

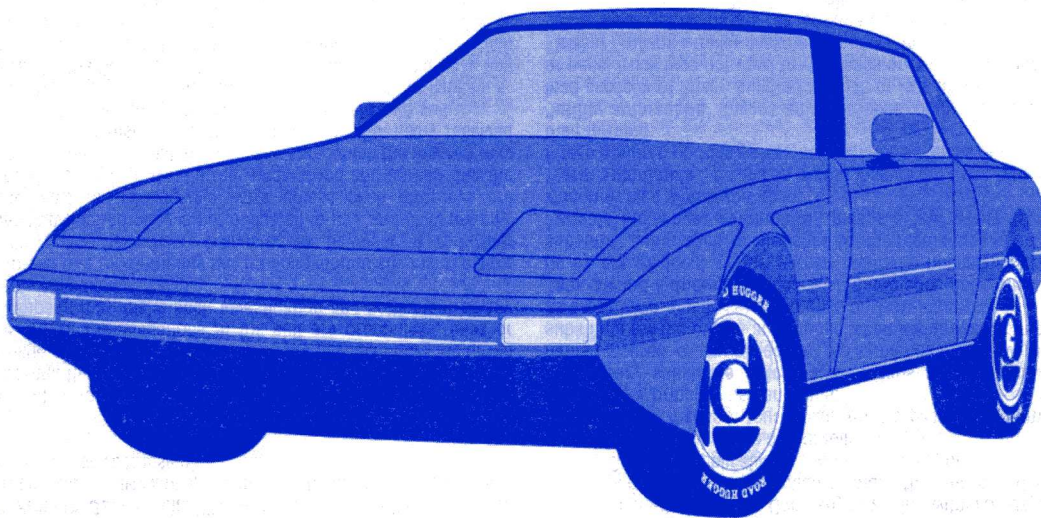


Universal Casualty Company

*150 Northwest Point Blvd., Suite 200
Elk Grove Village, Illinois 60007*

FAMILY COMBINATION AUTOMOBILE POLICY ILLINOIS

PLEASE READ YOUR POLICY AND ATTACHED APPLICATION AND IMMEDIATELY
REPORT ANY ERRORS DIRECTLY TO THE COMPANY IN WRITING



NOTICE—This policy has been issued based upon the reliance of the statements on the application which is attached hereto. **Read it Carefully** and notify the Company immediately (through your producer) of any misinformation or changes that may occur.

Universal Casualty Company

ELK GROVE VILLAGE, 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 premium and in reliance upon the statements in the application and Declarations and subject to all of the terms of this policy:

PART I – LIABILITY

Bodily Injury Liability; Property Damage Liability. To pay on behalf of the insured, but only to the extent of the applicable policy limits, 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 ownership, maintenance or use of the owned automobile or any non-owned automobile, and the Company shall defend any suit alleging such bodily injury or property damage and seeking damages which are payable under the terms of this policy, even if any of the allegations of the suit are groundless, false or fraudulent, but the Company may make such investigation and settlement of any claim or suit as it deems expedient.

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

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

- (a) all expenses incurred by the Company, all costs taxed against the insured in any such suit, and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the Company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the Company's liability thereon;
- (b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments for amounts not in excess of the applicable limits of liability of this policy and the cost of bail bonds required of the insured because of accident or traffic law violation arising out of the use of an automobile insured hereunder, not to exceed \$100 per bail bond, but without any obligation to apply for or furnish any such bonds;
- (c) expenses incurred by the insured for such immediate medical and surgical relief to others as shall be imperative at the time of an accident involving an automobile insured hereunder and not due to war;
- (d) all reasonable expenses, other than loss of earnings, incurred by the insured at the Company's request.

Persons Insured. The following are insureds under Part I:

- (a) With respect to the owned automobile:
 - (1) the named insured; or
 - (2) any other person, but only with respect to a private passenger automobile, provided the person using such automobile has received the permission of its owner and the use is within the scope of such permission.
- (b) With respect to a non-owned automobile:
 - (1) the named insured, provided the named insured received permission of its owner, and the use is within the scope of such permission; or
 - (2) a relative, but only with respect to a private passenger automobile, provided the person using such automobile has received the permission of its owner and the use is within the scope of such permission.
- (c) Any other person or organization legally responsible for the use of
 - (1) an owned automobile; or
 - (2) a non-owned automobile, if such automobile is not owned or hired by such person or organization, provided the actual use thereof is by a person who is an insured under (a) or (b) above with respect to such owned automobile or non-owned automobile.

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

Definitions. Under Part I:

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

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

"relative" means a person related to the named insured by blood, marriage or adoption and who is a resident of the named insured's household and is either not licensed as a driver or is listed on the application for this insurance as a driver, provided neither such relative nor the spouse of such relative owns a private passenger automobile;

"owned automobile" means:

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

insured notifies the Company in writing within 30 days after the date of such acquisition of his election to make this and no other policy issued by the Company applicable to such automobile; or

- (c) a temporary substitute automobile;

"automobile" means a four wheel, private passenger, farm or utility automobile, designed for principal use on roads;

"temporary substitute automobile" means any 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;

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

"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;

"trailer" means a trailer designed for use with a private passenger automobile, if not being used for business or commercial purposes with other than a private passenger, farm or utility automobile, or a farm wagon or farm implement while used with a farm automobile, and if not a home, office, store, display or passenger trailer;

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

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

"war" means war, whether or not declared, civil war, insurrection, riot, 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 residing in the same household as the insured where the person against whom suit is brought is also a member of that household, except where said suit is brought as an action for contribution. This exclusion is not applicable when any person not in the household of the insured was driving the vehicle of the insured involved in the accident which is the subject of the claim or lawsuit;
- (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 arising out of the operation of farm machinery;
- (e) to bodily injury or sickness, disease or death of any fellow employee of the insured injured in the course of his employment if such injury arises out of the use of an automobile in the business of his employer, but this exclusion does not apply to the named insured with respect to injury sustained by any fellow employee;
- (f) to bodily injury to any employee of the insured arising out of and in the course of his employment by the insured, but this exclusion does not apply to any such injury arising out of and in the course of domestic employment by the insured unless benefits therefor are in whole or in part either payable or required to be provided under any workmen's compensation law;
- (g) to an owned automobile while used in the automobile business, but this exclusion does not apply to the named insured, a relative, a partnership in which the named insured or such relative is a partner, or any partner, agent or employee of the named insured or such relative or partnership;
- (h) to a non-owned automobile while used (1) in the automobile business by the insured or (2) in any other business or occupation of the insured except a private passenger automobile operated or occupied by the named insured or by his private chauffeur or domestic servant, or a trailer used therewith or with an owned automobile;
- (i) to injury or destruction of (1) property owned or transported by the insured or (2) property rented to or in the 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. An automobile rented to the insured shall be considered property in the charge of the insured;
- (j) to any automobile, farm automobile or utility automobile, or any other type of motor vehicle, rented or leased by the insured where other valid and collectible insurance has been purchased by or furnished to the insured in connection with such rental or lease;
- (k) to bodily injury or property damage with respect to which an insured under the policy is also 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 insured

under any such policy but for its termination upon exhaustion of its limit of liability;

