

North Carolina Business Auto Policy

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

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CV138 (10012001)

NORTH CAROLINA

BUSINESS

AUTOMOBILE POLICY

AUTOMOBILE POLICY

Please read your contract carefully. Provisions of this contract and its endorsements (if any) restrict coverage. Be certain you understand all of the coverage terms, the exclusions, and your rights and duties.

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BUSINESS AUTO COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words **you** and **your** refer to the Named Insured shown in the Declarations. The words **we**, **us** and **our** refer to the Company providing this insurance.

Other words and phrases that appear in bold have special meaning. Refer to Section V - Definitions.

SECTION I - COVERED AUTOS

Item Two of the Declarations shows the **autos** that are covered **autos** for each of your coverages. The following numerical symbols describe the **autos** that may be covered **autos**. The symbols entered next to a coverage on the Declarations designate the only **autos** that are covered **autos**.

A. Description Of Covered Auto Designation Symbols

Symbol	Description Of Covered Auto Designation Symbols	
1	Any Auto	
2	Owned Autos Only	Only those autos you own (and for Liability Coverage any trailers you don't own while attached to power units you own). This includes those autos you acquire ownership of after the policy begins.
3	Owned Private Passenger Autos Only	Only the private passenger autos you own. This includes those private passenger autos you acquire ownership of after the policy begins.
4	Owned Autos Other Than Private Passenger Autos Only	Only those autos you own that are not of the private passenger type (and for Liability Coverage any trailers you don't own while attached to power units you own). This includes those autos not of the private passenger type you acquire ownership of after the policy begins.
5	Owned Autos Subject To No-Fault	Only those autos you own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those autos you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged.
6	Owned Autos Subject To A Compulsory Uninsured Motorists Law	Only those autos you own that because of the law in the state where the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those autos you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.
7	Specifically Described Autos	Only those autos described in Item Three of the Declarations for which a premium charge is shown (and for Liability Coverage any trailers you don't own while attached to any power unit described in Item Three).
8	Hired Autos Only	Only those autos you lease, hire, rent or borrow. This does not include any auto you lease, hire, rent, or borrow from any of your employees , partners (if you are a partnership), members (if you are a limited liability company) or members of their households.
9	Nonowned Autos Only	Only those autos you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes autos owned by your employees , partners (if you are a partnership), members (if you are a limited liability company), or members of their households but only while used in your business or your personal affairs.
19	Mobile Equipment Subject To Compulsory Or Financial Responsibility Or Other Motor Vehicle Insurance Law Only	Only those autos that are land vehicles and that would qualify under the definition of mobile equipment under this policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged.

B. Owned Autos You Acquire After The Policy Begins

1. If Symbols **1, 2, 3, 4, 5, 6** or **19** are entered next to a coverage in Item Two of the Declarations, then **you** have coverage for **autos** that **you** acquire of the type described for the remainder of the policy period.
2. But, if Symbol **7** is entered next to a coverage in Item Two of the Declarations, an **auto you** acquire will be a covered **auto** for that coverage only if:
 - a. **We** already cover all **autos** that **you** own for that coverage or it replaces an **auto you** previously owned that had that coverage; and
 - b. **You** tell **us** within 30 days after **you** acquire it that **you** want **us** to cover it for that coverage.

C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos

If Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered **autos** for Liability Coverage:

1. **Trailers** with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. **Mobile equipment** while being carried or towed by a covered **auto**.
3. Any **auto you** do not own while used with the permission of its owner as a temporary substitute for a covered **auto you** own that is out of service because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. **Loss**; or
 - e. Destruction.

SECTION II - LIABILITY COVERAGE

A. Coverage

We will pay all sums an **insured** legally must pay as damages because of **bodily injury** or **property damage** to which this insurance applies, caused by an **accident** and resulting from the ownership, maintenance or use of a covered **auto**.

We will also pay all sums an **insured** legally must pay as a **covered pollution cost or expense** to which this insurance applies, caused by an **accident** and resulting from the ownership, maintenance or use of covered **autos**. However, **we** will only pay for the **covered pollution cost or expense** if there is either **bodily injury** or **property damage** to which this insurance applies that is caused by the same **accident**.

We have the right and duty to defend any **insured** against a **suit** asking for such damages or a **covered pollution cost or expense**. However, **we** have no duty to defend any **insured** against a **suit** seeking damages for **bodily injury** or **property damage** or a **covered pollution cost or expense** to which this insurance does not apply. **We** may investigate and settle any claim or **suit** as **we** consider appropriate. **Our** duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. Who Is An Insured

The following are **insureds**:

- a. **You** for any covered **auto**.
- b. Anyone else while using with **your** permission a covered **auto you** own, hire or borrow except:
 - (1) The owner or anyone else from whom **you** hire or borrow a covered **auto**. This exception does not apply if the covered **auto** is a **trailer** connected to a covered **auto you** own.
 - (2) **Your employee** if the covered **auto** is owned by that **employee** or a member of his or her household.
 - (3) Someone using a covered **auto** while he or she is working in a business of selling, servicing, repairing, parking or storing **autos** unless that business is **yours**.
 - (4) Anyone other than **your employees**, partners (if **you** are a partnership), members (if **you** are a limited liability company), or a lessee or borrower or any of their **employees**, while moving property to or from a covered **auto**.
 - (5) A partner (if **you** are a partnership), or a member (if **you** are a limited liability company) for a covered **auto** owned by him or her or a member of his or her household.
- c. Anyone liable for the conduct of an **insured** described above but only to the extent of that liability.

2. Coverage Extensions

a. Supplementary Payments

We will pay for the **insured**:

- (1) All expenses **we** incur.
- (2) Up to \$2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an **accident we** cover. **We** do not have to furnish these bonds.
- (3) The cost of bonds to release attachments in any **suit** against the **insured we** defend, but only for bond amounts within **our** Limit of Insurance.
- (4) All reasonable expenses incurred by the **insured** at **our** request, including actual loss of earnings up to \$250 a day because of time off from work.

- (5) All court costs taxed against the **insured** in any **suit** against the **insured we** defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the **insured**.
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment in any **suit** against the **insured we** defend, but **our** duty to pay interest ends when **we** have paid, offered to pay or deposited in court the part of the judgment that is within **our** Limit of Insurance.

