

LYNDON SOUTHERN INSURANCE COMPANY

ARKANSAS 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 operators of the vehicle or accurate driving records of the drivers on the application.

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PERSONAL AUTO POLICY

Important

This insurance policy is a legal contract between **you** and **us**.

Read Your Policy Carefully.

This index of policy provisions provides a brief outline of some of the important features of **your** policy, but it is not the insurance contract. Only the actual policy provisions will control. The policy sets forth in detail the rights and obligations of both **you** and **us**.

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AGREEMENT

In return for **your** premium payment and subject to the terms and conditions of this policy, **we** agree to insure **you** for the coverages and limits of liability shown on this policy's **Declarations Page**, and all endorsements to this policy.

DEFINITIONS

The following definitions apply throughout the policy. Defined terms are printed in boldface type and have the same meaning whether in the singular, plural or any other form.

1. **Accident** means a sudden, unexpected, and unintended event causing **bodily injury** or **property damage**. The **accident** must arise out of the **ownership**, maintenance, or use of an **auto**. All **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **accident**.
2. **Additional Auto** means an **auto** that **you** become the owner of, and that **you** acquire or purchase during the policy period, and under this policy **we** insure all the **autos you** own or lease for a term of at least six months. To qualify as an **additional auto** under this policy, any newly acquired **auto** must be an acceptable risk to **us** under **our** underwriting guidelines.
3. **Actual Cash Value** means the cost to replace an item or property, less **depreciation** and/or **betterment**.
4. **Auto** means a licensed and registered motorized four-wheel land vehicle of the private passenger type intended for use on public roads. **Auto** includes a pickup, a van or sports utility vehicle with a load capacity of 1,500 lbs. or less, that is not used in any business other than farming or ranching. **Auto** does not include motorcycles, midget cars, golf carts, tractors, farm machinery, any vehicle operated on rails or crawler treads, or any vehicle used as a residence or premises.
5. **Betterment** means a deduction for making an item better or adding value thereto.
6. **Bodily injury** means injury to the body, including, sickness or disease that results in impairment of physical condition, including death that result therefrom, which is caused solely by an **auto accident** covered under this policy and which occurs while the policy is in force.
7. **Declarations Page** means the document **you** receive from **us** listing:
 - a. the types of coverage **you** have selected;
 - b. the limit for each coverage;
 - c. the cost for each coverage;
 - d. the deductibles;
 - e. the specified **autos** covered by this policy;
 - f. the types of coverage for each **auto**; and
 - g. other information applicable to this policy.
8. **Depreciation** means the **loss** of value caused by physical, technological, social and/or location deterioration.
9. **Derivative claims** include claims for care, **loss** of services and **loss** of consortium.
10. **Family Member** means any person related to **you** by blood, marriage or adoption, including a ward, step child or foster child, who lives in **your** household whether or not temporarily living elsewhere. **Family member** includes a minor under **your** guardianship who lives in **your** household. Any **family member** must be listed on the **application** or endorsed on the policy prior to an **accident** or **loss**.
11. **Loaner auto** means any **auto** provided by a duly licensed automobile dealer or rental company provides to a **covered person** for use as a temporary substitute, with or without compensation, for any other vehicle described in the definition of **your covered auto** while it is out of normal use because of its breakdown, repair, servicing or for use as a demonstrator vehicle.
12. **Non-owned auto** means any private passenger **auto** or **trailer** 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**. However, **non-owned auto** does not include any vehicle used as a temporary substitute for a vehicle **you own** which is out of normal use because of its breakdown, repair, servicing, **loss** or destruction.
13. **Occupying** means in, on, entering into or exiting from.
14. **Owned or Ownership** means to:
 - a. hold actual legal title to the vehicle;
 - b. have legal possession of the vehicle that is subject to a conditional sale agreement or mortgage ; or
 - c. have legal possession of the vehicle that is leased to that person. Any **auto** leased under a written agreement for a continuous period of at least six (6) months shall be deemed to be **owned**.
15. **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.

16. **Property Damage** means physical damage to tangible property, including destruction or **loss** of its use, which is caused solely by an **auto accident** covered under this policy and occurring while the policy is in force.
17. **Punitive** or **exemplary** damages mean damages which may be imposed to punish a wrongdoer and to deter others from similar conduct.
18. **Regular Operator** means any person not listed on the **Declarations Page** who has or had care, custody or control of the **covered auto** for more than twenty-four (24) hours at any time during the policy term as shown on the **Declarations Page**. The twenty-four hours may be consecutive or cumulative.
19. **Replacement Auto** means an **auto** that **you** become the owner of and that **you** acquire or purchase during the policy period to take the place of an **auto** described on the **Declarations Page** because of:
 - a. termination of **your ownership** interest in an **auto** described on the **Declarations Page**; or
 - b. mechanical breakdown, theft, deterioration, or total **loss** of an **auto** described on the **Declarations Page**, rendering it permanently inoperable.To qualify as a **replacement auto** under this policy, any newly acquired **auto** must be an acceptable risk to **us** under **our** underwriting guidelines.
20. **Resident** means any person living in **your** household, other than **you** or a **family member**. Any **resident** must be listed on the **application** or endorsed on the policy prior to a **loss** or **accident**.
21. **Trailer** means a vehicle that is not self-propelled and is designed to be pulled by a:
 - a. private passenger **auto**; or
 - b. pickup, panel truck or van-type truck.It also means a farm wagon, farm implement while towed by a vehicle listed in **a.** or **b.** above.
22. **We, us** and **our** refers to the Company providing this insurance.
23. **You** and **your** refer to:
 - a. a person shown as the named insured on the **Declarations Page**; and
 - b. the spouse of the named insured if residing in the same household.
24. **Your covered auto** means:
 - a. the **auto** described as listed on the **Declarations Page**; and
 - b. A **replacement auto**. **You** must notify **us** within 7 days of **your** acquisition of the **replacement auto** for it to be a **covered auto**. The **replacement auto** will have the broadest coverage **we** now provide for the **auto** being replaced only if **you** notify **us** within the 7-day period following the acquisition of the **replacement auto**. If the **auto** being replaced does not have coverage under Part D-Coverage for Damage to **Your Auto**, **we** will add this coverage for the **replacement auto** effective after **you** ask **us** to do so. All insurance for the **auto** being replaced ends when **you** take delivery of the **replaced auto**.
 - c. Any **additional auto**. **You** must notify **us** within 4 days of **your** acquisition of the **additional auto** for it to be considered **your covered auto**. These provisions apply only if on the date **you** acquire the **additional auto**, **we** insure all vehicles **you** own and **you** ask **us** to insure the **additional auto** within 4 days of the date **you** acquire it. The **additional auto** will have the broadest coverage **we** now provide on **your** policy only if **you** notify **us** within the 4-day period following the acquisition of the **additional auto**. If no **auto** listed on the **Declarations Page** has coverage under Part D – Coverage for Damage to **Your Auto**, **we** will add this coverage for the **additional auto** effective after **you** ask **us** to do so.
 - d. A **loaner auto**.
 - e. Any **trailer you own** while it is attached to **your covered auto**. For coverage to be provided under Part D – Coverage for Damage to **Your Auto** of this policy, the **trailer** must be listed on the **Declarations Page** and a premium must be paid.
 - f. For the purpose of this policy, any **auto** leased by **you** under a written agreement for a continuous period of at least six (6) months shall be deemed to be **owned** by **you**.

PART A: LIABILITY COVERAGE

INSURING AGREEMENT

Subject to the exclusions hereinafter stated, **we** will pay damages, for which any **covered person** becomes legally responsible because of **bodily injury** or **property damage** arising out of the **ownership**, maintenance or use of **your covered auto** or **trailer**. **We** will settle or defend, as **we** consider appropriate, any claim or suit asking for these damages.

