

Spinnaker Insurance Company

(A Stock Insurance Company)

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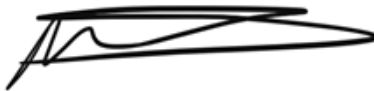
Managing General Agency:

Mile Auto, Inc.

In Witness Whereof, we have caused
this policy to be executed and attested.



General Counsel



Chief Underwriting Officer

Porsche Auto Insurance

Texas Auto Policy

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INSURING AGREEMENT

In return for **our** receipt of good payment of the premium, **we** agree to insure **you** subject to all the terms, conditions, and limitations of this policy. **We** will insure **you** for the coverages and the limits of liability shown on this policy's **declarations page**. **Your** policy consists of the policy contract, **your** insurance application, the **declarations page**, and all endorsements to this policy.

GENERAL DEFINITIONS

The following definitions apply throughout the policy when shown in boldface type and have the same meaning whether in the singular, plural, possessive or active or passive tense or any other form. If an Additional Definition is shown in any coverage part of this Policy that defines the same word or phrase, only the definition of the word or phrase used in that coverage part will apply in that coverage part.

1. "**Additional auto**" means an **auto you** become the owner of during the policy period that does not permanently replace an **auto** shown on the **declarations page** if:
 - a. **you** notify **us** within 45 days of becoming the **owner** of the **additional auto**; and
 - b. **you** pay any additional premium when due.

An **additional auto** will have the broadest coverage **we** provide for any **auto** shown on the **declarations page** effective on the date **you** become owner of the **additional auto**. If **you** ask **us** to insure an **additional auto** more than 45 days after **you** become the owner, any coverage **we** provide will begin at the time **you** request coverage. If **you** request an increase in any limit of liability or request an additional coverage, it will become effective on the date **you** become owner of the **additional auto** if **we** receive the request within 45 days of becoming the **owner** of the **additional auto**.

2. "**Auto**" means a land motor vehicle:
 - a. of the private passenger, pickup body, or cargo van type;
 - b. designed for operation principally upon public roads;
 - c. with at least four wheels but not more than 6 wheels; and
 - d. with a rated carrying capacity not to exceed $\frac{3}{4}$ ton, according to the manufacturer's specifications.

However, "**auto**" does not include step-vans, parcel delivery vans, or cargo cutaway vans or other vans with cabs separate from the cargo area.

3. "**Auto business**" means the business of selling, leasing, repairing, restoring, parking (including valet parking), cleaning, detailing, storing, servicing, delivering, testing, towing or washing

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vehicles.

4. "**Bodily injury**" means bodily harm, sickness, or disease, including death that results from bodily harm, sickness, or disease.
5. "**Business day**" means a day other than a Saturday, Sunday, or a holiday recognized by the state of Texas.
6. "**Covered auto**" means:
 - a. Any **auto** shown on the **declarations page**, but only for the coverages that apply to that **auto** or **trailer**;
 - b. any **additional auto**; or
 - c. any **replacement auto**.

However, **covered auto** does not include any **auto** after:

- a. **you** have asked **us** to remove that **auto** from this Policy; or
 - b. that **auto** is sold, assigned, gifted, title transferred, or possession permanently transferred, to a **person** or party other than **you**.
7. "**Declarations page**" means the most recent document from **us** showing **your** coverages, limits of liability, **covered autos**, premium, and other policy-related information, as amended by **us**. The **declarations page** may also be referred to as the Auto Insurance Coverage Summary.
 8. "**Minimum limits**" means the minimum amounts of liability insurance required to apply to an **auto**, or its owner or operator, by the motor vehicle compulsory insurance or financial responsibility laws of the state in which **you reside** that is shown in **our** records as the garaging address for a **covered auto**. The minimum limit amount is the per person/per accident limits required by such laws.
 9. "**Occupying**" means in, on, entering, or exiting.
 10. "**Personal Vehicle Sharing**" means the use of a private passenger motor vehicle by persons other than the vehicle's registered owner in connection with a **personal vehicle sharing program**.
 11. "**Personal Vehicle Sharing Program**" means a legal entity engaged in the business of facilitating the sharing of private passenger motor vehicles for noncommercial use by individuals within this state.
 12. "**Relative**" means a person who **resides** in the same household as **you**, and is related to **you** by blood, marriage, civil union, registered domestic partnership pursuant to state law, or adoption, and includes **your** ward, stepchild, or foster child. **Your** unmarried dependent children temporarily away from home will qualify as a **relative** if they intend to continue to **reside** in **your** household. If the named insured on this policy is not a person and, instead, is a business entity, estate or trust, then there is no coverage under this policy for anyone related to you or who would otherwise be a "relative", spouse, domestic partner or civil union partner.

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13. **"Replacement auto"** means an **auto** that permanently replaces an **auto** shown on the **declarations page**. A **replacement auto** will have the same coverage as the **auto** it replaces. However, if the **auto** being replaced had coverage under Part IV --Damage To A Vehicle, such coverage will apply to the **replacement auto** only during the first 45 days after **you** become the owner unless **you** notify **us** within that 45-day period that **you** want **us** to extend coverage beyond the initial 45 days. **IMPORTANT:** If the **auto** being replaced did not have coverage under Part IV – Damage To A Vehicle, such coverage may be added effective on the date **you** become owner of the **additional auto**, but the **replacement auto** will have no coverage under Part IV until **you** notify **us** of the **replacement auto** and ask **us** to add the coverage.
14. **"Reside"** and **"resides"** mean to live at a place with the intent of continually staying there as that person's primary and legal domicile.
15. **"Trailer"** means a non-motorized vehicle implement, designed to be towed on public roads by an **auto** and not being used:
 - a. for commercial purposes;
 - b. as an office, store, or for display purposes; or
 - c. as a passenger conveyance;while attached to or being towed by a **covered auto**.
16. **"Transportation network company"** means a corporation, partnership or other entity which uses an online-enabled or digital application, software, website, system or platform, or a digital network to connect passengers to drivers for the purpose of providing transportation of people.
17. **"We"**, **"us"**, and **"our"** refer to the company providing the insurance, as shown on the **declarations page**.
18. **"You"** and **"your"** refer to:
 - a. a person shown as a named insured on the **declarations page**; and
 - b. the following person who **resides** in the same household as the named insured at the time of loss:
 - i. the spouse of a named insured; or
 - ii. a person who has entered into a registered domestic partnership or civil union with a named insured pursuant to state law.

Upon notice to **us** or **our** agent of the termination of the marital relationship between the named insured and his or her spouse who was legally married to the named insured, the former marital spouse will continue to have coverage purchased under this policy for the shorter of either 90 days after the end of that marriage (as measured from the official date of a decree or order of marital termination by a court of competent jurisdiction) or until the expiration or other termination of this Policy. If the spouse ceases to be a resident of the same household during the policy period, the spouse will be considered **you** and **your** under this policy during a period of separation in contemplation of divorce and only until the

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effective date of another policy listing the spouse as a named insured.

If the named insured on this policy is not a person and, instead, is a business entity, estate or trust, then **"you"** and **"your"** do not include, and there is no coverage under this Policy for, any **relative**, spouse, domestic partner or civil union partner.

19. **"Repair facility"** means a person or entity that rebuilds, repairs, or services a motor vehicle for consideration or under a warranty, service, or maintenance contract.

20. **"Temporary vehicle."**

- a. **"Temporary vehicle"** includes a vehicle that is loaned or provided to an insured by an automobile **repair facility** for use while **your covered auto** is at the **repair facility** for service, repair, maintenance, or damage or to obtain an estimate and is:
 - i. In the lawful possession of the insured or any **relative**;
 - ii. Not owned by **you**, any **relative**, or any other person residing in **your** household; and
 - iii. Operated by or in the possession of the insured or any **relative** until the vehicle is returned to the **repair facility**.

PART I -LIABILITY TO OTHERS

INSURING AGREEMENT

If **you** pay the premium for this coverage when due, **we** will pay compensatory damages for **bodily injury** and **property damage** for which an **insured person** becomes legally responsible because of an **auto** accident.

We will settle or defend, as **we** deem appropriate, any claim for damages covered under this Part I. **We** have no duty to defend any lawsuit, settle or pay any judgment or any claim not covered under this policy. **Our** duty to settle or defend ends when **our** limit of liability has been exhausted by payment of judgments or settlements, or deposited into a court with jurisdiction.

ADDITIONAL DEFINITIONS

When used in this Part I:

1. **"Insured person"** means:
 - a. **You** or a **relative** with respect to an accident arising out of the ownership, maintenance, or use of an **auto** or **trailer** attached to that **auto**;

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- b. Any person with respect to an accident arising out of that person's use of a **covered auto** with the express or implied permission of **you** or a **relative**;
 - c. Any person or organization with respect only to vicarious liability for the acts or omissions of a person described in a, b, or c above; and
 - d. Any Additional Interest shown on the **declarations page** with respect only to its liability for the acts or omissions of a person described in a, b, or c above.
2. "**Property damage**" means physical damage to, destruction of, or loss of use of, tangible property.

ADDITIONAL PAYMENTS

Without reducing **our** limit of liability for this coverage, **we** will also pay for an **insured person**:

1. All expenses **we** incur in the settlement of any claim or defense of any lawsuit;
2. Interest accruing after entry of judgment, until **we** have paid, offered to pay, or deposited in court, that portion of the judgment, which does not exceed **our** limit of liability. This does not apply if **we** have not been given notice of suit or the opportunity to defend an **insured person**;
3. The premium on any appeal bond or attachment bond required in any lawsuit **we** defend. **We** have no duty to purchase a bond in an amount exceeding **our** limit of liability, and **we** have no duty to apply for or furnish these bonds;
4. Up to \$250 for a bail bond required because of an accident resulting in **bodily injury** or **property damage** covered under this Part I. **We** have no duty to apply for or furnish this bond; and
5. Reasonable expenses, including loss of earnings up to \$200 per day, incurred at **our** request.

EXCLUSIONS -

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

Coverage under this Part I, including **our** duty to defend, will not apply to any **insured person** for:

1. **bodily injury** to an employee of that **insured person** arising out of or within the course of employment. This exclusion does not apply to domestic employees if benefits are neither paid nor required to be provided under workers' compensation, disability benefits, or similar laws.
2. **property damage** to any property owned by, rented to, being transported by, used by, or in the charge of that **insured person**. This exclusion does not apply to:
 - a. a rented residence or rented garage; or
 - b. a **temporary vehicle**.

