



FOUNDERS INSURANCE COMPANYSM

DES PLAINES, ILLINOIS
(A STOCK COMPANY)

ILLINOIS 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 attached hereto and is a part of this policy. **Read your application and immediately notify the Company of any misinformation or incomplete information.**

**ILLINOIS AUTOMOBILE
POLICY**
FOUNDERS INSURANCE COMPANY
DES PLAINES, ILLINOIS

(A stock insurance company, herein called the company)

Agrees with the insured, named 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:

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 the owned automobile or any non-owned automobiles 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 judgement 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 judgement therein which accrues after entry of the judgement and before the Company has paid or tendered or deposited in court that part of the judgement 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. (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 1:

- (a) with respect to the owned automobile,
 - (1) the named insured,
 - (2) any other person using such automobile with the permission of the named insured, provided the actual use thereof is within the scope of such permission;
- (b) with respect to a non-owned automobile, the named insured or a relative of the named insured provided such use is with the permission of the owner of the non-owned automobile and is within the scope of such permission.
- (c) any other person legally responsible for the use of:

- (1) an owned automobile, or
- (2) a non-owned automobile, if such automobile is not owned leased or hired by such person or organization,

Provided the actual use thereof is by a person who is an insured under (a) or (b) above with respect to the owned or non-owned automobile.

The insurance afforded under Part 1 applies separately to each insured against whom claim is made or suit is brought, but neither the inclusion herein or 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 declaration for the liability coverage.

Definitions, Under Part 1:

"automobile" means a four wheel land motor vehicle which is designed for use principally upon public roads and which meets the requisite mechanical statutory specifications for use upon public roads, but "automobile" shall not include any vehicle while located for use as a residence or premises;

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

"farm automobile" means an automobile of the truck type with a load capacity of fifteen hundred pounds or less not used for business or commercial purposes other than farming;

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

"named insured" means the individual in the declarations and also includes the spouse, if a resident of the same household;

"non-owned automobile" means an automobile not owned by or furnished for the regular use of either the named insured or any resident of the same household; other than a temporary substitute automobile;

"owned automobile" means

(a) a private passenger, farm or utility automobile, which is a four wheel land motor vehicle, operable or inoperable, designed for use principally upon public roads, described in this policy, which is owned by the named insured or leased to the named insured under a written agreement for a continuous period of at least six months, for which a specific premium charge indicates that coverage is afforded,

(b) a temporary substitute automobile,

(c) a private passenger, farm or utility automobile, ownership of which is acquired by the named insured during the policy period, provided (1) that the acquired automobile replaces an automobile described in this policy and that neither the named insured nor any resident of his household retained ownership of the described replaced automobile, or (2) the Company insures all private passenger, farm or utility automobiles owned by the named insured on the date of acquisition of an additional acquired automobile, and (3) that the named insured notifies the Company in writing within thirty (30) days after the acquisition of his intention to make this policy applicable to such acquired replacement or additional acquired automobile: such notification does not amend or enlarge the coverages provided by this policy. If the insured complies with the notification provisions of this section, an additional premium shall be paid promptly. Failure to comply with this section will deem the additional acquired automobile(s) to be owned and uninsured from the date of acquisition;

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

"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 by blood, or marriage, or adoption who is a resident of the same household provided neither such relative nor the spouse owns a private passenger automobile;

"temporary substitute automobile" means any private passenger, farm or utility automobile, not owned by or furnished for the regular use of either the named insured or any resident of the same household, while temporarily used as a substitute for the owned automobile when withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;

"use" of an automobile includes the loading and unloading thereof;

"utility automobile" means an automobile, other than a farm automobile, with a load capacity of fifteen hundred pounds or less of the pick-up body, sedan delivery or panel truck type not used for business or commercial purposes;

