



FOUNDERS INSURANCE COMPANYSM

DES PLAINES, ILLINOIS
(A STOCK COMPANY)

ILLINOIS LIGHT COMMERCIAL AUTOMOBILE POLICY

PLEASE READ YOUR POLICY CAREFULLY

NOTICE – This policy has been issued in reliance on the statements and the information in the application which is incorporated herein and made a part of this policy. **Read your application and immediately notify the Company of any misinformation or incomplete information.**

ILLINOIS LIGHT COMMERCIAL
AUTOMOBILE POLICY
FOUNDERS INSURANCE COMPANY
DES PLAINES, ILLINOIS

(A stock insurance company, herein called the Company)

Agrees with the named insured in the Declarations made a part hereof, in consideration of the payment of the premiums for the separate coverages identified below, and in reliance upon the statements in the application, and subject to all of the terms of this policy, including but not limited to, the limits of liability applicable to each Coverage Part:

PART I-LIABILITY

Coverage A-Bodily Injury Liability; Coverage B-Property Damage Liability. To pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages, because of:

- A. bodily injury,
or
- B. property damage

arising out of the operation, maintenance or use of an owned automobile or any temporary substitute automobile and the Company shall defend any suit alleging such bodily injury or property damage and seeking damages which are payable under the terms of this policy, even if any of the allegations of the suit are groundless, false or fraudulent; but the Company may make such investigation and settlement of any claim or suit as it deems expedient. It is understood and agreed that the Company has the sole right to settle or defend any suit including but not limited to the right to accept or reject arbitration awards entered in such suit. It is understood and agreed that the Company has no obligation to any insured after applicable limits of the policy have been exhausted by payment; it is further understood and agreed that the Company is not obligated to pay, and shall not pay, any sum which the insured may be legally obligated to pay as a result of a lawsuit unless the Company received actual notice of said suit before any judgment had been entered in said suit.

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

Persons Insured. The following are insured under Part I:

- (a) the named insured;
- (b) any partner or executive officer thereof or any member or manager (if the named insured is a limited liability company), but with respect to a temporary substitute automobile only while such automobile is being used in the business of the named insured;
- (c) any other person while using an owned automobile or a temporary substitute automobile with the permission of the named insured or an authorized representative if the

- named insured is a legal entity, provided his actual operation or (if he is not operating) his other actual use thereof is within the scope of such permission;
- (d) any other person or organization but only with respect to his or its liability because of acts or omissions of an insured under (a), (b) or (c) above.

None of the following is an insured:

- (i) any person while engaged in the business of his employer with respect to bodily injury to any fellow employee of such person injured in the course of his employment;
- (ii) except as stated under (b) above, the owner of a temporary substitute automobile, or any agent or employee of such owner;
- (iii) any person or organization, other than the named insured, with respect to
 - (1) an automobile while used with any trailer owned or hired by such person or organization and not covered by like insurance in the Company (except a trailer designed for use with a private passenger automobile and not being used for business purposes with another type automobile), or
 - (2) a trailer while used with any automobile owned or hired by such person or organization and not covered by like insurance in the Company; or
- (iv) any person while employed in or otherwise engaged in duties in connection with an automobile business, other than an automobile business operated by the named insured.

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

Definitions. Under Part I:

"automobile business" means the business or occupation of selling, leasing, loaning, renting, repairing, servicing, storing or parking automobiles. This includes road testing and delivery of automobiles in connection with any of such occupations;

"insured" means a person or organization described under "Persons Insured";

"mobile equipment" means a land vehicle (including any machinery or apparatus attached thereto), whether or not self-propelled, (1) not subject to motor vehicle registration, or (2) maintained for use exclusively on premises owned by or rented to the named insured, including the ways immediately adjoining, or (3) designed for use principally off public roads or (4) designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle: power cranes, shovels, loaders, diggers and drills; concrete mixers (other than the mix-in transit type); graders, scrapers, rollers and other road construction or repair equipment; air compressors, pumps and generators, including spraying, welding and building cleaning equipment; and geophysical exploration and well servicing equipment;

"named insured" means the person or organization listed in the Declarations of this policy;

"owned automobile" means either

- (a) an automobile which is owned by and titled in the name of the named insured and described on the Declarations page; or
- (b) an automobile, ownership of which is newly acquired by the named insured during the policy period, provided
 - (i) it replaces an owned automobile as defined herein and no insured retains ownership of the replaced automobile and as a condition precedent to coverage, the named insured must notify the Company within thirty (30) days following the acquisition of the replacement automobile that the original owned automobile has been replaced, or
 - (ii) newly acquired automobiles that do not replace automobiles described in the Declarations of this policy are covered only at such time that they are added to the policy by endorsement or amended Declarations and then only on the effective date of such endorsement or amended Declarations; or
- (c) any automobile leased by the named insured under a written agreement for a period of not less than one year and described on the Declarations page; or
- (d) a trailer not described in this policy, if designed for use with a private passenger automobile if not being used for business purposes with another type automobile;

“private passenger automobile” means a four wheel private passenger, station wagon or jeep type automobile;

“property damage” means (1) physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use thereof at any time resulting therefrom, or (2) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an accident during the policy period;

“punitive or exemplary damages” means sums awarded by a court of competent jurisdiction against the insured as a punishment or deterrent;

“relative” means a relative of the named insured (if the named insured is a natural person) by blood, marriage or adoption who is a resident of the same household, but not a foster child or ward;

“temporary substitute automobile” means any automobile of like size, type and weight, not owned by or furnished for the regular use of the named insured or any resident of the same household (if the named insured is a natural person), while temporarily used as a substitute for an owned automobile when withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;

“trailer” includes semi-trailer but does not include mobile equipment;

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

“automobile” means a land motor vehicle, or trailer, designed for travel on public roads (including its equipment and other equipment permanently attached thereto) which meets the requisite mechanical statutory specifications for use upon public roads, but not including mobile equipment.

“Automobile” does not include

- (a) a farm type tractor or other equipment designed for use principally off public roads;
- (b) a vehicle operated on rails or crawler-treads; or
- (c) a vehicle while located for use as a residence or premises; and

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

Exclusions. This policy does not apply under Part I:

- (a) to any automobile while used as a public or livery conveyance;

- (b) to bodily injury or property damage caused intentionally by or at the direction of the insured, except that this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of a pattern of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss;
- (c) to bodily injury or property damage with respect to which an insured under this policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability;
- (d) to bodily injury or property damage arising out of the operation of farm machinery or mobile equipment;
- (e) to bodily injury of any employee of the insured arising out of and in the course of employment by the insured if such injury arises out of the ownership, maintenance or use of an owned automobile or temporary substitute automobile;
- (f) to bodily injury to any fellow employee of the insured injured in the course and scope of his or her employment if such injury arises out of the ownership, maintenance or use of an automobile in the business of the insured’s employer;
- (g) to an owned automobile while used by any person while such person is employed or otherwise engaged in the automobile business, but this exclusion does not apply to the named insured, a resident of the same household as the named insured (if the named insured is a natural person), a partnership or limited liability company in which the named insured or such resident (if the named insured is a natural person) is a partner or member, or any partner, member, agent or employee of the named insured, such resident (if the named insured is a natural person) or such partnership or limited liability company;
- (h) to injury to or destruction of (1) property owned or transported by the insured, (2) property rented to or in charge of the insured other than a residence or private garage, or (3) property as to which the insured is for any purpose exercising physical control;
- (i) to the ownership, maintenance, operation, use, loading or unloading of an automobile, ownership of which is acquired by the named insured during the policy period or any temporary substitute automobile therefor, if (1) the named insured has purchased other automobile liability insurance applicable to such automobile for which a specific premium charge has been made or (2) if such automobile has not been added to the policy either by endorsement or amended Declarations prior to a loss unless such automobile is a temporary substitute automobile or a replacement automobile under subparagraph (b)(i) of the definition of an owned automobile and the named insured has given proper notice thereunder;
- (j) arising out of the operation of any automobile, insured under this policy, in any pre-arranged or organized race or speed contest;
- (k) to bodily injury or property damage due to war;
- (l) to any automobile while (1) fleeing to or from a crime other than a traffic violation, or (2) being operated or used in the commission of a crime other than a traffic violation;
- (m) to property damage to any automobile owned by the insured as a result of any action for contribution brought against the insured or his driver;
- (n) to bodily injury or property damage arising out of the use by any person of an automobile without a reasonable belief that the person is entitled to do so;
- (o) to sums awarded as punitive or exemplary damages, except that if a suit shall have been brought against the insured with respect to a claim or claims for acts or alleged

acts falling within the coverage provided by the policy, seeking both compensatory and punitive or exemplary damages, then the Company will afford a defense to such action without liability, however, for such punitive or exemplary damages;

- (p) to any automobile while used in the delivery, or any activity associated with the delivery, of pizza, food (except by a food catering risk described as such in the application), mail, newspapers or magazines for a business;
- (q) to liability assumed by the insured under any contract or agreement;
- (r) to any obligation for which the insured or any carrier as his insurer may be held liable under any worker's compensation, unemployment compensation or disability benefits law, or under any similar law;
- (s) To bodily injury to an employee of the insured arising out of and in the course of his employment by the insured or to any obligation of the insured to indemnify another because of damages arising out of such injury, but this exclusion does not apply to any such injury arising out of and in the course of domestic employment by the insured unless benefits therefor are in whole or in part either payable or required to be provided under any worker's compensation law;
- (t) to bodily injury or property damage arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental; or
- (u) to bodily injury or property damage arising out of any snow removal activities performed by or at the direction of any insured, unless such use is specifically declared and described in the application or Declarations of this policy.