- (l) to any automobile designed for racing while being tested, repaired or serviced, or to any automobile or motor vehicle while used, operated, manipulated or maintained in any prearranged or organized race or speed test, including "hot rod" or "stock car racing";
- (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) regardless of any other provision of this policy, this policy does not provide for the payment of punitive or exemplary damages. Except that if a suit shall have been brought against the insured with respect to a claim for both compensatory and punitive or exemplary damages, then the Company will afford a defense to such action without liability for payment for such punitive or exemplary damages;
- (p) while any automobile is pushing or pulling another automobile or vehicle or is being pushed or pulled by another automobile or vehicle except for a trailer rented by an insured;
- (q) to any person operating the owned automobile or a non-owned automobile without a reasonable belief that he or she is entitled to do so.

Non-Owner Policy. If this policy is written as a **Non-Owner Policy** as shown on the Declaration Page, it is agreed that such insurance as is afforded for Bodily Injury and Property Damage only applies with respect to the use of any "non-owned automobile," and not any "owned automobile" by the named insured and his/her spouse, if a resident of the same household subject to the following provisions:

- (1) The definitions of "**non-owned automobile**" and "**insured**" are changed under this Part 1 to read: "**non-owned automobile**" means an automobile not owned by or furnished for the regular use of the named insured or his/her spouse or any other member of the household; "**insured**" means the named insured and his/her resident spouse.
- (2) This policy does not apply to any automobile owned by or furnished or available for the regular use of the named insured or of any person who is a resident of the named insured's household.
- (3) This insurance shall be excess over any other valid and collectible insurance.

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 the 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

PART II - FAMILY PROTECTION COVERAGE (UNINSURED MOTORIST COVERAGE)

Family Protection (Damages for Bodily Injury). To pay all sums which the insured or his legal representative shall be legally entitled to recover as damages from the owner or operator of an uninsured automobile because of property damage to an automobile described in the Declarations of this policy and bodily injury, including death resulting therefrom, hereinafter called "bodily injury", sustained by the insured, caused by accident and arising out of the ownership, maintenance or use of such uninsured automobile, provided, for the purposes of this coverage, determination of 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. This part shall apply to "property damage" only if a specific premium is paid for uninsured motorist property damage coverage and is so indicated in Uninsured Motorist (Damage to Property) on the Declarations.

No judgment against any person or organization alleged to be legally responsible for the bodily injury or property damage shall be conclusive, as between the insured and the Company, of the issues of liability of such person or organization or of the amount of damages to which the insured or his representative is legally entitled unless such judgment is entered pursuant to an action prosecuted by the insured with the consent of the Company. If the Company directs the insured to file suit to protect potential subrogation rights of the Company, said suit shall not be deemed to be a suit prosecuted by the insured for the purpose of binding the Company on the issue of liability or damages unless specifically so stated by the Company in writing.

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

"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/she 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 II 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) a private passenger, farm or utility automobile described in this policy;
- (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; that neither the named insured nor any resident of his/her household retains ownership of the described replaced automobile, and that the named insured notified the Company in writing within 30 days after the acquisition of his intention to make this policy applicable to such acquired replacement automobile;
 - (2) that the Company insures all private passenger, farm and utility automobiles owned by the named insured on the date of such acquisition and the named insured notifies the Company in writing within 30 days after the date of such acquisition of his election to make this and no other policy issued by the Company applicable to such automobile; or
- (c) a temporary substitute automobile for an insured automobile as defined in (a) or (b) above; and

event in excess of the limits of liability stated in the Declarations as applied 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 limit of the Company's liability for all damages, including damages for care and loss of services, arising out of bodily injury sustained by one person as the result of any one occurrence, the limit of such liability stated in the Declarations as applicable to "each occurrence" is, subject to the above provision respecting each person, the total limit of the Company's liability for all such damages arising out of bodily injury sustained by two or more persons as the result of any one occurrence.

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

Definition of Limits of Liability for multiple vehicles insured by and/or multiple policies issued by the Company. The total limit of the Company's liability to or on behalf of an insured arising out of the ownership, maintenance or use of a vehicle described in the Declarations of this policy or in the Declarations of any other policy issued to such insured by the Company shall be the limit as stated with respect to that vehicle on the Declarations of the policy on which that vehicle is described. For a covered claim not arising out of the ownership, maintenance or use of a vehicle described in the Declarations of this or of any other policy issued to the insured by the Company, the limit of the Company's liability shall be the highest limit for any one vehicle as stated on the Declarations on any one policy issued by this Company providing such coverage. The limits of the Company's liability as defined in this part shall not be increased or "stacked" if the Company insures more than one vehicle under this or another policy or policies with the insured.

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; 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.

- (d) a non-owned automobile while being operated by the named insured, and the term "insured automobile" includes a trailer while being used with an automobile described in (a), (b), (c) or (d) above, 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 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 no bodily injury 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 said bond or insurance policy has limits less than that required by the Illinois Financial Responsibility Law;

- (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 Company has received a written claim under this provision by or on behalf of the insured 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 this policy's exclusion for claim: received by the Company more than two (2) years after the accident, this provision shall control;

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 insured automobile to which Part I of the policy applies and liability coverage is excluded for damage sustained in the 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, state, a political subdivision of any such government or an agency of any of the foregoing;
- (4) a land motor vehicle or trailer if operated on rails or crawler-treads or while located for use as a residence or premises and not as a vehicle; or
- (5) a farm type tractor or equipment designed for use principally off public roads, except while actually upon public roads.

"hit-and-run automobile" means an automobile which causes bodily injury to a insured arising out of physical contact of such automobile with the insured or with a automobile which the insured is occupying or any other vehicle which in turn has physical contact with the insured or with any 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/her behalf shall have reported the accident within 24 hours to a police, peace or judicial officer or to 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 damage

against a person or persons whose identity is ascertainable 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.