"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 bodily injury, or property damage to the named insured and any member of the family of the insured related by blood, marriage or adoption residing in the same household as the insured. The term "insured" as used in this exclusion means the person against whom claim is made or suit is brought. This exclusion shall not apply when a third party acquires a right of contribution against a member of the injured person's family; nor shall this exclusion apply when any person not residing in the household of the named insured was driving the vehicle insured under this policy at the time of the accident which is the subject of the claim or lawsuit;
- (b) to any automobile while used as a public or livery conveyance, but this exclusion does not apply to the named insured with respect to bodily injury or property damage which results from the named insured's occupancy of a non-owned automobile other than as the operator thereof;
- (c) to bodily injury or property damage caused intentionally by or at the direction of the insured;
- (d) 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;
- (e) to bodily injury or property damage arising out of the operation of farm machinery;
- (f) 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 of a non-owned automobile;
- (g) 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;
- (h) 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, a partnership in which the named insured or such resident is a partner, or any partner, agent or employee of the named insured, such resident or partnership;
- (i) to a non-owned automobile while used (1) in the automobile

business by the insured or (2) when used in the delivery, or any activity associated with the delivery, of food, mail, newspapers, magazines or packages for a business;

- (j) to injury to or destruction of (1) property owned or transported by the insured or (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;
- (k) 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 the named insured has purchased other automobile liability insurance applicable to such automobile for which a specific premium charge has been made;
- (l) arising out of the operation of any vehicle, insured under this policy, which is designed or equipped for so-called "hot-rod" or "stock car" racing either while so operated or while being tested, repaired or serviced; or to the operation of any vehicle in any pre-arranged or organized race or speed contest;
- (m) to bodily injury or property damage due to war;
- (n) to any automobile while being operated or used in the commission of a crime other than a traffic violation;
- (o) 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;
- (p) to bodily injury or property damage arising out of the use by any person of a vehicle without a reasonable belief that the person is entitled to do so;
- (q) 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;
- (r) to bodily injury relative to the transmission of or exposure to a communicable disease. Communicable disease means bacteria, parasites, viruses, or other organisms transmissible from person to person due to direct or indirect contact with an affected person or that person's discharge or blood;
- (s) to any automobile while used in the delivery, or any activity associated with the delivery, of food, mail, newspapers, magazines or packages for a business;

Financial Responsibility Laws. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, such insurance as is afforded by this policy for bodily injury liability or for property damage liability shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law, but in no event in excess of the limits of liability stated in this policy. 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 declaration 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 organization, 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 vehicle 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 or non-owned automobile shall be excess insurance over any other valid and collectible insurance or self-insurance applicable to such temporary substitute automobile or non-owned 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 caused by accident and sustained by

- (1) the named insured or a relative while occupying or through being struck by an automobile;
- (2) any other person while lawfully occupying
 - (a) an owned automobile while being operated or used by an insured, or
 - (b) a non-owned automobile, if the bodily injury results from operation or use of the non-owned automobile by an insured;

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

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 vehicle while locat-

ed for use as a residence or premises;

- (b) sustained by the named insured or a relative (1) while occupying an automobile owned by or furnished for the regular use of either the named insured or any relative 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 a relative, resulting from use of (1) a non-owned automobile in the automobile business or as a public or livery conveyance, or (2) a non-owned automobile in any business or occupation of the operator of the non-owned 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, or riot, or civil commotion;
- (f) arising out of the operation of any vehicle, insured under this policy, which is designed or equipped for so-called "hot-rod" or "stock car" racing either while so operated or while being tested, repaired, or serviced; or to the operation of any vehicle in any 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 additional automobile, ownership of which is acquired by the named insured, and the named insured has not notified the Company in writing within thirty days of such acquisition of his intentions to make Part II of this policy applicable to such automobile;
- (i) sustained while operating or occupying an automobile being used in the commission of a crime other than a traffic violation;
- (j) caused intentionally by or at the direction of the insured;
- (k) sustained while operating an automobile while engaged in the delivery, or any activity associated with the delivery, of food, mail, newspapers, magazines or packages for a business;

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 to arbitration. Upon the insured or the Company demanding arbitration, the insured and the Company shall each select an arbitrator and the 2 arbitrators so named shall select a third arbitrator. The 3 arbitrators so selected shall hear and determine the questions in dispute. Any decision made by the arbitrators shall be binding for the amount decided by the arbitrators 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 arbitrators is limited to a determination of the amount due for medical payments and does not extend to punitive damages or any damages other than medical payments covered by this policy. Each party shall bear the cost of his or her own arbitrator and shall share equally the costs of the third 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 arbitrators shall be governed by the rules of evidence as used in Illinois courts.

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 motor vehicle is covered by this policy and is applicable to the 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 vehicle under any one policy.

