

SPECIAL MOTOR VEHICLE— BASIC VALUE

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SPECIAL MOTOR VEHICLE—BASIC VALUE

DEFINITIONS

In this "**MOTOR VEHICLE**" Segment, certain words and phrases are italicized, which identifies them as having specific meaning for this "**MOTOR VEHICLE**" Segment. The meaning of each italicized word or phrase is provided in the **Definitions** below.

1. **Accident** means an event that unexpectedly, unintentionally, and instantly causes ***bodily injury*** or ***property damage*** during the policy period.
2. **Automobile** means:
 - a. A private passenger car;
 - b. A pickup or van that:
 - (1) Has a Gross Vehicle Weight of less than 10,000 lbs; and
 - (2) Is not used for the delivery or transportation of goods and materials unless such use is:
 - (a) Incidental to your business of installing, maintaining or repairing furnishings or equipment; or
 - (b) For farming or ranching.
 - c. A truck, other than a semi-trailer or a vehicle designed primarily for towing a semi-trailer, which is rented to a ***covered person*** and is being used to transport the ***covered person's*** personal property solely for non-business purposes.
3. **Bodily Injury** means bodily harm, sickness or disease, including death resulting therefrom. ***Bodily Injury*** does not include any communicable disease, such as:
 - a. Any venereal disease;
 - b. Herpes;
 - c. Acquired Immune Deficiency Syndrome (AIDS);

The term ***automobile*** does not include a motor home.

- d. AIDS Related Complex (ARC);
 - e. Human Immunodeficiency Virus (HIV);
- or any resulting or related symptom, effect, condition, disease or illness.

Punitive or exemplary damages are not included.

4. **Business** includes trade, profession or occupation.
5. **Collision** means the upset or contact of a covered ***motor vehicle*** or ***non-owned automobile*** with another vehicle or object.

If breakage of glass is caused by a ***collision***, the ***covered person*** may elect to have it considered a loss caused by ***collision***.

6. **Comprehensive** means loss caused by other than ***collision***, to a covered ***motor vehicle*** or ***non-owned automobile***.

For example, loss caused by the following is considered ***comprehensive***:

- a. Missiles or falling objects;
- b. Fire;
- c. Theft or larceny;
- d. Explosion or earthquake;
- e. Windstorm;
- f. Hail, water or flood;
- g. Malicious mischief or vandalism;
- h. Riot or civil commotion;
- i. Contact with bird or animal;
- j. Breakage of glass; or
- k. Weight of ice or snow.

7. **Covered Person(s)** :

- a. Under **Personal Liability – Motor Vehicle** means:

- (1) A ***named insured***.

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- (2) Any person listed as a driver in the Coverage Summary.
- (3) Subject to **PERSONAL LIABILITY – MOTOR VEHICLE, LIMIT OF LIABILITY**, provision 2., any other person **occupying** or using any covered **motor vehicle** with permission from you or a person described in 7.a.(1) or 7.a.(2) above.
- (4) With respect to a covered **motor vehicle** that you own or that is shown on the Coverage Summary, any person or organization legally responsible but only for acts or omissions of any person included in 7.a.(1) or 7.a.(2) above.
- (5) With respect to a covered **motor vehicle**, other than one described in 7(a)(4) above, any person or organization legally responsible but only for acts or omissions of any person included in 7.a.(1) or 7.a.(2) above. This provision applies only if the person or organization does not own or hire the **motor vehicle**.
- b. Under **Medical Expense – Motor Vehicle** means:
- (1) You or a **family member**:
- (a) While **occupying** a **motor vehicle**; or
- (b) As a pedestrian when struck by a vehicle.
- (2) Any other person while **occupying** :
- (a) A **motor vehicle** shown in the Coverage Summary or any trailer that you own;
- (b) An additional **motor vehicle** when you ask us to insure it within the 14 day period after you become the owner and coverage has been agreed to by us;
- (c) A **motor vehicle** that replaces one shown in the Coverage Summary when you ask us to insure it within the 14 day period after you become
- the owner and coverage has been agreed to by us; or
- (d) Any **motor vehicle** used as a temporary substitute for a covered **motor vehicle** of the same type shown on the Coverage Summary which is out of normal use because of its:
- (i) Breakdown;
- (ii) Repair;
- (iii) Servicing;
- (iv) Loss; or
- (v) Destruction.
- 8. Custom** means features and equipment not normally installed at the factory, including but not limited to:
- a. Special carpeting and insulation, furniture or bars;
- b. Facilities for cooking and sleeping;
- c. Height-extending roofs;
- d. Custom murals, paintings or other decals or graphics;
- e. Custom wheels or wheel covers;
- f. Winches.
- 9. Family Member** means a person related to you by blood, marriage or adoption who is a resident of your household. This includes a ward or foster child.
- For the purposes of this definition, to be considered a resident of your household when evaluating coverage for a loss a person must have been actually residing in your household on the date the loss occurred. However, your:
- a. Son;
- b. Daughter;
- c. Ward; or
- d. Foster child;
- In the United States military or away at school will be considered a resident of your household

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unless he or she has demonstrated an intent to reside elsewhere permanently.

