

AMERICAN FREEDOM INSURANCE COMPANY

Mount Prospect, IL

A Stock Company

WARNING:

Any person who, with intent to defraud or knowing that he or she is facilitating a fraud against an insurer, submits an application or files a claim containing a false or fraudulent statement may be guilty of insurance fraud which may affect coverage under this policy.

IMPORTANT:

1. For your protection, immediately notify the claim Customer Service Department of the American Freedom Insurance Company of every accident no matter how slight or serious, and regardless of cause or fault.
2. Please examine the coverages listed on the Declarations Page that you have purchased and read the entire insurance policy which contains coverage information, your obligations, the Company's obligations, definitions, conditions, limitations and exclusions. **PLEASE ASK YOUR SALESPERSON FOR A COPY OF YOUR APPLICATION FOR INSURANCE AS THE COMPANY HAS RELIED UPON THE STATEMENTS AND REPRESENTATIONS CONTAINED IN IT. READ IT AND THE COVERAGES LISTED ON THE DECLARATIONS PAGE CAREFULLY.** The policy specifically addresses who may use your vehicle and under what conditions coverage will be afforded.

If you have purchased Automobile Physical Damage Coverage, Stated Value or Symbol, please immediately examine your policy for the complete provisions on Automobile Physical Damage Coverage, Stated Value and other details and if you have any questions about the stated value or symbol physical damage coverage, your deductible(s) amount, the depreciation charge, betterment, the Company's payment or other options or on the insurance policy, please call the Company immediately.

UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE

Illinois law requires insurance companies to make available to applicants for automobile insurance and current automobile insurance policyholders (who do not already carry collision coverage) uninsured motorist property damage coverage.

- **WHAT IS UNINSURED MOTORIST PROPERTY DAMAGE?** U.M.P.D. coverage will pay for property damage to your automobile which has been caused by an uninsured motorist.
- **WHAT AMOUNT OF COVERAGE IS AVAILABLE UNDER U.M.P.D.?** The actual cash value of the motor vehicle described in the policy or \$15,000 whichever is less, subject to a \$250 deductible.
- **WHAT MUST I, THE INSURED, DO IN ORDER TO COLLECT UNDER U.M.P.D. COVERAGE?** You must be able to provide this insurance Company with the identity of the owner or operator and, if known, license plate number of the at-fault uninsured motor vehicle or hit-and-run motor vehicle. **You must read the policy and provisions and declarations.**

The premium for uninsured motorists property damage coverage on your automobile policy is available by contacting your producer.

IF YOU WOULD LIKE TO OBTAIN THIS COVERAGE or if you have any questions, please contact your producer.

Please review your Application, the Declarations and endorsements of your policy for the limits and nature of coverages in your policy. To request additional coverage or to make a change in coverage, please contact your producer.

FRAUD AND MISREPRESENTATION

The statements contained in the application are deemed to be representations relied upon by the Company in issuing the policy. In the event that any representation contained in the application or in any notification of change is false, misleading or materially affects the acceptance or rating of this risk by the Company, by either direct misrepresentation, omission, concealment of facts or incorrect statements, this policy at the Company's option shall be null and void and of no benefit whatsoever from the inception date of the policy or at the Company's option, the policy will be endorsed to the correct rate effective on the effective date of change and the insured will be held liable for the applicable total premium. This paragraph shall also apply to misstatement of use, misrepresentations and omissions of fact. This policy shall not provide coverage for any insured who has made fraudulent, false, or misleading statements, or misrepresentations or engaged in fraudulent conduct in connection with any accident or loss for which coverage is sought under this policy and any person who with intent to defraud or knowingly facilitates a fraud against an insurer, submits an application or files a claim containing a misrepresentation or a false statement may be guilty of insurance fraud. The Company may void this policy or deny coverage for fraud or misrepresentation even after the occurrence of an accident or loss. This means that the Company will not be liable for any claims or damages that would otherwise be covered. If the Company is not permitted to void this policy, the Company has a right to reduce any first party claims by the amount of any additional premium owed and/or in the case of third party claims to collect additional premium owed. Any payments made by the Company as the result of the insured's fraud or misrepresentation may be recovered from the insured, or from any payments due or made to the insured under any First Party Coverage provided by this policy. This policy will not be voided after it has been in effect for one (1) year, or one (1) policy period, whichever is less.

If you have any questions, please immediately notify the Customer Service Department of the American Freedom Insurance Company at:

AMERICAN FREEDOM INSURANCE COMPANY

CONSUMER SERVICE AND INFORMATION

559 West Golf Rd.

Arlington Heights, IL 60005

847-758-9300 Telephone

847-758-9685 Facsimile



**American
Freedom
Insurance Company**
559 W. Golf Rd.
Arlington Heights, IL 60005

Privacy Notice

American Freedom Insurance Company and its affiliated companies appreciate your business when you purchase our insurance products. You provide us with your private personal information when you purchase insurance and we in turn are committed to protecting your privacy. We do not sell information about you.

Our sources of information

We collect personal information about you from:

- What is provided on applications or other forms, (your name, address and Drivers License Number, etc.)
- Your transactions with us, our affiliates or others (such as your payment history and claims information)
- The information we receive from a regulatory reporting agency (such as your motor vehicle record)
- Your insurance agent or financial advisor (such as updated information pertaining to your account)

American Freedom Insurance Company's use of information

We treat your information with concern for your privacy and we do not disclose any nonpublic personal information about our customers except as permitted by law.

We may share any or all of your information with our affiliated companies and independent American Freedom Insurance Company representative – Independent Insurance Agents authorized to sell American Freedom Insurance Company products. We may also disclose any or all information we have collected about you to companies that perform services on our behalf, to other financial institutions with whom we have joint marketing agreements, and other insurance companies relative to claims.

When we make this type of disclosure it is done to service your account or policy, or to inform you about products and services.

Independent Insurance Agents

The Independent Insurance Agents authorized to sell our products and services are not our employees and not subject to our Privacy Policy. They have a unique business relationship with you, and have additional personal information about you that we do not have and they may use this information differently than we would.

This consumer statement applies to our web sites.

Protecting your personal information from unauthorized access

We limit employee access to customer information to those who have a legitimate business reason.

Medical Information

We obtain medical information only in connection with specific underwriting or claims. We will not use or share medical information for any purpose other than the underwriting or processing of your policy, claim, account or investigations by other insurance companies.

Basic Personal Automobile Insurance Policy

AMERICAN FREEDOM INSURANCE COMPANY

ARLINGTON HEIGHTS, ILLINOIS

(A stock company herein called the Company)

Agrees with the named insured, listed in the Declarations made a part hereof, in consideration of the payment of the premium by cash, or automatic authorized withdrawal, check or credit card that is valid and not dishonored by your bank, and in reliance upon the statements and representations in the application and Declarations and subject to all the terms of this policy:

Part I

- A. Bodily Injury Liability Coverage**
- B. Property Damage Liability Coverage**
- C. Medical Payments Expense**
- Non Owners Policy**

To pay on behalf of the insured all amounts to the extent of the applicable limits which the insured shall become legally obligated to pay as compensatory damages only and not for punitive or exemplary damages because of:

Part I. A. Bodily Injury, or Part I. B. Property Damage

Caused by accident arising out of the ownership, maintenance or use of the owned automobile or any non-owned automobile, and the Company shall defend any suit alleging such bodily injury or property damage and seeking damages which are payable under the terms of this policy, even if any of the allegations of the suit are groundless, false or fraudulent; but the Company may make such investigation and settlement of any claim or suit as it deems appropriate.

It is understood and agreed that the Company has no obligation to any insured after applicable limits of the policy have been exhausted by payment; it is further understood and agreed that the Company is not obligated to pay, and shall not pay, attorney fees for any legal or investigative work unless such attorneys are specifically selected by the Company; it is further understood and agreed that the Company is not obligated to pay, and shall not pay, any sum which the insured may be legally obligated to pay as a result of a lawsuit unless the Company received actual notice of said suit before any judgment had been entered in said suit. It is understood and agreed that the Company has the sole right to settle or defend any suit including, but not limited to, the right to accept or reject arbitration awards entered in such suit.

Supplementary Payments. To pay, in addition to the applicable limits of liability:

- (a) All expenses incurred by the Company, all costs taxed against the insured in any such suit and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the Company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the Company's liability thereon;
- (b) Premiums on appeal bonds required in any such suit;
- (c) Premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy;
- (d) All reasonable expenses, other than loss of earnings, incurred by the insured at the Company's request.

Part I. C. Medical Payments Expense – To pay usual and customary charges incurred for reasonable and necessary services rendered by a person insured within one year from the date of accident for medical, surgical, X-ray and dental services when performed by a licensed medical professional; pharmaceuticals; prosthetic devices; necessary ambulance, hospital, professional nursing services when prescribed by a licensed medical professional; and funeral services incurred as a result of an accident.

1. To or for the named Insured and each relative who sustains bodily injury, sickness or disease, including death resulting therefrom, hereinafter called "bodily injury" caused by accident, while occupying or through being struck by an automobile;
2. To or for any other person who sustains bodily injury, caused by accident, while occupying
 - (a) The owned automobile, while being used by an insured; or
 - (b) A non-owned automobile, if the bodily injury results from its operation by an insured, provided that no such payment shall be made unless the person to or for whom such payment is made shall have executed a written agreement that the amount of such payment shall be applied toward the settlement of any claim or the satisfaction of any judgment for damages entered in his/her favor, against any insured because of bodily injury arising out of an accident to which the Liability Coverage applies.

Reasonable medical expenses do not include expenses:

- (a) For treatment, services, products, or procedures that are:
 - (1) Experimental in nature, for research, or not primarily designed to serve a medical purpose; or

- (2) Not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of the bodily injury; or
- (b) Incurred for:
 - (1) The use of thermography or other related procedures of similar nature;
 - (2) The use of acupuncture or other related procedures of a similar nature;
 - (3) The purchase or rental of equipment not primarily designed to serve a medical purpose.

Persons Insured. The following are insured under Part I – A. Bodily Injury, B. Property Damage and C. Medical Payments Expense

- (a) With respect to the owned automobile,
 - (1) The named insured,
 - (2) Any other person using such automobile to whom the named Insured has given permission, provided the use is within the scope of such permission; and provided that the person driving or giving permission is not an Excluded Driver under the policy of insurance;
- (b) With respect to a non-owned automobile;
 - (1) The named Insured, provided the named Insured received the permission of its owner, and the use is within the scope of such permission;
 - (2) A relative, but only with respect to a private passenger automobile, provided the person using such automobile has received the permission of its owner and the use is within the scope of such permission;
- (c) Any other person or organization legally responsible for the use of
 - (1) An owned automobile, or
 - (2) A non-owned automobile, if such automobile is not owned or hired by such person or organization.
 Provided the actual use thereof is by a person who is an insured under (a) or (b) above with respect to such owned automobile or non-owned automobile.

All Disputes under Part I. C. Medical Payments Expense shall be resolved through Arbitration (See Condition 8. (c) page 18).

The insurance afforded under Part I applies separately to each insured against whom claim is made or suit is brought, but neither the inclusion herein of more than one insured nor the application of the policy to more than one automobile shall operate to increase the limits of liability stated in the Declarations for the liability coverages.

Definitions. Under **Part I** and throughout this policy: See Page 4 for Additional Definitions under **Part I. Non-Owners Policy**; See Pages 5 and 6 for Additional Definitions under **Part II**; See Pages 11 and 12 for Additional Definitions under **Part III**.

“Private Passenger Automobile” or “Automobile” means a four wheel private passenger, station wagon or jeep type land motor vehicle designed for use principally upon public roads, and except under Part II, includes a trailer, while used therewith, but “automobile” shall not include any vehicle while located for use as a residence or premises;

“Automobile Business” means the business or occupation of selling, leasing, loaning, renting, repairing, servicing, storing, transporting, parking, washing, providing fuel or lubricants or otherwise dealing with automobiles;

“Accident” means sudden, unexpected, unforeseen, unplanned, non-intentional event or circumstance of a vehicular occurrence and excludes other intentional assaults, battery or other acts of violence;

“Usual and Customary Charge” means an amount determined to represent a customary charge for services in the geographical area in which service is rendered. The Company shall determine the customary charge through the use of independent sources of the Company’s choice;

“Marriage”, “spouse” and “marital” are terms that refer to the legal relationship between two persons united together in either a marriage or a civil union that is recognized by and valid under Illinois law.