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 that is not covered by this policy.

It is further understood and agreed that **we** are not obligated to pay, and shall not pay, attorney's fees for any legal or investigative work unless such attorneys are selected by **us**. It is further understood and agreed that **we** are not obligated to pay, and shall not pay any sum which the **covered person** may be legally obligated to pay as a result of a lawsuit unless **we** received actual notice of said suit before any judgment had been entered in said suit. Except when **we** are defending **you** under a Reservation of Rights, in which event **you** may obtain counsel of **your** choice, in no event shall **we** be responsible for other than reasonable fees for an attorney experienced in that area of law.

Covered person as used in this Part means:

1. **You** or any **family member** for the **ownership**, maintenance, or use of any **covered auto** or **trailer**. Any **family member** must be listed on the **Declarations Page** or added by endorsement during the policy term and prior to the date of the **loss**.
2. Any person, other than a **family member**, **resident** or **regular operator**, using **your covered auto** with **your** express permission and within the scope of that permission. Such person must hold a valid driver's license at the time of the **loss**.
3. For **your covered auto**, any person or organization with respect to legal liability for acts or omissions of a person where coverage is afforded under this Part.
4. For any **auto** or **trailer**, other than **your covered auto**, any person or organization but only with respect to legal responsibility for acts or omissions of **you** or any **family member** for whom coverage is afforded under this Part. This provision applies only if the person or organization does not own or hire the **auto** or **trailer**. This provision applies only if the **covered person** is using the vehicle with a reasonable belief that he or she is entitled to do so.

SUPPLEMENTARY PAYMENTS

In addition to our limit of liability, we will pay on behalf of a **covered person**:

1. Up to \$100 for the cost of bail bonds required because of an **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** chose to appeal. **We** have no duty to purchase a bond in an amount exceeding **our** limit of liability and **we** have no duty to apply for or furnish bonds.
3. For damages covered under this policy, interest accruing after 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. Reasonable **loss** of wages up to fifty dollars (\$50) per day, but not other income, because of attendance at proceedings, trials or hearings at **our** request.
5. Any other reasonable expenses incurred at **our** request other than **loss** of earnings.

EXCLUSIONS

Read the following exclusions carefully. If any exclusion applies, coverage will not be afforded under this part.

We do not provide coverage for:

1. Any person's liability arising out of the **ownership** or operation of a vehicle while it is being used to carry persons or property for a fee. This exclusion does not apply to shared-expense carpools.
2. **Bodily injury** or **property damage** caused intentionally by or at the direction of a **covered person**. Coverage under this Part shall not apply if the **accident** or its consequences were either intended or could have been reasonably been expected.
3. Any person for **bodily injury** or **property damage** for which that person is an insured under a nuclear energy liability insurance or would be an insured but for its termination upon exhaustion of its limits 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: Nuclear Energy Liability Insurance Association, American Nuclear Insurers, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada.
4. A person for **bodily injury** to an employee of that person during 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. Any person maintaining or using any vehicle while that person is employed or otherwise engaged in any business or occupation not described in Exclusion 6 regardless of the amount or type of use made of such vehicle.
6. Any person while employed or otherwise engaged in the business of selling, repairing, servicing, storing or parking of vehicles designed for use mainly on public highways including road testing and delivery. This exclusion does not apply to the **ownership**, maintenance, or use of **your covered auto** by **you**, any **family member** or partner, agent or employee of **you** or any **family member**.

7. **Property Damage** to property **owned** by, rented to, or being transported by, used by, or in the care or custody of a **covered person**.
8. Any person's liability arising out of the **ownership** or operation of a vehicle while it is being leased or rented to or for others.
9. The **ownership**, maintenance or use of any vehicle other than **your covered auto**, which is **owned** by **you** or furnished or available for regular use by **you**, any **family member** or **resident**.
10. **Bodily injury** to **you** or any **family member** or **resident**.
11. Any person's liability arising out of the **ownership** or operation of a vehicle while it is being used in any organized racing event, speed contest or exhibition.
12. **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 arising directly from **collision** or upset of **your covered auto**.
13. **Bodily injury** or **property damage** resulting from the use of a vehicle for snow removal.
14. **Punitive** or **exemplary** damages.
15. The **ownership**, maintenance or use of a motorcycle or any other self-propelled vehicle, not licensed for use on public roads, or with a load capacity in excess of 1,500 pounds.
16. **Bodily injury** or **property damage** that results from the maintenance or use of **your covered auto** without **your** permission or not within the scope of such permission.
17. Any person's liability arising out of any contract bailment or agreement, or to any obligation under the Federal Torts Claims Act.
18. **Bodily Injury** or **property damage** that result from a **covered person's** maintenance or use of any **auto** without the **owner's** express permission.
19. Any person's liability arising out of the **ownership** or operation of a vehicle while it is being used as a residence or premises.
20. **Bodily injury** sustained while **occupying** any motorcycle or vehicle having more or less than four wheels.
21. Any **bodily injury** or **property damage** caused by a **covered person** or **your covered auto** while in the commission of a crime, other than a traffic violation.
22. **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.
23. **Bodily injury** or **property damage** caused by **your covered auto** when it is driven by a person who **you** know:
 - a. is under the minimum age to obtain a license to operate an **auto** in the state in which the **auto** is licensed; or
 - b. is under fifteen (15) years of age;
 - c. has had their driving privileges rescinded either by license suspension or revocation; or
 - d. does not have a valid drivers' license.
24. **Bodily injury** or **property damage** resulting from the use of any **auto** by a person or persons specifically excluded by endorsement.

LIMITS OF LIABILITY

Regardless of the number of **covered persons**, claims made, **autos** or premiums shown in the **Declarations Page**, **autos** involved in the **accident** or suits brought, **we** will pay the limits of liability shown in the **Declarations Page** to the following:

1. The limit for "each person" is the maximum **we** will pay for damages sustained by any one person in any one **accident**. This includes all **derivative claims**.
2. Subject to the **bodily injury** liability limit for "each person", the limit for "each **accident**" is the amount **we** will pay for **bodily injury** sustained by two or more persons in any one **accident** and includes all **derivative claims**.
3. The **property damage** liability limit for "each occurrence" is the maximum **we** will pay for all **property damage** in one **accident**.

Any amount payable to a **covered person** under this part will be reduced by any amount paid or payable for the same expense under Part B - Uninsured Motorist Coverage, and if selected, Personal Injury Protection coverage.

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

OUT OF STATE INSURANCE

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 requiring limits of liability for **bodily injury** or **property damage** higher than the limit shown on the **Declarations Page**, **your** policy will provide the higher specified limit.
2. A compulsory insurance or similar law requiring a non-resident to maintain insurance whenever the non-resident uses an **auto** in that state or province, **your** policy will provide the greater of:
 - a. the required minimum amounts and types of coverage; or
 - b. the limits of liability under this policy.

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 **we** certify this policy as proof of financial responsibility, it will comply with the law to the extent of the coverage required by the law, in the state where **we** certified this policy, subject to the limits of this policy. **You** must reimburse **us** for any payment **we** make which **we** would not have made under the terms of this policy except for the agreement contained in this paragraph.

OTHER INSURANCE

If there is other applicable insurance, **we** will pay only **our** share. **Our** share is the proportion that the limits of liability bear to the total of all applicable limits. However, any insurance **we** provide for an **auto you** do not **own** shall be excess over any other collectible insurance on such **auto** and any other collectible insurance shall be primary.

Any insurance we provide for a **loaner auto** will be primary over any applicable insurance provided by a policy issued to the owner of the **loaner auto** for liability arising out of **your** use of a **loaner auto**.