PART III-PHYSICAL DAMAGE

Coverage D-Comprehensive (excluding Collision) Subject to the Limit of Liability stated in this Part, to pay 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, to pay 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 vehicle approximate the value of the vehicle 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 vehicle minus the deductible stated in the policy declarations; or (2) Replacement of the vehicle with other of like kind and quality; or (3) Payment of the amount the Company would have paid for a replacement vehicle (including all applicable taxes and license fees), in the event the insured elects a cash settlement instead of such replacement vehicle; or (4) Repair or rebuild the automobile. There can be no abandonment to the Company of the property described.

Coverage F-Towing and Labor Cost. To pay for towing and labor expenses necessitated by the disablement of the owned automobile as a result of mechanical failure provided the labor is performed at the place of disablement. The maximum amount of disablements allowed is 1 per 6 month policy period/2 per 12-month policy period.

Supplementary Payments. In addition to the applicable limit of liability, to reimburse the insured for transportation expenses incurred during the period commencing 72 hours after a theft covered by this policy of the entire automobile has been reported to the Company and the police, and terminating on the date the whereabouts of the automobile becomes known to the named insured or Company or such earlier date as the Company tenders settlement

for such theft; provided that the Company shall not be obligated to pay aggregate expenses in excess of \$10.00 per day or totaling more than \$300.00 incurred for rental for the substitute automobile including taxicabs.

Such reimbursements shall only be made if a stolen vehicle is a private passenger automobile not used as a public or livery conveyance, not owned and held for sale by an automobile dealer.

Coverage G-Collision Rental Reimbursement.

(a) To reimburse the insured up to \$20.00 per day up to a maximum of \$300.00 for the cost of renting an automobile from a rental agency or garage. If your covered auto is not drivable, coverage starts 24 hours after the loss. If it is drivable, coverage starts the day after the covered auto is taken to the garage for repairs. Coverage will end when the first of the following conditions occurs:

- (1) completion of repairs.
- (2) replacement of the auto.
- (3) 15 full days of coverage.

(b) However, the coverage will not apply if there is a total theft of the auto and you are eligible under Comprehensive coverage for the transportation expenses.

Definitions.

"named insured" means the individual named in Item 1 of the declarations and also includes the spouse, if a resident of the same household;

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

"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;

"relative" means a relative of the named insured by blood or adoption who is a resident of the same household provided neither such relative nor his spouse owns a private passenger automobile;

"owned automobile" means

(a) a private passenger, farm or utility automobile, which is a four wheel land motor vehicle, operable or inoperable, designed for use principally upon public roads, described in this policy for which a specific premium charge indicates that coverage is afforded.

(b) a private passenger, farm or utility automobile, ownership of which is acquired by the named insured during the policy period, provided (1) that the acquired automobile replaces an automobile described in this policy and that neither the named insured nor any resident of the household retains ownership of the described replaced automobile, or (2) the Company insures all private passenger, farm or utility automobiles owned by the named insured on the date of acquisition of an additional acquired automobile; and (3) that the named insured notifies the Company in writing within thirty (30) days after the acquisition of his intention to make this policy applicable to such acquired replacement or additional acquired automobile;

(c) a temporary substitute automobile;

"temporary substitute automobile" means any private passenger, farm or utility automobile, not owned by the named insured, or any resident of the same household, while temporarily used as a substitute for the owned automobile when withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;

"private passenger automobile" means a four wheel private

passenger, station wagon or jeep type automobile;

"farm automobile" means an automobile of the truck type with a load capacity of fifteen hundred pounds or less not used for business or commercial purposes other than farming;

"utility automobile" means an automobile, other than a farm automobile, with a load capacity of fifteen hundred pounds or less of the pick-up body, sedan delivery or panel truck type not used for business or commercial purposes;

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

"automobile business" means the business or occupation of selling, leasing, repairing, servicing, storing or parking automobiles

"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.

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

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

"Like kind and quality part" means a replacement part for any vehicle obtained from another vehicle.