10. Medical Expenses means usual and customary charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services.

11. Motor Vehicle means:

- a. An **automobile**.
- b. A trailer type vehicle designed to be pulled by a private passenger **motor vehicle**. This includes a farm wagon or farm implement while towed by an **automobile**.
- c. Any vehicle while being towed by or carried on a vehicle included in 11.a., or 11.b.

For purposes of this policy, a **motor vehicle** shall be deemed to be owned by a person if leased under a written agreement to that person for a continuous period of at least six months.

12. Named insured means:

- a. You;
- b. Your spouse if that spouse is a resident of the same household and listed in the Coverage Summary;
- c. A **family member** who is listed in the Coverage Summary.

13. Non-owned Automobile means any **automobile** or trailer not owned by or furnished or available for the regular use of you or any **family member** while in the custody of or being operated by you or any **named insured**.

14. Occupying means in, upon, or getting in, out, on or off.

15. Property Damage means physical injury to or destruction of property including loss of use of the property.

16. Theft refers to property which has been stolen, attempted theft and the loss of property from a known location where it is likely that the property has been stolen.

PERSONAL LIABILITY – MOTOR VEHICLE INSURING AGREEMENT

If a claim or suit is brought against you or any **covered person** for:

1. **Bodily Injury**, or
2. **Property Damage**;

caused by a **motor vehicle accident**, we will pay, except as excluded by the provisions listed in the **Personal Liability – Losses We Do Not Cover**, on your behalf:

1. Damages for which you or any **covered person** are legally liable;
2. Damages including prejudgment interest awarded against you or any **covered person**;

up to our limit of liability.

LIMIT OF LIABILITY – PERSONAL LIABILITY

1. The limit of liability shown in the Coverage Summary for "Bodily Injury Each Person" is our total limit of liability for damages because of **bodily injury** sustained by any one person in any one **motor vehicle accident**, including damages sustained by anyone else as a result of that **bodily injury**.

Subject to this limit for each person, the limit of liability shown in the Coverage Summary for "Bodily Injury Each Accident" is our total limit of liability for all damages for **bodily injury** sustained by two or more persons in any one **motor vehicle accident**.

The limit of liability shown in the Coverage Summary for "Property Damage Each Accident" is our maximum limit of liability for all **property damage** resulting from any one vehicle **accident**.

This is the most we will pay regardless of the number of:

- a. **Covered persons**;
- b. Claims or suits made;
- c. Vehicles involved in an **accident** or shown in the Coverage Summary;
- d. Persons who sustain injury or damage;
- e. Vehicles insured by this or any other policy issued by us or others; or
- f. Premiums paid for this coverage.

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2. Limits in Excess of Financial Responsibility Limits—Bodily Injury and Property Damage

Within the provisions of 1., above, if this policy provides coverage that exceeds the limits required by the applicable Financial Responsibility Law, then such excess shall not apply to:

- a. the operation or use of a **motor vehicle** by any person other than:
 - (1) a **named insured** or other person named in the Coverage Summary; or
 - (2) a **family member**; or
- b. an agent or employee of a person included in 2.a. above, while in the scope of the employee's employment by that person.

The limits shown in the Coverage Summary for "Unlisted Driver - Bodily Injury Each Person" ; "Unlisted Driver - Bodily Injury Each Accident"; and "Unlisted Driver - Property Damage Each Accident", apply to the persons included in 2.a. or 2.b. above, and are included in, not in addition to, the limits described in 1. above.

We will defend or settle any claim or suit as we decide is appropriate even if the claim or suit is groundless, false or fraudulent. Our obligation to defend any claim or suit ends when the amount we pay for damages for settlement or judgment equals our limit of liability. We have no duty to defend any suit or settle any claim for **bodily injury** or **property damage** not covered under this "MOTOR VEHICLE" Segment.

No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:

1. Medical Expense Coverage;
2. Uninsured/Underinsured Motorists Coverage; or
3. Limited Economic Benefits Coverage;

provided by this policy.

Any claims for care, loss of services, loss of consortium and injury to any interpersonal relationship shall be included in the limit.

Punitive and exemplary damages are not covered and therefore are not included in and are not in

addition to the limit of liability shown in the Coverage Summary for Motor Vehicle Liability.

OTHER PAYMENTS WE MAKE

In addition to the limit of liability shown in the Coverage Summary, we pay on behalf of the **covered person**:

1. Up to \$250 for the cost of bail bonds required because of an **accident**, including related traffic law violations. The **accident** must result in a **bodily injury** or **property damage** loss which is covered under this "MOTOR VEHICLE" Segment.
2. The expenses described below for a claim or suit we are obligated to defend:
 - a. Defense costs incurred at our discretion;
 - b. Premiums on appeal bonds and bonds to release attachments in any suit we defend; we have no obligation to secure or provide bonds;
 - c. Up to \$50 a day for loss of earnings, but not other income, because of attendance at hearings or trials at our request;
 - d. Other reasonable expenses (other than loss of earnings) incurred at our request;
 - e. Expenses incurred by us and costs taxed against any **covered person** in any suit we defend.
 - f. For first aid administered to others at the scene of a **motor vehicle accident**.
3. Interest accruing after a judgment is entered and before the loss is paid in any suit we defend. Our duty to pay interest ends when we offer to pay that part of the judgment which does not exceed our limit of liability for this coverage.

