

AMERICAN FREEDOM INSURANCE COMPANY

A STOCK COMPANY

PENNSYLVANIA

PERSONAL AUTOMOBILE INSURANCE POLICY

IMPORTANT

Notify the Company's claims office in Mount Prospect, Illinois by telephone of every accident however slight, immediately upon its occurrence. Telephone 847-758-9300. Delay in providing notice of an accident or loss may jeopardize your claim rights. Send a completed written report as soon as practicable.

PLEASE READ YOUR POLICY

This policy contains certain definitions, conditions, exclusions and covenants that are unique to this policy and may restrict coverage. Your policy also states your duties for this insurance to apply.

In the event of loss wherein the physical damage sustained or the destruction to the owned automobile approximates the stated value under MAXIMUM STATED VALUE listed on the Declarations page, the Company's liability under Part D shall not exceed the MAXIMUM STATED VALUE less depreciation of 2% per month with a maximum of 12% in a policy term, less the deductible(s). Further, please review your policy for the Company's limit of liability.

NOTICE – This policy has been issued based upon the reliance of your statements on the application and endorsements to coverage. **Please read this policy carefully** and notify the Company immediately of any misinformation or changes.

Policy references as to parts and clauses relate to the similar references on the Declaration Page.

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 or governmental authorities 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 representatives – 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 and to other financial institutions with whom we have joint marketing agreements.

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 or governmental authorities

The Independent Insurance 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 websites.

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 or claim.

WARNING

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Material misrepresentations may prevent recovery of benefits under this policy. Misrepresentations could include failure to disclose on the application operators of the vehicle or accurate driving records of the drivers.

1699 Wall St., Suite 600
Mount Prospect, Illinois
(847) 758-9300

AMERICAN FREEDOM INSURANCE COMPANY
MOUNT PROSPECT, ILLINOIS
(A stock insurance company, herein called the Company)

PERSONAL AUTOMOBILE POLICY

AGREEMENT

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

This contract includes the **Declarations Page**, Endorsements, the **Application**, the Personal Auto Policy, and all attachments. In return for payment of the premium and subject to all the terms of this policy, **we** agree with **you** as follows:

DEFINITIONS USED THROUGHOUT THIS POLICY

Unless defined differently in this policy, the words and phrases listed below have the following meanings throughout the policy and will appear in bold print.

1. **Accident(s) or accidental** means a sudden, unexpected, and unintended event causing **bodily injury or property damage**, arising out of the operation, **ownership**, maintenance, or **use** of an **auto** and excludes other intentional assaults, battery, or other acts of violence. All **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **accident**.
2. **Actual cash value** means the fair 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**, prior damage, and/or **betterment**.
3. **Additional auto(s)** means an **auto** that **you** become the **owner** of and acquire while the policy is in force that is in addition to all **autos** currently listed on the **Declarations Page**, as long as **we** insure all other **autos owned by you**. **Additional auto** does not include any **auto** that **you** acquire, purchase or lease with anyone other than a **resident or relative**. Coverage does not apply to an **additional auto** registered to a corporation or other **business** entity. The **auto** must be an acceptable risk to us under **our** underwriting guidelines to qualify as an **additional auto**.
4. **Application** means the form entitled American Freedom Insurance Company Private Passenger Auto Application that contains statements, coverage options, and agreements that form a part of this policy.
5. **Auto(s) or automobile(s)** means a motor **vehicle** having four load-bearing wheels and which is of a kind required to be registered under the laws of this state relating to motor **vehicles** designed primarily for operation upon the public streets, roads, and highways and driven by power other than muscular power. **Auto** includes a pick up, station wagon, van, or sport utility **vehicle** with a gross **vehicle** weight of less than three thousand (3,500) pounds exclusive of load that is not **used** in **business** or for commercial purposes. **Auto** or **automobile** does not include motorcycles, all-terrain **vehicles** (ATVs), midget cars, golf carts, tractors, farm machinery, any **vehicle** operating on crawlers or treads, or any **vehicle used** as a residence or premises.
6. **Auto business** means the **business** or occupation of selling, leasing, repairing, servicing, delivering, transporting, testing, road testing, towing, storing, washing, or parking of vehicles, other motor **vehicles**, or trailers.
7. **Betterment** means making an item better or adding value.
8. **Bodily injury** means bodily harm, sickness or disease, including death that results therefrom. **Bodily injury** does not include harm, sickness, disease or death arising out of a medically defined communicable disease contracted by any person or the exposure of such a disease by any person to any other person.
9. **Business** means trade, profession, occupation, course of employment, job, or any commercial **use** of any kind.
10. **Business Use** means the **use** of the **insured auto** in any trade, profession, occupation, course of employment, job or commercial **use** of any kind in which one is engaged. **Business 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 agents, lawyers, doctors, and accountants.
10. **Crime** means any act or omission, whether or not there is an arrest, charge or conviction, that is: (a) a state or federal felony; (b) an illegal activity, trade, or transportation; or (c) an attempt to elude law enforcement;
11. **Declarations Page** means the document **you** receive from

us listing the types of coverages **you** have selected, the limit for each coverage, the cost for each coverage, **deductibles**, the specified **auto** covered by this policy, the types of coverages for each **auto**, the drivers on the policy, and other information applicable to this policy.

12. **Deductible(s)** is that sum which **you** have elected that is shown on the **Declarations Page** or stated in the policy that will be deducted from the **loss** payment.
13. **Depreciation** means a decrease or loss in value because of (a) over a period of time in the marketplace, (b) due to wear and tear, and (c) due to obsolescence.
14. **Diminution of value** means the actual or perceived reduction, if any, in the **actual cash value** of tangible property by reason of the fact that it has been damaged and repaired.
15. **Insured auto(s)** means:
 - a. Any **auto** described on the **Declarations Page**.
 - b. A **replacement auto**. For a **replacement auto** to be considered, **you** must notify **us** within seven (7) days of the date **you** become the **owner** or take physical possession of the **replacement auto**, whichever comes first. The **replacement auto** will have the same coverage **we** now provide for the **auto** being replaced except for Part D – Physical Damage to an **Insured Auto**. We will only provide Part D – Physical Damage to an **Insured Auto** effective after **you**:
 - i. Ask us to provide Physical Damage Coverage on it; and
 - ii. Give us the opportunity to inspect the **vehicle** within seventy-two (72) hours of acquisition or provide documentation that the **vehicle** was purchased new, having never been titled to a prior owner.
 - iii. To qualify as a **replacement auto** under this policy, the **auto** must qualify as an acceptable risk to **us** under our underwriting guidelines.
 - c. An **additional auto(s)**. For an **additional auto** to be considered an **insured auto**, **you** must notify **us** within seven (7) days of the date **you** become the **owner** or take physical possession of the **additional auto**, whoever comes first. The **additional auto** will have the broadest coverage **we** now provide on **your** policy, except for Part D – Physical Damage to an **Insured Auto**. **We** will only provide Part D – Physical Damage to an **Insured Auto** effective after **you**:
 - i. Ask **us** to provide Physical Damage Coverage on it; and
 - ii. Give **us** the opportunity to inspect the **vehicle** or provide documentation that the **vehicle** was purchased new, having never been titled to a prior owner.
- iii. To qualify as an **additional auto** under this policy, the **auto** must be an acceptable risk to **us** under **our** underwriting guidelines.
- d. A **temporary substitute auto**.
16. **Loss** means sudden, direct, and accidental destruction or damage. **Loss** does not include **diminution in value**.
17. **Minimum statutory limits** means the minimum policy limits for **vehicle** liability coverage required by the law of the State of Pennsylvania.
18. **Named insured** means the person(s) who signed the policy **application** and is identified in Item 1 on the **Declarations Page** by name as the policyholder. **Named insured** also includes his/her spouse, if a **resident** of the same household.
19. **Noneconomic loss** means pain, suffering, and other non-monetary detriment.
20. **Non-owned auto(s)** means any **auto used** by **you** with the express or implied permission of the owner and not **owned** by, furnished, or available for the **regular use** of **you**, a **relative**, or a **resident**. A **non-owned auto** does not include a **rental vehicle** or a **temporary substitute auto**.
21. **Occupy** or **occupying** means in, upon, getting into, out of, on or off.
22. **Own, owns, owned, owner, or ownership** means a natural, living human being and not a corporation, partnership, association or **business** entity, who:
 - a. Holds legal title to the **vehicle**;
 - b. Has legal possession of the **vehicle** that is subject to a written security agreement with an
 - i. Original term of six (6) months or more; or
 - ii. Has legal possession of the **vehicle** that is leased to that person under a written agreement for a continuous period of six (6) months or more.
23. **Premium payment** means the actual receipt of cash funds by **us** regardless of the form of payment.
24. **Property damage** means physical damage to, destruction of, or loss of use of tangible property, including loss of use of that property, which is caused solely by an **accident** covered under this policy and occurring while the policy is in force.
25. **Racing** means participating in, preparation for, or any **use** of a vehicle or trailer in any competition, race, speed, demolition, stunt, demonstration, off-road driving, driver training, high performance driving, driver competition, or timed contest or activity, whether professionally organized or not.

26. **Regular operator** or is any person not listed on the **Declarations Page** who has or had care, custody or control of the **insured auto** for more than twenty-four (24) hours at any time during the policy term as shown on the **Declarations Page**. The twenty-four (24) hours may be consecutive or cumulative.
27. **Regular use** means operation or **use** of an **insured auto** by any person who has care, custody or control at any time during the policy term for more than twenty-four (24) hours at any time during the policy term as shown on the **Declarations Page**. The twenty-four (24) hours may be consecutive or cumulative.
28. **Relative** means any person related to **you** by blood, marriage, or adoption, including a ward or foster child, who lives with **you** in **your** place of domicile or permanent residence whether or not temporarily living elsewhere. **Relative** includes a minor under **your** guardianship who lives in **your** place of domicile or permanent residence. Any **relative** must be listed on the application or endorsed on the policy before a **loss**.
29. **Rental vehicle** means an **auto you** rent or hire for a term of thirty (30) days or less. An **auto you** rent or hire for more than thirty (30) days is an **auto** furnished or available for **regular use**. **Rental vehicles** may be rented or hired only from a **business** entity that is licensed to conduct such **business** under applicable state law.
30. **Replacement auto** means an **auto** that **you** become the **owner** of and acquire while the policy is in force that takes the place of an **auto** described on the **Declarations Page** because of:
- Termination of **your ownership** interest in an **auto** described on the **Declarations Page**.
 - Mechanical breakdown, theft, deterioration, or **total loss** of an **auto** described on the **Declarations Page**, rendering it permanently inoperable.
- Replacement auto** does not include any **auto** that **you** acquire, purchase or lease with anyone other than a **resident** or **relative**. Coverage does not apply to a **replacement auto** registered to a corporation or other **business** entity.
31. **Resident** means a person living in **your** household, other than **you** or a **relative**. Any **resident** must be listed on the **application** or endorsed on the policy before a **loss**.
32. **Serious Injury** means an injury resulting in death, serious impairment of a bodily function, or serious and permanent disfigurement.
33. **Temporary substitute auto** means any **auto** which is not furnished or available for **regular use** by **you**, a **relative**, or **resident** and is **used** on a temporary basis as a **substitute auto** listed on the **Declarations Page**, which is out of normal **use** because of its: (a) breakdown; (b) repair; (c) servicing; (d) **loss**; (e) destruction; (f) manufacturer's defects; or (g) latent defects. The coverage provided is the same coverage as the **auto** which it temporarily replaces. **Temporary** is defined as being less than thirty (30) days. An **auto** ceases to be a **temporary substitute auto** upon the earlier of: (a) reasonably satisfactory completion of repairs of the covered automobile; (b) the date **we** and **you** agree the **insured auto** is a **total loss**; or (c) the completion of the number of days of rental reimbursement coverage as shown on the **Declarations Page**.
34. **Trailer** means a non-powered **vehicle** with no independent means of locomotion, including a farm wagon or farm implement, not being **used** for **business** or commercial purposes, which is being towed by an **auto** and not used as a home, office, store, display or passenger **trailer**. A mobile home, travel **trailer**, or any **vehicle** that can be lived in or is self-propelled, is not a **trailer**.
35. **Use, (used, or using)** of an **auto** includes its loading and unloading.
36. **Vehicle** means a surface transportation device used for conveying goods, passengers, or equipment.
37. **War** means **war**, whether or not declared, civil **war**, insurrection, rebellion or revolution, or any act or any consequence of these.
38. **We, us, and our** mean the company shown on the **Declarations Page**.
39. **You and your** means the **named insured** shown on the **Declarations Page** and includes your spouse, if living in the same place of domicile or permanent residence as **you**, and disclosed on the **application** or endorsed to the policy prior to a **loss**. Spouse means a lawfully wedded partner and includes persons joined in a civil union as recognized by the State of Pennsylvania.

DUTIES

FAILURE TO COMPLY WITH ANY OF THESE DUTIES MAY RESULT IN DENIAL OF COVERAGE AND RELIEVE US OF ALL DUTIES TO INVESTIGATE, SETTLE, DEFEND, PAY ANY JUDGMENT OR OTHERWISE HONOR ANY CLAIMS MADE BY OR AGAINST ANY INSURED. OUR RIGHTS WILL BE DEEMED TO HAVE BEEN PREJUDICED IF YOU OR ANY INSURED UNDER THIS POLICY FAILS TO COMPLY WITH

ANY OF THESE DUTIES AND IT ADVERSELY AFFECTS OUR INVESTIGATION OF THE CLAIM INCLUDING OUR ABILITY TO DETERMINE COVERAGE, LIABILITY OR DAMAGES.

