



**AMERICAN
INDEPENDENT
INSURANCE
COMPANY®**



Riverpark One
1000 River Road • 3RD Floor
Conshohocken, PA 19428



**PENNSYLVANIA
MOTOR VEHICLE
POLICY**



This policy, the declarations page, and any applicable endorsements contain the terms of the contract of insurance between **us** and the policyholder.

**NOTICE: IF YOU BUY COLLISION
COVERAGE, IT DOES NOT APPLY TO
VEHICLES RENTED FOR BUSINESS USE
OR FOR 6 MONTHS OR MORE.**

AIICO PA POL (07/08)

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PENNSYLVANIA MOTOR VEHICLE POLICY

If **you** pay **your** premium when due, **we** agree to provide this insurance, subject to all the terms and provisions of this policy, and up to the Limits of Liability described in this policy and shown on the **Declarations Page**.

YOUR DUTIES IN CASE OF AN ACCIDENT OR LOSS

NOTICE OF ACCIDENT OR LOSS

If there is an accident or loss arising out of the ownership, maintenance or use of a vehicle, for which coverage may be provided under the policy, report it to us within twenty-four (24) hours or as soon as practicable by calling us at 1-800-954-2442.

You should report each accident or loss even if an insured person is not at fault.

The following accident information should be reported as it is obtained:

1. Time;
2. Place;
3. Circumstances of the **accident** or **loss**;
4. Names and addresses of any injured persons;
5. Names and addresses of any witnesses; and
6. The license plate numbers of the vehicles involved.

You should also notify the police within twenty-four (24) hours or as soon as practicable if:

1. **You** cannot identify the owner or operator of a vehicle involved in the **accident**; or
2. Theft or vandalism has occurred.

OTHER DUTIES

A person claiming coverage under this policy must:

1. Cooperate with **us** in any matter concerning a claim or lawsuit.
2. Provide any written proof of **loss we** may reasonably require;
3. Allow **us** to take signed or recorded statements, including statements under oath, and answer all reasonable questions **we** may ask, when and as often as **we** may reasonably require;
4. Promptly send **us** any and all legal papers relating to any claim or lawsuit;
5. Attend hearings and trials as **we** require;
6. Take reasonable steps after a **loss** to protect the **covered vehicle** or **non-owned vehicle** from further **loss**. **We** will pay reasonable expenses incurred in providing that protection. If **you** fail to do so, any further damages will not be covered under this policy.
7. Allow **us** to inspect and appraise the damage to a **covered vehicle** or **non-owned vehicle** before its repair or disposal;
8. Submit to medical examinations at **our** expense by doctors **we** select as often as **we** may reasonably require; and
9. Authorize **us** to obtain medical and other records.

GENERAL DEFINITIONS

Except as otherwise defined in the policy, terms appearing in boldface will have the following meaning:

1. “**Accident**” means a sudden, unexpected, and unintended occurrence.
2. “**Bodily injury**” means bodily harm, sickness, or disease, including death that results from bodily harm, sickness, or disease.
3. “**Business**” includes a trade, profession, or occupation.
4. “**Covered vehicle**” means:
 - a. Any **vehicle** shown on the **Declarations Page**;
 - b. Any additional **vehicle** on the date **you** become the **owner** if:
 - i. **You** acquire the **vehicle** during the policy period shown on the **Declarations Page**;
 - ii. **We** insure all vehicles **owned** by **you**; and
 - iii. No other insurance policy provides coverage for that **vehicle**.

For a **vehicle you** acquire in addition to any **vehicle** shown on the **Declarations Page**, **we** will provide the broadest coverage **we** provide for any covered vehicle shown on the **Declarations Page**. **We** will provide coverage for a period of thirty (30) days after **you** become the **owner**. **We** will not provide coverage after this thirty (30) day period unless within this period **you** ask **us** to insure the **vehicle**;

- c. Any replacement **vehicle** on the date **you** become the **owner** if:
 - i. **You** acquire the **vehicle** during the policy period shown on the **Declarations Page**;

- ii. The **vehicle** that **you** acquire replaces one shown on the **Declarations Page**; and
- iii. No other insurance policy provides coverage for that **vehicle**.

If the **vehicle** that **you** acquire replaces one shown on the **Declarations Page**, it will have the same coverage as the **covered vehicle** it replaces. **You** must ask **us** to **insure** a replacement **vehicle** within thirty (30) days after **you** become the **owner** if **you** want to add or continue coverage under Part IV - Damage To A Vehicle; and

- d. Any **trailer owned** by **you** while drawn by or attached to a **vehicle** described in a, b or c above.
5. “**Declarations Page**” means the report from **us** listing:
- a. The types of coverage **you** have elected;
 - b. The limit for each coverage;
 - c. The cost for each coverage;
 - d. The specified **vehicles** covered by this policy;
 - e. The types of coverage for each such **vehicle**;
and
 - f. Other information applicable to this policy.
6. “Loss” means sudden, direct, and accidental loss or damage.
7. “**Non-owned vehicle**” means any **vehicle** that is not **owned** by **you**, a **relative**, or the spouse of the named insured even if not residing in the same household as the named insured.
8. “**Occupying**” means in, on, entering, or exiting.
9. “**Owned**” means the person who:
- a. Holds legal title to the **vehicle**;

- b. Has legal possession of the **vehicle** that is subject to a written security agreement with an original term of six (6) months or more; or
 - c. Has legal possession of the **vehicle** that is leased to that person under a written agreement for a continuous period of six (6) months or more.
10. **“Owner”** means any person who, with respect to a **vehicle**:
- a. Holds legal title to the **vehicle**;
 - b. Has legal possession of the **vehicle** that is subject to a written security agreement with an original term of six (6) months or more.
11. **“Property damage”** means physical damage to, or destruction or loss of use of, tangible property.
12. **“Relative”** means:
- a. A person residing in the same household as **you** who is related to **you** by blood, marriage, or adoption, including a ward, stepchild, or foster child; and
 - b. A minor in the legal custody of a person residing in **your** household who is related to **you**.
- Unmarried dependent children temporarily away from home will be considered residents if:
- a. They are under the age of twenty-one (21) years; and
 - b. They intend to continue to reside in **your** household.
13. **“Trailer”** means a vehicle designed to be towed on public roads by a **vehicle**. It includes a farm wagon or farm implement while being towed by a **vehicle**. It does not include a mobile home, or a **trailer** used as an office, store, display, or passenger conveyance.
14. **“Vehicle”** means a land motor **vehicle**:
- a. Of the private passenger, pickup body, or sedan delivery type;

- b. Designed for operation principally upon public roads;
 - c. With at least four (4) wheels; and
 - d. With a gross **vehicle** weight of 10,000 pounds or less.
15. **“We”**, **“Us”**, and **“Our”** mean the company providing the insurance, as shown on the **Declaration Page**.
16. **“You”** and **“Your”** mean the person shown as the named insured on the **Declarations Page**, and that person’s spouse if residing in the same household.

PART I - LIABILITY TO OTHERS

INSURING AGREEMENT - BODILY INJURY

Subject to the Limits of Liability, if **you** pay a premium for **bodily injury** liability coverage, **we** will pay damages, other than punitive or exemplary damages, for **bodily injury** for which an **insured person** becomes legally responsible because of an **accident** arising out of the ownership, maintenance, or use of a **vehicle**.