We are not obligated to defend suits brought against a covered person in any country where we are prevented from defending because of laws or other reasons. However, we will pay any expense incurred with our written consent for the **covered person's** defense.

Our obligation to pay the above costs ends when our limit of liability has been exhausted.

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LOSSES WE DO NOT COVER

We do not provide **Personal Liability – Motor Vehicle Coverage** for:

1. **Bodily injury** or **property damage** involving intentional acts or omissions of or at the direction of one or more **covered persons**, if the loss that occurs:
 - a. May reasonably be expected to result from such acts; or
 - b. Is the intended result of such acts.
2. Using a **motor vehicle** without a reasonable belief that the **covered person** is entitled to do so.
3. Any **covered person** for **property damage** to property owned or being transported by any **covered person**.
4. **Property damage** to property:
 - a. Rented to;
 - b. Used by; or
 - c. In the care of;any **covered person**.

This exclusion does not apply to **property damage** to a residence or private garage.

5. Liability arising out of the ownership or operation of a vehicle while it is being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.
6. Any **covered person** while employed or otherwise engaged in the **business** of:
 - a. Selling;
 - b. Repairing;
 - c. Servicing;
 - d. Storing; or
 - e. Parking;

motor vehicles designed for use mainly on public highways. This includes testing and delivery. This exclusion does not apply to the ownership, maintenance or use of a covered **motor vehicle** by:

- a. You;
 - b. Any **family member**; or
 - c. Any partner, agent or employee of you or any **family member**.
7. The maintenance or use of any vehicle while a **covered person** is employed or otherwise engaged in any **business** (other than farming or ranching) not described in exclusion 6. This exclusion (7.) does not apply to the maintenance or use of a:
 - a. **Automobile**;
 - b. Trailer used with a vehicle described in 7.a. above.
 8. **Bodily injury** to you or any **family member**. This exclusion also applies to any claim made or suit brought against any **covered person**:
 - a. To repay; or
 - b. Share damages with; another person who may be obligated to pay damages because of **bodily injury** to a **covered person**.
 9. The ownership, maintenance or use of any **motor vehicle** other than:
 - a. A **motor vehicle** shown in the Coverage Summary or any trailer that you own.
 - b. An additional **motor vehicle** when you ask us to insure it within the 14 day period after you become the owner and coverage has been agreed to by us in writing.

If there is loss to an additional **motor vehicle** we will provide the broadest coverage applicable to any **motor vehicle** shown in the Coverage Summary.
 - c. A **motor vehicle** that replaces one shown in the Coverage Summary when you ask us to insure it within the 14 day period after you become the owner and coverage has been agreed to by us in writing.

The replacement vehicle will have the same coverage as the vehicle it replaced.
 - d. Only for you or a **family member**, any **automobile** or trailer not owned by or

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furnished or available for the regular use of you or any **family member**.

but in no instance shall coverage be provided for the ownership, maintenance or use of any of the following vehicles, unless that vehicle is shown in the Coverage Summary:

- a. a vehicle previously owned by and registered to a **covered person**, a non-resident spouse, or any other person living with a **covered person**;
- b. a vehicle owned by any **covered person's** employer;
- c. a vehicle owned by a corporation where any **covered person** owns 20% or more of the corporation;
- d. any utility vehicle, pickup or van used for any business; or
- e. a vehicle owned by any family member.

10. The liability of:

- a. Any **covered person(s)**; or
- b. Anyone while maintaining or using vehicle(s);

excluded from coverage by endorsements attached to this policy.

11. Any vehicle in any prearranged or organized:

- a. race;
- b. speed contest;
- c. other competition; or
- d. practice for any of the above.

12. **Bodily injury** or **property damage** for which any **covered person**:

- a. Is also an insured under a nuclear energy liability policy; or
- b. Would be an insured under that policy but for its termination upon the exhaustion of its limit of liability.

A nuclear energy liability policy is one issued by:

- a. Nuclear Energy Liability Insurance Association;
- b. Mutual Atomic Energy Liability Underwriters;

c. Nuclear Insurance Association of Canada; or any of their successors.

13. Liability from or as a consequence of the following, whether controlled or uncontrolled or however caused:

- a. Nuclear reaction;
- b. Radiation; or
- c. Radioactive contamination.

14. The ownership, maintenance or use of any vehicle which:

- a. Has fewer than four wheels; or
- b. Is designed mainly for use off public roads.

This exclusion (14.) does not apply:

- a. While such vehicle is being used by a covered person in a medical emergency; or
- b. To any "trailer".