Out of State Insurance/Financial Responsibility Laws. If, under the provisions of the motor vehicle financial responsibility law or the motor vehicle compulsory insurance law or any similar law of any state or province, a non-resident is required to maintain insurance with respect to the operation or use of a motor vehicle in such state and such insurance requirements are greater than the insurance provided by the policy, the limits of the Company's liability and kinds of coverage afforded by the policy shall be as set forth in such law, in lieu of the insurance otherwise provided by the policy, but only to the extent required by such law and only with respect to the operation or use of a motor vehicle in such state; provided that the insurance under this provision shall be reduced to the extent that there is other valid and collectible insurance under this or any other motor vehicle insurance policy. In no event shall any person be entitled to receive duplicate payments for the same elements of loss. The insured agrees to reimburse the Company for any payment made by the Company which it would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

Limits of Liability. The limit of bodily injury liability stated in the Declarations as applicable to "each person" is the maximum limit of the Company's liability for all damages due to bodily injury to one person. Bodily injury to one person includes all injury and damages, including loss of services, society or consortium, to others resulting from this bodily injury. The limit of bodily injury liability stated in the Declarations as applicable to "each occurrence" is the maximum amount of coverage, subject to the above provision respecting each person, for all bodily injury to two or more persons in the same occurrence.

The limits of liability are not increased because more than one person is insured at the time of the accident.

The limit of property damage liability stated in the Declarations as applicable to "each occurrence" is the total limit of the Company's liability for all damages arising out of injury to or destruction of all property of one or more persons or organizations, including the loss of use thereof, as the result of any one occurrence.

Two or more automobiles insured. The total limit of the Company's liability under all policies issued by the Company to the insured or which provide coverage to or for the insured shall not exceed the highest limit indicated for any one automobile under any one policy.

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

PART II—EXPENSES FOR MEDICAL SERVICES

Coverage C—Medical Payments Coverage. The Company will pay, with relation to a motor vehicle accident occurring during the term of this policy, all usual and customary expenses for services provided by individuals licensed under the Medical Practice Act of Illinois or comparable law incurred within one year of an accident for reasonable and necessary medical, surgical, X-ray and dental services, including prosthetic devices, and necessary ambulance, hospital and professional nursing charges. The reasonable expenses of necessary physical therapy and home health care services is also covered under this Part. The reasonable expense of funeral services is also covered in this Part. The medical expenses covered herein must have been sustained by

Paragraph (1) any person who sustains bodily injury caused by accident while occupying an owned automobile or temporary substitute automobile which is being used by a person for whom bodily injury liability insurance is afforded under this policy with respect to such use;

Paragraph (2) each insured who sustains bodily injury, caused by accident, while occupying or while a pedestrian, as a result of being struck by an automobile;

provided that no such payment shall be made unless the person to or for whom such payment is made shall have executed a written agreement that the amount of such payment shall be applied toward the settlement of any claim, or the satisfaction of any judgment for damages entered in his favor, against any insured because of bodily injury arising out of any accident to which the Liability Coverage applies.

Persons Insured-Paragraph (2) above.

Each of the following is an insured under this insurance to the extent set forth below:

- (a) the named insured;
- (b) while residents of the same household as the named insured (if the named insured is a natural person), his spouse and any relatives; and if such named insured shall die (if the named insured is a natural person), any person who was an insured at the time of such death shall continue to be an insured.

Definitions. The definitions under Part I apply to Part II, and under Part II:

“**occupying**” means in or upon or entering into or alighting from.

Exclusions. This policy does not apply under Part II to bodily injury:

- (a) sustained while occupying (1) an owned automobile while used as a public or livery conveyance or (2) any automobile while located for use as a residence or premises;
- (b) sustained by the named insured or while residents of the same household as the named insured (if the named insured is a natural person), his spouse and any relatives (1) while occupying an automobile owned by or furnished for the regular use of either the named insured or while residents of the same household as the named insured (if the named insured is a natural person), his spouse and any relatives other than an automobile defined herein as an “owned automobile,” or (2) while occupying or through being struck by (i) a farm type tractor or other equipment designed for use principally off public roads, while not upon public roads, (ii) a vehicle operated on rails or crawler-treads, or (iii) any two or three wheeled motor vehicle;
- (c) sustained by any person other than the named insured or while residents of the same household as the named insured (if the named insured is a natural person), his spouse and any relatives, resulting from use of (1) an automobile other than an automobile defined herein as an “owned automobile” or “temporary substitute automobile” in an automobile business or as a public or livery conveyance, or (2) an automobile other than an automobile defined herein as an “owned automobile” or “temporary substitute automobile” in any business or occupation of the operator of such automobile;
- (d) sustained by any person who is employed in the automobile business, if the accident arises out of the operation thereof and if benefits therefor are in whole or in part either payable or required to be provided under any worker’s compensation law;
- (e) due to war;
- (f) arising out of the operation of any automobile, insured under this policy, in any pre-arranged or organized race or speed contest;
- (g) to the extent that any medical expense is paid or payable to or on behalf of the insured person under the provisions of any (i) automobiles or premises insurance affording benefits for medical expenses, (ii) individual, blanket or group accident, disability or hospitalization insurance, (iii) medical or surgical reimbursement plan or (iv) worker’s compensation or disability benefits law or any similar law;
- (h) sustained while occupying an automobile, ownership of which is acquired during the policy period by the named insured, if such automobile has not been added to the policy either by endorsement or amended Declarations prior to a loss unless such automobile is a replacement automobile under subparagraph (b)(i) of the definition of an owned automobile and the named insured has given proper notice thereunder;
- (i) sustained while operating or occupying an automobile (1) being used in the commission of a crime other than a traffic violation, or (2) fleeing to or from a crime other than a traffic violation;
- (j) caused intentionally by or at the direction of the insured, except that this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of a pattern of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss;

- (k) arising out of the use by any person of an automobile without a reasonable belief that the person is entitled to do so;
- (l) sustained while operating an automobile while engaged in the delivery, or any activity associated with the delivery, of pizza, food (except by a food catering risk described as such in the application), mail, newspapers or magazines for a business; or
- (m) under Paragraph (1), to bodily injury to any employee of the named insured arising out of and in the course of employment by the named insured, but this exclusion does not apply to any such bodily injury arising out of and in the course of domestic employment by the named insured unless benefits therefor are in whole or in part either payable or required to be provided under any worker’s compensation law.

Arbitration. If any person making claim hereunder and the Company do not agree that a medical bill submitted for payment is not usual and customary or necessary and reasonable or do not otherwise agree that it is payable under Part II, then these matters shall be submitted for arbitration to the American Arbitration Association (AAA) and be subject to its rules for the conduct of arbitration hearings as to all matters except medical opinions. Any decision made by the arbitrator shall be binding for the amount decided by the arbitrator to be payable hereunder not exceeding the limits of liability for medical expense payment as provided in the Declarations of this policy subject to all other terms and conditions of this policy. To the extent that an arbitration decision exceeds such limits it is void. The authority of the arbitrator is limited to a determination of the amount due for medical payments and does not extend to punitive or exemplary damages or any damages other than medical payments covered by this policy. The arbitrator shall have authority to only decide issues relevant to an individual claimant’s case at hand. Each party shall bear the costs and expenses it incurs, including but not limited to, attorneys’ fees, and shall share equally the costs of the AAA arbitration and arbitrator. The arbitration shall take place in Illinois in the county of residence of the person demanding arbitration. If the person demanding arbitration does not reside in Illinois then the arbitration shall take place in an Illinois county where the Company maintains a place of business. In any arbitration hereunder the arbitrator shall be governed by the rules of evidence as used in Illinois courts. The cost of a continuance shall be assessed against the party rescheduling and may be taken as a setoff to an award.