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

Exclusions. This policy does not apply to Part II:

- (a) to bodily injury to an insured with respect to which such insured, his legal representative or any person entitled to payment under this coverage shall, without written consent of the Company, make any settlement with any person or organization who may be legally liable therefor;
- (b) so as to inure directly or indirectly to the benefit of any worker's compensation or disability benefits insurer or any person or organization qualifying as a self-insurer under any worker's compensation or disability benefits law or any similar law, provided, however, that there shall be no setoff or exclusion under this policy for amounts paid as disability benefits by the Social Security Administration or by any similar state or federal agency;
- (c) to any claim under this Part not received in writing by the Company within 2 years of the date of the accident;
- (d) 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 prearranged or organized race or speed contest; or while operating or occupying any two or three wheeled motor driven vehicle;
- (e) to any claim for punitive or exemplary damages against the driver of an uninsured automobile;
- (f) to bodily injury, sickness, disease or death resulting therefrom of an insured while occupying a motor vehicle owned by or furnished or available for the regular use of the insured, a resident spouse or resident relative, if that motor vehicle is not described in this policy under which a claim is made or is not a newly acquired or replacement motor vehicle covered under the terms of this policy;
- (g) to any person operating or occupying the owned automobile or a non-owned automobile without a reasonable belief that he or she is entitled to do so;
- (h) to any claim under this Part for which the Company has not received a written demand for arbitration within 2 years of the date of the accident;
- (i) to any claim for property damage if the owner or operator of the at-fault uninsured motor vehicle or hit-and-run motor vehicle cannot be identified;
- (j) to any claim for property damage for which this policy does not provide primary motor vehicle liability insurance for liabilities arising from the maintenance, operation, or use of a specifically insured motor vehicle;
- (k) to any property damage not caused by actual physical contact of an uninsured motor vehicle with the insured automobile;
- (l) to any property damage claim for loss of use of the insured motor vehicle; or
- (m) to any property damage claim for loss of use of or damage to any personal property located in the insured motor vehicle, provided, however, that this exclusion shall not apply to a child restraint system which was in use by a child at the time of the accident.

Limits of Liability.

- (a) The limit of liability for family protection coverage stated in the Declarations as applicable to "each person" is the limit of the Company's liability for all damages, including damages for care or loss of services because of bodily injury sustained by one person as the result of any one accident, and subject to the above provision respecting each person, the limit of liability stated in the Declarations as applicable to "each accident" is the total limit of the Company's liability for all damages, including damages for care or loss of services because of bodily injury sustained by two or more persons as the result of any one accident. If this policy contains coverage for uninsured motorist property damage, then the limit of the Company's liability shall be \$15,000 for all uninsured motorist property damage incurred in any one accident, subject to a deductible of \$250. Uninsured motorist property damage coverage shall only apply if the automobile described in this policy is designed for use on public highways and is either required to be registered in Illinois or is principally garaged in Illinois and is not covered by collision insurance under this 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 uninsured automobile and (ii) any other person or organization jointly or severally liable together with such owner or operator for such bodily injury including all sums paid under Bodily Injury Liability, and (2) the amount paid and the present value of all amounts payable on account of such bodily injury under any workmen's compensation law, disability benefits law or any similar law.
- (c) Any payment made under this Part to or for any insured shall be applied in reduction of the amount of damages which the insured may have been entitled to recover from any person insured under Bodily Injury Liability.
- (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 uninsured automobile which represents expenses for medical services paid or payable under Part IV.
- (e) If more than one policy issued by this Company applies to this part, the total limit of this Company's liability under all such policies shall not exceed the amount applicable under only one policy.

PART III - UNDERINSURED MOTORIST COVERAGE

Underinsured Motorist. To pay all sums which the insured or his legal representative shall be legally entitled to recover as damages from the owner or operator of an underinsured motor vehicle because of bodily injury, including death

(f) It is agreed between the insured and the Company that in no event shall the total limit of the Company's liability exceed the limits set forth in the Declaration regardless of the number of vehicles insured under the policy or the separate itemization of premiums therefor, and that coverage under this section shall not be "stacked" with any other similar or identical coverage that may be issued under this policy, including underinsured motorist coverage (Part III).

(g) Uninsured motorist coverage does not apply nor is it applicable to any accident or loss where the insured has underinsured motorist coverage which applies to such accident or loss.

Definition of Limits of Liability for multiple vehicles insured by and/or multiple policies issued by the Company. The total limit of the Company's liability to or on behalf of an Insured arising out of the ownership, maintenance or use of a vehicle described in the Declarations of this policy or in the Declarations of any other policy issued to such Insured by the Company shall be the limit as stated with respect to that vehicle on the Declarations of the policy on which that vehicle is described. For a covered claim not arising out of the ownership, maintenance or use of a vehicle described in the Declarations of this or of any other policy issued to the Insured by the Company, the limit of the Company's liability shall be the highest limit for any one vehicle as stated on the Declarations on any one policy issued by this Company providing such coverage.

Other Insurance. With respect to bodily injury to an insured while occupying an automobile which is not an owned automobile under this policy, Part II shall not apply, and the limits for any coverage for any vehicle under this policy may not be aggregated or stacked with the limits for any similar coverage, whether provided by the Company or provided by another insurer, applying to other motor vehicles, for purposes of determining the total limit of insurance coverage available for bodily injury or death suffered by a person in any one accident.

Except as provided in the foregoing paragraph, if the insured has other similar insurance available to him and applicable to the accident, the damages shall be deemed not to exceed the higher of the applicable limits of liability of this insurance and such other insurance, and the Company shall not be liable for a greater proportion of any loss to which this coverage applies than the limit of liability hereunder bears to the sum of the applicable limits of liability of this insurance and such other insurance.

Arbitration. Any dispute with respect to the liability of an uninsured motorist under this coverage or the amount of damages payable 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. As to any issue for which the American Arbitration Association rules do not provide a rule for the admission of evidence, then the rules of evidence applicable to that issue as used in Illinois courts and as modified in the Illinois Insurance Code shall apply. 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. 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 Illinois county in which the insured resides and in accordance with the usual rules governing procedure and admission of evidence in the Illinois circuit court. If the person making claim is not an Illinois resident, then the arbitration shall take place in any Illinois county in which the Company has an office. 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. Any decision in a claim for uninsured motorist bodily injury benefits made by the arbitrators shall be binding for the amount of damages not exceeding \$50,000 for bodily injury to or death of any one person, \$100,000 for bodily injury to or death of 2 or more persons in any one motor vehicle accident, or the corresponding policy limits for bodily injury or death, whichever is less. No arbitrator shall have authority to award punitive damages or attorney fees.

