

Preferred Auto Insurance Company, Inc.

**TENNESSEE
PREFERRED AUTO INSURANCE
COMPANY, INC

PERSONAL AUTO POLICY**

WARNING

Any person who knowingly provides false, incomplete or misleading information to an insurance company commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Material misrepresentation may prevent recovery of benefits under this Policy.

Misrepresentations could include failure to disclose on the **application** operators of the vehicle or accurate driving records of the drivers.

**YOUR PERSONAL AUTO POLICY
QUICK REFERENCE**

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AGREEMENT

This policy is issued and renewed in reliance upon the truth and accuracy of the representations made in the **application** for this insurance. The terms of this policy impose obligations on all persons defined as **you**. The responsibilities, acts and/or omissions, in connection with this insurance, of any person defined as **you**, shall be binding upon all other persons defined as **you**.

In return for payment of the premium and subject to all the terms of this policy, **we** agree with **you** as follows:

DEFINITIONS

Throughout this policy, **you** and **your** refer to:

1. the **named insured** shown on the **Declarations Page**; and
2. the spouse, if a **resident** of the same household.

We, us and **our** refer to the Company providing this insurance as referred to on the **Declarations Page**.

For purposes of this policy, a private passenger type **auto** shall be deemed to be **owned** by a person if leased:

1. under a written agreement to that person; and
2. for a continuous period of at least six (6) months.

The following words or phrases, when printed in boldfaced type, are defined as follows:

Accident means: a sudden, unexpected, and unintended occurrence.

Actual Cash Value means: the fair market value of the stolen or damaged property at the time of the **loss**.

Application means: the form entitled Preferred Auto Insurance Company Automobile Application that contains statements, coverage options, and agreements that form a part of this policy.

Auto or **automobile** means: a motor vehicle having more than three load-bearing wheels and which is of a kind required to be registered under the laws of this state relating to motor vehicles designed primarily for operation upon the public streets, roads and highways and driven by power other than muscular power.

Bodily injury means: bodily harm, sickness or disease, including death that results therefrom. **Bodily injury** does not include harm, sickness, disease or death arising out of a medically defined communicable disease contracted by any person or the exposure of such a disease by any person to any other person.

Business means: trade, profession or occupation.

Declarations Page means the document from **us** listing:

1. the types of coverage **you** have elected;
2. the limit for each coverage;
3. the cost for each coverage;
4. the specified **autos** covered by this policy;
5. the types of coverage for each **auto**; and
6. other information applicable to this policy.

Depreciation means: decline of value due to wear and tear or obsolescence.

Family member means: one who regularly resides in **your** household and who is related to **you** by blood, marriage or adoption (including a ward, step child, foster child or someone under **your** guardianship). A **Family member** may live temporarily outside **your** household.

Family member also means:

1. Anyone who regularly resides in **your** household, that is not related to you by blood, marriage or adoption.
2. **Your** unmarried or un-emancipated child away at school.

Loss means: sudden, direct, and accidental destruction or damage. **Loss** does not include **diminution in value**.

Named insured means the **named insured** as shown on the **Declarations Page**; and the spouse if a **resident** of the same household.

Non-owned auto means: any **auto** that is not **owned** by or furnished or available for the regular use of **you**, or any **family member** while in the custody of or being operated by **you** or any **family member** and while being used within the scope of the **owner's** express or implied permission. However, **non-owned auto** does not include any vehicle used as a temporary substitute for an **auto you** own which is out of normal use because of its breakdown, repair, servicing, **loss** or destruction.

Occupying means: in, upon, getting into, out of, on or off.

Own, Owned or Owner means the person:

1. holds legal title to the vehicle;
2. has legal possession of the vehicle that is subject to a written security agreement with an original term of six (6) months or more; or
3. has legal possession of the vehicle that is leased to that person under a written agreement for a continuous period of six (6) months or more.

Pollutant means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkaloids, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

Property damage means: physical injury to, destruction of, or loss of use to tangible property.

Resident means a person living in **your** household. Any **resident** must be listed on the **application** or the policyholder must inform **us** within thirty (30) days of any changes in **residents**.

Trailer means: a non-powered vehicle with no independent means of locomotion, including a farm wagon or farm implement, designed to be pulled by a:

1. private passenger **auto** or station wagon; or
2. pickup truck or private passenger van.

Your covered auto means:

1. Any **auto** shown on the **Declarations Page**.
2. Any of the following types of vehicles on the date **you** become the **owner**, but only if

you have asked **us** to insure it as set forth below:

- a. a private passenger **auto** or station wagon; or
- b. a pickup truck or private passenger van that:
 1. is not used for the delivery or transportation of goods and materials unless such use is incidental to **your business** of installing, maintaining or repairing furnishings or equipment; or for farming or ranching; and
 2. has a Gross Vehicle weight as specified by the manufacturer of less than ten thousand (10,000) pounds.

If the **auto you** acquire replaces an **auto** shown on the **Declarations Page**, it will have the same coverage as the **auto** it replaced, if **you**:

- a. acquire the **auto** during the policy period; and
- b. ask **us** to insure it within thirty (30) days after **you** become the **owner**.

If **you** do not notify **us** within the time limit noted in b., no coverage exists for the replacement **auto**.

If the **auto you** acquire is in addition to any shown on the **Declarations Page**, it will have the broadest coverage **we** now provide for any **auto** shown on the **Declarations Page**, if **you**:

- a. acquire the **auto** during the policy period;
- b. ask **us** to insure it within fourteen (14) days after **you** become the **owner** and pay any additional premium due; and
- c. **we** insure all **autos you own**.

If **you** do not notify **us** within the time limit noted in b., no coverage exist for the newly acquired **auto**.

3. Any **trailer you own**, while being pulled by **your covered auto**.
4. Any **auto** or **trailer not owned** by **you** while used on a temporary basis, by drivers listed on the policy, for thirty (30) consecutive days or less, as a substitute for any other **auto** described in the definition which is out of normal use because of its:
 - a. breakdown;
 - b. repair;

- c. servicing;
- d. **loss**; or
- e. destruction.

The definition of **your covered auto** does not apply to PART D – **COVERAGE FOR DAMAGE TO YOUR AUTO**. **Your covered auto** is redefined in PART D.

PART A: LIABILITY COVERAGE

INSURING AGREEMENT

If **you** pay a premium for this coverage, **we** will pay damages, except punitive or exemplary damages or legal costs related thereto, up to the policy limits stated on the **Declarations Page**, for **bodily injury** or **property damage** for which any **insured** becomes legally responsible because of an **auto accident**. Damages include prejudgment interest awarded against the **insured** subject to **our** limit of liability for this coverage. **We** will settle or defend, as **we** consider appropriate, any claim or suit asking for these damages. In addition to **our** limit of liability, **we** will pay all defense costs **we** incur. **Our** duty to settle or defend ends when the limit of liability has been exhausted by the payment of a judgment or settlement. **We** have no duty to defend any suit, settle any claim or pay any judgment for **bodily injury** or **property damage** not covered under this policy.

DEFINITIONS

Insured as used in this Part means:

1. **You** for the **ownership**, maintenance or use of **your covered auto**.
2. **You** while operating any **non-owned auto** with the permission of the **owner**.
3. Any person driving **your covered auto** with **your** permission and within the scope of such permission.

Insured does not mean a driver who is not listed on this policy who resides in the same household as the **named insured**, or who is a regular or frequent operator (more than twice a month) of any vehicle insured under this policy; and is involved in an **accident** which occurs while the **automobile** is being driven, operated, manipulated, maintained, serviced or used in any other manner by this person. This limitation shall apply whether or not the **named insured** is

using it in any manner, whatsoever. This limitation shall not apply if this policy is certified as proof of financial responsibility.

SUPPLEMENTARY PAYMENTS

In addition to **our** limit of liability, **we** will pay on behalf of an **insured**:

1. Up to one hundred dollars (\$100) for the cost of bail bonds required because of traffic law violations resulting from an **auto accident**. The **auto accident** must result in **bodily injury** or **property damage** covered under this policy.
2. Premiums on appeal bonds and bonds to release attachments in any suit **we** choose to appeal. **We** will not pay the premium for attachment bonds that exceed **our** limit of liability.
3. For damages covered under this policy, interest accruing after a judgment is entered in any suit **we** defend. **Our** duty to pay interest ends when **we** offer to pay that part of the judgment which does not exceed **our** limit of liability for this coverage.
4. Other reasonable expenses incurred at **our** request.
5. Reasonable loss of wages, up to fifty dollars (\$50) per day, but not other income, because of attendance at hearings, proceedings, or trials at **our** request.
6. Reasonable expenses for emergency first aid **you** administer to others at the scene of any **accident** involving any **auto** covered by this policy, up to fifty dollars (\$50).

EXCLUSIONS

- A. Coverage under this Part A, including **our** duty to defend, does not apply to:
 1. **Bodily injury** or **property damage** caused intentionally by or at the direction of an **insured**.