Notwithstanding the above paragraph, any coverage dispute shall be determined by a court of competent jurisdiction. No arbitration shall proceed until all matters of coverage are resolved by the court.

Limit of Liability. The limit of liability for medical payments stated in the Declarations as applicable to “each person” is the limit of the Company’s liability for all expenses incurred by or on behalf of each person who sustains bodily injury as the result of any one accident. If more than one policy is issued by the Company or if more than one automobile is covered by this policy and is applicable to this Part, the total limit of the Company’s liability under this policy and all others shall not exceed the amount applicable under this policy.

Two or more automobiles insured. The total limit of the Company’s liability under all policies issued by the Company to the insured or which provide coverage to or for the insured shall not exceed the highest limit indicated for any one automobile under any one policy.

Excess Insurance. Except with respect to an owned automobile, the insurance under Paragraph (1) shall be excess insurance over any other valid and collectible automobile medical payments or automobile medical expense insurance.

The insurance under Paragraph (2) shall be excess insurance over any other valid and collectible automobile medical payments or automobile medical expense insurance available to the insured under any other policy.

PART III—PHYSICAL DAMAGE

Coverage D-Comprehensive (excluding Collision) Subject to the Limit of Liability stated in this Part and subject to the interest of any loss payee listed in the Declarations, provided the named insured has an insurable interest in the owned automobile on the date of the accident, to pay to or for the named insured or any loss payee the cost of repair of damage caused other than by collision to the owned automobile but only for the amount of each loss in excess of the deductible amount stated in the Declarations as applicable hereto. For the purpose of this coverage, breakage of glass and loss caused by missiles, falling objects, fire, theft or larceny, explosion, earthquake, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion, or colliding with a bird or animal shall not be deemed to be loss caused by collision.

Coverage E-Collision. Subject to the Limit of Liability stated in this Part and subject to the interest of any loss payee listed in the Declarations, provided the named insured has an insurable interest in the owned automobile on the date of the accident, to pay to or for the named insured or any loss payee the cost of repair of damage caused by collision to the owned automobile but only for the amount of each such loss in excess of the deductible amount stated in the Declarations as applicable hereto.

Any portion of this policy to the contrary notwithstanding, in the event of a loss under Coverage D-Comprehensive (excluding Collision) or Coverage E-Collision wherein damages sustained to the automobile approximate the value of the automobile stated herein minus a deduction for depreciation and minus the deductible amount, the Company shall have the following options: (1) Payment to the insured of the actual cash value of the automobile minus the deductible stated in the policy declarations; or (2) Replacement of the automobile with other of like kind and quality; or (3) Payment of the amount the Company would have paid for a replacement automobile (including all applicable taxes and license fees), in the event the insured elects a cash settlement instead of such replacement automobile; or (4) Repair or rebuild the automobile. There can be no abandonment to the Company of the property described.

Definitions. The definitions under Part I, except that the definitions of "automobile" and "owned automobile" are modified herein to exclude trailers, apply to Part III, and under Part III:

"forcible entry" means making felonious entry by actual force and violence evidenced by visible marks or damage to or on the ignition system, steering column, or the premises on which the automobile is garaged;

"loss" means direct and accidental loss of or damage to (a) the automobile, including its equipment, or (b) other insured property;

"collision" means collision of an owned automobile covered by this policy with another object or with an automobile to which it is attached or by upset of such owned automobile, but the term "collision" does not include theft of or damage to an automobile due to theft;

"aftermarket part" means a replacement for any mechanical part, engine or battery or any of the nonmechanical sheet metal or plastic parts that generally constitute the exterior of an automobile, including inner and outer panels.

"non-original equipment manufacturer (Non-OEM) aftermarket part" means an aftermarket part not made for or by the manufacturer of the automobile.

"like kind and quality part" means a replacement part for any automobile obtained from another automobile.

"diminution in value" means the actual or perceived loss in market or resale value which results from a direct and accidental loss.

"actual cash value" means replacement cost less depreciation.

Exclusions. This policy does not apply under Part III:

- (a) to any automobile while used as a public or livery conveyance;
- (b) to loss due to war;
- (c) to loss to any trailer;
- (d) to loss to any automobile not described in this policy if:
 - (1) there is other valid and collectible insurance against such loss available to the insured, or
 - (2) with respect to an automobile, ownership of which is acquired during the policy period by the named insured, if such automobile has not been added to the policy either by endorsement or amended Declarations prior to a loss unless such automobile is a replacement automobile under subparagraph (b)(i) of the definition of an owned automobile and the named insured has given proper notice thereunder;
- (e) to damage which is due and confined to wear and tear, freezing, mechanical or electrical breakdown or failure, unless such damage results from a total theft covered by this policy;
- (f) to tires, unless damaged by fire, malicious mischief or vandalism, or stolen or unless the loss is coincident with and from the same cause as other loss covered by this policy;
- (g) to loss due to radioactive contamination;
- (h) under Coverage E, to breakage of glass if insurance with respect to such breakage is otherwise afforded;
- (i) under any of the coverages, to loss due to conversion, embezzlement or secretion by any person in possession of the automobile under a bailment lease, conditional sale, purchase agreement, mortgage or other encumbrance not declared, or if the automobile is or at any time becomes subject to any bailment lease, not declared and described in the Declarations page;
- (j) to loss arising out of the operation of any automobile, insured under this policy, in any pre-arranged or organized race or speed contest;
- (k) while the automobile is used in any illicit trade or transportation or in the commission of any felony;
- (l) to any automobile while (1) fleeing to or from a crime other than a traffic violation, or (2) being operated or used in the commission of a crime other than a traffic violation;
- (m) to loss caused intentionally by or at the direction of the insured, except that this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of a pattern of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss;
- (n) to loss due to theft under Coverage D if evidence exists that forcible entry was not required to gain access into the automobile;
- (o) to (1) loss of or damage to any device or instrument designed for the recording, reproduction, receiving or transmittal of sound, radio waves, microwaves or television signals, citizen's band radio, two-way mobile radio or telephone, or scanning monitor receiver, including any accessories and antennas unless such device or instrument

is installed in the dash or console opening specified by the manufacturer of the motor vehicle for the installation of such equipment; or to (2) loss of or damage to any tape wire, record disc or other medium for use with any device or instrument designed for the recording, reproduction, or recording and reproduction of sound;

- (p) to loss of or damage to any equipment or accessories installed in the automobile which are not available, furnished or installed by the manufacturer of the automobile;
- (q) to any camper attachment or camper body, whether or not permanently attached to a pickup or open bed vehicle chassis;
- (r) with respect to policies providing physical damage coverage for vans, pick-ups, or panel trucks, to any customized equipment not for use in the named insured's business including but not limited to: special carpeting and insulation, furniture, bars or television receivers; or facilities for cooking and sleeping;
- (s) to a temporary substitute automobile except to the extent that the insured is legally responsible for the damage or loss to such automobile resulting from its use by the insured.
- (t) to diminution in value to any automobile.
- (u) to loss due to theft if the keys to the automobile were left within the automobile or if evidence indicates the ignition wiring was not altered or changed to allow the operation of the automobile without keys.
- (v) to loss of use of any automobile or to loss or damage to personal property, business or work supplies and materials, equipment or tools located in any automobile, however, this exclusion shall not apply to the replacement of a child restraint system that was in use by a child during an accident to which this coverage is applicable;
- (w) arising out of the use by any person of an automobile without a reasonable belief that the person is entitled to do so;
- (x) to any automobile while used for delivery, or any activity associated with the delivery, of pizza, food (except by a food catering risk described as such in the application), mail, newspapers or magazines for a business;

Limit of Liability. The Company's limit of liability under Part III shall not exceed the smallest of the following:

- (a) the actual cash value of stolen or damaged property or part thereof at the time of the loss;
- (b) the amount necessary to repair the damaged property using, at the sole discretion of the Company, parts made by or for the vehicle's manufacturer, aftermarket parts or non-original equipment manufacturer (Non-OEM) aftermarket parts or like kind and quality parts. Non-original equipment manufacturer (Non-OEM) aftermarket parts will be identified on the repair estimate;
- (c) the amount necessary to replace the stolen or damaged property at the time of the loss with like kind and quality property less depreciation; or
- (d) the applicable value, if any, stated in the Declarations.