These payments will not reduce the Limit of Insurance.

b. Out-Of-State Coverage Extensions

While a covered **auto** is away from the state where it is licensed we will:

- (1) Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered **auto** is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.
- (2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered **auto** is being used.

We will not pay anyone more than once for the same elements of **loss** because of these extensions.

B. Exclusions

This insurance does not apply to any of the following:

1. Expected Or Intended Injury

Bodily injury or **property damage** expected or intended from the standpoint of the **insured**.

2. Contractual

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

- a. Assumed in a contract or agreement that is an **insured contract** provided the **bodily injury** or **property damage** occurs subsequent to the execution of the contract or agreement; or
- b. That the **insured** would have in the absence of the contract or agreement.

3. Workers' Compensation

Any obligation for which the **insured** or the **insured's** insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.

4. Employee Indemnification And Employer's Liability

Bodily Injury to:

- a. An **employee** of the **insured** arising out of and in the course of:
 - (1) Employment by the **insured**; or
 - (2) Performing the duties related to the conduct of the **insured's** business; or
- b. The spouse, child, parent, brother or sister of that **employee** as a consequence of Paragraph **a.** above.

This exclusion applies:

- (1) Whether the **insured** may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to **bodily injury** to domestic **employees** not entitled to workers' compensation benefits or to liability assumed by the **insured** under an **insured contract**. For the purposes of the Coverage Form, a domestic **employee** is a person engaged in household or domestic work performed principally in connection with a residence premises.

5. Fellow Employee

Bodily injury to:

- a. Any fellow **employee** of the **insured** arising out of and in the course of the fellow **employee's** employment or while performing duties related to the conduct of **your** business; or
- b. The spouse, child, parent, brother or sister of that fellow **employee** as a consequence of Paragraph **a.** above.

6. Care, Custody Or Control

Property damage to or **covered pollution cost or expense** involving property owned or transported by the **insured** or in the **insured's** care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. Handling Of Property

Bodily injury or **property damage** resulting from the handling of property:

- a. Before it is moved from the place where it is accepted by the **insured** for movement into or onto the covered **auto**; or

- b. After it is moved from the covered **auto** to the place where it is finally delivered by the **insured**.

8. **Movement Of Property By Mechanical Device**

Bodily injury or **property damage** resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered **auto**.

9. **Operations**

Bodily injury or **property damage** arising out of the operation of:

- a. Any equipment listed in Paragraphs **6.b** and **6.c.** of the definition of **mobile equipment**; or
- b. Machinery or equipment that is on, attached to or part of a land vehicle that would qualify under the definition of **mobile equipment** if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

10. **Completed Operations**

Bodily injury or **property damage** arising out of **your** work after that work has been completed or abandoned.

In this exclusion, **your** work means:

- a. Work or operations performed by **you** or on **your** behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in Paragraphs **a.** or **b.** above.

Your work will be deemed completed at the earliest of the following times:

- (1) When all of the work called for in **your** contract has been completed.
- (2) When all of the work to be done at the site has been completed if **your** contract calls for work at more than one site.
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

11. **Pollution**

Bodily injury or **property damage** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants**:

- a. That are, or that are contained in any property that is:

- (1) Being transported or towed by, handled, or handled for movement into, onto or from, the covered **auto**;
- (2) Otherwise in the course of transit by or on behalf of the **insured**; or
- (3) Being stored, disposed of, treated or processed in or upon the covered **auto**;

- b. Before the **pollutants** or any property in which the **pollutants** are contained are moved from the place where they are accepted by the **insured** for movement into or onto the covered **auto**; or

- c. After the **pollutants** or any property in which the **pollutants** are contained are moved from the covered **auto** to the place where they are finally delivered, disposed of or abandoned by the **insured**.

Paragraph **a.** above does not apply to fuels, lubricants, fluids, exhaust gases or other similar **pollutants** that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered **auto** or its parts, if:

- (1) The **pollutants** escape, seep, migrate, or are discharged, dispersed or released directly from an **auto** part designed by its manufacturer to hold, store, receive or dispose of such **pollutants**; and
- (2) The **bodily injury, property damage** or **covered pollution cost or expense** does not arise out of the operation of any equipment listed in Paragraphs **6.b.** and **6.c.** of the definition of **mobile equipment**.

Paragraphs **b.** and **c.** above of this exclusion do not apply to **accidents** that occur away from premises owned by or rented to an **insured** with respect to **pollutants** not in or upon a covered **auto** if:

- (1) The **pollutants** or any property in which the **pollutants** are contained are upset, overturned or damaged as a result of the maintenance or use of a covered **auto**; and
- (2) The discharge, dispersal, seepage, migration, release or escape of the **pollutants** is caused directly by such upset, overturn or damage.

INSURING AGREEMENT

- A. If **you** pay **us** the premium for this coverage and a stated amount is shown on the **Declarations Page** for the covered **auto** and its permanently attached equipment which has been installed by the factory, dealer or retailer, **we** will pay for **loss** caused by:

- 1. **Collision** only if the **Declarations Page** indicates that Collision Coverage is provided for that **auto**; or

2. **Comprehensive** only if the **Declarations Page** indicates that Comprehensive or Other Than Collision Coverage is provided for that **auto**; or
3. **Fire and Theft with Combined Additional Coverage** only if the **Declarations Page** indicates that Fire and Theft with Combined Additional Coverage is provided for that **auto**.

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

B. If **you** pay **us** the premium for this coverage and there is no stated amount shown on the **Declarations Page** for the **covered auto**, **we** will pay for **loss** caused by:

1. **Collision** only if the **Declarations Page** indicates that Collision Coverage is provided for that **auto**; or
2. **Comprehensive** only if the **Declarations Page** indicates that Comprehensive or Other Than Collision Coverage is provided for that **auto**; or
3. **Fire and Theft with Combined Additional Coverage** only if the **Declarations Page** indicates that Fire and Theft with Combined Additional Coverage is provided for that **auto**.