PART B – UNINSURED MOTORISTS COVERAGE

INSURING AGREEMENT

Subject to the exclusions hereinafter stated, **we** will pay **bodily injury** or **property damage**, which a **covered person** is legally entitled to recover from the **owner** or operator of an **uninsured motor vehicle** because of **bodily injury** or **property damage** sustained by a **covered person** and caused by an **accident**. The **owner's** liability for these damages must arise out of the **ownership**, maintenance or use of an **uninsured motor vehicle**. There is no coverage provided for any **punitive** or **exemplary** damages. Any judgment for damages arising out of a suit brought without notice and service of a summons upon **us** as required by law is in no way binding on **us**. Further, all provisions of Part E, Duties after an Accident or Loss shall be fully applicable hereto. This shall not be interpreted as excluding any other provisions of this policy that might also be applicable to this coverage.

As used in this Part:

1. **Covered Person** means:
 - a. **You** or any **family member** as defined In Definitions section of the policy.
 - b. Any other person **occupying your covered auto** as defined in the Definitions section of the policy.
2. **Uninsured motor vehicle** means a land motor vehicle licensed and designed for use primarily on public roads and highways or a **trailer** licensed and designed for use primarily on public roads and highways while attached to a land motor vehicle.
 - a. To which no **bodily injury** and **property damage** liability bond or insurance policy applies at the time of the **accident**.
 - b. Which is a hit-and-run vehicle whose operator or owner cannot be identified and which makes actual physical contact between such hit and run vehicle and:
 - (1) **You**.
 - (2) A vehicle which **you** or any **family member** are **occupying**.
 - (3) **Your covered auto**.

You or someone on **your** behalf must report the **accident** within 24 hours to the police and must within 10 days advise **us** that **you** have a cause or causes of action for damages caused by a person or persons whose identity is unascertainable.

- c. To which a **bodily injury** and **property damage** liability bond or policy applies at the time of the **accident** but bonding or insuring company denies coverage; or is declared insolvent within one year after the **accident**.

- d. To which a liability bond or policy applies at the time of the accident. In this case, its limit of liability must be less than the minimum limit of liability specified by the Arkansas Financial Responsibility Law.

Uninsured motor vehicle does not mean a vehicle:

- a. **Owned** by or furnished or available for the regular use of **you** or any **family member**.
- b. **Owned** or operated by a self-insurer under any applicable motor vehicle law;
- c. **Owned** by a governmental unit or agency;
- d. With more or less than four wheels;
- e. Operated on rails or crawler treads;
- f. Designed mainly for use off public roads; or
- g. While used as a residence or premises.

EXCLUSIONS

Read the following exclusions carefully. If an exclusion applies, coverage will not be afforded under this Part.

We do not provide **Uninsured Motorists** Coverage for **bodily injury** and/or **property damage**:

1. Sustained by any person while **occupying** or when struck by any **auto owned** by **you**, any **family member** or any **resident** which is not insured for this coverage under this policy.
2. While **occupying** a motor vehicle with more or less than four wheels.
3. Sustained by any person if that person or their legal representative settles the **bodily injury** or **property damage** claim without **our** written consent.
4. Incurred while **occupying your covered auto** when it is being used to carry persons or property for a fee. This exclusion does not apply to share-the-expense carpools.
5. So as to directly or indirectly benefit any insurer or self-insurer under any workers' or workmen's' compensation, disability benefits or similar law.
6. Sustained by any person or **auto** while **occupying** resulting from any organized racing event, speed contest or exhibition.
7. Resulting from the use of **your covered auto** by any person(s) specifically excluded by endorsement.
8. To any **punitive** or **exemplary** damages.
9. When this **bodily injury** or **property damage** was sustained in the commission of a crime, other than a traffic violation.
10. For any person using **your covered auto**, without **your** permission or not within the scope of **your** permission.

NOTICE

We must be notified of the intent of the **covered person** to file claim under the **Uninsured Motorist** Coverage within thirty (30) days after any **covered person** has determined that the other motor vehicle is uninsured. Failure to give such notice will render this coverage void.

LIMITS OF LIABILITY

Our limit of liability for claims under this part is as follows:

1. The most **we** will pay for all damages resulting from **bodily injury** to one person caused by any one **accident** is the **uninsured motorists** limit provided on the **Declarations Page** for each "person". This includes all **derivative claims**.
2. Subject to the limit for "each person" the most **we** will pay for all damages resulting from **bodily injury** caused by any one **accident** is the limit shown in the **Declarations Page** for "each **accident**".
3. The maximum **property damage we** will pay is the **actual cash value** of **your covered auto** or, the cost of repairs to **your covered auto**, or the amount listed on the **Declarations Page** as the Limit of Liability afforded under the **Uninsured Motorist Property Damage** coverage, whichever is less. **We** will subtract from **property damage** the first two hundred (\$200) dollars.
4. Any amounts otherwise payable for **damages** under this coverage shall be reduced or offset by:
 - a. All sums paid because of the **bodily injury** or **property damage** by or on behalf of persons or organizations that may be legally responsible. This includes all sums paid under the Liability coverage of this policy; and
 - b. No one shall be entitled to receive duplicate payments for the same element of **loss**.

Any payment under this coverage to or for a **covered person** will reduce any amount that person is entitled to recover under Part A-Liability Coverage of this Policy.

PROOF OF CLAIM

You or **your family member** or someone on **your** behalf must have reported the **accident** to the police within 24 hours.

As soon as possible, the **covered person** making a claim under this coverage shall give **us** written proof of claim, including full details of their injuries and treatment and any other reasonable information **we** may need to determine the amount payable. The **covered person** shall submit to reasonable questioning concerning any claim made under this policy.

The **covered person** shall also give **us** an authorization which would allow **us** to obtain medical reports and copies of the medical and other relevant records.

OTHER INSURANCE

If there is other applicable similar insurance, **we** will pay only **our** share. **Our** share is the proportion that **our** limits of liability bear to the total of all applicable limits. However, any insurance **we** provide with respect to a vehicle **you** do not own shall be excess over any other collectible insurance.

TRUST AGREEMENT/SUBROGATION

If **we** pay **you** for a **loss** under this coverage:

1. **We** are entitled to recover from **you** an amount equal to such payment if there is a legal settlement made on **your** behalf against any person or organization legally responsible for the **bodily injury** and/or **property damage**.
2. **You** must hold in trust for **us** all rights which **you** have to recover money from any person or organization legally responsible for **bodily injury** and/or **property damage**.
3. **You** must do everything proper to secure **our** rights and do nothing to prejudice these rights.
4. If **we** ask **you** in writing, **you** 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. **You** must execute and deliver to **us** any legal instruments or papers necessary to secure the rights and obligations of **you** and **us** as established here.

We shall be entitled to a recovery under this provision only after **covered person** has been fully compensated for damages.

ARBITRATION

If **we** and a **covered person** disagree on:

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

then either party may propose arbitration. Arbitration will take place only if both **we** and the **covered person** agree, voluntarily, to have the matter arbitrated. Each party will select an arbitrator and the two arbitrators will select a third. In the event an arbitrator cannot be agreed upon within thirty (30) days, a judge of a court having jurisdiction will appoint the arbitrator. Each party will pay the costs and fees of its arbitrator and any other expenses it incurs. The cost and fees of the third arbitrator will be shared equally. The arbitration will take place in the county where the **covered person** lived at the time of the **accident**. Local court rules of procedure and evidence shall apply. The written decision by the arbitrator shall determine:

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 Arkansas.

However, any decision of the arbitrator will not be binding on either party. **We** and a **covered person** may agree to an alternative form of arbitration.