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

- (a) the Company shall be entitled, to the extent of such payment, to the proceeds of any settlement or judgment that may result from the exercise of any rights of recovery of such person against any person or organization legally responsible for the bodily injury because of which such payment is made;
- (b) such person shall hold in trust for the benefit of the Company all rights of recovery which he/she 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 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.

resulting therefrom, hereinafter called "bodily injury", sustained by the insured, caused by accident and arising out of the ownership, maintenance or use of such underinsured motor vehicle, provided for the purposes of this coverage,

determination of whether the insured or such representative is legally entitled to recover such damages and if so the amount thereof, shall be made by agreement between the insured or such representative and the Company or, if they fail to agree, by arbitration. No judgment against any person or organization alleged to be legally responsible for the bodily injury shall be conclusive, as between the insured and the Company, of the issues of liability of such person or organization or of the amount of damages to which the insured is legally entitled unless such judgment is entered pursuant to an action prosecuted by the insured with the written consent of the Company. The Company shall not be obligated to pay under this coverage until after the limits of liability under all applicable bodily injury bonds or policies or other applicable security have been exhausted by payment of judgments or settlements.

Definitions. The definitions under Part I apply under this Part III and the following also apply under this Part III:

"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/she is entitled to recover because of bodily injury to which Part III applies sustained by an insured under (a) or (b) above. The insurance afforded under Part III applies 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 motor vehicle whose ownership, maintenance or use has resulted in bodily injury or death of the insured, as defined herein, and for which the sum of the limits of liability under all bodily injury liability insurance policies or under bonds or other security required to be maintained under Illinois Law applicable to the driver or to the person or organization legally responsible for such vehicle and applicable to the vehicle, is less than the limits for underinsured motorist coverage provided the insured as defined in this policy at the time of the accident.

However, "underinsured motor vehicle" does not include any vehicle:

- (1) Owned by or furnished or available for the regular use of the insured or any family member or person residing in the insured's household;
- (2) Owned by any governmental unit or agency;
- (3) Operated on rails or crawler treads;
- (4) Which is a farm type tractor or equipment designed mainly for use off public roads while not upon public roads;
- (5) While located for use as a residence or premises;
- (6) Owned or operated by a person qualifying as a self-insurer under any applicable motor vehicle law;
- (7) To which a bodily injury liability bond or policy applies at the time of the accident, but, the bonding or insuring company denies coverage or is or becomes insolvent;
- (8) Which is defined as an "uninsured automobile" under Part II.

Exclusions. - This policy does not apply under Part III:

- (a) To any person while occupying the owned automobile when it is being used to carry persons or property for a fee;
- (b) to any person operating or occupying the owned automobile or a non-owned automobile without a reasonable belief that he or she is entitled to do so;
- (c) so as to inure directly or indirectly to the benefit of any worker's compensation or disability benefits insurer or any person or organization qualifying as a self-insurer under any worker's compensation or disability benefits law or any similar law, provided, however, that there shall be no setoff or exclusion under this policy for amounts paid as disability benefits by the Social Security Administration or by any similar state or federal agency;
- (d) to any claim for which the Company has not received a written claim under this Part by or on behalf of the insured within 2 years of the date of the accident;
- (e) to any claim for which the Company has not received a written demand for arbitration under this Part before the later of: 2 years after the date of the accident or 6 months after the limits of liability or portion thereof under all bodily injury liability insurance policies, bonds or other security applicable to the underinsured motor vehicle and its operator have been partially or fully exhausted by payment of judgment or settlement;
- (f) to punitive or exemplary damages.

Limit of Liability.

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

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

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

- (d) Any amount otherwise payable for damages under this coverage shall be reduced by all sums paid or payable for bodily injury under any worker compensation law, disability benefits law or any similar law; except there shall be no reduction for disability benefits paid or payable by Social Security or by any similar state or federal agency.

Arbitration. If any person making claim hereunder and the Company do not agree that such person is legally entitled to recover damages from the owner or operator of an underinsured motor vehicle because of bodily injury to such insured, or do not agree on the amount recoverable under this Part, then the matter or matters upon which such person and the Company do not agree shall be determined by arbitration. Any demand for arbitration must be made in writing. The dispute may be submitted by either party to the American Arbitration Association for administration according to its Rules for arbitration of underinsured motorist claims. As a claim and the Company may each select an arbitrator, thereafter the two arbitrators shall select a third, disinterested arbitrator. If arbitration does not proceed in the American Arbitration Association and if the parties shall fail to agree on a third arbitrator, then either party may apply to the circuit court of the Illinois county in which the person making claim resides, or if he or she does not reside in Illinois then in any Illinois county in which the Company has an office, for appointment of a third arbitrator. Such action shall not require service of summons or complaint, but only service of a petition for appointment of third arbitrator and notice thereof. An arbitration hearing shall be held until such time as the amount actually paid to or for the person making claim from the liability insurer, bond or other security applicable to the underinsured motor vehicle and its operator has been determined; settlement or judgment. The three arbitrators shall thereafter hear and determine matters in issue. If three arbitrators are used, the award of any two shall determine the claim. The award of any two arbitrators shall be binding on the parties. If arbitrators shall not enter an award in excess of the policy limits for this coverage subject to the Limit of Liability as stated in this Part. To the extent that an arbitrator award exceeds the coverage amount stated in the Declarations subject to the Limit of Liability as stated in this Part, the amount of the award which exceeds coverage amount stated in the Declarations subject to the Limit of Liability shall be void but the remaining portion of the award shall be binding on the parties. If arbitration does not proceed in the American Arbitration Association, then hearing shall be conducted according to the usual rules of evidence current in the Illinois court for the county in which the arbitration is conducted and each party shall bear his, her or its own attorney fees and costs and the fees and costs of his, her or its arbitrator and each party shall share equally the fees and costs of the arbitrator. The arbitrator(s) shall have no authority to award punitive damage attorney fees.

Other Insurance - With respect to bodily injury to an insured while occupying automobile not owned by the named insured, the insurance under Part III shall apply only as excess insurance over any other similar insurance available to such insured and applicable to such automobile as primary insurance and that this insurance 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 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 proportion of any loss to which this coverage applies than the limit of liability hereupon bears to the sum of the applicable limits of liability of this insurance and such other insurance.