2. **Property damage** to property **owned** or being transported by that person (in A-1).
3. **Property damage** to property:
 - a. rented to;
 - b. used by; or
 - c. in the care, custody, or control of that person (in A-1). This exclusion does not apply to a rented residence or a rented private garage.
4. **Bodily injury** to an employee or fellow employee of any **insured** person arising out of the course of employment. This exclusion does not apply to **bodily injury** to a domestic employee unless Workers' Compensation benefits, disability benefits, or similar benefits are required or available for that domestic employee.
5. Liability arising out of the **ownership** or operation of an **auto** while it is being used to carry persons or property for compensation for a fee, including, but not limited to, delivery of magazines, newspapers, food, pizza, or any other product. This exclusion does not apply to a share-the-expense car pool.
6. Any person while employed or otherwise engaged in the **business** of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. storing;
 - e. parking;
 - f. road testing;
 - g. delivering; or
 - h. leasing

vehicles designed for use mainly on public highways.
7. Maintaining or using any vehicle while that person is employed or otherwise engaged in any business (other than farming or ranching) not described in Exclusions 5 and 6. If a **business** use surcharge is noted on the **Declarations Page**, this exclusion does not apply to the **ownership**, maintenance or use of that **auto** by:
 - a. **you**; or
 - b. any **family member**.
8. **Bodily injury or property damage** for which that person:

- a. is an **insured** under a nuclear energy liability policy; or
- b. would be an **insured** under a nuclear energy liability policy but for its termination upon exhaustion of its limit of liability.

For the purpose of this exclusion a nuclear energy liability policy means a policy issued by any of the following or their successors:

1. Nuclear Energy Liability Insurance Association;
 2. American Nuclear Insurers;
 3. Mutual Atomic Energy Liability Underwriters; or
 4. Nuclear Insurance Association of Canada.
9. **Bodily injury or property damage** arising out of the **ownership**, maintenance or use of:
 - a. a motorcycle or any motorized vehicle having fewer than four wheels or more than six wheels; or
 - b. an all-terrain vehicle, regardless of the number of wheels; or
 - c. any self-propelled vehicle not licensed for use on public roads; or
 - d. any vehicle weighing in excess of ten thousand (10,000) pounds.
 10. **Bodily injury or property damage** arising out of any person's liability for the **ownership**, maintenance or operation of **your** covered **auto** when it:
 - a. is being rented or leased to others; or
 - b. has been sold to another; or
 - c. is under a conditional sales agreement by **you** to another.
 11. **Bodily injury or property damage** arising out of the operation of farm or ranch machinery.
 12. **Bodily injury or property damage** arising out of the **ownership** or maintenance of an **auto** while it is being operated in, or while in practice or preparation for, any race event, hill climb, demonstration, speed contest or performance contest, regardless of whether such event is prearranged or organized.
 13. **Bodily injury or property damage** arising out of any liability assumed by

- an **insured** under any contract or agreement.
14. **Bodily injury** or **property damage** for which the United States Government is held responsible under the Federal Tort Claims Act.
 15. **Bodily injury** or **property damage** arising out of the **ownership**, maintenance or use of an **auto** while it is being used as a residence or premises.
 16. **Bodily injury** resulting from the discharge of any firearm or weapon used in connection with any **auto**.
 17. **Bodily injury** to **you** or a **family member**.
 18. **Bodily injury** or **property damage** to any person while **occupying** any **auto**:
 - a. being used in any unlawful activity (other than a traffic violation), illicit trade or transportation; or
 - b. used or operated in an attempt to flee a law enforcement agent.
 19. **Bodily injury** or **property damage** arising out of the loading or unloading of any **auto**.
 20. **Bodily injury** or **property damage** arising out of the **ownership**, maintenance or use of **your covered auto** when it is driven, operated or used with **your** permission by an individual who **you** or a **family member** know or have reason to know:
 - a. is under the minimum age to obtain a driver's license; or
 - b. does not have a valid driver's license; or
 - c. has a suspended driver's license; or
 - d. has a revoked driver's license; or
 - e. has a cancelled license.
 21. **Bodily injury** or **property damage** caused by war (declared or undeclared), civil war, insurrection, rebellion, revolution, nuclear reaction or radioactive contamination, or any consequence of any of these.
 22. **Bodily injury** or **property damage** to the **owner** of any **auto** while that person is a passenger in an **auto** driven by an **insured**.
 23. **Bodily injury** or **property damage** resulting from the use of **your covered auto** by a person or persons specifically excluded by endorsement.
 24. **Bodily injury** or **property damage** resulting from the use of an **auto** for snow removal.
 25. **Bodily injury** or **property damage** incurred while the **auto** is used for towing a **trailer** designed to be towed by something other than an **auto**.
 26. **Bodily injury** or **property damage** resulting from the radioactive, toxic, explosive or other hazardous properties or source of, nuclear or by-product material, each as defined in the Atomic Energy Act of 1954, as amended.
 27. **Bodily injury** or **property damage** arising out of actual, alleged or threatened discharge, dispersal, release, or escape of any **pollutant** unless such discharge, dispersal, release, or escape is sudden and accidental and arises directly from **collision** or upset of **your covered auto**.
 28. Punitive or exemplary damages.
 29. **Bodily injury** or **Property Damage** arising from any person using **your covered auto** without or beyond the scope of the **insured's** express or implied permission.
 30. **Bodily injury** or **property damage** arising out of the **ownership** or maintenance of an **auto** while it is on a track designed primarily for racing or high speed driving.
- B. We do not provide Liability Coverage for the **ownership**, maintenance or use of:
1. Any **auto**, other than **your covered auto**, which is:
 - a. **owned by you**; or
 - b. furnished or available for **your** regular use.
 2. Any **auto**, other than **your covered auto**, which is:
 - a. **owned by any family member**; or
 - b. furnished or available for the regular use of any **family member**.
 3. Any motorized vehicle having fewer than four wheels.

LIMIT OF LIABILITY

The limit of liability shown on the **Declarations Page** for each person for **Bodily Injury** Liability Coverage is **our** maximum limit of liability for all damages for **bodily injury**, sustained by any one person in any one **auto accident**. This

includes all derivative claims arising out of said **bodily injury** which includes, but is not limited to, damages for care, loss of service or death, loss of consortium, loss of society or companionship.

Subject to this limit for each person, the limit of liability shown on the **Declarations Page** for each **accident** for **Bodily Injury** Liability Coverage is **our** maximum limit of liability for all damages for **bodily injury** resulting from any one **auto accident**. This includes all derivative claims arising out of said **bodily injury** which includes, but is not limited to, damages for care, loss of service or death, loss of consortium, loss of society or companionship.

The limit of liability shown on the **Declarations Page** for each **accident** for **property damage** liability coverage is **our** maximum limit of liability for all damage to all property resulting from any one **auto accident**. This is the most **we** will pay under **Bodily Injury** Liability Coverage or **Property Damage** Liability Coverage, whichever is applicable, as a result of any one **auto accident** regardless of the number of:

1. **insureds;**
2. claims made;
3. **autos** or premiums shown on the **Declarations Page;**
4. **autos** involved in the **auto accident;**
5. premiums paid; or
6. lawsuits brought.

An **auto** and attached **trailer** are considered one **auto**. Therefore, the limit of liability will not be increased for an **accident** involving an **auto** with an attached **trailer**.

Any amount payable under this coverage to or for an injured person will be reduced by any payment made to that person under PART B – MEDICAL PAYMENTS COVERAGE and PART C – UNINSURED MOTORIST COVERAGE of this policy.

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

OUT OF STATE COVERAGE

If an **auto accident** to which this policy applies occurs in any state or province other than the one in which **your covered auto** is principally garaged, we will interpret **your** policy for that **auto accident** as follows:

1. A financial responsibility or similar law specifying limits of liability for **bodily injury** or **property damage** higher than the limit shown on the **Declarations Page** for which **you** have paid a premium, **your** policy will provide the higher specified limit.
2. A compulsory insurance or similar law requiring a nonresident to maintain insurance whenever the nonresident uses an **auto** in that state or province, **your** policy will provide at least the required minimum amounts of liability coverage. **We** will not provide any coverage under the no-fault law or any other similar law of any other state.

However, if the **auto accident** involves a vehicle covered under this policy which is either registered in such other state or province or has been operated in such other state or province for thirty (30) days or more in the preceding three hundred and sixty-five (365) days, then the coverage under this policy shall not be modified in any way.

FINANCIAL RESPONSIBILITY REQUIRED

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

OTHER INSURANCE

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

PART B: MEDICAL PAYMENTS COVERAGE

INSURING AGREEMENT

Subject to the limit of Liability shown on the **Declarations Page**, if **you** pay a premium for Medical Payments Coverage, **we** will reimburse for any reasonable medical expenses that have been paid for necessary medical and funeral services because of **bodily injury**:

1. caused by an **auto accident**; and
2. sustained by an **insured**

We will reimburse only those medical expenses incurred within one (1) year from the date of the **accident**.

Reasonable Medical expenses do not include expenses:

- A. for treatment, services, products or procedures that are:
 1. experimental in nature, for research, or not primarily designed to serve a medical purpose; or
 2. not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of **bodily injury**; or
- B. incurred for:
 1. the use of thermography or other related procedures of similar nature; or
 2. the use of acupuncture or other related procedures of similar nature; or
 3. the purchase or rental of equipment not primarily designed to serve a medical purpose; or
 4. Chiropractic care or treatment.

DEFINITIONS

Insured as used in this Part means:

1. **you** or any **family member** while **occupying your covered auto**; or
2. any other person while **occupying your covered auto** when **your covered auto** is being used within the scope of the **named insured's** permission.