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3. **bodily injury** or **property damage** caused by an intentional act of that **insured person**, or at the direction of that **insured person**.
4. **bodily injury** or **property damage** arising out of the ownership, maintenance, or use of any vehicle owned by **you** or furnished or available for **your** regular use, other than a **covered auto** for which this coverage has been purchased.
5. **bodily injury** or **property damage** arising out of the ownership, maintenance, or use of any vehicle owned by a **relative** or furnished or available for the regular use of a **relative**, other than a **covered auto** for which this coverage has been purchased. This exclusion does not apply to **your** maintenance or use of such vehicle.
6. **bodily injury** or **property damage** arising out of **your** or a **relative's** use of a vehicle, other than a **covered auto**, without the permission of the owner of the vehicle or the person in lawful possession of the vehicle.
7. liability for **bodily injury** or **property damage** arising out of the ownership, maintenance, or use of:
 - a. any vehicle or trailer while being used to carry persons or property for compensation or a fee, or in the course of any similar for-profit activity. This exclusion applies to the pickup, carrying and drop off of persons. This does not apply to shared-expense car pools; or
 - b. a **covered auto** while available for hire by the public;
 - c. a **covered auto** while leased or rented to others, or given in exchange for any compensation, except when you or a relative lends your covered auto to another person for reimbursement of operating expenses only; or
 - d. any vehicle or trailer while being used for retail or wholesale delivery, including, but not limited to, the pickup, transport or delivery of magazines, newspapers, mail or food, and the return from delivery activity.

Exclusions a, b and d above do not apply to a **temporary vehicle** that is: (1) a private passenger automobile; (2) a pickup, utility vehicle, or van with a gross vehicle weight of 14,000 pounds or less that is not primarily used for the delivery or transportation of goods, materials, or supplies, other than samples; or (3) used in farming or ranching.

8. **bodily injury** or **property damage**, or any other damage, expense or loss for any person or property that results from, arises out of, or is related to, **you** operating any **motor vehicle** or using a **covered auto** in any type of activity associated or connected with any **transportation network company** (TNC) while logged in as a driver at the time of loss.
9. any liability assumed under any contract or agreement by **you** or a **relative**, except for use by **you** or a **relative** or a licensed operator residing in the household of a **temporary vehicle**.
10. liability for **bodily injury** or **property damage** resulting from **you** or a **relative** operating any **motor vehicle** during, or sustained during practice or preparation for:

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- a. any racing, stunting, speed contest, demolition contest, timed contest or activity, whether or not any of those activities are planned or organized or not planned or organized.
11. liability for **bodily injury** or **property damage** due to any nuclear event, including but not limited to any nuclear exposure, reaction, radiation or radioactive contamination, whether or not controlled or uncontrolled, and however caused or as a consequence of any of these.
12. liability for **bodily injury** or **property damage** for which insurance:
 - a. is afforded under a nuclear energy liability insurance contract; or
 - b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability.
13. any obligation for which the United States Government is liable under the Federal Tort Claims Act.
14. **bodily injury** or **property damage** arising out of the use of a **covered auto** while being used in a **personal vehicle sharing program** or other similar program which engages in the business of facilitating the sharing of private passenger motor vehicles.
15. **bodily injury** or **property damage** caused by, or reasonably expected to result from, a criminal act or omission of that **insured person**. However, this exclusion does not apply to violations of the traffic code.
16. liability for **bodily injury** or **property damage** arising out of the use of a **covered auto** while leased or rented to others or given in exchange for any compensation. This exclusion does not apply to the operation of a **covered auto** by **you** or a **relative**, or when **you** or a **relative** lends **your covered auto** to another person for reimbursement of operating expenses only.
17. any **bodily injury**, **property damage** or any other damages that result from hazardous materials, including any order, demand, claim or suit for testing for, monitoring, cleaning up, removing, treating, neutralizing or remediating hazardous materials or environmental damage. "Hazardous materials" means any solid, liquid, gaseous or thermal substance, irritant or contaminant that is not a fluid or material necessary for the use of an **auto** or normal household maintenance. This includes but is not limited to:
 1. Smoke, vapor, soot, fumes, acids, alkalis, toxic chemicals, asbestos, lead;
 2. Explosive or flammable substances;
 3. Any waste material or product which includes, but is not limited to, materials that may be recycled, reconditioned, or reclaimed, whether or not known to result in environmental damage;
 4. Any harmful poisonous or toxic chemical, liquid, gas or substance; and
 5. Pollutants as defined by any law of the United States.
18. liability for **bodily injury** or **property damage** while any **auto** or **trailer** is being used by any person employed or engaged in any way in any type of **auto business**. This does not apply to **you** or a

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relative for the use of a **covered auto**.

19. **bodily injury** to **you** or a **relative**, except to the extent of the minimum limits of liability coverage required by the Texas Transportation Code Chapter 601, entitled "Motor Vehicle Safety-Responsibility Act".
20. **property damage** due to or as a consequence of a seizure of any vehicle by federal or state law enforcement officers as evidence in a case against **you** under Chapter 481 of the Health and Safety Code, or under the federal Controlled Substances Act, if **you** are convicted in such a case.

If a court with proper jurisdiction rules that an exclusion is partly or wholly invalid or unenforceable, the exclusion will only apply to the portion of damages that is greater than the **minimum limits** of liability required by state law.

LIMITS OF LIABILITY

The limit of liability shown on the **declarations page** for liability coverage is the most **we** will pay under this Part I.

The applicable limit of liability described in this Limits of Liability section is the most **we** will pay without regard to the number of:

1. claims made;
2. **covered autos**;
3. **insured persons**, heirs, survivors or wrongful death beneficiaries;
4. lawsuits brought;
5. vehicles and trailers involved in the accident;
6. premiums paid;
7. lawsuits filed; or
8. policies issued to **you** by us.

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 **bodily injury** to one person resulting from any one accident;
2. subject to the "each person" limit, the amount shown for "each accident" is the most **we** will pay for all damages due to **bodily injury** sustained by two or more persons in any one accident; and
3. the amount shown for "property damage" is the most **we** will pay for the total of all **property damage** resulting from any one accident.

The "each person" limit of liability applies to the total of all claims made for **bodily injury** to a person

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and all claims of others derived from such **bodily injury**, including, but not limited to:

1. emotional injury or mental anguish resulting from the **bodily injury** of another or witnessing the accident or **bodily injury** to another;
2. loss of society, loss of companionship, support, services and/or consortium; and
3. wrongful death.

If **your declarations page** shows that “combined single limit” or “CSL” applies, the amount shown is the most **we** will pay for the total of all damages resulting from any one accident. However, without changing this limit of liability, **we** will comply with any law that requires us to provide any separate limits.

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

Any payment to a person under this Part I will be reduced by any payment to that person under Part II(A)—Medical Payments Coverage, Part II(B)—Personal Injury Protection Coverage, or Part III—Uninsured/Underinsured Motorist Coverage.

We will not pay under this Part I any expenses paid or payable under Part II(A)—Medical Payments Coverage.

If multiple **auto** policies issued by **us** are in effect for **you**, **we** will pay no more than the highest limit of liability for this coverage available under any one policy.

An **auto** and attached **trailer** are deemed one **auto**. The limits of liability will not be increased for an accident involving an **auto** that 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. The **insured person** 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 any 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. However, any insurance **we** provide for an **auto** or trailer, other than a **covered auto**, will be excess over any other collectible insurance, self-insurance, or bond unless that **auto** is a **temporary vehicle**, in which case the liability insurance we provide will be primary over any other collectible insurance.

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OUT-OF-STATE COVERAGE

If an accident to which this Part I applies occurs in any state, territory, or possession of the United States of America or any province or territory of Canada, other than the one in which a **covered auto** is principally garaged, and the state, province, territory, or possession 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 **declarations page**, this policy will provide the higher limits.
2. a compulsory insurance or similar law requiring a non-resident to maintain insurance whenever the non-resident uses an **auto** in that state, province, territory, or possession, this policy will provide the greater of:
 - a. the required minimum amounts and types of coverage; or
 - b. the limits of liability under this policy.

PART II(A) -MEDICAL PAYMENT COVERAGE

INSURING AGREEMENT

If **you** pay the premium for this coverage, **we** will pay the **reasonable** expenses incurred for **funeral expenses** and for necessary **medical services** received within three years from the date of a **motor vehicle** accident because of **bodily injury**:

1. sustained by an **insured person**; and
2. caused by that **motor vehicle** accident.

We, or someone on **our** behalf, will determine whether the:

1. expenses for **medical services** are **reasonable**; and
2. **medical services** are necessary.

ADDITIONAL DEFINITIONS

When used in this Part II:

1. "**Funeral expenses**" means fees, costs or charges incurred or required to be paid for services directly related to the funeral, burial, cremation and/or interment of the remains of an **insured person** who has died due to **bodily injury** sustained as a result of an accident with a **motor vehicle**.
2. "**Insured person**" means:
 - a. **You** or a **relative**;

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- i. while **occupying a motor vehicle**;
 - ii. when struck by a **motor vehicle** or a **trailer** while not **occupying** a self-propelled motorized vehicle; and
 - b. Any other person while legally **occupying a covered auto** with **your** permission.
3. "**Medical services**" mean necessary medical treatment, services, procedures and products provided or prescribed by a United States ("U.S.") state licensed health care provider, and within the proper scope of that provider's practice, including:
 - a. Ambulance, hospital, surgical, medical, dental, x-ray, professional nursing, chiropractic, and pharmaceutical services;
 - b. Physical, occupational, and vocational therapy and rehabilitation;
 - c. Speech and hearing therapy and rehabilitation; and
 - d. Medications, prosthetic and orthopedic devices, eyeglasses, hearing aids, and other medical products and supplies."**Medical services**" do not include:
 - a. Treatment, services, procedures and products that are experimental or for research, or not commonly recognized in the medical profession in the U.S. as a customary treatment for the **bodily injury**.
 - b. Massage therapy not prescribed by a U.S. state licensed doctor or chiropractor.
 - c. Services that are not necessary for treatment or care of the **bodily injury** sustained in the accident.
4. "**Motor vehicle**" means a land motor vehicle designed for use principally on public roads.
5. "**Reasonable**" means the lowest cost amount for **medical services** to be determined, as **we** decide, by one of the following methods:
 - a. The **usual and customary charge**; or
 - b. The fee, cost or charge set forth in any medical fee schedule:
 - i. that applies to medical payments, no-fault or personal injury protection coverage in a motor vehicle liability policy issued in the state where medical services are provided; and
 - ii. as required or allowed by the law of the state where medical services are provided; or
 - c. The fee, cost or charge agreed to by both the **insured's** health care provider and **us** (or a third party **we** have contracted with to determine that amount).
6. "**Usual and customary charge**" means the amount **we** find represents a common and typical fee, cost or charge for treatment, services, procedures or products in the geographic area in which it is rendered. **We** may use independent sources of **our** choice to find the **usual and customary charge** for **medical services**.