INSURING AGREEMENT- PROPERTY DAMAGE

Subject to the Limits of Liability, if **you** pay a premium for **property damage** liability coverage, **we** will pay damages, other than punitive or exemplary damages, for **property damage** for which an **insured person** becomes legally responsible because of an accident arising out of the ownership, maintenance, or use of a **vehicle**.

We will settle or defend, at **our** option, any claim for damages covered by this Part I.

ADDITIONAL DEFINITION

When used in this Part I, “**insured person**” or “**insured persons**” means:

1. **You** or a **relative** with respect to an **accident** arising out of the ownership, maintenance, or use of a **covered vehicle**;
2. Any person with a valid operator’s license with respect to an **accident** arising out of that person’s use of a **covered vehicle** with the express or implied permission of **you** or a **relative**;
3. A **relative** with respect to an **accident** arising out of the maintenance or use of a **non-owned vehicle** with the express or implied permission of the **owner** of the **vehicle**;
4. **You** with respect to an **accident** arising out of the maintenance or use of any **vehicle** with the express or implied permission of the **owner** of the **vehicle**;
5. Any Additional Interest Insured designated by **you** in **your** application or by a change request agreed to by **us**, with respect to liability for an **accident** arising out of the use of a **covered vehicle** or **non-owned vehicle** by a person described in 1, 2, 3, or 4 above.

ADDITIONAL PAYMENTS

In addition to **our** Limit of Liability, **we** will pay for an **insured person**:

1. All expenses that **we** incur in the settlement of any claim or defense of any lawsuit;
2. Premiums on appeal bonds or attachment bonds required in any lawsuit **we** defend. **We** have no duty to purchase bonds in an amount exceeding **our** Limit of Liability, and **we** have no duty to apply for or furnish these bonds;

3. Up to \$250 for a bail bond required because of an **accident** arising out of the ownership, maintenance, or use of a **covered vehicle** or **non-owned vehicle**. **We** have no duty to apply for or furnish this bond; and
4. Reasonable expenses, including loss or earnings up to \$50 a day, incurred at **our** request.

EXCLUSIONS

- A. **We** do not provide Liability Coverage for any person:
1. Who intentionally causes **bodily injury** or **property damage**.
 2. For damage to property **owned** or being transported by that person.
 3. For damage to property:
 - a. Rented to;
 - b. Used by; or
 - c. In the care of;that person.
This exclusion (A.3.) does not apply to damage to a residence or private garage.
 4. For **bodily injury** to an employee of that person during the course of employment. This exclusion (A.4.) does not apply to **bodily injury** to a domestic employee.
 5. For that person's liability arising out of the ownership or operation of a **vehicle** while it is being used to carry persons or property for a fee. This exclusion (A.5.) does not apply to a share-the-expense car pool.
 6. While employed or otherwise engaged in the **business** of:
 - a. Selling;
 - b. Repairing;
 - c. Servicing;
 - d. Storing; or
 - e. Parking;**vehicles** designed for use mainly on public highways. This includes road testing

and delivery. This exclusion (A.6.) does not apply to the ownership, maintenance or use of **your covered vehicle** by:

- a. **You**;
 - b. Any **relative**; or
 - c. Any partner, agent or employee of **you** or any **relative**.
7. Maintaining or using any **vehicle** while that person is employed or otherwise engaged in any **business** (other than farming or ranching) not described in Exclusion A.6. This exclusion (A.7.) does not apply to the maintenance or use of a:
- a. Private passenger **vehicle**;
 - b. Pickup or van that **you** own; or
 - c. **Trailer** used with a **vehicle** described in a. or b. above.
8. Using a **vehicle** without a reasonable belief that that person is entitled to do so.
9. For **bodily injury** or **property damage** for which that person:
- a. Is an insured under a nuclear energy liability policy; or
 - b. Would be an insured under a nuclear energy liability policy but for its termination upon exhaustion of its limit of liability.

A nuclear energy liability policy is a policy issued by any of the following or their successors:

- a. American Nuclear Insurers;
 - b. Mutual Atomic Energy Liability Underwriters;
- Or
- c. Nuclear Insurance Association of Canada.

- B. We do not provide Liability Coverage for the ownership, maintenance or use of:
1. Any motorized **vehicle** having fewer than four (4) wheels.
 2. Any **vehicle**, other than **your covered vehicle**, which is:

- a. **Owned** by **you**; or
 - b. Furnished or available for **your** regular use.
3. Any **vehicle**, other than **your covered vehicle**, which is:
- a. **Owned** by any **relative**; or
 - b. Furnished or available for the regular use of any **relative**.

However, this exclusion (B.3.) does not apply to **your** maintenance or use of any **vehicle** which is:

- a. Owned by a **relative**; or
- b. Furnished or available for the regular use of a **relative**.

LIMITS OF LIABILITY

The Limit of Liability shown on the **Declarations Page** is the most **we** will pay for all damages resulting from any one (1) auto **accident**. This is the most we will pay regardless of:

1. Claims made;
2. **Covered vehicles**;
3. **Insured persons**;
4. Lawsuits brought;
5. **Vehicles** involved in an **accident**; or
6. Premiums paid.

If the **Declarations Page** shows that “combined single limits” or “CSL” applies, the amount shown is the most **we** will pay for the aggregate of all damages resulting from any one (1) **accident**. **We** will apply the “each person” Limit of Liability for **bodily injury** as required by the law of the state listed on **your** application as **your** residence. However, this provision does not change our total “each accident” Limit of Liability.

If **your Declarations Page** shows a split limit:

1. The amount shown for “each person” is the most **we** will pay for all damages due to a **bodily injury** to one (1) person;

2. Subject to the “each person’ limit, the amount shown for “each accident” is the most **we** will pay for all damages due to a **bodily injury** to two (2) or more persons in any one (1) **accident**; and
3. The amount shown for “property damage” is the most **we** will pay for the aggregate of all **property damage** for which an **insured person** becomes liable from any one (1) **accident**.

The **bodily injury** limit for “each person” includes the aggregate of claims made for such **bodily injury** and claims derived from such **bodily injury**, including, but not limited to, loss of society, loss of companionship, loss of services, loss of consortium, and wrongful death.

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

Any payment to a person under this Part I shall be reduced by any payment to that person under Part III - Uninsured/Underinsured Motorist Coverage.

A **vehicle** and attached **trailer** are considered one (1) **vehicle**. Therefore, the Limits of Liability will not be increased for an **accident** involving a **vehicle** which has an attached **trailer**.

FINANCIAL RESPONSIBILITY LAWS

When **we** certify this policy as proof of financial responsibility, this policy will comply with the law to the extent required. **You** must reimburse **us** if we make a payment that **we** would not have made if this policy was not certified as Proof of Financial Responsibility.

OTHER INSURANCE

If there is other applicable liability insurance or bond, **we** will pay only **our** share of the damages. **Our** share is the proportion that **our** Limit of Liability bears to the total of all applicable limits. Any insurance **we** provide for a **vehicle**, other than a **covered vehicle**, will be excess over any other collectible insurance, self-insurance, or bond.