15. Resulting from criminal acts or omissions of or at the direction of one or more **covered persons**. This exclusion applies even if:

- a. Such **covered person** lacks the mental capacity to govern his or her conduct;
- b. Such **covered person** is not actually charged with or convicted of a crime.

However, this exclusion does not apply to a criminal act or omission that is a violation of a traffic law or motor vehicle law.

MEDICAL EXPENSE – MOTOR VEHICLE INSURING AGREEMENT

We will pay **medical expenses** incurred or medically ascertained within three years from the date of **accident** except as excluded by the provisions listed in the **Medical Expense – Losses We Do Not Cover**. **Medical Expense – Motor Vehicles** applies to **bodily injury** caused by a vehicle **accident** and sustained by a **covered person**.

LIMIT OF LIABILITY

1. The limit of liability shown in the Coverage Summary for "Medical Expense" is our maximum limit of liability for each person injured

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in any one **accident**. This is the most we will pay regardless of the number of:

- a. **Covered persons**;
- b. Claims or suits made;
- c. Vehicles shown in the Coverage Summary;
- d. Vehicles involved in the **accident**;
- e. Vehicles insured by this or any other policy issued by us or others.

2. Within the provisions of **Medical Expense – Motor Vehicle**, we cover funeral service expenses, as follows. If an injured person dies as the result of a covered vehicle **accident**, we will pay the lesser of the following as a funeral service expenses benefit:

- a. \$2,000; or
- b. The "Medical Expense" limit of liability stated in the Coverage Summary; or
- c. The remaining portion of the "Medical Expense" limit of liability not expended for other covered **medical expenses**.

This funeral service expenses benefit does not increase, and will not be paid in addition to, the limits of liability stated on the Coverage Summary for "Medical Expense". This benefit is payable to the deceased injured person's spouse if a resident of the same household at the time of the **accident**. However, if the deceased is a minor, the benefit is payable to any parent who is a resident of the same household at the time of the **accident**. In all other cases, the benefit is payable to the deceased injured person's estate.

3. **Medical Expense** benefits, other than funeral service expenses benefits, will be reduced by:

- a. Amounts payable under any workers' compensation law or similar law.
- b. Amounts received from others, including their insurers, who may be legally responsible for the injuries.
- c. Amounts of other similar, collectible vehicle medical insurance benefits available to the injured person.

4. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:

- a. Personal Liability Coverage;
 - b. Uninsured/Underinsured Motorists Coverage; or
 - c. Limited Economic Benefits Coverage;
- provided by this policy.

5. If payment is made under this coverage, to or on behalf of any person, such person agrees to reimburse the company to the extent of such payment from the proceeds of:

- a. any settlement or judgment that may result from the exercise of any rights of recovery of such person against any party that such person claims is responsible for **bodily injury** for which payment under **Medical Expense - Motor Vehicle Coverage** has been made;
- b. any payment received, or to be received, by or on behalf of an injured person under the provisions of any:
 - (1) **automobile**, vehicle or premises insurance affording benefits for **medical expenses**;
 - (2) individual, blanket or group accident, disability, or hospitalization insurance;
 - (3) medical, surgical, hospital or funeral service, benefits or reimbursement plan;
 - (4) workers' compensation or disability benefits law or any similar law.

The party, or the party's representative, whose act allegedly caused the injuries may be notified of this reimbursement agreement.

If a judgment against, or settlement with, any party that the person to whom this **Medical Expense - Motor Vehicle Coverage** applies claimed was responsible for the **bodily injury** has been concluded, then the limits of this coverage shall be reduced by the amount of such judgment or settlement.

6. **Unreasonable or Unnecessary Medical Expenses**

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If the **covered person** incurs **medical expenses** which are unreasonable or unnecessary, we may refuse to pay those **medical expenses** and contest them.

Unreasonable **medical expenses** are fees for medical services which are substantially higher than the usual and customary charges for those services. Unnecessary **medical expenses** are fees for medical services which are not usually and customarily performed for treatment of the injury, including fees for an excessive number, amount or duration of medical services.

7. If the **covered person** is sued by a medical services provider because we refuse to pay contested **medical expenses**, we will pay all defense costs and any resulting judgment against the **covered person**. We will choose the counsel. The **covered person** must cooperate with us in the defense of any claim or lawsuit. If we ask the **covered person** to attend hearings or trials, we will pay reasonable expenses incurred specifically at our request.

LOSSES WE DO NOT COVER

We do not provide **Medical Expense – Motor Vehicle Coverage** for **bodily injury**.

1. Involving intentional acts or omissions of or at the direction of one or more **covered persons** if the loss that occurs:
 - a. May reasonably be expected to result from such acts; or
 - b. Is the intended result of such acts.
2. Sustained while using a vehicle without a reasonable belief that the **covered person** is entitled to do so.
3. Sustained while **occupying** a covered vehicle while it is being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.
4. Sustained while **occupying** a vehicle when it is being used in the **business** of any **covered person**. This exclusion does not apply to the **bodily injury** sustained while occupying a:
 - a. **Automobile**;
 - b. Trailer used with an **automobile**.