“Owned Automobile” means

- (a) a private passenger four wheel, farm or utility automobile described in the declarations of this policy,
- (b) a private passenger four wheel, farm or utility automobile, ownership of which is acquired by the named Insured during the policy period provided;
 - (1) that the acquired automobile replaces an automobile described in this policy; that neither the named Insured nor any resident of his/her household retains ownership of the described replaced automobile, and that the named Insured notified the Company in writing within 30 days after the acquisition of his/her intention to make this policy applicable to such acquired replacement automobile;
 - (2) that the Company insures all private passenger, farm and utility automobiles owned by the named Insured on the date of such acquisition and the named Insured notifies the Company in writing within 30 days after the date of such acquisition of his/her election to make this and no other policy issued by the Company applicable to such automobile.
- (c) a temporary substitute automobile;

“Temporary Substitute Automobile” means an automobile not owned by the named Insured or any relative or resident of the same household and not regularly available to the Insured, while temporarily used as a substitute for an owned automobile described on the Declarations page, only when the owned automobile described on the Declarations page is withdrawn from normal use for servicing or repair or because of its breakdown, repair, loss or destruction;

“Non-Owned Automobile” means a private passenger four wheel, farm, or utility automobile not owned by or furnished for the regular use of either the named Insured or any resident of the same household;

“Farm Automobile” means a four wheel automobile of the truck type with a load capacity of fifteen hundred pounds or less, not used for business, delivery or commercial purposes other than farming;

“Utility Automobile” means a four wheel automobile other than a farm automobile, with a load capacity of fifteen hundred pounds or less of the pick-up body, sedan delivery or panel truck type not used for business, delivery or commercial purposes;

“Bodily Injury” means bodily injury and sickness or disease and death from an accident and unrelated to mold or fungus;

“Insured” means a person or organization described under “Persons Insured” above;

“Application” means the form entitled Application for Insurance that contains statements, coverages selected, disclosures and agreements that form a part of this policy;

“Declarations Page” means the document listing the types of coverage selected, the limit for each coverage, the cost for each coverage, deductibles, the specified autos covered by this policy, the types of coverage for each such auto, and other information applicable to this policy;

“Premium payment/paid” means the actual receipt of funds by this Company;

“Medical Expense” means the usual and customary charges incurred for reasonable and necessary services rendered by a person insured within one year from the date of accident for medical, surgical, X-ray and dental services when performed by a licensed medical professional; pharmaceuticals; prosthetic devices; necessary ambulance, hospital, professional nursing services when prescribed by a licensed medical professional; and funeral services incurred as a result of an accident.

Reasonable medical expenses do not include expenses:

- (a) For treatment, services, products, or procedures that are:
 - (1) Experimental in nature, for research, or not primarily designed to serve a medical purpose; or
 - (2) Not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of the bodily injury; or
- (b) Incurred for:
 - (1) The use of thermography or other related procedures of similar nature;
 - (2) The use of acupuncture or other related procedures of a similar nature;
 - (3) The purchase or rental of equipment not primarily designed to serve a medical purpose.

“Named Insured” means the individual or husband and wife named in the Declarations, but if only one individual is named the term “named Insured” also includes his/her spouse if a resident of the same household;

“Occupying” means in or upon, entering into or alighting from;

“Unoccupied” means that no person is in the vehicle;

“Relative” means any person related to the named Insured or his/her spouse by blood, legal marriage or adoption, including a ward or foster child, who is a resident of the same household as the named Insured, whether or not temporarily living elsewhere, and is listed on the application for this insurance as driver and neither he/she nor his/her spouse owns a private passenger automobile that is required to have insurance. Relative includes a minor under guardianship of the named Insured who is a resident of the same household as the named Insured;

“Spouse” means the insured’s husband or wife who is legally married under the laws of the state of Illinois;

“Proof of Loss” means the insured’s sworn proof of loss completed on a document furnished by the Company for that purpose;

“Use” of an automobile includes the loading and unloading thereof;

“Regular Operator” means any person not listed on the Declarations Page who resides outside of the Insured’s household and operates the owned automobile three or more times, consecutively or cumulatively, during the policy period;

“Trailer” means

- (1) a device or vehicle which is not self-propelled and is designed to be towed by a private passenger automobile, if not being used for business, delivery or commercial use and if not a home, office, store, display, passenger trailer, travel trailer, camper or any vehicle that can be lived in, or
- (2) a farm wagon or farm implement while used with a farm automobile;

“War” means war, whether or not declared, civil war, insurrection, rebellion, or revolution, or any act or condition incident to any of the foregoing.

“Racing” means participating in any organized or prearranged race, speed, demolition, stunt, or timed contest or activity. Racing includes preparation for the contest or activity.

Part I. Non-Owners Policy. This Part I. Non-Owners Coverage applies only if the term “NON OWNER” appears in the Declarations. NON OWNER coverage is only for licensed drivers who are specifically named in the Declarations with respect to the use of a non-owned automobile as defined in this Policy. Non Owner Coverage does not insure any person with respect to an owned automobile or with respect to an automobile furnished for the regular use of the named insured or a member of his or her household. If the term “NON OWNER” appears in the declarations, then the coverage under this policy is subject to all of the provisions of the policy except as modified as follows:

“Persons Insured” The only person insured under this policy is the named insured and his or her spouse if a resident of the same household, and then only with respect to a non-owned automobile, provided the use thereof is with the permission of its owner and within the scope of said permission. All other definitions of “insured(s)” do not apply.

The provisions of this Part I. Non-Owners Policy control to the extent that there is any discrepancy or contradiction between the provisions of this Part and those of any other Part or Condition of the policy.

Limits of Liability. The limit of bodily injury liability coverage as stated in the Declarations as applicable to “each person” is the maximum limit of the Company’s liability for all damages, including damages for care and loss of services, society and loss of consortium to others resulting from this bodily injury, sustained by one person as the result of any one occurrence; the limit of such liability stated in the Declarations as applicable to “each occurrence” is subject to the above provision respecting each person and is the total limit of the Company’s liability for all such damage arising out of bodily injury sustained by two or more persons as the result of any one occurrence. The limits of liability are not increased because more than one person or more than one vehicle are insured at the time of the accident. The limit of property damage liability Coverage B, stated in the Declarations as applicable to “each occurrence” is the total limit of the Company’s liability for all damages arising out of injury to or destruction of all property of one or more persons or organizations, including the loss of use thereof, as the result of any one occurrence.

The limit for Medical Payment Coverage, stated in the Declarations as applicable to “each person” is the limit of the Company’s liability for all medical expense incurred by or on behalf of each person who sustains bodily injury as the result of any one accident.

The limits of liability for “Coverage A Bodily Injury Liability” and for “Coverage B Property Damage Liability” are the most the Company will pay under each of said coverages regardless of the number of:

- (1) insureds;
- (2) claims made or suits brought on account of bodily injury or property damage;
- (3) automobiles or separated itemizations of premiums stated in the Declarations;
- (4) automobiles involved in the accident

The limits for any coverage for any automobile under this policy may not be aggregated with the limits for any similar coverage, whether provided by the Company or another insurer, applying to other motor vehicles, for purposes of determining the total limits of insurance coverage available for bodily injury suffered by a person in any one accident. Therefore, the total limit of liability under all the policies, whether provided by the Company or another insurer shall not exceed the highest applicable limit of liability under any one policy.

Financial Responsibility Laws. In the event that this policy is certified as proof of financial responsibility for the future under the provisions of the Illinois motor vehicle financial responsibility law, such insurance as is afforded by Part I of this policy for bodily injury liability or for property damage liability shall comply with the provisions of such Illinois law to the extent of the coverage and limits of liability required by such law; but in no event in excess of the limits of liability stated in the declarations page of this policy. This policy is not intended as proof under any state financial responsibility laws, other than Illinois. The terms, conditions, and exclusions as written will apply in any state where the loss may occur.

Other Insurance. If the Insured has other insurance or self insurance against a loss covered in Part I of this policy, the Company shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability under this policy bears to the total applicable limit of liability of any valid and collectible insurance and self insurance against such loss provided however, the insurance with respect to a temporary substitute or non-owned automobile shall be excess insurance over any other valid and collectible insurance or self insurance applicable to such temporary automobile or non-owned automobile. If there is other automobile medical payments insurance against a loss covered by Coverage C of Part I of this policy the Company shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability stated in the Declarations bears to the total applicable limit of liability of all valid and collectible automobile medical payments insurance; provided, however, the insurance with respect to a temporary substitute automobile or non-owned automobile shall be excess insurance over any other valid and collectible automobile or self insurance.

PART II – BASIC AUTOMOBILE PHYSICAL DAMAGE COVERAGE

If your vehicle is insured for comprehensive and/or collision, it is agreed as follows:

Coverage D. Comprehensive (excluding Collision): To pay the insured for or to have repaired, at the Company's option, loss caused other than by collision to the owned automobile or equipment but only for the amount of each such loss in excess of the deductible amount stated on the Declarations Page as applicable hereto. For the purpose of this coverage, breakage of glass and loss caused by missiles, falling objects, fire, theft, larceny, explosion, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion shall not be deemed to be a loss caused by collision.

Coverage E. Collision: To pay the insured or to have repaired at the Company's option, loss caused by collision to the owned automobile or equipment but only for the amount of each such loss in excess of the deductible amount stated on the Declarations Page applicable hereto. The owned automobile must be operated by or in the care or custody of an authorized driver at the time of loss.

Definitions- The definitions in Part I-A. B. C. except the definition of "Insured" apply to Part II Automobile Physical Damage Coverage.

"Insured" means with respect to the owned automobile (1) the named Insured and (2) any person or organization, other than a person or organization engaged in the automobile business or as a carrier or other bailee for hire, maintained, using or having custody of said automobile with the permission of the named Insured, and within the scope of such permission.

Additional Definitions. For purpose of Part II –Automobile physical damage coverage.

"Loss" means each sudden direct and accidental physical damage to or theft or destruction of the owned automobile (including equipment available from the manufacturer that is for that make and model) which occurs during the policy period as the result of an accident or happening which is neither expected nor intended by the Insured or any other person using or having custody of the owned automobile to whom the named Insured has given permission except for an innocent coinsured if the loss arose out of a pattern of criminal domestic violence and the perpetrator of the loss is criminally prosecuted . The "loss" does not include diminution in value. Custom or additional equipment is covered only if it is declared prior to the loss and an additional premium is paid. In this policy, the date of loss shall be deemed to be the date of the accident causing the loss;

"Collision" means an upset of the owned automobile or a physical contact between the owned automobile and another motor vehicle, physical object or person. Collision does not include

- (1) breakage of glass or
- (2) loss caused by missiles, falling objects, fire, theft, larceny, explosion, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion.

"Forcible Entry" means unauthorized entry and use of actual force and tampering evidenced by visible marks or damage to the exterior of the vehicle;

"Authorized Driver" means:

- a) The named Insured; or
- b) Any other person listed on the application or added by endorsement during the policy term; or
- c) Any other person who has the insured's express permission to use the automobile;

"Aftermarket crash part" means a replacement for any of the non-mechanical sheet metal or plastic parts that generally constitute the exterior of a motor vehicle, including inner and outer panels;

"Betterment" means a deduction for making an item better or adding value thereto;

- a) Reflect a measurable decrease in market value attributable to the poorer condition of, or prior damage to, the insured vehicle;
- b) Are for prior wear and tear, missing parts and rust damage that is reflective of the general overall condition of the vehicle considering its age, any such deductions for this type of damage may not exceed five hundred dollars (\$500); and

- c) Are measurable, itemized, specified as to dollar amount and documented in the claim file.