YOUR DUTIES IN CASE OF AN ACCIDENT OR LOSS

In the event of an **accident** or **loss**, **you** or any person claiming coverage under this policy must:

1. Notify **us** immediately of how, when and where the **accident** or **loss** happened in writing, by reporting it through **our** website at www.americanfreedomins.com, or by calling **us** at 1-847-758-9300 and giving **us** a recorded statement about the **accident** and the **use** of the **vehicle**. Notice should include, at a minimum, the names and addresses of any persons involved in the **accident** or **loss**, any witnesses and the identity of any law enforcement agency involved in the investigation of the **accident** or **loss**. Failure to give notice, as required, may jeopardize **your** coverage under this policy.
2. Cooperate with **us** in any matter concerning a claim or lawsuit.
3. Submit to physical examination at **our** expense, by doctors **we** select, as often as **we** may require.
4. Authorize **us** to obtain medical and other records.
5. Provide any written proof of **loss** under oath that **we** may require.
6. Not admit fault, assume any obligation, nor agree to incur any expense in connection with any claim or **accident** without **our** consent.
7. Attend hearings, depositions, and trials as often as **we**, **your** attorneys, or a court may require.
8. Immediately send **us** any correspondence and legal papers received regarding any claim or lawsuit.
9. Allow **us** to take signed and/or recorded statements when and as often as **we** may require.
10. Authorize **us** to access, inspect, and extract data from **your** vehicle event data recorder (EDR) when **we** require.
11. Submit to examinations under oath (EUO) and sign copies of the transcript as often as **we** may require.

We may examine **you** or any person claiming coverage under oath, while not in the presence of any person, other than **your** attorney, about any matter relating to this insurance or the claim, including any insured's books, records, and/or other documents. **You** or any person claiming coverage under this policy must prepare and sign any documents or paperwork prepared or submitted by **us**. The EUO may be conducted by a representative of **our** choice.

12. Full compliance with all terms of this policy is a condition precedent to any coverage available from this policy. **We** may not be sued unless there is full compliance with all of the terms of this policy.

ADDITIONAL DUTIES FOR PART C – UNINSURED AND UNDERINSURED MOTORISTS COVERAGE

In addition to the aforementioned duties stated in the **Your Duties** in Case of **Accident** or **Loss** section above, a person seeking coverage under Part C – Uninsured and Underinsured Motorist Coverage under this policy must also:

1. File a report of the **accident** with the appropriate law enforcement agency within twenty-four (24) hours or as soon thereafter, as practicable, following the **accident**; and
2. If a hit and run or unknown driver is involved, make a written report of the **accident** to **us** within thirty (30) days of the **accident** or as soon as practicable.
3. Send **us** copies of any legal documents.
4. Notify **us** in writing by certified or registered mail of a tentative agreement between the insured and the insurer of an underinsured motor **vehicle** and allow **us** thirty (30) days from **our** receipt of such notice to advance payment to that insured in an amount equal to the tentative settlement to preserve **our** rights against the insurer, owner or operator of such underinsured motor **vehicle**.
5. Give **us** full details regarding the facts of **loss** and all injuries sustained and treatment received by **you** or any person claiming coverage under this policy.
6. Take reasonable steps after loss to protect the **insured auto** and its equipment from further **loss** if **you** purchased Collision, Other than Collision (Comprehensive), or Uninsured Motorist Property Damage Coverage.
7. Permit **us** to inspect and appraise the damaged property before its repair or disposal.

ADDITIONAL DUTIES FOR PART D – PHYSICAL DAMAGE TO AN INSURED AUTO

In addition to the aforementioned duties stated in the **Your Duties** in Case of **Accident** or **Loss** section above, a person seeking coverage under Part D – Physical Damage to an **Insured Auto**, **you** must also:

1. File a report with the appropriate law enforcement agency within twenty-four (24) hours after discovery of the **loss** if the **insured auto** or any of its equipment is stolen or

- vandalized or a hit-and-run driver is involved.
2. Report the **accident** to **us** as soon as practicable.
 3. Take reasonable steps after a **loss** to protect the **insured auto** and its equipment from further **loss**. **We** will pay reasonable expenses incurred in providing this protection. **We** will not be responsible for any **loss** or portion of any **loss** which is caused by **your** delay in protecting the **insured auto**.
 4. Allow **us** to inspect and appraise the damaged property before its repair or disposal.

We will pay only for damages which **we** are able to inspect prior to repairs being commenced, unless emergency repairs are necessary to minimize further damages and/or expenses.

In the event that emergency repairs are necessary, **we** require photographs of the damaged area(s), along with a complete itemized estimate of repair and payment receipt.

TORT LIABILITY INSURANCE OPTIONS

As used in this section, an **insured** means:

1. **You** and **your** or a **relative**; or
2. If residing in **your** household, a minor in the custody of either **you** or a **relative**.

LIMITED TORT OPTION

The laws of the Commonwealth of Pennsylvania give **you** the right to choose a form of insurance that limits **your** right and the right of members of your household to seek financial compensation for injuries caused by other drivers. If **you** elected the Limited Tort as the Tort Option chosen, the Limited Tort Option applies. Under this Limited Tort Option, each **insured** covered under this policy may seek compensation for economic loss suffered because of **bodily injury** sustained in an **auto accident** as the consequence of the fault of another person pursuant to applicable tort law.

However, an individual otherwise bound by the Limited Tort election who sustains damages in an **auto accident** as the consequence of the fault of another person may recover as if the individual damaged had elected the Full Tort option:

1. If the **bodily injury** suffered is a **serious injury**; or
2. If the person at fault:
 - a. Is convicted or accepts Accelerated Rehabilitative Disposition (ARD) for driving under the influence of alcohol or a controlled substance in that **accident**;

- b. Is operating a motor **vehicle** registered in another state;
- c. Intends to injure himself or another person, provided that an individual does not intentionally injure himself or another person merely because his act or failure to act is intentional or done with his realization that it creates a grave risk of causing injury or the act or omission causing the injury is for the purpose of averting bodily harm to himself or another person; or
- d. Has not maintained financial responsibility as required by Pennsylvania law, provided that nothing in this paragraph shall affect the limitation of a person, precluded from maintaining an action for **noneconomic loss** under the limited tort alternative, to recover **noneconomic loss** under Uninsured Motorist Coverage or Underinsured Motorist Coverage.

3. With respect to claims against a person in the **business** of designing, manufacturing, repairing, servicing, or otherwise maintaining motor **vehicles** arising out of a defect in such motor **vehicle**, which is caused by or not corrected by an act or omission in the course of such **business**, other than a defect in a motor **vehicle**, which is operated by such **business**.
4. If injured while an occupant of a motor **vehicle** other than a private passenger motor **vehicle**.

The amount **we** will pay for damages is subject to the limitations of Title 75 of the Pennsylvania Consolidated Statutes.

FULL TORT OPTION

If **you** elected the Full Tort Option as the Tort Option chosen, the Full Tort Option applies. Each insured is bound by this option may seek compensation for **noneconomic loss** claimed and economic loss suffered because of **bodily injury** sustained in an **auto accident** as the consequence of the fault of another person pursuant to applicable tort laws.

OTHER INSURANCE

If **you** or a **relative** are covered by more than one liability insurance policy and the policies have conflicting Tort Options, **you** or the **relative** are bound by the Tort Option of the policy associated with the motor **vehicle** in which **you** or the **relative** were **occupying** at the time of the **accident** and in all other situations, **you** or the **relative** shall be bound by the Full Tort Option.

PART A – LIABILITY COVERAGE

INSURING AGREEMENT

In consideration of the premium paid for this coverage, **we** will pay damages, except punitive or exemplary damages or legal costs

related thereto, up to the policy limits stated on the **Declarations Page**, for **bodily injury** or **property damage** for which any **insured** becomes legally liable because of an **auto accident**. **We** will settle or defend, as **we** consider appropriate, any claim or suit asking for these damages. In addition to **our** limit of liability, **we** will pay all defense costs **we** incur. **Our** duty to settle or defend ends when the limit of liability has been exhausted by the payment of a judgment or settlement. **We** have no duty to defend any suit, settle any claim or pay any judgment for **bodily injury** or **property damage** not covered under this policy.

Insured person as used in this Part A means:

1. **You** or any **relative** or **resident** residing in the household for the **ownership**, maintenance or **use** of the **insured auto**.
2. Any person driving the **insured auto** with the express or implied permission of **you** or any **relative** and within the scope of such permission.
3. **You** or any **relative** with respect to an **accident** arising out of the maintenance or **use** of a **non-owned auto** with the express or implied consent of the owner of the **auto**.

Insured person does not mean any person with a learner's permit operating or driving an **insured auto** unless that person is listed on the **application** or added to the policy prior to the **accident**.

Insured person does not mean any driver who is not listed on the policy who also resides in the same household as **you** or who is a **regular operator** of any **vehicle** insured under this policy and is involved in an **accident** which occurs while the **auto** is being driven, operated, manipulated, maintained, serviced or **used** in any other manner by that person. This limitation shall apply whether or not the **named insured** is **occupying** the **vehicle** at the time the said driver is using it in any manner, whatsoever. This limitation shall not apply if this policy is certified as proof of financial responsibility.

SUPPLEMENTARY PAYMENTS

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

1. Costs **we** incur to investigate the **accident**.
2. Costs **we** incur to arrange for the settlement of any claim or action.
3. As **we** deem appropriate, **we** will defend the **insured person**, hire and pay a lawyer, and pay all defense costs. **We** have no duty to defend any claim or action that is not covered under this policy.
4. Premiums on appeal bonds and bonds to release attachments in any lawsuit **we** defend and **we** choose to appeal. **We** will not pay the premium for attachment bonds that exceed **our** limit of liability.
5. For damages covered under this policy, interest accruing after a judgment is entered in any lawsuit **we** defend. **Our** duty to pay interest ends when **we** offer to pay that part of the judgment, which does not exceed **our** limit of liability for this coverage.
6. Prejudgment interest awarded against the **insured** on the part of the judgment **we** pay, subject to the applicable

Pennsylvania Rules of Civil Procedure.

7. Any other reasonable expenses an **insured person** incurs at **our** request.

To receive a supplementary payment under this section, **you** must submit a claim and provide proof of its entitlement.

EXCLUSIONS

READ THE FOLLOWING EXCLUSIONS CAREFULLY. COVERAGE WILL NOT BE AFFORDED UNDER THIS PART A FOR ANY OF THE EXCLUSIONS LISTED BELOW.

- A. Coverage under this Part A, including **our** duty to defend, does not apply to:
 1. **Bodily injury** or **Property Damage** due to or resulting from intentional acts, or reasonably expected to result from the intentional or felonious acts or omissions, committed by **you** or any **insured**. This exclusion applies even if:
 - a. **You** or any **insured** is temporarily insane or temporarily lacks the mental capacity to control or govern his or her conduct or is temporarily unable to form any intent to cause **bodily injury** or **property damage**;
 - b. Such **bodily injury** or **property damage** is of a different kind or greater degree than intended or reasonably expected by the **insured**; or
 - c. Such **bodily injury** or **property damage** is sustained by a different person than intended or reasonably expected by the **insured**.
 2. **Property damage** to property **owned** by or in the care, custody or control of any **insured**.
 3. **Property damage** to property any **insured** rents, uses or has charge of or responsibility for. This exclusion does not apply to a rented residence or a rented private garage.
 4. **Bodily injury** or **property damage** to an employee or fellow employee of any **insured person** arising out of or within the course of employment. This exclusion does not apply to **bodily injury** to a domestic employee unless Workers' Compensation benefits, disability benefits, or similar benefits are required or available for that domestic employee.
 5. **Bodily injury** or **property damage** arising out of the ownership, maintenance, or **use** of any **vehicle** in the course and scope of any **business** including, but not limited to:
 - a. Wholesale or retail deliveries or any activity associated with the delivery of items such as magazines, newspapers, food, pizza, or any other product.
 - b. Operating any **vehicle** displaying advertising.
 - c. Operating any **vehicle** containing permanently installed mechanical

- equipment.
- d. Using any **vehicle** to carry persons or property for compensation for a fee, including, but not limited to, **use** in connection with a personal **vehicle** sharing program, transportation network company, or any other similar **vehicle** or ride sharing **business** or enterprise.
- This exclusion does not apply to a share-the-expense car pool.
6. Any person while employed or otherwise engaged in an **auto business**.
 7. Maintaining or using any **vehicle** while that person is employed or otherwise engaged in any **business** (other than farming or ranching) not described in Exclusion 6. If a **business use** surcharge is noted on the **Declarations Page**, this exclusion does not apply to the ownership, maintenance or **use** of that **auto** by:
 - a. **You**; or
 - b. Any **relative**.
 8. Any person using the **insured auto** without or beyond the scope of the **insured's** express or implied permission.
 9. **Bodily injury or property damage** for which that person:
 - a. Is an **insured** under a nuclear energy liability policy; or
 - b. Would be an **insured** under a nuclear energy liability policy but for its termination upon exhaustion of its limit of liability.
 - c. For the purpose of this exclusion a nuclear energy liability policy means a policy issued by any of the following or their successors:
 - i. Nuclear Energy Liability Insurance Association;
 - ii. American Nuclear Insurers;
 - iii. Mutual Atomic Energy Liability Underwriters; or
 - iv. Nuclear Insurance Association of Canada.
 10. **Bodily injury or property damage** arising out of the **ownership, maintenance or use** of:
 - a. A motorcycle or any motorized **vehicle** having fewer than four (4) wheels or more than six (6) wheels.
 - b. An all-terrain **vehicle** regardless of the number of wheels it has.
 - c. Any **vehicle** not required to be licensed for **use** on public roads.
 - d. Any **vehicle** weighing in excess of three thousand five hundred (3,500) pounds, exclusive of load.
 11. **Bodily injury or property damage** arising out of any person's liability for the **ownership, maintenance or operation of the insured auto** when it:
 - a. Is being rented or leased to others;
 - b. Has been sold to another; or
 - c. Is under a conditional sales agreement by **you** to another.
- However, this exclusion does not apply to the operation of the **insured auto** by **you** or a **relative**.
12. **Bodily injury or property damage** arising out of the operation of farm or ranch machinery.
 13. **Bodily injury or property damage** arising out of the **ownership, maintenance or use** of an **auto** in a **racing** event.
 14. **Bodily injury or property damage** arising out of any liability assumed by an **insured** under any written or verbal contract, agreement, or bailment.
 15. **Bodily injury or property damage** for which the United States Government is held responsible under the Federal Tort Claims Act.
 16. **Bodily injury or property damage** arising out of the **ownership, maintenance, repair or use** of an **auto** while it is being used as a residence or premises.
 17. **Bodily injury** arising out of or resulting from the discharge or use of any firearm or weapon.
 18. **Bodily injury to you, a relative or a resident**.
 19. **Bodily injury or property damage** to any person while occupying any **auto**:
 - a. Being **used** in any unlawful activity (other than a traffic violation), illicit trade or transportation; or
 - b. **Used** or operated in an attempt to flee law enforcement or governmental authorities.