Other Insurance. If the insured has other insurance against a loss covered by this policy, the Company shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability of this policy bears to the total applicable limit of all valid and collectible insurance against such loss; provided, however, the insurance with respect to a temporary substitute automobile shall be excess insurance over any other valid and collectible insurance or self-insurance applicable to such temporary substitute automobile.

PART IV-UNINSURED MOTORIST COVERAGE

Coverage H – Uninsured Motorist Coverage for Bodily Injury;

Coverage K – Uninsured Motorist Coverage for Property Damage.

To pay all sums which the insured or his legal representative shall be legally entitled to recover as damages, excluding sums awarded as punitive or exemplary damages because of:

H. bodily injury resulting therefrom, sustained by an insured person;

K. injury to or destruction of an insured automobile owned by the named insured (i.e. an insured automobile that is also defined herein as an "owned automobile") and caused by actual physical contact with an uninsured automobile subject to \$250.00 deductible as the result of any one accident; caused by accident and arising out of the ownership, maintenance or use of such uninsured automobile; provided, for the purposes of this coverage, determination as to whether the insured or such representative is legally entitled to recover such damages, and if so the amount thereof, shall be made by agreement between the insured or such representative and the Company, or if they fail to agree, by arbitration. No judgment against any person or organization alleged to be legally responsible for the bodily injury or property damage shall be conclusive or binding, as between the insured and the Company, of the issues of liability of such person or organization or of the amount of damages to which the insured is legally entitled, unless the Company shall have agreed in writing to be bound before judgment is entered. In no instance shall the amount payable under this Part exceed the amount of any judgment that limits the Company's right to recover against an at-fault party. A direction by the Company to file suit to protect subrogation rights against the person or organization alleged to be legally responsible for the bodily injury or property damage shall not be deemed an agreement by the Company to be bound by the judgment.

Definitions. The definitions under Part I, except the definition of "insured," apply to Part IV, and under Part IV:

"insured" means (a) the named insured or while residents of the same household as the named insured (if the named insured is a natural person), his spouse and any relatives; (b) any other person while lawfully occupying an insured automobile; and (c) any person, with respect to damages he is entitled to recover because of bodily injury to which this Part applies sustained by an insured under (a) or (b) above;

The insurance afforded under Part IV applies separately to each insured but the inclusion herein of more than one insured shall not operate to increase the limits of the Company's liability;

"insured automobile" means:

- (a) an automobile described in the Declarations of this policy for which a specific premium charge indicates that coverage is afforded;
- (b) an automobile, ownership of which is acquired by the named insured during the policy period, if such automobile has been added to the policy either by endorsement or amended Declarations prior to a loss unless such automobile is a replacement automobile under subparagraph (b)(i) of the definition of an owned automobile and the named insured has given proper notice thereunder;
- (c) a temporary substitute automobile for an insured automobile as defined in (a) or (b) above; and
- (d) an automobile other than an automobile defined herein as an "owned automobile" while being operated by the named insured or while residents of the same household as the named insured (if the named insured is a natural person), his spouse and any relatives; but shall not include: (1) any automobile or trailer owned by or furnished for the regular use of the named insured or any resident of the same household as the named insured (if the named insured is a natural person), (2) any automobile while used as a public or livery

conveyance, or (3) any automobile while being used without the direct permission of the owner;

“uninsured automobile” includes a trailer of any type and means:

- (a) an automobile or trailer with respect to the ownership, maintenance or use of which there is, in at least the amount specified by the financial responsibility law of the state in which the insured automobile is principally garaged, a bodily liability bond or insurance policy applicable at the time of the accident with respect to any person or organization legally responsible for the use of such automobile but the company writing the same denies coverage thereunder;
- (b) an automobile or trailer with respect to the ownership, maintenance or use of which there is, in at least the amount specified by the financial responsibility law of the state in which the insured automobile is principally garaged, no bodily liability bond or insurance policy applicable at the time of the accident with respect to any person or organization legally responsible for the use of such automobile;
- (c) a hit-and-run automobile; or
- (d) an automobile where on, before or after the accident date the liability insurer thereof is unable to make payment with respect to the legal liability of its insured within the limits specified in the policy because of the entry by a court of competent jurisdiction of an order of rehabilitation or liquidation by reason of insolvency on or after the accident date;

provided, however, that the insured notifies the Company in writing of his claim under this provision within the later of six (6) months from the date of a court order of rehabilitation or insolvency or two (2) years from the date of the accident. To the extent that this provision conflicts with the policy's exclusion of claims presented to the Company more than two years after the accident, this section controls.

However, the term “uninsured automobile” shall not include: (1) an insured automobile or any automobile or trailer owned by or furnished for the regular use of the named insured or any resident of the same household as the named insured (if the named insured is a natural person) unless it is an automobile or trailer to which coverage applies under Part I—Liability of this policy, and liability coverage is excluded for damages sustained in this accident, (2) an automobile or trailer owned or operated by a self-insurer within the meaning of any motor vehicle financial responsibility law, motor carrier law or any similar law, (3) an automobile or trailer owned by the United States of America, Canada, a state, a country, a township, a municipality, a village, and political subdivision of any such government or an agency of any of the foregoing, (4) a land motor vehicle or trailer if operated on rails or crawler-treads or while located for use as a residence or premises and not as a vehicle, or (5) a farm type tractor or equipment designed for use principally off public roads, except while actually upon public roads;

“hit-and-run automobile” means an automobile which causes bodily injury to an insured arising out of physical contact of such automobile with the insured or with an automobile which the insured is occupying at the time of the accident, provided:

- (a) there cannot be ascertained the identity of either the operator or the owner of such “hit-and-run automobile”, (b) the insured or someone on his behalf shall have reported the accident within 24 hours to a police, peace or judicial officer of the Commissioner of Motor Vehicles, and shall have filed with the Company within 30 days thereafter a statement under oath that the insured or his legal representative has a cause or causes of action arising out of such accident for damages against a person or persons whose identity is unascertainable and setting forth the facts in support thereof, and (c) at the Company's request, the insured or his legal representative

makes available for inspection the automobile which the insured was occupying at the time of the accident;

“occupying” means in or upon or entering into or alighting from;

Exclusions. The policy does not apply under Part IV:

- (a) to bodily injury to an insured or property damage to an insured automobile with respect to which such insured, his legal representative or any person entitled to payment under this coverage shall, without written consent of the Company make any settlement with any person or organization who may be legally liable therefor;
- (b) so as to inure directly or indirectly to the benefit of any worker's compensation or disability benefits carriers or any person or organization qualifying as a self-insurer under any worker's compensation or disability benefits law or any similar law;
- (c) arising out of the operation of any automobile, insured under this policy, in any pre-arranged or organized race or speed contest;
- (d) to bodily injury or property damage while operating or occupying any two or three-wheeled motor driven vehicle;
- (e) to bodily injury to an insured while operating any automobile while used as a public or livery conveyance, or to property damage to an insured automobile while being used as public or livery conveyance, including but not limited to any motor vehicle owned by any governmental body, but this exclusion does not apply to the named insured (if the named insured is a natural person) with respect to bodily injury which results from the named insured's occupancy of an automobile other than an automobile defined herein as an “owned automobile” other than as the operator thereof;
- (f) if any claim is made under the Underinsured Motorist portion of this policy;
- (g) to bodily injury to an insured or property damage to an insured automobile while the automobile which he is occupying is used in any illicit trade or transportation or in the commission of any felony;
- (h) to loss caused intentionally by or at the direction of the insured, except that this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of a pattern of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss;
- (i) to property damage to a temporary substitute automobile or an automobile other than an automobile defined herein as an “owned automobile”;
- (j) to property damage caused by an at fault uninsured automobile or hit-and-run automobile if the owner or operator of such vehicle cannot be identified, however, this exclusion shall not apply to the replacement of a child restraint system that was in use by a child during an accident to which this coverage is applicable;
- (k) to loss of use of the insured automobile or to loss or damage to personal property, business or work supplies and materials, equipment or tools located in the insured automobile, however, this exclusion shall not apply to the replacement of a child restraint system that was in use by a child during an accident to which this coverage is applicable;
- (l) to loss of or damage to any equipment or accessories installed in the insured automobile which are not available, furnished and installed by the manufacturer of the automobile;
- (m) to any camper attachment or camper body, whether or not permanently attached to an insured pickup or open bed vehicle chassis;
- (n) to any customized equipment in the insured automobile not for use in the named insured's business including but not limited to: special carpeting and insulation, furniture, bars or television receivers; or facilities for cooking and sleeping;

- (o) to bodily injury of an insured while occupying an automobile owned by or furnished for the regular use of the named insured or any resident of the same household as the named insured (if the named insured is a natural person) if that automobile is not described in the Declarations of this policy or any endorsement or amended Declarations thereto or is not a replacement automobile within the meaning of subparagraph (b)(i) of the definition of owned automobile;
- (p) to bodily injury arising out of the use by any person of an automobile without a reasonable belief that the person is entitled to do so;
- (q) to any claim for which the Company has not received a written claim by or on behalf of the insured within two (2) years of the date of the accident or, if coverage is based on the entry of a court order of rehabilitation or liquidation by reason of insolvency of an insurer, the later of two (2) years from the date of the accident or six (6) months from the date of such order of rehabilitation or liquidation of such insurer; or
- (r) to any claim for which the Company does not receive a written demand for arbitration within two years of the date of accident or, if coverage for the claim is based on a court order of rehabilitation or liquidation by reason of insolvency of an insurer, within the later of two years of the date of the accident or six months of entry of the court order of rehabilitation or liquidation by reason of insolvency.