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

CUSTOMIZED EQUIPMENT AND PARTS COVERAGE

A. If **you** pay **us** the premium for Customized Equipment and Parts Coverage and it is shown on the **Declarations Page** or on the applicable schedule, the limit of liability for **loss** to the **customized equipment and parts** specifically listed on the Application or on the applicable schedule will be the lowest of:

1. The **actual cash value** of such **customized equipment and parts** reduced by the applicable deductible shown on the **Declarations Page** and its salvage value if **you** or the owner retain the salvage.
2. The amount shown as the declared value of the **customized equipment and parts** on the Application or applicable schedule reduced by the applicable deductible shown on the **Declarations Page** and its salvage value if **you** or the owner retain the salvage.
3. The amount necessary to repair the **customized equipment and parts**, reduced by the applicable deductible shown on the **Declarations Page**.
4. The amount necessary to replace the **customized equipment and parts**, reduced by the applicable deductible shown on the **Declarations Page** and reduced by its salvage value if **you** or the owner retain the salvage.

B. Customized Equipment And Parts Coverage applies only if:

1. **You** have purchased Collision Coverage for the **covered auto** containing the **customized equipment and parts** and the **loss** falls under that coverage;
2. **You** have purchased Comprehensive or Other Than Collision Coverage for the **covered auto** containing the **customized equipment and parts** and the **loss** falls under that coverage; or
3. **You** have purchased Fire and Theft with Combined Additional Coverage for the **covered auto** containing the **customized equipment and parts** and the **loss** falls under that coverage.

TRANSPORTATION EXPENSE COVERAGE

- A. **We** will pay Transportation Expense Coverage up to \$30 per day, not to exceed \$900, for temporary transportation expenses incurred by **you** because of the total theft of a **covered auto**. Transportation expenses apply only if:
 1. They are incurred from a commercially licensed rental agency; and
 2. The **Declarations Page** indicates that Comprehensive or Other Than Collision Coverage or Fire and Theft with Combined Additional Coverage apply to that **auto**.
- B. **We** will only pay transportation expenses incurred during the period:
 1. Beginning forty-eight (48) hours after **you** report the theft of a **covered auto** to **us** and the police; and
 2. Ending the earlier of:
 - a. When a **covered auto** is returned to use;
 - b. When a **covered auto** has been recovered and returned to **you** or its **owner**;
 - c. When a **covered auto** has been recovered and repaired;
 - d. When a **covered auto** has been replaced;
 - e. Seventy-two (72) hours after **we** make an offer to pay for the **loss** if the **covered auto** is deemed by **us** to be a total **loss** or unrecoverable; or
 - f. When **you** have incurred the maximum \$900 expense limit.

PET PROTECTION

- A. If **your pet** is **occupying** a **covered auto** involved in a covered **collision, comprehensive** or **fire and theft with combined additional coverage loss**, **we** will provide up to:
 1. \$1000 per incident, regardless of the number of **your pets** involved, up to \$3,000 per policy period for **pet injury treatment** or **pet replacement**;
 2. \$25 per day up to \$125 per policy period for boarding fees if **you** are hospitalized and unable to care for **your pet**;
 3. \$75 per policy period for recovery costs if **your pet** is missing after the **accident**; and
 4. \$125 per policy period for replacing pet-related travel equipment damaged in the **accident**.

- B. Any payment **we** make for **pet replacement** will be reduced by any prior payments **we** made for **pet injury treatment** for **your pet** resulting from the same incident. No deductible applies to this coverage.

SUPPLEMENTARY PAYMENTS

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

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

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

When used in this PART D:

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

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

1. On the date **you** become the **owner**, an **additional auto** will have the broadest coverage **we** provide on any **auto** shown on the Declarations Page.

2. Any coverage **you** ask **us** to add to the **auto** or any increase of limits of liability shall not begin until after:
 - a. **We** agree to add the coverage or increase the limits; and
 - b. **You** pay any additional premium when due.

With respect to PART III – PHYSICAL DAMAGE COVERAGE, if **we** provide coverage for an **additional auto** and the **additional auto** is:

1. A **private passenger auto**, **we** will provide the broadest coverage **we** provide for any **auto** shown on the Declarations Page.
 2. Any **auto**, other than a **private passenger auto**, and **you** have purchased Physical Damage coverage for at least one **auto** other than a **private passenger auto**, **we** will provide the broadest coverage for which the **additional auto** is eligible.
- D. **“Auto”** means a land motor vehicle or trailer designed for travel on public roads. It does not include **mobile equipment**.
- E. **“Carry persons or property for compensation or a fee”** means to deliver, transport or carry persons; products; goods; materials; property; animals; or livestock for any form of money; salary; income; property; consideration; or any other thing of value, whether or not:
1. Going to a pick-up or returning from a drop-off;
 2. The money or other item of value is paid or given;
 - a. By any passenger, recipient or other party on a per-trip basis; or
 - b. In the course of, or as related to, any business activities of a person insured under this policy; or
 3. Any of the persons; products; goods; materials; property; animals; or livestock intended to be delivered or transported are actually in the vehicle or **trailer** at the time of the **accident** or **loss**.
- “Carry persons or property for compensation or a fee”** includes, but is not limited to, the delivery of goods, either on a wholesale or retail basis, such as food, magazines, newspapers, or flowers.
- F. **Covered auto”** means:
1. Any **auto** described on the Declarations Page for which a premium charge is shown unless **you** have asked **us** to delete that **auto** from the policy.
 2. A **newly acquired auto**.
 3. Any **auto** not **owned** by **you** which is:
 - a. Driven by **you** or a listed driver; and
 - b. Used on a temporary basis as a substitute for any **auto** described in this definition which is out of service no longer than thirty (30) days because of its:
 - i. Breakdown;
 - ii. Repair;
 - iii. Servicing;

- iv. **Loss**; or
- v. Destruction.

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

PART III – PHYSICAL DAMAGE does not apply to a temporary substitute **auto**.