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EXCLUSIONS

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

Coverage under this Part II does not apply to **bodily injury**:

1. sustained by any person while **occupying a motor vehicle** while it is:
 - a. being used to carry persons or property for compensation or a fee, or in the course of any similar for-profit activity. This exclusion applies to the pickup, carrying and drop off of persons. This does not apply to shared-expense car pools;
 - b. available for hire by the public; or
 - c. being used for retail or wholesale delivery, including but not limited to pick-up or delivery of magazines, newspapers, food, or any other products in connection with any business including farming, and the return from delivery activity.
2. sustained by any person that arises out of, or is related to, any **insured person** operating any **motor vehicle**, in any type of activity associated or connected with any **transportation network company** (TNC) while logged in as a driver at the time of loss.
3. arising out of an accident involving any vehicle while being maintained or used by a person while employed or engaged in any **auto business**. This exclusion does not apply to a vehicle being operated or occupied by **you**.
4. that results from **you** or a **relative** operating any **motor vehicle** during any racing, stunting, speed contest, demolition contest, timed contest or activity, whether or not any of those activities are planned or organized or not planned or organized, or in practice or preparation for any such contest or activity.
5. due to any nuclear event, including but not limited to any nuclear exposure, reaction, radiation or radioactive contamination, whether or not controlled or uncontrolled, and however caused or as a consequence of any of these.
6. for which insurance:
 - a. is afforded under a nuclear energy liability insurance contract; or
 - b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability.
7. for which the United States Government is liable under the Federal Tort Claims Act.
8. sustained by any person while **occupying** any vehicle or **trailer** while located for use as a residence or premises.
9. if workers' compensation benefits are available for the **bodily injury**.
10. sustained by any person while **occupying** or when struck by any vehicle owned by **you**, other than a **covered auto**.

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11. to **you** while **occupying** any vehicle, other than a **covered auto**, without the permission of the owner of the vehicle or the person in lawful possession of the vehicle.
12. to any person while **occupying** a **covered auto** while leased or rented to others or given in exchange for any compensation. This exclusion does not apply to the operation of a **covered auto** by **you** or when **you** or a **relative** lends **your covered auto** to another person for reimbursement of operating expenses only.
13. caused directly or indirectly by:
 - a. war (declared or undeclared) or civil war;
 - b. warlike action by any military force of any government, sovereign or other authority using military personnel or agents. This includes any action taken to hinder or defend against an actual or expected attack; or
 - c. insurrection, rebellion, revolution, usurped power, or any action taken by a governmental authority to hinder or defend against any of these acts.
14. caused by, or reasonably expected to result from, a criminal act or omission of an **insured person**. For purposes of this exclusion, criminal acts or omissions do not include traffic violations.
15. to any person who sustains **bodily injury** arising out of the use of a **covered auto** while being used in a **personal vehicle sharing program** or other similar program which engages in the business of facilitating the sharing of private passenger motor vehicles.
16. Caused by hazardous materials that are not a fluid or material necessary for the use of an **auto** or normal household maintenance, including but not limited to:
 - a. Smoke, vapor, soot, fumes, acids, alkalis, toxic chemicals, asbestos, lead;
 - b. Explosive or flammable substances;
 - c. Any waste material or product which includes, but is not limited to, materials that may be recycled, reconditioned, or reclaimed, whether or not known to result in environmental damage;
 - d. Any harmful poisonous or toxic chemical, liquid, gas or substance; and
 - e. Pollutants as defined by any law of the United States.

OUR RIGHT TO REVIEW MEDICAL EXPENSES

We have the right to:

1. Review **medical services** and expenses and pay only for those **medical services** and expenses that are **reasonable** and necessary for both the diagnosis and treatment of **bodily injury** sustained by an **insured person**.
2. Use independent sources of information of **our** choice to assist **us** in deciding if a **medical**

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service or expense is not **reasonable** or unnecessary for either the diagnosis or treatment of the **bodily injury** sustained by an **insured person**. These sources include, but are not limited to:

- a. review of medical files;
 - b. published sources of medical expense information and fee schedules;
 - c. computer databases and software; and/or
 - d. physical exams performed by physicians **we** select and pay for.
3. Not pay for any **medical service** or expense, or portion thereof, that:
- a. is not **reasonable** or not necessary for the diagnosis or treatment of a **bodily injury**;
 - b. is for treatment of **bodily injury** that is not the result of the covered **accident**; or
 - c. results from a service, treatment, procedure and/or product that is not provided and prescribed by a U.S. state licensed health care provider acting within the proper scope of that license.

LIMITS OF LIABILITY

The limit of liability shown on the **declarations page** for Medical Payments Coverage is the most **we** will pay for each **insured person** injured in any one accident, without regard to the number of:

1. claims made;
2. **covered autos**;
3. **insured persons**, heirs, survivors or wrongful death beneficiaries;
4. lawsuits brought;
5. vehicles and trailers involved in an accident;
6. premiums paid;
7. lawsuits filed; or
8. policies issued to **you** by us.

The limit of liability for Medical Payment Coverage shown on the **declarations page** includes any amount to be paid for **funeral expenses**.

A **motor vehicle** and attached **trailer** are deemed to be one vehicle. The limit is not increased in any way if there is a covered accident that involves a **trailer** attached to and being towed by a **motor vehicle**.

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

Any amount payable to an **insured person** under this Part II will be reduced by any amount paid or payable for the same expense under Part I --- Liability To Others or Part III --- Uninsured/Underinsured Motorist Coverage.

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If multiple auto policies issued by **us** are in effect for **you**, we will pay no more than the highest limit of liability for this coverage available under any one policy.

UNREASONABLE OR UNNECESSARY MEDICAL EXPENSES

If an **insured person** incurs expenses for **medical services** that **we** deem to be not **reasonable** or not necessary for the diagnosis or treatment of the **bodily injury**, **we** may refuse to pay for those expenses and contest them.

If the medical service provider sues the **insured person** because **we** refuse to pay expenses for **medical services** that **we** deem to be not **reasonable** or not necessary for the diagnosis or treatment of a **bodily injury**, **we** will pay any resulting defense costs outside of the limit of liability shown on the **declarations page** for Medical Payments Coverage. **We** will also pay any resulting judgment against the **insured person**, subject to the limit of liability for this coverage. **We** will choose the counsel. **We** will also pay reasonable expenses, including loss of earnings up to \$200 per day, incurred at **our** request.

The **insured person** may not sue **us** for expenses for **medical services** **we** deem to be not **reasonable** or not necessary for the diagnosis or treatment of a **bodily injury** unless the **insured person** paid the entire disputed amount to the medical service provider or the medical service provider has initiated collection activity against the **insured person** for the expenses **we** have refused to pay because the expense is not **reasonable** or not necessary for the diagnosis or treatment of the **bodily injury**.

ASSIGNMENT OF BENEFITS

If **we** are given a written assignment of benefits signed by the injured **insured person** (or that person's representative) for payment of **medical services** or expenses that are payable under this coverage, **we** will pay for those **medical services** or expenses directly to the health care provider if that provider is licensed to provide such care by a state in the U.S. where the care or services were rendered. If **we** do this, **we** have no further obligation to pay those same benefits to an **insured person** or to any other person or party.

OTHER INSURANCE

If there is other applicable **auto** medical payments 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.

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However, any insurance **we** provide for an **insured person occupying** a vehicle or **trailer**, other than a **covered auto**, will be excess over any other **auto** insurance providing payments for **medical services**.

PART II(B)—PERSONAL INJURY PROTECTION COVERAGE

INSURING AGREEMENT

If **you** pay the premium for this coverage, **we** will pay Personal Injury Protection Benefits because of **bodily injury**:

1. resulting from a motor vehicle accident; and
2. sustained by an **insured person**.

Our payment will only be for losses or expenses incurred within three years of the accident.

Personal Injury Protection Benefits consist of:

1. Reasonable expenses incurred for necessary medical and funeral services.
2. Eighty percent (80%) of an **insured person's** loss of income from employment. This benefit applies only if, at the time of the accident, the **insured person**:
 - a. was an income producer; and
 - b. was in an occupational status.

Benefits due to loss of income from employment do not apply to any loss after the **insured person** dies.

Loss of income is the difference between:

- a. income which would have been earned had the **insured person** not been injured; and
- b. the amount of income actually received from employment during the disability.

If the income being earned as of the date of the accident is a salary or fixed remuneration, it shall be used in determining the amount of income which would have been earned. Otherwise, the average monthly income earned during the period (not more than 12 months) preceding the accident shall be used.

3. Reasonable expenses incurred for obtaining essential services. These services must replace those an **insured person** would normally have performed:
 - a. without pay;
 - b. during the period of disability; and
 - c. for the care and maintenance of the family or household.

Essential service benefits apply only if, at the time of the accident, the **insured person**:

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- a. was not an income producer; and
- b. was not in an occupational status.

Essential service benefits do not apply to any loss after the **insured person** dies.

ADDITIONAL DEFINITION

When used in this Part II(B):

1. "**Insured person**" means:
 - a. **you** or a **relative**;
 - (i) while **occupying**; or
 - (ii) when struck by;
a motor vehicle designed for use mainly on public roads or a trailer; and
 - b. any other person while **occupying** a **covered auto** with **your** permission.

EXCLUSIONS—READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART II(B).

We do not provide Personal Injury Protection Coverage for **bodily injury** sustained:

1. by any person in an accident caused intentionally by, or at the direction of, that person;
2. by any person while that person is committing a felony;
3. by any person while that person is attempting to elude arrest by a law enforcement official;
4. by any person while **occupying**, or when struck by, any motor vehicle, other than **your covered auto**, which is owned by **you**; or
5. by a **relative** while **occupying**, or when struck by, any motor vehicle, other than **your covered auto**, which is owned by a **relative**.

LIMITS OF LIABILITY

The limit of liability shown on the **declarations page** for this coverage is the maximum limit of liability for each person injured in any one accident. This is the most **we** will pay regardless of the number of:

1. **insured persons**;
2. claims made;
3. vehicles or premiums shown on the **declarations page**; or
4. vehicles involved in the accident.

OTHER INSURANCE

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If there is other applicable Personal Injury Protection insurance, **we** will pay only **our** share. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits. However, any insurance **we** provide with respect to an **auto you** do not own shall be excess over any other collectible Personal Injury Protection insurance.

LOSS PAYMENTS

Benefits are payable under this Part II(B) as follows:

1. Not more frequently than once every two weeks; and
2. Within 30 days after satisfactory proof of claim is received.

ASSIGNMENT OF BENEFITS

Payments for medical expenses will be paid directly to a physician or other health care provider if **we** receive a written assignment signed by the **insured person** to whom such benefits are payable.

PART III -UNINSURED/UNDERINSURED MOTORIST COVERAGE ("UM")

INSURING AGREEMENT - UNINSURED/UNDERINSURED MOTORIST COVERAGE

If **you** pay the premium for this coverage, **we** will pay for compensatory damages that an **insured person** is legally entitled to recover from the owner or operator of an **uninsured motor vehicle** because of **bodily injury** sustained by an **insured person**, and/or **property damage**, when:

1. caused by an **auto** accident; and
2. arising out of the ownership, maintenance, or use of an **uninsured motor vehicle**.

We will pay under this coverage only after the limits of liability under all applicable bodily injury liability bonds and policies have been exhausted by payment of judgments or settlements. However, this shall not apply if **we** and the **insured person** agree, without arbitration, that the **insured person** has suffered **bodily injury**, and also agree on the amount of damages within the Limit of Liability that the **insured person** is legally entitled to collect under this coverage. **We** have the burden of proof in a dispute as to whether a motor vehicle is uninsured.

DUTIES WHEN SETTLING CLAIMS

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Any judgment or settlement for damages against an owner or operator of an **uninsured motor vehicle** that arises out of a lawsuit brought without **our** written consent is not binding on **us**.