“Non-original equipment manufacturer (Non-OEM) aftermarket crash part” means an aftermarket crash part not made for or by the manufacturer of the motor vehicle;

“Like kind and quality part” includes but is not limited to a replacement part for any vehicle from another vehicle;

“Equipment” means the standard or optional equipment which is available from the manufacturer for that make, model and model year of automobile which was permanently installed in the automobile in the place designed by the manufacturer at the time of original sale;

“Owned Automobile” does not include a temporary substitute automobile and, for Physical Damage Coverage, means

- a) a private passenger four wheel, farm or utility automobile described in the declarations of this policy,
- b) a private passenger four wheel, farm or utility automobile, ownership of which is acquired by the named Insured during the policy period provided;
 - (1) that the acquired automobile replaces an automobile described in this policy; that neither the named Insured nor any resident of his/her household retains ownership of the described replaced automobile, and that the named Insured notifies the Company in writing within 30 days after the acquisition of his/her intention to make this policy applicable to such acquired replacement automobile;
 - (2) that the Company insures all private passenger, farm and utility automobiles owned by the named Insured on the date of such acquisition and the named Insured notifies the Company in writing within 30 days after the date of such acquisition of his/her election to make this and no other policy issued by the Company applicable to such automobile;

“Special Equipment” means, but is not limited to CD player, DVD Player, F.M. and radio, stereo tape players, disc players, speakers, amplifiers, phone, special paint, decals, stripes, wire wheels, magnesium wheels, aluminum wheels, chrome wheels, polycast wheels, wheel covers, targa tops, t-tops, sunroofs, moon roofs, flip up roofs, convertible tops, spoilers and/or ground effect packages;

“Repair” means physical repair and does not mean restoration to pre-accident value or condition;

“Diminution in value” means the actual or perceived decrease of market or resale value of an automobile or part thereof, measured after repair of physical damage;

“Physical Damage” means the actual physical damage to tangible property and does not include intangible economic loss such as diminution in value;

#1 Limit of Liability Under Part II: IF YOUR POLICY IS A STATED VALUE POLICY, any portion of this policy to the contrary notwithstanding, in the event of a loss under Coverage D Comprehensive (excluding Collision) or Coverage E Collision, wherein the physical damage sustained or the destruction to the owned automobile approximates the value of the vehicle and the words MAXIMUM STATED VALUE is listed in the vehicle section on the Declarations page, the Company’s liability under Part II is limited to the smallest of the following, subject to the policy’s deductible(s) and all terms and conditions of this policy:

- (1) To the payment of the stated value less depreciation charges hereinafter set forth and less any deduction for the cost to replace missing equipment and less the cost of repair of any old unrepaired physical damage.
- (2) The actual cash value of stolen or damaged property or part thereof at the time of the accident or theft;
- (3) The amount necessary to repair the damaged property using, at the sole discretion of the company, new parts from the vehicle’s manufacturer, aftermarket crash parts, non-original equipment manufacturer (Non-OEM) aftermarket crash parts or like kind and quality parts. Non original equipment manufacturer (Non-OEM) aftermarket crash parts will be identified on the repair estimate. If a repair is made or if a replacement part is used that is of better than like kind and quality, the Company may make a monetary adjustment for betterment.
- (4) The amount necessary to replace the stolen or damaged property at the time of the accident with like kind and quality property less depreciation and less old damage. Aftermarket parts or recycled used parts may be used at the Company’s discretion. Repairs must be authorized by the Insured within 90 days after Company approval and authorization for specific repairs and amount.

Depreciation: Depreciation shall be computed at the rate of 2% per month of the stated value of the owned automobile as listed on the Declarations Page for every month or part thereof that the policy shall have been in force. The total percentage deduction for depreciation shall be computed on the whole amount in one sum and not by monthly deductions.

#2 Limit of Liability Under Part II: IF YOUR POLICY IS A SYMBOL RATED POLICY, any portion of this policy to the contrary notwithstanding, in the event of a loss under Coverage D Comprehensive (excluding Collision) or Coverage E Collision, wherein the physical damage sustained or the destruction to the owned automobile approximates the value of the vehicle and the words **SYMBOL**

RATED is listed in the vehicle section on the Declarations page, the Company's liability under Part II is limited to the smallest of the following, subject to the policy's deductible(s) and all terms and conditions of this policy:

- (1) The actual cash value of stolen or damaged property or part thereof at the time of the accident or theft;
- (2) The amount necessary to repair the damaged property using, at the sole discretion of the company, new parts from the vehicle's manufacturer, aftermarket crash parts, non-original equipment manufacturer (Non-OEM) aftermarket crash parts or like kind and quality parts. Non original equipment manufacturer (Non-OEM) aftermarket crash parts will be identified on the repair estimate. If a repair is made or if a replacement part is used that is of better than like kind and quality, the Company may make a monetary deduction for betterment.
- (3) The amount necessary to replace the stolen or damaged property at the time of the accident with like kind and quality property less depreciation and less old damage. Aftermarket parts or recycled used parts may be used at the Company's discretion. Repairs must be authorized by the Insured within 90 days after Company approval and authorization for specific repairs and amount.

The following four provisions apply to both #1 Limit of Liability under Part II and #2 Limit of Liability under Part II Basic Automobile Physical Damage Coverage.

- (1) **Actual cash value:** The market value at the time of the loss based upon vehicle mileage, age, condition, original optional equipment, and comparable vehicles available for sale within a reasonable geographic radius as documented in an electronic database of publications and dealerships, less depreciation and/or betterment.
- (2) **Deductible:** The deductible amount stated on the Declarations Page shall be applicable to each individual loss, regardless of whether the insured reports the loss to the Company or a claim is made for the loss under the policy.
- (3) **Diminution of Value:** There shall be no payment for diminution of value.
- (4) **Betterment:** A deduction for making an item better or adding value thereto.

Coverage M. Rental Reimbursement Coverage: If you have Collision coverage and you have purchased Rental Reimbursement coverage it is agreed that commencing 48 hours after direct or accidental loss or damages to the insured automobile (hereinafter called loss) caused by collision of the automobile which is reported timely to the Company and covered by the Company, the Company will reimburse the insured for rental fees of a substitute automobile from a bonafide licensed rental agency or a licensed common carrier for the length of time reasonably required to repair the owned automobile by a licensed business, garage, or facility, but in no event in excess of the maximum daily reimbursement benefit and maximum number of days as specified on the Declarations page. Coverage is limited to two occurrences per policy term.

Coverage I - Towing: In the event the Declarations Page indicates your vehicle is insured for towing, the Company will reimburse you for reasonable, usual and customary charges for towing necessitated by the disablement of an owned automobile, which does not include running out of gas, not to exceed the coverage limit for towing stated in the Declarations, provided, that towing is to the nearest point at which the disablement can be remedied and provided proof is submitted to the Company in the form of verifiable receipts of towing incurred. Coverage is limited to two occurrences per policy term.

SUPPLEMENTARY PAYMENTS. Payments will be made in addition to the applicable limit of liability to pay average general salvage charges up to \$100.00 for which the Insured becomes legally liable as to the automobile being transported.

OTHER INSURANCE. With respect to a temporary substitute automobile or non-owned automobile, this insurance shall be excess over any other valid and collectible insurance or self insurance.

Please read very carefully. Coverage may not be afforded for any of the Exclusions.

EXCLUSIONS (PARTS I AND II)

This policy does not apply:

1. Under Coverage A. Bodily Injury Liability Coverage, B. Property Damage Liability Coverage, or Non-Owners Policy of Part I.

- (a) To bodily injury to, or sickness disease or death of any fellow employee of the Insured injured in the course of his employment, if such injury arises out of the use of an owned automobile or non owned automobile in the business of his employer, but this exclusion does not apply to any such injury arising out of and in the course of domestic employment by the insured unless benefits are in whole or in part either payable or required to be provided under any worker's compensation law;
- (b) To property damage to
 - (1) Property owned or transported by the Insured,

- (2) Property rented to or in charge of the Insured, other than a residence or private garage. An automobile used, operated or maintained by an insured is considered in charge of the insured.
- (3) Property as to which the Insured is for any purpose exercising physical control.
- (c) To any automobile rented or leased by the Insured where other valid and collectible insurance has been purchased by or furnished to the Insured in connection with such rental or lease;
- (d) To bodily injury or property damage to, or sickness, disease, or death of the named Insured, his spouse or any relative of either of them related by blood, marriage or adoption residing in the same household when the person against whom suit is brought is also a member of that household except when said suit is brought as an action of Contribution. This exclusion is not applicable when any person not in the household of the insured was driving the vehicle of the insured involved in the accident which is the subject of the claim or lawsuit;
- (e) To punitive or exemplary damages, except that if a suit shall have been brought against the insured with respect to a claim for acts or alleged acts falling within the coverage hereof, seeking both compensatory and punitive or exemplary damages, then the Company will afford a defense to such action without liability payment for such punitive or exemplary damages.
- (f) This insurance does not apply to any automobile owned by or furnished for the regular use of the named Insured, or the spouse of the named Insured or any person residing in the same household of the named Insured other than an automobile which qualifies as an "owned automobile" as defined in this policy.
- (g) To any accident arising out of the operation of any automobile in connection with a n automobile sales agency, repair shop, service station, storage garage or parking facility.
- (h) To any bodily injury or property damage that results from the maintenance, use or occupation of an auto without the insured's permission or beyond the scope of permission.
- (i) To any bodily injury or property damage assumed by or imposed on an insured under any agreement, contract, or bailment.
- (j) To any bodily injury or property damage benefits payable under the "No Fault Laws" of the following states: Florida, Hawaii, Kansas, Kentucky, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Dakota, Pennsylvania, and Utah.
- (k) To any bodily injury or property damage resulting from the ownership, maintenance, or use of a vehicle with a load capacity in excess of one thousand five hundred (1,500) pounds.
- (l) To bodily injury or property damage resulting from the use of a motor vehicle equipped for snow removal.

If the term "NON OWNER" (Part I. Non-Owners Policy.) appears on the Declarations of the policy, then all the terms and conditions apply except as modified in Part I Non-Owners Policy and to the extent that any definition, term or provision of Part I. Non-Owner Policy conflicts with any definition, term or provision of any other Part of this policy, the purpose, definition, term and provisions of Part I. Non-Owners Policy shall control the other Parts of this policy.

2. Under Part I. Coverage A or B or C or Non-Owners Policy

- (a) 1) To any automobile while used as a public, livery or delivery conveyance, or 2) to bodily injury to any passenger or passengers carried for hire.
This exclusion does not apply to the extent such use is specifically declared and described in the policy and Part 1) of this exclusion does not apply with respect to the occupancy of a non-owned automobile by the named Insured or relative, other than as an operator thereof;
- (b) To any automobile designed for racing while being tested, repaired, serviced or exhibited; or to any automobile or motor vehicle while used, operated, manipulated, exhibited or maintained in any pre-arranged or organized racing or speed test, including "Hot-rod" or "stock car" racing;
- (c) To bodily injury or property damage with respect to which an Insured under this policy is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriter or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limits of liability;
- (d) To bodily injury or property damage arising out of the operation of equipment or machinery not listed on the Declarations page, including but not limited to farm equipment, dozers, loaders, excavators, road and forest machinery;
- (e) To any bodily injury or property damage while the automobile is used in any illicit trade or transportation or caused intentionally by, or at the direction, of an authorized driver, or anyone using the automobile with the insured's express or implied permission and within the scope of such permission. This exclusion does not apply to an innocent coinsured if the loss arose out of a pattern of criminal domestic violence and the perpetrator of the loss is criminally prosecuted. Coverage under this part shall not apply if the accident or its consequences were either intended by the insured, or could have reasonably been expected from the viewpoint of the insured.
- (f) To bodily injury to any employee of the Insured arising out of and in the course of employment by the Insured, if such injury arises out of the ownership, maintenance or use of the owned automobile or non-owned automobile.
- (g) Loss to any automobile arising out of usage (1) in the automobile business or (2) in the automobile business by the insured or (3) in any other business or occupation of the insured except a private passenger automobile operated or occupied by the named Insured or by his/her private chauffeur or domestic servant, or a trailer used therewith or with an owned automobile.
- (h) To the payment of punitive or exemplary damages, except that if a suit shall have been brought against the insured with respect to a claim for acts or alleged acts falling within the coverage hereof, seeking both compensatory and punitive or exemplary damages, then the Company will afford a defense to such action without liability payment for such punitive or exemplary damages.
- (i) While any automobile is pushing or pulling another automobile or vehicle, except for a trailer rented by an insured, or while any automobile is being pushed or pulled by another automobile, vehicle or person.
- (j) To any mold or fungus related illness.