Medical Payments. To pay the 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 the 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 expense of funeral services is also covered under this Part.

Division 1. To or for the named insured and each relative who sustains bodily injury, sickness or disease, including death resulting therefrom, hereinafter called "bodily injury," caused by accident, while occupying or through being struck by an automobile.

Division 2. To or for any other person who sustains bodily injury caused by an accident while occupying:

- (a) the owned automobile, while being used by an insured; or
- (b) a non-owned automobile, if the bodily injury results from its operation by an insured, provided that no such payment shall be made unless the person to or for whom such payment is made shall have executed a written agreement that the amount of such payment shall be applied toward the settlement of any claim or the satisfaction of any judgment for damages entered in his favor, against any insured because of bodily injury arising out of an accident to which the Liability Coverage applies.

Definitions. Definitions under Part I apply to Part IV, and under Part IV:

"Occupying" means in or upon or entering into or alighting from.

Exclusions. This policy does not apply under Part IV to bodily injury, sickness, disease or death:

- (a) sustained while occupying (1) an owned automobile while used as a public or livery conveyance, or (2) any vehicle while located 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, or (ii) a vehicle operated on rails or crawler-tread;
- (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 other business or occupation, except operation or occupancy of a private passenger automobile by the named insured or by his private chauffeur or domestic servant or of a trailer used therewith or with an 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 workmen's compensation law;
- (e) to injury, sickness, disease, death or loss due to war, riot or civil commotion;
- (f) to the extent that any medical expense is paid or payable to or on behalf of the injured person under the provisions of any (i) automobile or premises insurance affording benefits for medical expenses, (ii) individual, blanket or group accident, disability, hospitalization insurance policy or plan, (iii) medical or surgical reimbursement, or (iv) workmen's compensation or disability benefits law or any similar law;
- (g) resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization;
- (h) arising out of the operation of any automobile insured under this policy, which is designed for racing while being tested, repaired or serviced, or to any

automobile or motor vehicle while used, operated, manipulated or maintained in any prearranged or organized race or speed test including "hot rod" or "stock car" racing;

- (i) 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 (30) days of such acquisition of his intention to make Part IV of this policy applicable to such automobile.
- (j) to any person operating or occupying the owned automobile or a non-owned automobile without a reasonable belief that he or she is entitled to do so.

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 issued by this Company applies to this part, the total limit of this Company's liability under all such policies shall not exceed the amount applicable under only one policy.

Definition of Limits of Liability for multiple vehicles insured by and/or multiple policies issued by the Company. The total limit of the Company's liability to or on behalf of an Insured arising out of the ownership, maintenance or use of a vehicle described in the Declarations of this policy or in the Declarations of any other policy issued to such Insured by the Company shall be the limit as stated with respect to that vehicle on the Declarations of the policy on which that vehicle is described. For a covered claim not arising out of the ownership, maintenance or use of a vehicle described in the Declarations of this or of any other policy issued to the Insured by the Company, the limit of the Company's liability shall be the highest limit for any one vehicle as stated on the Declarations on any one policy issued by this Company providing such coverage.

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 IV, 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 two arbitrators so named shall select a third arbitrator. The three arbitrators so selected shall hear and determine the questions in dispute. Any decision made by the arbitrators shall be binding for the amount decided by the arbitrators to be payable hereunder not exceeding the limits of liability for Medical Payments 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 the limit of liability, 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/her 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.

Other Insurance. If there is other automobile medical payments insurance against a loss covered by Part IV 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 of all valid and collectible automobile medical payments insurance; provided, however, the insurance with respect to a temporary substitute automobile or non-owned automobile shall be excess insurance over any other valid and collectible automobile medical payments insurance.

PART V — PHYSICAL DAMAGE

Comprehensive (excluding Collision). At the Company's option, and subject to the Limits of Liability, to pay to or for the insured to replace the owned automobile or to pay to or for the insured the cost of repair of loss to the owned automobile or part thereof caused other than by collision, but only for the amount in excess of the deductible. 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 shall not be deemed to be loss caused by collision.

Collision. At the Company's option, and subject to the Limit of Liability, to pay the actual cash value or to replace the owned automobile if deemed by the Company a total loss caused by collision or to pay to or for the insured the cost of repair of loss to the owned automobile or part thereof caused by collision but only for the amount in excess of the deductible.

Deductible: The deductible amount stated on the Declaration Page shall be applicable to each individual loss, regardless of whether the Insured reports the loss to the Company or a claim is made for the loss under the policy.

Definitions. The definitions of "named insured," "relative," "owned automobile," "temporary substitute automobile," "private passenger automobile," "farm automobile," "utility automobile," "automobile business" and "war" in Part I apply to Part V, and under Part V.

"Insured" means (a) with respect to the owned automobile (1) the named insured and (2) any person or organization, other than a person or organization engaged in the automobile business or as a carrier or other bailee for hire, maintaining, using or having custody of said automobile with the permission of the named insured; (b) with respect to a non-owned automobile, the named insured and any relative provided the actual use thereof is with the permission of the owner.

"non-owned automobile" means an automobile not owned by or furnished for the regular use of either the named insured or any relative, other than a temporary substitute automobile, while said automobile is in the possession or custody of the insured or is being operated by him.

"loss" means direct and accidental physical damage to the automobile or its parts,

including any child restraint system that was in use by a child during an accident to which this coverage applies, but "loss" does not include diminution in value.

"collision" means an upset of the owned automobile or a physical contact between the owned automobile and another motor vehicle, physical object or person. Collision does not include (1) breakage of glass or (2) loss caused by missiles, falling objects, fire, theft, larceny, explosion, earthquake, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion.

"trailer" means a trailer designed for use with a private passenger, farm or utility automobile, and if not a home, office, store, display or passenger trailer.

"forcible entry" means unauthorized entry to the vehicle and use of actual force or tampering to operate it evidenced by marks or damage to the ignition, ignition locks, steering locks, or other security devices installed to prevent operation by unauthorized persons.

"hit and run automobile" means an automobile which causes damage to an insured automobile arising out of physical contact of such automobile with the insured automobile 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/her behalf shall have reported the accident promptly to the Company and shall have filed with the Company within thirty 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.

"damage" means physical damage to tangible property and does not include intangible economic loss such as diminution in value.

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

"non-original equipment manufacturer (Non-OEM) aftermarket crash part"

means an aftermarket crash part not made for or by the manufacturer of the motor vehicle.

"like kind and quality part" includes, but is not limited to, a replacement part for any vehicle obtained from another vehicle.