- G. **“Collision”** means when a **covered auto** collides with another object or overturns.
- H. **“Crime”** means any act or omission that is:
 - 1. A state or federal felony in the United States;
 - 2. An attempt to flee or elude law enforcement or a crime scene; or
 - 3. An illegal activity, trade or transportation;
 whether or not there is an arrest, charge or conviction.
“Crime” does not include:
 - 1. Misdemeanor violations of the motor vehicle or traffic laws other than an attempt to:
 - a. Flee or elude law enforcement; or
 - b. Flee a crime scene;
 - 2. Vehicular homicide; or
 - 3. Driving under the influence of alcohol or any illegal substance.
- I. **“Customized equipment and parts”** means equipment, devices, accessories, changes and enhancements, other than those installed by the original manufacturer, which alter the appearance or performance of an **auto**. This includes, but is not limited to, such items as: body or suspension alterations; custom or special wheels or tires; side exhausts; roll bars; light bars; spoilers; ground effects; bedliners; side exhausts; utility boxes; custom windows; custom painting; murals; decals or graphics. **Customized equipment and parts** also includes, but is not limited to, such items as any electronic equipment; antennas; and other devices used exclusively to send or receive audio, visual or data signals or play back recorded media. The **customized equipment and parts** must be permanently installed in a **covered auto** using bolts, brackets or slide-out brackets.
- J. **“Depreciation”** means a decline in value due to wear and tear or obsolescence.
- K. **“Employee”** means anyone for which the employer will pay for his or her services and has the authority to direct performance. This includes direct staff, independent contractors, leased workers and temporary workers.
- L. **“Family member”** means, if **you** are an individual:
 - 1. A person related to **you** by blood, marriage or adoption who **resides** in **your** household; or

- 2. A ward or foster child or stepchild who **resides** in **your** household;

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

- M. **“Finance agreement”** means a written lease or loan contract entered into as a part of **your** business pertaining to the lease or purchase by **you** of a **covered auto** and subject to a valid promissory note or written payment obligation contained in a lease and security agreement or other written agreement establishing a security interest, executed concurrently with the purchase or lease of the **covered auto**.
- N. **“Fire and Theft with Combined Additional Coverage”** means **loss** caused by:
 - 1. Fire or lightning;
 - 2. Smoke or smudge due to a sudden, unusual, and faulty operation of any fixed heating equipment serving the premises on which a **covered auto** is located;
 - 3. The stranding, sinking, burning, collision, or derailment of any conveyance in or upon which a **covered auto** is being transported;
 - 4. Windstorm, hail, earthquake, explosion, flood or rising waters;
 - 5. The forced landing or falling of any aircraft or its parts or equipment;
 - 6. External discharge or leakage of water except **loss** resulting from rain, snow, sleet, whether or not wind-driven;
 - 7. Malicious mischief or vandalism;
 - 8. Theft, larceny, robbery, or pilferage; or
 - 9. Impact with a bird or animal.
- O. **“Loss”** means sudden, direct and **accidental** destruction or damage. **Loss** does not include **diminution in value**.
- P. **“Named insured”** means the individual(s) or organization(s) designated as the named insured(s) on the Declarations Page.
- Q. **“Newly acquired auto”** means an **additional auto** or a **replacement auto** of which **you** become the **owner** during the policy period.
- R. **“Occupying”** means in; upon; getting into, out of, on or off. A person cannot be **occupying** more than one motor vehicle at a time.
- S. **“Original equipment manufacturer”** and **“OEM”** mean parts or items:
 - 1. Produced and/or installed by the manufacturer of the **auto**; or
 - 2. Produced by a vendor of the manufacturer of the **auto** that the manufacturer intends as a part of the **auto** or manufacturer’s option when new.
- T. **“Other Than Collision”** means **loss** caused by:
 - 1. Missiles or falling objects;
 - 2. Fire or lightning;

3. Theft or larceny;
 4. Explosion or earthquake;
 5. Windstorm;
 6. Hail, water or flood;
 7. Malicious mischief or vandalism;
 8. Riot or civil commotion;
 9. Impact with a bird or animal; or
 10. Breakage of glass, except breakage of glass caused by a **collision**.
- U. “Own”, “owned”, “owner”, and “ownership”, with respect to an **auto** or **trailer**, mean the person who:
1. Holds the legal title to the **auto** or **trailer**; or
 2. Has legal possession of an **auto** or **trailer** that is:
 - a. Subject to a written security agreement; or
 - b. Leased to that person by a written agreement for a continuous period of six (6) months or longer.
- V. “**Personal vehicle sharing program**” means the sharing of an **auto** for commercial or non-commercial use including, but not limited to, use of an **auto** while being operated on behalf of a passenger procurement company such as Uber, Lyft, Sidecar, etc. A passenger procurement company is an organization whether a corporation, partnership, sole proprietor or other form that provides transportation services and connects passengers with drivers using their personal **auto** for which the driver receives compensation or a fee. Coverage under this policy is not provided during the following time periods:
1. While available for hire;
 2. When a match is accepted; or
 3. When a passenger has been picked up and is being driven to his/her destination.
- W. “**Pet injury treatment**” means reasonable and customary veterinary costs incurred by **you** or a **family member** for treatment of **your pet** that is injured in a covered **loss** while **occupying** a **covered auto**. Reasonable and customary veterinary costs include any medications or procedures prescribed by a veterinarian.
- X. “**Pet replacement**” means the cost to replace **your pet** with one of like kind and quality, if **your pet**:
1. Dies as the result of a covered **loss**; or
 2. Is **occupying** the **covered auto** during a covered total theft **loss** and **your pet** is not recovered.
- This does not include any training, grooming, veterinary bills, or any other expenses other than the cost to replace the pet itself.
- Y. “**Private passenger auto**” means a land motor vehicle:
1. Of the private passenger, pickup body, or cargo van type;
 2. Designed for operation principally upon public roads;
 3. With at least four wheels; and
 4. With a gross vehicle weight rating of 12,000 pounds or less, according to the manufacturer’s specifications.
- However, **private passenger auto** does not include step-vans, parcel delivery vans, cargo cutaway vans or other vans with cabs separate from the cargo area.
- Z. “**Property damage**” means physical damage to, destruction of, or loss of use of, tangible property, if caused solely by an **accident** covered under this policy.
- AA. “**Racing**” means:
1. Participating in, competing in, practicing for or preparing for any prearranged or organized racing, speed, demolition or stunting contest or activity;
 2. Participating in or competing in an unarranged or spontaneous street or off-road race or stunt;
 3. Operating an **auto** on an indoor or outdoor track, course or trail designed or used for:
 - a. Racing or speed contest or adventure;
 - b. Demonstration driving;
 - c. Driver or skills training;
 - d. High performance driving; or
 - e. Driving competition.
- BB. “**Replacement auto**” means an **auto** that **you** acquire during the current policy term that has taken the place of an **auto** shown on the Declarations Page. Any coverage **we** provide for a **replacement auto** is subject to the following terms:
1. No other insurance applies to the **replacement auto**, and **we** insure all **autos** that **you own**.
 2. On the date **you** become the **owner** of a **replacement auto**, if coverage applies under this policy, that **replacement auto** will have the same coverage as the **auto** shown on **your** Declarations Page that is being replaced.
 3. The deductible that applies to a **replacement auto** shall be the same as the **auto** it replaced.
 4. All coverage **we** provide for the **replacement auto** ends thirty (30) calendar days after **you** become the **owner** if **you** do not ask **us** to insure it within those thirty (30) calendar days.
 5. Any coverage **you** ask **us** to add to the **auto** or any increase of limits of liability shall not begin until after:
 - a. **We** agree to add the coverage or increase the limits; and
 - b. **You** pay any additional premium when due.
 6. The **replacement auto** is eligible for coverage pursuant to **our** underwriting criteria.