OUT-OF-STATE COVERAGE

If an **accident** to which this policy applies occurs in any state or province other than the one in which a **covered vehicle** is principally garaged, and the state or province has:

1. A financial responsibility or similar law requiring limits of liability for **bodily injury** or **property damage** higher than the Limits shown on the **Declaration Page**, this policy will provide the higher limit; or
2. A compulsory insurance or similar law requiring a non-resident to maintain insurance whenever the non-resident uses a **vehicle** in that state or province, this policy will provide:
 - a. The required minimum amounts and types of coverage; or
 - b. Any higher limit **you** have elected, provided **you** have paid the premium for higher limits.

PART II - FIRST PARTY BENEFITS COVERAGE

INSURING AGREEMENT

Subject to the Limit of Liability, if **you** pay a premium for First Party Benefits Coverage **we** will pay the following First Party Benefits, if shown on **your Declarations Page**, for loss or expense sustained by an **insured person**

because of **bodily injury** caused by an **accident** arising out of the maintenance or use of a **motored vehicle**:

1. **Medical expenses**;
2. **Income Loss**;
3. **Funeral Benefit**; and
4. **Accidental Death Benefit**.

ADDITIONAL DEFINITIONS

When used in this Part II:

1. “**Accidental Death Benefit**” means a death benefit paid to the personal representative of the **insured person**, should **bodily injury** caused by a **motor vehicle accident** result in death within twenty-four (24) months from the date of the **accident**.
2. “**Funeral Benefit**” means the reasonable and necessary expenses directly related to the funeral, burial, cremation, or other form of disposition of the remains of a deceased **insured person** if death:
 - a. Results from a **motor vehicle accident**; and
 - b. Occurs within twenty-four (24) months from the date of the **accident**.
3. “**Income Loss**” means eighty percent (80%) of actual loss of gross income of an **insured person**. It also includes reasonable expenses actually incurred for:
 - a. Hiring a substitute to perform services the **insured person** would have performed in connection with self-employment, in order to mitigate or reduce loss of gross income; or
 - b. Hiring special help to enable the **insured person** to work and mitigate loss of gross income.

We will not pay for “**income loss**” for:

- a. Loss of income during any period

- following the death of an **insured person**;
- b. Expenses incurred for services performed following the death of an **insured person**; or
 - c. Any loss of income during the first five (5) days the **insured person** did not work after the **accident** due to the **bodily injury** caused by the **accident**.
4. “**Insured person**” as used in this Part II means:
- a. **You** or any **relative**; and
 - b. any other person:
 - i. while **occupying your covered auto** with express or implied permission of **you** or a **relative**; or
 - ii. while not **occupying a motor vehicle** if injured as a result of an **accident** which occurs in Pennsylvania involving **your covered auto**. This does not apply if **your covered auto** is parked and unoccupied at the time of the **accident** unless it was parked in a manner as to create an unreasonable risk of injury.
5. “**Medical expense**” and “**medical expenses**” mean the reasonable charge for necessary medical treatment and rehabilitative services, including, but not limited to:
- a. Hospital, dental, surgical, psychiatric, psychological, osteopathic, ambulance, chiropractic, and nursing services;
 - b. Licensed physical therapy, vocational rehabilitation, occupational therapy, speech pathology and audiology therapy, and optometric services; and
 - c. Medications, medical supplies and prosthetic devices;

all without limitation as to time, provided that, within eighteen (18) months from the date of the **accident** causing **bodily injury**, it is ascertainable, with reasonable medical probability, that further **medical expense** may be incurred as a result of the **bodily injury**. "**Medical expense**" and "**medical expenses**" may include any non-medical remedial care and treatment rendered in accordance with a recognized religious method of healing.

6. "**Motor vehicle**" means a self-propelled **vehicle**, operated or designed for use upon public roads. However, **motor vehicle** does not include a **vehicle** operated:
- a. By muscular power; or
 - b. On rails or tracks.
7. "**Your covered auto**" means a **motor vehicle**:
- a. To which coverage applies under Part I -

Liability to Others if:

- i. **Owned** by **you**; or
 - ii. Shown on the **Declarations Page**; and
- b. For which **you** maintain First Party Benefits Coverage as required under the Pennsylvania Motor Vehicle Financial Responsibility Law.

EXCLUSIONS

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

1. Sustained by any person while intentionally causing or attempting to cause **bodily injury** to:
 - a. Himself or herself; or
 - b. Any other person;
2. Sustained by any person while committing a felony;
3. Sustained by any person while seeking to elude lawful apprehension or arrest by a law enforcement official;

4. Sustained by any person while maintaining or using a **motor vehicle** knowingly converted by that person. However, this exclusion does not apply to **you** while using a **covered vehicle**;
5. Sustained by any person who, at the time of the **accident**:
 - a. Is the **owner** of one or more registered **motor vehicles** which do not have in effect the security required by the Pennsylvania Motor Vehicle Financial Responsibility Law; or
 - b. Is **occupying** a **motor vehicle** owned by that person for which the financial responsibility required by the Pennsylvania Motor Vehicle Financial Responsibility Law is not in effect;
6. Sustained by any person maintaining or using a **motor vehicle** while located for use as a residence or premises;
7. Sustained by any person injured as a result of conduct within the course of the **business** of repairing, servicing or otherwise maintaining **motor vehicles**. However, this exclusion does not apply if the conduct is off the business premises;
8. Sustained by any person while **occupying**:
 - a. A recreational vehicle designed for use off public roads; or
 - b. A motorcycle, moped, of similar type vehicle;
9. Caused by or as a consequence of:
 - a. Any discharge of a nuclear weapon;
 - b. War (whether declared or undeclared);
 - c. Civil war;
 - d. Insurrection; or
 - e. Rebellion or revolution; or
10. From or as a consequence of the following whether controlled or uncontrolled or however caused:

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

LIMITS OF LIABILITY

The Limit of Liability shown on the **Declarations Page** for each first party benefit under this Part II is the most **we** shall pay for that benefit to or for each **insured person** as the result of any one (1) **accident**, regardless of the number of:

1. Claims made;
2. **Covered vehicles**;
3. Lawsuits brought;
4. Vehicles involved in an **accident**;
5. Premiums paid; or
6. Insurers providing first party benefits.

Combination First Party Benefits

If **you** pay the premium for Combination First Party Benefits, and it is shown on **your Declarations Page**, **we** will pay **medical expenses, Income Loss, Funeral Benefit, and Accidental Death Benefit** under this Part II, subject to the combined single limit of liability shown on the **Declarations Page**, for each **insured person** who sustains **bodily injury** in any one (1) **accident**. Subject to the combined single limit of Liability, the most **we** will pay as the **Funeral Benefit** for an **insured person** is \$2,500 and the most **we** will pay as **Accidental Death Benefit** for an **insured person** is \$25,000. If **you** have selected Combination First Party Benefits, **we** will only pay for expenses or loss incurred within three (3) years from the date of the **accident**.