"repair" means the physical repair or replacement of damaged property or parts thereof in a workmanlike manner but does not mean restoration to pre-accident value or condition.

"diminution in value" means the actual or perceived decrease of market or resale value of an automobile, or part thereof, measured after repair of physical damage.

Exclusions. This policy does not apply under Part V:

- (a) to any automobile while used as a public or livery conveyance;
- (b) to loss of equipment which is not available from the manufacturer of the automobile named in the policy for that make, model, and model year; provided, however, that this exclusion shall not apply to any child restraint system that was in use by a child during an accident to which this coverage applies;
- (c) to loss due to war, riot or civil commotion;
- (d) to loss to a non-owned automobile arising out of its use by the insured in the automobile business;
- (e) to loss to a private passenger, farm or utility automobile or trailer owned by the named insured and not described in this policy or to any temporary substitute automobile therefore, if the insured has other valid and collectible insurance against such loss;
- (f) to damage which is due and confined to wear and tear, freezing, mechanical or electrical breakdown or failure, unless such damage results from a theft covered by this policy;
- (g) to tires, unless damaged by fire, malicious mischief, vandalism, stolen or unless loss be coincident with and from same cause as other loss covered by this policy;
- (h) to loss due to radioactive contamination;
- (i) under Collision, to breakage of glass if insurance with respect to such breakage is otherwise afforded;
- (j) to loss to any automobile designed for racing while being tested, repaired or serviced or to any automobile or motor vehicle while used, operated, manipulated or maintained in any prearranged or organized race or speed test, including "hot rod" or "stock car" racing;
- (k) to loss of or damage to any device or instrument designed for the recording, reproduction, receiving or transmittal of sound, radiowaves, microwaves or television signals unless such device or instrument is permanently installed in the dash or console opening specified by the manufacturer of the motor vehicle for the installation of such equipment;
- (l) to loss of or damage to any tape, wire, record disc or other medium for use with any device or instrument designed for the recording, reproduction, or recording and reproduction of sound;
- (m) to loss 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 (30) days of such acquisition, of his election to make Part V of this policy applicable to such automobile;
- (n) to loss due to theft under Comprehensive Coverage of Part V (1) if there is no evidence that forcible entry was required to operate or move the automobile, (2) if the key or keys to the automobile were left in or on the automobile, or (3) if evidence indicates that the ignition wiring was not altered or the ignition cylinder was not forced or altered to allow the operation of the automobile without keys. However, this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of a pattern of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss. In such instance, payment to the innocent co-insured shall be limited to his or her ownership interest in the property as reduced by any payments to a mortgagor or other secured interest;
- (o) to loss to any custom furnishings or equipment in or upon any pick-up, panel truck or van, including, but not limited to, special carpeting, insulation, furniture, bars, television receivers, facilities for cooking or sleeping, height-extending roofs, custom murals, painting or other decals or graphics;
- (p) 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;
- (q) 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 (30) days of such acquisition, of his intention to make Part V of this policy applicable to such automobile;

(r) to diminution in value to any vehicle.

Limit of Liability Subject to the deductible stated on the Declarations, the Company's liability under Part V, except for non-owned trailers, 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, new parts from 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 stolen or damaged property at the time of the accident with like kind and quality property less depreciation.

Supplementary Payments. In addition to the applicable limit of liability:

- (a) to reimburse the insured for transportation expenses not exceeding \$5 per day or totaling more than \$150, incurred during the period commencing seventy-two (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 named insured or Company or on such earlier date as the Company tenders settlement for such theft.

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.

- (b) to pay general average and salvage charges for which the insured becomes legally liable as to the automobile being transported.

The Company's liability for loss under Part V for non-owned trailers shall not exceed \$500.00. The Company's limit of liability for personal effects arising out of any one occurrence is \$100.00.

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 amount calculable under the Limit of Liability of this policy bears to the total of all valid and collectible insurance against such loss; provided, however, that with respect to a temporary substitute automobile or non-owned automobile, this insurance shall be excess over any other valid and collectible insurance or self insurance.

Towing: The Company will pay for towing and labor charges necessitated by the disablement of an owned automobile not to exceed *the coverage limit for towing stated in the Declarations*, provided, that towing is to the nearest point at which the disablement can be remedied and the labor is performed at the place of disablement.

Rental Reimbursement - Collision Coverage. It is agreed commencing 48 hours after direct or accidental loss or damage to the insured automobile (hereinafter called loss), caused by collision of the automobile which is timely reported to the Company and covered by the Company, the expense incurred with a maximum daily reimbursement benefit as specified on the Declarations for a maximum period of fifteen (15) days (excluding mileage charge) for the rental of a substitute automobile while the insured automobile is in the custody of a licensed business, garage or facility for repairs.

Exclusions. Rental reimbursement does not apply:

- (a) if a collision occurs while any driver of the insured automobile is intoxicated or under the influence of any narcotic unless administered at the advice of a physician;
- (b) if a collision occurs while the automobile is rented by or on behalf of insured; or
- (c) if the automobile is in control of an excluded operator.

1. **Reimbursement:** is limited to expenses incurred during a period commencing at 12:01 AM on the day following the date the named insured delivers the owned automobile to the garage for repairs.

2. **Coverage Terminates:** on the date of reasonably satisfactory completion of repairs or the date the Company and the named insured agree the automobile is a total loss but in no event later than 12:01 AM of the fifteenth day including the first date of reimbursement.

Payment of Loss. At the Company's option, the Company may pay to the insured for loss in money or provide a substitute form of transportation. In no event shall a claim for rental reimbursement be accepted by the Company unless a verified, itemized statement of rental charges is supplied by the insured within thirty (30) days after the date of loss from a licensed or recognized automobile rental agency or business. This insurance is applicable in addition to any other valid or collectible collision insurance available to the insured.

CONDITIONS

(Unless otherwise noted, Conditions apply to all Parts)

1. Policy Period, Territory. This policy applies only to accidents, occurrences and losses 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 a successive policy period by payment of the required premium to the Company on or before the effective date of such 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/she shall inform the Company in writing within 30 days of such change. If the named insured acquires ownership of an additional private passenger, farm or utility automobile, he/she shall inform the Company in writing within thirty days following the date of its delivery of his election to make this policy applicable to such owned automobile. 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 or trailers 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 Declarations page or on the application 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" if such person became a "resident operator" or "regular operator" during the policy period;

and the named insured will be liable for the full amount of the loss. If the named insured has been charged for that coverage had such person been named on the Declaration page or on the application as an insured or operator, had the insured disclosed such person to the Company as an operator or driver when such person became a resident operator or regular operator. Plus, the insured will be liable for an additional surcharge equal in amount to two hundred percent (200%) of the total amount of the premium that would have been charged for coverage had such person been named on the application as an operator, or had the insured disclosed such person 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 Coverage of this policy, and the repair or replacement cost of the insured vehicle minus the deductible shall be less than the additional premium plus two hundred percent (200%) surcharge, as stated above, 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.