This exclusion applies regardless of whether any person is actually arrested, charged, or convicted of a **crime**.
 20. Any punitive or exemplary damages and any related defense costs.
 21. **Bodily injury or property damage** arising out of the loading or unloading of any **auto**.
 22. **Bodily injury or property damage** arising out of the **ownership, maintenance or use** of the **insured auto** when it is driven, operated or **used** with **your** permission by an individual not listed on the policy who:
 - a. Is under the minimum age to obtain a driver's license;
 - b. Does not have a valid driver's license;
 - c. Has a suspended or revoked driver's license; or
 - d. Is driving with a learner's permit.
 23. **Bodily injury or property damage** caused by **war** (declared or undeclared), **civil war**, insurrection, rebellion, revolution, riot, nuclear reaction or radioactive contamination, whether controlled or uncontrolled, or any consequence of any of these.
 24. **Bodily injury or property damage** to the owner of any **auto** while that person is a passenger in the **non-owned auto** and driven by an **insured**.
 25. **Bodily injury or property damage** resulting from the **ownership, maintenance or use** of the **insured auto** by any person who is a **regular operator** of the **insured auto**, but is not listed on the policy prior to the **loss**.
 26. The payment of civil fines, administrative fees, attorney fees, and any other charges levied or claimed

by a municipality or other division of government with respect to **bodily injury** or **property damage**.

27. The payment of charges or assessments made by a municipal, state or federal emergency services provider for or in any way arising out of a motor **vehicle** collision response or **accident** clean up.
28. **Bodily injury** or **property damage** resulting from the **use** of the **insured auto** by a person or persons specifically excluded by endorsement.
29. **Bodily injury** or **property damage** resulting from the **use** of the **insured auto** for snow removal.
30. **Bodily injury** or **property damage** incurred while the **auto** is **used** for towing a **trailer** designed to be towed by something other than an **auto**.
31. **Bodily injury** or **property damage** resulting from radioactive, toxic, explosive or other hazardous properties or source of nuclear or by product material, each as defined in the Atomic Energy Act of 1954, as amended.
32. **Bodily injury** or **property damage** arising out of actual, alleged or threatened discharge, dispersal, release, or escape of any pollutant or hazardous material, unless such discharge, dispersal, release, or escape is sudden and accidental, and arises directly from collision or upset of the **insured auto**.
33. **Bodily injury** occurring during the course of employment if benefits are payable or available under a workers' compensation law or similar law.
34. **Bodily injury** or **property damage** resulting from the **ownership**, maintenance, or **use** of an **auto** with a load capacity of more than 3,500 pounds.
35. Coverage under this Part A does not extend to:
 - a. Any **auto** or **trailer** that is rented for any **business** purpose; or
 - b. Any **auto** that is rented for a period in excess of fourteen (14) consecutive days.
36. **Bodily injury** or **property damage** arising out of an **insured's ownership**, maintenance, or **use** of any **auto** designed mainly for **use** off public roads.
37. **Bodily injury** or **property damage** that is incurred while the **insured auto** is towing a **trailer**.
38. **Bodily injury** to the owner of a **non-owned auto** when being **used** by or driven by an **insured person**.
39. **Bodily injury** or **property damage** arising from the **use** of the **insured auto** while it is rented or leased to others.

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

1. Any **auto**, other than the **insured auto**, which is:
 - a. **Owned** by **you**, a **relative**, or **resident**; or
 - b. **Furnished** or available for your **regular use**.
2. Any motorized **vehicle** having fewer than four (4) wheels.

FEDERAL TORT CLAIMS ACT EXCLUSION

The following are not an **insured** under Part A – Liability Coverage:

1. The United States of America or any of its agencies; or
2. Any person for **bodily injury** or **property damage** arising from the operation of a **vehicle** by that person as an employee of the United States government when the provisions of the Federal Tort Claims Act apply.

LIMIT OF LIABILITY

The limit of liability shown on the **Declarations Page** for each person for **Bodily Injury** Liability Coverage is our maximum limit of liability for all damages for **bodily injury** sustained by any one person in any **auto accident**. This includes derivative claims arising out of said **bodily injury**, which includes, but is not limited to, emotional injury or mental anguish of other resulting from the **bodily injury** to another, damages for care, loss of service or death, loss of consortium, loss of society or companionship, and estate claims.

Subject to this limit for each person, the Limit of Liability shown on the **Declarations Page** for each **accident** for **Bodily Injury** Liability Coverage is our maximum limit of liability for all damages for **bodily injury** resulting from any one **auto accident**.

The Limit of Liability shown on the **Declarations Page** for each **accident** for **property damage** liability coverage is our maximum limit of liability for all damage to all property resulting from any one **auto accident**. This is the most **we** will pay under **Bodily Injury** Liability Coverage or **Property Damage** Liability Coverage, whichever is applicable, as a result of any one **auto accident** regardless of the number of:

1. **Insureds**;
2. Claims made;
3. **Autos, trailers**, or premiums shown on the **Declarations Page**;
4. **Autos** involved in the **auto accident**;
5. Premiums paid; or
6. Lawsuits brought.

Regardless of the limits of liability shown on the **Declarations Page**, the limit of liability applicable to the operation of the **insured auto** by any person not listed by name on the policy shall not exceed the greater of the minimum financial responsibility limits required by the State of Pennsylvania, or the minimum financial responsibility limits applicable to the operation of that **insured auto** in the state or province in which the **auto accident** occurred.

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

Any amount payable under this coverage to or for an injured person will be reduced by any payment made to that person under Part C – Uninsured and Underinsured Motorist Coverage of this policy.

No one will be entitled to receive duplicate payments for the same elements of damage.

OUT OF STATE COVERAGE

If an **auto accident** to which this policy applies in any state or province other than Pennsylvania, **we** will interpret your policy for that **auto accident** as follows:

1. This policy is not intended as proof under any state financial responsibility laws, other than Pennsylvania.
2. If a state or province requires a non-resident to maintain **minimum statutory limits** of liability for **bodily injury** or **property damage** higher than the limits shown in the **Declarations Page** or it is required by law that this policy confirm to those higher limits, then **your** policy will provide the higher specified limits of liability for **bodily injury** and **property damage** or the limits stated in the **Declarations Page**, whichever is greater.
3. This policy does not provide coverage for any mandatory no-fault law or other similar law of any other state. Any limitations, exclusions, or rejections of coverage made under this policy will be given full force and effect in any state.
4. No one will be entitled to duplicate payments for the same elements of loss.
5. All terms, conditions, exclusions, notification changes, rejections, and endorsements in this policy shall apply as written. This policy shall be interpreted under Pennsylvania law. **Our** application of the terms and conditions of this contract shall be in accordance with Pennsylvania law.
6. **You** agree to reimburse **us** if **we** make any payment under this policy beyond the terms, conditions, notification changes, exclusions, endorsements, and limits included in this policy and shown on the **Declarations Page** as a result of a **loss** occurring outside the State of Pennsylvania.

Notice: **You** must notify **us** of any address change.

CONFORMITY WITH STATE FINANCIAL RESPONSIBILITY LAWS

When **we** certify this policy as proof of financial responsibility pursuant to Pennsylvania law, it will comply with that law to the extent of the coverage and limit of liability required by that law. If **we**

make a payment that **we** would not be required to make except for the fact that this policy is certified as proof of financial responsibility, **you** agree to reimburse **us** for any such payment.

This policy is not intended as proof under any state financial responsibility law, other than in Pennsylvania. The terms, conditions, and exclusions, as written, will apply in any other state where the **loss** or **accident** may occur. **We** will not provide coverage under any no-fault law or other similar law of any other state.

OTHER INSURANCE

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

Coverage for **bodily injury** and **property damage** arising from the maintenance, repair or **use** of an **additional auto** or a **replacement auto**, does not apply where there is other valid and collectible insurance.

If an **insured** is using a **non-owned auto**, this liability insurance will be excess over any other insurance or self-insurance regardless of any provisions of any other policy available to the user. However, if the insurance on the **non-owned auto** has limits equal to or greater than the applicable minimum financial responsibility law, there is no excess liability insurance available under this policy.

However, we will provide primary insurance if the **vehicle** operated by or in the custody of an **insured**, is provided to an **insured** as a loaner vehicle by a motor vehicle dealer without fee, rental or other charge paid directly by an **insured**. Primary coverage only applies if the loaner vehicle is provided for use while any **auto** listed on the **Declarations Page** is being transported, serviced, repaired or inspected by the motor vehicle dealer.

We have no duty to defend the lessor or owner of a **non-owned auto** under this Part A.

PART B – FIRST PARTY BENEFITS COVERAGE

INSURING AGREEMENT

The Limit of Liability shown on the **Declarations Page** for each First Party Benefit under Part B – First Party Benefits Coverage is the most **we** will pay for that benefit to or for each **insured** as the result of any one **accident**, regardless of the number of:

1. Claims made;
2. The **insured auto**;
3. Lawsuits brought;
4. **Autos** involved in an **accident**;
5. Premiums paid; or
6. Insurers providing First Party Benefits.

ADDITIONAL DEFINITIONS USED IN THIS PART B

1. **Accidental Death Benefit** means a death benefit paid to the personal representative of the insured if:
 - a. Death to an **insured** was a direct result of **bodily injury** caused by an **auto accident**; and
 - b. Death must occur solely as a result of the accidental **bodily injury**. No other cause of **bodily injury** can contribute to **your** death.
2. **Combination Benefit** means a combination of **Medical**

Benefit, Income Loss Benefit, Accidental Death Benefits, and Funeral Benefits, as an alternative to the separate purchase of these coverages.

- 3. **Extraordinary Medical Benefits** means **Medical Benefits**, as defined in this section, which exceed \$100,000.00.
- 4. **Funeral Benefits** means the reasonable and necessary expenses incurred for, and directly related to, the funeral, burial, cremation or other form of disposition of the remains of the deceased **insured**. The expenses must be incurred as a result of the death of the **insured** from the covered **auto accident** and within twenty-four (24) months from the date of the **accident**.

- 5. **Income Loss Benefit** means eighty (80%) percent of gross income actually lost by an **insured**. Income loss also means reasonable expenses actually incurred for hiring:
 - a. A substitute to perform the work a self-employed **insured** would have performed except for **bodily injury**, thereby reducing loss of gross income; or
 - b. Special help to enable an **insured** to work, thereby reducing loss of gross income.

Income loss does not include:

- a. **Loss** of expected income for any period following the death of an **insured**;
- b. Expenses incurred for services performed following the death of an **insured**; or
- c. Any **loss** of income during the first (5) working days the **insured** did not work after the **accident** due to **bodily injury** caused by the **accident**.

- 6. **Insured** as used in this Part B means:
 - a. With respect to **Medical Benefits, Income Loss Benefits, and Funeral Benefits**:
 - i. **You** or any **relative**; and
 - ii. Any other person:
 - (1) While **occupying** the **insured auto** with the express or implied consent of **you** or a **relative**; or
 - (2) While a pedestrian if injured as a result of an **accident** in Pennsylvania involving the **insured auto**.

If the insured auto is parked and unoccupied, it is not an auto involved in an accident unless it was parked in a manner as to create an unreasonable risk of injury.