Extraordinary Medical Benefits Coverage

If **you** pay the premium for Extraordinary Medical Benefits Coverage, and it is shown on the **Declarations Page**, subject to the limit of liability shown on the **Declarations Page**,

we will pay **medical expenses** incurred by an **insured person** in the excess of the aggregate of \$100,000 that result from **bodily injury** caused by an **accident**, subject to the following:

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

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

2. Any amounts payable by **us** as Extraordinary Medical Benefits will be excess to any amounts available to an **insured person** for **medical expense** under any First Party Benefits Coverage provided in accordance with the Pennsylvania Motor Vehicle Financial Responsibility Law.
3. If an **insured person** is eligible for Extraordinary Medical Benefits Coverage and is also eligible for benefits under the Catastrophic Loss Trust Fund, the combined total recovery under Extraordinary Medical Benefits Coverage and the Pennsylvania Catastrophic Loss Trust Fund for **medical expenses** incurred by an **insured person** as the result of an **accident** shall not exceed \$1,000,000.

OTHER INSURANCE

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

Any amount payable under this Part II shall be excess over any amounts paid, payable or required to be provided to an **insured person** under any workers' compensation law or similar law.

Priority of Policies

If there is other First Party Benefits Coverage, **we** will pay benefits under this Part II in accordance with the order of priorities set forth by the Pennsylvania Motor Vehicle Financial Responsibility Law, as amended. **We** will not pay benefits if there is another insurer at a higher level of priority. The order of priority is:

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- | | |
|--------------|---|
| First | The insurer providing benefits to the insured person as a named insured. |
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- | | |
|---------------|--|
| Second | The insurer providing benefits to the insured person as a relative who is not a named insured under another policy providing coverage under the Pennsylvania Motor Vehicle Financial Responsibility Law. |
|---------------|--|
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- | | |
|--------------|--|
| Third | The insurer of the motor vehicle which the insured person is occupying at the time of the accident . |
|--------------|--|
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- | | |
|---------------|--|
| Fourth | The insurer providing benefits on any motor vehicle involved in the accident if the insured person is: a. Not occupying a motor vehicle ; and |
|---------------|--|

- b. Not entitled to payment of first party benefits under any other **motor vehicle** involved in an **accident** within the Fourth priority unless it was parked in a manner as to create an unreasonable risk of injury.
-

If two or more policies have equal priority within the highest applicable priority level:

1. The insurer against whom the claim is first made shall process and pay the claim as is wholly responsible. The insurer is thereafter entitled to recover contribution on a pro rata basis from any other insurer for the benefits paid and the costs of processing the claim. If the contribution is sought among insurers responsible under the Fourth priority, proration shall be based on the number of involved **motor vehicles**.
2. If **we** are the insurer against whom the claim is first made, **our** payment to or for an **insured person** will not exceed the applicable limit of liability for coverage under this Part II shown on the **Declarations Page**, or if **you** have purchased Extraordinary Medical Benefits, the applicable limit of liability.
3. The maximum recovery under all policies may not exceed the amount payable under the policy with the highest dollar limits of benefits.

PART III - UNISURED/UNDERINSURED MOTORIST COVERAGE

INSURING AGREEMENT - UNISURED MOTORIST COVERAGE

Subject to the Limits of Liability, if **you** pay a premium for Uninsured Motorist Coverage,

we will pay for damages, other than punitive or exemplary damages, which an **insured person** is entitled to recover from the **owner** or operator of an **uninsured motor vehicle** because of **bodily injury**:

1. Sustained by an **insured person**;
2. Caused by **accident**; and
3. Arising out of the ownership, maintenance, or use of an **uninsured motor vehicle**.

INSURING AGREEMENT - UNDERINSURED MOTORIST COVERAGE

Subject to the Limits of Liability, if **you** pay a premium for Underinsured Motorist Coverage, **we** will pay for damages, other than punitive or exemplary damages, which an **insured person** is entitled to recover from the **owner** or operator of an **underinsured motor vehicle** because of **bodily injury**:

1. Sustained by an **insured person**;
2. Caused by **accident**; and
3. Arising out of the ownership, maintenance, or use of an **underinsured motor vehicle**.

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

Determination of whether an **insured person** is legally entitled to recover damages and the amount of damages will be made by agreement between the **insured person** and

us. If no agreement is reached, the decisions may be made by arbitration prior to the expiration of the **bodily injury** statute of limitations in the state in which the **accident** occurred.

ADDITIONAL DEFINITIONS

When used in this Part III:

1. “**Insured person**” and “**insured persons**” mean:
 - a. **You** or a **relative**;
 - b. Any person **occupying** a **covered vehicle**; and
 - c. Any person who is entitled to recover damages covered by this Part III because of **bodily injury** sustained by a person described in a or b above.
2. “**Noneconomic loss**” means pain and suffering and other non-monetary detriment.
3. “**Serious injury**” means **bodily injury** resulting in death, serious impairment of a bodily function, or permanent serious disfigurement.
4. “**Underinsured motor vehicle**” means a land motor vehicle or trailer of any type to which a **bodily injury** liability bond or policy applies at the time of the **accident**, but its limit of liability for **bodily injury** is less than the damages which an **insured person** is entitled to recover from the **owner** or operator of the motor vehicle because of **bodily injury**.

An **underinsured motor vehicle** does not include any vehicle or equipment:

- a. **Owned** by **you** or a **relative**;
- b. **Owned** by any governmental unit or agency;
- c. Operated on rails or crawler treads;
- d. Designed mainly for use off public roads, while not on public roads;
- e. While used as a residence or premises;

- f. Shown on the **Declarations Page** of this policy;
 - g. Not required to be registered as a motor vehicle; or
 - h. Which is an uninsured motor vehicle.
5. “**Uninsured motor vehicle**” means a land motor vehicle or trailer of any type:
- a. To which no **bodily injury** liability bond or policy applies at the time of the **accident**;
 - b. To which a **bodily injury** liability bond or policy applies at the time of the **accident**, but the bonding or insuring company:
 - i. Denies coverage; or
 - ii. Is or becomes insolvent within six (6) years after the **accident** occurs, or
 - c. Whose operator or **owner** cannot be identified and which causes an **accident** resulting in **bodily injury** to an **insured person**, provided that the **insured person**, or someone on his or her behalf:
 - i. Reports the **accident** to the police or civil authority within twenty-four (24) hours or as soon as practicable after the **accident**; and
 - ii. Notifies **us** within thirty (30) days, or as soon as practicable thereafter, that the **insured person** has a cause of action arising out of such **accident** for damages against a person or persons whose identity is unascertainable, and sets forth the facts in support thereof.

An **uninsured motor vehicle** does not include any vehicle or equipment:

- a. **Owned** by **you** or a **relative**;
- b. **Owned** or operated by a self-insurer under any applicable vehicle law, except a self-insurer that is or becomes insolvent;

- c. **Owned** by any governmental unit or agency;
- d. Operated on rails or crawler treads;
- e. Designed mainly for use off public roads, while not on public roads;
- f. While used as a residence or premises;
- g. Shown on the **Declarations Page** of this policy;
- h. Not required to be registered as motor vehicle; or
- i. Which is an **underinsured motor vehicle**.

EXCLUSIONS-READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART III.