- (k) To bodily injury or property damage loss arising out of the use of a vehicle by any person without a reasonable belief that the person is entitled to do so.
- (l) To any bodily injury or property damage that results from the maintenance, use or occupation of an auto without the insured's permission or beyond the scope of permission.
- (m) To any bodily injury or property damage benefits payable under the "No Fault Laws" of the following states: Florida, Hawaii, Kansas, Kentucky, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Dakota, Pennsylvania, and Utah.
- (n) To any bodily injury or property damage resulting from the ownership, maintenance, or use of a vehicle with a load capacity in excess of one thousand five hundred (1,500) pounds.
- (o) To any bodily injury or property damage assumed by or imposed on an insured under any agreement, contract, or bailment.
- (p) To bodily injury or property damage resulting from the use of a motor vehicle equipped for snow removal.
- (q) To bodily injury or property damage when the use of the automobile is criminal or while the automobile is used in the commission of a criminal act other than a traffic violation, or while used to flee and elude the police or other law enforcement or government authorities. Provided, however, this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss.
- (r) To any bodily injury, sickness, disease, death or other loss due to war, whether or not declared, civil war, insurrection, rebellion or revolution, riot and civil commotion, or to any act or condition incident to any of the foregoing.

3. Under Part I Coverage C, to bodily injury, sickness, disease or death *incurred in an accident*:

- (a) Sustained by the named Insured or a relative
 - (1) While occupying an automobile owned by or furnished or available for the regular use of either the named Insured or any resident of the same household, other than an automobile which qualifies as an "owned automobile" as defined in this policy; or
 - (2) While occupying or through being struck by
 - (i) A farm type tractor or other equipment designed for use principally off public roads, while not upon public roads, or
 - (ii) A vehicle operating on rails or crawler-treads;
- (b) Arising out of the operation of any automobile insured under this policy, which is designed for racing while being tested, repaired, serviced or exhibited; or to any automobile or motor vehicle while used, operated, manipulated, exhibited or maintained in any prearranged or organized racing or speed test, including "hot-rod" or "stock car" racing;
- (c) Sustained while occupying any vehicle while located for use as a residence or premises;
- (d) Resulting from the hazardous property of nuclear material and arising out of the operation of a nuclear facility by any person or organization;
- (e) To the extent that any medical expense is paid or payable to or on behalf of the injured person under the provision of any
 - (1) Automobile or premises insurance affording benefits for medical expenses, or
 - (2) Individual, blanket or group health, accident, disability or hospitalization insurance, or
 - (3) Medical or surgical reimbursement plan, or
 - (4) Workmen's compensation or disability benefits law or any similar law;
- (f) Unless the injury results from the operation of a non-owned automobile by such named Insured or spouse or arises out of the occupation of a non-owned automobile by the named Insured or spouse;
- (g) Sustained by any person that results from the maintenance, use or occupation of an auto without the insured's permission or beyond the scope of permission.
- (h) While in the commission of a crime or fleeing from the police.
- (i) Resulting from the ownership, maintenance, or use of a vehicle with a load capacity in excess of one thousand five hundred (1,500) pounds.

4. Under All Coverages described in Part II,

- (a) To any automobile while used as a public or livery conveyance or for delivery of food, mail, newspapers, magazines or packages for an employer or business.
- (b) To loss to any automobile not described in this policy if
 - (1) there is other collectible insurance against such loss available to the Insured, or
 - (2) with respect to an additional automobile, or an automobile which replaces an automobile described in the policy, and respecting which the named Insured has not notified the Company in writing within 30 days after such acquisition of his election to make Part II of this policy applicable to such automobile.
- (c) To damage which is due and/or confined to prior loss or damage, manufacturer's defects, wear and tear, freezing, mechanical or electrical breakdown or failure, unless such damage results from a theft covered by this policy.
- (d) To tires, unless damaged by fire, stolen or unless the loss is coincident with and from the same cause as other loss covered by this policy.
- (e) To loss due to radioactive contamination.
- (f) To loss arising out of the operation of any vehicle, insured under this policy, which is designed or equipped for so-called "hotrod" or "stock car" racing either while so operated or while being tested, repaired or serviced; or to the operation of any vehicle in any pre-arranged or organized race or speed contest;
- (g) Loss of or damage to telephones, televisions, radar detectors, scanning, monitors, receivers or any related accessories or any device or instrument designated for the recording, reproduction, receiving, or transmittal of sound, radio waves, microwaves or television signals unless such device or instrument is permanently installed in the dash or console opening specified by the manufacturer of the motor vehicle for the installation of such equipment.

- (h) Loss of or damage to any tape, wire, record, disc or other medium for use with any device or instrument designed for the recording, and reproduction of sound.
- (i) To any bodily injury, sickness, disease, death or other loss due to war, whether or not declared, civil war, insurrection, rebellion or revolution, riot and civil commotion, or to any act or condition incident to any of the foregoing.
- (j) To loss due to confiscation, towing or impounding by a duly constituted government or civil authority or damages incurred during repossession by a loss payee or its agent.
- (k) To any loss while the automobile is used in any illicit trade or transportation or caused intentionally by, or at the direction, of an authorized driver, or anyone using the automobile with the insured's express or implied permission and within the scope of such permission. This exclusion does not apply to an innocent coinsured if the loss arose out of a pattern of criminal domestic violence and the perpetrator of the loss is criminally prosecuted.
- (l) To any loss to robes, wearing apparel, tools, personal property or any other personal effects including tapes, records, DVD's or compact discs.
- (m) To a non-owned vehicle while used in the automobile business.
- (n) To any camper units, detachable living quarters, attachments or camper body, whether or not permanently attached to a pickup or open bed vehicle chassis.
- (o) To loss due to theft if evidence exists that forcible entry was not required to gain access to the vehicle or that evidence exists that keys were left in the automobile while it was unoccupied or that no evidence exists that the ignition wires, ignition locks, steering locks or other security devices installed to prevent operation by an unauthorized person were altered to operate the automobile without keys.
- (p) Loss of or damage to any equipment other than standard or optional equipment which is available from the manufacturer of the automobile named in the Declarations for that make, model and model year.
- (q) To loss of equipment which is available from the manufacturer of the automobile named in the policy for that make, model, and model year, but which is not permanently installed in the dash or console opening specified by the manufacturer of the automobile for the installation of such equipment.
- (r) To any loss or damage to any special equipment as described under "special equipment", unless such equipment is specifically described in the policy and a premium charged therefore and only in excess of the deductible on the coverage applicable.
- (s) To any contents that are not from the manufacturer of the automobile or normally sold as part of the vehicle. Provided, however, that this exclusion does not apply to a child restraint system that was in use by a child during an accident to which coverage is applicable.
- (t) With respect to policies providing physical damage coverage for Vans, Pick-Ups or Panel Trucks, coverage shall be excluded for customized equipment including but not limited to: special carpeting and insulation, furniture, bars or television receivers; facilities for cooking and sleeping, including enclosures; height-extending roofs; custom murals, paintings or other decals or graphics.
- (u) A pick-up cover, cap or shell, awning or cabana.
- (v) Any ornamental or protective accessories, which may include shields, bras, engine accessories, racing slicks, oversized or special tires, special wheels or special wheel covers.
- (w) To loss to any automobile owned by the named Insured and not described in this policy while being used when the vehicle described in the declarations is either being repaired due to a loss or mechanical breakdown, or any other reason that would cause the vehicle described in the declarations to be non-operational.
- (x) To any automobile while in the control of any operator excluded by endorsement to this policy or any renewal.
- (y) To loss resulting from the alteration of any automobile beyond the manufacturers specifications, and to any loss due to alteration or installation of equipment that does not conform to the Illinois Motor Vehicle Code.
- (z) To loss to any automobile when the use of the automobile is criminal or while the automobile is used in the commission of a criminal act, other than a traffic violation, or while used to flee and elude the police or other law enforcement or government authorities. Provided, however, this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss. In such instance, payment to the innocent co-insured shall be limited to his or her ownership interest in the property as reduced by any payments to a mortgagor or other secured interest.
- (aa) To loss by theft or conversion by an insured, a member of the household, or any person using the automobile with permission. Provided, however, this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss. In such instance, payment to the innocent co-insured shall be limited to his or her ownership interest in the property as reduced by any payments to a mortgagor or other secured interest.
- (bb) To loss to any trailer.
- (cc) To loss with respect to such automobile of which ownership is acquired by the named Insured during the policy period, and the named Insured has not notified the Company in writing within 30 days of such acquisition and his/her election to make Part II of this policy applicable to such automobile.
- (dd) To storage charges which are excessive due to the insured's own actions. If at any time the Company pays for such charges, the Company will then deduct those charges from the payment of the loss.
- (ee) To payment for unauthorized repairs to the vehicle.
- (ff) To breakage of glass if insurance with respect to such breakage is otherwise afforded.
- (gg) To diminution in value to any automobile.

- (hh) To loss resulting from the theft or conversion of the automobile by a person the insured has voluntarily entrusted the automobile.
- (ii) To loss resulting from the maintenance or use of any automobile or trailer neither owned nor regularly available to the insured, a relative, or a resident while in the custody of or being operated by such a person except for excess coverage for a temporary substitute auto.
- (jj) To any loss resulting from the use of an automobile equipped for snow removal.
- (kk) To any loss arising out of the use of a vehicle by any person without a reasonable belief that the person is entitled to do so.

PART III – UNINSURED MOTORIST AND UNDERINSURED MOTORIST COVERAGE

Coverage J – Uninsured Motorist Coverage (Damages for Bodily Injury). To pay damages not exceeding the limits shown on the Declarations page, which the insured is legally entitled to recover from the owner or operator of an uninsured automobile because of bodily injury, sustained by the Insured, caused by accident and arising out of the ownership, maintenance or use of such uninsured automobile; provided, for the purpose of this coverage determination as to whether the Insured is legally entitled to recover such damages, and if so the amount thereof, shall be made by agreement between the Insured and the Company or, if they fail to agree, by arbitration.

Coverage L – Uninsured Motorist Property Coverage (Damages for Property Damage). Recovery under this part for “property damage” is subject to the payment of a specific separate premium for uninsured motorist property damage liability coverage and contingent on the fact that you provide the identity of the owner or operator and, if known, license plate number of the at-fault uninsured motor vehicle or hit and run motor vehicle. No judgment against any person or organization alleged to be legally responsible for the bodily injury shall be conclusive, as between the insured and the Company, of the issues of liability of such person or organization or of the amount of damages to which the Insured is legally entitled unless such judgment is entered pursuant to an action prosecuted by the Insured with the written consent of the Company.

Definitions. The following definitions apply to Coverages J and L. Other terms are as defined in Part I as limited or altered in the Limits of Liability in Part III.

“Insured” means

- (a) the named Insured and any relative of the named Insured except Excluded Driver if driving;
- (b) any other person while lawfully occupying an insured automobile; and
- (c) any person, with respect to damages he is entitled to recover because of bodily injury to which this Part applies and sustained by an Insured under (a) or (b) above.

The insurance afforded under Part III, applies separately to each Insured, but the inclusion herein of more than one insured shall not operate to increase the limits of the Company’s liability.