- b. With respect to an **Accidental Death Benefit, you** or any **relative**.
- 7. **Medical Benefit** means medical expenses incurred for reasonable, customary and necessary medical treatment, physical medicine and rehabilitative services, including, but not limited to, hospital, dental, surgical, psychiatric, psychological, osteopathic, ambulance, chiropractic, licensed physical therapy, nursing services, vocational rehabilitation and occupational therapy, speech pathology and audiology, physical therapy optometric services, medications, medical supplies and prosthetic devices, all without limitation as to time, provided that, within eighteen (18) months from the date of **accident** causing **bodily injury**; it is ascertainable with reasonable medical probability that further medical expense may be incurred as a result of the **bodily injury**.

Benefits under this paragraph may include any nonmedical remedial care and treatment rendered in accordance with a recognized religious method of healing. All medical treatment and medical and rehabilitative services must be provided by or prescribed by a person or facility approved by the Department of Health, the equivalent governmental agency responsible for health programs or the accrediting designee of a department or agency of the state in which those services are provided.

Medical expenses will be paid if incurred within eighteen (18) months from the date of the **accident** causing **bodily injury** and if such expenses have not been found to be unnecessary by a state approved Peer Review Organization. However, if within eighteen (18) months from the date of the **accident**, it can be determined with reasonable medical probability that additional expenses may be incurred after this period, the eighteen (18) month time limit will not apply to the payment of the additional medical expenses. The amount we pay is subject to the limitations of Title 75 of the Pennsylvania Consolidated Statutes.

Your covered **auto**, in this Part B, pertains only to the **insured auto**:

- 1. To which liability coverage under this policy applies under Part A – Liability Coverage if the **auto** is:
 - a. **Owned by you**; or
 - b. Shown on the **Declarations Page**;and
- 2. For which **you** maintain First Party Benefits Coverage, as required, under the Pennsylvania Motor Vehicle Financial Responsibility Law.

EXCLUSIONS

READ THE FOLLOWING EXCLUSIONS CAREFULLY. COVERAGE WILL NOT BE AFFORDED UNDER THIS PART B FOR ANY OF THE EXCLUSIONS LISTED BELOW.

We do not provide First Party Benefits under this Part B for **bodily injury:**

- 1. To any person operating the **insured auto** without **your** express or implied consent.
- 2. Due to or resulting from intentional acts, or reasonably expected to result from the intentional or felonious acts or omissions, committed by **you** or any **insured**. This exclusion applies even if:
 - a. **You** or any **insured** is temporarily insane or temporarily lacks the mental capacity to control or govern his or her conduct or is temporarily unable to form any intent to cause **bodily injury** or **property damage**;
 - b. Such **bodily injury** or **property damage** is of a different kind or greater degree than intended or reasonably expected by the **insured**; or
 - c. Such **property damage** or **bodily injury** is sustained by a different person than intended or reasonably expected by the **insured**.

3. Sustained while **you** are or any **relative** or **resident** is **occupying** the **insured auto** while it is:
 - a. Being **used** in any unlawful activity (other than a traffic violation), illicit trade or transportation; or
 - b. **Used** or operated in an attempt to flee law enforcement or governmental authorities.

This exclusion applies regardless of whether any person is actually person is actually arrested, charged, or convicted of a **crime**.
4. Sustained by a person maintaining or using an **auto** knowingly converted by that person. However, this exclusion does not apply to **you** while using the **insured auto**.
5. Sustained by a person who at the time of the **accident**:
 - a. Is the owner of one or more registered **autos** and none of those **autos** have in effect the financial responsibility required by Pennsylvania Motor Vehicle Financial Responsibility Law; or
 - b. Is **occupying** an **auto** owned by the person for which the financial responsibility required by Pennsylvania Motor Vehicle Responsibility is not in effect.
6. To a person, other than **you**, or a **relative**, who is entitled to personal injury protection benefits from the **owner** of an **auto** which is not an **insured auto** under this policy.
7. Sustained by any person maintaining or using an **auto** while located for **use** as a residence or premises.
8. Resulting from the maintenance, repair or **use** of any **auto** while that person is engaged in any **auto business**.
9. Sustained by a pedestrian, if the **accident** occurs outside of Pennsylvania.
10. Sustained while **occupying**:
 - a. A motorcycle or any motorized **vehicle** having fewer than four (4) wheels or more than six (6) wheels;
 - b. An all-terrain **vehicle** regardless of the number of wheels it has; or
 - c. Any self-propelled **vehicle** not licensed for **use** on public roads; or
 - d. Any **vehicle** weighing in excess of 3,500 pounds, exclusive of load.
11. Caused by or as a consequence of:
 - a. Discharge of a nuclear weapon (even if accidental);
 - b. **War** (declared or undeclared);
 - c. Civil **war**;
 - d. Insurrection;
 - e. Rebellion or revolution;
 - f. Riot;
 - g. Radioactive contamination; or
12. Resulting from **ownership**, maintenance, repair or **use** of a **vehicle** in a **racing** event.
13. Arising out of the ownership, maintenance, repair or **use** of a **vehicle** in the course and scope of any **business**, including, but not limited to:
 - a. Wholesale or retail deliveries or any activity associated with the delivery of items such as magazines, newspapers, food, pizza, or any other product.
 - b. Operating any **vehicle** displaying advertising.
 - c. Operating any **vehicle** containing permanently installed mechanical equipment.
 - d. Used to carry persons or property for compensation or a fee, including, but not limited to, **use** in connection with a personal **vehicle** sharing program, transportation network, or any other similar **vehicle** or ride sharing **business** or enterprise.

This exclusion does not apply to a share-the-expense car pool.
14. Sustained by any person as a result of loading or unloading any **auto**, except while using maintaining or **occupying** the **auto**.
15. Sustained by any person injured by the **insured auto** while it is unoccupied and parked so as to not cause reasonable risk or injury.
16. Arising out of or resulting from, in whole or in part, any actual, alleged, or threatened migration, release, existence, or presence of or actual, alleged, or threatened exposure to mold, mildew, fungus, or other microbes, including any type or form of:
 - a. Decomposing or disintegrating organic material or microorganism;
 - b. Organic surface growth on moist, damp or decaying matter;
 - c. Yeast or spore-bearing plant-like organism; or
 - d. Spores, scents, toxins, mycotoxins, bacteria, viruses, or any other by products produced or released by any mold, mildew, fungus, or other microbes.
17. Sustained while **occupying** or when struck by any **auto**, other than the **insured auto**, which is:
 - a. **Owned** by **you**; or
 - b. Furnished or available for your **regular use**.
18. To any person who knowingly submits a false or misleading statement relating to the claim or charges.
19. Sustained during the course of employment if benefits are payable or must be provided under any Workers' Compensation law or similar law.

20. Caused by dumping discharge or escape of any irritants, hazardous materials, pollutants or contaminants other than the fluids necessary for the operation of the **insured auto**.

LIMITS OF LIABILITY – PART B ONLY

A. FIRST PARTY BENEFIT

We will pay Basic First Party Benefits consisting of **Medical Benefits** to or for an **insured** who sustains **bodily injury** caused by **accident** arising out of the maintenance or **use** of an **auto**. Our Limit of Liability for **Medical Benefits** is \$5,000.00.

B. OPTIONAL FIRST PARTY BENEFITS

If you have chosen Optional First Party Benefits Coverage and you have paid a premium for this coverage, we will pay the Optional First Party Benefits instead of the Basic First Party Benefit to or for an **insured** who sustains **bodily injury** caused by an **accident** arising out of the maintenance or **use** of an **auto**.

Added First Party Benefits you may purchase consist of the following:

1. **Medical Benefits**, if it appears on the **Declarations Page** and you have paid a premium for this coverage. The Limit of Liability for the **Medical Benefits** is increased to the amount shown on the **Declarations Page**.
2. **Income Loss Benefits**, if it appears on the **Declarations Page** and you have paid a premium for this coverage. The maximum Limit of Liability for **Income Loss Benefits** is the amount shown on the **Declarations Page**.

The Limit of Liability for any one month is the Monthly amount shown for that option in the following schedule:

Income Loss Schedule

<u>Maximum Amount</u>	<u>Monthly Amount</u>
\$ 5,000	\$1,000
\$15,000	\$1,000
\$25,000	\$1,500
\$50,000	\$2,500

3. **Funeral Benefits**, if it appears on the **Declarations Page** and you have paid a premium for this coverage. The Limit of Liability for **Funeral Benefits** is the amount shown on the **Declarations Page**.
4. **Accidental Death Benefit**, if it appears on the **Declarations Page** and you have paid a premium for this coverage. The Limit of Liability for **Accidental Death Benefit** is the amount shown on the **Declarations Page**.

We will pay **Accidental Death Benefits** to the executor or administrator of the deceased **insured's** estate. If there is no executor or administrator, the benefit shall be paid to:

- a. The deceased **insured's** surviving spouse;
- b. If there is no surviving spouse, the deceased **insured's** surviving children; or
- c. If there is no surviving spouse or children, to the deceased **insured's** estate.

C. COMBINATION FIRST PARTY BENEFITS OPTION

This option applies, if **Combination First Party Benefits** appears on the **Declarations Page** and you have paid a premium for this coverage. The Limit of Liability for **Medical Benefits**, **Income Loss Benefits**, **Funeral Expense Benefits**, and **Accidental Death Benefits** combined is the amount shown on the **Declarations Page**. The total limit is the most we will pay as the result of **bodily injury** to any one **insured** as a result of any one **accident**. However, the most we will pay for:

1. **Funeral Benefits** for an **insured** is \$2,500.
2. **Accidental Death Benefit** for an **insured** is \$25,000.

We will only pay for expense or **loss** incurred within three (3) years from the date of the **accident**.

D. EXTRAORDINARY MEDICAL BENEFITS

This option applies if **Extraordinary Medical Benefits** appears on the **Declarations Page** and you have paid a premium for this coverage. The Limit of Liability for **Extraordinary Medical Benefits** is the amount shown on the **Declarations Page**. Regardless of whether you have purchased the Basic, Added or **Combination First Party Benefit** under this policy, we will pay **Extraordinary Medical Benefits** Coverage only after \$100,000 has been incurred by any one **insured** for medical expenses resulting from any one **accident**, subject to the following:

1. The Limit of Liability shown on the **Declarations Page** for **Extraordinary Medical Benefits** coverage is the most we will pay for medical expenses incurred by an **insured** as the result of an **accident** in which this **Extraordinary Medical Benefits** coverage applies, and is subject to the following additional limits:
 - a. An annual limit of \$50,000 for medical expenses incurred by an **insured**; and
 - b. A lifetime aggregate limit as indicated on the **Declarations Page** for medical expenses incurred by an **insured**.

However, the \$50,000 annual limit shall not apply to medical expenses covered by **Extraordinary Medical Benefits** coverage which are incurred within eighteen (18) months following the **accident**.

2. Any amounts payable to us as **Extraordinary Medical Benefits** will be excess to any amounts available to an **insured** for medical expenses under any First Party Benefits Coverage provided in accordance with the Pennsylvania Motor Vehicle Financial Responsibility Law.
3. If an **insured** is eligible for **Extraordinary Medical**

Benefits Coverage and is also eligible for benefits under the Pennsylvania Catastrophic Loss Trust Fund, the combined total recovery under **Extraordinary Medical Benefits** Coverage and the Pennsylvania Catastrophic Loss Trust Fund for medical expenses incurred by an **insured** as the result of an **accident** shall not exceed \$1,000,000.

When **we** make payment to **you** for any amount due under the Part B, **we** may deduct from the payment any premium or fees that are due and unpaid under this policy.

Any **insured** and **we** may make an agreement that is mutually satisfactory as respects to timing and amounts of payments under **Extraordinary Medical Benefits**. This shall be when it is apparent that payment of medical expense benefits in the form of a structured settlement will be both cost-effective to **us** and in the best interest of an **insured**. This may include annuities or other long-term arrangements.

OTHER INSURANCE

No one is entitled to recover duplicate payments for the same elements of loss under this or any other similar automobile insurance including self-insurance.

Any amount payable under this Part B – First Party Benefits Coverage shall be excess over any amounts paid, payable or required to be provided to an **insured** under any Workers' Compensation law or similar law.

A. If there is other First Party Benefits Coverage, **we** will pay all First Party Benefits in accordance with the order of priorities set forth by the Pennsylvania Motor Vehicle Financial Responsibility Law. **We** will not pay if there is another insurer at a higher level of priority. The First category listed below is the highest level of priority and the Fourth category listed below is the lowest level of priority. The priority order is:

- First: The insurer providing benefits to the **insured** as the **named insured**.
- Second: The insurer providing benefits to the **insured** as a **relative** who is not a **named insured** under another policy providing coverage under the Pennsylvania Motor Vehicle Financial Responsibility Law.
- Third: The insurer of the **auto** which the **insured** is **occupying** at the time of the **accident**.
- Fourth: The insurer providing benefits on any **auto** involved in the **accident** if the **insured** is:
 - 1. Not **occupying** an **auto**; and
 - 2. Not entitled to payment of First Party Benefits under any other automobile policy. In this priority, an unoccupied parked **auto** is not an **auto** involved in an **accident** unless it was parked in a manner as to create an unreasonable

risk of injury.

- B. If two or more policies have equal priority within the highest applicable priority level:
 - 1. The insurer against whom the claim is first made shall process and pay the claim as if wholly responsible. The insurer is then entitled to recover contribution on a pro rata basis from any other insurer for the benefits paid and the costs of processing the claim. If such contribution is sought among insurers under the Fourth priority, proration shall be based on the number of involved autos.
 - 2. If we are the insurer against whom the claim is first made, **our** payment to or for an **insured** will not exceed the applicable limit of liability for First Party Benefits Coverage shown on the **Declarations Page**, or if you have purchased **Extraordinary Medical Benefits** coverage, the applicable limit of liability.
 - 3. The maximum recovery under all policies may not exceed the amount payable under the policy with the highest dollar limit of benefits.