An **insured person** must notify **us** in writing at least 30 days before entering into any settlement with the owner or operator of an **uninsured motor vehicle**, or that person's liability insurer. If, within 30 days after **we** receive notice of tentative settlement from the **insured person**, **we** notify the **insured person** that **we** refuse to consent to the proposed settlement, the **insured person** must protect and preserve **our** right of subrogation to the claim against the operator or owner of any **uninsured motor vehicle** who is liable for the accident.

ADDITIONAL DEFINITIONS

When used in this Part III:

1. "**Insured person**" means:
 - a. **you** or a **relative**;
 - b. any person **occupying** or using a **covered auto** with **your** permission;
 - c. any person **occupying** a **non-owned auto** operated by **you** if the person is **occupying** the vehicle with **your** permission; and
 - d. any person **occupying**, but not operating, a **covered auto**, with permission to do so from **you** or a person in lawful possession of the **covered auto**; and
 - e. any person who is entitled to recover damages covered by this Part III because of **bodily injury** sustained by a person described in a, b, or c above.
2. "**Non-owned auto**" means a **motor vehicle** operated by **you** that is not owned by, nor furnished for the regular or frequent use of, **you** or any member of **your** household if **you** have actual permission from the owner to use that vehicle.
3. "**Property damage**" means physical injury to or destruction of or loss of use of:
 - a. a **covered auto** for which this coverage has not been rejected on this policy and is shown on the **declarations page**; and
 - b. items of personal property owned by an **insured person** but only if those items are in the **covered auto** described directly above in paragraph a. of this definition; and
 - c. any property owned by **you** or a **relative** while contained in any **auto** not owned, but being operated, by **you** or a **relative**.
4. "**Uninsured motor vehicle**" means a land motor vehicle or trailer of any type:
 - a. to which no liability policy or bond applies at the time of the accident;
 - b. to which a liability policy applies at the time of the accident, but the insuring company:
 - i. denies coverage; or

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- ii. is or becomes insolvent, declared bankrupt, or subject to the appointment of a receiver;
- c. for which the owner or operator is unknown, and that motor vehicle causes **bodily injury** to an **insured person** or **property damage**. Per Insurance Code Section 1952.104(3), actual physical contact must have occurred between the **motor vehicle** owned or operated by the unknown person and **your** person or property;
- d. to which a bodily injury liability bond or policy applies at the time of the accident, but its limit of liability either:
 - i. is not enough to pay the full amount the covered person is legally entitled to recover as damages; or
 - ii. has been reduced by payment of claims to an amount which is not enough to pay the full amount the covered person is legally entitled to recover as damages;
- e. that is an underinsured motor vehicle. An underinsured motor vehicle is one to which a liability bond or policy applies at the time of the accident, but its limit of liability either:
 - i. is not enough to pay the full amount the **insured person** is legally entitled to recover as damages; or
 - ii. has been reduced by payment of claims to an amount which is not enough to pay the full amount the insured person is legally entitled to recover as damages.

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

- a. owned by **you** or a **relative** or furnished or available for the regular use of **you** or a **relative**;
- b. operated on rails or crawler treads;
- c. which is a farm-type tractor or any other vehicle or equipment designed mainly for use off public roads, while not on public roads;
- d. owned by any governmental unit or agency, except when:
 - i. the operator of the vehicle is uninsured; and
 - ii. there is no statute imposing liability for damage because of bodily injury or property damage on the governmental body for an amount not less than the limit of liability for this coverage;
- e. designed mainly for use off public roads while not on public roads;
- f. that is a **covered auto**;
- g. while located for use as a residence or premises; or
- h. owned or operated by a self-insurer under any financial responsibility, motor vehicle or similar law, except a self-insurer that is or becomes insolvent or is underinsured.

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ADDITIONAL DUTIES

We may, upon good cause, require the **insured person** to commence a legal action against the owner or operator of an **uninsured motor vehicle**. If require such action, **we** will pay the **insured person** all court costs, jury fees and sheriff's fees arising from the action.

EXCLUSIONS

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

Coverage under this Part III will not apply:

1. to **bodily injury** or **property damage** sustained by any person while using or **occupying**:
 - a. a **covered auto** while:
 - i. used to carry persons or property for compensation or a fee. This exclusion does not apply to shared-expense car pools; or
 - ii. available for hire by the public;
 - iii. leased or rented to others, or given in exchange for any compensation except when **you** or a **relative** lends **your covered auto** to another person for reimbursement of operating expenses only; or
 - iv. being used for retail or wholesale delivery, including, but not limited to, the pickup, transport, or delivery of magazines, newspapers, mail, or food, and the return from delivery activity.
2. **bodily injury**, **property damage** or any other damage, expense or loss that results from, arises out of, or is related to, **you** operating or using a **covered auto** in any type of activity associated or connected with any **transportation network company** (TNC) while logged in as a driver at the time of loss. This exclusion does not apply to shared-expense car pools.
3. to **bodily injury** or **property damage** sustained by any person while **occupying** or being struck by a motor vehicle that is owned by or furnished for the regular use of **you** or a **relative**.
4. to **bodily injury** or **property damage** sustained by **you** or a **relative** while using any vehicle, other than a **covered auto**, without the permission of the owner of the vehicle or the person in lawful possession of the vehicle.
5. directly or indirectly to benefit any insurer or self-insurer of property, or any insurer or self-insurer under any of the following or similar laws:
 - a. workers' compensation law;
 - b. disability benefits law.

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6. to any punitive or exemplary damages, or attorney fees or costs awarded on punitive or exemplary damages.
7. to **bodily injury** or **property damage** sustained by any person if that person or the legal representative of that person settles the claim.
8. to **bodily injury** or **property damage** resulting from the intentional acts of the **insured person**.
9. to **bodily injury** or **property damage** arising out of the use of a **covered auto** while being used in a **personal vehicle sharing program** or other similar program which engages in the business of facilitating the sharing of private passenger motor vehicles.

Coverage under this Part III is not provided for **property damage**:

1. sustained while a **covered auto** is;
 - a. used to carry persons or property for compensation or a fee. This exclusion does not apply to shared expense car pools;
 - b. available for hire by the public;
 - c. leased or rented to others, or given in exchange for any compensation except when **you** or a **relative** lends **your covered auto** to another person for reimbursement of operating expenses only;
 - d. Used for retail or wholesale delivery, including, but not limited to, the pickup, transport, or delivery of magazines, newspapers, mail, food, or any other products, and the return from delivery activity. This exclusion does not apply to shared-expense car pools; or
 - e. Sustained while **you** are operating a **covered auto** is used in any type of activity associated or connected with any **transportation network company** (TNC) while logged in as a driver at the time of loss.
2. sustained while a **covered auto** is being used as a public or livery conveyance. This exclusion does not apply to shared expense car pools.
3. that results from **you** or a **relative** operating any **motor vehicle** during, or sustained during practice or preparation for:
 - a. any racing, stunting, speed contest, demolition contest, timed contest or activity, whether or not any of those activities are planned or organized or not planned or organized.
4. to a **covered auto** for which insurance:
 - a. is afforded under a nuclear energy liability **insurance** contract; or
 - b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability.
5. if there is no actual physical contact between the **uninsured motor vehicle** and the

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covered auto.

LIMITS OF LIABILITY

The limit of liability shown on the **declarations page** for Uninsured Motorist Coverage is the most **we** will pay without regard to the number of:

1. claims made;
2. **covered autos**;
3. **insured persons**, heirs, survivors or wrongful death beneficiaries;
4. lawsuits brought;
5. vehicles and trailers involved in the accident;
6. premiums paid; or
7. lawsuits filed.

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 **bodily injury** to one 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 **bodily injury** sustained by two or more persons in any one accident; and
3. the amount shown for "property damage" is the most **we** will pay for the total of all covered damages due to **property damage** resulting from any one accident.

The "each person" limit of liability includes the total of all claims made for **bodily injury** to an **insured person** and all claims of others derived from such **bodily injury**, including, but not limited to:

1. emotional injury or mental anguish resulting from the **bodily injury** of another or witnessing the accident or **bodily injury** to another;
2. loss of society, loss of companionship, support, services and/or consortium; and
3. wrongful death.

If the **declarations page** shows that "combined single limit" or "CSL" applies, the amount shown is the most **we** will pay for the total of all damages resulting from any one accident. However, without changing this total limit of liability, we will comply with any law that requires us to provide any separate limits.

The damages payable to **you** or a **relative** for **bodily injury** under this Part III will be reduced by all sums:

1. paid because of **bodily injury** by or on behalf of any persons or organizations that may be

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legally responsible including, but not limited to all sums paid because of **bodily injury** under Part I of this policy;

2. paid under Part I – Liability To Others;
3. paid under Part II – Medical Payments Coverage; and
4. paid or payable because of **bodily injury** under any of the following or similar laws:
 - a. workers' compensation law;
 - b. Disability law; or
 - c. Similar self-insured or governmental plan.

Our payment will not include, and **you** are responsible for (when applicable), the \$250.00 **property damage** deductible that applies as shown on **your declarations page**.

Your damages under this Part III for **property damage** shall be reduced by all sums:

1. paid by or on behalf of any persons or organizations who may be legally responsible for the **property damage**, including, but not limited to all sums paid for the **property damage** under Part I of this policy;
2. paid for the **property damage** under Part IV --Damage To A Vehicle.

Payments for **property damage** under this Part III are subject to the following provisions:

1. any amount payable under this Part III for **property damage** shall be subject to the applicable deductible shown on the **declarations page**;
2. no more than one deductible shall be applied to any one accident; and
3. if the **insured person** has entered into a settlement without **our** consent for less than the limits applicable to all liability insurance for **property damage**, the damages recoverable for **property damage** under this Part III shall be reduced by the difference between those limits and the amount paid by the insurer(s) of the persons or organizations who may be legally responsible.

No one will be entitled to duplicate payments for the same elements of damages under this policy or any other source. For any property damage to which the Damage to a Vehicle of this policy (or similar coverage from another policy) and Uninsured/Underinsured Motorist Coverage both apply, you may choose the coverage from which damages will be paid. You may recover under both coverages, but only if:

1. Neither one by itself is sufficient to cover the loss;
2. You pay the higher deductible amount (but you do not have to pay both deductibles); and
3. You will not recover more than the actual damages.

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If multiple auto policies issued by **us** are in effect for **you**, **we** will pay no more than the highest limit of liability for this coverage available under any one policy.

OTHER INSURANCE

If there is other applicable uninsured or underinsured motorist coverage issued to **you** by **us**, the most an **insured person** may receive shall not exceed the highest limit provided by any one policy. **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 available coverage limits. However, any insurance **we** provide with respect to a vehicle that is not a **covered auto** will be excess over any other uninsured or underinsured motorist coverage and this excess insurance shall then apply only to the sums which the insured is legally entitled to recover as damages under this Part III.

ARBITRATION

If **we** and an **insured person** cannot agree on:

1. the legal liability of the operator or owner of an **uninsured motor vehicle** or **underinsured motor vehicle**; or
2. the amount of the damages sustained by the **insured person**;

this will be determined by arbitration prior to the expiration of the bodily injury statute of limitations in the state in which the accident occurred.