"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:

- (a) to any automobile while used as a public or livery conveyance;
- (b) to loss due to war, or riot, or civil commotion;
- (c) 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 by the named insured during the policy period, the named insured has not notified the Company in writing within thirty days (30) days of such acquisition and of his intention to make this policy applicable to such automobile;
- (d) 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;
- (e) 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;
- (f) to loss due to radioactive contamination;
- (g) under Coverage E, to breakage of glass if insurance with respect to such breakage is otherwise afforded;
- (h) 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;
- (i) to loss arising out of the operation of any vehicle, insured under this policy, which is designed or equipped for so-called "hot-rod" or "stock car" racing either while so operated or while being tested, repaired or serviced; or out of the operation of any vehicle in any pre-arranged or organized race or speed contest;
- (j) while the automobile is used in any illicit trade or transportation

or in the commission of any felony, or to loss caused intentionally by or at the direction of the insured;

- (k) to loss due to theft under Coverage D if evidence exists that forcible entry was not required to gain access into the automobile;
- (l) 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 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;
- (m) 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;
- (n) to any camper attachment or camper body, whether or not permanently attached to a pickup or open bed vehicle chassis;
- (o) with respect to policies providing physical damage coverage for vans, pick-ups, or panel trucks, to any customized equipment including but not limited to: special carpeting and insulation, furniture, bars or television receivers; facilities for cooking and sleeping, including enclosures; height extending roofs; custom murals, painting or other decals or graphics;
- (p) 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.
- (q) to diminution in value to any vehicle.
- (r) 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.
- (s) to any automobile while used for delivery, or any activity associated with the delivery, of food, mail, newspapers, magazines or packages 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 crash parts or non original equipment manufacturer (Non-OEM) aftermarket crash parts or like kind and quality parts. Non-original equipment manufacturer (Non-OEM) aftermarket crash parts will be identified on the repair estimate.
- (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.
- (e) \$30,000.00

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 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 judgement 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 judgement is entered. 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 judgement.

Definitions. The definitions under Part 1, except the definitions of "insured," "relative," and "owned automobile", apply to Part IV, and under Part IV:

"insured" means: (a) the named insured and any relative of the named insured; (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 policy for which a specific premium charge indicates that coverage is afforded;

(b) a private passenger, farm or utility automobile, ownership of which is acquired by the named insured during the policy period, provided (1) that the acquired automobile replaces an automobile described in this policy and that neither the named insured nor any resident of the household retained ownership of the described replaced automobile, or (2) the Company insures all private passenger, farm or utility automobiles owned by the named insured on the date of acquisition of an additional acquired automobile and (3) that the named insured notifies the Company in writing within thirty (30) days after the acquisition of his intention to make this policy applicable to such acquired replacement or additional acquired automobile;

(c) a temporary substitute automobile for an insured automobile as defined in (a) or (b) above; and

(d) a non-owned automobile while being operated by the named insured; but shall not include: (1) any automobile or trailer owned by a resident of the same household as the named insured, (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, 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 or

(b) a hit-and-run automobile;

(c) a motor vehicle where on, before or after the accident date the liability insurer thereof is unable to make payment with respect to the legal liability of its insured within the limits specified in the policy because 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 of his claim under this provision within the later of six (6) months from the date of such 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 an automobile furnished for the regular use of the named insured or a relative unless it is an automobile 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;

"relative" means a relative of the named insured by blood or adoption who is a resident of the same household provided neither such relative nor his spouse owns a private passenger automobile;

"state" includes the District of Columbia, a territory or possession of the United States, and a province of Canada

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 settle-

ment with any person or organization who may be legally liable therefore;

- (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 vehicle insured under this policy, which is designed or equipped for so-called "hot-rod" or "stockcar" racing either while so operated or while being tested, repaired or serviced; or to the operation of any vehicle in any pre-arranged or organized race or speed contest; or while operating or occupying any two or three-wheeled motor driven vehicle.
- (d) to bodily injury to an insured while operating any motor vehicle 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 with respect to bodily injury which results from the named insured's occupancy of a non-owned motor vehicle other than as the operator thereof;
- (e) if any claim is made under the Underinsured Motorist portion of this policy;
- (f) 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, or to loss caused intentionally by or at the direction of the insured;
- (g) to property damage to a temporary substitute automobile or to a non-owned automobile as defined in Part I;
- (h) 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;
- (i) to loss of use of the insured automobile or to loss or damage to personal property located in the insured automobile;
- (j) 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;
- (k) to any camper attachment or camper body, whether or not permanently attached to an insured pickup or open bed vehicle chassis;
- (l) to any customized equipment in the insured automobile including but not limited to: special carpeting and insulation; furniture, bars or television receivers, facilities for cooking and sleeping, including enclosures; height-extending roofs; custom murals, paintings or other decals or graphics;
- (m) to bodily injury of an insured while occupying a motor vehicle owned by, or furnished for the regular use of the named insured, a resident spouse or a relative if that motor vehicle is not described in the declarations of this policy or is not a newly acquired or replacement motor vehicle within the meaning of subsection (c) of the definition of "owned automobile" in this policy;
- (n) 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