EXCLUSIONS

We do not provide Medical Payments Coverage for any person for **bodily injury**:

1. Arising out of the **ownership** or operation of an **auto** while it is being used to carry persons or property for compensation or a fee, including but not limited to, delivery of magazines, newspapers, food, pizza, or any other product. This exclusion does not apply to a share-the-expense car pool.
2. Sustained while **occupying your covered auto** while it is located for use as a residence or premises.
3. Occurring during the course of employment if Workers' Compensation benefits are required or available for the **bodily injury**.
4. Sustained while **occupying** or when struck by any **auto** (other than **your covered auto**) which is:
 - a. **owned** by **you**; or
 - b. furnished or available for **your** regular use.
5. Sustained while **occupying** or when struck by any **auto** (other than **your covered auto**) which is:
 - a. **owned** by any **family member**; or
 - b. furnished or available for the regular use of any **family member**.
6. Sustained while **occupying** any **auto** being used without or beyond the scope of the **owner's** express or implied permission.
7. Resulting from the maintenance for use of any **auto** while that person is engaged in the **business** of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. storing;
 - e. parking;
 - f. road testing;
 - g. delivering; or
 - h. leasing;

vehicles designed for use mainly on public highways.

8. Resulting from the maintenance or use of any **auto** while that person is employed or otherwise engaged in any **business** not described in Exclusion 7. If a **business** use surcharge is noted on the **Declarations Page** for an **auto** shown on the **Declarations Page**, this exclusion does not apply to:
 - a. **you**; or
 - b. any **family member**.
9. Caused by or as a consequence of:
 - a. war (declared or undeclared);
 - b. civil war;
 - c. insurrection;
 - d. rebellion or revolution;
 - e. radioactive contamination;
 - f. nuclear reaction or radiation, whether controlled or uncontrolled or however caused; or
 - g. discharge of a nuclear weapon (even if accidental).
10. Sustained while **occupying**:
 - a. a motorcycle or any motorized vehicle having fewer than four wheels or more than six wheels; or
 - b. an all-terrain vehicle, regardless of the number of wheels; or
 - c. any self-propelled vehicle, not licensed for use on public roads; or
 - d. any vehicle weighing in excess of ten thousand (10,000) pounds.
11. Sustained while **you** are, or any **family member** is, **occupying your covered auto** while it is:
 - a. being used in any unlawful activity (other than a traffic violation), illicit trade or transportation; or
 - b. used or operated in an attempt to flee a law enforcement agent.
12. Resulting while **you** are, or any **family member** is, **occupying your covered auto**, which is being used, operated or driven, by an individual who **you** or a **family member** know, or have reason to know:
 - a. is under the minimum age to obtain a driver's license; or
 - b. does not have a valid driver's license or learner's permit; or
 - c. has a suspended driver's license; or
 - d. has a revoked driver's license.
13. Resulting from the **ownership**, maintenance or use of an **auto** while it is being operated in, or while in practice or preparation for, any race, hill climb, demonstration, speed contest or performance contest, regardless of whether such event is prearranged or organized.
14. For whom the United States Government or any of its military services are required to provide similar services and/or benefits.
15. Sustained during the course of employment if benefits are payable, or must be provided under a Workers' Compensation law or similar law.
16. Sustained while **your covered auto** is being operated by a person or persons specifically excluded by endorsement.
17. Sustained while **your covered auto** is rented to others.
18. Caused by dumping discharge or escape of any irritants, **pollutants** or contaminants, other than the fluids necessary for the operation of **your covered auto**.
19. Caused by explosives, other than the fluids necessary for the operation of **your covered auto**.
20. Caused by conduct intentionally designed to cause injury to **you**, an **insured**, or other person.

LIMIT OF LIABILITY

- A. The limit of liability shown on the **Declarations Page** for this coverage is **our** maximum limit of liability for each person injured in any one **accident**, regardless of the number of:
 1. claims made;
 2. **autos** or premium shown on the **Declarations Page**;
 3. **autos** involved in the **auto accident**;
 4. **insureds**;
 5. lawsuits brought; or
 6. premiums paid.
- B. Any amounts otherwise payable for expenses under this coverage, shall be reduced by any amounts paid or payable for the same expenses under any **auto** Liability or Uninsured Motorist Coverage provided by this policy.
- C. No one will be entitled to receive duplicate payments for the same elements of damage.
- D. An **auto** and attached **trailer** are considered one **auto**. Therefore, the limit of liability will not be increased for an **accident** involving an **auto** with an attached **trailer**.
- E. No payment will be made unless the injured person or that person's legal representative agreed in writing that any payment shall be applied toward any settlement or judgment that person receives under any **auto** Liability

or Uninsured/Underinsured Motorist Coverage provided by this policy.

OTHER INSURANCE

If there is other applicable 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. However, any insurance **we** provide with respect to any **auto you** do not **own** shall be excess over any other **auto** insurance providing payments for

medical or funeral expenses. Further, any coverage afforded under this Part B shall be excess over any Personal Injury Protection or Workers' Compensation benefits required by law.

ASSIGNMENT OF BENEFITS

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

PART C: UNINSURED MOTORIST COVERAGE

INSURING AGREEMENT

If **you** pay a premium for this coverage, **we** will pay damages, except punitive and exemplary damages, which an **insured** is legally entitled to recover from the **owner** or operator of an **uninsured motor vehicle** because of **bodily injury** or **property damage** sustained by an **insured** and caused by an **accident**.

The **owner** or operator's liability for these damages must arise 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 any applicable liability bonds or policies have been exhausted by payment of judgments or settlements; or a tentative settlement has been made between an insured and the insurer, **owner** or operator of the **uninsured motor vehicle** and **we**:

1. have been given written notice of such tentative settlement sent certified mail return receipt or requested by some other method with written verification; and
2. advance payment to the **insured** in an amount equal to the tentative settlement within thirty (30) days after receipt of the written notification.

Any judgment for damages arising out of a lawsuit is not binding on **us** unless **we** have consented in writing to the filing of the lawsuit.

DEFINITIONS

Insured as used in this Part means:

1. **you**;
2. any **family member** who does not own an **auto**;
3. any **family member** who owns an **auto**, but only while **occupying your covered auto**;
4. any other person **occupying your covered auto** within the scope of the **owner's** express or implied permission; or
5. any personal representative, for damages that person is legally entitled to recover because of **bodily injury** to which this coverage applies, sustained by a person listed in 1., 2., 3., or 4. above.

However, no person shall qualify as an **insured** if the person operating **your covered auto** does not have **your** permission or is not within the scope of that permission.

Property Damage as used in this Part means injury to or destruction of **your covered auto**. However, **property damage** does not include:

1. loss of use of **your covered auto**; or
2. damage to property owned by the **insured** while contained in **your covered auto**.

Uninsured motor vehicle means a motor vehicle, which is not owned by or furnished or available for the regular use of **you** or any **family member** and for which:

1. A **bodily injury** and **property damage** liability bond or policy does not apply at the time of the **accident**.
2. A **bodily injury** and **property damage** liability bond or policy applies at the time of the **accident**; however, its limit for **bodily injury** and **property damage** liability is less

- than the minimum limit specified by the financial responsibility laws of this state or has been reduced by payment to persons other than the **insured** to an amount which is less than the limit of liability for this coverage.
3. The operator or **owner** is unknown and cannot be identified, and such operator or **owner** causes an **accident** resulting in **bodily injury** or **property damage** to an **insured**. If there is no physical contact with the hit and run vehicle, the facts of the **accident** must be corroborated by an independent eyewitness other than the person or persons making claim under this or similar coverage.
 4. A **bodily injury** and **property damage** liability bond or policy applies at the time of the **accident** but bonding or insuring company:
 - a. legally denies coverage; or
 - b. is or becomes insolvent.

However, **uninsured motor vehicle** does not include any vehicle or equipment:

1. **Owned** or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer, which is or becomes insolvent.
2. Operated on rails or crawler treads.
3. Which is designed mainly for use off public roads while not on public roads.
4. While located for use as a residence or premises.
5. Owned by or furnished or available for the regular use of **you** or any **family member**.

EXCLUSIONS

- A. We do not provide Uninsured Motorist Coverage for **property damage** or **bodily injury** sustained by any person:
 1. While **occupying**, or when struck by, any motor vehicle **you own** which is insured for this coverage on a primary basis under any other policy.
 2. While **occupying your covered auto** while it is being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.
 3. Using an **auto** or **occupying an auto**, which is used without the express permission of the **named insured**.
 4. For the first two hundred dollars (\$200) of **property damage** resulting from any one **auto accident**. This exclusion (A.4) does not apply if:

- a. We insure **your covered auto** for both **collision** and uninsured motorist **property damage** coverage; and
 - b. The operator of the **uninsured motor vehicle** is positively identified and is solely at fault.
5. If the property is contained in or struck by an **auto** (other than **your covered auto**) **owned** by **you** or any **family member**.
 6. While **occupying**, or when struck by, any **auto owned** by or furnished for the regular use of **you** or any **family member**, other than **your covered auto**. This includes a trailer of any type used with that **auto**.
 7. For any punitive or exemplary damages, or legal costs related thereto.
 8. If that person or the legal representative settles the claim without **our** written consent.
 9. For **bodily injury** or **property damage** to any person while **occupying** any **auto**:
 - a. Being used in any unlawful activity (other than a traffic violation), illicit trade or transportation; or
 - b. Used or operated in an attempt to flee a law enforcement agent.
 10. Resulting from use of **your covered auto** by a person or persons specifically excluded by endorsement.
 11. Using a vehicle outside the scope of the owner's express permission. This exclusion (A.11.) does not apply to **you** or any **family member** while using **your covered auto**.
 12. For **bodily injury** or **property damage** resulting from the intentional acts of that person.
 13. Claiming Uninsured Motorist Coverage who does not notify the police within twenty-four (24) hours, unless the insured is incapacitated, then as soon thereafter as practicable, if a hit-and-run driver is involved.
 14. Resulting from the use of any vehicle while racing.