CONDITIONS

Medical Reports; Proof of Claim

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

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

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

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

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

Customary Charges for Treatment

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

PART C – UNINSURED AND UNDERINSURED MOTORIST COVERAGE

Uninsured Motorist Coverage

Stacked Uninsured Motorist (Bodily Injury)

Non-Stacked Uninsured Motorist (Bodily Injury)

Underinsured Motorist Coverage

Stacked Underinsured Motorist (Bodily Injury)

Non-Stacked Underinsured Motorist (Bodily Injury)

INSURING AGREEMENT

If **you** pay a premium for Uninsured Motorist or Underinsured Motorist Bodily Injury Coverage, **we** will pay damages, except for any punitive or exemplary damages, which an **insured** or his legal representative is legally entitled to recover from the owner or operator of an **uninsured auto** or an **underinsured auto**, not to exceed the limits shown on the **Declarations Page**, because of **bodily injury**:

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

The owner's or operator's liability for these damages must arise out of the ownership, maintenance or **use** of an **uninsured auto** or **underinsured auto**.

We will pay under this coverage only after the limits of liability under any applicable liability bonds or policies have been paid.

Any judgment for damages arising out of a lawsuit is not binding on **us** unless **we** have:

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

An **insured** must notify **us** in writing by certified mail at least thirty (30) days before entering into any settlement with the owner or operator of an **uninsured auto** or **underinsured auto**, or any liability insurer. In order to preserve **our** right of subrogation, **we** may elect to pay any sum in settlement by or on behalf of the owner or operator of an **uninsured auto** or **underinsured auto**. If **we** do this, **you** agree to assign to **us** all rights that **you** have against the owner or operator of an **uninsured auto** or **underinsured auto**.

ADDITIONAL DEFINITIONS

Insured, as used in this Part C, means:

1. **You** or a **relative**;
2. Any **relative** who does not **own** an **auto**;
3. Any **relative** who owns an **auto**;
4. Any other person **occupying** the **insured auto** within the scope of **your** express or implied permission; or
5. Any person covered under this Part C because of **bodily injury** sustained by a person described in 1 or 2 above.

However, no person shall qualify as an **insured**, if the person operating the **insured auto** does not have your permission or is not within the scope of that permission.

Uninsured auto means an **auto** or **trailer**:

1. To which a **bodily injury** liability bond or policy does not apply at the time of the **accident**.
2. A **bodily injury** liability bond or policy applies at the time of the accident, but the bonding or insuring company:
 - a. Denies coverage; or
 - b. Is or becomes insolvent within six (6) years after the accident occurs.
3. Which is a hit-and-run whose operator or owner cannot be identified and which hits or causes an **accident** resulting in **bodily injury** to an **insured**, provided that the **insured** or someone on his or her behalf:
 - a. Reports the **accident** within twenty-four (24) hours, or as soon as practicable, to police, peace or judicial, or governmental authorities, or the Commissioner of Motor Vehicles; and
 - b. Provides a report setting for the facts of the **accident** to us within thirty (30) days of the **accident** or as soon as practicable thereafter; and makes available to **us** for inspection the **auto** which the **insured** was **occupying** at the time of the **accident**. If there is no physical contact with the hit-and-run **vehicle**, the facts of the **accident** must be proved by competent evidence other than testimony of a person making claim under this or any similar coverage.

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

1. Which qualifies as the **insured auto** under this policy.
2. **Owned** by **you**, a **resident**, or a **relative**.
3. Which is an **underinsured auto**.
4. Which is a **temporary substitute auto** for an **insured auto**.
5. Operated on rails or crawler treads.
6. Which is designed mainly for **use** off public roads, while not on public roads.
7. While being **used** as a residence or premises.
8. Operated by **you** or a **relative**.
9. **Owned** or operated by a self-insurer within the meaning of any motor **vehicle** financial responsibility law, motor carrier law or any similar law, except a self-insurer that is or becomes insolvent.

Underinsured auto means a land **auto** or **trailer** to which a **bodily injury** liability policy or bond applies at the time of the **accident**, but the sum of all applicable limits of liability for **bodily injury** is less than the damages which an **insured** is entitled to recover from the owner or operator of the **auto** because of **bodily injury**. **Underinsured auto** does not include an **uninsured auto**.

However, **underinsured auto** does not include any **vehicle** or equipment:

1. Which qualifies as an **insured auto** under this policy.
2. **Owned by you, a resident, or a relative.**
3. Which is an **uninsured auto.**
4. Which is a **temporary substitute vehicle** for an **insured auto.**
5. Operated on rails or crawler treads.
6. Which is designed mainly for **use** off public roads while not on public roads.
7. While being **used** a residence or premises.
8. Operated by **you.**
9. **Owned, leased, or furnished for the regular use of you or any insured.**

EXCLUSIONS

READ THE FOLLOWING EXCLUSIONS CAREFULLY. COVERAGE WILL NOT BE AFFORDED UNDER THIS PART C FOR ANY OF THE EXCLUSIONS LISTED BELOW.

We do not provide Uninsured or Underinsured Motorist Coverage under this Part C for **bodily injury** sustained by any person:

1. Arising out of the ownership, maintenance, or **use** of a **vehicle** in the course of any **business**, including, but not limited to:
 - a. Wholesale or retail deliveries or any activity associated with the delivery of items such as magazines, newspapers, food, pizza, or any other product.
 - b. Operating any **vehicle** displaying advertising.
 - c. Operating any **vehicle** containing permanently installed mechanical equipment.
 - d. **Used** to carry persons or property for compensation or a fee, including, but not limited to, **use** in connection with a personal **vehicle** sharing program, transportation network, or any other similar vehicle or ride sharing **business** or enterprise.

This exclusion does not apply to a share-the-expense car pool.

2. While using or **occupying** a **non-owned auto** without the **owner's** express or implied permission or outside of the scope of the express permission.
3. While using or **occupying** the **insured auto** without the express or implied permission or outside of the express or implied permission of **you** or a **relative.**
4. While using, **occupying**, or when struck by any **auto owned** by or furnished for the **regular use of you** or any **relative** or **resident** other than the **insured auto.** This includes a **trailer** of any type **used** with that **auto.**
5. While using or **occupying** a motorized or device of any type designed to be operated on the public roads that is

owned by you or a **relative**, other than the **insured auto.**

6. For any punitive or exemplary damages, or legal costs related thereto.
7. If that person or the legal representative settles the claim without **our** written consent.
8. For **bodily injury** to any person while **occupying** any **auto**:
 - a. Being **used** in any unlawful activity (other than a traffic violation), illicit trade or transportation; or
 - b. **Used** or operated in an attempt to flee law enforcement or governmental authorities.This applies regardless if anyone is actually arrested, charged, or convicted of a **crime.**
9. While using or **occupying** the **insured auto** by a person or persons specifically excluded by endorsement.
10. Using the **auto** without a reasonable belief that the person is entitled to do so.
11. Arising out of the **ownership, maintenance or use** of an **auto** while it is being operated in any **racing** event.
12. Arising from or resulting from the discharge or use of any firearm or weapon.
13. For **noneconomic loss** caused by an **accident** involving an **uninsured auto** or **underinsured auto** unless the injured person has a legal right to recover for **noneconomic loss** under the Pennsylvania Motor Vehicle Financial Responsibility Law. The injured person's legal right to recover damages for **noneconomic loss** under the Pennsylvania Motor Vehicle Financial Responsibility Law will be determined by the liability tort limitation, if any, applicable to that person.
14. For any loss sustained while a **vehicle** is **used** to transport nursery or school children, migrant workers, or hotel/motel guests. This exclusion does not apply to **your** children or children engaged in a car pool arrangement with **you.**
15. If that person or their legal representative settles the **bodily injury** without **our** written consent.
16. If that person is injured while **occupying** a motor vehicle insured under a commercial motor **vehicle** insurance policy.
17. For **bodily injury** sustained by a driver of the **insured auto** who is not listed as a driver on the **Declarations Page** of this policy if the **insured auto** was made available for the **regular use** of that driver.
18. For **property damage** sustained by any person while **occupying** or when struck by any motor **vehicle owned** by

you, a **relative**, or any **resident** which is not insured for this coverage under this policy.

19. For **property damage** to a **trailer** of any type, any motor **vehicle owned by you** to which **Collision** Coverage applies under this policy, or any other motor **vehicle** to the extent that there is valid and collectible **Collision** Coverage applicable to that damage under any other policy.

LIMIT OF LIABILITY

The limit of **bodily injury** liability shown on the **Declarations Page** for each person for Uninsured or Underinsured Motorist Coverage is our maximum limit of liability for all damages for **bodily injury** including derivative claims, or death sustained by any one person in any one **auto accident**. Derivative claims include, but are not limited to, loss of consortium, loss of society, or loss of companionship. Subject to this Limit of Liability shown on the **Declarations Page** for each **accident** for Uninsured or Underinsured Motorist Coverage is our maximum limit of liability for all damages for **bodily injury**, including derivative claims, as noted above, resulting from any one **auto accident**.

In determining the amount payable under this Part C, the amount of damages which an **insured** is entitled to recover for **bodily injury** shall be reduced by all sums:

1. Paid because of **bodily injury** by or on behalf of any persons or organizations that may be legally responsible;
2. Paid or payable because of **bodily injury** under any of the following or similar laws:
 - a. Disability benefits law;
 - b. Personal injury protection or no-fault coverage; or
 - c. Medical expenses coverage.

However, if an **insured** enters into a settlement agreement for an amount less than the sum of the limits of liability under all applicable **bodily injury** bonds and policies, our limit of liability for Underinsured Motorist Coverage shall not exceed the difference between the damages sustained by the **insured** and the sum of the applicable **bodily injury** liability limits.

Any payment made under this Uninsured or Underinsured Motorist Coverage shall reduce the amount that person is entitled to receive for the same element of loss under Liability Coverage and First Party Benefits Coverage of this policy.

If an **uninsured auto** and an **underinsured auto** are jointly liable for damages, no person shall be entitled to recover damages under both Uninsured and Underinsured portions of the policy.

In no event shall an **insured** be entitled to receive duplicate payments for the same element of loss. No judgment or settlement for damages arising out of a lawsuit brought against an owner or owner of an **uninsured auto** or **underinsured auto** shall be binding against **us** unless **we**:

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

The Limit of Liability shown on the **Declarations Page** for the coverages under this Part C is the most **we** will pay regardless of the number of:

1. **Insureds**;
2. Claims made;
3. **Autos** or premium shown on the **Declarations Page**;
4. **Autos** involved in the **auto accident**;
5. Lawsuits brought;
6. Premiums paid; or
7. Policies or bonds applicable.

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

NON-STACKED LIMIT OF LIABILITY

If you have selected non-stacked coverage under this Part C:

1. The amount shown for each person is the most **we** will pay for all damages due to a **bodily injury** to one person; and
2. Subject to the each person limit, the amount shown for each **accident** is the most **we** will pay for all damages due to **bodily injury** sustained by two or more persons in any one **accident**.

The each person limit of liability includes the total of all claims made for **bodily injury** to an **insured** and all claims of others derived from such **bodily injury**, including, but not limited to, emotional injury or mental anguish resulting from the **bodily injury** of another or from witnessing the **bodily injury** to another, loss of society, loss of companionship, loss of services, loss of consortium, and wrongful death.

STACKED LIMIT OF LIABILITY

If **you** have selected stacked coverage under this Part C, the following shall also apply to **bodily injury** sustained by **you** or a **relative**:

1. If **you** or a **relative** sustain **bodily injury** while **occupying** the **insured auto**, the limit of liability shall be the limit available under Non-Stacked Limits of Liability described above and the limit shown on the **Declarations Page** multiplied by the number of the **insured autos** that are not involved in the **accident**.
2. If **you** or a **relative** sustain **bodily injury** while not **occupying** the **insured auto**, the limit of liability shall be the limit shown on the **Declarations Page** multiplied by the number of the **insured autos**.

Stacked Limits of Liability shall not increase the limit of liability applicable to any **insured** other than **you** or a **relative**.

PROOF OF CLAIM

An **insured** making a claim under this coverage must give **us** full details of their injuries and treatment, under oath, if **we** deem it necessary.

OTHER INSURANCE

If there is other applicable insurance available under more than one policy or provision of coverage, the following priorities of recovery apply for Uninsured and Underinsured Motorist Coverage:

- First: The Uninsured or Underinsured Motorist Coverage applicable to the **auto** the **insured** was **occupying** at the time of the **accident**.
- Second: Any other policy affording Uninsured or Underinsured Motorist Coverage to the **insured**.

We will pay only **our** share of the damages. **Our** share is proportion that our limit of liability bears to the total of all applicable limits on the same level of priority. If two or more policies have equal priority within the highest applicable level, the insurer against which the claim is first made shall process and pay the claim, up to its limit of liability, as if wholly responsible. The insurer is thereafter entitled to recover contribution on a pro-rata basis from any other insurer for the benefits paid and the costs of processing the claim.