“Insured Automobile” means

- (a) an automobile described in the policy for which a specific premium charge indicates that coverage is afforded;
- (b) the Company insured under this coverage all private passenger, farm and utility automobiles owned by the named Insured on the date of such acquisition and the named Insured notifies the Company in writing within 30 days after the date of such acquisition of his election to make the Liability and Uninsured Motorist Coverages under this and no other policy issued by the Company applicable to such automobile.
- (c) a temporary substitute automobile.
- (d) A non-owned automobile while being operated by the named insured, and the term “insured automobile” includes a trailer while being used with an automobile described in (a), (b), or (c) above, but shall not include:
 - (1) Any automobile or trailer owned by a resident of the same household as the named Insured, or
 - (2) Any automobile while used as a public or livery or delivery conveyance, or
 - (3) Any automobile while being used without the permission of the owner.

“Uninsured Motor Vehicle/Automobile” includes a trailer of any type and means:

- (a) A motor vehicle or trailer with respect to the ownership, maintenance or use of which, there is no bodily injury liability bond or insurance policy applicable at the time of the accident with respect to any person, organization legally responsible for the use of such automobile, or said bond or insurance policy has limits less than that required by the Illinois Financial Responsibility Law.
- (b) A hit-and-run motor vehicle.
- (c) A motor vehicle where on, before or after the accident date the liability insurer thereof is unable to make payment with respect to the legal liability of its insured within the limits specified in the policy because the entry by a court of competent jurisdiction of an order or rehabilitation or liquidation by reason of insolvency on or after the accident date, provided, however, that the insured notifies the Company of his/her claim under this provision within the later of six months from the date of such court order of rehabilitation or insolvency or two years from the date of the accident. To the extent that this provision conflicts with this policy’s exclusion for claims submitted to the Company more than two years after the accident, this provision shall control.

However, notwithstanding the above definition, the term “uninsured motor vehicle” shall not include:

- (1) An insured motor vehicle or a motor vehicle furnished for the regular use of the named insured or a relative which causes bodily injury or property damage in excess of the limit required under the Illinois Financial Responsibility Law;
- (2) A motor vehicle or trailer owned or operated by a self-insurer within the meaning of any motor vehicle financial responsibility law, motor carrier law or any similar law;
- (3) A motor vehicle or trailer owned by the United States of America, Canada, a state, a political subdivision of any such government or any agency of any of the foregoing;
- (4) A land motor vehicle or trailer if operated on rails, or “crawler-treads” or while located for use as a residence or premises and not as a vehicle;
- (5) A farm type tractor or equipment designed for use principally off public roads, except while actually upon public roads; or
- (6) A motor vehicle owned by, or furnished or available for the regular use of the Insured, a resident spouse or resident relative, if that motor vehicle is not described in the policy under which a claim is made or is not a newly acquired or replacement motor vehicle covered under the terms of the policy.

“**Hit-and-Run Automobile**” means an automobile which causes bodily injury to an Insured arising out of physical contact of such automobile with the Insured or with an automobile which the Insured is occupying at the time of the accident, provided;

- (a) There cannot be ascertained the identity of either the operator or the owner of such “hit-and-run automobile”; and,
- (b) The Insured or someone on his behalf shall have reported the accident immediately to the police of its occurrence or discovery thereof, and in any event not more than twenty-four (24) hours later, and shall have filed with the Company within 30 days thereafter a statement under oath that the Insured or his legal representative has a cause or causes of action arising out of such accident for damages against a person or persons whose identity is unascertainable, and setting forth the facts in support thereof; and,
- (c) At the Company’s request, the Insured or his legal representative makes available for inspection the automobile, which the Insured was occupying at the time of the accident.

“**Occupying**” means in or upon or entering or alighting from.

“**State**” includes the District of Columbia, a state within the contiguous United States, or a province of Canada.

For purposes of this part only, “**Relative**” means a relative of the named Insured related by blood, legal marriage or adoption, who is a resident of the named Insured’s household, provided neither he/she nor his/her spouse owns a private passenger automobile that is required to have insurance.

Coverage K - Underinsured Motorist Coverage. To pay damages not exceeding the limits shown on the Declarations page which an insured is legally entitled to recover from the owner or operator of an underinsured motor vehicle because of bodily injury sustained by an insured. The owner’s or operator’s liability for these damages must arise out of the ownership, maintenance or use of the underinsured motor vehicle provided, for the purposes of this coverage, determination as to whether the insured is legally entitled to recover such damages, and if so the amount thereof, shall be made by agreement between the insured and the Company or, if they fail to agree, by arbitration. No judgment against any person or organization alleged to be legally responsible for the bodily injury shall be conclusive, as between the insured and the Company, of the issues of liability of such person or organization or of the amount of damages to which the insured is legally entitled unless such judgment is entered pursuant to an action prosecuted by the insured with the written consent of the Company. The Company shall not be obligated to pay under this coverage until after the limits of liability under all applicable bodily injury liability bonds or policies have been exhausted by payment of judgments or settlements.

Definitions. The following definitions apply to Coverage K. Other terms are as defined in Part I as limited or altered in the Limits of Liability in Part III.

“**Underinsured Automobile**” means a motor vehicle whose ownership, maintenance or use has resulted in bodily injury or death of the insured, as defined in the policy, and for which the sum of the limits of liability under all bodily injury liability insurance policies or bonds or other security required to be maintained under Illinois law applicable to the driver or to the person or organization legally responsible for such vehicle and applicable to the vehicle, is less than the limits for Underinsured Motorist Coverage as stated on the Declarations or endorsement to this policy at the time of the accident.

But the term “Underinsured Automobile” shall not include (1) through (12) inclusive:

- (1) A vehicle owned by or furnished or available for the regular use of the named Insured, spouse, any family member or relative;
- (2) An automobile or trailer owned or operated by a self-insurer within the meaning of any motor vehicle financial responsibility law, motor carrier law, or any similar law;
- (3) An automobile or trailer owned by the United States of America, Canada, a state, a political subdivision of any such government or an agency of any of the foregoing;
- (4) A land motor vehicle or trailer if operated on rails or crawler treads or while located for use as a residence or premises and not as a vehicle, or;
- (5) A farm-type tractor or equipment designed for use principally off public roads, except while actually upon public roads;

- (6) Bodily injury, sickness, disease, or death resulting therefrom, of an insured while occupying a motor vehicle owned by, or furnished or available for the regular use of the insured, a resident spouse or resident relative, if that motor vehicle is not described in the policy under which a claim is made or is not a newly acquired or replacement motor vehicle covered under the terms of the policy;
- (7) While located for use as a residence or premises;
- (8) Any vehicle owned or operated by a person qualifying as a self-insured under any applicable motor vehicle law;
- (9) Any vehicle to which a bodily injury liability bond or policy applies at the time of the accident, but the bonding or insuring company denies coverage or is or becomes insolvent;
- (10) Any vehicle that is defined as an "uninsured motor vehicle" under Part III;
- (11) Injuries arising out of the operation, use or maintenance of a motor vehicle owned by or furnished for the regular use of the named insured or of a person residing in the household of the named insured.
- (12) Any vehicle for which the driver qualifies as a Person Insured under Part I of this policy.

EXCLUSIONS – PART III

This policy does not apply under Part III:

1. To any person while occupying the owned automobile when it is being used to carry persons or property for a fee or consideration, including, but not limited to magazines, newspapers, food or any other products.
2. To any claim received by the Company more than two years after the date of accident, provided, however, that if the Company has demanded and furnished a proof of loss form for claim under this Part the period is tolled from the date proof of loss is filed, in whatever form the Company has demanded, until the date the claim is denied in whole or in part.
3. To any Bodily Injury and/or damage occurring to any person other than the persons insured.
4. To any Bodily Injury and/or damage occurring to any person who does not report the accident to the police within twenty-four (24) hours if a phantom vehicle or hit and run vehicle is involved.
5. To any Bodily Injury and/or damage resulting from the use of the insured automobile by a person expressly excluded.
6. To any loss arising out of the use of a vehicle by any person without a reasonable belief that the person is entitled to do so.
7. To bodily injury to an Insured while occupying a motor vehicle (other than an insured automobile) owned by the named Insured or a relative or available for the regular use of the insured, a resident spouse or resident relative or a person residing in the same household as the named Insured, if that motor vehicle is not described in this policy or is not a newly acquired or a replacement motor vehicle covered under the terms of this policy, or through being struck by such a motor vehicle.
8. To bodily injury to an Insured with respect to which such Insured, his legal representative or any person entitled to payment under this coverage shall, without written consent of the Company, make any settlement with any person or organization who may be legally liable therefore.
9. So as to inure directly or indirectly to the benefit of any workmen's compensation or disability benefits carrier or any person or organization qualifying as a self-insurer under any workmen's compensation or disability benefits law or any similar law.
10. To any claim for which the Company does not receive a written demand for arbitration within two years of the date of accident or, if coverage for the claim is based on a court order of rehabilitation or liquidation by reason of insolvency of an insurer, within the later of two years of the date of the accident or six months of entry of the court order of rehabilitation or liquidation by reason of insolvency, provided, however, that if the Company has demanded and furnished a proof of loss form for claim under this Part the period is tolled from the date proof of loss is filed, in whatever form the Company has demanded, until the date the claim is denied in whole or in part.
11. To any claim for punitive or exemplary damages against the owner or driver of an uninsured motor vehicle.
12. Any amount payable under Part III shall be reduced by all sums paid to the insured for property damage on behalf of the owner or operator of the uninsured motor vehicle and any other person or organization jointly or severally liable together with such owner or operator.
13. Property damage losses recoverable hereunder shall be limited to damages caused by the actual physical contact of an uninsured motor vehicle with the vehicle described in this policy.
14. There shall be no coverage for loss of use of the insured motor vehicle and no coverage for loss or damage to personal property located in the insured motor vehicle. Provided, however, that this exclusion does not apply to a child restraint system that was in use by a child during an accident to which coverage is applicable.
15. There shall be no liability imposed under the Uninsured Motorist Property Damage Coverage if the owner or the operator of the vehicle at fault or the hit-and-run vehicle cannot be identified.
16. There shall be no coverage for the deductible amount of damages, as shown in the Declarations, to the property insured as the result of any one accident.
17. To any bodily injury and/or damage that results from the maintenance, use or occupation of an auto without the insured's permission or beyond the scope of permission.
18. To any loss while the insured automobile is used in or in preparation for, any race, speed or performance contest resulting from the use of any vehicle for racing.
19. To bodily injury or property damage when the use of the automobile is criminal or while the automobile is used in the commission of a criminal act other than a traffic violation, or while used to flee and elude the police or other law enforcement or government authorities. Provided, however, this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the

loss if the loss arose out of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss.

20. To any bodily injury, sickness, disease, death or other loss due to war, whether or not declared, civil war, insurrection, rebellion or revolution, riot and civil commotion, or to any act or condition incident to any of the foregoing.

Limits of Liability.

- (a) The limit of liability for uninsured motorists coverage stated in the Declarations as applicable to "each person" is the limit of the Company's liability for all damages, including damages for care or loss of services, because of bodily injury sustained by one person as the result of any one accident and subject to the above provision respecting each person, the limit of liability stated in the Declarations as applicable to "each Accident" is the total limit of the Company's liability for all damages, including damages for care or loss of services, society and loss of consortium, because of bodily injury sustained by two or more persons as the result of any one accident. The limit of liability for uninsured motorist property damage shall not exceed the actual cash value to the maximum set forth on the Declarations Page.