5. Sustained while **occupying** any vehicle in any prearranged or organized:
 - a. race;
 - b. speed contest;
 - c. other competition; or
 - d. practice for any of the above.
6. Caused directly or indirectly by:
 - a. War, including undeclared war;
 - b. Civil war;
 - c. Insurrection;
 - d. Rebellion or revolution;
 - e. Warlike act by a military force or military personnel;
 - f. Destruction or seizure or use for a military purpose; or
 - g. Discharge of a nuclear weapon, even if accidental;

including any consequence of any of these.

7. Sustained while **occupying** any vehicle located for use as a residence or premises.
8. Sustained while **occupying**, or when struck by, any vehicle (other than a vehicle covered under **Personal Liability – Motor Vehicle**) which is:
 - a. Owned by you; or
 - b. Furnished or available for your regular use.
9. Sustained while **occupying**, or when struck by, any vehicle (other than a vehicle covered under **Personal Liability – Motor Vehicle**) which is:
 - a. Owned by any **family member**; or
 - b. Furnished or available for the regular use of any **family member**.However, this exclusion (9.) does not apply to you.
10. From or as a consequence of the following, whether controlled or uncontrolled or however caused:
 - a. Nuclear reaction;
 - b. Radiation; or

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- c. Radioactive contamination.

11. Sustained by:

- a. Any **covered person**; or
- b. Anyone while **occupying** any vehicle; excluded from coverage by endorsements attached to this policy.

12. Resulting from criminal acts or omissions of or at the direction of one or more **covered persons**. This exclusion applies even if:

- a. Such **covered person** lacks the mental capacity to govern his or her conduct;
- b. Such **covered person** is not actually charged with or convicted of a crime.

However, this exclusion does not apply to a criminal act or omission that is a violation of a traffic law or motor vehicle law.

HOW WE SETTLE PERSONAL LIABILITY – MOTOR VEHICLE AND MEDICAL EXPENSE – MOTOR VEHICLE CLAIMS AND WHAT YOU MUST DO

1. Your Duties After Loss.

After an **accident**, you and any other **covered person** under this policy must make sure that all of the following are done. We have no duty to provide coverage under this policy unless there has been full compliance with these duties:

- a. In the case of a crime, tell the police as soon as possible. Give us or our agent:
 - (1) Written notice within thirty days after the date the **accident** or loss occurs including all information you know on the time, place and circumstances of the **accident**.
 - (2) As soon as possible, the identity of claimants, witnesses and **covered persons**.
- b. Forward to us all written material you receive regarding the **accident**;
- c. At our request, assist us in:
 - (1) Making settlement;

- (2) Conducting suits and attending hearings or trials;
 - (3) Securing and giving evidence;
 - (4) Enforcing any right of contribution or indemnity against any person or organization who may be liable to a **covered person**;
- d. You or any other **covered person** shall not, except at your own cost, voluntarily make any payment, assume any obligation or incur any expense other than first aid to others.
 - e. Cooperate with us in the investigation, settlement or defense of any claim or suit.

2. Duties of an Injured Person.

The injured person shall:

- a. Give us written proof of claim;
- b. Authorize us to obtain medical information and other pertinent records;
- c. As often as we reasonably require:
 - (1) Submit to physical examination by a physician of our choice;
 - (2) Submit to examination under oath, while not in the presence of any other **covered person** and sign the same;
- d. Not construe payment of medical claims as an admission of liability.

3. Suit Against Us.

No action can be brought against us unless there has been compliance with the policy provisions.

No action can be brought against us until the obligation of the **covered person** has been determined by final judgment or agreement signed by us.

No person or organization has any right under this policy to bring us into any action to determine the liability of a **covered person**.

PHYSICAL DAMAGE – MOTOR VEHICLE INSURING AGREEMENT

- 1. We will pay for direct physical loss to the **motor vehicles** shown in the Coverage Summary,

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including their equipment, less any applicable deductible shown in the Coverage Summary. We will pay for loss caused by:

- a. **Comprehensive** only if the Coverage Summary indicates that **Comprehensive** is provided for that **motor vehicle**; and
- b. **Collision** only if the Coverage Summary indicates that **Collision** is provided for that **motor vehicle**.

2. We will cover additional **motor vehicles** for 14 days after you become the owner if:
 - a. all the other **motor vehicles** owned by you are covered by us, unless excluded by endorsement; and

within the first 14 days after you acquire the vehicle:

- b. you ask us to insure the **motor vehicle**;
- c. you pay the required premium; and
- d. we agree in writing to provide coverage.

If there is a loss to an additional **motor vehicle** we will provide the broadest coverage applicable to any **motor vehicle** shown in the Coverage Summary.

Losses involving any newly acquired vehicles are covered during the 14 day period after you acquire the vehicle only if the provisions stated in provisions 2.a., 2.b., 2.c. and 2.d. above are complied with and if we have been notified of the acquisition of the **motor vehicle** and the **named insured's** intent to insure it with us prior to the loss.

For coverage beyond the 14 days you must have asked us to insure the **motor vehicle** and paid the required premium, and we must have agreed to provide coverage. With respect to a newly acquired pickup or van, no other insurance policy may provide coverage for the vehicle.