CC. **“Resides”, “resides”, and “residing”** mean to dwell within the household as the person’s primary and legal domicile. Minor dependent children whose parents are separated or divorced shall be deemed to **reside** in both parents’ household.

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

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

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

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

FF. **“You” and “your”** mean the person or organization shown on the Declarations Page as the **named insured**.

GG. **“Your pet”** means a dog or cat owned by **you** or a **family member**.

HH. **“We”, “us”, and “our”** mean the Company shown on the Declarations Page as providing this insurance.

EXCLUSIONS

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

A. **We** will not pay for:

1. **Loss:**

- a. Caused intentionally by, or at the direction of, **you** or any **family member**; or
- b. That is, or should be, reasonably expected to result from an intentional act of **you** or any **family member**;

even if the actual **loss** or damage is different than that which was intended.

2. **Loss** arising out of the **ownership**, maintenance or use of a vehicle while it is being used to **carry persons or property for compensation or a fee** or as a public or livery conveyance, unless **you** have indicated to **us** in **your** Application that a **covered auto** is used for this purpose. This exclusion does not apply to shared-expense car pools whose members are on the way to or from the same place of employment.
3. **Loss** to portable equipment, devices, accessories and any other personal effects that are not permanently installed. This includes, but is not limited to:

- a. Tapes, records, compact discs, DVDs or other recording or recorded media;
- b. Any containers designed to carry or store tapes, records, compact discs, DVDs or other recording or recorded media;
- c. Personal computers, telephones, DVD players, two-way mobile radios or televisions; or
- d. Any other accessories used with electronic equipment designed to receive or transmit audio, visual or data signals.

4. **Loss** to equipment designed or used for the detection or location of radar, laser or other speed measuring equipment or its transmission.
5. **Loss** to camper units or other detachable living quarter units.
6. **Loss** to pickup covers, caps or shells not permanently attached to a **covered auto**.
7. **Loss** to equipment such as booms, drill rigs, welders, winches or hazard lights not permanently attached to a **covered auto**.
8. **Loss** to chains, tarpaulins, binders, cargo securing devices, lifts or removable sides.
9. **Loss** to any custom paint work or body work, including lettering and decals.
10. Damage due and confined to:
 - a. Wear and tear;
 - b. Freezing;
 - c. Mechanical, electronic or electrical breakdown or failure;
 - d. Deterioration, rust or corrosion; or
 - e. Road damage to tires.

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

11. **Loss** to a **covered auto** being maintained or used by any person while employed or otherwise engaged in any **motor vehicle business** unless that business is **yours** and it was so represented in **your** Application.
12. **Loss** to wearing apparel, tools or personal effects.
13. **Loss** that occurs while a **covered auto** is being used in the course of committing a **crime**. This does not apply to **loss** that occurs when the **covered auto** has been stolen.
14. **Loss** due to the use of a **covered auto** for transportation of any explosive substance, flammable liquid, or similarly hazardous material.
15. **Loss** to a **covered auto** while such **auto** is engaged in **racing**.

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

This exclusion does not apply to the interests of loss payees in a **covered auto**. If **we** pay the loss payee, **you** must reimburse **us** for payment.
21. Damage caused directly or indirectly by any of the following:
 - a. Water leakage or seepage;
 - b. Wet or dry rot;
 - c. Rust or corrosion;
 - d. Dampness of atmosphere or extremes of temperature;
 - e. Deterioration or disintegration; or
 - f. Delamination;

unless caused by any other **loss** covered under this PART D.
22. **Loss** arising out of or resulting from, in whole or in part, any actual, alleged, or threatened migration; release; existence; or presence of, or actual, alleged, or threatened exposure to, any mold, mildew, fungus or other microbes. This includes any type or form of: (i) decomposing or disintegrating organic material or microorganism; (ii) organic surface growth on moist, damp, or decaying matter; (iii) yeast or spore-bearing plant-like organism; or (iv) spores; scents; toxins; mycotoxins; bacteria; viruses; or any other by-products produced or released by any mold, mildew, fungus, or other microbes.
23. **Loss** caused by or as any consequence of:
 - a. War, whether declared or undeclared;
 - b. Civil war;
 - c. Insurrection;
 - d. Rebellion or revolution;
 - e. Radioactive contamination; or
 - f. Nuclear reaction or radiation, whether controlled or uncontrolled or however caused.
24. **Loss** to a **covered auto** while being used in any manner by an **undisclosed operator**.
25. **Loss** to a **covered auto** while being used in any manner by any person who is specifically excluded from coverage under this Policy by the **named insured**, if the **named insured** is an individual, or by an authorized representative if the **named insured** is an organization.
26. **Loss** to a **covered auto** prior to its delivery to **you**.
27. Damage due and confined to:
 - a. Prior **loss** or damage;
 - b. Manufacturer's defects or faulty materials; and
 - c. **Your** lack of routine and/or proper maintenance as prescribed by the manufacturer.
28. **Loss** resulting from the purchase of a **covered auto** from any person or organization other than the **auto's** rightful **owner**.
29. Amounts incurred for:
 - a. Mileage;
 - b. Fuel;
 - c. **Collision** damage waiver;
 - d. Navigation devices;
 - e. Insurance; or
 - f. Tolls.
30. **Loss** to a **covered auto** that occurs while it is being used in a **personal vehicle sharing program**.
31. **Loss** arising out of the operation of a **covered auto** by any driver not meeting legal age requirements to operate a vehicle in the state in which the **covered auto** is principally garaged.