If the presence of an undisclosed driver in the insured's household was made with intent to deceive or materially affected either the acceptance of the risk or the hazard assumed by the Company, the Company will exercise its option to declare this policy void under this Condition only during the first policy term or the first year of the policy, whichever is less. This limitation is without prejudice to the Company's right to assess additional premium and surcharge under this Condition.

3. Notice. In the event of an accident, occurrence or loss, written notice containing particulars sufficient to identify the insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and address of the insured and of available witnesses, shall be given by or for the insured to the Company or any of its authorized agents as soon as practicable. A claim seeking recovery against the Company under Part II for an accident with a hit-and-run driver must be filed within 30 days of the accident; all other claims seeking recovery against the Company under Part II must be filed within two (2) years of the accident. In the event of theft, the insured shall also promptly notify the police. If claim is made or suit is brought against an insured, he/she shall immediately forward to the Company every demand, notice, summons or other process received by him, his representative, or agent or served on him, his representative or agent. The Company will not be obligated to pay, and shall not pay under Part 1, unless the Company received actual notice of a lawsuit before a judgment had been entered in said suit. Under Part III, the insured shall notify the Company of claim no later than 2 years after the date of accident and shall do nothing without written consent of the Company to prejudice the Company's subrogation rights.

The policy shall be null and void and of no benefit or effect whatsoever as to any claim arising hereunder in the event that the attestations or statements in the application or in any claim against the Company shall prove to be false or fraudulent in nature.

If, before the Company makes payment of loss under Part II, the insured or his legal representative shall institute any legal action for bodily injury against any person or organization legally responsible for the use of an automobile involved in the accident, a copy of the summons and complaint or other process served in connection with such legal action shall be forwarded immediately to the Company by the insured or his legal representative.

4. Two or More Automobiles - Parts I, IV and V. When two or more automobiles are insured hereunder, the terms of this policy shall apply separately to each, but an automobile and a trailer attached thereto shall be held to be one automobile as respects limits of liability under Part I of this policy, and separate automobiles under Part IV of this policy, including any deductible provisions applicable thereto.

5. Assistance and Cooperation of the Insured. The insured shall cooperate with the Company and, upon Company's request, attend hearings and trials and assist in making settlements, including a giving notice of obtaining the attendance of witnesses and in the conduct of any legal proceedings in connection with the subject matter of this insurance. The insured shall not, in any way, cause, consent, or 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.

After the notice of claim under any part of this policy, the Company may require the insured to take such action as may be necessary or appropriate to preserve his right to recover damages from any person or organization alleged to be legally responsible for the bodily injury; and in any action against the Company, the Company may require the insured to join such person or organization as a part defendant.

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

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

Parts II, III, IV, and V. No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this policy, nor under Part V, until thirty days after proof of loss is filed and the amount of loss is determined as provided in this policy.

7. Medical Reports; Proof of Loss and Payment of Claim. The insured shall submit to the Company a written report of the nature and extent of the injury sustained by the insured or any other person named on the Declaration page or on the application as an insured or operator, or had the insured disclosed such person to the Company as an operator or driver when such person became a resident operator or regular operator. The insured person shall submit to physical examinations selected by the Company whenever requested by the Company.

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

8. Insured's Duties in Event of Loss - Part V. In the event of loss:

- promptly report any loss to the Company and, in the event of report the theft to the police;
- protect the automobile, whether or not the loss is covered by this policy. Reasonable expenses incurred in affording such protection deemed incurred at the Company's request;
- file with the Company, within 90 days after the date of the accident or loss in such form and including such information as the reasonably require and shall, upon the Company's request, exhibit property and submit to examinations under oath;
- in the event of a Hit and Run, the insured or someone on his behalf report the loss promptly to the Company.

9. Proof of Claim; Medical Reports - Part II and III. As soon as insured or other person making claim shall give to the Company written oath, if required, including full particulars of the nature and extent of treatment, and other details entering into the determination of the claim. The insured and every other person making claim shall submit under oath by any person named by the Company and subscribe to the same as may reasonably be required. Proof of claim shall be made upon by the Company unless the Company shall have failed to furnish such proof within 15 days after receiving notice of claim.

The injured person shall submit to physical examinations by physicians by the Company when and as often as the Company may reasonably require, or in the event of his/her incapacity his/her legal representative or his/her death his/her legal representative or the person or person therefor, shall upon each request for the Company execute authorizing the Company to obtain medical reports and copies of records.

10. Appraisal - Part V. If the insured and the Company fail to agree on the amount payable, then the dispute shall be decided by appraisal as between the insured and the Company shall each select a competent appraiser and the appraisers shall select a competent and disinterested umpire. The appraisers shall determine the actual cash value of the vehicle at the time of the loss and the amount payable to repair the damage under Part V and, failing their differences to the umpire. An award in writing of either the appraiser and the umpire shall determine the amount payable. The award shall specify the application of the deductible. The insured and the Company shall each pay his/her or its chosen appraiser and shall pay the other expenses of the appraisal and umpire. The Company shall not be held liable for any of its rights by any act relating to appraisal.

11. Payment of Loss. Any amount due is payable (a) to the insured if he is a minor, to his parent or guardian, or (b) if the insured is his/her surviving spouse, otherwise (c) to a person authorized by such payment to a person legally entitled to receive the same. If payment represents provided, the Company may at its option may, in accordance with division (d) hereof.

Part V. The Company may pay for loss under Part V to the insured the property or at the election of the Company to a licensed auto repair facility, or a loss payable under this policy, if the automobile is determined a total loss by the Company. The Company shall be liable to replace damaged or stolen property to the extent of its liability for stolen property to the named insured, the owner or the holder of the Declaration, with payment for any resultant damage to the subject conditions of this policy; or may take all or such part of the proper or appraised value but there shall be no abandonment to the Company may settle any claim for loss either with the insured or the property. If the insured or owner elects to have the automobile repaired at another licensed auto repair facility reasonably available, the Company may tender the amount payable under its estimate and the owner will be responsible to pay the difference to the repair facility choosing. If hidden or additional damage is identified, then the Company shall give an opportunity to estimate the cost of such additional repair a may tender such additional amount payable pursuant to its additional estimate.