If Non-Stacked Uninsured and Non-Stacked Underinsured Motorist Coverage is shown on the **Declarations Page**, the following provisions apply:

1. When there is applicable insurance available under the First Priority:
 - a. The limit of liability applicable to the **auto** the **insured** was **occupying**, under the policy in the First priority, shall first be exhausted; and
 - b. The maximum recovery under all policies in the Second priority may equal but not exceed the highest limit for any one **vehicle** under any one policy in the Second priority; and
2. When there is no applicable insurance available under the First priority, the maximum recovery under all policies in the Second priority shall not exceed the highest applicable limit for any one **auto** under other insurance.

We will not pay for any damages which would duplicate any payment made for damages under other insurance.

TRUST AGREEMENT

If **we** make a payment to an **insured** under this coverage:

1. **We** are entitled to recover from the **insured** an amount equal to such payment if there is a legal settlement made on his behalf against any person or organization legally responsible for the **bodily injury** to the extent the **insured** is made whole.
2. The **insured** must hold in trust for **us** all rights that he has to recover money from any person or organization legally responsible for **bodily injury**.
3. The **insured** must do everything proper to secure **our** rights of recovery and do nothing to prejudice these rights.
4. If **we** ask the **insured** in writing, the **insured** shall take the necessary or appropriate action, through a representative designated by **us**, to recover payment as damages from

the responsible person or organization. If there is a recovery, then **we** shall be reimbursed out of the recovery for expenses, costs, and attorney's fees incurred in connection with this recovery.

5. The **insured** must execute and deliver to **us** any legal instruments or papers necessary to secure the rights and obligations of the **insured** and **us** as established here.

ARBITRATION

If **we** and an **insured** cannot agree on:

1. The legal liability of the operator or owner of an **uninsured auto** or **underinsured auto**; or
2. The amount of the damages sustained by the **insured**.

This will be determined by arbitration if **we** and the **insured** mutually agree to arbitration prior to the expiration of the **bodily injury** statute of limitations in the state in which the **accident** occurred.

The arbitration shall be conducted in accordance with the provisions of the Pennsylvania Arbitration Act of 1927. Each party will select an arbitrator. The two arbitrators will select a third arbitrator. If the two arbitrators cannot agree on a third arbitrator within thirty (30) days, either may require selection be made by a court having jurisdiction in the county in which the **insured** lives.

Each party will pay the costs and fees of its arbitrator and any other expenses it incurs. The costs and fees of the third arbitrator will be shared equally. All other expenses, including, but not limited to, attorney's fees and witness fees, shall be paid by the party which incurs the expense.

Unless both parties agree otherwise, the arbitrators shall have no authority to determine issues related to coverage under this Part C, including, but not limited to:

1. Any form of inter-policy or intra-policy Stacking;
2. Selection or waiver of coverage options;
3. Determination of residency in defining who is or is not an **insured** under these coverages;
4. Statutes of limitations; or
5. Determination of whether a claimant is an **insured** at the time of the **accident**.

We do not agree to arbitrate any claims for bad faith, fraud, misrepresentation, punitive or exemplary damages, attorney's fees, or interest.

A decision agreed to by two of the arbitrators will be binding with respect to a determination of:

1. The legal liability of the operator or owner of an **uninsured auto** or **underinsured auto**; and
2. The amount of the damages sustained by the **insured**.

The arbitrators shall have no authority to award an amount in excess of the Limit of Liability stated on the **Declarations Page**.

PART D – PHYSICAL DAMAGE COVERAGE TO AN INSURED AUTO

Subject to the Limits of Liability, if **you** pay a premium for this coverage, **we** will pay for direct and accidental **loss** to the **insured auto**, including its factory-installed equipment, less any applicable deductible shown on the **Declarations Page** for each separate **loss**.

We will pay for **loss** to the **insured auto** caused by:

1. **Collision** only if the **Declarations Page** indicates that Collision Coverage is provided for that **auto**.
2. Other than **Collision** (Comprehensive) only if the **Declarations Page** indicates that Other Than **Collision** (Comprehensive) Coverage is provided for that **auto**.

The **insured auto** must be **used** or operated by or in the care or custody of an **authorized driver** at the time of the loss, except in the event of theft or larceny.

DEFINITIONS FOR PART D ONLY

Authorized driver means:

1. **You**;
2. Any other person listed on the policy **application** or added by endorsement during the policy term prior to the **loss**; or
3. Any other person who has **your** express permission to **use** the **insured auto** and who:
 - a. Holds a valid driver's license at the time of **loss**; and
 - b. Is not a **regular operator** of the **insured auto**.

Authorized driver does not mean any person with a learner's permit operating an **insured auto** unless that person is listed on the policy.

Authorized driver does not mean a person who is not listed on this policy, who resides in the same household as the **named insured**, or who is a **regular operator** of any **vehicle** insured under this policy, and is involved in an **accident** which occurs while the **auto** is being driven, operated, manipulated, maintained, serviced, or **used** in any other manner by this person.

Collision means the upset of the **insured auto** or its impact with another vehicle or object.

Loss caused by the following is considered Other than **Collision** (Comprehensive):

1. Missiles or falling objects;
2. Fire;
3. Theft or larceny
4. Explosion or earthquake;
5. Windstorm;
6. Hail, water, or flood;
7. Malicious mischief or vandalism;
8. Riot or civil commotion;
9. Contact with bird or animal; or
10. Breakage of glass, except as a result of **collision**.

Insured auto as used in this Part D means:

1. any **auto** described on the **Declarations Page**.
2. a **replacement auto** or an **additional auto**.

We will only provide Part D coverage for a **replacement auto** or an **additional auto** effective after **you**:

- a. Ask **us** to do so; and
- b. Give **us** the opportunity to inspect the **vehicle** or provide documentation that the **vehicle** was purchased new, having never been titled to a prior owner.

To qualify as a **replacement auto** or an **additional auto** under this policy, the **auto** must be an acceptable risk to **us** under **our** underwriting guidelines.

- c. A vehicle operated by or in the custody of an insured that is provided to an insured as a loaner vehicle by a motor vehicle dealer without a fee, rental or other charge paid directly by an insured if the loaner vehicle is provided for use while an auto insured for coverage under this Part D and listed on the **Declarations Page** is being transported, serviced, repaired or inspected by the motor vehicle dealer.

Custom and Additional Equipment means equipment, devices, accessories, changes and enhancements, other than those installed by the original manufacturer, which are permanently installed or attached and alter the appearance or performance of an **auto**. This includes, but is not limited to, such items as body or suspension alterations; custom or special wheels or tires; side exhausts; roll bar; light bars; spoilers; ground effects; bed liners; utility boxes; customer windows; custom painting; murals; decals or graphics; and any electronic equipment, antennas and other devices used exclusively to send or receive audio, visual or data signals, or play back recorded media, which are permanently installed in the **insured auto** using bolts, brackets or slide-out brackets.

Deductible means that sum that is shown on the **Declarations Page** and will be deducted from the **loss**.

Forcible entry means entry by actual force and violence evidenced by visible marks on the exterior of the **auto** or the premises on which the **auto** is garaged at the point of entry.

TOWING AND STORAGE CHARGES

In addition, after an **auto accident** for which this coverage is provided, **we** will pay reasonable storage and towing charges **you** or any **relative** is legally responsible for in transporting and storing the **insured auto** up to a maximum of fifty dollars (\$50). This coverage applies only if the **Declarations Page** indicates that **Collision** or Comprehensive is provided for that **auto**.

TOWING AND LABOR COVERAGE

If the **Declarations Page** shows a specific premium charged for Towing and Labor Coverage, **we** will pay up to the limits shown on the **Declarations Page** for towing and labor costs incurred each time the **insured auto** is disabled. This does not include its running out of gas. **We** will cover labor, not including emergency locksmith repair, only if done at the place of disablement. **You** agree to provide **us**

with proof of incurred towing and labor charges. This proof must be in the form of verifiable receipts.

RENTAL REIMBURSEMENT COVERAGE

If the **Declarations Page** shows a specific premium charged for Rental Reimbursement Coverage, **we** agree to pay **you** for any reasonable and necessary transportation expense incurred. This payment shall not be more than the limit shown on the **Declarations Page** for the loss of use of the **insured auto** because of the damage covered under Part D to the **insured auto**. The limit shown on the **Declarations Page** shall be payable for a maximum of thirty (30) days.

1. In the event of theft, **you** must report the loss to the police within twenty-four (24) hours. Rental Reimbursement Coverage will terminate upon the earlier of either (a) when the **insured auto** is returned to **you** for **use** or (b) **we** pay the loss. **We** will pay for the **rental vehicle** beginning seventy-two (72) hours after the loss.
2. The **insured auto** means the **vehicle** described in the **Declarations Page** and for which specific premium is charged for this coverage.
3. The **insured auto** must be continuously withdrawn from normal **use** for more than twenty-four (24) hours.
4. **We** will reimburse **you** for rental only for the length of time required to repair or replace the **insured auto** as quickly and reasonably as possible.
5. **We** do not provide Physical Damage (Comprehensive or Collision) Coverage on **rental vehicles**.
6. The **rental vehicle** must be obtained from a **business** entity that is licensed to conduct such **business** under applicable state law to **use** temporarily while an **insured auto** is not available for **use** and as a result of a covered loss.

EXCLUSIONS

READ THE FOLLOWING EXCLUSIONS CAREFULLY. COVERAGE WILL NOT BE AFFORDED UNDER THIS PART D FOR ANY OF THE EXCLUSIONS LISTED BELOW.

We will not pay for:

1. Any **loss** or damage arising from an **accident** which occurs while the **auto** is being driven, operated, manipulated, maintained or **used** in any other manner by someone other than an **authorized driver**. This exclusion shall apply whether or not the **named insured occupying the vehicle** at the time said driver is using it in any manner whatsoever.
2. **Loss** arising out of the ownership, maintenance, or **use** of a **vehicle** in the course of any **business**, including, but not limited to:
 - a. Wholesale or retail deliveries or any activity associated with the delivery of items such as magazines, newspapers, food, pizza, or any other product.
 - b. Operating any **vehicle** displaying advertising.

- c. Operating any **vehicle** containing permanently installed mechanical equipment.
- d. Used to carry persons or property for compensation or a fee, including, but not limited to, **use** in connection with a personal **vehicle** sharing program, transportation network, or any other similar **vehicle** or ride sharing **business** or enterprise.

This exclusion does not apply to a share-the-expense car pool.

3. Damage due and confined to:
 - a. Wear and tear;
 - b. Freezing;
 - c. Mechanical or electrical breakdown or failure;
 - d. Road damage to tires;
 - e. Manufacturer's defects; or
 - f. Latent defects.
4. **Loss** due to or as a consequence of:
 - a. Radioactive contamination;
 - b. **War** (declared or undeclared);
 - c. Civil **war**;
 - d. Insurrection;
 - e. Rebellion or revolution; or
 - f. Discharge of any nuclear weapon (even if accidental).
5. **Loss** to **vehicle** equipment or accessories including, but not limited to:
 - a. Insulation, furniture or bars;
 - b. Facilities for cooking or refrigeration and sleeping.
 - c. Body or suspension alterations or any equipment not installed by the original manufacturer which mechanically or structurally changes the **insured auto** and results in an increase in performance or change in appearance.
 - d. Awnings, cabanas, or equipment designed to provide additional living facilities.
 - e. Tapes, compact discs, records, cassettes, or similar recording or recorded media used with sound equipment, including any cases or other containers used in storing or carrying such items.
 - f. Sound receiving or transmitting equipment designed for use as citizen band radios, 2-way mobile radios, televisions, VCRs, telephones not originally installed by the original make and model vehicle manufacturer or dealer, home high-fidelity equipment, scanning monitor receivers, radar or laser detectors, or any other detection equipment for speed-measuring devices, or any accessories or antennas to any of these types of equipment.
 - g. Bed liners and fifth wheel conversions.
 - h. Side exhausts, headers, tachometers, and pressure and temperature gauges.
 - i. Winches, trailer hitches, roll bars, utility boxes, tool boxes and light bars.
 - j. **Auto** covers or front-end covers or protectors.
 - k. Pickup shells, box covers, camper bodies, height extending roofs, toppers, or ladders.

- l. Any modified suspension equipment, modified engines, modified carburetor systems, or modified equipment, including, but not limited to custom wheels or tires.
- m. Paint, murals, decals or graphics, custom windows, paintings, special carpeting or furnishings, sunroofs, moon roofs, T-bar roofs or height-extending roofs, bubble domes or similar windows.
- n. Any electronic equipment, antennas, and other devices used exclusively or primarily to send or receive audio, visual, or data signals, or to play back recorded media, if such equipment or device is not permanently installed in the dash or console opening of the **insured auto** by the **auto** manufacturer or dealer and specified as original equipment by the vehicle manufacturer.

This exclusion does not apply to subparagraphs g through n, if **you** have elected Custom and Additional Equipment Coverage for the item(s) and it is listed on the **Declarations Page** and **you** have paid premium for same.

- 6. **Loss** to the **insured auto** due to forfeiture ordered by the courts or destruction or confiscated by governmental or civil authorities. This exclusion does not apply to the interests of Loss Payees in the **insured auto**.
- 7. **Loss** to the **insured auto** while employed or otherwise engaged in any **auto business**.
- 8. **Loss** to the **insured auto** while maintained or **used** by any person employed or otherwise engaged in any **business** (other than farming or ranching) not described in Exclusion 7. If a **business use** surcharge is noted on the **Declarations Page** for an **auto** shown on the **Declarations Page**, this exclusion does not apply to the **ownership**, maintenance or **use** of the **auto** by:
 - a. **You**; or
 - b. Any **relative**.
- 9. **Loss** to the **insured auto** while any **authorized driver**:
 - a. Is using the **insured auto** in any unlawful activity (other than a traffic violation); or
 - b. Using or operating the **insured auto** due to flee law enforcement or governmental authorities.