The Company's maximum limit of liability for all damages due to bodily injury to one person is the limit of liability as shown in the Declarations for "each person" for Underinsured Motorist Coverage less those amounts actually recovered under the applicable bodily injury insurance policies, bonds or other security maintained on the underinsured motor vehicle. Bodily injury to one person includes all injury and damages, including loss of service, society or consortium, to others resulting from this bodily injury. The Company's maximum limit of liability for all damages due to bodily injury to two or more persons in the same accident is the limit of liability as shown in the Declarations for "each occurrence" for Underinsured Motorist Coverage, subject to the above provision respecting each person, less those amounts actually recovered under the applicable bodily injury insurance policies, bonds or other security maintained on the underinsured motor vehicle. The limits of liability are not increased because more than one person is insured at the time of the accident. Any payment otherwise due under this coverage shall be reduced by a payment for bodily injury or medical expense under any other part of this policy. If more than one policy issued by this Company provides underinsured motorist coverage for the same bodily injury, the total limit of this Company's liability under all such policies shall not exceed the amount applicable under only one policy. In no event shall the total limit of the Company's liability exceed the limits set forth in the Declarations, regardless of the number of vehicles insured under the policy or the separate itemization of premiums therefore and coverage under this section shall not be "stacked" with any other similar or identical coverage that may be issued under this policy, including Uninsured Motorist Coverage.

The Company shall not be obligated to make payment under the underinsured motorist coverage until the limits of liability or portion thereof under all bodily injury liability insurance policies applicable to the underinsured motor vehicle and its operators have been partially or fully exhausted by payment of judgment or settlement. A judgment or settlement of the bodily injury claim in an amount less than the limits of the bodily injury coverages applicable to the claim shall not preclude the claimant from making an underinsured motorist claim against the Underinsured Motorist Coverage.

Notwithstanding the above, if the Company and the insured or his/her legal representative agree that the insured suffered bodily injury as a result of negligent operation, use or maintenance of an underinsured motor vehicle, and without arbitration, agree also on the amount of damages that the insured is legally entitled to collect, then the maximum amount payable pursuant to such an underinsured motor vehicle insurance settlement agreement shall not exceed the amount by which the limits of the Underinsured Motorist Coverage exceed the limits of bodily injury liability insurance of the owner or operator of the underinsured motor vehicle. Any such agreement shall be final as to the amount due and shall be binding upon the insured and the Company regardless of the amount of any judgments, or any settlement reached between any insured and the person or persons responsible for this accident. No such settlement shall be concluded unless: (i) the insured has complied with all other applicable policy terms and conditions; and (ii) before the conclusion of the settlement agreement, the insured has filed suit against the underinsured motor vehicle owner or operator and has not abandoned the suit, or settled the suit without preserving the rights of the Company, provided, however, that suit against the underinsured owner and operator may be dismissed where the Company has been given notice in advance of a settlement between the insured and the underinsured motorist and the Company fails to advance a payment to the insured in an amount equal to the tentative settlement within 30 days following receipt of such notice.

- (b) Any amount payable under the terms of this Part because of bodily injury sustained in an accident by a person who is an Insured under this Part shall be reduced by:
- (1) All sums paid on account of such bodily injury by or on behalf of
 - (i) The owner or operator of the uninsured automobile and
 - (ii) Any other person or organization jointly or severally liable together with such owner or operator for such bodily injury including all sums paid under Coverage A; and,
 - (2) The amount paid and the present value of all amounts payable on account of such bodily injury under any worker compensation law or similar law, however disability benefits from Social Security shall not reduce the amount payable under this policy; and,
- (c) Any payment made under this Part to or for any insured shall be applied in reduction of the amount of damages which he may be entitled to recover from any person insured under Coverage A.
- (d) The Company shall not be obligated to pay under this coverage that part of the damages which the Insured may be entitled to recover from the owner or operator of any uninsured automobile which represents expenses for medical services paid or payable under Coverage C of Part I.
- (e) If more than one policy issued by this Company applies to Part III, the total limit of the Company's liability under all such policies shall not exceed the amount applicable under only one policy.

- (f) It is agreed between the Insured and the Company that in no event shall the total limit of the Company's liability exceed the limits set forth in the Declarations regardless of the number of vehicles insured under the policy or the separated itemization of premium therefore; and the coverage under this section shall not be "stacked" with any other similar or identical coverage that may be issued under this policy, including Underinsured Motorist Coverage (Part III).
- (g) Uninsured Motorist Coverage does not apply nor is it applicable to any accident or loss where the Insured has Underinsured Motorist Coverage, which applies to such accident.
- (h) If coverage is provided to a motor vehicle, defined herein as an uninsured motor vehicle, under a bond or insurance policy having limits less than required by the Illinois Financial Responsibility Law, then the Company's maximum limit of liability under this Part for "each person" is the difference between the minimum limit required by the Illinois Financial Responsibility Law for injury to one person and the corresponding limit provided in such bond or insurance policy, and the Company's maximum limit of liability under this Part for "each accident" is the difference between the minimum limit required under the Illinois Financial Responsibility Law for injury to two or more persons and the corresponding limit provided in such bond or insurance policy.

Other Insurance. With respect to bodily injury to an Insured while occupying a motor vehicle or automobile not owned by the named Insured, the insurance under Part III shall apply only as excess insurance over any other similar insurance or self insurance available to such insured and applicable to such motor vehicle as primary insurance, and this insurance shall then apply only in the amount by which the limit of liability for this coverage exceeds the applicable limit of liability of such other insurance. Except as provided in the foregoing paragraph, if the Insured has other similar insurance available to him and applicable to the accident, the damages shall be deemed not to exceed the higher of the applicable limits of liability of this insurance and such other insurance, and the Company shall not be liable for a greater proportion of any loss to which this coverage applies than the limit of liability hereunder bears to the sum of the applicable limits of liability of this insurance and such other insurance.

Other Automobile Insurance in the Company. With respect to any occurrence, accident, death or loss to which this and any other automobile insurance policy issued to the named Insured by the Company also applies, the total limit of the Company's liability under all such policies shall not exceed the highest applicable limit of liability or benefit amount under any one such policy.

Arbitration of Claims under Part III – Uninsured Motorist and Underinsured Motorist Coverages J, L and K. Any dispute with respect to the coverage and the amount of damages shall be submitted for arbitration to the American Arbitration Association and shall be subject to its rules of the conduct of arbitration hearings as to all matters except medical opinions. As to medical opinions, if the amount of damages being sought is equal to or less than the amount provided for in Section 7-203 of the Illinois Motor Vehicle Code, then the current American Arbitration Association Rules shall apply. If the amount being sought in an American Arbitration Association case exceeds that amount as set forth in Section 7-203 of the Illinois Motor Vehicle Code, then the Rules of Evidence that apply in the circuit court for placing medical opinions into evidence shall govern. Alternatively, disputes with respect to damages and the coverage shall be determined in the following manner: Upon the insured requesting arbitration, each party to the dispute shall select an arbitrator and the 2 arbitrators so named shall select a third arbitrator. If such arbitrators are not selected within 45 days from such request, either party may request that the arbitration be submitted to the American Arbitration Association. In the event of the two selected arbitrators cannot agree upon a third arbitrator either party may petition any Judge in any court or record in the County and State in which the arbitration is pending to select a third arbitrator upon Notice of Motion to the other party or attorney and without the necessity of filing a law suit or serving the other party with process. Any decision made by the arbitrators shall be written and shall be binding for the amount of damages not exceeding \$50,000 for bodily injury to or death of any one person, \$100,000 for bodily injury to or death of 2 or more persons in any one motor vehicle accident, or the corresponding policy limits under this Part, whichever is less. Arbitrations before a three arbitrator panel shall be subject to the rules of evidence in Illinois courts, except to the extent the use of such rules is modified by the Illinois Insurance Code. Each party shall bear the cost of his/her own arbitrator and shall share equally the cost of the third arbitrator. All arbitration hearings under this policy shall take place in the Illinois county in which the insured resides and in accordance with the usual rules governing procedures and admissions of evidence in courts of law of that county and not in accordance with any court mandated arbitration or mediation rules. If the person demanding arbitration does not reside in Illinois, then arbitration shall take place in an Illinois county in which the Company has an office. Any person making claim here under shall answer written questions under oath when served by the Company, as well as comply with the Company's request for production of documents supporting that person's claim.

Trust Agreement. In the event of payment to any person under this Part III:

- (a) The Company shall be entitled to the extent of such payment to the proceeds of any settlement or judgment that may result from the exercise of any rights of recovery of such person against any person or organization legally responsible for the bodily injury because of which such payment is made;
- (b) Such person shall hold in trust for the benefit of the Company all right of recovery which he shall have against such other person or organization because of the damages which are the subject of claim made under this Part III;
- (c) Such person shall do whatever is proper to secure and shall do nothing after loss to prejudice such rights;
- (d) If requested in writing by the Company, such person shall take, through any representative designated by the Company, such action as may be necessary or appropriate to recover such payment as damages from such other person or organization, such action to be taken in the name of such person, in the event of a recovery, the Company shall be reimbursed out of such recovery for expenses, costs, Jury fees, and Sheriff's fees, incurred by it in connection therewith;
- (e) Such person shall execute and deliver to the Company such instruments and papers as may be appropriate to secure the rights and obligations of such person and the Company established by these provisions.

Limitation on Suits, Actions or Arbitrations. No suit, action, or arbitration proceeding for the recovery of any claim under this section shall be sustainable in any court of law or equity unless the insured, as a condition precedent to such action, has fully complied with all terms and provisions of this policy, nor unless said suit, action, or arbitration proceeding is commenced within two years of the date of accident (except under Coverage K, Underinsured Motorist) to any claim against the Company submitted more than 2 years after the date of accident or within 120 days of the entry of judgment against the underinsured whichever is later, provided the Insured protects the Company's right of subrogation.

CONDITIONS

These conditions apply to all Parts and Coverages unless otherwise noted.

1. **Policy Period.** This policy applies only to accidents, occurrences, and loss during the policy period stated in the Declarations while the automobile is within the contiguous United States of America, or Canada or is being transported between ports thereof. The policy period shall be stated in the Declarations and shall begin and end at 12:01 A.M., Standard Time, at the address of the named Insured, provided the premium payment has been paid when due.
2. **Premium.** The premium for this policy is based on the information the Company has received from the application, endorsements and other sources.
It is agreed that:
 - (a) If the named Insured adds or replaces a private passenger, farm or utility automobile or trailer insured by the Company, the named Insured shall inform the Company in writing within 30 days of such change of his/her election to make this policy applicable to such automobile, except that coverage under Part I shall apply automatically during said period to such automobile if it is added or replaces an owned automobile. The named Insured shall, upon request, furnish reasonable proof of the number of such automobiles or trailers and a description thereof. Any premium adjustment necessary shall be made as of the date of such change or acquisition in accordance with the premium levels in use by the Company and shall be paid promptly. Premiums and premium adjustments shall be rounded to the nearest dollar in accordance with the underwriting guidelines of the Company.
 - (b) If at any time the Company becomes aware:
 - (1) that any **resident driver, primary operator, occasional operator or regular operator** of an insured vehicle, other than an **excluded driver/operator**, is not named on the Declarations page or the application as a **named Insured** or driver and the inclusion of that person as **named Insured** or **driver** under the policy would require a higher rate class **then the policy will at the Company's option be declared null and void for all coverages and premiums paid will be returned in full or, if the policy is not declared null and void, or, if the policy is in a second or subsequent continuous term with the Company, then the policy will be endorsed to the correct rate effective** on the inception date of the policy if such person was a **resident driver, primary operator or occasional operator** as of the inception date of the policy or on the date such person became a **resident driver, primary operator, occasional operator or regular operator**, or
 - (2) that any **driver** named on the Declarations page, the application or endorsement request is rated as **married** and the individual is determined to have been **single** and the premium for a **single driver** would require a higher rate class **then the policy will at the Company's option be declared null and void for all coverages and premiums paid will be returned in full or, if the policy is not declared null and void, or, if the policy is in a second or subsequent continuous term with the Company, then the policy will be endorsed to the correct rate effective** on the inception date of the policy if such person was **single** as of the inception date of the policy or on the date such person became **single**, or
 - (3) that the **named Insured** or any **driver** residing in the insured's household does not reside at the address stated on the application or endorsement request or the **named Insured** changes addresses after inception of the policy and written notice is not given to the Company by or on behalf of the **named Insured** within 30 days and the premium for that location would require a higher rate class **then the policy will at the Company's option be declared null and void for all coverages and premiums paid will be returned in full or, if the policy is not declared null and void, or, if the policy is in a second or subsequent continuous term with the Company, then the policy will be endorsed to the correct rate effective** on the inception date of the policy if such person did not reside at the address stated on the application as of the inception date of the policy or on the date such person changed addresses, or
 - (4) that any vehicle listed on the Declarations page or the application is operated for **Business Use** or **Artisan Use** and **Business Use** or **Artisan Use** is not disclosed on the application or endorsement request and the inclusion of **Business Use** or **Artisan Use** would not be acceptable to the Company or would result in a higher rate class **then the policy will at the Company's option be declared null and void for all coverages and premiums paid will be returned in full or, if the policy is not declared null and void, or, if the policy is in a second or subsequent continuous term with the Company, then the policy will be endorsed to the correct rate effective** on the inception date of the policy if the vehicle was operated for **Business Use** or **Artisan Use** as of the inception date of the policy, or on the date the vehicle began to be operated for **Business Use** or **Artisan Use**, or
 - (5) that any **driver** represented as an **occasional operator** is determined to be a **primary operator** and the inclusion of that person as a **primary operator** would result in a higher rate class **then the policy will at the Company's option be declared null and void for all coverages and premiums paid will be returned in full or, if the policy is not declared null and void,**