PART C – UNDERINSURED MOTORIST COVERAGE

INSURING AGREEMENT

1. **We** will pay compensatory damages which a **covered person** is legally entitled to recover from the owner or operator of an **underinsured motor vehicle** where such coverage is indicated as applicable on the **Declarations Page** because of **bodily injury**;
 - a. Sustained by a **covered person**; and

b. Caused by an **accident**.

We will pay under this coverage only if **a.** or **b.** below applies:

- a. The limits of liability under any applicable bodily injury liability bonds or policies have been exhausted by payment of judgments or settlements; or
- b. A tentative settlement has been made between a **covered person** and the insurer of the **underinsured motor vehicle** and **we**:
 - (1) have been given prompt written notice by certified mail, return receipt requested, of such tentative settlement; and,
 - (2) advance payment to the **covered person** in an amount equal to the tentative settlement within 30 days after receipt of notification.

However, if the owner or operator of the **underinsured motor vehicle** is insured by **us** for liability coverage, this provision **b.** shall not apply, and a **covered person** may proceed with his or her claim for damages under this coverage any time after settlement of that **covered person's** claim for damages under the liability coverage applicable to the owner or operator of the **underinsured motor vehicle**.

If a duly licensed automobile dealer or rental company provides an **auto** to **you** or a **family member** for use as a temporary substitute for any other vehicle described in the definition of **your covered auto** while it is out of normal use because of its breakdown, repair or servicing, coverage shall extend to such loaned vehicle only to the extent of the coverage provided, if any, to the **auto** being repaired or serviced.

2. **Covered person** as used in this Part means:

- a. **you** or any **family member**;
- b. any other person **occupying your covered auto**; or
- c. any person for damages that person is entitled to recover because of **bodily injury** to which this coverage applies sustained by a person described in **a.** or **b.** above.

3. **Underinsured motor vehicle** means a land motor vehicle or trailer of any type to which a bodily injury liability bond or policy applies at the time of the accident but the amount paid for bodily injury under that bond or policy to a covered person is not enough to pay the full amount the covered person is legally entitled to recover as damages.

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

- a. To which a **bodily injury** liability bond or policy applies at the time of the **accident** but its limit for **bodily injury** liability is less than the minimum limit for **bodily injury** liability specified by the financial responsibility law of Arkansas.
- b. **Owned** by or furnished or available for the **regular use** of **you** or any **family member**.
- c. **Owned** by any governmental unit or agency.
- d. Operated on rails or crawler treads.
- e. Designed mainly for use off public roads while not on public roads.
- f. While located for use as a residence or premises.
- g. **Owned** or operated by a person qualifying as a self-insurer under any applicable motor vehicle law.
- h. To which a **bodily injury** liability bond or policy applies at the time of the **accident** but the bonding or insuring company:
 - (1) denies coverage; or
 - (2) is or becomes insolvent.

EXCLUSIONS

We do not provide Underinsured Motorists Coverage for **bodily injury**:

1. Sustained by a **covered person** while **occupying**, or when struck by, any **auto** owned by that **covered person**, which is not insured for this coverage under this policy. This includes a **trailer** of any type used with that **auto**.
2. Sustained by any **family member** while **occupying**, or when struck by, any **auto you own** which is insured for this coverage on a primary basis under any other policy.
3. Sustained while **your covered auto** is operated by a **family member** or any other **resident** of **your** household who is not listed as a driver on the **Declarations Page**.
4. Sustained by any **covered person** while **occupying your covered auto** when it is being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.
5. Caused by **your covered auto** when it is driven by a person who **you** know:
 - a. is under the minimum age to obtain a license to operate an **auto** in the state in which the **auto** is licensed; or
 - b. is under fifteen (15) years of age;

- c. has had their driving privileges rescinded either by license suspension or revocation; or
 - d. does not possess a valid driver's license.
6. While **occupying** any **auto** when rented to others or while being used to carry persons or property for compensation or a fee, including, but not limited to, delivery of magazines, mail, newspapers, pizza, other types of food, or any other products. This exclusion does not apply to share-the-expense car pools.
 7. While **occupying** any motorized vehicle having more or less than four wheels.
 8. While **occupying** any **auto** located for use as a residence or premises.
 9. While **occupying** an **auto** when it is being used in the **business** of a **covered person**. This exclusion does not apply to **bodily injury** sustained while **occupying**:
 - a. a private passenger **auto**;
 - b. a pickup or van that **you** own; or
 - c. a **trailer** used with a vehicle described in a. or b. above.
 10. Arising out of the **ownership** or operation of a vehicle while it is being used in any organized racing event, speed contest or exhibition.
 11. Which is caused by the spouse or a **family member** of the injured **covered person**.
 12. That applies directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:
 - a. Workers' compensation law; or
 - b. Disability benefits law.
 13. For **punitive** or **exemplary** damages which are imposed to punish a wrongdoer and deter others from similar conduct.

LIMIT OF LIABILITY

1. With respect to the underinsured motorists coverage indicated as applicable on the **Declarations Page** for damages caused by an **accident** with an **underinsured motor vehicle**:
 - a. The limit of **bodily injury** liability shown for each person is **our** maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of **bodily injury** sustained by any one person in any one **accident**.
 - b. Subject to this limit for each person, the limit of **bodily injury** liability shown for each **accident** is **our** maximum limit of liability for all damages for **bodily injury** resulting from any one **accident**.

The limits of liability applicable to underinsured motorists coverage are the most we will pay regardless of the number of:

 - a. Insureds;
 - b. Claims made;
 - c. Vehicles or premiums shown on the **Declarations Page**; or
 - d. Vehicles involved in the **accident**.
2. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage.
3. **We** will not pay for any element of **loss** if a **covered person** is entitled to receive payment for the same element of **loss** under any of the following or similar laws: Workers' compensation law; or disability benefits law.
4. **We** will not make a duplicate payment under this coverage for any element of **loss** for which payment has been made by or on behalf of persons or organizations who may be legally responsible.

OTHER INSURANCE

If there is other applicable similar insurance, **we** will pay only **our** share. **Our** share is the proportion that **our** limits of liability bear to the total of all applicable limits. However, any insurance **we** provide with respect to a vehicle **you** do not own shall be excess over any other collectible insurance, except with respect to similar insurance provided by a policy issued to the owner of the **loaner auto** if **you** are operating the **loaner auto** involved in an accident and:

1. A **covered person** sustains **bodily injury**; or
2. The **loaner auto** sustains **property damage**.

ADDITIONAL DUTIES

A person seeking coverage under this Part must promptly:

1. Send **us** copies of the legal papers if a suit is brought; and
2. Notify **us** in writing by certified mail, return receipt requested, of a tentative settlement between the **covered person** and the insurer of the **underinsured motor vehicle** and allow **us** 30 days to advance payment to that **covered person** in an amount equal to the tentative settlement to preserve **our** rights against the insurer, owner or operator of such **underinsured motor vehicle**.

However, if the owner or operator of the **underinsured motor vehicle** is insured by **us** for liability coverage, this provision shall not apply, and a **covered person** may proceed with his or her claim for damages under this coverage any time after settlement of that "insured's" claim for damages under this coverage any time after settlement of that **covered person** claim for damages under the liability coverage applicable to the owner or operator of the **underinsured motor vehicle**.

Written notice of a tentative settlement must include:

1. written documentation of monetary losses incurred, including copies of all medical bills;
2. written authorization or a court order authorizing **us** to obtain medical reports from all employers and medical providers; and
3. written confirmation from the insurer of the **underinsured motor vehicle** of the liability coverage limits of the owner or operator of the **underinsured motor vehicle**.