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 vehicles insured under the policy or the separate itemization of premiums therefore; 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 motor vehicle 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, 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 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 vehicle under any one policy.

Other Insurance. With respect to bodily injury to an insured while occupying an automobile not owned by the named insured, 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 coverage and 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 2 arbitrators so named shall select a third arbitrator. The 3 arbitrators so selected shall hear and determine the questions in dispute. If such arbitrators are not selected within 45 days from such request, either party may request that the arbitration be submitted to the American Arbitration Association. Any decision made by arbitrators shall be binding for the amount of damages not exceeding the limits for bodily injury or death set forth in Section 7-203 of the Illinois Vehicle Code. If the decision of the arbitrator(s) exceeds the limits set out in Section 7-203 of the Illinois Motor Vehicle Code, then either party may reject the arbitrator's decision insofar as it exceeds the amounts set out in Section 7-203 of the Illinois Motor Vehicle Code and demand a trial by filing suit within 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.

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 of 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, manufacturer or use of the underinsured motor vehicle.

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

"insured means" (a) the named insured and any relative of the named insured; (b) any other person while occupying an insured automobile; and (c) any person with respect to damages he is entitled to recover because of bodily injury to which the 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 or available for the regular use of the insured or person residing in the insured's household;
- (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 or is equipment designed mainly for use off public roads while not upon public roads;
- (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, which is designed or equipped for so-called "hot rod," "stock car" or "drag" racing either while so operated or while being tested,

repaired or serviced; or to the operation of any vehicle in any pre-arranged or organized race or speed contest; or while operating or occupying any two-or three wheeled motor driven vehicle;

(c) 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 with respect to bodily injury which results from the named insured's occupancy of a non-owned motor vehicle other than as the operator thereof.

(d) 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;

(e) arising out of the operation of farm machinery;

(f) who is an employee of the insured and arising out of and in the course of (1) domestic employment by the insured, if benefits therefore 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;

(g) who is a fellow employee of the insured injured in the course of his employment if such injury arises out of the use of an automobile 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;

(h) due to war;

(i) while the automobile is being operated or used in the commission of a crime other than a traffic violation;

(j) to any person occupying the insured automobile who is covered by any other policy of insurance containing similar coverage;

(k) 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, 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 judgement 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 vehicle under any one policy.

Other insurance. With respect to bodily injury to an insured while occupying an automobile not owned by the named insured, 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.

Action Against Company.

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 legal action in a court of competent jurisdiction located in the county and state in which the insured resides. Any action brought against the Company must be filed within one year from the date that the person claiming under this Part receives the last payment from an underinsured motorist or person at-fault in this occurrence.

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 of 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 obligation of such person and the Company established by this provision.

PART VI-NON-OWNER COVERAGE

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

1. In Part 1, the section "Persons Insured" is deleted and the following is substituted:

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

2. In Part 1, Definitions, the definitions of "named insured", "non-owned automobile", and "owned automobile" are replaced by the following:

"Named insured" means the person whose name appears on the declarations and includes his or her spouse if a resident of the same household.

"Non-owned automobile" means an automobile not owned by or furnished for the regular use of the named insured or a resident of the same household.

"Owned automobile" means any automobile owned by or furnished for the regular use of the named insured or, a resident of the same household.

3. In Part 1, Exclusions of Liability, the following additional exclusions are added:

(t) This insurance does not apply to any automobile owned by or furnished for the regular use of the named insured, or the spouse of the named insured or any person residing in the same household of the named insured.

(u) To any automobile while used in a business or occupation of such named insured or spouse, unless operated or occupied by such named insured

(v) To any accident arising out of the operation of an automobile sales agency, repair shop, service station, storage garage or parking place.