- or, if the policy is in a second or subsequent continuous term with the Company, then the policy will be endorsed to the correct rate effective on the inception date of the policy if the driver represented as an occasional operator was a primary operator as of the inception date of the policy or on the date an occasional operator became a primary operator, or
- (6) that any vehicle listed on the application or endorsement request is not garaged at the address stated on the application and the premium for that location would require a higher rate class then the policy will at the Company's option be declared null and void for all coverages and premiums paid will be returned in full or, if the policy is not declared null and void, or, if the policy is in a second or subsequent continuous term with the Company, then the policy will be endorsed to the correct rate effective on the inception date of the policy if the vehicle was located at a different address as of the inception date of the policy or on the date the vehicle changed addresses, or
 - (7) that any driver named on the application or endorsement request or renewal request represented as having no license, a foreign or international or unverifiable license, is determined to have been licensed in Illinois, and correctly rating this driver would result in a higher rate class, then the policy will at the Company's option be declared null and void for all coverages and premiums paid will be returned in full or, if the policy is not declared null and void, or, if the policy is in a second or subsequent continuous term with the Company, then the policy will be endorsed to the correct rate effective on the inception date of the policy if such person was licensed in Illinois as of the inception date of the policy or on the date such person became licensed in Illinois.

The Company will be allowed to apply the additional premium by reducing any amount recoverable to the insured under the Collision, Comprehensive or Medical Payments coverage. The Company may deny coverage for an accident or loss if the Insured or an insured person have knowingly concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with the presentation or settlement of a claim.

For purposes of Condition 2(b), "resident driver" means any person who resides in the Insured's household and who at any time during the policy period uses or operates an insured vehicle, "single" means any person not legally married under the laws of the state of Illinois. The Illinois Religious Freedom Protection and Civil Union Act provides that parties to a civil union have the same legal obligations, responsibilities, protections and benefits as legally married persons under the law of the State of Illinois. "Business/Artisan Use" means use of the insured auto in a trade, profession, occupation, course of employment, job, work, or skill in a particular craft in which one is engaged. Business/Artisan use includes, but is not limited to occupations such as sales, service or travel to hospitals, clinics, courthouses, job sites, client homes, carpentry, plumbing, masonry, real estate or insurance agents, lawyers, doctors, accountants. "Occasional operator" means a person 24 years of age or younger who is listed on the application, and does not operate any owned automobile 50% or more of the time during the policy period, and "primary operator" means the person that is the highest rated operator on any owned automobile and operates an owned automobile 50% or more of the time during the policy period.

3. **Fraud and Misrepresentation.** The statements contained in the application are deemed to be representations relied upon by the Company in issuing the policy. In the event that any representation contained in the application or in any notification of change is false, misleading or materially affects the acceptance or rating of this risk by the Company, by either direct misrepresentation, omission, concealment of facts or incorrect statements, this policy at the Company's option shall be null and void and of no benefit whatsoever from the inception date of the policy or at the Company's option, the policy will be endorsed to the correct rate effective on the effective date of change and the insured will be held liable for the applicable total premium. This paragraph shall also apply to misstatement of use, misrepresentations and omissions of fact. This policy shall not provide coverage for any insured who has made fraudulent, false, or misleading statements, or misrepresentations or engaged in fraudulent conduct in connection with any accident or loss for which coverage is sought under this policy and any person who with intent to defraud or knowingly facilitates a fraud against an insurer, submits an application or files a claim containing a misrepresentation or a false statement may be guilty of insurance fraud. The Company may void this policy or deny coverage for fraud or misrepresentation even after the occurrence of an accident or loss. This means that the Company will not be liable for any claims or damages that would otherwise be covered. If the Company is not permitted to void this policy, the Company has a right to reduce any first party claims by the amount of any additional premium owed and/or in the case of third party claims to collect additional premium owed. Any payments made by the Company as the result of the insured's fraud or misrepresentation may be recovered from the insured, or from any payments due or made to the insured under any First Party Coverage provided by this policy. This policy will not be voided after it has been in effect for one (1) year, or one (1) policy period, whichever is less.
4. **Other Automobile Insurance in the Company.** With respect to any occurrence, accident, death or loss to which this and any other automobile insurance policy issued to the named Insured by this Company also applies, the total limit of the Company's liability under all such policies shall not exceed the highest applicable limit of liability or benefit amount under any one such policy.
5. **Two or More Automobiles.** When two or more automobiles are insured hereunder, the terms of this policy shall apply separately to each, but an automobile and a trailer attached thereto shall be held to be one automobile as respects limits of liability under Part I of this policy, and separate automobiles under Part II of this policy, including any deductible provisions applicable thereto.
6. **Notice.** In the event of an accident, occurrence, or loss, written notice containing particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses and the license plate numbers of the vehicles involved, shall be given by or for the Insured to the Company

as soon as practicable but in no event in excess of 30 days after the accident. In the event of theft, a vehicle taken without permission by an unauthorized driver, vandalism, or loss caused by a hit and run vehicle as defined in Part II, the Insured or someone on his behalf shall have reported the theft, a vehicle taken without permission by an unauthorized driver, vandalism, or hit and run immediately to the police and this Company. In the event of hit and run as defined in Part III, subparagraph (b), the Insured or someone on his behalf shall report the hit and run immediately to the police of its occurrence or discovery thereof, and in any event not more than twenty-four (24) hours later and shall have filed with the Company within 30 days thereafter a statement under oath that the Insured or his legal representative has a cause or causes of action arising out of such accident for damages against a person or persons whose identity is unascertainable, and setting forth the facts in support thereof. **As a condition precedent to the Company's duty of indemnity with respect to suits against an Insured, the Insured shall cooperate with the Company and with such attorneys the Company may retain and if a claim is made or a suit is brought against the Insured, he/she shall immediately forward to the Company every demand, notice, summons or other process received by him/her or his/her representative.** The Company will not be obligated to pay, and shall not pay under Part I, unless the Company received actual notice of a lawsuit before any judgment had been entered in said suit. If, before the Company makes payment of loss under Part III, the Insured or his legal representative shall institute any legal action for bodily injury against any person or organization legally responsible for the use of an automobile involved in the accident, a copy of the summons and complaint or other process served in connection with such legal action shall be forwarded immediately to the Company by the Insured or his legal representative. Wherever this Condition limits the period within which the insured may bring suit, the running of such period is tolled from the date proof of loss is filed with the Company, in whatever form is required by this policy, until the date the claim is denied in whole or in part.

7. **Assistance and Cooperation of the Insured.** As a condition precedent to the Company's duty of indemnity with respect to suits against an insured, the Insured shall cooperate with the Company and, upon the Company's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the Insured because of bodily injury or property damage with respect to which insurance is afforded under this policy; and the Insured shall attend depositions, hearings and trials and assist in making settlements in securing and giving evidence and obtaining the attendance of witnesses and in the conduct of any legal proceedings in connection with the subject matter of this insurance. The Insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense. This also applies to the owned automobile insured under this policy. After notice of claim under Part III, the Company may require the Insured to take such action as may be necessary or appropriate to preserve his/her right to recover damages from any person or organization alleged to be legally responsible for the bodily injury; and in any action against the Company, the Company may require the Insured to join such person or organization as party defendant. The Insured shall notify the Company of any change in his/her address during the policy period and during the pendency of any suit against the Insured covered under this policy.
8. **Action Against Company –**
- (a) Part I. No action shall lie against the Company unless as a condition precedent thereto, the Insured shall have fully complied with all the terms of this policy, nor shall an action lie under the Liability Coverage until the amount of the obligation to pay shall have been finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Company. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Company as a party to any action against the Insured to determine the Insured's liability, nor shall the Company be impleaded by the Insured or his legal representative. Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations hereunder.
 - (b) Part II Automobile Physical Damage Coverage and Part III, Coverages J – Uninsured Motorist Coverage (Damages for Bodily Injury) and K – Uninsured Motorist Coverage. No action shall lie against the Company unless commenced within two years of the date of the accident, nor unless as a condition precedent thereof, there shall have been full compliance with all the terms and conditions of this policy, nor under Part II Automobile Physical Damage until 30 days after the amount payable has been determined by the Company.
 - (c) Under Part I. C. Medical Payments Expense, if the Company and the named Insured fail to agree as to the amount payable, the reasonableness of bills, or coverage, the matter shall be submitted to arbitration. Upon the insured or the Company requesting arbitration, the insured and the Company shall each select an arbitrator and the 2 arbitrators so named shall select a third arbitrator. The three arbitrators so selected shall hear and determine the questions in dispute. Any decision made by the arbitrators shall be binding for the amount of damages not exceeding the limits stated in the declarations for medical payments.
 - (d) In no event shall arbitration or appraisal be commenced against the Company more than two years after the date of accident, except only in the following circumstances:
 - (1.) **Under Part III – Uninsured Motorist Coverage**, if coverage is based on entry of a court order of rehabilitation or liquidation by reason of insolvency of an insurer, suit or arbitration shall not be commenced against the Company after the later of: two years after the date of the accident or six months after the entry of such court order or rehabilitation or liquidation by reason of insolvency; or
 - (2.) **Under Part III – Underinsured Motorist Coverage**, suit or arbitration shall not be commenced after the later of: two years after the date of accident or six months after the limits of liability or portion thereof under all bodily injury liability insurance policies applicable to the underinsured motor vehicle and its operators have been partially or fully exhausted by payment of judgment or settlement. No action shall lie against the Company under Part III unless the Insured shall have taken

such timely action as may be necessary to protect his rights against the person or organization alleged to be responsible for the bodily injury within the applicable Statute of Limitations.

- (e) Whenever this Condition 8 limits the period within which the insured may bring suit or arbitration, the running of such period is tolled from the date proof of loss is filed with the Company, in whatever form is required by the Company, until the date the claim is denied in whole or in part.

9. Medical Reports: Proof and Payment of Claim – Part I, C. and Part III. As soon as practicable, the injured person or someone on his/her behalf shall give to the Company written proof of claim for Medical Expense, under oath if required, including full particulars of the nature and extent of the injuries, treatment and other details entering into the determination of the amount payable and shall after each request from the Company execute authorization to enable the Company to obtain medical reports and copies of records and the injured person shall submit to physical examinations by physicians selected by the Company when and as often as the Company may reasonably require and he/she, or in the event of his/her incapacity, his/her legal representative, or in the event of his/her death, his/her legal representative or the person or persons entitled to sue therefor. Under the Medical Payments Expense Coverage, the Company may pay the injured person or any person or organization rendering medical services and such payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute an admission of liability of any person or, except hereunder, of the Company.