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

LIMIT OF LIABILITY

- A. **Our** limit of liability for **loss** shall not exceed the lowest of the:
1. **Actual cash value** reduced by:
 - a. The applicable deductible shown on the **Declarations Page**; and
 - b. Its salvage value if **you** or the **owner** retain the salvage;
 2. Amount necessary to replace the stolen or damaged property, or its parts if the **loss** is limited to parts, reduced by:
 - a. The applicable deductible shown on the **Declarations Page**; and
 - b. Its salvage value if **you** or the **owner** retain the salvage;
 3. Amount necessary to repair the physical damage to the **covered auto**, or its parts if the **loss** is limited to parts, to return it to its pre-loss physical condition, reduced by the applicable deductible shown on the **Declarations Page**; or
 4. Stated amount shown on the **Declarations Page**, if any.
- B. A deduction for **depreciation** and betterment will be made from the amount **we** will pay for repair or replacement of the damaged or stolen property, or any part thereof, if the repair or replacement results in better property or in a better part with regard to:
1. Its market value;
 2. The useful life of the part; or
 3. The improvement of the condition of the **auto** considering wear and tear and damage that existed prior to the **loss**.

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

1. Batteries;
 2. Tires;
 3. Engines;
 4. Transmissions; and
 5. Any other parts that wear out over time or have a finite useful life or duration typically shorter than the life of the **auto** as a whole. This does not include external crash parts, wheels, windshields or other glass.
- C. An adjustment for **depreciation** and betterment will be made in determining **actual cash value** in the event of a total **loss**.
- D. In repairing damaged property, **we** may specify the use of mechanical, non-safety related automobile parts not made by the original manufacturer. These parts will be at least equal in terms of fit, quality, performance and warranty to the original manufacturer parts they replace. Warranties applicable to non-**OEM** parts may be provided by the manufacturer or distributor of these parts rather than the manufacturer of the **covered auto**. If **we** specify the use of non-**OEM** parts, **we** will identify each such part on **your** repair estimate.
- E. In determining the amount necessary to repair the damaged parts, **we** will not pay more than the prevailing competitive labor rates charged in the area in which the property is to be repaired. **We** will also not pay more than the cost of repair or replacement parts as reasonably determined by **us**. **Our** liability for the cost of repairing damaged property is limited to the amount needed to perform physical repairs to the stolen or damaged property. PART D > COVERAGE FOR DAMAGE TO YOUR AUTO does not cover, and **we** will not pay for, **diminution in value**.
- F. If there is a stated amount **you** declared on the Application or endorsement for a specific **auto** shown on the **Declarations Page**, that stated amount is the most **we** will pay for **loss** to that **auto**, including its permanently attached equipment. However, if there is a **finance agreement** in place for the **covered auto**, subject to the stated amount shown on the **Declarations Page**, the most **we** will pay for a total **loss** where a **finance agreement** exists and the stated amount is equal or greater than the outstanding financial obligation, is the greater of:
1. The outstanding financial obligation under a **finance agreement** for a **covered auto** at the time of the **loss**; or
 2. The **actual cash value** of the **covered auto** at the time of the **loss**.
- In no event will **we** pay more than the stated amount shown on the **Declarations Page**.

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

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

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

Stated Amount = \$7,000

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

90% of ACV = \$9,000

Deductible = \$1,000

Loss Amount = \$5,000

Stated Amount / 90% of ACV = Proportionate Amount

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

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

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

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

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

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

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

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

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

4. Duplicate recovery for the same elements of **loss** is not permitted. No one will be entitled to receive duplicate payments for the same elements of **loss** under this coverage and:

- a. Any other coverage provided by this Policy; or
- b. Under any other insurance or source of recovery.

J. **We** have no duty to pay the **actual cash value** of window glass or to replace window glass after a **loss** if **you** agree to have the window glass repaired at **our** expense.

K. If **we** pay **your** financial obligation under a **finance agreement**, **we** will not pay:

1. Overdue **finance agreement** payments including any type of late fees or penalties;
2. Financial penalties imposed under a **finance agreement** for excessive use, abnormal wear and tear, or high mileage;
3. Security deposits not normally refunded by the lessor or lender;
4. Cost of **finance agreement** related products such as, but not limited to, Credit Life Insurance, Health, Accident or Disability Insurance purchased by **you**;
5. Carry-over balances from previous **finance agreements** or other amounts not associated with the **covered auto**; or
6. Unpaid principal included in the outstanding **finance agreement** balance that was not used by **you** to purchase the **covered auto**.

PAYMENT OF LOSS

A. At **our** option, **we** may:

1. Pay for, repair or replace damaged or stolen property;
2. Return the stolen property to **you** or to the address last known by **us** at **our** expense. **We** will pay for direct physical damage to a **covered auto** resulting from the theft subject to the **LIMIT OF LIABILITY** section; or
3. **We** may keep all or part of the damaged or stolen property at the agreed or appraised value, but there shall be no abandonment to **us**.

B. **We** may make payment for a **loss** to **you**, the owner of the property, the repair facility or to any applicable lienholder and/or loss payee. Payment for a **loss** is required only if **you** have fully complied with the policy provisions.

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

- D. If **we** make a payment for theft or total **loss** of an **auto**, **you** or the **owner** must transfer the title of that **auto** to **us** at or before the time of payment, unless **you** or the **owner** keep the salvage of a totaled **auto**.
- E. A party with an additional interest in a **covered auto** shall have no greater rights than **your** rights to recover for a **loss**.

PERMISSION TO RELEASE VEHICLE

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

NO BENEFIT TO BAILEE

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

OTHER SOURCES OF RECOVERY

If other insurance covers the **loss**, **we** will pay only **our** share of the **loss**. **Our** share is the proportion that **our** limit of liability bears to the total limits of all applicable limits. Any applicable deductible of this Policy will be taken in a proportionate share based on the applicable deductibles of each policy.