- B. This coverage shall not apply directly or indirectly to benefit:
 1. Any insurer or self-insurer under any of the following or similar law:
 - a. Worker's compensation law; or
 - b. Disability benefits law.

2. Any insurer of property.

LIMIT OF LIABILITY

The limit of **bodily injury** liability shown on the **Declarations Page** for each person for Uninsured Motorist Coverage is **our** maximum limit of liability for all damages for **bodily injury**, including derivative claims, or death sustained by any one person in any one **auto accident**. Derivative claims include, but are not limit to, loss of consortium, loss of services, loss of society, or loss of companionship. Subject to this limit for each person, the limit of **bodily injury** liability shown on the **Declarations Page** for each **accident** for Uninsured Motorist coverage is **our** maximum limit of liability for all damages for **bodily injury**, including derivative claims as noted above, resulting from any one **auto accident**. The limit of **property damage** liability shown on the **Declarations Page** for each **auto accident** for Uninsured Motorist Coverage is **our** maximum limit of liability for all damages to all property resulting from any one **auto accident**. This is the most **we** will pay for **bodily injury** and **property damage** regardless of the number of:

1. **insureds**;
2. claims made;
3. **autos** or premiums shown on the **Declarations Page**;
4. **autos** involved in the **auto accident**;
5. lawsuits brought;
6. premiums paid; or
7. policies or bonds applicable.

An **auto** and attached **trailer** are considered one **auto**. Therefore, the limit of liability will not be increased for an **accident** involving an **auto** with an attached **trailer**.

Any amount otherwise payable for damages under this coverage shall be reduced by all sums:

1. Paid because of the **bodily injury** or **property damage** by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part A; and
2. Paid or payable because of the **bodily injury** under any of the following or similar law;
 - a. worker's compensation law; or
 - b. disability benefits law.

No payment will be made for **loss** paid or payable to the **insured** under Part D of this policy or any policy of property insurance.

However, for any payment made for **property damage** under Part C, the deductible shall be the lower of the deductible allowed under Part C or the deductible shown on the **Declarations Page** for the applicable coverage under Part D. Any payment to any person under this coverage will reduce any amount that person is entitled to recover for the same damages under Part A.

Nonduplication

We will not pay under Uninsured Motor Vehicle Coverage any damages:

1. that have already been paid to or for the **insured**:
 - a. by or on behalf of any **person** or organization who is or may be held legally liable for:
 - (1) **bodily injury** to the **insured**; or
 - (2) **property damage**, whether such damages are characterized as compensatory or punitive damages; or
 - b. for **bodily injury** or **property damage** under Liability Coverage of any policy issued by the Preferred Auto Insurance Companies to **you** or any **family member**;
2. that:
 - a. have already been paid;
 - b. could have been paid; or
 - c. could be paid to or for the **insured** under any workers' compensation law, disability benefits law, or similar law.
3. that have already been paid as expenses under Medical Payments Coverage of this policy, the medical payments coverage of any other policy, or similar vehicle insurance; or
4. that are **property damage** payable under any policy of property insurance.

PROOF OF CLAIM

An **insured** making a claim under this coverage must give **us** full details of their injuries and treatment.

OTHER INSURANCE

- A.** If there is other applicable insurance available under one or more policies or provisions of coverage that is similar to the insurance provided under this Part of the policy, any recovery from damages under all such policies or provisions of coverage may equal but not exceed the highest applicable limit for any one vehicle under any one

policy or provision of coverage Subject to Paragraph A., with respect to **bodily injury** to an **insured**:

1. While not **occupying** a vehicle, only the policy or provision, under which the injured person is an **insured**, that provides the highest limit of liability of uninsured motorist coverage, will apply. No other policies or provisions of coverage with lesser limits of liability will apply. If two or more policies or provisions of coverage provide the highest limit of liability, they will share the **loss** equally.
2. While **occupying** a vehicle **owned** by that **insured**, only the uninsured motorist coverage applicable to the vehicle will apply, and no other policies or provisions of coverage will apply.
3. While **occupying** a vehicle not **owned** by that **insured**, the following will be the priorities of recovery:

FIRST PRIORITY

The uninsured motorist coverage applicable to the vehicle the **insured** was **occupying** at the time of the **accident**.

SECOND PRIORITY

If the first priority is exhausted, only the policy or provision, applicable to a vehicle under which the **insured** is a **named insured**, that provides the highest limit of liability of uninsured motorist coverage.

THIRD PRIORITY

If the first and second priorities are exhausted, only the policy or provision, applicable to a vehicle under which the **insured** is other than a **named insured**, that provides the highest limit of liability of uninsured motorist coverage.

If two or more policies or provisions of coverage in the second or third priority provide the highest limit of liability, they will equally share the **loss** applicable to that priority. No policies or provisions of coverage with lesser limits of liability will apply to the second or third priority.

TRUST AGREEMENT

If **we** make a payment to an **insured** under this coverage:

1. **We** are entitled to recover from the **insured** an amount equal to such payment if there is a legal settlement made on his behalf against any person or organization legally responsible for the **bodily injury** and/or **property damage** to the extent the **insured** is made whole.
2. The **insured** must hold in trust for **us** all rights that he has to recover money from any person or organization legally responsible for **bodily injury** and/or **property damage**.
3. The **insured** must do everything proper to secure our rights of recovery and do nothing to prejudice these rights.
4. If **we** ask the **insured** in writing, the **insured** shall take the necessary or appropriate action, through a representative designated by **us**, to recover payment as damages from the responsible person or organization. If there is a recovery, then **we** shall be reimbursed out of the recovery for expenses, costs and attorney's fee incurred in connection with this recovery.
5. The **insured** must execute and deliver to **us** any legal instruments or papers necessary to secure the rights and obligations of the **insured** and **us** as established here.

ARBITRATION IN THE EVENT OF OUR CONSENT TO A FULL LIMITS SETTLEMENT OFFER FROM A LIABLE PARTY

The following provision applies with respect to arbitration proceedings that are subject to the requirements of the Tennessee Uninsured Motorist Coverage statute regarding a full limits settlement offer from a liable party:

- A. If a tentative settlement is made between an **insured** and the insurer, **owner** or operator of the **uninsured motor vehicle** for the full limits of all liability policies or bonds available to the party on whose behalf the tentative settlement is made, and:
 1. **We** receive written notice from the **insured**, sent certified mail return receipt requested or by some other method with written verification, of the **insured's**:
 - a. intent to accept the offer, thereby releasing the party on whose behalf the offer is made; and

- b. agreement to submit the uninsured motorist claim to binding arbitration;
- 2. **We** receive written notice from the insurer of the **underinsured motor vehicle**, sent certified mail return receipt requested or by some other method with written verification, of the offer and such insurer:
 - a. provides verification of coverage upon request; and
 - b. confirms to **us** that the **owner** or operator of the **underinsured motor vehicle** agrees to cooperate in connection with the arbitration of the Uninsured Motorist claims; and
- 3. **We** consent to the tentative settlement in writing, sent certified mail return receipt requested or by some other method with written verification, within thirty (30) days from receipt of the notices described in Paragraphs 1. and 2. above, thereby waiving **your** rights to recover payment from the **owner** or operator of an **underinsured motor vehicle**, in exchange for their written agreement to cooperate in connection with the arbitration;

Then all issues of tort liability and damages arising out of the **ownership**, maintenance or use of the **underinsured motor vehicle** shall be arbitrated. However, if the settlement does not release all parties alleged to be liable to the **insured**, arbitration of the uninsured motorist claim shall not be conducted until all such parties have been fully and finally disposed by settlement, final judgment or otherwise. Disputes concerning coverage under this Part may not be arbitrated and shall be decided by a court of competent jurisdiction.
- B. An arbitrator shall be selected by agreement of the parties. If they cannot agree on an arbitrator, either party may request a judge of a court of record in the county in which the arbitration is pending to designate three potential arbitrators. The parties shall then agree upon one of the three arbitrators so designated.
- C. Unless both parties agree otherwise, arbitration will take place in the county in which the **insured lives**. Rules of law as to procedure and evidence applicable to the

state courts where the arbitration is being conducted will apply.

- D. Expenses will be paid as follows:
 - 1. Except for the arbitrator's fee, each party will pay for the expenses it incurs.
 - 2. If the arbitrator's award is:
 - a. Less than or equal to the total amount collected by the **insured** by way of settlements or judgments plus the amount of any settlement offer made by **us** at least fifteen (15) days prior to the arbitration, the **insured** will pay the arbitrator's fee.
 - b. Greater than the total amount collected by the **insured** by way of settlements or judgments plus the amount of any settlement offer made by **us** at least fifteen (15) days prior to the arbitration, **we** will pay the arbitrator's fee.
- E. Any decision made by the arbitrator will be binding.

ARBITRATION OF OTHER DISPUTES BETWEEN AN INSURED AND US

The following provisions apply with respect to arbitration proceedings that are NOT subject to the requirements of the Tennessee Uninsured Motorist Coverage statute regarding a full limits settlement offer from a liable party:

- A. If **we** and an **insured** disagree:
 - 1. Whether the **insured** is legally entitled to recover damages from the **owner** or operator of an **uninsured motor vehicle**; or
 - 2. As to the amount the **insured** is legally entitled to recover from the **owner** or operator of an **uninsured motor vehicle**;

then either party may propose arbitration. Both the **insured** and **we** must agree to arbitration. However, disputes concerning coverage shall not be arbitrated.
- B. If **we** and an **insured** agree to arbitration, the following procedures shall apply:
 - 1. A single neutral arbitrator shall conduct the arbitration.
 - 2. In the event an arbitrator cannot be agreed upon within thirty (30) days, a judge of a court having jurisdiction will appoint the arbitrator.
- C. In the event arbitration is agreed upon, the **insured** and **we** will share the costs of the arbitrator equally. All other expenses,

including, but not limited to attorney fees and witness fees, shall be paid by the party that incurs the expense.