10. Insured's Duties in Event of Loss – Parts I and Part II. Automobile Physical Damage. In the event of loss, the Insured shall:

- (a) Immediately report the loss to the Company, and in the event of the theft, or involvement of a phantom vehicle, vandalism, or loss caused by a hit and run vehicle the accident must also be immediately reported to the police of its occurrence or discovery thereof, and shall have filed with the Company within 30 days thereafter a statement under oath that the Insured or his legal representative has a cause or causes of action arising out of such accident for damages against a person or persons whose identity is unascertainable, and setting forth the facts in support thereof.
- (b) Protect the automobile, whether or not the loss is covered by this policy, and any further loss due to the Insured's failure to protect shall not be recoverable under this policy; reasonable expenses only incurred in affording such protection shall be deemed incurred at the Company's request.
- (c) As soon as practical but in no event in excess of thirty (30) days: 1) File with Company his/her sworn proof of loss in such form and including such information as the Company may reasonably require, and 2) Exhibit the damaged property for inspection, appraisal and approval prior to repair or disposal thereof.
- (d) Cooperate with the Company in any matter concerning a claim or suit, provide the Company with any documentation it may reasonably require and allow the Company to take signed and/or recorded statements when and as often as reasonably required and upon Company's request submit to examination under oath.
- (e) Provide access as the Company may reasonably require to the recorded data contained within the insured autos event data recorder (EDR), global positioning system (GPS) or similar device, in connection with any accident, claim or suit.

11. Appraisal – Part II. Automobile Physical Damage. If the Insured and the Company fail to agree as to the amount payable for loss under Part II, their dispute shall be determined by appraisal as described herein. The Insured and the Company shall each select a competent appraiser and the appraisers shall select a competent and disinterested umpire. The appraisers shall determine the Stated Value of the automobile as calculated under the terms of the policy and they shall state separately the actual cash value of the vehicle at the time of the accident and the amount payable to repair the damage under Part II as calculated according to the Limit of Liability under Part II, and, failing to agree, submit their differences to the umpire. An award in writing of the two appraisers or of one appraiser and the umpire shall determine the amount payable under this policy. The award shall specify the application of the deductible and no payment for diminution of value. The Insured and the Company shall each pay his/her or its chosen appraiser and shall bear equally the other expenses of the Appraisal and umpire. The Company shall not be deemed to have waived any of its rights by any act relating to Appraisal, and in no event pay more than the coverage provided. In no event shall Appraisal be instituted more than two (2) years after date of accident and in no event shall the award exceed the Limit of Liability under Part II.

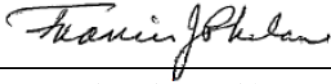
12. Payment of Loss – Part II. Automobile Physical Damage. The Company may pay for the loss in money, or may repair or replace the damaged or stolen property, or may, at any time before the loss is paid or the property is so replaced, at its expense return any stolen property to the named Insured, or at its option to the address shown in the Declarations, with payment for any resultant damage thereto; or may take all or such part of the property at the agreed or appraised value but there shall be no abandonment to the Company. The Company may settle any claim for the loss either with the Insured or the owner of the property. If the Insured or owner elects to have the automobile repaired at a facility of his/her own choosing and that facility charges more than the Company would pay for the repair at another licensed auto repair facility reasonably available, then the Company may tender the amount payable under its estimate and the Insured or owner will be responsible to pay the difference to the repair facility of his/her own choosing. If hidden or additional damage is identified, then the Company shall be given an opportunity to inspect it and to estimate the cost of such additional repair prior to the commencement of such repairs, and the Company may tender such additional amount payable pursuant to the Company's additional estimate. The Company has the right, at the Company's option, to inspect the repairs prior to making any payment for the loss.

- 13. Authorized Agents.** No person shall be deemed an agent of the Company unless such person is authorized in writing as such agent by an officer of the Company.
- 14. No Benefit to Bailee – Part II.** The insurance afforded by this policy shall not inure directly or indirectly to the benefit of any carrier or other bailee for hire liable for loss to the automobile.
- 15. Subrogation – Parts I, II, III.** In the event of any payment under Coverages A., B., C., or Non Owners of Part I or under Part II or Part III of this policy, the Company shall be subrogated to all the Insured's rights of recovery therefore against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights. In the event of any payments under Medical Payments of this policy, the Company shall be subrogated to all the rights of recovery therefore that the insured person or anyone receiving such payment may have against any person or organization and such person shall execute and deliver instruments and papers and do whatever is necessary to secure such rights. Such person shall do nothing after loss to prejudice such rights. In the event of any payment under the Underinsured Motorist Coverage, the Company shall not exercise any right of subrogation under a policy providing additional coverage against an underinsured motorist where the Company has been provided with written notice in advance of a settlement between its insured and underinsured motorist and the Company fails to advance a payment to the insured in an amount equal to the tentative settlement, within 30 days following receipt of such notice.
- When a person has been paid by the Company under this policy and also recovers from another, the amount recovered from the other shall be held by that person in trust for the Company and reimbursed to the Company to the extent of the payment made by the Company, provided that the person to or on behalf of whom such payment is made is fully compensated for their loss. If an insured person or organization receives recovery from a responsible party without the Company's written consent, the insured person or organization's right to payment under any affected coverages of this policy will no longer exist.
- 16. Changes.** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or stop the Company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy, signed by a duly authorized agent of the Company.
- 17. Assignment.** Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon; if, however, the Insured named in the Declarations, or his spouse if a resident of the same household, shall die, this policy shall cover (1) the survivor as named Insured, (2) his legal representative as named Insured but only while acting within the scope of his duties as such and (3) any person having proper temporary custody of an owned automobile as an Insured, until the appointment and qualification of such legal representative.
- 18. Cancellation.** This policy may be cancelled by the named Insured named in Item 1 of the Declarations by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the mortgagee or lien holder at the last mailing address known to the Company and to the insured named in the Declarations at the last mailing address known to the Company written notice stating when not less than 30 days thereafter such cancellation shall be effective, however, the Company shall not exercise its right to cancel such policy after it has been in effect for 60 days or any policy that has been renewed except for the reason set forth in Section 143:19 of the Illinois Insurance Code. No notice of cancellation of policy to which Section 143:19 applies is effective unless mailed by the Company to the mortgagee or lien holder and to the named Insured at least 30 days prior to the effective date of cancellation; however, where cancellation is for nonpayment of premiums, at least 10 days notice of cancellation is given. The mailing of notice as aforesaid on a recognized U.S. Post Office form or a form acceptable to the U.S. Post Office or other commercial mail delivery service shall be sufficient proof of notice, and a copy of such notice shall be sent to the insured's broker or the agent of record at the last mailing address known to the Company.
- In the event of the cancellation of this policy by the Company or the named Insured, earned premium shall be computed pro-rata to the date of cancellation. Any refund of the premium shall be without prejudice to any claim arising prior to the cancellation, and such refund shall be made to the broker or the agent of the named Insured by the Company within 30 days from (1) the date of the notice of cancellation by the Company, or (2) the date the Company receives the request for cancellation from the named Insured or its representatives, but payment or tender of unearned premium is not a condition of cancellation. If this policy has been cancelled and reinstatement is requested, the Company may at its sole option reinstate the policy and determine the effective date of reinstatement. Coverage under a reinstated policy shall be prospective only as of the effective date stated in the reinstatement endorsement and is not retroactive to the prior cancellation date. No coverage is provided under a reinstatement of this policy relative to any accident, loss or occurrence between a prior cancellation and the effective date of reinstatement.
- 19. Notice of Change of Conditions.** In the event any of the following changes occur during the policy period, written notice shall be given to the Company by or on behalf of the named Insured within thirty (30) days of the date of such change:
- (a) Use of the automobile as described in the application; or
 - (b) Addition of any drivers not described in the application.
 - (c) Change of Address

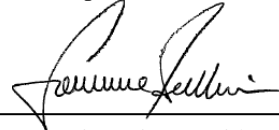
20. Declarations. By the acceptance of this policy, the Insured named in the Declarations agrees that the statements contained in the Application and in the Declarations and in any subsequent application have been made by him/her or on his/her behalf and that said statements and the statements of the Declarations and in any subsequent Application accepted by the Company are offered as an inducement to the Company to issue or continue this policy and that the same are his/her agreements and representations, and that this policy is issued and continued in reliance upon the truth of such statement and representations and that this policy embodies all agreements existing between himself/herself and the Company or any of its agents relating to this insurance. If this policy is subject to an exclusion of named drivers at the time of a loss, and if the loss involves the use or operation of any motor vehicle by an excluded driver, then, notwithstanding any other provision of this policy, no coverage of any kind under this policy is owing or payable by the Company to any person with respect to such loss and the Company is not obligated to defend any person in any legal action concerning the loss.

Failure to comply with any or all of the conditions above may result in the Company's refusal to extend any coverage or protection under this policy for any accident or loss.

In Witness whereof, the Company has caused this policy to be signed by its duly authorized Corporate Officers, but this policy shall not be valid unless completed by the attachment hereto of a Declarations page.



Executive Vice President



Executive Vice President

Section 143C of the Illinois Insurance Code requires that we provide the following addresses:

AMERICAN FREEDOM INSURANCE COMPANY
CONSUMER SERVICE AND INFORMATION
559 WEST GOLF ROAD
ARLINGTON HEIGHTS, ILLINOIS 60005
(847) 758-9300

IL DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS 62767

AFIC 06/13



**American Freedom
Insurance Company**
559 W. Golf Rd.
Arlington Heights, IL 60005

POLICY ENDORSEMENT

THIS ENDORSEMENT CHANGES THE TERMS OF YOUR POLICY. READ IT CAREFULLY.

In consideration of the premium charged it is agreed that the policy is hereby amended:

This endorsement is part of *your* policy. Except for the changes it makes, all other terms of the policy remain the same. This endorsement is effective with respect to this policy and all renewals of this policy as follows

Arbitration of Claims under Part III – Uninsured Motorist and Underinsured Motorist

Coverages J, L and K. Any dispute with respect to the coverage and the amount of damages shall be submitted for arbitration to the American Arbitration Association and shall be subject to its rules of the conduct of arbitration hearings as to all matters except medical opinions. As to medical opinions, if the amount of damages being sought is equal to or less than the amount provided for in Section 7-203 of the Illinois Motor Vehicle Code, then the current American Arbitration Association Rules shall apply. If the amount being sought in an American Arbitration Association case exceeds that amount as set forth in Section 7-203 of the Illinois Motor Vehicle Code, then the Rules of Evidence that apply in the circuit court for placing medical opinions into evidence shall govern. Alternatively, disputes with respect to damages and the coverage shall be determined in the following manner: Upon the insured requesting arbitration, each party to the dispute shall select an arbitrator and the 2 arbitrators so named shall select a third arbitrator. If such arbitrators are not selected within 45 days from such request, either party may request that the arbitration be submitted to the American Arbitration Association. Any decision made by the arbitrators shall be written and shall be binding for the amount of damages not exceeding \$75,000 for bodily injury to or death of any one person, \$150,000 for bodily injury to or death of 2 or more persons in any one motor vehicle accident, or the corresponding policy limits under this Part, whichever is less. Arbitrations before a three arbitrator panel shall be subject to the rules of evidence in Illinois courts, except to the extent the use of such rules is modified by the Illinois Insurance Code. Each party shall bear the cost of his/her own arbitrator and shall share equally the cost of the third arbitrator. All arbitration hearings under this policy shall take place in the Illinois county in which the insured resides and in accordance with the usual rules governing procedures and admissions of evidence in courts of law of that county and not in accordance with any court mandated arbitration or mediation rules. If the person demanding arbitration does not reside in Illinois, then arbitration shall take place in an Illinois county in which the Company has an office. Any person making claim here under shall answer written questions under oath when served by the Company, as well as comply with the Company's request for production of documents supporting that person's claim. No arbitrator shall have authority to hear or decide class or representative claims.

ALL OTHER POLICY PROVISIONS APPLY.

Executive Vice President

Executive Vice President