In the event of arbitration, each party will select an arbitrator. The two arbitrators will select a third. If the two arbitrators cannot agree on a third arbitrator within 45 days, then either party may request that the arbitration be submitted to the American Arbitration Association, or on joint application by the **insured person** and **us**, the third arbitrator may be appointed by a court having jurisdiction.

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

Unless both parties agree otherwise, arbitration will take place in the county in which the **insured person resides**. State Rules of procedure and evidence will apply.

A decision agreed to by two of the arbitrators will be binding as to the:

1. the legal liability of the operator or owner of an **uninsured motor vehicle** or an **underinsured motor vehicle**; and

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2. the amount of **property damage** sustained by the **insured person**.

The decision of the arbitrators is binding. If the award of the arbitrators is in an amount that exceeds the minimum limit for **bodily injury** liability specified by the financial responsibility law of the state in which **your covered auto** is principally garaged, either party has the right to demand a trial. This demand must be made in writing within 60 days of the arbitrators' decision. If the demand is not made within 60 days, the amount of damages agreed to by the two arbitrators will be binding.

The arbitrators will have no authority to award an amount:

1. in excess of the limit of liability; or
2. as punitive or exemplary damages or as attorney fees or costs awarded on punitive or exemplary damages.

Part IV: DAMAGE TO A VEHICLE

INSURING AGREEMENT --- COLLISION COVERAGE

If **you** pay the premium for this coverage, **we** will pay for sudden, direct, and accidental loss to a:

1. **covered auto**, including an attached **trailer**; or
2. **non-owned auto**;

and its **custom parts or equipment**, resulting from **collision** with another object or from overturning.

INSURING AGREEMENT -COMPREHENSIVE COVERAGE

If **you** pay the premium for this coverage, **we** will pay for sudden, direct, and accidental loss to a:

1. **covered auto**, including an attached **trailer**; or
2. **non-owned auto**;

and its **custom parts or equipment**, that is not caused by **collision**.

A loss not caused by **collision** includes:

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;

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7. theft or larceny;
8. windstorm, hail, water, or flood; or
9. breakage of glass not caused by **collision**.

In addition, **we** will pay for:

1. reasonable transportation expenses incurred by **you** if a **covered auto** is stolen; and
2. loss of use damages that **you** are legally liable to pay if a **non-owned auto** is stolen.

A combined maximum of \$900, not exceeding \$30 per day, will apply to these additional benefits.

The additional benefit for transportation expenses will not apply if **you** purchased Rental Reimbursement Coverage for the stolen **covered auto**.

Coverage for transportation expenses and loss of use damages begins 48 hours after **you** report the theft to **us** and ends the earliest of:

1. when the **auto** has been recovered and returned to **you** or its owner;
2. when the **auto** has been recovered and repaired;
3. when the **auto** has been replaced; or
4. 72 hours after **we** make an offer to settle the loss if the **auto** is deemed by **us** to be a total loss.

We must receive written proof of transportation expenses and loss of use damages.

INSURING AGREEMENT - ADDITIONAL CUSTOM PARTS OR EQUIPMENT COVERAGE

We will pay for sudden, direct, and accidental loss to **custom parts or equipment** on a **covered auto** for which this coverage has been purchased. This coverage applies only if **you** have purchased both Comprehensive Coverage and Collision Coverage for that **covered auto** and the loss is covered under one of those coverages. This coverage applies in addition to any coverage included for **custom parts or equipment** under Comprehensive Coverage or Collision Coverage.

INSURING AGREEMENT - RENTAL REIMBURSEMENT COVERAGE

We will reimburse rental charges incurred when **you** rent an **auto** from a rental agency or auto repair shop due to a loss to a **covered auto** for which Rental Reimbursement Coverage has been purchased. This coverage applies only if **you** have purchased both Comprehensive Coverage and Collision Coverage for that **covered auto** and the loss is covered under one of those coverages.

Additional fees or charges for insurance, damage waivers, optional equipment, fuel, or accessories are

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not covered.

This coverage is limited to the day limit shown on the **declarations page** for a maximum of 30 days.

Rental charges will be reimbursed beginning:

1. when the **covered auto** cannot be driven due to a covered loss; or
2. if the **covered auto** can be driven, when **you** deliver the **covered auto** to an auto repair shop for repairs due to the loss;

and ending the earliest of:

1. when the **covered auto** has been returned to **you**;
2. when the **covered auto** has been repaired;
3. when the **covered auto** has been replaced;
4. 72 hours after **we** make an offer to settle the loss if the **covered auto** is deemed by **us** to be a total loss; or
5. when **you** incur rental charges for 30 days.

You must provide **us** reasonable written proof of **your** rental charges to be reimbursed.

INSURING AGREEMENT - LOAN/LEASE PAYOFF COVERAGE

If **you** pay the premium for this coverage, and the **covered auto** for which this coverage was purchased is deemed by **us** to be a total loss, **we** will pay, in addition to any amounts otherwise payable under this Part IV, the difference between:

1. the actual cash value of the **covered auto** at the time of the total loss; and
2. any greater amount the owner of the **covered auto** is legally obligated to pay under a written loan or lease agreement to which the **covered auto** is subject at the time of the total loss, reduced by:
 - a. unpaid finance charges or refunds due to the owner for such charges;
 - b. excess mileage charges or charges for wear and tear;
 - c. charges for extended warranties or refunds due to the owner for extended warranties;
 - d. charges for credit insurance or refunds due to the owner for credit insurance;
 - e. past due payments and charges for past due payments; and
 - f. collection or repossession expenses.

However, **our** payment under this coverage shall not exceed the limit of liability shown on the **declarations page**. The limit of liability is a percentage of the actual cash value of the **covered auto** at the time of the loss. This limitation does not apply to outstanding indebtedness secured by and incurred

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in conjunction with the purchase of a new **covered auto** that is added to this policy within 45 days of **you** becoming the owner. For the purposes of this coverage, a “new” **covered auto** is an **auto** that was not previously titled.

This coverage applies only if **you** have purchased both Comprehensive Coverage and Collision Coverage for that **covered auto** and the loss is covered under one of those coverages.

ADDITIONAL DEFINITIONS

When used in this Part IV:

1. “**Collision**” means the upset of a vehicle or its impact with another vehicle or object.
2. “**Custom parts or equipment**” means equipment, devices, accessories, enhancements, and changes, other than those that are offered by the manufacturer specifically for that **auto** model, or that are installed by the auto dealership as part of the original sale of a new **auto**, that:
 - a. are permanently installed or attached; and
 - b. alter the appearance or performance of the **auto**.
3. “**Mechanical parts**” means operational parts on a vehicle that wear out over time or have a finite useful life or duration typically shorter than the life of the vehicle as a whole. **Mechanical parts** do not include external crash parts, wheels, paint, or windshields and other glass.
4. “**Non-owned auto**” means an **auto** that is not owned by, or furnished or available for the regular use of, **you** or a **relative** while in the custody of or being operated by **you** or a **relative** with the permission of the owner of the **auto** or the person in lawful possession of the **auto**.

EXCLUSIONS

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

Coverage under this Part IV will not apply for loss:

1. to any vehicle while:
 - a. used to carry property for compensation or a fee, including but not limited to the retail or wholesale delivery, including, but not limited to, the pickup, transport, or delivery of magazines, newspapers, mail, or food, and the return from such delivery activity;
 - b. used to carry persons for compensation or a fee. This does not include a shared-expense carpool;
 - c. available for hire by the public; or

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- d. leased or rented to others, or possession given in exchange for any compensation except when **you** or a **relative** lends **your covered auto** to another person for reimbursement of operating expenses only.
2. sustained by any person that arises out of, or is related to operation of a **covered auto** by **you** in any type of activity associated or connected with any **transportation network company** (TNC) while logged in as a driver at the time of loss.
3. to a **non-owned auto** while being maintained or used by a person while employed or engaged in any **auto business**.
4. to any vehicle resulting from **you** or a **relative** operating any **motor vehicle** during, or sustained during practice or preparation for:
 - a. any racing, stunting, speed contest, demolition contest, timed contest or activity, whether or not any of those activities are planned or organized or not planned or organized.
5. to any vehicle for which insurance:
 - a. is afforded under a nuclear energy liability insurance contract; or
 - b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability.
6. to any vehicle caused by an intentional act committed by or at the direction of **you**, a **relative**, or the owner of a **non-owned auto**, even if the actual damage is different than that which was intended or expected. This does not apply to an innocent co-insured's legal interest in the damaged property if the innocent co-insured did not cooperate in or contribute to the cause of the loss, the loss arose out of an act of domestic or family violence and the person who caused the loss is the subject of a family violence complaint that has been filed with law enforcement authorities .
7. due to repossession by any party acting on behalf of the owner or the **covered auto**.
8. to a **covered auto** while it is leased or rented to others or given in exchange for compensation. This exclusion does not apply to the operation of a **covered auto** by **you** or a **relative** or when **you** or a **relative** lends **your covered auto** to another person for reimbursement of operating expenses only.
9. due to destruction or confiscation by governmental or civil authorities of any vehicle because **you** or any **relative** engaged in illegal activities.
10. to any **covered auto** while entrusted to someone other than **you** or a **relative** for sale of the **auto**.
11. to any vehicle that is due and confined to:
 - a. wear and tear;
 - b. freezing;
 - c. mechanical, electrical, or electronic breakdown or failure;
 - d. road damage to tires;

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- e. rust or corrosion;
- f. prior loss or damage;
- g. the lack of routine and/or proper maintenance; or
- h. manufacturer's defects or faulty materials or parts.

This exclusion does not apply if the damage results from the theft of a vehicle.

12. to portable equipment, devices, accessories, and any other personal effects that are not permanently installed. This includes, but is not limited to:
 - a. tapes, compact discs, cassettes, DVDs, and other recording or recorded media;
 - b. any case or other container designed for use in storing or carrying tapes, compact discs, cassettes, DVDs, or other recording or recorded media;
 - c. any device used for the detection or location of radar, laser, or other speed measuring equipment or its transmissions;
 - d. CB radios, satellite radios, televisions, mobile cellular and other telephones and their accessories, two-way mobile radios, scanners, DVD and other video players, personal computers, internet access devices, personal digital assistants, or televisions; and
 - e. GPS and navigation devices.
13. to any vehicle for **diminution of value**;
14. to any vehicle caused directly or indirectly by:
 - a. war (declared or undeclared) or civil war;
 - b. warlike action by any military force of any government, sovereign or other authority using military personnel or agents. This includes any action taken to hinder or defend against an actual or expected attack; or
 - c. insurrection, rebellion, revolution, usurped power, or any action taken by a governmental authority to hinder or defend against any of these acts.
15. to any vehicle caused by, or reasonably expected to result from, a criminal act or omission of **you**, a **relative**, or the owner of a **non-owned auto**. For purposes of this exclusion, criminal acts or omissions do not include traffic violations.
16. to any vehicle caused directly or indirectly by:
 - a. any accidental or intentional discharge, dispersal or release of radioactive, nuclear material; or
 - b. any intentional discharge, dispersal or release of chemical or hazardous material that is not a fluid or material necessary for the use of an auto or normal household maintenance for any purpose other than its safe and useful purpose.
17. to a **covered auto** while being used in a **personal vehicle sharing program** or other similar program which engages in the business of facilitating the sharing of private passenger motor vehicles.