TRUST AGREEMENT/SUBROGATION

If **we** pay **you** for a **loss** under this coverage:

1. **We** are entitled to recover from **you** an amount equal to such payment if there is a legal settlement made on **your** behalf against any person or organization legally responsible for the **bodily injury** and/or **property damage**.
2. **You** must hold in trust for **us** all rights which **you** have to recover money from any person or organization legally responsible for **bodily injury** and/or **property damage**.
3. **You** must do everything proper to secure **our** rights and do nothing to prejudice these rights.
4. If **we** ask **you** in writing, **you** 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.

You must execute and deliver to **us** any legal instruments or papers necessary to secure the rights and obligations of **you** and **us** as established here. **We** shall be entitled to a recovery under this provision only after **covered person** has been fully compensated for damages.

ARBITRATION

If **we** and a **covered person** disagree on:

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

then either party may propose arbitration. Arbitration will take place only if both **we** and the **covered person** agree, voluntarily, to have the matter arbitrated. Each party will select an arbitrator and the two arbitrators will select a third. In the event an arbitrator cannot be agreed upon within thirty (30) days, a judge of a court having jurisdiction will appoint the arbitrator. Each party will pay the costs and fees of its arbitrator and any other expenses it incurs. The cost and fees of the third arbitrator will be shared equally. The arbitration will take place in the county where the **covered person** 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 **covered person** 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 Arkansas.

However, any decision of the arbitrator will not be binding on either party. **We** and a **covered person** may agree to an alternative form of arbitration.

PART D: COVERAGE FOR DAMAGE TO YOUR VEHICLE

INSURING AGREEMENT

In return for payment of premium for this coverage and subject to exclusions hereinafter stated, **we** will pay for direct and accidental **loss** to **your covered auto** or any **non-owned auto**, less any applicable deductible shown in the **Declarations Page**, if the **Declarations Page** indicates that coverage is afforded.

As used in this Part:

1. **Covered Person** means
 - a. **You, a family member, or resident;**
 - b. Any other person listed on the application or added by endorsement during the policy term prior to a **loss**;

- c. Any other person, other than a **regular operator**, who has **your** express permission to use the **covered auto** and who holds a valid driver's license at the time of the **loss**.
- 2. **Collision** means the upset or **collision** with another object of **your covered auto** subject to the exceptions and exclusions stated below.
- 3. **Comprehensive** means **loss** caused by missiles, falling objects, fire, theft or larceny, explosion, earthquake, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion, contact with bird or animal or breakage of glass. If breakage of glass is caused by a **collision**, **you** may elect to have it considered a **loss** caused by **collision**. If there is a **loss** to a **non-owned auto**, **we** will provide **collision** coverage applicable to **your covered auto** shown in the **Declarations**.
- 4. **Diminution in Value** means the actual or perceived decrease of market or resale value of an **automobile** or part thereof measured after repair of physical **damage**.
- 5. **Damage** means physical **damage** to tangible property and does not include intangible economic **loss**, such as **diminution in value**.
- 6. **Loss** means direct and accidental physical **damage** to the **automobile** or its parts, but **loss** does not include **diminution in value**.

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**.

TOWING AND LABOR COSTS

We will pay towing and labor costs incurred each time **your covered auto** or any **non-owned auto** is disabled, up to the amount shown in the **Declarations Page** as applicable to that **covered auto**. If a **non-owned auto** is disabled, **we** will provide the broadest towing and labor costs coverage applicable to any **your covered auto** shown on the **Declarations Page**. **We** will only pay for labor performed at the place of disablement.

RENTAL REIMBURSEMENT COVERAGE

If covered **collision** or **comprehensive loss**, in excess of the applicable deductible, occurs to an **owned automobile** insured under this policy, the company will pay for rental expense (limited by the maximum daily rate and maximum covered days) incurred for the rental of an **automobile** from a public **automobile** rental agency. The maximum daily rate and the maximum covered days are each limited as specified in the policy declaration. Reimbursement will be for the period beginning 12:01 AM on the day following:

- 1. Losses Other Than Theft of **Your Covered Auto** (subject to the maximum daily rate and maximum covered days)
 - a. The day **your covered auto** is delivered to a garage for repairs after repairs have been authorized by the **owner** of the vehicle and estimated by the Company, and terminating on 12:01 AM on the day following the completion of repairs.
 - b. The day the **loss** is reported to the Company if the Company offers settlement in lieu of repairs and terminating on 12:01 AM on the day following the settlement offer.
- 2. Theft of the **auto** (subject to the maximum daily rate and maximum covered days).
 - a. The day the theft of **your covered auto** is reported to the Company and the police and terminating on 12:01 AM on the day following the Company's settlement offer for the theft or, if the **auto** is recovered before settlement, terminating on 12:01 AM on the day following completion of repair.
 - b. Theft of the entire **auto** and any subsequent **damage** due to the theft and before repairs are completed shall be considered a single **loss**. This benefit is not payable for any period that **your covered auto** is in the possession of any insured and is drivable.

ADDITIONAL TRANSPORTATION EXPENSES

We will pay up to fifteen dollars (\$15) per day, to a maximum of four hundred and fifty dollars (\$450), for transportation expenses incurred by **you** because 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 for transportation expenses incurred during the period beginning forty-eight (48) hours after the theft has been reported to **us** and to the police and ending when **your covered auto** is found (limited by the \$450 maximum) or **we** offer to pay for its **loss**. This Transportation Expense will not apply if **you** have purchased Rental Reimbursement Coverage.

EXCLUSIONS

We will not pay for **loss** or damage:

1. To **your covered auto** while it is being used to carry persons or property for a fee. This exclusion does not apply to shared-expense carpools.
2. Due to discharge of any nuclear weapon (even if accidental), war (declared or undeclared), civil war, insurrection, rebellion, revolution, riot, nuclear reaction, radiation, or radioactive **contamination**, or any consequence of any of these.
3. Arising out of or due to the use of an **auto** for transportation of any:
 - a. Explosive substance;
 - b. Flammable liquid; or
 - c. Similarly hazardous materials.

This does not apply to such transportation that is incidental to **your** ordinary household activities.

4. To television antennas, awnings, cabanas or equipment designed to create additional living facilities.
5. To tapes, records, compact discs or other devices for use with equipment designed for the reproduction of sound.
6. To equipment designed or used for the detection or location of radar.
7. To any non-dealer or non-factory installed equipment which mechanically or structurally modify **your auto** resulting in an increase in performance or change in appearance.
8. To a camper body, pickup cover, cap or shell whether attached or detached.
9. If **your covered auto** is a van-type vehicle, to furnishings, custom carpeting, or any other equipment contained in or forming part of **your covered auto**, used for sleeping, cooking, refrigeration, and/or housekeeping; to custom installed bubble windows, height extending roofs, custom paint such as custom murals, graphics, or other custom-applied designs or to any other modifications to the original body of the van;.
10. To custom wheels, tachometers, pressure and temperature gauges, unless factory installed.
11. To modified or custom engines and carburetion systems, light bars, racing slicks and /or oversized tires, roll bars and lift kits, winches, utility boxes and tool boxes.
12. To any instrument or device designed as a two-way mobile radio, citizens band radio or cellular telephone.
13. To **auto** covers or front-end protectors.
14. To wearing apparel, personal effects, tools, or anything that is not attached to the vehicle at the time of **loss**.
15. Due and confined to wear and tear, freezing, or other temperature changes, mechanical or electrical breakdown, road damage to tires or other prior **loss** damage. This exclusion does not apply if the damage results from the total theft of **your covered auto**.
16. To **your covered auto** which occurs while operated in any organized racing event, speed contest, or exhibition.
17. To any **auto** or **trailer** which results from **your business** activity, including delivery or pickup of goods or services arising out of any **business**.
18. To a **non-owned auto** if it is used by **you** or any **family member** without a reasonable belief that they were entitled to do so.
19. To **your covered auto**, while it is being operated by any **family member**, **regular operator** or **resident** who was not listed on the application or added by endorsement prior to the date of **loss**.
20. To **your covered auto** while it is being operated by a person or persons specifically excluded by endorsement.
21. With respect to a vehicle, **ownership** of which is acquired by the **covered person** during the policy period, unless the **covered person** has notified **us** in writing within the required amount of days as stated in Definition section for **replacement auto** or **additional auto**, they wish to add such vehicle to the policy.
22. To **your covered auto** while being used in the commission of a crime, other than a traffic violation.
23. Caused by any **covered person** who intentionally causes or expects to cause **loss** or **damage**.
24. To **your covered auto** due to the destruction or confiscation by governmental or civil authorities. This exclusion does not apply to the interests of the Loss Payees in **your covered auto**.
25. Due to theft under this coverage if evidence exists that forcible entry was not required to gain access to the **auto** or that evidence exists that keys were left in the **auto** while it was unattended, or that no evidence exists that ignition wires, steering column or starting mechanism were altered or defeated to operate the **auto** without keys.
26. Due to **diminution in value** to any vehicle.
27. To the **covered auto** while it is in the care, custody or control of a **covered person** other than **you** for the purpose of selling the **covered auto**.
28. **Your covered auto** while being driven or operated with **your** permission by a person who:
 - a. does not possess a valid driver's license;