APPRAISAL

- A. If **we** and **you** do not agree on the amount of **loss**, either may demand an appraisal of the **loss**. In this event, each party will select a competent, licensed and impartial appraiser within fifteen (15) days of the demand for appraisal. If the appraisers agree on the amount of the **loss**, they shall submit a written report to **us** and this shall be deemed to be the amount of the **loss**.
- B. If the appraisers cannot agree on the amount of **loss** within a reasonable time, they shall then choose a competent, impartial umpire. If they cannot agree on an umpire within fifteen (15) days, either **you** or **we** may petition a judge of a court having jurisdiction to choose an umpire. The appraisers will state separately the **actual cash value** and the amount of **loss**. If they fail to agree, they will submit their differences to the umpire. Subject to the provisions of the Policy, a written agreement signed by two of these three will be binding.
- C. Each party will:
1. Pay its chosen appraiser; and
 2. Bear the expenses of the appraisal and umpire equally.
- D. By agreeing to an appraisal, **we** do not waive any of **our** rights or defenses under this Policy, including **our** right to deny the claim.

- E. Appraisers have authority only to decide the amount of the **loss**. The appraisers have no authority to:
1. Make any coverage decisions under the Policy; or
 2. Award any fees, interest or costs.

LOSS PAYABLE CLAUSE

- A. Subject to all the terms of this Policy, **loss** or damage shall be paid, as interest may appear, to the **named insured** and/or the loss payee shown on the **Declarations Page** of this Policy, both jointly or separately, at **our** discretion.
- B. The loss payee's interest will not be protected if the **loss** results from **your** fraudulent acts or omissions, conversion, secretion or embezzlement of a **covered auto** or if the **loss** is not payable to **you** under the terms of this Policy.
- C. **We** reserve the right to cancel or nonrenew this Policy as permitted by policy terms and state law. The cancellation or nonrenewal shall terminate this agreement as to the loss payee's interest. If **we** are required by law or regulation to give the loss payee notice of cancellation, **we** will give such notice in accordance to such law or regulation. In addition, any continuance of coverage protecting the loss payee's interest shall terminate on the effective date of a policy contract or insurance binder for similar coverage issued by another insurance carrier.
- D. In the event the loss payee makes a claim under this Policy, the loss payee shall be required to abide by all terms and conditions of this Policy applicable to **you** and shall have no greater rights than **you** to receive payment.
- E. When **we** pay the loss payee, **we** shall, to the extent of payment, be subrogated to the loss payee's rights of recovery.
- F. This clause has no effect if the name of the loss payee is not shown on the **Declarations Page**.

SECTION IV - BUSINESS AUTO CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

A. Loss Conditions

1. Appraisal For Physical Damage Loss

If **you** and **we** disagree on the amount of **loss**, either may demand an appraisal of the **loss**. In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of **loss**. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If **we** submit to an appraisal, **we** will still retain **our** right to deny the claim.

2. Duties In The Event Of Accident, Claim, Suit Or Loss

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

- a. In the event of **accident**, claim, **suit**, or **loss**, **you** must give **us** or **our** authorized representative prompt notice of the **accident** or **loss**. Include:
 - (1) How, when and where the **accident** or **loss** occurred;
 - (2) The **insured's** name and address; and
 - (3) To the extent possible, the names and addresses of any injured persons and witnesses.
- b. Additionally, **you** and any other involved **insured** must:
 - (1) Assume no obligation, make no payment or incur no expense without **our** consent, except at the **insured's** own cost.
 - (2) Immediately send **us** copies of any request, demand, order, notice, summons or legal paper received concerning the claim or **suit**.
 - (3) Cooperate with **us** in the investigation or settlement of the claim or defense against the **suit**.
 - (4) Authorize **us** to obtain medical records or other pertinent information.
 - (5) Submit to examination, at **our** expense, by physicians of **our** choice, as often as **we** reasonably require.
- c. If there is **loss** to a covered **auto** or its equipment, **you** must also do the following:
 - (1) Promptly notify the police if the covered **auto** or any of its equipment is stolen.
 - (2) Take all reasonable steps to protect the covered **auto** from further damage. Also keep a record of **your** expenses for consideration in the settlement of the claim.
 - (3) Permit **us** to inspect the covered **auto** and records proving the **loss** before its repair or disposition.
 - (4) Agree to examinations under oath at **our** request and give **us** a signed statement of **your** answers.

3. Legal Action Against Us

No one may bring a legal action against **us** under this Coverage Form until:

- a. There has been full compliance with all the terms of this Coverage Form; and
- b. Under Liability Coverage, **we** agree in writing that the **insured** has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring **us** into an action to determine the **insured's** liability.

4. Loss Payment - Physical Damage Coverages

At **our** option **we** may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property, at **our** expense. **We** will pay for any damage that results to the **auto** from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If **we** pay for the **loss**, **our** payment will include the applicable sales tax for the damaged or stolen property.

5. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom **we** make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to **us**. That person or organization must do everything necessary to secure **our** rights and must do nothing after **accident** or **loss** to impair them.

B. General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the **insured** or the **insured's** estate will not relieve **us** of any obligations under this Coverage Form.

2. Concealment, Misrepresentation Or Fraud

This Coverage Form is void in any case of fraud by **you** at any time as it relates to this Coverage Form. It is also void if **you** or any other **insured**, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Form;
- b. The covered **auto**;
- c. **Your** interest in the covered **auto**; or
- d. A claim under this Coverage Form.

3. Liberalization

If **we** revise this Coverage Form to provide more coverage without additional premium charge, **your** policy will automatically provide the additional coverage as of the day the revision is effective in **your** state.

4. **No Benefit To Bailee - Physical Damage Coverages**

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Form.

5. **Other Insurance**

a. For any covered **auto you** own, this Coverage Form provides primary insurance. For any covered **auto you** don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered **auto** which is a **trailer** is connected to another vehicle, the Liability Coverage this Coverage Form provides for the **trailer** is:

- (1) Excess while it is connected to a motor vehicle **you** do not own.
- (2) Primary while it is connected to a covered **auto you** own.

b. For Hired Auto Physical Damage Coverage, any covered **auto you** lease, hire, rent or borrow is deemed to be a covered **auto you** own. However, any **auto** that is leased, hired, rented or borrowed with a driver is not a covered **auto**.

c. Regardless of the provisions of Paragraph a. above, this Coverage Form's Liability Coverage is primary for any liability assumed under an **insured contract**.

d. When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, **we** will pay only **our** share. **Our** share is the proportion that the Limit of Insurance of **our** Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

6. **Premium Audit**

a. The estimated premium for this Coverage Form is based on the exposures **you** told **us you** would have when this policy began.