12. No Benefit to Bailees - Part V. The insurance afforded by this policy shall not be payable to the benefit of any carrier or other bailee for loss to the automobile.

13. Subrogation. In the event of any payment under this policy, the insured 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 do whatever else is necessary to secure such rights. The Company shall have the right of subrogation under Underinsured Motorist Coverage where it is provided with written notice in advance of a settlement between the underinsured motorist, and the Company fails to advance a settlement in an amount equal to the tentative settlement within 30 days of such notice. The insured shall do nothing after loss to prejudice such recovery.

14. Changes. Notice to any agent or knowledge possessed by any other person shall not affect a waiver or a change in any part of this

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.

15. 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 appointment and qualification of such legal representative, and (4) under division 1 of Part IV, any person who was a relative at the time of such death.

16. Cancellation. This policy may be cancelled by the named insured by surrender thereof to the Company or by mailing to the Company written notice stating when thereafter the cancellation shall be effective; however, when cancellation is effected by a premium finance company pursuant to a power of attorney from the named insured the Company shall honor the date of cancellation as set forth in the request from the premium finance company without requiring the return of the insurance contract or contracts. This policy may be cancelled by the Company by mailing to the named insured at the last address of the named insured known to the Company written notice of cancellation stating the effective date of cancellation which shall be not less than 30 days from the date of mailing or, if cancellation is for non-payment of premium, not less than 10 days from the date of mailing of the notice of cancellation. In the event of any cancellation, the Company shall make a refund of unearned premium, calculated pro rata, but payment or tender of unearned premium is not a condition of the effective date of cancellation. The Company shall not exercise its right 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. 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.

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

17. Declarations. By the acceptance of this policy the insured named in Item 1 of the Declarations agrees that the statements contained in the application, a copy of which is attached to and forms a part of this policy, have been made by him/her or on his/her 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/her 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 embodies all agreements existing between himself/herself and the Company or any of its agents relating to the insurance. If there has been a misrepresentation or false warranty, made with actual intent to deceive or which materially affects either the risk or hazard assumed by the Company, made by the insured or in his/her behalf in the negotiation for this policy, or breach of condition of such policy, and if said misrepresentation or false warranty or breach of condition is stated in the policy or endorsement or rider attached thereto, or in the written application for this policy, then this policy shall be null and void and of no benefit, provided, however, that the Company, during the lesser of the first year of the policy or the first term of the

policy, rescinds the policy and declares the policy void. If the policy has been in effect more than the lesser of one year or the first policy term, then the Company shall not rescind this policy. Notwithstanding any other provision of this policy, this policy shall provide no coverage or benefit to any person who makes a fraudulent statement or omission or engages in fraudulent conduct with respect to any accident of loss for which coverage or a benefit is sought under this policy or any renewal of this policy.

18. Excluded Driver. If at the time of an accident a person is identified on the Declarations of this policy as an Excluded Driver or if that person is identified on an endorsement to the policy in effect at the time of the accident, and if the accident involves operation of any motor vehicle by such person, then, notwithstanding any other provision of this policy, no coverage of any kind under this policy is owing or payable by the Company to any person with respect to such accident and the Company is not obligated to defend any person in any legal action concerning the accident.

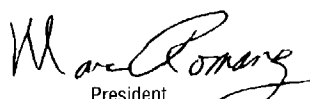
19. Loss Payee. Loss or damage, if any, under the policy shall be payable as interest may appear to the Loss Payee named in the Declarations provided this insurance as to such interest for any bailment lessor, conditional vendor, mortgagee or assignee of bailment lessor, conditional vendor or mortgagee (herein called the lien holder) has not been invalidated by any act or neglect of the insured owner of the covered automobile nor by any change in the title of ownership of the same. Further, in the event of conversion, embezzlement or secretion by the insured owner of the covered automobile, interest under the said bailment lease, conditional sale, mortgage or other encumbrance is not covered under this policy, unless specifically insured against and premium paid therefor; and provided also, in case the named insured has neglected to pay any premium due under this policy, the lien holder has paid the same. The lien holder shall notify the Company of any change of ownership or increase of hazard which shall come to the knowledge of said lien holder and, if accepted by the Company, it shall be endorsed herein and the lien holder shall, on demand, pay the premium for any such increased hazard for the term of the use thereof; otherwise this policy shall be null and void. If this Company elects to cancel this policy at any time as provided by its terms, the Company shall notify the lien holder when not less than ten (10) days thereafter such cancellation shall be effective as to the interest of said lien holder therein the Company shall have the right, on like notice, to cancel this agreement.

Should the Insured fail to render Proof of Loss within the time granted in the conditions of this policy, the lien holder shall do so within sixty (60) days thereafter, in the form and in the manner as provided by this policy; and further, shall be subject to the provisions of this policy relating to appraisal and time of payment and of bringing suit. Whenever the Company shall pay the lien holder any sum for loss under this policy and shall claim that, as to the named insured, no liability therefor existed, the Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under securities held as collateral to the debt, or may at its option, pay to the lien holder the whole principal due or to grow due on the mortgage with interest, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the lien holder to recover the full amount of its claim.

The interest of the loss payee is protected by these provisions subject to all terms, conditions and exclusions contained in this policy, which policy is available to the loss payee upon request.

In Witness Whereof, the Company has caused this policy to be signed by its president and secretary, but this policy shall not be valid unless completed by the attachment thereto of a Declarations page designated as Part Two.


Secretary


President

NOTICE TO ILLINOIS POLICYHOLDERS

The Illinois Insurance Code requires that we supply you with the address of both our Company and the Department of Insurance Public Services Division. The following is in compliance with this law.

DEPARTMENT OF INSURANCE
STATE OF ILLINOIS
PUBLIC SERVICES DIVISION
SPRINGFIELD, ILLINOIS 62767

PUBLIC SERVICES DEPARTMENT
UNIVERSAL CASUALTY COMPANY
150 NORTHWEST POINT BLVD., SUITE 200
ELK GROVE VILLAGE, ILLINOIS 60007

UNIVERSAL CASUALTY CO.
CUSTOMER AFFAIRS AND INFORMATION DEPARTMENT
TOLL FREE NUMBER 1-800-232-0631
150 NORTHWEST POINT BLVD., SUITE 200
ELK GROVE VILLAGE, ILLINOIS 60007