4. In Part II, add the following Exclusions:

(l) unless the injury results from the operation of the non-owned automobile by such named insured or spouse or arises out of the occupation of a non-owned automobile by the named insured or spouse:

(m) incurred by the insured arising out of the operation, use or maintenance of an owned vehicle or of a vehicle furnished for the regular use of the insured or a resident of his or her household.

5. In Part IV, replace the definition of **"insured"** as follows: "Insured" means the named insured and any relative of the named insured.

6. In Part IV, add to Exclusions:

(o) to any injury occurring to any person arising out of the operation, use or maintenance of a vehicle owned by or furnished for the regular use of the named insured, or of a person residing in the household of the named insured.

7. In Part V, replace the definition of **"insured"** as follows:

"Insured means the named insured and any relative of the named insured.

8. In Part V, add to Exclusions:

(l) to injuries arising out of the operation, use or maintenance of a motor vehicle owned by or furnished for the regular use of the named insured or of a person residing in the household of the named insured.

9. **Other Insurance.** This insurance shall be excess insurance over any other valid and collectible insurance or self insurance. This provision replaces all "other insurance" provisions of this policy.

10. The provisions of this Part control to the extent that there is any discrepancy or contradiction between the provisions of this Part and those of any other Part or Condition of the policy.

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 a private passenger, farm or utility automobile, he shall inform the Company in writing within thirty (30) days of such change. If the named insured acquires ownership of an additional private passenger, farm or utility automobile, he shall inform the Company in writing within thirty (30) days 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. If the insured complies with the notification provisions of this section, any additional premium shall be paid promptly. Failure to comply with this section will deem the additionally acquired automobile(s) 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 operator residing in the insured's household, "resident operator" or any "regular operator" of an insured automobile, other than an excluded operator who is not named on the declaration 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 to the correct rate class effective:

- (1) on the inception date of the policy if such person was a "resident operator" or "regular operator" as of the inception date of the policy; or
- (2) on the date such person became a "resident operator" or "regular 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 declaration page as an insured or operator or had such person been disclosed to the Company as an operator or driver when such person became a resident operator or regular 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 vehicle 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 vehicle

For purposes of Condition 2., "resident operator" means any person who resides in the insured's household and who at any time during the policy period uses or operates an insured automobile, and "regular operator" means any person who operates an insured automobile which is furnished for his/her regular use.

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 that 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" vehicle 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 there has been any action taken by a claimant or third party which would prejudice the Company's rights, 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 injuries or property damage, said lawsuit to be maintained and prosecuted with due diligence until final judgment.

6. Action Against Company - Part 1. 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 and IV. 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 nor, under Part III, until thirty days after proof of loss is filed and the amount of loss is determined as provided in this policy nor, 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 years after the date of the accident or six months after the entry of such court order of rehabilitation or liquidation by reason of insolvency. For purposes of this policy, arbitration is commenced against the Company only when the Company receives a written demand for arbitration.

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 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 vehicle 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. 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.

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.

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.

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.

16. Assignment. Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon; if, however, the insured named in item 1 of the declarations, or his spouse if a resident of the same household, shall die, this policy shall cover (1) the survivor as named insured, (2) his legal representative as named insured, but only while acting within the scope of his duties as such, (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 Division 1 of Part II any person who was a relative at the time of such death.

17. Cancellation. This policy may be cancelled by the insured named in Item 1 of the Declaration 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 insured named in Item 1 of 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 days or any policy which has been renewed except for the reasons set forth in Section 143.19 of the Illinois Insurance Code. No notice of cancellation of a policy to which Section 143.19 applies is effective unless mailed by the Company to the named insured at least 30 days prior to the effective date of cancellation; however, where cancellation is for non-payment of premium, at least 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 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 insured named in Item 1 of the declarations 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 vehicle 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.

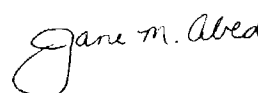
19. Fraud and Misrepresentation. Statements contained in the application are deemed to be representations relied upon by the Company in issuing this policy. If any representation contained in the application is false, misleading or materially affects the acceptance or rating of this risk by the Company, 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.

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

Secretary



President



IL-POL (01/02)