1. Coverage under this Part III is not provided for **bodily injury** sustained by any person while using or **occupying**:
 - a. A **covered vehicle** while being used to carry persons or property for compensation or a fee, including but not limited to, delivery of magazines, newspapers, food, or any other products. This exclusion does not apply to shared-expense car pools;
 - b. A **covered vehicle** without the express or implied permission of **you** or a **relative**;
 - c. A **non-owned vehicle** without the express or implied permission of the **owner**; or
 - d. A vehicle **owned** by **you** or a **relative**, other than a **covered vehicle**.
2. **We** do not provide coverage under this Part III for **noneconomic loss** sustained by any person to whom a limited tort option applies unless the **bodily injury** sustained by the **insured person** is a **serious injury**. However, this exclusion does not apply if the **insured person** is insured while

- occupying** a motor vehicle other than a private passenger motor vehicle.
3. Coverage under this Part III will not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar laws:
 - a. Workers' compensation law; or
 - b. Disability benefits law.

LIMITS OF LIABILITY

Nonstacked Limits of Liability

If the **Declarations Page** shows **you** have selected nonstacked coverage under this Part III with a split limit:

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

If **you** have selected nonstacked coverage under this Part III and the **Declarations Page** shows that "combined single limits" or "CSL" applies, the amount shown is the most we will pay for the aggregate of all damages resulting from any one (1) **accident**. **We** will apply the "each person" Limit of Liability.

If **you** have selected nonstacked coverage under this Part III, the Limit of Liability shown on the **Declarations Page** for the coverage under Part III is the most **we** will pay regardless of the number of:

1. Claims made;
2. **Covered vehicles**;
3. **Insured persons**;
4. Lawsuits brought;
5. Vehicles involved in an **accident**; or
6. Premiums paid.

The **bodily injury** Limit of Liability under this Part III for “each person” included the aggregate of claims made for such **bodily injury** and all claims derived from such **bodily injury**, including, but not limited to, loss of society, loss of companionship, loss of services, loss of consortium, wrongful death, and survival claims.

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

1. Paid because of **bodily injury** by or on behalf of any persons or organizations who may be legally responsible;
2. Paid or payable because of **bodily injury** under any of the following or similar laws:
 - a. Workers’ compensation law; or
 - b. Disability benefits law.

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

The Limits of Liability under this Part III shall be reduced by all sums paid under Part I - Liability to Others.

Any payment made to a person under this Part III shall reduce any amount that the person is entitled to recover under Part I - Liability to Others.

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

No judgment for damages arising out of a lawsuit brought against an operator or **owner** of an **uninsured motor vehicle** or

underinsured motor vehicle shall be binding against **us** unless **we**:

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

OTHER INSURANCE

If there is other applicable similar insurance available under more than one policy or provision of coverage, the following priorities of recovery apply:

First The uninsured or underinsured motorist coverage applicable to the motor vehicle the **insured person** was **occupying** at the time of the **accident**.

Second Any other policy affording uninsured or underinsured motorist coverage to the **insured person**.

If two or more policies have equal priority, the insurer against whom the claim is first made shall Process and pay the claim as if wholly responsible. The insurer is thereafter entitled to recover contribution on pro rata basis from any other insurer for the benefits paid and the costs of processing the claim.

If nonstacked coverage is shown on the **Declarations Page**, the following additional provisions apply:

1. When there is insurance available under the First priority:
 - a. The limit of liability applicable to the motor vehicle the **insured person** was **occupying**, in the policy in the First priority, shall first be exhausted, and
 - b. The maximum recovery under all policies in the Second priority shall

not exceed the amount by which the highest limit for any one (1) motor vehicle under any one (1) policy in the Second priority exceeds the limit applicable under the policy in the First priority; and

2. When there is no applicable insurance available under the First priority, the maximum recovery under all policies in the Second priority shall not exceed the highest applicable limit for any one (1) policy.

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

ARBITRATION

If a written demand for arbitration has been made, then arbitration shall be conducted in accordance with the provisions of the Pennsylvania Arbitration Act of 1927. Each party shall select an arbitrator. The two arbitrators will select a third. If the two arbitrators cannot agree on a third arbitrator within thirty (30) days, either may request that selection be made by a judge of a court having jurisdiction in the county in which the named insured resides.

Each party will pay the costs and fees of its arbitrator. The costs and fees of the third arbitrator will be shared equally. Each party will pay the expenses it incurs.

Unless both parties agree otherwise, arbitration shall take place in the county in which the named insured resided at the time of the policy issuance. Local rules of law as to procedure and evidence will apply.

A decision agreed to by two of the arbitrators will be binding as to whether the **insured person** is legally entitled to recover damages

under the applicable liability law, and the amount of damages. The arbitrators shall have no authority to award an amount in excess of the Limit of Liability. Unless **we** and the **insured person** agree otherwise, the arbitrators shall have no authority to determine issues related to stacking or nonstacking of coverage, waivers of coverage, residency, statutes of limitations, or whether a person qualifies as an **insured person** under this Part III.

The decision of the arbitrators is binding with respect to a determination of the amount of the damages sustained by the **insured person** and of the legal liability of the operator or **owner** of **uninsured motor vehicle** or **underinsured motor vehicle** only if the amount does not exceed the minimum limit of bodily injury liability specified by the financial responsibility laws of the state listed on **your** application as **your** residence. If the decision of the arbitrators is an amount which exceeds the minimum limit, either party may demand the right to a trial in a court having jurisdiction in the county in which the **insured person** resides. This demand must be made in writing within sixty (60) days of the arbitrators' decision. If this demand is not made, the amount of damages agreed to by the arbitrators will be binding.

PART IV - DAMAGE TO A VEHICLE

INSURING AGREEMENT - COLLISION

If **you** pay a premium for collision coverage, **we** will pay for **loss** to a **covered vehicle**, **non-owned vehicle**, or **trailer**, when it collides with another object or overturns, subject to the Limits of Liability.

INSURING AGREEMENT - COMPREHENSIVE

If **you** pay a premium for comprehensive coverage, **we** will pay for comprehensive **loss** to a **covered vehicle, non-owned vehicle, or trailer**, subject to the Limits of Liability.

A comprehensive **loss** is a **loss** to a **covered vehicle, non-owned vehicle, or trailer**, caused by any event other than collision, including, but not limited to, any of the following:

1. Contact with an animal (including a bird);
2. Explosion or earthquake;
3. Fire;
4. Malicious mischief or vandalism;
5. Missiles or falling objects;
6. Riot or civil commotion;
7. Theft or larceny; or
8. Windstorm, hail, water, or flood.

If **you** pay a premium for comprehensive coverage under this policy, **we** will pay **you** up to \$10 per day, but not more than a total of \$300 per **loss**, for:

1. Transportation expenses incurred by **you** if a **covered vehicle** is stolen; or
2. Loss of use damages that **you** are legally liable to pay if a **non-owned vehicle** is stolen.

Transportation expenses and loss of use damages coverage begins forty-eight (48) hours after **you** report the theft to us, and ends when the **covered vehicle** has been recovered and repaired, replaced, or if the **covered vehicle** is deemed by **us** to be total loss or unrecoverable, forty-eight (48) hours after **we** make an offer to pay the lesser of the actual cash value of the **covered vehicle** or any Stated Amount Vehicle Coverage elected to **you**.

You must provide **us** written proof of **your** transportation expenses and loss of use damages.

Duplicate recovery for identical elements of damages is not permitted under this policy.

If **we** can pay the **loss** under either comprehensive or collision coverage, **we** will pay under the coverage where **you** collect the most.