Limits of Liability.

- (a) The limit of uninsured motorist coverage stated in the Declarations as applicable to "each person" is the maximum limit of the Company's liability for all damages due to bodily injury to one person. Bodily injury to one person includes all injury and damages to others, including loss of services, society or consortium, resulting from this bodily injury. The limit of uninsured motorist coverage stated in the Declarations as applicable to "each occurrence" is the maximum amount of coverage, subject to the above provision respecting each person, for all bodily injury to two or more persons in the same accident. The limits of uninsured motorist coverage are not increased because more than one person is insured at the time of the accident. It is agreed between the insured and the Company that in no event shall the total limit of the Company's liability exceed the per person and per occurrence limits as stated in the Declaration page under this coverage, regardless of the number of automobiles insured under the policy or the separate itemization of premiums therefor; and that coverage under this section shall not be stacked with any other similar coverage that may be issued under this policy or any other policy.
- (b) The limit of the Company's liability for property damage due to loss under this Part shall not exceed the actual cash value of the automobile described in the Declarations or \$15,000.00, whichever is less, or if the loss is a part thereof the actual cash value of such part at time of loss, or what it would then cost to repair or replace the property or such part thereof with other like kind and quality with deduction for depreciation.
- (c) Any amount payable under the terms of this Part because of bodily injury or property damage sustained in an accident by a person who is an insured under this Part shall be reduced by:
 - (1) all sums paid on account of such bodily injury or property damage or on behalf of (i) the owner or operator of the uninsured automobile and (ii) any other person or organization jointly or severally liable together with such owner, or operator, for such bodily injury or property damage including all sums paid under Coverage A and B of this policy, and (2) the amount paid and the present value of all amounts payable on

account of such bodily injury under any worker's compensation law, disability benefits law or any similar law.

- (d) Any payment made under this Part to or for any insured shall be applied in reduction of the amount of damages which he may be entitled to recover from any person or organization insured under Coverage A and B of Part I.
- (e) The Company shall not be obligated to pay under this coverage that part of the damage which the insured may be entitled to recover from the owner or operator of an uninsured automobile which represents expenses for medical services paid or payable under Part II.

Two or more automobiles insured. The total limit of the Company's liability under all policies issued by the Company to the insured or which provide coverage to or for the insured shall not exceed the highest limit indicated for any one automobile under any one policy.

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

With respect to property damage, if there is collision insurance with this Company or any other insurance company for the insured automobile, no damages will be paid to the insured under Coverage K.

Arbitration. If any person making claim hereunder and the Company do not agree that both the vehicle(s) and the driver(s) of the vehicle(s) with which any person making claim has had an accident were not covered by liability insurance at the time of the accident, or do not agree that such person is legally entitled to recover damages from the owner or operator of an uninsured automobile because of bodily injury to an insured or property damage to an insured automobile, where applicable, or do not agree as to the amount payable hereunder, then these matters shall be submitted to arbitration. Any disputes with respect to the amount of damages shall be submitted for arbitration to the American Arbitration Association and be subject to its rules for the conduct of arbitration hearings as to all matters except medical opinions. Alternatively, such disputes shall be determined in the following manner: Upon the insured or the Company requesting arbitration, the insured and the Company shall each select an arbitrator and the two (2) arbitrators so named shall select a third arbitrator. The three (3) arbitrators so selected shall hear and determine the questions in dispute. If such arbitrators are not selected within forty-five (45) days from such request, either party may request that the arbitration be submitted to the American Arbitration Association. Any decision made by the arbitrator(s) shall be binding for the amount of damages not exceeding \$50,000 for bodily injury to or death of any one person, \$100,000 for bodily injury to or death of two (2) or more persons in any one motor vehicle accident, or the corresponding policy limits for bodily injury or death, whichever is less. If the decision of the arbitrator(s) exceeds the limits set out in the preceding

sentence, then either party may reject the decision of the arbitrator(s) insofar as it exceeds the amounts set out in the preceding sentence and demand a trial by filing suit within sixty (60) days of the date of the arbitration award. Except as required by law or as provided above, all arbitration hearings, either before the American Arbitration Association or before a three arbitrator panel shall be conducted in the County and State in which the insured resides and in accordance with the usual rules governing procedure and admission of evidence in courts of law of that County and not in accordance with any court mandated arbitration or mediation rules. It is agreed that the arbitrator(s) shall not enter an award in excess of the applicable policy limits, and, if an award is entered in excess of the applicable policy limits then that portion of the award which exceeds the policy limits is void, and not binding on either the insured or the Company. The arbitrator(s) shall have no authority to award punitive or exemplary damages or attorneys' fees and shall have authority to only decide issues relevant to an individual claimant's case at hand. Each party will pay the expenses it incurs and the expenses of its arbitrator and bear the expenses of the third arbitrator equally or in the event of AAA arbitration, each party shall bear its own fees and costs and each party shall share equally the fees and costs of the AAA arbitration and arbitrator. In the event of trial, all costs and expenses, including attorneys' fees, will be paid by the party incurring them. The cost of a continuance shall be assessed against the party rescheduling and may be taken as a setoff to an award.

Notwithstanding the above paragraph, any coverage dispute shall be determined by a court of competent jurisdiction. No arbitration shall proceed until all matters of coverage are resolved by the court.

Trust Agreement. In the event of presentment of claim or of payment to any person under this Part:

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

PART V--UNDERINSURED MOTORIST

Coverage L-Underinsured Motorist (Damages for Bodily Injury). To pay all sums which the insured or his legal representative shall be legally entitled to recover, excluding sums awarded as punitive or exemplary damages, because of bodily injury, but which are uncompensated because the total

sums of damages exceed the liability coverage limits available from any person(s) at fault in the accident. The liability of the at-fault person(s) for these damages must arise out of the ownership, maintenance, or use of an underinsured motor vehicle.

Definitions. The definitions under Part I (except the definition of "insured") and the definition of "insured automobile" under Part IV, apply to Part V, and under Part V:

"insured" means (a) the named insured or while residents of the same household as the named insured (if the named insured is a natural person), his spouse and any relatives; (b) any other person while lawfully occupying an insured automobile; and (c) any person with respect to damages he is entitled to recover because of bodily injury to which this Part applies sustained by an insured under (a) or (b) above;

The insurance afforded under Part V applies separately to each insured, but the inclusion herein of more than one insured shall not operate to increase the limits of the Company's liability;

"underinsured motor vehicle" means a land motor vehicle or trailer of any type with respect to the ownership, maintenance or use to which bodily injury liability bonds or insurance policies apply at the time of the accident, but their limits for bodily injury liability are less than the limits of liability for this coverage. However, "underinsured motor vehicle" does not include any vehicle:

- (a) Owned by or furnished for the regular use of the named insured or any resident of the same household as the named insured (if the named insured is a natural person);
- (b) Owned by the United States of America, Canada, a state, a country, a township, a municipality, a village, and a political subdivision of any such government or an agency of any of the foregoing;
- (c) Operated on rails or crawler-treads;
- (d) Which is a farm type tractor, is equipment designed mainly for use off public roads while not upon public roads, or "mobile equipment";
- (e) While located for use as a residence or premises;
- (f) Owned or operated by a person or organization qualifying as a self-insurer under any applicable motor vehicle law;
- (g) To which bodily injury liability bonds or policies apply at the time of the accident, but under which the bonding or insuring companies deny coverage or are to become insolvent.