- D. In the event arbitration is agreed upon, the arbitration will take place in the county where the **insured** lived at the time of the **accident**. Local court rules of procedure and evidence shall apply. The written decision by the arbitrator shall be binding on **us** and the **insured** as to:
1. Whether the **insured** is legally entitled to recover damages; and
 2. The amount of the damages. This applies only if the amount does not exceed the minimum limit for liability specified by the financial responsibility law of Tennessee. If the amount exceeds that limit, either party may demand the right to a trial. This demand must be made within sixty (60) days of the arbitrators' decision. If this demand is not made, the amount of damages agreed to by the arbitrators will be binding.

ADDITIONAL DUTY

A person seeking Uninsured Motorist Coverage under this section must also promptly notify **us**, in writing, of a tentative settlement between the

insured and the insurer, **owner** or operator of the **uninsured motor vehicle**.

We have thirty (30) days after we have received such notification and any other written notification required by the insurer of the **uninsured motor vehicle** to either:

1. Consent in writing to the settlement, thereby waiving **our** rights against the insurer, **owner** or operator of the **uninsured motor vehicle** and requiring arbitration of all issues of tort liability and damages arising out of the **ownership**, maintenance or use of the **uninsured motor vehicle**; or
2. Advance payment to that **insured**, in an amount equal to the tentative settlement, to preserve **our** rights against the insurer, **owner** or operator of such **uninsured motor vehicle**.

PART D: COVERAGE FOR DAMAGE TO YOUR VEHICLE

INSURING AGREEMENT

Subject to the Limits of Liability, if **you** pay a premium for Comprehensive and/or Collision Coverages, **we** will pay for direct and accidental **loss to your covered auto** including its equipment attached thereto, less any applicable deductible shown on the **Declarations Page**.

We will pay for **loss to your covered auto** caused by:

1. **Collision**, only if the **Declarations Page** indicates that **Collision** Coverage is provided for that **auto**.
2. **Other than Collision (Comprehensive)**, only if the **Declarations Page** indicates that **Other Than Collision (Comprehensive)** Coverage is provided for that **auto**.

Our payment will be reduced by any deductible shown on the **Declarations Page**.

TOWING AND STORAGE CHARGES

In addition, after an **auto accident**, **we** will pay reasonable towing and storage charges **you** or any **family member** is legally responsible for in transporting and storing **your covered auto** up to a maximum of two hundred dollars (\$200). This coverage applies only if the **Declarations Page** indicates that **Collision** or **Other than Collision (Comprehensive)** is provided for that **auto**.

TRANSPORTATION EXPENSES

In addition, **we** will pay without application of a deductible, up to fifteen dollars (\$15) per day, to a maximum of four hundred and fifty dollars (\$450), for transportation expenses incurred from a commercially licensed rental agency by **you**, in the event of the total theft of **your covered auto**. This applies only if the **Declarations Page** indicates that **Other than Collision (Comprehensive)** is provided for **your covered auto**. **We** will pay only transportation expenses incurred during the period:

1. beginning forty-eight (48) hours after the theft; and
2. ending when **your covered auto** is returned to use or **we** offer to pay for its **loss**.

DEFINITIONS

Collision means the upset of **your covered auto** or its impact with another vehicle or object.

Custom and Special Equipment means equipment, devices, accessories, changes and enhancements, other than those installed by the original manufacturer, which are permanently installed or attached and alter the appearance or performance of an **auto**. This includes, but is not limited to, such items as body or suspension alterations; custom or special wheels or tires; side exhausts; roll bars; light bars; spoilers; ground effects; bed liners; utility boxes; custom windows; custom painting; murals; decals or graphics; and any electronic equipment, antennas and other devices used exclusively to send or receive audio, visual or data signals, or play back recorded media, which are permanently installed in **your covered auto** using bolts, brackets or slide-out brackets.

Loss caused by the following is considered **Other than Collision** (also known as **Comprehensive**):

1. missiles or falling objects;
2. fire;
3. theft or larceny;
4. explosion or earthquake;
5. windstorm;
6. hail, water or flood;
7. malicious mischief or vandalism;
8. riot or civil commotion;
9. contact with bird or animal; or
10. breakage of glass, except as a result of **collision**.

Your covered auto as used in this part means:

1. Any **auto** or **trailer** shown on the **Declarations Page**.
2. Any **auto** having a Gross Vehicle Weight as specified by the manufacturer of less than ten thousand (10,000) pounds on the date **you** become the **owner**, but only if **you** have asked **us** to insure it as set forth below:
 - a. If the **auto you** acquire replaces an **auto** shown on the **Declarations Page**, it will have the same coverage as the **auto** it replaces, but only if **you** have asked **us** to insure it within fourteen (14) days after **you** become the **owner**.

- b. If the **auto you** acquire is in addition to any **auto** shown on the **Declarations Page**, it will have the broadest coverage **we** now provide for any **auto** shown on the **Declarations Page**, if **you**:

- (1) acquire the **auto** during the policy period; and
- (2) ask **us** to insure it within five (5) days after **you** become the **owner** and pay any additional premium due; and
- (3) **we** already insure all **autos you own**.

If **you** do not notify **us** within the time limits noted above, no coverage exists under this part.

3. Any **auto** rented by **you** for thirty (30) days or less from a commercially licensed rental agency or an **auto** dealership, and being operated by **you** or any driver listed on the application, which is used on a temporary basis as a substitute for any other **auto** described in this definition and for which Part D is provided, and which is out of normal use because of its:
 - a. breakdown;
 - b. repair;
 - c. servicing;
 - d. **loss**; or
 - e. destruction.

EXCLUSIONS

We will not pay for:

1. Any **loss** or damage arising from an **accident** which occurs while the **auto** is being driven, operated, manipulated, maintained, serviced, or used in any other manner by an unlisted driver who resides in the same household as the **named insured**, or is a regular or frequent operator (more than twice a month) of any vehicle insured under this policy. This exclusion shall apply whether or not the **named insured** is **occupying** the vehicle at the time said driver is using it in any manner whatsoever.
2. **Loss to your covered auto** that occurs while it is being used to carry persons or property for compensation or a fee, including, but not limited to, delivery of magazines, newspapers, food, pizza, or any other item, or service of any type. This exclusion does not apply to a share-the-expense car pool.
3. Damage due and confined to:

- a. wear and tear;
- b. freezing;
- c. mechanical or electrical breakdown or failure;
- d. road damage to tires;
- e. manufacturer's defects; or
- f. latent defects.

This exclusion does not apply if the damage results from the total theft of **your covered auto**.

- 4. **Loss** due to or as a consequence of:
 - a. radioactive contamination;
 - b. war (declared or undeclared);
 - c. civil war;
 - d. insurrection;
 - e. rebellion or revolution;
 - f. discharge of any nuclear weapon (even if accidental); or
 - g. terrorist act.
- 5. **Loss** to:
 - a. Electronic equipment designed solely for the reproduction of sound, including:
 - 1. radios and stereos;
 - 2. tape decks; or
 - 3. compact disc players.

This does not apply to such equipment that is permanently installed in **your covered auto** in the opening of the dash or console, specified by the manufacturer of the **auto** for the installation of such equipment.

- b. Any other electronic equipment that receives or transmits audio, visual, or data signals, including but not limited to:
 - 1. citizen band radios;
 - 2. telephones;
 - 3. two-way mobile radios;
 - 4. scanning monitor receivers;
 - 5. television monitor receivers;
 - 6. DVD Players;
 - 7. video cassette recorders;
 - 8. audio cassette recorders;
 - 9. personal computers;
 - 10. equalizers; or
 - 11. MP3, MP4, IPOD and satellite radio.
- c. Tapes, records, discs, or other media used with equipment described in a. or b. above.
- d. Any other accessories used with equipment described in a. or b. above.
- 6. **Loss** to equipment designed or used for the detection of radar.
- 7. **Loss** to a camper body or **trailer** that is not shown on the **Declarations Page**.