3. We will cover **non-owned automobiles**. If there is a loss to a **non-owned automobile** we will provide the broadest coverage applicable to any **motor vehicle** shown in the Coverage Summary. However, the most we will pay for loss to a **non-owned automobile** which is a trailer, is \$250.

We will pay for loss caused by **collision** to a **non-owned automobile** only when it is operated by a **named insured** with the permission of the owner. We will cover such loss only when the **named insured** is legally liable to the owner for the loss to the **non-owned automobile**. Legally liable does not include liability assumed under any contract.

4. We will cover **motor vehicles** that replace one shown in the Coverage Summary. The replacement vehicle will have the same coverage as the vehicle it replaced. However, if:

- a. You wish to add or continue **Collision** or **Comprehensive** coverage for the replacement vehicle; or
- b. The replacement vehicle is a pickup or van used in any **business**, other than farming or ranching;

You must have asked us to insure it within 14 days after you become the owner and we must have agreed in writing to provide coverage.

If loss to more than one covered **motor vehicle** or **non-owned automobile** results from the same covered loss, only the highest applicable deductible will apply.

LIMIT OF LIABILITY

1. Our limit of liability for loss will be the lesser of the:
 - a. Actual cash value of the stolen or damaged **motor vehicle**, including its equipment; or
 - b. Amount necessary to repair or replace the **motor vehicle**, including its equipment.
2. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total loss.
3. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

ADDITIONAL PHYSICAL DAMAGE COVERAGES

The following additional coverages are provided if the Coverage Summary indicates that "Comprehensive" coverage is provided for the vehicle involved in the loss.

Your Policy

1. Loss of Use – Rental Non-Owned Automobiles

We will pay, without application of a deductible, loss of use expenses for which you become legally responsible in the event of loss to a **non-owned automobile**.

2. Transportation Coverage

We will pay, without application of a deductible, up to \$20 per day, to a maximum of \$600, for transportation expenses incurred by you resulting from a covered **comprehensive** or **collision** loss.

However:

- a. For covered total **theft** losses, we will cover your transportation expense incurred during the period beginning 12:01 A.M. on the date following the date the theft is reported to us and the police and terminating at 12:01 A.M.:
 - (1) On the date following the date of our settlement offer for the **theft**, or
 - (2) If the **automobile** is recovered before settlement, on the date following completion of its repair.
- b. For covered losses other than total **theft**, we will cover your transportation expense for, at our option, either of the following time periods:
 - (1) Beginning 12:01 A.M. on the date following the date the owned automobile is delivered to a repair facility for repairs after the repairs have been authorized and agreed to by the **named insured** and us. We will cease covering your transportation expense at 12:01 A.M. on the date following the completion of repairs.
 - (2) Beginning 12:01 A.M. on the date following the date the loss is reported to us if we offer settlement in lieu of repairs. We will cease covering your transportation expense at 12:01 A.M. on the date following our settlement offer to you.

PHYSICAL DAMAGE LOSSES WE DO NOT COVER

We will not pay for:

1. Damage due and confined to:
 - a. Freezing;
 - b. Wear and tear; or
 - c. Electrical or mechanical breakdown or failure.

This exclusion (1) does not apply if the damage results from the total **theft** of a covered **motor vehicle** or any **non-owned automobile**.

2. Loss or damage due to neglect, meaning neglect of you or a **family member** to use all reasonable means to save and preserve property at and after the time of a loss.
3. Loss to any **non-owned automobile** when used by you or a **family member** without a reasonable belief that the person is entitled to do so.
4. Loss to any **non-owned automobile** being maintained or used by any person while employed or otherwise engaged in the **business** of:
 - a. Selling;
 - b. Repairing;
 - c. Servicing;
 - d. Storing; or
 - e. Parking;vehicles designed for use on public highways. This includes road testing and delivery.
5. Loss to any **non-owned automobile** being maintained or used by any person while employed or otherwise engaged in any **business** not described in exclusion 4. This exclusion (5.) does not apply to the maintenance or use by you or a **family member** of a **non-owned automobile** which is a private passenger automobile or trailer.
6. Loss to a covered **motor vehicle** or any **non-owned automobile** which occurs while it is being used as a public or livery conveyance.

Your Policy

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

7. A total loss to a covered **motor vehicle** or a **non-owned automobile** due to destruction or confiscation by governmental or civil authorities.

This exclusion (7) does not apply to the interest of lienholders in a covered **motor vehicle**.

8. Loss or damage to any **custom** furnishings or equipment in or upon any **motor vehicle** shown in the Coverage Summary, unless the Coverage Summary indicates that "Customization Coverage" is provided for that vehicle.