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18. due to or as a consequence of a seizure of **your covered auto** by federal or state law enforcement officers as evidence in a case against **you** by the Texas Controlled Substances Act or the federal Controlled Substances Act if **you** are convicted in such case.

LIMITS OF LIABILITY

1. The limit of liability for loss to a **covered auto, non-owned auto, or custom parts or equipment** is 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;
 - b. the amount necessary to replace the stolen or damaged property reduced by the applicable deductible;
 - c. the amount necessary to repair the damaged property to its pre-loss condition reduced by the applicable deductible; or
 - d. the Stated Amount shown on the **declarations page** for that **covered auto**;

However, the most **we** will pay for loss to:

- a. **custom parts or equipment** is \$1,000 unless **you** purchased Additional Custom parts or equipment Coverage ("ACPE"). If **you** purchased ACPE, the most **we** will pay is \$1,000 plus the amount of ACPE **you** purchased;
 - b. a **trailer** is the limit of liability shown on the **declarations page** for that **trailer**. If the **trailer** is not shown on the **declarations page**, the limit of liability is \$500.
2. Payments for loss to a **covered auto, non-owned auto, or custom parts or equipment** are subject to the following provisions:
 - a. If coverage applies to a **non-owned auto**, **we** will provide the broadest coverage applicable to any **covered auto** shown on the **declarations page**.
 - b. If **you** have elected a Stated Amount for a **covered auto**, the Stated Amount is the most **we** will pay for all loss to that **covered auto**, including its **custom parts or equipment**.
 - c. Coverage for **custom parts or equipment** will not cause **our** limit of liability for loss to an **auto** under this Part IV to be increased to an amount in excess of the actual cash value of the **auto**, including its **custom parts or equipment**.
 - d. In determining the amount necessary to repair damaged property to its pre-loss condition, the amount to be paid by **us**:
 - i. will not exceed the prevailing competitive labor rates charged in the area where the property is to be repaired and the cost of repair or replacement parts and equipment, as reasonably determined by **us**; and
 - ii. will be based on the cost of repair or replacement parts and equipment which

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may be new, reconditioned, remanufactured, or used, including, but not limited to:

- (1) original manufacturer parts or equipment; and
- (2) non-original manufacturer parts or equipment.

To determine the amount necessary to repair or replace the damaged property as referred to in subsection 1, the total cost of necessary repair or replacement may be reduced by unrepaired prior damage that would not require the same labor, parts, and materials as the loss. Unrepaired prior damage includes broken, cracked, or missing parts; rust; dents; scrapes; gouges; and peeling paint. The reduction for unrepaired prior damage is the cost of labor, parts, and materials necessary to repair or replace damage, deterioration, defects, or wear and tear on exterior body parts, windshields and other glass, wheels, and paint, that existed prior to the accident and that is eliminated as a result of the repair or replacement of property damaged in the loss.

- e. To determine the amount necessary to repair or replace the damaged property as referred to in subsection 1, an adjustment may be made for betterment or depreciation and physical condition on:
 - i. batteries;
 - ii. tires;
 - iii. engines and transmissions, if the engine has greater than 80,000 miles; and
 - iv. any other **mechanical parts** that are nonfunctioning or inoperative.

We will not make an adjustment for the labor costs associated with the replacement or repair of these parts.

- f. The actual cash value is determined by the market value, age, and condition of the vehicle at the time the loss occurs.
3. If neither the coverage under this Part IV or the coverage under Part III's Uninsured Motorist Property Damage Coverage is sufficient alone to cover all **property damage** resulting from a single occurrence, **you** may recover under both coverages. However, any amount payable under this Part IV for loss to an **auto** shall be reduced by any amount paid for **property damage** to that **auto** under Part III's Uninsured Motorist Property Damage Coverage.
 4. No deductible will apply to a loss to window glass when the glass is repaired instead of replaced.
 5. Duplicate recovery for the same elements of damages is not permitted.

If **you** agree to have a windshield repaired at **our** expense after a loss, no deductible will be applied and **we** have no duty to also:

1. Pay the actual cash value of that windshield; or
2. Replace that windshield.

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We have no duty to cover or pay for any storage costs in excess of the storage **we** reasonably determine is the average or customary charge for such storage in the geographic area.

Our payment will not include, and **you** are responsible for (when applicable), the amount of the salvage value if **you** or the owner of the **auto** retains salvage.

PAYMENT OF LOSS

We may, at **our** option:

1. pay for the loss in money; or
2. repair or replace the damaged or stolen property.

At **our** expense, **we** may return any recovered 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** have no duty to keep or preserve salvage.

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 PAYABLE CLAUSE

Payment under this Part IV for a loss to a **covered auto** will be made according to **your** interest and the interest of any lienholder shown on the **declarations page** or designated by **you**. At **our** option, payment may be made to both jointly, or to either separately. However, if the **covered auto** is not a total loss, **we** may make payment to **you** and the repairer of the **auto** when there is a lienholder interest.

If the loss payee or lienholder makes a claim under this Policy, the loss payee or lienholder:

1. Must abide by all terms and conditions of this Policy; and
2. Has no greater rights than **you** to receive any payment.

If this policy is canceled, nonrenewed, or voided, the interest of any lienholder under this agreement will also terminate.

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When **we** make payment to a lienholder for loss under this policy, **we** will be subrogated to the rights of the party **we** pay, to the extent of **our** payment.

OTHER SOURCES OF RECOVERY

If other sources of recovery also cover the loss, **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. However, any insurance **we** provide for a **non-owned auto**, or **trailer** not shown on the **declarations page**, 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 auto** or **trailer**;
2. any other applicable physical damage insurance; and
3. any other source of recovery applicable to the loss.

Notwithstanding the provisions above, if there is coverage under this Part for a **non-owned auto** owned by a person or entity in the **auto business** of retail sales of motor vehicles, **we** will provide primary coverage for such use of that **non-owned auto**, but only as compared to any insurance or self-insurance maintained by the owner of that **non-owned auto**. This will not apply if **you** or a **relative** are the owner of that **auto** or are employed by the owner of the **auto** or that **business**.

APPRAISAL

If **we** cannot agree with **you** on the amount of a loss, then **you** and **we** may request an appraisal of the loss. Within 30 days of any request of an appraisal, each party shall appoint a competent appraiser and shall notify the other party of that appraiser's identity. The appraisers will determine the amount of loss. If they fail to agree, the disagreement will be submitted to a qualified umpire chosen by the appraisers. If the two appraisers are unable to agree upon an umpire within 15 days, **we** or **you** may request that a judge of a court of record, in the county where **you** reside, select an umpire. The appraisers and umpire will determine the amount of loss. The amount of loss agreed to by both appraisers, or by one appraiser and the umpire, will be binding. **We** will reimburse **you** for reasonable appraisal costs if the amount of loss agreed to by both appraisers, or by one appraiser and the umpire, is greater than the amount of **our** last offer to **you** prior to the incurrence of any appraisal costs. Otherwise, **you** will pay **your** appraiser's fees and expenses; **we** will pay **our** appraiser's fees and expenses; and **we** and **you** will share equally all other expenses of the appraisal, including payment of the umpire if one is selected. Neither **we** nor **you** waive any rights under this policy by agreeing to an appraisal.

PART V -ROADSIDE ASSISTANCE COVERAGE

INSURING AGREEMENT

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If **you** pay the premium for this coverage, **we** will pay for **our** authorized service representative to provide the following services when necessary due to a **covered emergency**:

1. towing of a **covered disabled auto** to the nearest qualified repair facility (we will cover up to 50 miles); and
2. labor on a **covered disabled auto** at the place of disablement.

If a **covered disabled auto** is towed to any place other than the nearest qualified repair facility, **you** will be responsible for any additional charges incurred.

ADDITIONAL DEFINITIONS

When used in this Part V:

1. "**Covered disabled auto**" means a **covered auto** for which this coverage has been purchased that sustains a **covered emergency**.
2. "**Covered emergency**" means a disablement that is a result of:
 - a. mechanical or electrical breakdown;
 - b. battery failure;
 - c. insufficient supply of fuel, oil, water, or other fluid;
 - d. flat tire;
 - e. lock-out; or
 - f. entrapment in snow, mud, water, or sand, within 100 feet of a road or highway.

EXCLUSIONS

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

Coverage under this Part V will not apply to:

1. the cost of purchasing parts, fluid, lubricants, fuel, or replacement keys, or the labor to make replacement keys;
2. installation of products or material not related to the disablement;
3. labor not related to the disablement;
4. labor on a **covered disabled auto** for any time period in excess of 60 minutes per disablement;
5. towing or storage related to impoundment, abandonment, illegal parking, or other violations of law;
6. assistance with jacks, levelers, airbags, or awnings;
7. towing from a service station, garage, or repairshop;

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8. labor or repair work performed at a service station, garage, or repair shop;
9. auto storage charges;
10. a second service call or tow for a single disablement;
11. disablement that occurs on roads not regularly maintained, sand beaches, open fields, or areas designated as not passable due to construction, weather, or earth movement;
12. mounting or removing of snow tires or chains;
13. tire repair;
14. repeated service calls for a **covered disabled auto** in need of routine maintenance or repair;
15. disablement that results from an intentional or willful act or action by **you**, a **relative**, or the operator of a **covered disabled auto**;
16. a trailer; or
17. a **covered auto** while used in connection with a **personal vehicle sharing program** or other similar program which engages in the business of facilitating the sharing of private passenger motor vehicles.

UNAUTHORIZED SERVICE PROVIDER

When service is rendered by a provider in the business of providing roadside assistance and towing services, other than one of **our** authorized service representatives, **we** will pay only reasonable charges, as determined by **us**, for:

1. towing of a **covered disabled auto** to the nearest qualified repair facility; and
 2. labor on a **covered disabled auto** at the place of disablement;
- which is necessary due to a **covered emergency**.

OTHER INSURANCE

Any coverage provided under this Part V for service rendered by an unauthorized service provider will be excess over any other collectible insurance or towing protection coverage.

PART VI - DUTIES IN CASE OF AN ACCIDENT OR LOSS

Failure to give notice, cooperate and/or perform any duty required in this policy may result in a partial or total denial of coverage under this policy. Notice, cooperation and performance of all policy duties that apply are conditions of coverage. These duties are set forth in more detail here, below, and throughout this policy.

For coverage to apply under this policy, **you** or the person seeking coverage must promptly report each accident or loss, even if **you** or the person seeking coverage is not at fault. All notice and reporting

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must be given to **us** as soon as practicable, but in no event later than 90 days after any accident or loss.