- 8. With respect to any **trailer** shown on the **Declarations Page**, **loss** to
 - a. awnings or cabanas;
 - b. TV antennae; or
 - c. equipment designed to create additional living facilities.
- 9. **Loss** to **your covered auto**, due to forfeiture ordered by the courts or destruction or confiscation by government or civil authorities. This exclusion does not apply to the interests of Loss Payees in **your covered auto**.
- 10. **Loss** to **your covered auto** while employed or otherwise engaged in the **business** of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. storing;
 - e. parking;
 - f. road testing;
 - g. delivering; or
 - h. leasing
 vehicles designed for use mainly on public highways.
- 11. **Loss** to **your covered auto** while maintained or used by any person employed or otherwise engaged in any **business** (other than farming or ranching) not described in Exclusion 10. If a **business** use surcharge is noted on the **Declarations Page** for an **auto** shown on the **Declarations Page**, this exclusion does not apply to the **ownership**, maintenance or use of the **auto** by:
 - a. **you**; or
 - b. any **family member**.
- 12. **Loss** to any custom furnishings or equipment which is attached to, or located in, on or upon **your covered auto**, including, but not limited to:
 - a. special carpeting and insulation, furniture, bars or television receivers;
 - b. facilities for cooking and sleeping;
 - c. height extending roof, camper bodies, toppers or ladders;
 - d. custom windows, mural, painting or other decals or graphics;
 - e. bed liners, tool boxes, utility boxes and fifth wheel conversions;
 - f. side exhausts, headers, tachometers, pressure and temperature gauges;
 - g. winches, **trailer** hitches, roll bars and light bars;
 - h. custom or special wheels or tires;
 - i. body or suspension alterations or any equipment not installed by the original manufacturers which mechanically or

- structurally changes **your covered auto** and results in an increase in performance or change in appearance; or
- j. **auto** covers or front-end covers or protectors;
13. **Loss to your covered auto** while **you**, or any **family member**, or anyone driving with express or implied permission from **you** or any **family member**:
- is using **your covered auto** in any unlawful activity (other than a traffic violation); or
 - using or operating **your covered auto** to flee any law enforcement agent.
14. **Loss to your covered auto** which occurs while being operated in, or while in practice or preparations for, any race, hill climb, demonstration, speed contest or performance contest, regardless of whether such event is prearranged or organized.
15. **Loss to your covered auto** while it is:
- being rented or leased to another; or
 - sold to another; or
 - under any conditional sales agreement by **you** to another.
16. **Loss** due to theft, conversion, secretion or fraudulent disposal of covered property by **you** or any **family member**.
17. **Loss** due to and resulting from intentional act, or reasonably expected to result from the intentional, illegal or felonious acts, or omissions, committed by **you** or any **family member**. This exclusion applies even if:
- you** or any **family member** lacks the mental capacity to control or govern his or her own conduct;
 - you** or any **family member** is temporarily insane or temporarily lacks the mental capacity to control or govern his or her conduct or is temporarily unable to form any intent to cause **property damage**;
 - such **property damage** is of a different kind or degree than intended or reasonably expected, or such **property damage** is sustained by a different person than intended or reasonably expected.
- However, the lienholder's interest shall not be invalidated by an intentional act by the **insured**.
18. **Loss** resulting while **your covered auto** is being used, operated or driven with the express or implied permission or beyond the scope of permission from **you** or any **family member** by an individual who **you** or any **family member** know or have reason to know:
- is under the minimum age to obtain a driver's license;
 - does not have a valid driver's license;
 - has a suspended driver license; or
 - has a revoked driver's license.
19. **Loss** arising out of or due to the use of **your covered auto** for the commercial transport of toxic or flammable liquids and/or chemicals.
20. **Loss to your covered auto** or its equipment resulting from recreational, off road use when the vehicle is not specifically designed and recommended by the original manufacturer for such use.
21. **Loss** to wearing apparel, tools, guns, jewelry or personal effects.
22. **Loss** to any **auto you** do not **own** while being driven, operated or used by **you** or any **family member** without or beyond the scope of the **owner's** permission.
23. Any theft or larceny of **your covered auto** or its equipment where there is no visible sign of forced entry into the vehicle.
24. **Loss to your covered auto** resulting from its use by a person or persons specifically excluded by endorsement.
25. **Loss to your covered auto** caused by or resulting from **your** acquiring an auto from the seller without legal title available to you.
26. **Loss** to any vehicle which is subject to any bailment, lease, conditional sale or consignment agreement, not specifically declared and described in this policy.
27. **Loss** from discoloration or damage to paint as a result of smoke, chemical substance, bird or animal droppings.
28. **Loss** as a result of seizure or repossession of **your covered auto**.
29. **Loss to your covered auto** resulting from the discharge of a firearm within the auto.
- LIMIT OF LIABILITY**
- A. **Our** limit of liability for loss will be the lesser of the:
- actual cash value**;
 - amount necessary to repair or replace the property with other property of like kind and quality, less the deduction for any applicable **depreciation**; or
 - stated amount shown on the **Declarations Page**, if applicable.

However, in the event that the coverage applies to an **auto** you do not own, **our** liability is limited to the highest actual cash value of the **auto** described on the **Declarations Page** for which coverage has been purchased.

- B. An adjustment for **depreciation** and physical condition will be made in determining **actual cash value**, in the event of a total loss. If a repair or replacement results in better than like kind or quality, **we** will not pay for the amount of the betterment.
- C. Further, if there is a stated amount you declared on the **application** or endorsement for a specific **auto** listed and shown on the **Declarations Page**, that stated amount will be the total Limit of Liability applicable for **loss** to that **auto**, including its **Custom and Special Equipment**.
- D. Unless **you** pay a premium for and the endorsement for **Custom and Special Equipment** is shown on the **Declarations Page**, the maximum payment for all electronic equipment designed for the reproduction of sound will be the lesser of:
 - 1. the **actual cash value**, reduced by the applicable deductible and its salvage value, if **you** or the **owner** retain the salvage;
 - 2. the amount necessary to repair or replace the part with parts of like kind and quality, reduced by the applicable deductible; or
 - 3. five hundred dollars (\$500).
- E. **Our** liability for the cost of repairing **your covered auto** and its equipment, is limited to the amount necessary to perform physical repairs to the stolen or damaged property. Part D of **your** policy – **Coverage for Damage to Your Auto** – does not cover, and we will not pay for, **diminution in value**.
- F. **We** will not pay for sales tax and other transfer fees on leased vehicles and on total **losses**.
- G. **We** will not pay for any depreciation to **your covered auto** resulting from a **loss** sustained under Part D of this policy.
- H. For unrepaired hail damage, we will pay the loss of value based on the estimated cost to repair the car, less 50% of the labor charge less applicable sales tax. If the damages are repaired within 90 days after the date of **loss**, the difference between the total

estimate and the adjustment amount will be paid.

In the repair of **your covered auto**, under the physical damage coverage provisions of this policy, **we** may specify the use of **automobile** parts not made by the original manufacturer. These parts are required to be at least equal in terms of fit, quality, performance and warranty to the original manufacturer parts they replace. For current and first prior year model vehicles, **your** permission is required for use of these parts.

Our payment for **loss** will be reduced by any applicable deductible shown on the **Declarations Page** for **Collision** and/or **Other than Collision (Comprehensive)** and/or **Custom and Special Equipment Coverage**, if selected.

No one will be entitled to receive duplicate payment for the same elements of damage.

PROOF OF LOSS

When **we** request it, **you** must file a written proof of **loss** within sixty (60) days from the date of **our** request or there will be no coverage for the **loss** claimed under PART D.

PAYMENT OF LOSS

We may pay for the **loss** in money or repair or replace the damaged or stolen property. **We** may, at **our** expense, return any stolen property to:

- 1. **you**; or
- 2. the address shown on the **Declarations Page** of this policy.

If **we** return stolen property, **we** will pay for any direct physical damage to **your covered auto** or its equipment resulting from the theft. **We** may keep all or part of the property at an agreed or appraised value. **You** do not have the right to abandon salvage to **us**.

NO BENEFIT TO BAILEE

The insurance shall not directly or indirectly benefit any carrier or other bailee for hire.

OTHER INSURANCE

If other insurance also covers the **loss**, **our** share is the proportion that **our** limit bears to the total of all applicable limits. Any applicable deductible for this policy will be taken in a proportionate share based on the applicable deductibles of each policy. However, any

insurance **we** provide for an **auto you** do not **own** shall be excess over any other insurance.

APPRAISAL

If **you** and **we** do not agree on the amount of **loss**, either may demand an appraisal of the **loss**. In this event, each party will select a competent appraiser. The two appraisers will select an umpire. The appraisers will state separately the

actual cash value and the amount of **loss**. If they fail to agree, they will submit their

difference to the umpire. A decision agreed to by any two will be binding. Each party will:

1. pay its chosen appraiser, and
2. bear the expenses of the appraisal and umpire equally.

We do not waive any of **our** rights under this policy by agreeing to an appraisal.

PART E: DUTIES AFTER AN ACCIDENT OR LOSS – FILING A CLAIM

GENERAL DUTIES

We must be notified promptly of how, when and where the **accident** or **loss** happened. Notice should also include the names and addresses of any injured persons and of any witnesses. Failure to give notice as required herein may render this policy voidable. Failure to comply with any of the duties under this Part E may result in denial of coverage and relieve **us** of all duties to investigate, settle, defend, pay any judgment or otherwise honor any claims made against an **insured**.

A person seeking coverage must:

1. Cooperate with **us** in the investigation, settlement or defense of any claim or lawsuit, including, but not limited to, presence at hearings and trials.
2. Promptly send **us** copies of any notices or legal paper received in connection with the **accident** or **loss**.
3. Submit as often as **we** require:
 - a. To physical exams by physicians **we** select. **We** will pay for these exams.
 - b. To examinations under oath outside the presence of any person other than **your** attorney.
4. Authorize **us** to obtain:
 - a. medical records; and
 - b. other pertinent records.
5. Submit a sworn statement as proof of **loss** as **we** require.
6. Allow **us** to have the damaged vehicle inspected and appraised before its repair or disposal.
7. Provide **us** with records and documents **we** request and permit **us** to make copies.

8. Upon **our** request, allow **us** to obtain a written and/or recorded statement concerning the circumstances of the claim and any damages claimed.