Exclusions. This policy does not apply under Part V for bodily injury sustained by any person:

- (a) so as to inure directly or indirectly to the benefit of any worker's compensation or disability benefits carrier or, any person or organization qualifying as a self-insurer under any worker's compensation or disability benefits law or any similar law;
- (b) arising out of the operation of any vehicle, insured under this policy, in any prearranged or organized race or speed contest;
- (c) while operating or occupying any two-or three wheeled motor driven vehicle;
- (d) while operating any motor vehicle while used as a public or livery conveyance, including but not limited to any motor vehicle owned by any governmental body, but this exclusion does not apply to the named insured (if the named insured is a natural person) with respect to bodily injury which results from the named insured's occupancy of a motor vehicle other than a vehicle defined herein as an "owned automobile" other than as the operator thereof;
- (e) with respect to which an insured under this policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability;

- (f) arising out of the operation of farm machinery or "mobile equipment";
- (g) who is an employee of the insured and arising out of and in the course of (1) domestic employment by the insured, if benefits therefor are in whole or in part either payable or required to be provided under any worker's compensation law, or (2) other employment by the insured;
- (h) who is a fellow employee of the insured injured in the course of his employment if such injury arises out of the use of a motor vehicle in the business of his employer, but this exclusion does not apply to the named insured with respect to injury sustained by any such fellow employee;
- (i) due to war;
- (j) while the motor vehicle is (1) being operated or used in the commission of a crime other than a traffic violation, or (2) fleeing to or from a crime other than a traffic violation;
- (k) to any person occupying the insured automobile who is covered by any other policy of insurance containing similar coverage;
- (l) arising out of the use by any person of an automobile without a reasonable belief that the person is entitled to do so;
- (m) to bodily injury of an insured while occupying a motor vehicle owned by or furnished for the regular use of the named insured or any resident of the same household as the named insured (if the named insured is a natural person) if that motor vehicle is not described in the Declarations of this policy or any endorsement or amended Declarations thereto or is not a replacement automobile within the meaning of subparagraph (b)(i) of the definition of owned automobile;
- (n) to any claim for which the Company has not received a written claim under this Part by or on behalf of the insured within two (2) years of the date of the accident;
- (o) to any claim for which the Company has not received a written demand for arbitration under this Part before the later of two (2) years after the date of the accident or six (6) months after the limits of liability or portion thereof under all bodily injury liability insurance policies, bonds or other security applicable to the underinsured motor vehicle and its operator have been partially or fully exhausted by payment of judgement or settlement; or
- (p) to bodily injury to an insured with respect to which such insured, his legal representative or any person entitled to payment under this insurance, shall, without written consent of the Company, make any settlement with any person or organization who may be legally liable therefor.

Limits of Liability.

- (a) The limit of liability as shown in the Declarations for "each person" for Underinsured Motorists Coverage is the Company's maximum limit of liability for all damages due to bodily injury to one person. Bodily injury to one person includes all injury and damages to others, including loss of services, society or consortium, resulting from this bodily injury. The limit of liability as shown in the Declarations for "each occurrence" is the maximum amount of coverage, subject to the above provision respecting each person, for all bodily injury to two or more persons in the same accident. The limits of liability are not increased because more than one person is insured at the time of the accident. It is agreed between the insured and the Company that in no event shall the total limit of the Company's liability exceed the per person and per occurrence limits as stated in the Declarations regardless of the number of vehicles insured under this policy or the separate itemization of premiums and that coverage under this section shall not be stacked with any other similar coverage that may be issued under this policy or any other policy.
- (b) Any amount payable under the terms of this Part because of bodily injury sustained in an accident by a person who is an insured under this Part shall be reduced by:

- (1) all sums paid on account of such bodily injury by or on behalf of (i) the owner or operator of the underinsured motor vehicle and (ii) any other person or organization jointly or severally liable together with such owner or operator for such bodily injury including all sums paid under Coverage A of this policy, and
 - (2) (i) the amount paid and the present value of all amounts payable on account of such bodily injury under any workers' compensation law, plus, (ii) the amount paid and the present value of all amounts payable on account of such bodily injury under any non-governmental disability benefits policy or program.
- (c) Any payment made under this Part to or for any insured shall be applied in reduction of the amount of damages which he may be entitled to recover from any person insured under Coverage A.
 - (d) The Company shall not be obligated to pay under this coverage that part of the damages which the insured may be entitled to recover from the owner or operator of an underinsured motor vehicle which represents expenses for medical services paid or payable under Part II.
 - (e) The Company shall not be obligated to make payment under this coverage until the limits of liability or portion thereof under all bodily injury liability insurance policies applicable to the underinsured motor vehicle and its operators have been partially or fully exhausted by payment of judgment or settlement.
 - (f) If the Company and the insured or his legal representative agree that the insured has suffered bodily injury as a result of negligent operation, use or maintenance of an underinsured motor vehicle and also agree on the damages resulting therefrom, then a judgment or settlement of the bodily injury claim in an amount less than the limits of liability coverages applicable to the claim shall not preclude the claimant from making an underinsured motorist claim under this policy. The maximum amount payable pursuant to such a settlement agreement shall not exceed the amount by which the limits of the underinsured motorist coverage exceed the limits of bodily injury liability insurance of the owner or operator of the underinsured motor vehicle. Such agreement shall be final as to the amount due and shall be binding upon the insured and the Company regardless of the amount of any judgment, or any settlement reached between any insured and the person or persons responsible for the accident. No such settlement shall be concluded unless: (i) the insured has complied with all other applicable policy terms and conditions and (ii) before the conclusion of the settlement agreement, the insured has filed suit against the underinsured motor vehicle owner or operator and has not abandoned the suit, or settled the suit without preserving the rights of the Company, provided, however, that suit against the underinsured owner and operator may be dismissed where the Company has been given notice in advance of a settlement between the insured and the underinsured motorist and the Company fails to advance a payment to the insured in an amount equal to the tentative settlement within 30 days following receipt of such notice.
 - (g) In no event shall the Company's liability to pay underinsured motorist benefits under this Part exceed the difference between the limit of such coverage as stated in the Declarations of this policy and the total limit of liability coverage available to the underinsured motorist under all liability policies, bonds or other security available to such underinsured motorist for the loss.

Two or more automobiles insured. The total limit of the Company's liability under all policies issued by the Company to

the insured or which provide coverage to or for the insured shall not exceed the highest limited indicated for any one automobile under any one policy.

Other Insurance. With respect to bodily injury to an insured while occupying an automobile other than an automobile defined herein as an "owned automobile", the insurance under Part V shall apply only as excess insurance over any other similar insurance available to such automobile as primary insurance, and this insurance shall then apply only in the amount by which the limit of liability for this coverage exceeds the applicable limit of liability of such other insurance. Except as provided in the foregoing paragraph, if the insured has other similar insurance available to him and applicable to the accident, damages shall be deemed not to exceed the higher of the applicable limits of liability of this insurance and such other insurance, and the Company shall not be liable for a greater proportion of any loss to which this coverage applies than the limit of liability hereunder bears to the sum of the applicable limits of liability of this insurance and such other insurance. Should the insured have available claims under both the uninsured motorist coverage and this coverage in this policy, he must elect as to whether he will proceed under this coverage or the uninsured motorist coverage. The election of one shall bar any future claim under the other coverage.

Arbitration. If any person making claim hereunder and the Company do not agree that such person is legally entitled to recover damages from the owner or operator of the underinsured motor vehicle because of bodily injury to the insured, or do not agree as to the amount of payment which may be owing under this Part, then the matter or matters upon which such person and the Company do not agree shall be determined by arbitration. Any demand for arbitration shall be in writing. The dispute may be submitted by either party to the American Arbitration Association (AAA) for administration according to its rules for arbitration of underinsured motorist claims as to all matters except medical opinions. As to medical opinions, if the amount of damages being sought is equal to or less than the amount provided for in Section 7-203 of the Illinois Vehicle Code, then the current American Arbitration Association rules shall apply. If the amount being sought in an American Arbitration Association case exceeds the amount set forth in Section 7-203 of the Illinois Vehicle Code, then the rules of evidence as used in Illinois courts for placing medical opinions into evidence shall govern. To the extent that the American Arbitration Association rules are silent on an issue of the admission of evidence, then the usual rules of evidence as apply in Illinois courts shall apply. No arbitration hearing shall be held until such time as the amount actually paid to or for the person making claim from the liability insurer, bond or other security applicable to the underinsured motor vehicle or its operator has been determined by settlement or judgment. The arbitrator shall thereafter hear and determine the matters in issue. The award of the arbitrator shall be binding on the parties, but the arbitrator shall not enter an award in excess of the policy limit for this coverage subject to the Limits of Liability as stated in this Part. To the extent that an arbitration award exceeds the policy limit for this coverage stated in the Declarations subject to the Limits of Liability as stated in this Part, the amount of the award which exceeds the policy limit for this coverage as stated in the Declarations subject to the Limits of Liability in this Part shall be void but the remaining portion of the award shall be binding on the parties. Each party shall bear its own attorneys' fees and costs and each party shall share equally the fees and costs of the AAA arbitration and arbitrator. The arbitrator shall have no authority to award punitive or exemplary damages or attorneys' fees and shall have authority

to only decide issues relevant to an individual claimant's case at hand. The cost of a continuance shall be assessed against the party rescheduling and may be taken as a setoff to an award. The arbitration shall take place in Illinois in the county of residence of the person demanding arbitration. If the person demanding arbitration does not reside in Illinois then the arbitration shall take place in an Illinois county where the Company maintains a place of business.