This exclusion applies regardless of whether any person is actually person is actually arrested, charged, or convicted of a **crime**.
- 10. **Loss** to the **insured auto** which occurs due to **use** of any **insured auto** in any **racing** event.
- 11. **Loss** to the **insured auto** while it is:
 - a. Being rented or leased to another;
 - b. Sold to another; or
 - c. Under any conditional sales agreement by **you** to another.
- 12. **Loss** due to theft, conversion, secretion or fraudulent disposal of covered property by **you** or any **relative**.
- 13. **Loss** due to and resulting from intentional acts, or reasonably expected to result from the intentional or felonious omissions, committed by **you** or any **insured person**. This exclusion applies even if:
 - a. **You** or any **insured person** lacks the mental capacity to control or govern his or her own

conduct, including, but not limited to being under the influence of or being mentally incapacitated by any drug, medication, alcohol, or other substance.

- b. **You** or any **insured person** is temporarily insane or temporarily lacks the mental capacity to control or govern his or her conduct or is temporarily unable to form any intent to cause or property damage;
- c. Such **property damage** is of a different kind or greater degree than intended or reasonably expected by the **insured**; or
- d. Such **property damage** is sustained by a different person than intended or reasonably expected by the **insured**.

However, this exclusion does not apply in the case where an innocent **insured** did not cooperate in or contribute to the creation of the **loss** and the loss arose out of a pattern of criminal domestic violence and the perpetrator of the **loss** is criminally prosecuted for the act causing the **loss**.

- 14. **Loss** arising out of the **ownership**, maintenance or **use** of the **insured auto** when it is driven, operated or **used** with **your** permission by any individual not listed on the policy who:
 - a. Is under the minimum age to obtain a driver's license;
 - b. Does not have a valid driver's license;
 - c. Has a suspended or revoked driver's license; or
 - d. Is driving with a learner's permit.
- 15. **Loss** arising out of or due to the **use** of the **insured auto** for the commercial transport of toxic or flammable liquids and/or chemicals.
- 16. **Loss** to the **insured auto** that results, in whole or in part, from a person operating the auto when that person is engaged in reading, talking, typing, texting or other similar use of any electronic device, including, but not limited to a smart phone, computer, or tablet.
- 17. **Loss** due to a single **vehicle accident** when a police report has not been made within twenty-four (24) hours or as soon as practicable following the **accident**.
- 18. **Loss** to any **non-owned auto** or **temporary substitute vehicle**, including a **rental vehicle**.
- 19. **Loss** to property the **insured** rents or has charge of, including its loss of use.
- 20. **Diminution in value** to the **insured auto** due to a covered **loss**.
- 21. **Loss** resulting from the **ownership**, maintenance or **use** of the **insured auto** by any person who is a **regular operator** of the **insured auto**, but is not listed on the policy prior to the **loss**.
- 22. **Loss** to the **insured auto** or its equipment resulting from recreational, off road **use** when the **vehicle** is not specifically designed and recommended by the original manufacturer for such **use**.
- 23. **Loss** due to theft if:
 - a. There is no evidence that **forcible entry** was required to operate or move the **auto**.
 - b. The key or keys to the **auto** were left in or on the auto.

- c. There is no evidence that the ignition wiring, ignition locks, steering locks or other security devices installed were altered or the ignition cylinder was forced to allow the operation of the auto without keys.
24. **Loss** to wearing apparel, tools, or personal effects.
 25. **Loss** to any **auto you** do not own while being driven, operated or **used by you** or any **relative** without or beyond the scope of the owner's permission.
 26. **Loss** to the **insured auto** resulting from its **use** by a person or persons specifically excluded by endorsement.
 27. **Loss** to the **insured auto** if **you** acquire it from the seller with reasonable knowledge that legal title is unavailable.
 28. **Loss** to the **insured auto** caused directly or indirectly by any of the following:
 - a. Water leakage or seepage;
 - b. Wet or dry rot;
 - c. Rust or corrosion;
 - d. Dampness of atmosphere of extremes of temperature;
 - e. Deterioration or disintegration; or
 - f. Delamination unless caused by any other **loss** covered under this Part D.
 29. **Loss** to the **insured auto** caused directly or indirectly by mold, mildew, fungus or other microbes, including any type or form of:
 - a. Decomposing or disintegrating organic material;
 - b. Organic surface growth on moist, damp, or decaying matter;
 - c. Yeast or spore bearing plant-like organism; or
 - d. Spores, scents, toxins, mycotoxins, bacteria, viruses, or any other by-products produced or released by any mold, mildew fungus, or other microbes.

However, this exclusion does not apply to **loss** caused by mold, mildew or fungus, if such **loss** is caused by any other **loss** covered in this Part D.

30. **Loss** to paint or discoloration of paint to the **insured auto** resulting from acid rain, smoke, smog, chemicals, salt, tree sap, or animal or bird droppings, unless such **loss** is a direct result of **collision** or vandalism.
31. **Loss** to the **insured auto** resulting from the **use** of an **auto** for snow removal.
32. **Loss** arising or resulting from the pushing, pulling, or lifting of an **insured auto** by another **vehicle** other than a tow truck.
33. **Loss** due to the illegal sale or repossession of an **auto** by the rightful owner or co-owner.
34. **Loss** caused by the theft, embezzlement or other unlawful conversion of the **insured auto** after custody of the **auto** was committed by the person to whom the **vehicle** has been voluntarily entrusted to another party. This exclusion will apply whether the theft, embezzlement, or unlawful conversion of the **automobile** was committed by the person to whom the **vehicle** was voluntarily entrusted or by any other person thereafter.
35. **Loss** to a **non-owned vehicle** or **temporary substitute vehicle**.

36. **Loss** to the **insured auto** while it is rented or leased to others.
37. **Loss** to the **insured auto** when it is involved in a single **vehicle accident with bodily injury** when no police report was made within twenty-four (24) hours of the **accident**.
38. Repairs, other than necessary or temporary repairs to move or protect the **insured auto**, that are completed without **our approval**.

LIMIT OF LIABILITY

- A. Our limit of liability for **loss** will be the lesser of the:
 1. **Actual cash value** of the stolen or damaged **auto** or part thereof at the time of **loss** less any applicable reduction for physical condition, and prior damage;
 2. The prevailing competitive price to repair or replace the property at the time of **loss**, or any of its parts, including parts from non-original equipment manufacturers, with other of like kind and quality less deduction, if applicable, for the **deductible**, **betterment**, and prior damage;
 3. Stated Value shown on the **Declarations Page**, if applicable, less **depreciation**, physical condition, and prior damage less **deductible**; or
 4. Purchase price of the **vehicle**.
- B. An adjustment for **depreciation** and physical condition will be made in determining the **actual cash value** in the event of a **total loss**. If a repair or replacement results in better than like kind or quality, **we** will not pay for the amount of the **betterment**.

Depreciation shall be computed at the rate of 2% per month (with a maximum of 12% in a policy term) of the Stated Value of the **owned auto** as listed on the **Declarations Page** for every month or part thereof that the policy is in force. The total percentage deduction for **depreciation** will be computed on the whole amount in one sum and not by monthly deductions.

- C. Although **you** have the right to choose any repair facility or location, the limit of liability for repair or replacement of such property is the prevailing competitive price which is the price **we** can secure from a competent and conveniently located repair facility.
We shall review the appraisal with an authorized representative of the repair shop, which is selected by you or with any other person reasonably necessary to demonstrate that the actual costs of repairs are adequately covered in the appraisal. At **your** request, **we** will identify a repair facility that will perform the repairs or replacement at the prevailing competitive price.
- D. Unless **you** pay a premium for and the endorsement for Custom and Additional Equipment Coverage is shown on the **Declarations Page**, the maximum payment for all **loss** to electronic equipment designed for the reproduction of sound will be the lesser of:
 1. The **actual cash value**, reduced by the applicable **deductible** and its salvage value, if **you** or the owner retains the salvage;

2. The amount necessary to repair or replace the part with parts of like, kind and quality, reduced by the applicable **deductible**; or
3. Five hundred dollars (\$500).

E. **Our** liability for the cost of repairing the **insured auto** and its equipment is limited to the amount necessary to perform physical repairs to the stolen or damaged property. Part D of **your** policy – Physical Damage for an **Insured Auto** – does not cover, and **we** will not pay for, **diminution in value**.

F. **We** will not pay for any **depreciation** to the **insured auto** resulting from a **loss** sustained under Part D of this policy.

G. In the repair of the **insured auto** under the physical damage coverage provisions of this policy, **we** may specify use of **automobile** parts not made by the original manufacturer. These parts are required to be at least equal in terms of fit, quality, performance and warranty to the original manufacturer parts they replace.

H. **Our** payment for **loss** will be reduced by any applicable **deductible** shown on the **Declarations Page** for **Collision** and/or Other than **Collision** (Comprehensive) and/or Custom and Additional Equipment Coverage, if selected.

I. No one will be entitled to receive duplicate payment for the same elements of damage. If **loss** to the **insured auto** is also payable under the liability coverage or another policy issued by **us**, **we** will pay for such damage or loss only once, either under this policy or under the liability of the other policy.

TOTAL LOSS

An **auto** that is declared as a **total loss** means that the cost of **auto** repairs exceeds the **vehicle's actual cash value**.

In the event **we** determine that the **insured auto** is a **total loss**, **you** must allow **us** to move the **auto** to a storage-free location of **our** choice. **We** reserve the right to retain the **auto** and/or its salvage after **we** determine the **auto** is a **total loss**.

PROOF OF LOSS

When **we** request it, **you** must file a written proof of **loss** within sixty (60) days from the date of **our** request or there will be no coverage for the **loss** claimed under Part D.

TIMELINESS OF REPAIRS

In the event of **loss**, repairs must begin within ninety (90) days from the date of **loss**. **We** will not be responsible for any costs associated with any delays in repairing **your auto**.

ALARM

Your application may state that there is an alarm system installed on or in the **insured auto**. If that is the case, then **you** agree that the alarm system will always be kept in good working condition. **You**

also agree that the alarm system will not be removed from the **insured auto**. If this agreement is breached, insurance under this Part D regarding theft of your **vehicle** shall be void and you may become personally liable to **us** for damages.

TWO OR MORE AUTOMOBILES

When **we** insure two (2) or more **vehicles** under this policy, the terms and conditions of this policy shall apply separately to each **vehicle**.

PAYMENT OF LOSS

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

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

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

We may wait up to thirty (30) days from the date of the theft is reported in writing to the police and to **us** to issue payment or replace the property.

NO BENEFIT TO BAILEE

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

OTHER INSURANCE

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

APPRAISAL

If **you** and **we** do not agree on the amount of the **loss**, either may demand an appraisal of the **loss**. In this event, each party will select a competent appraiser. The appraisers will state separately the **actual cash value** and the amount of **loss**. If they fail to agree, they will select an umpire and submit their appraisals to the umpire. If the two appraisers are unable to agree upon an umpire, either may request a judge of a court of record, in the county where **you** reside, select an umpire. A decision agreed to by any two will be binding.

Each party will:

1. Pay its chosen appraiser's fee and expenses; and
2. Bear the expenses of the umpire, his appraisal and expenses equally.

Attorney's fees are not regarded as appraisal expenses.

appraisal.

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

PART E – GENERAL POLICY PROVISIONS

(Unless otherwise noted, this Part applies to all Parts)

By acceptance of this policy, **you** affirm and agree that:

1. This policy is issued in reliance upon **your** statements made in the **application**.
2. **Your** statements made in the **application** are true and complete.
3. **Your** statements made in the **application** are incorporated into and form a part of this policy.
4. **Your** statements, as reflected in the **Declarations Page** and all endorsements, are incorporated into and form a part of this policy.
5. The insurance **application**, **Declarations Page**, and all endorsements are incorporated into and form a part of this policy.
6. Any material misrepresentation on **your** part may render this policy null and void from inception.
7. This policy embodies all agreement existing between **you** and **us**; and
8. **You** have the affirmative obligation to report all accidents, regardless of fault, and to promptly advise **us** of any change in circumstances or in the information **you** supplied to **us** on **your application**.

BANKRUPTCY

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

JOINT AND INDIVIDUAL INTERESTS

If there is more than one **named insured** on this policy, any **named insured** may cancel or change this policy. The action of one **named insured** shall be binding on all persons provided coverage under this policy.

CHANGES

The premium charge is based on information **we** have received from **you** or other sources. **You** agree:

1. That if any of this information material to the development of the policy premium is incorrect, incomplete or changed, **we** may adjust the premium accordingly during the policy period.
2. To cooperate with **us** in determining if this information is correct and complete, and to advise **us** of any changes during the policy period within fourteen (14) days of the change. Change in circumstance are any changes in:
 - a. Drivers;
 - b. The persons who reside in your household;
 - c. **Autos**;
 - d. Coverages, **deductibles**, or coverage limits;

- e. The driver's license status for **you**, a **relative**, or **resident**; and
- f. **Your** address whether it is in **your** residency or **vehicle** garaging locations.

Premium adjustments may be made as a result of a change to **your** policy.