ADDITIONAL DUTIES FOR UNINSURED MOTORIST COVERAGE

A person seeking Uninsured Motorist Coverage must also, in addition to the duties stated above:

1. File a report with the police within twenty-four (24) hours of an **accident**.
2. File a report with the police within twenty-four (24) hours of an **accident** if a hit-and-run or unknown driver is involved.
3. Serve a copy of any legal action and all pleadings on **us** as required by law.

ADDITIONAL DUTIES FOR COVERAGE FOR DAMAGE TO YOUR AUTO

A person seeking **Coverage For Damage To Your Auto** must also, in addition to the duties stated above:

1. File a report with the police within twenty-four (24) hours after discovery of the **loss**, if **your covered auto** or any of its equipment is stolen or vandalized.
2. Take reasonable steps after **loss** to protect **your covered auto** and its equipment from further **loss**. **We** will pay reasonable expenses incurred to do this.
3. Permit **us** to inspect and appraise the damaged property before its repair or disposal.

BANKRUPTCY

Bankruptcy or insolvency of the **insured** shall not relieve **us** of any obligations under this policy.

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** shall be binding on all persons provided coverage under this policy.

CHANGES

The premium for each of **your covered autos** is based on information **we** have received from **you** or other sources. **You** agree:

1. This policy contains all the agreements between **you** and **us**. Its terms may not be changed or waived except by endorsement issued by **us**.
2. To cooperate with **us** in determining if this information is correct and complete, and to advise **us** of any changes during the policy period.
3. That if any of this information material to the development of the policy premium is incorrect, incomplete or changed, **we** may adjust the premium accordingly during the policy period.
4. Any adjustment of **your** premium will be made using **our** rules in effect at the time of the change. Premium adjustments may be made as a result of a change in:
 - a. **autos** insured by the policy, including changes in use;
 - b. drivers;
 - c. coverages or coverage limits;
 - d. rating territory; or
 - e. eligibility for discounts or surcharges or other premium credits or debits.

LEGAL ACTION AGAINST US

No legal action may be brought against **us** until there has been full compliance with all the terms of this policy. In addition, under Part A – Liability Coverage, no legal action may be brought against **us** unless:

1. **we** agree in writing that the **insured** has an obligation to pay; or
2. the amount of that obligation has been finally determined by judgment after trial.

No person or organization has any right under this policy to bring legal action against **us** or to make **us** a

party to any legal proceeding to determine the liability of the **insured**.

OUR RIGHT TO RECOVER

- A. If **we** make a payment under this policy and the person to or for whom payment was made has a right to recover damages from another, **we** shall be subrogated to that right. That person shall:
 1. do whatever is necessary to enable **us** to exercise **our** rights; and
 2. do nothing after the **loss** to prejudice them; and
 3. deliver to **us** any legal paper relating to that recovery.
- B. If **we** make a payment under this policy and the person to or for whom payment is made recovers damages from another, that person shall:
 1. hold in trust for **us** the proceeds of the recovery; and
 2. reimburse **us** to the extent of **our** payment, including expenses, costs and attorney fees incurred in connection with this recovery.
- C. **Our** rights under Paragraph A with respect to coverage Part C, uninsured motorist coverage, do not apply with respect to the insurer, **owner** or operator of an **uninsured motor vehicle**, if **we** have been given prompt written notice of a tentative settlement between an **insured** and the insurer, **owner** or operator of an **uninsured motor vehicle** and **we**:
 1. Consent to a settlement for the full limits of all liability insurance policies or bonds available to the **owner** or operator of an **uninsured motor vehicle** and **we** agree to arbitrate; or
 2. Fail to advance payment to the **insured** in an amount equal to the tentative settlement within thirty (30) days after receipt of the written notification required by this endorsement.

However, if **we** advance payment to the **insured** in an amount equal to the tentative settlement within thirty (30) days after receipt of notification:

1. That payment will be separate from any amount the **insured** is entitled to recover under the provisions of Uninsured Motorists Coverage; and
2. We also have a right to recover the advanced payment, unless judgment is rendered in favor of the **owner** or operator of an **uninsured motor vehicle**.

POLICY PERIOD AND TERRITORY

This policy applies only to covered **losses** resulting from **auto accidents** or damage to **your covered auto** which occur:

1. during the policy period as shown on the **Declarations Page**; and
2. within the policy territory.

The policy territory is:

1. the United States of America, its territories or possessions;
2. Puerto Rico; or
3. Canada.

This policy also applies to **loss** to, or **accidents** involving, **your covered auto** while being transported between their ports.

CANCELLATION, INSUFFICIENT FUNDS, NONRENEWAL, AUTOMATIC TERMINATION, OTHER TERMINATION PROVISIONS

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

1. The **named insured** shown on the **Declarations Page** may cancel by giving **us** advance written notice of the date cancellation is to take effect.
2. **We** may cancel this policy by mailing to the **named insured** shown on the **Declarations Page** at the last known address:
 - a. at least ten (10) days notice if cancellation is for nonpayment of premium; or
 - b. at least ten (10) days notice if cancellation is mailed during the first sixty (60) days the policy is in effect, and is not a renewal or continuation policy; and
 - c. at least twenty (20) days notice in all other cases.
3. **We** will cancel only for reasons permissible under the applicable insurance statutes of this state.

Dishonored/Insufficient Checks or Credit Cards

If **you** pay **your** initial premium by check, credit card or other remittance, other than cash, the coverage offered by this policy is conditioned on the check, credit card, or other remittance being honored by the bank when presented for payment. If the check, credit card, or other remittance is not honored, then **we** shall be deemed not to have accepted the check, credit card or other remittance and this policy shall be void from inception.

If any check given as payment of any premium or installment or any portion of either is not honored when presented to the bank on which it is drawn, this

policy automatically terminates as of the beginning of the term for which payment was due.

If **we** offer to renew the policy and **you** pay **your** renewal premium by check, credit card or other remittance, other than cash, the coverage offered by this renewal policy is conditioned on the check, credit card or other remittance being honored by the bank when presented for payment. If the check, credit card, or other remittance is not honored, then **we** shall be deemed not to have accepted the check, credit card or other remittance, and **you** shall be deemed not to have accepted **our** offer to renew, and this renewal shall be void from inception.

Nonrenewal. If **we** decide not to renew or continue the policy, **we** will mail notice to **you** at the address shown on the **Declarations Page** thirty (30) days before the end of the policy period.

Automatic Termination. If **we** offer to renew or continue and **you** or **your** representative do 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 shall mean that **you** have not accepted **our** offer.

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

Other Termination Provisions.

1. If the law in effect at the time this policy is issued, renewed or continued;
 - a. requires a longer notice period;
 - b. requires a special form or procedure for giving notice; or
 - c. modifies any of the stated termination reasons; **we** will comply with those requirements.
2. **We** may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.
3. If this policy is cancelled, the premium refund, if any, will be computed according to **our** manuals. However, making or offering to make the refund is not a condition of cancellation.
4. The effective date of cancellation stated in the notice shall terminate all coverages under this policy.

TRANSFER OF YOUR INTEREST IN THIS POLICY

A. **Your** rights and duties under this policy may not be assigned without **our** written consent. However, upon the death of the **named insured** shown on the **Declarations Page**, coverage will be provided until the end of the policy for:

1. The surviving spouse, if a **resident** in the same household at the time of death.
2. The legal representative of the deceased person while acting within the scope of duties of a legal representative. This applies only with respect to the representative's legal responsibility to maintain or use **your covered auto**.

B. Coverage will only be provided until the end of the policy period or cancellation, whichever is less.

MISREPRESENTATION AND FRAUD

The statements made by **you** in the **application** are deemed to be representations. If any representation contained in the **application** is false, misleading or materially affects the acceptance or rating of this risk by **us**, by direct misrepresentations, by omission, by concealment of facts or incorrect statements, or in case of any fraud or attempted fraud touching any matter regarding this policy, whether before or after a **loss**, this policy will be null and void from its inception. By acceptance of this policy, **you** agree that the **application** forms a part of the policy.

If any representation contained in any notification of change is false, misleading or materially affects the acceptance or rating of this risk by **us**, by either direct misrepresentation, omission, concealment of facts or incorrect statements, this policy will be null and void from the effective date of the change. This paragraph shall also apply to misstatement of use and omission of fact. **We** do not provide coverage for any **insured** that has made fraudulent statements or engaged in fraudulent conduct in connection with any **accident** or **loss** for which coverage is sought under this policy.

TWO OR MORE AUTOS INSURED

With respect to any **accident** to which this and any other **auto** policy issued to **you** by **us** applies, the total limit of **our** liability under all the policies shall not exceed the highest applicable limit of liability under any one policy. No one will be entitled to receive duplicate payments for the same element of **loss**.

CONFORMITY TO STATE STATUTES

The coverages provided in Part A and Part C of this policy, pertaining to Liability and Uninsured Motorist Coverages, are intended to be in full conformity with the laws of this state applying to such coverages. If

any provision of such coverages conflicts with such law, such provision is changed to comply with such law.

IN WITNESS WHEREOF, **we** have caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by **our** duly authorized representative.

Preferred Auto Insurance Company, Inc.
P.O. Box 41017
Memphis, Tennessee 38174
Customer Service #: 901-328-2000
Claims Phone #: 901-328-2097

President – Jeffery L. Kelley

Secretary – Vincent G. Kelley

YOUR PERSONAL AUTO POLICY
QUICK REFERENCE ENDORSEMENT
FORMS SECTION

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FORM TN – 101

LOSS PAYABLE CLAUSE

Loss or damage shall be paid, subject to all the terms of this policy, as interest may appear, to the **named insured**, the Loss Payee shown on the **Declarations Page** of this policy, both jointly, or separately, at **our** discretion.