INSURING AGREEMENT - CUSTOM PARTS OR EQUIPMENT

We will pay for **loss** to **custom parts or equipment** resulting from any **loss** for which comprehensive or collision coverage is provided under the terms of this policy, subject to the Limit of Liability. All payments for **loss** to **custom parts or equipment** shall be reduced by the applicable deductible; but only one (1) deductible may be applied to a **loss** in an **accident** which is covered by this Part IV.

ADDITIONAL DEFINITIONS

When used in this Part IV:

1. **“Custom parts or equipment”** means equipment, devices, accessories, enhancements, and changes, other than those which are original manufacturer installed, which alter the appearance or performance of the **vehicle**. This includes any electronic equipment, antennas, and other devices used exclusively to send or receive audio, visual, or data signals, or play back recorded media, other than those which are original manufacturer installed, that are permanently installed in a **covered vehicle** or **non-owned vehicle** using bolts or brackets, including slide-out brackets.

2. **“Non-owned vehicle”** means any **vehicle** that is not **owned** by **you**, a **relative**, a resident of **your** household, or the spouse of the named insured even if not residing in the same household as the named insured, while in the custody of, or being operated by, **you** or a **relative** with the express or implied permission of the **owner**. A **non-owned vehicle** will be provided the broadest coverage applicable to any **vehicle** shown on the **Declarations Page**.
3. **“Trailer”** means a vehicle, including a farm wagon or farm implement, designed to be towed on public roads, that is:
 - a. **Owned** by **you**; or
 - b. not **owned** by **you**, while being towed by a **covered vehicle**.**“Trailer”** does not include a mobile home, or a trailer used as an office, store, display, or passenger conveyance.

EXCLUSIONS - READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART IV.

Coverage under this Part IV does not apply for **loss**:

1. to a **covered vehicle, non-owned vehicle, or trailer**, while being used to carry persons or property for compensation or a fee, including, but not limited to, delivery of magazines, newspapers, food, or any other products. This exclusion does not apply to shared-expense car pools;
2. to a **non-owned vehicle or trailer** rented by **you** or a **relative**, if being maintained or used by a person while employed or engaged in any **business** not described in exclusion 4 below. This

exclusion does not apply to the use by **you** or any **relative** of a **non-owned vehicle** that is a private passenger **vehicle** or **trailer**;

4. to a covered vehicle, non-owned vehicle, or trailer, while being used or driven by a person while employed or engaged in the business of selling, leasing, repairing, parking, storing, servicing, delivering, or testing vehicles. However, this exclusion does not apply to you, a relative, or an agent or employee of you or a relative, when using a covered vehicle;
5. to a **covered vehicle** or **non-owned vehicle** resulting from any pre-arranged or organized racing, speed or demolition contest, stunting activity, or in practice or preparation for any such contest or activity;
6. to a **covered vehicle, non-owned vehicle, or trailer**, due to nuclear reaction or radiation;
7. to a **covered vehicle, non-owned vehicle, or trailer**, for which insurance is afforded under a nuclear energy liability insurance contract;
8. due to destruction or confiscation by governmental or civil authorities of a **covered vehicle, non-owned vehicle or trailer**, because **you** or any **relative** engaged in illegal activities;
9. to a **covered vehicle, non-owned vehicle, or trailer**, caused by an intentional act of you or a **relative** or at the direction of **you** or a **relative**;
10. to a **covered vehicle, non-owned vehicle, or trailer**, that is due and confined to:
 - a. wear and tear;
 - b. freezing;
 - c. mechanical or electrical breakdown or failure; or
 - d. road damage to tires.

This exclusion does not apply if the

damage results from the total theft of a **covered vehicle, non-owned vehicle, or trailer**;

11. due to theft or conversion of a **covered vehicle, non-owned vehicle or trailer**:
 - a. by **you**, a **relative**, or any resident of **your** household;
 - b. prior to its delivery to **you** or a **relative**; or
 - c. while in the care, custody, or control of anyone engaged in the **business** of selling the **vehicle or trailer**;
12. to tapes, compact discs, cassettes, and other recording or recorded media;
13. to any case or other container designed for use in storing or carrying tapes, compact discs, cassettes, or other recording or recorded media;
14. To any device used for the detection or location of radar, laser, or other speed measuring equipment or its transmissions;
15. To **custom parts or equipment** in excess of the applicable Limit of Liability; or
16. To a **covered vehicle, non-owned vehicle, or trailer**, for diminution of value.

LIMITS OF LIABILITY

1. The Limit of Liability for **loss** to a **covered vehicle, non-owned vehicle or trailer**, will be the lowest of:
 - a. The actual cash value of the stolen or damaged property at the time of the loss, reduced by the applicable deductible shown on the **Declarations Page**; and by its salvage value if **you** retain the salvage;
 - b. The amount necessary to repair or replace the stolen or damaged property, reduced by the applicable deductible shown on the **Declarations Page**; or

- c. Any applicable Limit of Liability or Stated Amount Vehicle Coverage elected by **you**, reduced by its salvage value if **you** retain the salvage.

However, if the **loss** is to a **trailer**, the applicable Limit of Liability will be \$500.

2. Subject to Section 3 below, the Limit of Liability for **loss** to **custom parts or equipment** is the combined total of \$1,000 unless **you** pay a premium for Additional Custom Parts or Equipment Coverage, and it is shown on the **Declarations Page**.

Coverage for **custom parts or equipment** shall not cause any Limit of Liability under this Part IV to be increased to an amount in excess of the actual cash value of any stolen or damaged **vehicle**.

3. Payments for **loss** covered under Collision, Comprehensive, and Custom Parts or Equipment are subject to the following provisions:
 - a. No more than one (1) deductible shall be applied to any one (1) covered **loss**;
 - b. If coverage applies to a **non-owned vehicle**, the highest deductible on any **covered vehicle** shall apply;
 - c. If Stated Amount Vehicle Coverage is elected by **you**, that stated Limit of Liability will be the total Limit of Liability applicable for **loss** to a **covered vehicle** or **non-owned vehicle**; including it's **custom parts or equipment**;
 - d. An adjustment for depreciation and physical condition will be made in determining the Limit of Liability at the time of **loss**;
 - e. In determining the amount necessary to repair damaged property to its pre-**loss** condition, **our** estimate will be based on:

- i. The prevailing competitive labor rates charged in the area where the property is to be repaired, as reasonably determined by **us**; and
 - ii. The cost or repair or replacement parts and equipment which may be new, refurbished, restored, or used, including, but not limited to:
 - (a) Original manufacturer parts or equipment; and
 - (b) Non-original manufacturer parts or equipment; and
- f. The actual cash value is determined by the market value, age and condition of the **vehicle** at the time the **loss** occurs.
4. If more than one (1) **vehicle** is shown on **your Declarations Page**, coverage will be provided as specified on the **Declarations Page** as to each **vehicle**.

INSURING AGREEMENT - ADDITIONAL CUSTOM PARTS OR EQUIPMENT COVERAGE

If **you** pay a premium for Additional Custom Parts or Equipment Coverage, the Limit of Liability for **loss** to **custom parts or equipment** for this additional coverage will be the lowest of:

1. The actual cash value of such **custom parts or equipment**;
2. The declared value of such **custom parts or equipment**; or
3. The amount necessary to repair or replace such **custom parts or equipment**; reduced by the applicable deductible.