Notwithstanding the above paragraph, any coverage dispute shall be determined by a court of competent jurisdiction. No arbitration shall proceed until all matters of coverage are resolved by the court.

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

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

CONDITIONS

(Unless otherwise noted, conditions apply to all Parts.)

1. **Policy Period, Territory.** This policy applies only to accidents, occurrences and loss during the policy period, as stated in the Declarations, while the automobile is within the United States of America, its territories or possessions, or Canada or is being transported between ports thereof. This policy may be renewed for successive policy periods by payment of the required premium to the Company on or before the effective date of each successive policy period. If such premium is not paid when due, the policy shall terminate as of that date and such date shall be the end of the policy period. Such premium shall be computed in accordance with the manuals then in use by the Company. Each policy period shall begin and end at 12:01 A.M. standard time at the address of the named insured.
2. **Premium.** If the named insured disposes of or replaces an owned automobile during the policy period, he shall inform the Company within thirty (30) days of such change. If the named insured acquires ownership of an additional owned automobile during the policy period, he shall inform the Company in writing immediately following the date of its delivery of his election to make this policy applicable to

such owned automobile. This requirement does not amend or enlarge the coverages provided by this policy. In no event will coverage be provided for any newly acquired automobile until it is added to the policy either by endorsement or amended Declarations and then only on the effective date of such endorsement or amended Declarations. If the named insured complies with the notification provisions of this section, any additional premium shall be paid promptly. Failure to provide notice of a replacement automobile within thirty (30) days of its acquisition will deem the replacement automobile to be owned and uninsured from the date of acquisition. Any premium adjustment necessary shall be made as of the date of such change or acquisition in accordance with the manuals in use by the Company. The named insured shall, upon request, furnish reasonable proof of the number of such automobiles and a description thereof.

If, at any time, the Company becomes aware of any driver or operator of an owned automobile or temporary substitute automobile, other than an excluded driver or operator who is not named on the Declarations page as a named insured or operator and the inclusion of that person as a named insured or operator under the policy would require a higher rate class, the policy will at the Company's option be declared null and void or be endorsed or amended via the Declarations to the correct rate class effective:

- (1) on the inception date of the policy if such person was a driver or operator as of the inception date of the policy; or
- (2) on the date such person became a driver or operator during the policy period, and the named insured will be liable for the difference between the total premium charged for coverage and the total amount of premium that would have been charged for same coverage had such person been named on the Declarations page as an insured or driver or operator or had such person been disclosed to the Company as a driver or operator when such person became a driver or operator. However, in those instances where the insured has made a claim under the collision or comprehensive coverages of this policy and the repair or replacement cost of the insured automobile minus the deductible shall be less than the additional premium, the Company shall limit the recovery from the insured to the cost of the repairs or replacement of the insured automobile.

3. **Notice.** (a) In the event of an accident, occurrence or loss, written notice containing particulars sufficient to identify the insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the insured to the Company or any of its authorized agents as soon as practical; however, in the case of an accident with a "hit and run" automobile under Part IV, such notice must be given to the Company in writing within 30 days of the accident; (b) In the event of theft, the insured shall also promptly notify the police; (c) The policy shall be null and void and of no benefit or effect whatsoever as to any claim arising thereunder in the event that the attestations or statements in the application for insurance coverage or in any claim against the Company shall prove to be false or fraudulent in nature. In the event no notice is received by the Company from the insured or the Company's rights have been prejudiced by the insured's actions or failure to provide timely notice, no payments will be made on the insured's behalf. If claim is made or suit is brought against the insured, he shall immediately forward to the Company every demand, notice, summons or other process received by him or his representative. The Company will not be obligated to pay, and shall not pay under Part I, unless the Company

received actual notice at its home office of the lawsuit before a judgment has been entered in said suit.

4. **Two or More Automobiles – Parts I, II, III and IV.** When two or more automobiles are insured hereunder, the terms of this policy shall apply separately to each.
5. **Assistance and Cooperation of the Insured – Parts I, III and IV.** As a condition precedent to the Company's duty of indemnity with respect to suits against an insured, the insured shall cooperate with the Company and, upon the Company's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the insured because of bodily injury, property damage or loss with respect to which insurance is afforded under this policy; and the insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and surgical relief to others as shall be imperative at the time of the accident. The insured must cooperate with us in the investigation, settlement or defense of any claim or suit; failure to cooperate fully will be deemed a breach of contract.

Part IV Only. After notice of claim under Part IV, and before any arbitration proceedings shall be initiated the insured shall: (a) take such action as may be necessary or appropriate to preserve his right to recover damages from all persons or organizations who may be legally responsible for the bodily injury or property damage, and in any action against the Company the Company may require the insured to join such person or organization as a party Defendant; and (b) at the Company's request and upon payment in advance by the Company of all court costs, forward to the Company proof that a lawsuit was filed and that a summons and complaint were served in the appropriate court of law within the applicable statute of limitations against all parties who may be liable or legally responsible for the insured's bodily injury or property damage, said lawsuit to be maintained and prosecuted with due diligence until final judgment.

6. **Action Against Company – Part I.** No action shall lie against the Company unless, as a condition precedent thereto, the insured shall have fully complied with all the terms of this policy, nor until the amount of the insured's obligation to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the insured, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Company as a party to any action against the insured to determine the insured's liability, nor shall the Company be impleaded by the insured or his legal representative. Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the Company of any of its obligations hereunder.

Parts II, III, IV and V. No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all terms of this policy and unless otherwise provided herein, suit or arbitration is commenced against the Company within two (2) years of the date of the accident and: (a) under Part III, until thirty (30) days after proof of loss is filed and the amount of loss is determined as provided in this policy, (b) under Part IV and except as stated therein, unless written demand for arbitration

shall have been received by the Company within two years of the accident; provided that if coverage under Part IV is based on entry of a court order of rehabilitation or liquidation by reason of insolvency of an insurer, then in such event suit or arbitration shall not be commenced against the Company after the later of two (2) years after the date of the accident or six (6) months after the entry of such court order of rehabilitation or liquidation by reason of insolvency, and (c) under Part V and except as stated therein, suit or arbitration shall not be commenced after the later of two (2) years after the accident or six (6) months after such time as the amount actually paid to or for the person making claim from the liability insurer, bond or other security applicable to the underinsured motor vehicle or its operator has been determined by settlement or judgment. For purposes of this policy, arbitration is commenced against the Company only when the Company receives a written demand for arbitration.

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

7. Medical Reports: Proof and Payment of Claim – Part II.

As soon as practicable, the insured person or someone on his behalf shall give to the Company written proof of claim, under oath if required, and shall; after each request from the Company, execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Company when and as often as the Company may reasonably require.

The Company may pay the injured person or any person or organization rendering the services and such payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute an admission of liability of any person or, except hereunder, of the Company.

8. Insured's Duties in Event of Loss – Parts III and IV. In the event of loss, the insured shall

- (a) protect the automobile, whether or not the loss is covered by this policy, and any further loss due to the insured's failure to protect shall not be recoverable under this policy. Reasonable expenses incurred in affording such protection shall be deemed incurred at the Company's request;
- (b) file with the Company, within 91 days after loss, a sworn proof of loss in such form and including such information as the Company may reasonably require and shall, upon the Company's request, exhibit the damaged property and submit to examination under oath.

9. Proof of Claim – Part IV.

As soon as practicable, the insured or other person making claim shall give to the Company written proof of claim, under oath if required, including full particulars of the nature and extent of the injuries, treatment, and other details entering into the determination of the amount payable. The insured and every other person making claim shall submit to examinations under oath by any person named by the Company and subscribe the same, as often as may reasonably be required. Proof of claim shall be made upon forms furnished by the Company unless the Company shall have failed to furnish such form within forty-five (45) days after receiving notice of claim.