- b. is under the minimum age to obtain legal authority to drive.
 - c. is under fifteen (15) years of age; or
 - d. has had their driving privileges rescinded by either a license suspension or a revocation.
29. **Loss** from discoloration or damage to paint as a result of smoke, chemical substance, bird or animal droppings.
30. To **your covered auto** which occurs while rented or leased by **you** to others.
31. To property the **covered person** rents, uses or has charge of including **loss** of its use.
32. To any motorcycle or a vehicle with more or less than four wheels.
33. To any device or instrument designed for the recording, reproduction, receiving, or transmittal of sound, radio waves or television signals unless such device or instrument is factory installed in the dash or console opening specified by the manufacturer of the motor vehicle for the installation of such equipment.

LIMIT OF LIABILITY

Our limit of liability for **loss** will be lesser of the:

1. The **actual cash value** of the stolen or damaged property at the time of **loss**, reduced by the applicable deductible; or
2. The amount necessary to repair or replace the property with deduction for **depreciation** and/or **betterment**. At the company's sole discretion, the company may pay any **loss** or repair or replace **your covered auto** or its damaged parts, with parts furnished either by original equipment manufacturers or non-original equipment manufacturers, or
3. The limit stated in the Declarations.

Custom / special equipment is not covered unless the value of the equipment has been reported to **us** prior to the **loss** and a premium has been paid for the additional coverage as shown on the **Declarations Page**, with the following limits:

1. Non-standard radio speakers, amplifiers and other sound producing equipment are limited to \$1000 maximum.
2. Custom wheels and custom tires are limited to a \$2000 maximum.
3. The most **we** will pay for any **loss** to a **trailer** is \$500.

Additionally, **our** limit of liability for payment to **you** shall not:

1. Exceed four (4) days of storage charges incurred prior to the date **you** report a **loss** or **accident** to **us**.
2. Exceed the towing or wrecker charges to the nearest authorized repair facility.

PROOF OF LOSS

You must file a written proof of **loss** within sixty (60) days from the date **we** request or there will be no coverage for the **loss** claimed under this Part D.

PAYMENT OF LOSS

We may pay the **loss** in money or repair or replace damaged or stolen property. **We** may, at **our** expense, return any stolen property to **you** or to the address shown in the policy. If **we** return stolen property, **we** will pay for any damage resulting from the theft. **We** may take all or part of the property at an agreed or appraised value, but there shall be no abandonment to the Company.

NO BENEFIT TO BAILEE

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

OTHER INSURANCE

If other similar insurance also covers the **loss**, **we** will pay only **our** share, unless the **loss** is to a **non-owned auto** or a temporary substitute **auto**. If the **loss** is to a **non-owned auto** then **we** will not pay until any other valid and collectable insurance has paid for such **loss**. Any valid and collectible insurance on a vehicle other than the **covered auto** will be primary and any insurance afforded by this policy will be excess only.

However, if a duly licensed automobile dealer provides a motor vehicle to the **covered person** for use as a temporary substitute for **your covered auto** while it is out of normal use because of its breakdown, repair or servicing; or to demonstrate the motor vehicle, then we will provide primary insurance.

APPRAISAL

If **you** and **we** fail to agree on the amount payable, an appraisal of the loss may be made. However, an appraisal will be made only if both **you** and **we** agree, voluntarily, to have the loss appraised. If so agreed, each party will appoint a competent and disinterested appraiser. A consensus of **Actual Cash Value/Damages** will be made in writing by the two appraisers. If a consensus cannot be reached, the two appraisers will appoint a third appraiser to reach an agreement. Each party will pay the expense of their chosen appraiser. Expenses for the cost of the third appraiser will be shared

equally. An appraisal decision will not be binding on either party. **We** do not waive any of **our** rights by agreeing to an appraisal.

GENERAL AVERAGE AND SALVAGE CHARGES

We shall pay salvage charges for which **you** become legally liable and which are reasonable and necessary.

PART E – DUTIES AFTER AN ACCIDENT

GENERAL DUTIES

We must be notified of an **accident** or **loss** within thirty (30) days 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.

A person seeking coverage must:

1. Cooperate with **us** in the investigation, settlement or defense of any claim or lawsuit.
2. Promptly send **us** copies of any notices or legal papers received in connection with the **accident** or **loss**.
3. Submit at **our** expense as often as **we** reasonably require to physical examinations by physicians **we** select.
4. Authorize **us** to obtain medical reports and other pertinent records.
5. Submit proof of **loss** when required by **us**.
6. Submit to separate recorded statements under oath outside of the presence of any other claimant or insured as often and reasonably as **we** require.
7. Assist in mitigating **damages** and cost after a **loss**.
8. Give **us** consent to move **your** damaged property to a storage free facility at **our** cost. If **you** do not give consent, **we** will only pay the storage costs which will have resulted if **we** had moved the damaged property. If it is decided that the damaged property should be returned to the **owner**, **we** will do so at **our** cost.
9. A person seeking **Uninsured Motorist** Coverage must also:
 - a. Notify the police within twenty-four (24) hours of an **accident** if a hit-and-run driver is involved.
 - b. Promptly send **us** copies of the legal papers if a suit is brought.
10. A person seeking Coverage For Damage To **Your Covered Auto** must also:
 - a. Notify the police within twenty-four (24) hours if **your covered auto** or any of its equipment is stolen or vandalized.
 - b. Take reasonable steps after **loss**, at **our** expense, to protect **your covered auto** and its equipment from further **loss**.
11. Permit **us** to inspect and appraise the damaged property before its repair or disposal. Complying with the above set forth requirements is a prerequisite to coverage under this policy and a failure to comply with one or more of such requirements shall void coverage under this policy and relieve the Company of all duties to make payment, defend, settle, or otherwise deal with or honor any claim made against a **covered person** or the Company.
12. Notify the police and/or fire department within 24 hours upon learning that **your covered auto** has been involved in a fire.

PART F - GENERAL PROVISIONS

TERRITORY

This policy applies only to **accidents** and **losses** which occur:

1. During the policy period as shown in the **Declarations Page**; and
2. Within the policy territory.

The policy territory is:

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

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

BANKRUPTCY

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

CHANGES

This policy contains all the agreements between **you** and **us**. Its terms may not be changed, waived except by an endorsement issued by **us**.

Notice to **your** Agent, or knowledge possessed by **your** Agent, or other person shall not change or affect a waiver on any portion of this policy nor stop **us** from exerting any of **our** rights under this policy. This policy can only be changed by an endorsement **we** issue which is signed by **our** authorized representative.