You or the person seeking coverage must provide **us** with all accident/loss information including time, place, and how the accident or loss happened. **You** or the person seeking coverage must also obtain and provide **us** the names, phone numbers, and addresses of all persons involved in the accident or loss, the names, phone numbers, and addresses of any witnesses, and the license plate numbers of the vehicles involved.

If **you** or the person seeking coverage cannot identify the owner or operator of a vehicle involved in the accident, or if theft or vandalism has occurred, **you** or the person seeking coverage must notify the police within 24 hours or as soon as practicable. However, if the person is seeking coverage under Part III -Uninsured Motorist Coverage for an accident involving a hit-and-run vehicle, then notice must be given to the police or civil authority as soon as practicable by the quickest means of communication.

A person seeking coverage must:

1. cooperate with **us** in any matter concerning a claim or lawsuit;
2. provide any written proof of loss or claim, and under oath, as **we** may reasonably require;
3. allow **us** to take signed and recorded statements, including sworn statements and examinations under oath, which **we** may conduct outside the presence of **you** or any other person claiming coverage, and answer all reasonable questions **we** may ask, as often as **we** may reasonably require. A minor may have a parent or guardian present during an examination under oath to comply with Texas Family Code Section 151.001(a)(7);
4. promptly notify **us** about any claim or lawsuit and send **us** any and all legal papers relating to the claim or suit;
5. attend hearings and trials as **we** require;
6. take reasonable steps after a loss to protect the **covered auto**, or any other vehicle for which coverage is sought, from further loss. **We** will pay reasonable expenses incurred in providing that protection. If failure to provide such protection results in further loss, any additional damages will not be covered under this policy;
7. allow **us** to have the damaged **covered auto**, or any other damaged vehicle for which coverage is sought, inspected (including taking pictures or video) and appraised before its repair or disposal;
8. submit to medical examinations at **our** expense by doctors **we** select as often as **we** may reasonably require;
9. give **us** written authorization to obtain all medical records and reports and all other records which are reasonably related to the injury or damage asserted;
10. give **us**:
 - a. credit and financial records, except for tax returns;

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- b. photographs;
- c. telephone, including cellular, text messaging and all other telephonic communication records, including billing records;
- d. employment, income and/or wage information, except for tax returns; and
- e. current and prior insurance claims records;

we **deem** relevant or may lead to relevant information;

- 11. allow and authorize us and our representative to get any information on any data, video device, maintenance or event recorder device installed or used in an auto, as we deem relevant to investigate the facts of the accident or loss. This may include information on, but is not limited to, any on-board computer or device, navigation or communication tool, global positioning system ("GPS") or data recorder; and
- 12. not admit fault, assume any obligation to other persons or parties nor prejudice our rights in any way.

As to any claim or lawsuit for which any part of this Policy may apply, **we** must be given prompt and timely notice of any and all:

- 1. claims or actions being brought (even if only threatened); or
- 2. lawsuits initiated, filed or served with respect to any of the events or parties involved in the accident or loss;

that may affect this Policy or the benefits and rights under it.

Further, as to any claim, action or lawsuit (whether threatened or brought):

- 1. the duty to give **us** notice of a claim related to Liability Coverage under this policy may be satisfied by an injured third party who, as the result of an **accident**, has a claim against an **insured person** (as defined under Part I), provided such notice is accomplished by mail.
- 2. copies of all notices, summons and/or other legal papers and process, either sent or received, in connection with any **accident** or loss also must be given to **us** as soon as practicable after the receipt thereof.
- 3. the duty to send a copy of a summons or other process can be met by a third party who sends those papers to **us**, or **our** authorized agent, by certified mail or statutory overnight delivery within:
 - a. ten (10) days of the filing of those papers with the clerk of the court; or
 - b. thirty (30) days from the date **our** name, or **our** authorized agent's name, becomes known if the name was not known;

but, in no event later than thirty (30) days prior to the entry of any judgment against any person insured under this Policy.

If there is a breach of this duty to send **us** any summons and/or other legal papers and process, and that

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breach is prejudicial to **us** as related to a claim or accident to under Part I, that breach shall relieve **us** of **our** obligation to defend an **insured person** (as defined under Part I) and relieve **us** of any obligation to pay any judgment or other sum on behalf of that **insured**.

As to any statements required by **us** to be under oath or to be taken as an examination under oath (“EUO”), it will be:

1. conducted by **us** or **our** representative, as often as **we** reasonably require and at a reasonable location of **our** choice;
2. outside the presence of any witness or person or party making a claim due to the same accident or loss, or any other person except for that person’s legal counsel and, if the person giving such testimony or statement is a minor, that person’s parent or guardian; and
3. recorded by audio and/or video and/or court reporter, as **we** decide.

We may also require a statement under oath or an EUO from:

1. **you**, any **relative**, and any person who is insured under any Part of this Policy who may be able to provide **us** with relevant information or lead us to relevant information, even if that person is not claiming benefits under this Policy.

Notice to **our** authorized agent is deemed notice to **us**.

PART VII -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 that occur within a state, territory, or possession of the United States of America, or a province or territory of Canada, or while a **covered auto** or **trailer** shown on the **declarations page** is being transported between their ports.

This policy does not apply:

1. During any lapse in coverage under this policy, including the period between the date and time of cancellation of this policy and the date and time of any reinstatement of this policy; or
2. After this policy has been cancelled or otherwise terminated.

If **you** apply for coverage on the same day the policy is to start, no coverage shall apply on that first day of the initial policy period before the time **you** apply for coverage and **we** accept the risk.

MEXICO COVERAGE—LIMITED

Coverage for your covered auto under this policy is extended to accidents occurring in Mexico, but only

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if within 25 miles of the United States border. This limited extension of coverage only applies to infrequent trips into Mexico that do not exceed 10 days at any one time. "Infrequent trips" means less than 10 trips into Mexico during the 30-day period leading up to and including the actual date of loss. Any insurance that we may provide under this provision shall be excess over any other valid and collectible insurance.

WARNING—READ CAREFULLY

Auto accidents in Mexico are subject to the laws of Mexico—NOT the laws of the United States of America. Unlike the United States, the Republic of Mexico considers an auto accident a CRIMINAL OFFENSE as well as a civil matter.

In some cases, the coverage under this section may NOT be recognized by Mexican authorities, and the company may not be allowed to implement this coverage at all in Mexico. You should consider purchasing auto coverage from a licensed Mexican insurance company before driving into Mexico. The coverage under this section does not apply to trips into Mexico that exceed 25 miles from the boundary of the United States of America.

CHANGES

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

The premium for this policy is based on information **we** received from **you** and other sources. **You** agree to cooperate with **us** in determining if this information is correct and complete by responding to our reasonable request for information within 30 days, and to notify **us** if it changes during the policy period. If this information is incorrect, incomplete, or changes during the policy period, **you** agree that **we** may adjust **your** premium accordingly. Changes that may result in a premium adjustment are contained in **our** rates and rules. These include, but are not limited to, **you** or a **relative** obtaining a driver's license or operator's permit, or changes in:

1. the number, type, or use classification of **covered autos**;
2. operators using **covered autos**;
3. an operator's marital or registered domestic partnership status;
4. the place of principal garaging of any **covered auto**;
5. coverage, deductibles, or limits of liability; or

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6. rating territory or discount eligibility.

The coverage provided in **your** policy may be changed only by the issuance of a new policy or an endorsement by **us**. However, if during the policy period **we** broaden any coverage afforded under the current edition of **your** policy without additional premium charge, that change will automatically apply to **your** policy as of the date the coverage change is implemented in **your** state.

If **you** ask **us** to delete a vehicle from this policy, no coverage will apply to that vehicle as of the date and time **you** ask **us** to delete it.

DUTY TO REPORT CHANGES

You must promptly notify **us** when:

1. **your** mailing or residence address changes;
2. the principal garaging address for a **covered auto** or a **trailer** shown on the **declarations page** changes;
3. there is a change with respect to the residents in **your** household or the persons who regularly operate a **covered auto**;
4. an operator's marital or registered domestic partnership status changes; or
5. **you** or a **relative** obtain a driver's license or operator's permit.

OUR DUTIES IN THE EVENT OF A CLAIM

1. Within 15 days after we receive your written notice of claim, we must:
 - a. acknowledge receipt of the claim. If our acknowledgement of the claim is not in writing, we will keep a record of the date, method, and content of our acknowledgement;
 - b. begin any investigation of the claim; and
 - c. specify the information you must provide. We may request more information if during the investigation of the claim such additional information is necessary.
2. After we receive the information we request, we must notify you in writing whether the claim will be paid or has been denied, or whether more information is needed:
 - a. within 15 business days; or
 - b. within 30 days if we have reason to believe the loss resulted from arson.
3. If we do not approve payment of your claim or we require more time for processing your claim, we must:
 - a. give the reason(s) for denying your claim; or
 - b. give the reason(s) we require more time to process your claim. We must either approve

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or deny your claim within 45 days after our requesting more time.

4. In the event of a weather-related catastrophe or major natural disaster, as defined by the Texas Department of Insurance, the claim handling deadlines as stated above are extended for an additional 15 days.
5. Loss payment:
 - a. If we notify you that we will pay your claim, or part of your claim, we must pay within five business days after we notify you.
 - b. If payment of your claim or part of your claim requires the performance of an act by you, we must pay within five business days after the date you perform the act.
6. Notice of settlement of liability claim:
 - a. We will notify you in writing of any initial offer to compromise or settle a claim against you under the liability section of this policy. We will give you notice within 10 days after the date the offer is made.
 - b. We will notify you in writing of any settlement of a claim against you under the liability section of this policy. We will give you notice within 30 days after the date of the settlement.

SETTLEMENT OF CLAIMS

We may use estimating, appraisal, or injury evaluation systems to assist **us** in adjusting claims under this policy and to assist **us** in determining the amount of damages, expenses, or loss payable under this policy. Such systems may be developed by **us** or a third party and may include computer software, databases, and specialized technology.

TERMS OF POLICY CONFORMED TO STATUTES

If any provision of this policy fails to conform to the statutes of the state listed on **your** application as **your** residence, the provision shall be deemed amended to conform to such statutes.

If any of the terms of this policy are found invalid by a court with proper jurisdiction under any statutory or compulsory insurance law, or financial responsibility law, then that policy term(s) is amended so that it:

1. does not apply to the portion of the damages or loss that is less than or equal to **minimum limits** or minimum amounts of coverage required by law; and
2. continues to exclude to the portion of the damages or loss that is greater than **minimum limits** or minimum amounts of coverage required by law.

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All other provisions shall be given full force and effect. Any disputes as to the coverages provided or the provisions of this policy shall be governed by the law of the state listed on **your** application as **your** residence.

TRANSFER OF INTEREST

The rights and duties under this policy may not be transferred to another person without **our** written consent. However, if a named insured shown on the **declarations page** dies, this policy will provide coverage until the end of the policy period for the legal representative of the named insured, while acting as such, and for persons covered under this policy on the date of the named insured's death.