The injured person shall submit to physical examinations by physicians selected by the Company, when and as often as the Company may reasonably require and he, in the event

of his incapacity, his legal representative, or in the event of his death, his legal representative or the person or persons entitled to sue therefor, shall upon each request from the Company execute authorization to enable the Company to obtain medical reports, employment records, and all other records relative to alleged damages.

10. Appraisal – Part III. If the insured and the Company fail to agree as to the amount payable under Part III, either may demand an appraisal of the amount payable. In such event, the insured and the Company shall each select a competent appraiser, and the appraisers shall select a competent and disinterested umpire. The appraisers shall state separately the actual cash value of the automobile at time of the accident and the amount payable to repair the damage under Part III and, failing to agree, shall submit their differences to the umpire. An award in writing of any two shall determine the amount payable under this policy and shall be the exclusive remedy available to the parties. The award shall specify the application of the deductible. The insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be deemed to have waived any of its rights by any act relating to appraisal. The appraisers shall have no authority to assess attorneys' fees or punitive or exemplary damages and shall have authority to only decide issues relevant to an individual claimant's case at hand.

11. Payment of Loss. Part III. The Company may pay in money or may repair or replace the damaged or stolen property, or may, at any time before the claim is paid or the property replaced, at its own expense, return any stolen property to the named insured, or at its option to the address shown in the Declarations, with payment for any resultant damage thereto less deductible; or may take all or such part of the property at the agreed or appraised value but there shall be no abandonment to the Company. The Company may settle any claim under Part III either with the insured or the owner of the property. If the insured or owner elects to have the automobile repaired at a facility of its or his choice and that facility charges more than the Company would pay for a workmanlike repair at another licensed auto repair facility reasonably available, then the Company may tender the amount payable under its estimate, less the applicable deductible, and the insured or owner will be responsible to pay the difference to the repair facility of its or his choice. If hidden or additional damage is identified, then the Company shall be given an opportunity to estimate the cost of such additional repair and the Company may tender such additional amount payable pursuant to its additional estimate. If the Company offers to tow an automobile covered hereunder at the Company's expense from a repair facility having possession of the automobile, and if the insured or owner declines the offer, then the Company shall not be liable for storage or other charges costs at such facility for any period after the insured or owner declines the Company's offer to remove the automobile.

Part IV. Any amount due is payable (a) to the insured, or (b) if the insured is a minor to his parent or guardian, or (c) if the insured be deceased to his surviving spouse, otherwise (d) to a person authorized by law to receive such payment or to a person legally entitled to recover the damages which the payment represents; provided, the Company may at its option pay any amount due in accordance with division (d) hereof.

Under Coverage K the Company may pay for the loss in money or may repair or replace the damaged property

pursuant to the same provisions applicable to Part III as set forth herein.

12. Automatic Reinstatement – Parts III and IV. When the automobile is damaged, whether or not such damage is covered under this policy, the liability of the Company shall be reduced by the amount of such damage until repairs have been completed, but shall then attach as originally written without additional premium.

13. No Benefit to Bailee – Parts III and IV. The insurance afforded by this policy shall not inure directly or indirectly to the benefit of any carrier or other bailee for hire liable for loss to the automobile.

14. Subrogation – Parts III, IV and V. In the event of any payment under this policy, the Company shall be subrogated to all the insured's rights of recovery therefor against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

The Company shall not exercise any right of subrogation under a policy providing underinsured motorist coverage where the Company has been provided with written notice in advance of a settlement between its insured and the underinsured motorist and the Company fails to advance a payment to the insured, in an amount equal to the tentative settlement, within 30 days following receipt of such notice.

Part II. In the event of any payment under the Medical Expense Coverage of this policy, the Company shall be subrogated to all the rights of recovery which the injured person or anyone receiving such payment may have against any person or organization and such person shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. Such person shall do nothing after loss to prejudice such rights.

15. Changes. Notice to any agent or knowledge possessed by any agent or by any person shall not effect a waiver or a change in any part of this policy or stop the Company from asserting any right under the terms of this policy, nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy signed by a duly authorized representative of the Company or by amended Declarations issued by the Company.

16. Assignment. Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon; if, however, the named insured in the Declarations is a natural person, or his spouse if a resident of the same household (if the named insured is a natural person), shall die, this policy shall cover (1) the survivor as named insured, (2) his legal representative as named insured, but only while acting within the scope of his duties as such, (3) any person having proper temporary custody of an owned automobile, as an insured, until the appointment and qualification of such legal representative, and (4) under Paragraph 2 of Part II any person who was a relative at the time of such death.

17. Cancellation. This policy may be cancelled by the named insured in the Declarations by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the named insured in the Declarations at the last mailing address known to the Company, written notice stating when thereafter such

cancellation shall be effective. However, the Company shall not exercise its rights to cancel such policy after it has been in effect for sixty (60) days except for the reasons set forth in Section 143.16a of the Illinois Insurance Code. No notice of cancellation of a policy to which Section 143.16a applies is effective unless mailed by the Company to the named insured at least thirty (30) days prior to the effective date of cancellation during the first sixty (60) days of coverage and sixty (60) days prior to the effective date of cancellation after the coverage has been effective for sixty-one (61) days or more; however, where cancellation is for non-payment of premium, at least ten (10) days notice of cancellation shall be given. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of the surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. If the policy cancels, earned premium shall be computed prorate.

Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

If this policy has been cancelled and reinstatement is requested, the Company may, at its sole option, reinstate the policy and determine the effective date of the reinstatement. Coverage under a reinstated policy shall be prospective only as of the effective date stated in the reinstatement endorsement or amended Declarations and is not retroactive to the prior cancellation date. No coverage is provided under a reinstatement of this policy relative to any accident, loss or occurrence between a prior cancellation and the effective date of reinstatement.

18. Declarations. By the acceptance of this policy, the named insured in the Declarations or an authorized representative if the named insured is a legal entity, agrees that the statements contained in the application have been made by him or on his behalf and that said statements and the statements in the Declarations and in any subsequent application accepted by the Company are offered as an inducement to the Company to issue or continue this policy and that the same are his agreements and representations, and that this policy is issued and continued in reliance upon the truth of such statements and representations and that this policy is issued and continued in reliance upon the truth of such statements and representations and that this policy embodies all agreements existing between himself and the Company or any of its agents relating to this insurance. If this policy is subject to an exclusion of named drivers at the time of an accident, and if the accident involves the use or operation of any automobile by an excluded driver, then no coverage of any kind under this policy is provided by the Company to any person with respect to such loss and the Company is not obligated to defend any person in any legal action concerning the loss.

19. Fraud and Misrepresentation. Statements contained in the application are deemed to be representations relied upon by the Company in issuing this policy. If any representation contained in the application is false, misleading or materially affects the acceptance or rating of this risk by the Company, by direct misrepresentation, omission, concealment of material fact or incorrect statement, then the Company may, during the first year the policy has been in effect or the first policy term, whichever is less, rescind the policy. If the policy is rescinded by the Company, there shall be no coverage under this policy for any loss, accident or claim occurring at any time during the term stated in the Declarations. Additionally, without

rescinding the policy, the Company shall not provide any coverage hereunder for a claim concerning which the insured or claimant has made a fraudulent statement or engaged in fraudulent conduct in connection with an accident or loss for which coverage is sought under this policy.

20. Inspection and Audit. The Company shall be permitted but not obligated to inspect the named insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the named insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Company may examine and audit the named insured's books and records at any time during the policy period and extensions thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

21. Renewal/Nonrenewal. If the Company elects not to renew this policy, it shall mail to the named insured at the last mailing address known by the Company, written notice of such nonrenewal not less than sixty (60) days prior to the expiration date, provided that, notwithstanding the failure of the Company to comply with the foregoing provisions of this paragraph, this policy shall terminate:

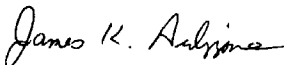
1. on such expiration, if
 - (a) the named insured has failed to discharge when due any of its or his obligations in connection with the payment of any renewal premium that is payable directly to the Company or its agent,
 - (b) the Company has by any means manifested its willingness to renew directly to the named insured, or
 - (c) the named insured has notified the Company or its agent that it or he does not wish this policy to be renewed.

2. on the effective date of any other insurance policy procured by the named insured as a replacement for this policy.

The mailing of this notice as aforesaid shall be sufficient proof of notice.

In Witness Whereof, the Company has caused this policy to be signed by its Secretary and President, but this policy shall not be valid unless completed by the attachment hereto of a Declarations page.

Secretary



President