If a change requires a premium adjustment, **we** will adjust the premium as of the effective date of the change. If **we** revise this policy form to provide more coverage without additional premium charge, **your** policy will automatically provide the additional coverage as of the day the revision is effective in **your** state.

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**:

1. By a person not insured under this policy unless **we** agree in writing that the covered person has an obligation to pay; or
2. The legal representative of the deceased person as if a named insured shown in the **Declarations Page**. This applies only with the respect to the representative's legal responsibility for the maintenance or use of **your covered auto**.

No person or organization has any right under this policy to bring **us** into any action to determine the liability of a covered person.

OUR RIGHT TO RECOVER PAYMENT

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 do whatever is necessary to enable **us** to exercise **our** rights and shall do nothing after **loss** to prejudice them.

If **we** make payment under this policy, and the person to or for whom payment is made recovers damages from another, that person shall hold in trust for **us** the proceeds of the recovery and shall reimburse **us** to the extent of **our** payment.

However, our right to recover damages does not arise until the insured has been made whole.

TERMINATION

1. Cancellation

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

- a. The named insured shown on the **Declarations Page** may cancel by returning this policy to **us** or an authorized agent or advising **us** in advance written notice of the date cancellation is to take effect.
- b. **We** may cancel by mailing to **you** at the address shown in this policy:
 - (1) at least ten (10) days' notice if cancellation is for nonpayment of premium; or
 - (2) at least twenty (20) days' notice in all other cases.

After this policy is in effect for 60 days, or if this is a renewal or continuation policy, **we** will cancel only:

- a. For nonpayment of premium; or
- b. If **your** driver's license or that of:
 - (1) Any driver who lives with you, or
 - (2) Any driver who customarily uses your covered autohas been suspended or revoked. This must have occurred during the policy period or since the last anniversary of the original effective date if the policy period is other than 1 year.
- c. If the policy was obtained through material misrepresentation or fraud.

2. Nonrenewal

If **we** decide not to renew or continue this policy, **we** will mail notice to **you** at the address shown in this policy. Notice will be mailed 30 days before the end of the policy period.

3. 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.

INSUFFICIENT FUNDS

A check given in payment of any premium required for this policy which has not been honored by the payer's bank upon presentation for payment shall render this policy null and void and of no benefit whatsoever for the time period or term of this policy for which such check was written.

OTHER TERMINATION PROVISIONS

We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.

If this policy is cancelled, **you** may be entitled to a premium refund. The premium refund, if any, will be computed in accordance with the customary cancellation procedure. If **you** cancel, the refund will be computed on a short-rate basis. If **we** cancel, the refund will be computed on a pro-rata basis. However, making or offering to make the refund is not a condition of cancellation.

TRANSFER OF YOUR INTEREST IN THIS POLICY

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, as if a named insured shown in the **Declarations Page**; and
2. The legal representative of the deceased person as if a named insured shown in the **Declarations Page**. This applies only with respect to the representative's legal responsibility for the maintenance or use of **your covered auto**.

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

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.

MISREPRESENTATIONS

The statements made by **you** in the application are deemed to be warranties. Any false or misleading information provided by **you** on the application to **us** which materially affects the acceptance or rating of the risk by **us**, by either direct misrepresentation, omission, concealment of facts or incorrect statements, will result in **your** policy being null and void from its effective date. This paragraph shall also apply to misstatement of use and omission of fact.

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 B of this policy, pertaining to Liability and **Uninsured Motorist Coverage**, are intended to be in full conformity with the laws of this state applying to such coverage. If any provision of such coverage conflicts with such law, such provision is changed to comply with such law.

DECLARATIONS

By accepting this policy, **you** agree that the **Declarations Page** is a part of the policy, that the statements in the **Declarations Page** are based on information **you** have given **us**, that this policy is issued upon the truth of such information and that this policy contains all agreements existing between **you** and **us** or any of **our** agents relating to this insurance.

LOSS PAYABLE CLAUSE

This entire clause is void unless the name of the lienholder is inserted in the space provided on the **Declarations Page** or in any endorsement adding a lienholder. **Loss** or **damage** under this policy shall be paid to **you** and the loss payee. However, **we** will not pay for **loss** caused by:

1. Conversion, embezzlement, secretion by **you** or anyone acting on **your** behalf or at **your** direction.
2. Fraudulent acts or omissions by **your** or anyone acting on **your** behalf or at **your** direction.
3. Any physical **damage**, exclusions specified in policy form or applicable endorsements.

In case **you** do not pay **your** premium due under this policy the lienholder on demand shall pay the premium. The lienholder shall notify **us** of any change of **ownership** or increase of hazard upon discovery. Unless otherwise authorized,

the lienholder on demand shall pay the premium for any increased hazards for the terms of the policy, otherwise the policy shall be deemed null and void.

Further, **we** reserve the right to cancel the policy as provided by the terms. If **we** cancel the policy, **we** shall notify the lienholder at least ten (10) days before the cancellation shall become effective as to the interest of the lienholder. Proof of mailing by **us** shall be proof of notice to lienholder.

If **you** fail to give proof of **loss** as required by the policy terms, the lienholder must do so. The lienholder shall be subject to the provisions of the policy relating to appraisal, time of payment, and bringing suit.

Whenever **we** shall pay the lienholder any sum for **loss** or **damages** under the policy and no liability exists to **you**, **we** shall be subrogated to all rights of the party to whom payments are made. Subrogation shall not impair the rights of the lienholder to recover the full amount of its claim.

ELECTRONIC SIGNATURES

You and **we** agree that electronic signatures may be used and will satisfy any regulatory or other requirement for written signatures. When a law requires a signature or letter to be notarized, verified or acknowledged or made under oath, the electronic signature will satisfy this requirement if the signature of the person authorized to perform the service notarizing, verification, or acknowledgement is attached to or logically associated with the signature of record.

REPLACEMENT PARTS

In the repair of **your covered auto** under the physical damage coverage provisions of this policy, **we** may require or specify the use of auto parts not made by the original manufacturer. These parts are required to be at least equal in term of fit, quality, performance, and warranty to the original manufacturer parts they replace.

PERSONAL INJURY PROTECTION ENDORSEMENT – AR-101

INSURING AGREEMENT

1. Subject to exclusions hereinafter, **we** will pay personal injury protection benefits to or for a **covered person** who sustains **bodily injury**. We will only pay those benefits for which a specific premium is shown in the **Declarations Page**. If a duly licensed automobile dealer or rental company provides an **auto** to the **covered person** for use as a temporary substitute for any other covered auto, while it is out of normal use because of its:
 - a. Breakdown;
 - b. Repair; or
 - c. Servicing;Personal injury protection benefits shall extend to such loaned **auto** only to the extent of the coverage provided, if any, to the **covered auto** begin repaired or serviced.
2. Subject to the limits shown in the **Declarations Page**, personal injury protection benefits consist of the following:
 - a. Medical Payments. All reasonable and necessary expenses incurred within one year from the date of the accident for:
 - (1) Medical, hospital, x-ray, professional nursing, dental, surgical, ambulance, prosthetic and funeral expenses; and
 - (2) Any non-medical remedial care and treatment rendered in accordance with a recognized religious method of healing.
 - (3) Medical payments do not include expenses in excess of those required for a semi-private room, unless more intensive care is required.
 - b. Work loss. If a **covered person** is an income earner, loss of income from work that **covered person** would have performed had he not sustained **bodily injury**. If the **covered person** is a non-income earner, expenses reasonably incurred in obtaining ordinary and necessary services instead of those that **covered person** would have performed, without income and for the benefit of himself or his family, had he not sustained **bodily injury**. Work loss applies only to the period beginning 8 days after the date of accident and not exceeding 52 weeks. However, work loss does not include any **loss** or expenses after the death of a **covered person**.
 - c. Accidental death. A death benefit paid if **bodily injury** resulting from the **accident** causes the death of a **covered person** within 1 year from the date of the **accident**. The **bodily injury** must be the sole cause of death.
3. As used in this endorsement:
 - a. **Covered person** means:
 - (1) **You** or a **relative** who sustains **bodily injury** while **occupying** an **auto** or, while a **pedestrian**, through being struck by a motor vehicle.