Coverage for **custom parts or equipment** shall not cause any Limit of Liability under this Part IV to be increased to an amount in excess of the actual cash value of any stolen or damaged **vehicle**.

Any deductible amount will apply separately to each **loss**.

INSURING AGREEMENT - EMERGENCY TOWING AND LABOR

If **you** pay a premium for Emergency Towing and Labor coverage, **we** will pay for towing and labor costs incurred by **you** as a result of the disablement of the **covered vehicle** or **non-owned vehicle**, subject to the Limit of Liability shown on the **Declarations Page**, provided that:

1. The labor is performed at the place of disablement; and
2. The disablement does not occur at **your** residence.

INSURING AGREEMENT - RENTAL REIMBURSEMENT COVERAGE

If you pay a premium for Rental Reimbursement Coverage, **we** will reimburse up to \$15 each day to a maximum of \$450 for any one (1) **accident** for rental charges incurred by **you** when **you** rent a **vehicle** from a rental agency or vehicle repair shop due to a **loss** to a **covered vehicle**, other than a total theft, that is payable under this Part IV. Rental charges will be reimbursed beginning:

1. When the **covered vehicle** cannot be driven due to a **loss**;
2. If the **covered vehicle** can be driven, when **you** deliver the **covered vehicle** to a vehicle repair shop for repairs due to the **loss**;

and ending when the **covered vehicle** has been repaired, replaced, or if the **covered vehicle** is deemed by **us** to be a total loss, forty-eight (48) hours after **we** make an offer to pay the actual cash value of the **covered vehicle**.

You must provide **us** written proof of **your** rental charges.

Duplicate recovery for identical elements of damages is not permitted under this policy.

PAYMENT OF LOSS

At **our** expense, **we** may return any stolen property to **you** or to the address shown on the **Declarations Page**, with payment for any damage resulting from the theft. **We** may keep all or part of the property at the agreed or appraised value. **We** may settle any **loss** with **you** or the **owner** or lienholder of the property.

NO BENEFIT TO BAILEE

Coverage under this Part IV will not directly or indirectly benefit any carrier or other bailee for hire.

LOSS PAYEE AGREEMENT

Payment for damage to a **covered vehicle** will be made according to **your** interest and the interest of any Loss Payee or lienholder shown on the **Declarations Page** or designated by **you**. Payment may be made to both jointly, or separately, at **our** discretion.

The lienholder's interest will be protected, except from fraud or omissions by the policyholder or the policyholder's representative.

We will be entitled to the Loss Payee or lienholder's rights of recovery, to the extent of **our** payment to the Loss Payee or lienholder.

OTHER INSURANCE

If there is other applicable insurance, **we** will pay only **our** share of the **loss**. **Our** share is the proportion that **our** Limit of Liability bears

to the total of all applicable limits of liability. However, any insurance that **we** provide for a **vehicle**, other than a **covered vehicle**, or for a non-owned **trailer**, will be excess over any other collectible source of recovery including, but not limited to:

1. Any coverage provided by the **owner** of the **non-owned vehicle** or **trailer**; and
2. Any other applicable physical damage insurance.

APPRAISAL

If **we** cannot agree with **you** on the amount of a **loss**, then **we** or **you** may demand an appraisal of the **loss**. If so, each party shall appoint a competent and impartial appraiser. The appraisers will determine the amount of the **loss**. If they fail to agree, the disagreement will be submitted to a qualified and impartial umpire chosen by the appraisers. A decision agreed to by any two will be binding. **You** will pay **your** appraiser's fees and expenses. **We** will pay **our** appraiser's fees and expenses. Payment of the umpire and all other expenses of the appraisal will be shared equally between **us** and **you**. Neither **we** nor **you** waive any rights under this policy by agreeing to an appraisal.

GENERAL PROVISIONS

POLICY PERIOD AND TERRITORY

This policy applies only to **accidents** and **losses** occurring during the policy period shown on the **Declarations Page** and which occur within any state territory, or possession of the United States of America, or any province of Canada, or while a **covered vehicle, non-owned vehicle** or **trailer** is being transported between their ports.

POLICY CHANGES

This policy, **your** application for insurance (which is made a part of this policy as if attached hereto), and endorsements issued by **us** to this policy contain all the agreements between **you** and **us**. Subject to the following, its terms may not be changed or waived except by an endorsement issued by **us**.

The premium for each **vehicle** is based on information **we** have received from **you** or other sources. **You** agree to cooperate with **us** in determining if this information is correct and complete, and **you** will notify **us** if it changes during the policy period. If this information is incorrect, incomplete, or changes during this policy period, **we** may adjust **your** premium during the policy period, or take other appropriate action. To properly insure **your vehicle**, **you** must promptly notify **us** when:

1. **You** change **your** address;
2. Any resident operators are added or deleted; or
3. **You** acquire an additional or replacement **vehicle**.

Changes that may result in a premium adjustment are contained in **our** rates and rules. These include, but are not limited to:

1. Changes in the number, type, or use classification of **covered vehicles**;
2. Changes in operators using **covered vehicles**, their ages, or marital status;
3. A **relative** obtaining a driver's license or operator's permit;
4. Changes in the place of principal garaging of any **covered vehicle**;
5. Changes in coverage, deductibles, or limits of liability; or
6. Changes in rating territory or discount eligibility.

TERMS OF POLICY CONFORMED TO STATUTES

If any provision of this policy fails to conform with the legal requirements of the state listed on **your** application as **your** residence, the provision shall be deemed amended to conform with such legal requirements. All other provisions shall be given full force and effect. Any disputes as to the coverage's provided or the provisions of this policy shall be governed by the law of the state listed on **your** application as **your** residence.

TRANSFER

This policy may not be transferred to another person without **our** written consent. If **you** die, this policy will provide coverage until the end of the policy period for **your** legal representative, while acting as such, and for persons covered under this policy on the date of **your** death.

FRAUD OR MISREPRESENTATION

We may deny coverage for an **accident** or **loss** if **you** or an insured person have knowingly concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with the presentation or settlement of a claim.

No person who engages in fraudulent conduct in connection with an **accident** or claim shall be entitled to receive any payment under this policy.

PAYMENT OF PREMIUM

If **your** initial premium payment is by check, draft, or any remittance other than cash, coverage under this policy is conditioned upon check, draft, or remittance being honored upon presentment, this policy may,

at **our** option, be deemed void from its inception. This means that **we** will not be liable under this policy for any claims or damages which would otherwise be covered if the check, draft, or remittance had been honored upon presentment.

If **you** tender a check to **us** for any full or partial payment of **your** premium, other than **your** initial payment, and the check is returned to **us** because of insufficient funds, a closed account, or a stop payment, a service charge will be added to **your** account balance.

CANCELLATION

This policy may be cancelled during the policy period as follows:

1. The named insured shown on the **Declarations** may cancel by:
 - a. Returning this policy to **us**; or
 - b. Giving advance written notice of the date cancellation is to take effect.
2. **We** may cancel by mailing to the named insured shown in the **Declarations** at the address shown in this policy:
 - a. At least fifteen (15) days notice of cancellation:
 - i. If notice is effective within the first sixty (60) days this policy is in effect and this is not a renewal or continuation policy:
 - ii. For nonpayment of premium:
 - iii. If the driver's license of the named insured shown in the **Declarations** has been suspended or revoked after the effective date if this policy has been in effect less than one (1) year; or if the policy has been in effect longer than one (1) year, since the last anniversary of the original date; or

At least sixty (60) days notice if the policy was obtained through material misrepresentation .