9. Loss to:

- a. Any electronic equipment designed for the reproduction of sound, including, but not limited to:

- (1) radios and stereos;
- (2) tape decks; or
- (3) compact disc players;

- b. Any other electronic equipment that receives or transmits audio, visual or data signals, including, but not limited to:

- (1) citizens band radios;
- (2) telephones;
- (3) two-way mobile radios;
- (4) scanning monitor receivers;
- (5) television monitor receivers;
- (6) video cassette recorders;
- (7) audio cassette recorders; or
- (8) personal computers;

- c. Tapes, records, discs, or other media used with equipment described in 9.a. or 9.b.; or

- d. Any other accessories used with equipment described in 9.a. or 9.b.

This exclusion (9.) does not apply to:

- a. Equipment designed solely for the reproduction of sound and accessories used with such equipment, provided:

- (1) The equipment is permanently installed in a covered **motor vehicle** or any **non-owned automobile**; or

- (2) The equipment is:

- (a) Removable from a housing unit which is permanently installed in the **motor vehicle**;
- (b) Designed to be solely operated by the use of the power from the motor vehicle's electrical system;
- (c) In or upon a covered **motor vehicle** or any **non-owned automobile**;

At the time of the loss.

- b. Any other electronic equipment that is:

- (1) Necessary for the normal operation of the **automobile** or the monitoring of the **automobile's** operating systems; or

- (2) An integral part of the same unit housing any sound reproducing equipment described in 9.a. and permanently installed in the opening of the dash or console of a covered **motor vehicle** or any **non-owned automobile** normally used by the manufacturer for installation of a radio.

However, the most be will pay for loss or damage to equipment designed for the reproduction of sound, including any accessories used with this equipment, which is installed in any location(s) not typically used by the auto manufacturer for installation of such equipment or accessories, is \$1,000.

10. Loss to equipment designed or used for the detection or location of law enforcement devices for monitoring speed.

11. Loss to any vehicle in any prearranged or organized:

- a. race;
- b. speed contest;
- c. other competition; or
- d. practice for any of the above.

Your Policy

12. Loss caused directly or indirectly by:
- a. War, including undeclared war;
 - b. Civil war;
 - c. Insurrection;
 - d. Rebellion or revolution;
 - e. Warlike act by a military force or military personnel;
 - f. Destruction or seizure or use for a military purpose;
 - g. Discharge of a nuclear weapon, even if accidental; or
 - h. Radioactive contamination;

including any consequence of any of these.

13. Loss involving intentional acts or omissions of or at the direction of one or more **family members**, if the loss that occurs:

- a. May reasonably be expected to result from such acts; or
- b. Is the intended result of such acts.

14. Loss to, or loss of use of, a **non-owned automobile** rented by:

- a. You; or
- b. Any **family member**;

If the rental vehicle company is precluded from recovering such loss or loss of use, from you or that **family member**, pursuant to the provisions of any applicable rental agreement or state law.

15. Loss to tires under **Comprehensive** except when caused by fire, theft, malicious mischief or vandalism, unless the loss is coincident with and from the same cause as other loss covered by this policy.

16. Loss to a camper or any shell type covering attached to a pickup or truck, or anything used to cover the bed of a pickup or truck, unless the camper, shell type covering or other covering is specifically listed in the Coverage Summary.

17. Loss resulting from criminal acts or omissions of or at the direction of one or more **family members**. This exclusion applies even if:

- a. Such **family member** lacks the mental capacity to govern his or her conduct;
- b. Such **family member** is not actually charged with or convicted of a crime.

However, this exclusion does not apply to a criminal act or omission that is a violation of a traffic law or motor vehicle law.

18. Loss arising in any way from:

- a. Purchasing a **motor vehicle** from any person or organization other than its lawful owner; or
- b. Illegal sale, or repossession of a **motor vehicle** by its rightful owner.

19. Any obligation assumed by any person for any of the following costs:

- a. Handling fees;
- b. Administrative fees;
- c. Estimating fees;
- d. Teardown charges;
- e. Negotiating charges;
- f. Unnecessary or unreasonable fees for storage or towing; or
- g. Any other fees or charges that are not part of the necessary cost of repairing the covered vehicle.

HOW WE SETTLE PHYSICAL DAMAGE CLAIMS AND WHAT YOU MUST DO

1. How We Pay Claims.

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

If we return stolen property we will pay for any damage resulting from the **theft**. We may keep all or part of the property at an agreed upon or appraised value.

Your Policy

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

2. Appraisal.

If we and you do not agree on the amount of loss, either may demand an appraisal of the loss. In this event each party will select a competent appraiser within 20 days after receiving a written request from the other. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where you live. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

3. Your Duties After Loss.

You agree to see that the following things are done after a loss. We have no duty to provide coverage under this policy unless there has been full compliance with these duties:

- a. Give prompt notice to us or our agent.
- b. Notify the police in case of loss by **theft**.
- c. Protect the **motor vehicles** and their equipment from further damage. We will pay reasonable expenses incurred to do this.
- d. As often as we reasonably require:
 - (1) Permit us to inspect and appraise the damaged property before its repair or disposal;
 - (2) Provide us with records and documents we request and permit us to make copies; and
 - (3) Submit to examination under oath, while not in the presence of any other **covered person** and sign the same.