- (2) Any other person, who sustains **bodily injury** while:
- (a) **Occupying** or while a **pedestrian**, through being struck by **your covered auto**.
 - (b) **Occupying** a motor vehicle other than **your covered auto**. The **bodily injury** must result from the:
 - i. Use of such **auto** by **you**;
 - ii. Operation of such **auto** by **your** private chauffeur or domestic servant on behalf **your** behalf; or
 - iii. Use of such **auto** by any **relative** if the vehicle is defined as an **auto**.

This provision (a.(2)) does not apply to **work loss** or **accidental death** benefits.

- b. **Pedestrian** means a person who is not occupying any **auto**, other than a motorcycle or vehicle operated by human or animal power.
- c. **Usual and customary charge** means an amount which **we** determine as a customary charge for services in the geographical area in which the service is rendered. **We** may determine this charge through the use of independent sources of our choice.

WHAT TO DO IN CASE OF AN AUTO ACCIDENT OR LOSS OTHER DUTIES

The following duties of a **covered person** claiming Personal Injury Protection benefits are:

1. In the event of an **accident**, written notice containing particulars sufficient to identify the **covered person(s)**, and also reasonable obtainable information respecting the time, place and circumstances of the **accident** shall be given by or on behalf of each **covered person to us** or any of **our** authorized agents as soon as reasonable.
2. The **covered person**, or in the event of the incapacity or death of the **covered person**, the legal representative of the **covered person** shall, upon each request from **us**, execute authorization to enable **us** to obtain medical reports, copies of records and information with respect to **loss** of income. **We** may require that the **covered person**, as a condition for receiving work loss, cooperate in furnishing **us** reasonable medical proof of inability to work.
3. If any **covered person** or legal representative of that person shall institute legal action to recover damages for **bodily injury** against a person or organization who is or may be liable in tort for the injury, a copy of the summons and complaint, or other process served in connection with the legal action, shall be forwarded as soon as practical to **us** by the **covered person** or the legal representative of that person.
4. A person seeking Personal Injury Protection Coverage must also:
 - a. Submit to physical and mental examinations at **our** expense by doctors **we** select as often as **we** may reasonably require.
 - b. Furnish **us** with a sworn statement, at **our** request, of earnings for the **covered person** since the date of the **accident** and for a reasonable time before the **accident**.
 - c. Give **us** written proof of claim, under oath if required, which provides complete details of the nature and extent of the injuries and treatment received and contemplated and any other information which may assist **us** in determining the amount due and payable.

EXCLUSIONS

We will not provide personal injury protection coverage for **bodily injury**:

1. Sustained while **occupying your covered auto** when used to carry persons or property for compensation or a fee, including, but not limited to, delivery of newspapers, magazines, food, or any other product. This exclusion does not apply to shared-expense carpools.
2. Sustained while **occupying** any vehicle being used as a residence or premises.
3. Sustained while **occupying** a motor vehicle with more or less than four wheels.
4. Sustained while **occupying** or when struck by any vehicle, other than **your covered auto**, which is **owned** by or furnished or available for regular use by **you**.
5. Sustained while **your covered auto** is being leased or rented to others.
6. Sustained while **occupying** any vehicle while the vehicle is being used in the **business** or occupation of a **covered person**. This exclusion does not apply while **occupying your covered auto** if **business** use is disclosed to and accepted by **us**.
7. Occurring during the course of employment if benefits are payable or required to be provided under a workers' compensation law, disability benefits or other similar laws.
8. Caused by war (declared or undeclared), civil war, insurrection, rebellion, revolution, riot, nuclear reaction, radiation or radioactive contamination, or by any consequence of these.
9. Sustained while **occupying** any vehicle being used in or to prepare for any racing, speed, stunt, performance or demolition activity, regardless of whether such activity is prearranged or organized.

10. Intentionally caused by a **covered person** or at the direction of a **covered person**.
11. Sustained while **your covered auto** is being used in the commission of a felony or for any other purpose which is legally recognized to be criminal.
12. Sustained while **your covered auto** is being operated by a **regular operator** who was not reported to **us** on the original application for insurance or otherwise disclosed to **us** and listed on the **Declarations Page** before the **auto accident**.
13. Resulting from the radioactive, toxic, explosive or other hazardous properties of nuclear material.
14. Work loss or accidental death coverage when any covered person is entitled to similar coverage as a covered person under another policy which provides personal injury protection benefits equal to or greater than those required by the Arkansas statute.

LIMITS OF LIABILITY

The limits of liability shown on the **Declarations Page** for Personal Injury Protection are the most **we** will pay for each covered person injured in any one **auto accident**, regardless of the number of:

1. insureds;
2. policies or bonds applicable;
3. claims made; or
4. insured **autos** to which this insurance applies.

No one shall be entitled to recover duplicate payments for **medical payments** for the same elements of **loss**.

PAYMENT OF BENEFITS

We may pay **medical payments** or **work loss** to a **covered person** or any person or organization rendering the services. Such payment shall reduce the amount payable under this coverage for **bodily injury** sustained by the **covered person**.

OTHER INSURANCE

1. Any insurance **we** provide for **medical payments**:
 - a. With respect to **bodily injury** sustained by a **family member**, shall be excess over any other collectible insurance available to that **relative** as a named insured under another motor vehicle insurance policy providing direct benefits without regard to fault.
 - b. With respect to **bodily injury** sustained by a **covered person**, other than **you** or a **family member**, shall be excess over any other collectible similar insurance available to that **covered person** as a named insured or **family member** under another motor vehicle insurance policy providing direct benefits without regard to fault.
2. Except as provided in (1) above, if there is other similar collectible insurance which provides coverage for **medical payments**, **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, if a duly licensed automobile dealer provides an **auto** to **you** or a **relative** as a temporary substitute for any other **auto** described on the **Declarations Page**:

- a. Because of its withdrawal from normal use due to its breakdown, repair, servicing, **loss** or destruction; or
 - b. To demonstrate the **auto**, **we** will provide primary insurance.
3. Any insurance **we** provide for **work loss** or **accidental death** shall be excess over any other collectible insurance available to:
 - a. A **covered person**, other than **you** or a **family member**, under another motor vehicle insurance policy. In this event, **our** maximum limit of liability will be the amount by which the applicable limit of liability shown on the **Declarations Page** exceeds the applicable limits of liability of all other insurance.
 - b. **You** or a **family member** under any other motor vehicle insurance policy. In this event:
 - (1) The maximum recovery under all policies shall not exceed the highest limit of liability under any one policy.
 - (2) **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, if a duly licensed automobile dealer provides an **auto** to **you** or a **family member** as a temporary substitute for any other **auto** described on the **Declarations Page**:

- a. Because of its withdrawal from normal use due to its breakdown, repair, servicing, **loss** or destruction; or
 - b. to demonstrate the **auto**,
- we** will provide primary insurance.

Consumer Information Section:

Arkansas Insurance Department, Consumer Services Division
1200 West Third Street
Little Rock, AR 72201
501-371-2640 or 1-800-852-5494

In witness whereof, we have caused this policy to be executed and attested by our President, a representative duly authorized by the insurer.

President

Secretary