3. That any return premium will be calculated on the basis of the correct premium, if this policy is cancelled.
4. Any adjustment of **your** premium will be made using **our** rules in effect at the time of the change.

This policy contains all of the coverage agreements between **you** and **us**. Its terms may not be changed or waived except by an endorsement issued by **us**.

LEGAL ACTION AGAINST US

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

1. There has been full compliance with all the terms and conditions of this policy.
2. Thirty (30) days after the required written notice of **loss** and reasonable proof of claim has been filed with **us**.
3. **We** agree in writing that the **insured** has an obligation to pay or the amount of that obligation has been finally determined by judgment after trial.

In addition, under Part A – Liability Coverage, no legal action may be brought against **us** unless **we** agree in writing that the **insured** has an obligation to pay or the amount of that obligation has been finally determined by judgment after trial.

No person or organization has any right under this policy to bring legal action against **us** or to make **us** a party to any legal proceeding to determine the liability of the **insured**.

Any lawsuit brought against **us** under this policy must be commenced within one (1) year.

We have no duty to preserve or otherwise retain the salvage of any purpose, including evidence for any civil or criminal proceeding.

OUR RIGHT TO RECOVER

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

4. Execute and deliver to **us** any legal instruments or papers necessary to secure the rights and obligations of the **insured** and **us**, as established here;
 5. Take the necessary or appropriate action through a representative designated by **us** to recover payment as damages from the responsible person or organization. If there is a recovery, then **we** shall be reimbursed out of the recovery expenses, costs and attorney's fees incurred in connection with this recovery.
2. If **we** make a payment under this policy and the person to or for payment is made recovers damages from another, that person shall:
1. Hold that in trust for **us** the proceeds of the recovery; and
 2. Reimburse **us** to the extent of **our** payment, including expenses, costs and attorney's fees incurred in connection with this recovery.

POLICY PERIOD AND TERRITORY

This policy applies only to covered **losses** or **auto accident** which occur:

1. During the policy period, as shown on the **Declarations Page**; and
2. Within the **policy territory**.

The **policy territory** is:

1. The United States of American, its territories or possessions;
2. Puerto Rico; or
3. Canada.

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

If **you** owe **us** any premium on **your** expired or expiring policy, these funds must be paid before **your** policy will be renewed by **us**. Any payment sent by **you** will be used to pay any balance owed on the expired or expiring policy. Any remainder of such payment will then be applied to the renewal premium.

TERMINATION, CANCELLATION, INSUFFICIENT FUNDS, NON-RENEWAL, AUTOMATIC TERMINATION, OTHER TERMINATION PROVISIONS

Cancellation. This policy may be canceled during the policy period as follows:

1. The **named insured** shown on the **Declarations Page** may cancel by giving **us** advance written notice of the date cancellation is to take effect.
2. The policy will end as of 12:01 a.m. on the date of cancellation.
3. **We** may cancel this policy by mailing or delivering to the **named insured** shown on the **Declarations Page** at the last known address:
 - a. at least fifteen (15) days' notice:
 - i. If cancellation is for non-payment of premium; or

- ii. If notice is mailed or delivered during the first fifty-nine (59) days this policy is in effect and this is not a renewal or continuation policy; or
 - b. at least sixty (60) days' notice in all other cases.
- We** may cancel this policy for any reason within the first fifty-nine (59) days of the initial policy period.
4. After the policy has been in effect for sixty (60) days, or if this is a renewal or continuation policy, **we** will cancel by mailing or delivering to the **named insured** shown on the **Declarations Page** at the last known address appearing in **our** records:
 - a. At least fifteen (15) days' notice in the event of:
 - i. Non-payment of premium;
 - ii. If the **named insured's** driver's license or motor vehicle registration has been suspended or revoked. This must have occurred:
 - (1) During the policy period; or
 - (2) Since the last anniversary of the original effective date if the policy period is other than one (1) year;
 - or
 - b. At least sixty (60) days' notice in the event **you** concealed, omitted, or misrepresented any material fact or circumstance that induced **us** to accept this policy.

Dishonored / Insufficient Checks, Credit Cards, or Electronic Funds Transfer. **We** provide coverage for each policy term only on condition that the initial premium payment and any subsequent installment premium payments for that policy term are paid. **You** have not paid the initial premium or any installment premium payment if **you** provide us a check, a credit card, or an electronic funds transfer that is not honored at first presentation by the financial institution upon which it is drawn.

If **you** have not paid the initial premium payment because **you** give **us** a check, a credit card, or an electronic funds transfer that is not honored at first presentation by the financial institution upon which it is drawn, this policy shall be void from the inception of the policy term and no coverage will exist.

If **you** receive a notice from **us**, referencing either a regular installment premium payment or a renewal premium payment, and informing **you** that **your** premium payment to **us** was returned unpaid, **you** must provide a replacement payment to **us** by means of either a cashier's check or money order. If the replacement payment is timely made prior to the cancellation or expiration of **your** policy, then **your** policy will remain active and in force.

If **we** receive a premium payment or a renewal or replacement premium payment after **your** policy has cancelled or expired, **your** policy may be reinstated, at **our** discretion, with a gap in coverage. Any **accidents** or **losses** occurring between the date of cancellation or lapse for non-payment of premium and the date of any reinstatement of this policy will not be covered.

Non-Renewal. If **we** decide not to renew or continue this policy, **we** will mail notice to the **named insured** shown on the **Declaration Page** at the last known address appearing in **our** records. Notice will

be mailed at least sixty (60) days before the end of the policy period.

Subject to this notice requirement, if the policy period is:

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

However, if non-renewal is due to non-payment of premium or loss of driving privileges through suspension or revocation of **your** operator's license or motor **vehicle** registration, notice will be mailed at least fifteen (15) days before the end of the policy period.

We will refuse to renew or continue this policy for reasons permitted by Pennsylvania law.

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

OTHER TERMINATION PROVISIONS

- A. If the law in effect at the time this policy is issued, renewed, or continued;
 - a. Requires a longer notice period;
 - b. Requires a special form or procedure for giving notice; or
 - c. Modifies any of the stated termination reasons, **we** will comply with those requirements.
- B. **We** may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.
- C. If this policy is cancelled, the premium refund, if any, will be computed according to **our** manuals. However, making or offering to make the refund is not a condition of cancellation.
- D. The effective date of cancellation stated in the notice shall terminate all coverages under this policy.
- E. There are no grace periods.

TRANSFER OF YOUR INTEREST IN THIS POLICY

- A. Your rights and duties under this policy may not be transferred or assigned without **our** written consent. However, upon the death of the **named insured** shown on the **Declarations Page**, coverage will be provided until the end of the policy period or cancellation date, whichever is the earlier of:
 1. The surviving spouse, if a **resident** in the same household at the time of death.
 2. The legal representative of the deceased person while acting within the scope of duties of a legal representative. This applies only with respect to the representative's legal responsibility to maintain or **use your covered auto**, as applicable under state and federal laws.
- B. Coverage will be provided until the end of the policy period or cancellation, whichever is less.

If the **insured auto** is sold, coverage will terminate as to that **auto** when the buyer takes possession of the **auto** and will not transfer to

the new owner.

LIMITATIONS ON AGENT AUTHORITY

The authorized agent who obtained this policy for **you** has limited authority to act in transacting **business** with **you** on this policy. Any statement or assurance made by the authorized agent to **you** concerning **your** policy is governed by our guidelines and rules, as well as, applicable laws and regulations, and will not be binding upon **us**.

The authorized agent who obtained this policy for **you** does not possess any apparent, implied, or actual authority to act on **our** behalf after the expiration, cancellation, or non-renewal of your policy with **us**. Any representations made by the authorized agent after a notice of termination has been initiated, by either **you** or **us**, will apply only if **we** provided prior written approval.

FRAUD AND MISREPRESENTATION

A. Fraud or Misrepresentation in the Application or Notification of Change

The statements made by **you** in the **application** are deemed to be representations. If any representation contained in the application is false, misleading, or materially affect the acceptance or rating of the risk by **us**, this policy will be void from its inception.

If any representation contained in any notification of change is false, misleading, or materially affects the acceptance or rating of the risk by **us**, this policy will be terminated from the effective date of change.

This provision shall apply to statements or representations that contain fraudulent, false, misleading or deceptive statements, direct misrepresentation, and omissions or concealments of fact. **We** may void this policy or deny coverage even after the occurrence of an accident or loss. This means that **we** will not be liable for any claims or damages that would have been covered in the absence of the fraud or misrepresentation. No coverage will be afforded to any **relative** or **resident** in **your** household unless named in the **application** for coverage and/or listed on the **Declarations Page** or added by endorsement.

B. Fraud or Misrepresentation in the Presentation of a Claim

The statements made by **you** or any other person seeking coverage under this policy are deemed to be representations. In connection with any **accident** or **loss**, **we** do not provide coverage for anyone who has engaged in fraudulent conduct or made statements or representations that contain fraudulent, false, misleading or deceptive statements, direct misrepresentations, or omissions or concealments of fact. This means that **we** will not be liable for any claims or damages that would otherwise have been covered in the absence of the fraud or misrepresentation.

If **we** are not permitted by law to retroactively void this policy,

you agree that **we** have the right to reduce any amounts otherwise owed to **you** under any coverage(s) provided by this policy, except for the coverages provided in Part A – Liability Coverage, by the amount of any additional premium which would have been charged to **you** had there been no fraud and/or misrepresentation. With respect to the coverages provided under Part A of this policy, **you** agree to make any additional premium payment which would have been charged to **you** had there been no fraud and/or misrepresentation may be recovered by **us** from **you**, or from any payments due or made to **you** under any coverage(s) provided by this policy.

TWO OR MORE AUTO POLICIES

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

This condition does not apply to the following Coverage:

1. Stacked Uninsured Motorist (Bodily Injury); or
2. Stacked Underinsured Motorist (Bodily Injury).

PROVISIONAL PREMIUM

We established the premium for this policy based on the statements **you** made in the **application** for insurance. **We** have the right to recompute the premium if **we** later obtain information which affects the premium **we** charged, and **you** agree to be responsible for the payment of the recomputed premium. **We** reserve the right to rescind any part of this policy if **you** made an intentional misrepresentation, omission, concealment of fact or incorrect premium in **your application**.

In the event of any change in the:

- a. Rules;
- b. Rates;
- c. Rating plan;
- d. Premiums; or
- e. Minimum premiums;

applicable to this coverage, because of an adverse judicial finding as to the constitutionality of any provisions of the Pennsylvania Motor Vehicle Financial Responsibility Law, which provides for the exemption of persons from tort liability, the premium shown on the **Declarations Page** for any coverage under Parts A, B, or C of this policy shall be deemed to be provisional and subject to recomputation.

IN WITNESS WHEREOF. **We** have caused this policy to be signed by its Executive Vice-Presidents. This policy shall not be valid unless completed by the attachment hereto of a complete **Declarations Page**.


EXECUTIVE VICE-PRESIDENT


PRESIDENT

CONFORMITY TO STATE STATUTES

The coverages provide in Parts A, B and C of this policy pertaining to Liability, First Party Benefits, and Uninsured and Underinsured Motorist Coverages, respectively, are intended to be in full conformity with the laws of this state applying to such coverages. If any provision of such coverages conflicts with such law, such provision is changed to comply with such law.

LOSS PAYEE ENDORSEMENT

Loss or damage shall be paid, subject to all the terms of this policy, as their interest may appear, to the named insured, the Loss Payee shown on the **Declarations Page** of this policy, both jointly, or separately, at our discretion. The loss payee has no greater rights under this policy than the **insured**. Where coverage is denied to the **insured**, coverage is also denied to the loss payee. We may make separate payments according to those interests.

The Loss Payee must notify us of any known change of ownership or increase in the risk. If it does not, it will not be entitled to any payment under this clause.

Where fraud, misrepresentation, material omission, intentional damage, conversion, secretion, or embezzlement has been committed by **you** or by anyone acting on **your** behalf, the Loss Payee or lienholder's interest will not be protected and no payment will be made to the Loss Payee.

We reserve the right to cancel or nonrenew this policy as permitted by the policy terms and the cancellation or nonrenewal shall terminate this agreement as to the Loss Payee's interest. **We** will give written notice of cancellation or nonrenewal to the Loss Payee shown on the **Declarations Page**. Proof of mailing shall be sufficient proof of notice.

We may pay the Loss Payee under the terms of this section for a **loss** not covered under the policy. If that is the case, **we** are then subrogated to its rights against **you**. This will not affect the loss payee's right to recover the full amount of its claim. The Loss Payee must assign **us** its interest. The Loss Payee must transfer to **us** all supporting documents if **we** pay the balance due to the Loss Payee on the **insured auto**.

The **deductible** amount applicable to the Loss Payee under Part D – Physical Damage to an **Insured Auto** shall be the **deductible** amount shown on the **Declarations Page**.

We are here to serve you. As our policyholder, your satisfaction is very important to us.

Questions regarding your policy or coverage should be directed to:

**American Freedom Insurance Company
(847) 758-9300**

If you (a) need the assistance of the governmental agency that regulates insurance; or (b) have a complaint you have been unable to resolve with us, you may contact the Department of Insurance by mail, telephone, or fax:

Pennsylvania Insurance Department
1209 Strawberry Square
Harrisburg, PA 17120
Consumer Hotline: (877) 881-6388
Fax: (717) 787-8585
Their website is: www.insurance.pa.gov

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