We will compute the final premium due when **we** determine **your** actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

b. If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on **our** rates or premiums in effect at the beginning of each year of the policy.

7. **Policy Period, Coverage Territory**

Under this Coverage Form, **we** cover **accidents** and **losses** occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the coverage territory. The coverage territory is:
 - (1) The United States of America;
 - (2) The territories and possessions of the United States of America;
 - (3) Puerto Rico;
 - (4) Canada; and
 - (5) Anywhere in the world if:
 - (a) A covered **auto** of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less; and
 - (b) The **insured's** responsibility to pay damages is determined in a **suit** on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico, or Canada or in a settlement we agree to.

We also cover **loss** to, or **accidents** involving, a covered **auto** while being transported between any of these places.

8. **Two Or More Coverage Forms Or Policies Issued By Us**

If this Coverage Form and any other Coverage Form or policy issued to **you** by **us** or any company affiliated with **us** applies to the same **accident**, the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by **us** or an affiliated company specifically to apply as excess insurance over this Coverage Form.

SECTION V - DEFINITIONS

- A. **Accident** includes continuous or repeated exposure to the same conditions resulting in **bodily injury** or **property damage**.
- B. **Auto** means:
 1. A land motor vehicle, **trailer** or semitrailer designed for travel on public roads; or
 2. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, **auto** does not include **mobile equipment**.

- C. **Bodily injury** means bodily injury, sickness or disease sustained by a person including death resulting from any of these.
- D. **Covered pollution cost or expense** means any cost or expense arising out of:
1. Any request, demand or order or statutory or regulatory requirement that any **insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**; or
 2. Any claim or **suit** by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, pollutants.

Covered pollution cost or expense does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants**:

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled, or handled for movement into, onto or from the covered **auto**;
 - (2) Otherwise in the course of transit by or on behalf of the **insured**; or
 - (3) Being stored, disposed of, treated or processed in or upon the covered **auto**; or
- b. Before the **pollutants** or any property in which the **pollutants** are contained are moved from the place where they are accepted by the **insured** for movement into or onto the covered **auto**; or
- c. After the **pollutants** or any property in which the **pollutants** are contained are moved from the covered **auto** to the place where they are finally delivered, disposed of or abandoned by the **insured**.

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar **pollutants** that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered **auto** or its parts, if:

- (1) The **pollutants** escape, seep, migrate, or are discharged, dispersed or released directly from an **auto** part designed by its manufacturer to hold, store, receive or dispose of such **pollutants**; and
- (2) The **bodily injury, property damage or covered pollution cost or expense** does not arise out of the operation of any equipment listed in Paragraphs **6.b.** or **6.c.** of the definition of **mobile equipment**.

Paragraphs **b.** and **c.** above do not apply to **accidents** that occur away from premises owned by or rented to an **insured** with respect to **pollutants** not in or upon a covered **auto** if:

- (a) The **pollutants** or any property in which the **pollutants** are contained are upset, overturned or damaged as a result of the maintenance or use of a covered **auto**; and
 - (b) The discharge, dispersal, seepage, migration, release or escape of the **pollutants** is caused directly by such upset, overturn or damage.
- E. **Diminution in value** means the actual or perceived loss in market value or resale value which results from a direct and accidental **loss**.
- F. **Employee** includes a **leased worker**. **Employee** does not include a **temporary worker**.
- G. **Insured** means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or **suit** is brought.
- H. **Insured contract** means:
1. A lease of premises;
 2. A sidetrack agreement;
 3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 5. That part of any other contract or agreement pertaining to **your** business (including an indemnification of a municipality in connection with work performed for a municipality) under which **you** assume the tort liability of another to pay for **bodily injury** or **property damage** to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;
 6. That part of any contract or agreement entered into, as part of **your** business, pertaining to the rental or lease, by **you** or any of **your employees**, of any **auto**. However, such contract or agreement shall not be considered an **insured contract** to the extent that it obligates **you** or any of **your employees** to pay for **property damage** to any **auto** rented or leased by **you** or any of **your employees**.
- An **insured contract** does not include that part of any contract or agreement:
- a. That indemnifies a railroad for **bodily injury** or **property damage** arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;

- b. That pertains to the loan, lease or rental of an **auto** to **you** or any of **your employees**, if the **auto** is loaned, leased or rented with a driver; or
 - c. That holds a person or organization engaged in the business of transporting property by **auto** for hire harmless for **your** use of a covered **auto** over a route or territory that person or organization is authorized to serve by public authority.
- I. **Leased worker** means a person leased to **you** by a labor leasing firm under an agreement between **you** and the labor leasing firm to perform duties related to the conduct of **your** business. **Leased worker** does not include a **temporary worker**.
- J. **Loss** means direct and accidental **loss** or damage.
- K. **Mobile equipment** means any of the following types of land vehicles, including any attached machinery or equipment:
- 1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - 2. Vehicles maintained for use solely on or next to premises **you** own or rent;
 - 3. Vehicles that travel on crawler treads;
 - 4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers or rollers.
 - 5. Vehicles not described in Paragraphs 1., 2., 3., or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well-servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers; or
 - 6. Vehicles not described in Paragraphs 1., 2., 3. or 4. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not **mobile equipment** but will be considered **autos**:
 - a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing; or
 - (3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps and generators, including spraying, welding, building, cleaning, geophysical exploration, lighting or well servicing equipment.

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

Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered **autos**.
- L. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- M. **Property damage** means damage to or loss of use of tangible property.
- N. **Suit** means a civil proceeding in which:
 - 1. Damages because of bodily injury or property damage; or
 - 2. A covered pollution cost or expense, to which this insurance applies, are alleged.

Suit includes:

 - a. An arbitration proceeding in which such damages or **covered pollution costs or expenses** are claimed and to which the **insured** must submit or does submit with **our** consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages or **covered pollution costs or expenses** are claimed and to which the insured submits with **our** consent.

O. **Temporary worker** means a person who is furnished to **you** to substitute for a permanent **employee** on leave or to meet seasonal or short- term workload conditions.

P. **Trailer** includes semitrailer.