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- e. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

- (1) The time and cause of loss;
 - (2) The interest of you, **family members** and all others in the property involved and all loss payees on the **motor vehicle**;
 - (3) Other insurance which may cover the loss;
 - (4) Specifications of damaged property and detailed repair estimates;
- f. A person seeking any coverage must cooperate with us in the investigation, settlement or defense of any claim or suit.

4. Who We Pay.

We pay you unless another party is named in the policy or is legally entitled to receive payment.

5. No Benefit To Bailee.

There is no coverage for anyone holding, storing or transporting property for a fee regardless of any other coverage afforded by this policy.

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

6. Suit Against Us.

No action can be brought unless the policy provisions have been complied with and the action is started:

- a. Within one year after the date of loss; but
- b. Not until 30 days after the proof of loss has been filed and the amount of loss has been determined.

However, the one year period is extended by the number of days between the date the proof of loss is submitted and the date the claim is submitted in whole or in part.

7. Abandonment Of Property.

We need not accept any property abandoned by a **covered person**.

Your Policy

GENERAL PROVISIONS – MOTOR VEHICLE

1. The "GENERAL PROVISIONS" is amended as follows:

OTHER INSURANCE -

The following provision is added:

If we make payment for a loss which is also covered under another Segment of this policy there will be no coverage under this Segment.

The following exception is added:

Exception:

Any insurance we provide with respect to a vehicle you do not own, or a covered corporately owned **automobile**, shall be excess over any other collectible insurance or other source of recovery including, but not limited to:

- a. Any coverage provided by the owner of the vehicle;
- b. Any other applicable physical damage insurance; or
- c. Any other source of recovery applicable to the loss.

TERRITORY - Provision 7. **Territory** is deleted in its entirety and replaced by the following:

7. Territory

The policy territory is:

- a. The United States of America, its territories or possessions;
- b. Puerto Rico; or
- c. Canada.

This policy also applies to loss to, or accidents involving, a covered **motor vehicle** while being transported between their ports.

2. The following provisions are added to the "GENERAL PROVISIONS" :

a. LOSS PAYABLE CLAUSE.

Loss or damage under this policy shall be paid, as interest may appear, to you and the loss payee shown in the Coverage Summary. This insurance, with respect to

the interest of the loss payee, shall not become invalid because of your fraudulent acts or omissions unless the loss results from your conversion, secretion or embezzlement of your **motor vehicle**. However, we reserve the right to cancel the policy as permitted by policy terms and the cancellation shall terminate this agreement as to the loss payee's interest. We will give the same advance notice of cancellation or nonrenewal to the loss payee as we give to the named insured shown in the Coverage Summary.

When we pay the loss payee we shall, to the extent of payment, be subrogated to the loss payee's rights of recovery.

b. THE LAW.

If anything in this policy conflicts with state or local laws, we agree to honor any claim or suit in conformity with the law.

If a **motor vehicle accident** to which this policy applies occurs in any state or province other than the one in which the **motor vehicle** is principally garaged, we will interpret your policy for that **accident** as follows:

- (1) If a state or province has a compulsory insurance or similar law requiring a non-resident to maintain insurance whenever the non-resident uses a **motor vehicle** in that state or province, your policy will provide at least the required minimum amounts and types of coverage.
- (2) If a state or province has a financial responsibility or similar law specifying limit(s) of liability for **bodily injury** or **property damage** higher than the limit(s) shown in the Coverage Summary, your policy will provide the higher specified limit(s).

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

When this policy is certified as future proof of financial responsibility, this policy complies with the law to the extent required.

Your Policy

c. SUBROGATION .

We may require an assignment of rights of recovery for a loss to the extent that payment is made by us. If an assignment is sought, a person to or for whom payment was made must sign and deliver all related papers and cooperate with us.

However, our rights under this provision do not apply under **Physical Damage – Motor Vehicles** against any person using a covered **motor vehicle** with permission from you.

With respect to any **motor vehicle** to which this policy applies, any person that we make payment to under this policy that recovers damages from another shall:

- (1) Hold in trust for us any proceeds from the recovery; and
- (2) Reimburse us to the extent of our payment.

d. CHANGES DURING THE POLICY PERIOD.

For all policy changes during the policy term, you must notify us within 14 days of the change. All premium adjustments as a result of the policy change will be made effective on the date of change. Changes made during the last 30 days of the policy term will not be reflected in the current term, however, these changes must be reported to us in order for coverage to be provided.

If there is a change to the information used to develop the premium for this policy, we may adjust your premium. Changes during the policy term that may result in a premium increase or decrease include, but are not limited to, changes in:

- (1) The number, type or use classification of insured vehicles;
- (2) Operators using insured vehicles;
- (3) The place of principal garaging of insured vehicles;
- (4) Coverage, deductible or limits.

If a change requires a premium adjustment, we will make the premium adjustment in accordance with our manual rules.

e. TWO OR MORE MOTOR VEHICLE POLICIES.

If this policy and any other **motor vehicle** policy issued to you by us apply to the same **accident**, the maximum limit of our liability under all the policies shall not exceed the highest applicable limit of liability under any one policy.