Our right to cancel this policy is subject to the limitations contained in the applicable Pennsylvania Statutes.

NONRENEWAL

If **we** decide not to renew or continue this policy, **we** will mail notice of nonrenewal to the named insured shown on the **Declarations Page** at the last known address appearing **our** records. If nonrenewal is due to nonpayment of premium or loss of driving privileges through suspension or revocation of the named insured's operator's license or motor vehicle registration, notice will be mailed at least fifteen (15) days before the end of the policy period. If nonrenewal is due to any other reason, notice will be mailed at least sixty (60) days before the end of the policy period. If the policy period is other than one (1) year, **we** have the right to not renew or continue this policy only at each anniversary of its original effective date or earlier if permitted by state law.

PROOF OF NOTICE

Proof of mailing any notice will be sufficient proof of notice.

COVERAGE CHANGES

If **we** make changes which broadens a coverage **you** have under this edition of **your** policy, without additional charges, **you** will receive the broadened coverage. The broadened coverage applies on the date the coverage change is implemented in **your** state. This provision does not apply to a general program revision of **our** issuance of a subsequent edition of **your** policy. Otherwise,

this policy can be changed only by endorsement issued by **us**.

LEGAL ACTION AGAINST US

We may not be sued unless there is full compliance with all terms of this policy. **We** may not be sued for payment under Part I- Liability to Others until the obligation of an **insured person** to pay is finally determined either by final judgment against that person or by written agreement of the **insured person**, the claimant and **us**. No one will have any right to make **us** a party to a lawsuit to determine the liability of an **insured person**.

OUR RIGHT TO RECOVER PAYMENT

If **we** make a payment under this policy and the person to or whom payment was made has a right to recover damages from another **we** shall be subrogated to that right. That person shall do:

1. Whatever is necessary to enable **us** to exercise **our** rights; and
2. Nothing after **loss** to prejudice them.

However **our** rights in this paragraph do not apply against any person using **your covered vehicle** with a reasonable belief that he or she is entitled to do so.

If **we** make a payment under this policy and the person to or whom payment is made recovers damages from another, that person shall:

1. Hold in trust for **us** the proceeds of the recovery; and
2. Reimburse **us** to the extent of **our** payment.

BANKRUPTCY

The bankruptcy or insolvency of an insured person will not relieve **us** of any obligations under this policy.

NAMED DRIVER EXCLUSION

If **you** have asked **us** to exclude any person from coverage under this Policy, then **we** will not provide coverage for any claim arising from an **accident** or **loss** involving a **covered vehicle** or **non-owned vehicle** that occurs while it is being operated by the excluded person. THIS INCLUDES ANY CLAIM FOR DAMAGES MADE AGAINST **YOU**, A **RELATIVE** OR ANY OTHER PERSON OR ORGANIZATION THAT IS VICARIOUSLY LIABLE FOR AN **ACCIDENT** ARISING OUT OF THE OPERATION OF A **COVERED VEHICLE** OR **NON-OWNED VEHICLE** BY THE EXCLUDED DRIVER.

However this exclusion does not apply to the extent of the minimum First Party Benefits Coverage for medical expenses required by 75 Pa. C. S. Section 1711, et seq., as amended, if:

1. the driver's license of the excluded person has not been under suspension or revocation during the policy period; and
2. the excluded person does not have first party benefits coverage available under any other policy of insurance.

NAMED OPERATOR- NON-OWNED VEHICLE COVERAGE

If **you** elect **Named Operator-Non -owned Vehicle Coverage**, **you** agree with **us** that this policy is amended as follows:

1. **General Definitions:**
 - a. The general policy definition of "**you**" and "**your**" is deleted and replaced by the following:

"**You**" and "**your**" mean the person shown as the named insured on the **Declarations Page**.

- b. The general policy definitions of “**covered vehicle**” and “**non-owned vehicle**” are deleted and replaced by the following:

“**Covered vehicle**” and “**non-owned vehicle**” mean any vehicle that is not **owned** by **you**, a **relative**, or **your** spouse, even if not residing in the same household as **you**.

2. **Part I- Liability to Others**

- a. Additional Definition: When used in Part I, the definition of “**insured person**” and “**insured persons**” is deleted and replaced by the following:

“**Insured person**” and “**insured persons**” mean:

- i. **you**, when operating or using a **covered vehicle** or **non-owned vehicle** with the express or implied permission of the **owner**; and
 - ii. any person or organization with respect only to vicarious liability for an **accident** arising out of the use of a **covered vehicle** or **non-owned vehicle** by **you** with the express or implied permission of the **owner**.
- b. Exclusions: The following exclusion is deleted from Part I:

Coverage under this Part I, including **our** duty to defend, does not apply to: **bodily injury** or **property damage** arising out of an **accident** involving a **vehicle** while being used by a person while employed or engaged in the **business** of selling or leasing, repairing parking, storing, servicing, delivering, or testing vehicles. However, this exclusion does not apply to **you**, a

relative, or an **agent** or employee of **you** or a **relative**, when using a **covered vehicle**;

and replaced by the following:

Coverage under this Part I, including **our** duty to defend, does not apply to: **bodily injury** or **property damage** arising out of an **accident** involving a **vehicle** while being used by a person while employed or engaged in the **business** of selling, leasing, repairing, parking, storing, servicing, delivering, or testing vehicles.

- c. Other Insurance. The Other Insurance provision under Part I is deleted and replaced by the following:

OTHER INSURANCE

Any insurance **we** provide shall be excess over any other applicable liability insurance, self-insurance, or bond.

3. Part II - First Party Benefits Coverage

Additional Definitions: When used in Part II, the definition of “insured person” and “insured persons” is deleted and replaced by the following:

“Insured person” means you while occupying a covered vehicle or non-owned vehicle, or when struck by a motor vehicle or trailer while not occupying a motor vehicle.

4. Part III - Uninsured/Underinsured Motorist Coverage

If **you** pay a premium for Uninsured/Underinsured Motorist Coverage, and it is shown on the

Declarations Page:

- a. When used in Part III, the Additional Definition of “**insured person**” and “**insured persons**” is deleted and replaced by the following:

“**Insured person**” and “**insured persons**” mean:

- i. **You**;and
 - ii. any person who is entitled to recover damages covered by Part III, because of **bodily injury to you**.
- b. The **Other Insurance** provision under Part III is deleted and replaced by the following:

OTHER INSURANCE

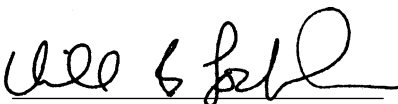
If there is other applicable uninsured or underinsured motorist coverage, and insurance **we** provide shall be excess over any other collectable uninsured or underinsured motorist coverage.

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

If **you** are injured while not **occupying** a motor vehicle, the coverage provided under this policy shall be excess to any uninsured or underinsured motorist coverage provided by a policy under which **you** are a named insured.



Bruce Arneson, President



William Lockhorn, Chairman

