA 90013 or call 1-800-927-4357 or email at www.insurance.ca.gov.

In Witness Whereof, **we** have caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by **our** authorized representative.

A handwritten signature in black ink, appearing to read "Peter Rendall".

Peter Rendall
President

A handwritten signature in black ink, appearing to read "Julie E. Cho".

Julie E. Cho
Secretary