FRAUD OR MISREPRESENTATION

This policy was issued in reliance upon the information provided on **your** insurance application. To the extent permitted by Texas Insurance Code sections 705.003 and 705.004, **we** may deny coverage if **you**:

1. made incorrect statements or representations to **us** with regard to any material fact or circumstance;
2. concealed or misrepresented any material fact or circumstance; or
3. engaged in fraudulent conduct;

at the time of application. This means **we** will not be liable for any claims or damages that would otherwise be covered.

To the extent permitted by Texas Insurance Code sections 705.003 and 705.004, **we** may deny coverage for an accident or loss if **you** or a person seeking coverage has knowingly concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with the presentation or settlement of a claim.

If **we** deny coverage due to any of the reasons listed above in this Fraud or Misrepresentation clause, **you** must reimburse **us** if **we** made or make a payment.

PAYMENT OF PREMIUM AND FEES

Coverage and benefits under this policy are conditioned on **our** receipt of the full and valid payment of the initial down-payment of premium.

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If **your** initial premium payment is by check, draft, electronic funds transfer, or similar form of remittance, coverage under this policy is conditioned on payment to **us** by the financial institution. If the financial institution upon presentment does not honor the check, draft, electronic funds transfer, Automated Clearing House payment or any non-cash form of remittance, this policy may, at **our** option, be deemed void from its inception. This means **we** will not be liable under this policy for any claims or damages that would otherwise be covered if the payment had been honored by the financial institution. Any action by **us** to present the remittance for payment more than once shall not affect **our** right to void this policy. If **we** are required by law to make any payment after **we** void this policy, **you** must pay **us** for all expenses incurred and payments made.

Your policy premium will be charged and collected under two different billing procedures. First, **your** base premium is collected in six monthly installments. Second, **your** mileage-based premium is collected for miles driven at the end of each monthly billing cycle. An estimate of one month's mileage is collected with **your** down payment.

Miles driven are determined using electronic methods, including but not limited to, verified photographs of the vehicle odometer or hardware-based telematics systems. If **you** insure multiple **covered autos** under this policy, **you** are required to report mileage for each **covered auto**.

Mileage for any unreported months will be determined as follows:

1. When **you** sign an application for a policy, a binder is issued for that policy and an authorization is taken for the first month's payment.
2. **You** will get up to a 3-day grace period from the policy inception date to submit **your** first odometer reading for all **covered autos**. If a reading for at least one of the **covered autos** is received by **us** before the end of the 3-day grace period, the policy will be issued at the date and time of the binder.
3. If an odometer reading is not received by **us** by the end of the 3-day grace period, the binder is cancelled and the payment authorization is released. If an odometer reading is received by **us** thereafter, the policy is bound at the date and time that the odometer reading is received by **us**.
4. 25 days after policy inception, notification will be sent to **you** reminding **you** of the need to submit an updated odometer reading for each of the **covered autos**. Reminders will be sent and if an odometer reading is not received by **us**, **you** will be billed at a rate of 40 miles per day.
5. Vehicles added after the policy inception date will also receive a 3-day grace period for the first odometer reading. If the odometer reading is not received by **us** by the end of the 3-day period, the vehicle will be billed at a rate of 40 miles per day until the initial odometer reading is received.

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Any customer disputes around actual miles driven will be credited to the customer's account on day dispute is settled.

CANCELLATION – BY YOU

You may cancel this policy by:

1. Giving **us**, or **our** authorized agent, advance notice (orally with recorded verification, electronically, or in writing) stating a future date and time on which **you** are requesting the policy to be cancelled; or
2. Any other means **you** and **we** agree on.

If **you** cancel this policy, **your** cancellation will be effective as follows:

1. If only **your** interest is affected, the date **we** or **our** agent receive **your** returned policy or the date specified in **your** notice, whichever is later. Except, **we** may, at **our** option, waive the requirement that the notice state a future date for cancellation by confirming the date and time of cancellation in writing to **you**.
2. If by statute, regulation or contract the policy may not be cancelled unless notice is given to a government agency, mortgagee or other third party, **we** will mail or deliver at least ten (10) days notice to **you** and any such third party as soon as practicable after receiving **your** request for cancellation.

Cancellation by **you** shall be binding as to all named insureds and all others who could be insured under this policy.

CANCELLATION – BY US

We may cancel this policy during the policy period by mailing a notice of cancellation to the first named insured shown on the **declarations page** to the last known mail address shown in **our** records.

We will give at least 10 days notice of cancellation if:

1. **we** cancel during the first 59 days of the initial policy period; or
2. the policy is canceled for nonpayment of premium.

We will give at least 20 days notice of cancellation in all other cases.

When this policy has been in effect for less than sixty (60) days, **we** may cancel this policy for any lawful reason(s).

After this policy is in effect for more than 59 days, or if this is a renewal or continuation policy, **we** may cancel only for one or more of the following reasons:

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1. nonpayment of premium;
2. the named insured, or any operator who either **resides** in the same household or customarily operates a **covered auto** has had a driver's license or motor vehicle registration suspended or revoked. However, we will not cancel the policy if you consent to the attachment of an endorsement excluding coverage when **covered auto** is being operated by the driver whose license has been suspended or revoked..

We may not cancel this policy based solely on the fact that you are an elected official.

If this policy is canceled, coverage will not be provided as of the effective date and time shown in the notice of cancellation. For purposes of cancellation, this policy is neither severable nor divisible. Any cancellation will be effective for all coverages for all persons and all vehicles.

CANCELLATION REFUND

Upon cancellation, **you** may be entitled to a premium refund. If so, **we** will send **you** the refund due not later than the 15th business day after the effective date of the cancellation. However, **our** making or offering of a refund is not a condition of cancellation. If this policy is canceled, any refund due will be computed on a daily pro-rata basis.

NONRENEWAL

If neither **we** nor one of **our** affiliates offers to renew or continue this policy, **we** will mail notice of nonrenewal to the first named insured shown on the **declarations page** at the last known mailing address appearing in **our** records. Notice will be mailed at least thirty (30) days before the end of the policy period. If the policy period is other than one year, **we** will have the right not to renew or continue it only at the anniversary of its original effective date. We will not refuse to renew or continue this policy solely because of the age of **you** or a **relative**. **We** may not refuse to renew this policy based solely on the fact that **you** are an elected official.

PROOF OF NOTICE

Any proof of mailing by United States Postal Service mail or electronic delivery shall be sufficient proof of notice, unless otherwise required by law. As allowed by law, sufficient proof of notice can be proof of:

1. Mailing, which means sufficient evidence that a notice or paper has been presented to the United States Postal Service for mailing. This includes, but is not limited to, any:
 - a. Form of certificate of mailing or certificate of bulk mailing issued by the United States

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Postal Service; or

- b. Intelligent mail barcode or another similar tracking method used and approved by the United States Postal Service; or

2. Delivery directly to **you**, including by way of e-mail or any type of electronic device.

The mailing or delivery of any notice required under this policy or by law will be considered effective notice if sent to **your** last known address in **our** records.

REJECTED RENEWAL OFFER

If **we** or an insurance company affiliated with **us** offers to renew this policy and **we** do not receive valid payment of the renewal premium payment when due:

1. That nonpayment shall be deemed **your** rejection of **our** offer to renew the policy; and
2. **You** agree that the policy will expire and lapse under its own terms and automatically end at the end of the current policy period without further notice.

This will not apply if **we** agree to accept late payment after cancellation subject to a lapse in coverage.

AUTOMATIC TERMINATION

If **we** or an affiliate offers to renew or continue this policy and **you** or **your** representative does not accept, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due will mean that **you** have not accepted **our** offer.

If **you** obtain other insurance on a **covered auto**, any similar insurance provided by this policy will terminate as to that **covered auto** on the effective date of the other insurance.

If a **covered auto** is sold or transferred to someone other than **you** or a **relative**, any insurance provided by this policy will terminate as to that **covered auto** on the effective date of the sale or transfer.

LEGAL ACTION AGAINST US

We may not be sued unless there is full compliance with all the terms of this policy.

We may not be sued for payment under Part I -Liability To Others until the obligation of an insured person under Part I to pay is finally determined either by judgment after trial 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.

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If **we** retain salvage, **we** have no duty to preserve or otherwise retain the salvage for any purpose, including evidence for any civil or criminal proceeding.

OUR RIGHTS TO RECOVER PAYMENT

Only if and when allowed by law, including Texas Insurance Code Section 1952.155 as it relates to coverage afforded under Part II(B), **we** are entitled to the rights of recovery that the insured person to whom payment was made has against another, to the extent of **our** payment. This right of recovery exists regardless of whether the insured person has been fully compensated for all damages, whether the insured person has a deductible under **our** policy, or whether others have paid for only a part of the insured person's loss. That insured person may be required to sign documents related to the recovery and must do whatever else **we** require to help **us** exercise those recovery rights, and do nothing after an accident or loss to prejudice those rights.

However, **we** may not assert rights of recovery against the owner or operator of an **uninsured motor vehicle** (as defined in Part III), if the person seeking coverage under Part III - Uninsured Motorist Coverage provides **us** with written notice at least 30 days prior to entering into a settlement that an offer of settlement has been made by, or on behalf of, the owner or operator of an **uninsured motor vehicle**, and if **we** do not elect to pay to, or on behalf of, that person an amount equal to the amount offered in full settlement by, or on behalf of, the owner or operator of the **uninsured motor vehicle**.

When an insured person has been paid by **us** and also recovers from another, the amount recovered will be held by the insured person in trust for **us** and reimbursed to **us** to the extent of **our** payment. If **we** are not reimbursed, **we** may pursue recovery of that amount directly against that insured person.

If an insured person recovers from another without **our** written consent, the insured person's right to payment under any affected coverage will no longer exist.

If **we** elect to exercise **our** rights of recovery against another, **we** will also attempt to recover any deductible incurred by an insured person under this policy unless **we** are specifically instructed by that person not to pursue the deductible. **We** have no obligation to pursue recovery against another for any loss not covered by this policy.

We reserve the right to compromise or settle the deductible and property damage claims

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against the responsible parties for less than the full amount. **We** also reserve the right to incur reasonable expenses and attorney fees in pursuit of the recovery.

If the total recovery is less than the total of **our** payment and the deductible, **we** will reduce reimbursement of the deductible based on the proportion that the actual recovery bears to the total of **our** payment and the deductible. A proportionate share of collection expenses and attorney fees incurred in connection with these recovery efforts will also reduce reimbursement of the deductible.

These terms will be applied in accord with state law.

JOINT AND INDIVIDUAL INTERESTS

If there is more than one named insured on this policy, any named insured may cancel or change this policy. The action of one named insured will be binding on all persons provided coverage under this policy.

BANKRUPTCY

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

NAMED OPERATOR - NON-OWNED VEHICLE COVERAGE

If **you** elect Named Operator – Non-Owned Vehicle Coverage, **you** agree with **us** that this Policy is amended and only applies to **your** permissive use of an **auto** that is not **owned** by or registered to **you**, a **relative** or any **person** who **resides** in **your** household.

Throughout the Policy, the definition of "**insured person**" means only **you**.

No coverage of any type applies under Part III or Part IV of this Policy for **property damage** or loss.

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EXECUTED ON BEHALF OF THE COMPANY BY:

Chief Executive Officer