However, **we** reserve the right to cancel or non-renew this policy as permitted by policy terms and the cancellation or non-renewal shall terminate this agreement as to the Loss Payee's interest. **We** will give written notice of cancellation or non-renewal to the Loss Payee shown on the **Declarations Page**. Proof of mailing shall be sufficient proof of notice.

When **we** pay the Loss Payee, **we** shall, to the extent of payment, be subrogated to the Loss Payee's rights of recovery.

FORM TN - 102

NAMED DRIVER EXCLUSION ENDORSEMENT

Notwithstanding any other provisions of the agreement and in consideration of the premium charged for this policy, it is hereby understood and agreed that any and all coverage afforded under this policy is null, void and of no effect, with respect to any claim arising from an **auto accident** which occurs while **your covered auto**, as defined in this policy, or any other **auto** to which the terms and provisions of this policy are extended, is being driven, operated, or under the control of, either with or without the permission of the **named insured** or **owner**, by those persons specifically listed as excluded drivers.

If this endorsement is listed on the **Declarations Page**, no Uninsured Motorist Coverage will be provided under this policy, while **your covered auto** or any other **auto** to which the terms of this policy are extended, is being driven or operated by the excluded driver(s).

All other terms and provisions of this policy remain unchanged.

FORM TN - 103

ADDITIONAL INSURED - LESSOR

All provisions and exclusions that apply to this policy shall also apply to this endorsement except as changed by this endorsement.

Insuring Agreement

Any coverage afforded under Part A or Part D of this policy for **your covered auto** shall also apply to the lessor named on the **Declarations Page** of this policy as an additional **insured**.

This **insured** is subject to the following additional provisions:

1. **We** will pay damages (except punitive or exemplary damages or legal fees related thereto) for which the lessor becomes legally responsible only if said damages arise out of acts or omissions of:
 - a. **you** or any **family member**, or
 - b. any other person using, maintaining or operating **your covered auto** with the **named insured's** permission and within the scope of such, except the lessor or any employee or agent of the lessor using **your covered auto**.
2. If **we** cancel or nonrenew this policy, notice provided under this policy will also be mailed to the lessor. Proof of mailing shall be sufficient proof of notice.
3. The lessor is not responsible for payment of premiums.
4. The designation of the lessor as an additional **insured** shall not operate to increase **our** limits of liability under this policy.

FORM TN - 104

NAMED NON-OWNER COVERAGE

It is agreed that such insurance as is afforded by this policy for **bodily injury, property damage**, medical payments, and uninsured motorist applies, subject to the following provisions:

Under all **DEFINITIONS** sections of the policy, the definition of **you** and **your** are deleted and replaced as follows: **you** and **your** means the person named on the **Declarations Page** only, specifically excluding the spouse of that individual. This coverage applies when **you** are personally in control as the driver of an **auto**, with the permission of that person having the right to grant such permission.

Coverage does not apply to:

1. Any **losses** resulting from the operation or use of a vehicle by any person other than **you**. Any provisions in the policy that give such coverage are eliminated.
2. **Bodily injury** or **property damage** arising out of the **ownership**, maintenance or use of a vehicle when used to carry a person or property for a fee.
3. Any **auto you own** or that is registered in **your** name.
4. **Bodily injury** or **property damage** arising out of **auto business** operations, including the selling, repairing, servicing, storing or parking of cars.
5. Any **auto** owned in full or in part or registered in the name of the individual named on the **Declarations Page**, his/her spouse or a **family member**.
6. Any **auto** furnished or available for your use.

Any insurance afforded by this policy is excess over any other collectible **auto** liability insurance.

All other terms, limits and provisions of this policy remain unchanged.

FORM TN - 105

CUSTOM AND SPECIAL EQUIPMENT COVERAGE

Coverage is provided under this endorsement, only on those **insured** vehicles for which **Collision** and **Other Than Collision (Comprehensive)** coverage is noted on the **Declarations Page** and only on **custom and special equipment** permanently installed in **your covered auto** which is specifically listed on the **application**.

All provisions of this policy apply to the coverage provided by this endorsement, except as modified herein.

The provisions and exclusions that apply to Part D - Coverage for Damage to Your Auto, also apply to this endorsement, except as changed by this endorsement.

The Insuring Agreement in Part D of this policy is replaced by the following:

A. INSURING AGREEMENT

We will pay for direct and accidental **loss** to **your covered auto**, including its equipment attached thereto. In addition, we will pay for direct and accidental **loss** to additional **custom and special equipment** permanently installed in **your covered auto**, which is specifically listed on the **application** and for which a specific premium is noted and paid.

Our payment, under the **Custom and Special Equipment** Coverage Endorsement, will be reduced by a fifty dollars (\$50) deductible.

B. EXCLUSIONS

The exclusions that apply to Part D- Coverage for Damage to Your Auto, also apply to this endorsement, except as changed as follows:

Exclusion 5. and Exclusion 12. shall not apply to any additional equipment permanently installed in **your covered auto**, which is listed on the **application** and for which a specific premium is noted and paid.

FORM TN-109T

TOWING AND LABOR COSTS COVERAGE

Coverage is provided under this endorsement only when noted on the **Declarations Page** of this policy. All the provisions of this policy, including all amendments thereto, apply to the coverage provided by this endorsement.

Insuring Agreement

If **you** pay a premium for towing and labor costs coverage, **we** will pay up to the amount shown on the **Declarations Page**, for towing and labor costs incurred, each time **your covered auto** is disabled, other than disablement due to a **loss** under **Collision** and **Other than Collision (Comprehensive)** coverage, provided that:

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

FORM TN-109R

RENTAL REIMBURSEMENT COVERAGE

Coverage is provided under this endorsement only when noted on the **Declarations Page** of this policy.

All the provisions of this policy apply to the coverage provided by this endorsement, except as modified herein.

We will reimburse **you**, or at **our** option, pay directly on **your** behalf, without application of a deductible, up to the daily limit and aggregate amount shown on the **Declarations Page**, for Rental Reimbursement Coverage, for rental expenses incurred by **you** when **you** rent an **auto** from a commercially licensed rental agency approved by **us**. Daily rental expenses shall not include cost of any insurance related to the rental of the **auto**, cost of refueling the rental **auto**, or mileage fees.

This endorsement applies only if:

1. **your covered auto** is withdrawn from use for more than twenty-four (24) hours; and
2. the **loss** is caused by an **auto accident**.

Our payment will be limited to the lesser of that period of time:

1. reasonably required to repair or replace **your auto**, or
2. forty-eight (48) hours of rental coverage extended, after an offer has been made, if **your covered auto** has been deemed a total **loss**, or
3. when **we** pay for the **loss**, or
4. thirty (30) days.

This coverage, provided by this endorsement, cannot be combined or stacked with the transportation expenses benefit, provided under the TRANSPORTATION EXPENSES section of PART D COVERAGE FOR DAMAGE TO YOUR AUTO of this policy.

FORM TN 109-A

AUTO DEATH INDEMNITY COVERAGE

Coverage is provided under this endorsement, only when noted on the **Declarations Page** of this policy. All provisions of this policy, including all amendments thereto, apply to the coverage provided by this endorsement.

Who Is Insured

For purposes of this endorsement, **insured** means any driver listed on the **Declarations Page** of this policy, for whom a premium was paid for Auto Death Indemnity Coverage.

Insuring Agreement

We will pay the benefit shown on the **Declarations Page**, if an **insured** dies as a direct result of **bodily injury**, caused in an **auto accident**. The **bodily injury** must be sustained while the **insured** is in, on, getting into or out of, or when struck as a pedestrian by, an **auto**, **trailer** or semi-trailer.

Benefits will be paid only if death as a direct result of **bodily injury** caused in an **auto accident** occurs within ninety (90) days after the **auto accident**.

Exclusions

This coverage does not apply to death:

1. Sustained in the course of an occupation by any person while:
 - a. Operating, loading, unloading, assisting on, or performing any other duties related to the use of a commercial **auto**, or an **auto** hired or rented to others for a charge.
 - b. Repairing or servicing **autos**, including any related duties.
2. Due to suicide, committed while sane or insane.
3. Due to any act of war, insurrection, rebellion, or revolution.
4. Sustained while in, on, getting into or out of, or when struck as a pedestrian by a:
 - a. vehicle operated on rails or crawler-treads;
 - b. vehicle or other equipment designed for use off public roads, while not on public roads; or
 - c. vehicle when used as residence or premises.
5. Covered under Worker's Compensation insurance.
6. Caused by or resulting from disease, except pus forming infection, which shall occur through bodily injury, to which this insurance applies.

Payments of Benefits; Autopsy

The benefit is payable to the deceased **insured's** spouse. The spouse must be a **resident** of the same household as the **insured**, at the time of the **accident**. However, if the deceased is a minor, the benefit is payable to the custodial parent. That parent must be a **resident** of the same household as the minor, at the time of the **accident**. In all other cases, the benefit is payable to the deceased **insured's** estate.

We have the right, and must be given the opportunity, to have an autopsy conducted where it is not prohibited by law.

Consent of Beneficiary

The beneficiary's consent is not required for cancellation, assignment, change of beneficiary, or any other change under this coverage.

Proof of Claims; Medical Reports

As soon as possible, **we** must be given written proof of claim. It must include all details **we** may need to determine if benefits are payable.

We must be given authorization to obtain medical reports and copies of records.