

KEMPER

Unitrin County Mutual Insurance Company

Servicing Office:
PO BOX 223687
Dallas, TX 75222-3687

This is your
COMMERCIAL VEHICLE POLICY
TEXAS

IMPORTANT NOTICE
See Agreement pg 4
See Cancellation of This Policy - Page 23
See Non-Renewal - Page 24

This policy may have restrictive endorsements attached. If so, please read them carefully. If you have any questions regarding their effect on your coverage, contact your agent or us for further explanation. These policy provisions with the Declarations Page, all completed Application Documents and any Endorsements, complete the terms of this policy.

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IN CASE OF ACCIDENT

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

1. In the event of an **accident** or loss, notice must be given to **us** promptly. The notice must include:
 - a. How, when and where the **accident** or loss occurred;
 - b. The **insured's** name, address and contact information;
 - c. The driver's name, address, driver's license number and contact information;
 - d. The **insured vehicle's** information, which shall include the year, make, model, Vehicle Identification Number, license plate **state** and number and, if applicable, Department of Transportation certificate number;
 - e. To the extent possible, the names, addresses and contact information for all persons involved in the **accident**, any injured person, as well as all known witnesses to the **accident**; and
 - f. The name of any police agency that responded to or reported the **accident**. Include the **accident** report number.
2. A person or organization claiming any coverage under this policy must also:
 - a. Assume no obligation, make no payment and incur no expense without **our** consent, except at the **insured's** own cost.
 - b. Immediately send **us** any legal papers received relating to any claim or suit.
 - c. Cooperate with **us** and assist **us** in any matter concerning a claim or suit.
 - d. Authorize **us** to obtain medical and other records.
 - e. Submit to physical examinations at **our** expense by doctors **we** select as often as **we** may reasonably require.
 - f. Provide any written proofs of loss **we** require.
 - g. Submit to recorded and/or written statements, and/or examinations under oath by any person named by **us**, as often as may reasonably be required, at any reasonable time and place that **we** so designate. If more than one person is claiming coverage **we** may conduct separate examinations of each person.
 - h. Allow **us** to inspect an **insured vehicle**, parts or **property damage** when **bodily injury** or **property damage** is being claimed. Inspection includes the removal of an Electronic Data Recording (EDR) device contained in a **vehicle** and extraction of data from the EDR device, when applicable, to investigate a claim.
3. If there is loss to an **insured vehicle** or its equipment **you** must also:
 - a. Promptly report the theft of the **insured vehicle** or any of its equipment to the police.
 - b. Take all reasonable steps after **loss** to protect the **insured vehicle** and its equipment from further **loss**. **We** will pay reasonable expenses incurred in providing that protection.
 - c. Permit **us** to inspect or appraise the damaged property before its repair or disposition.
 - d. Include in the notice of **accident** or loss a statement listing **your** interest and interests of all others in the **vehicle**, any encumbrances on the **vehicle** (such as a lien or mortgage) and a description (including amounts) of all other insurance covering the **vehicle**.
 - e. Allow **us** to examine the **insured vehicle**, and provide **us** with **all** pertinent records and sales invoices.
 - f. Allow **us** to move the **insured vehicle** to a storage facility when necessary at **our** expense to secure the **vehicle**.
4. A person claiming **PART III - UNINSURED/UNDERINSURED MOTORIST** coverage must also:
 - a. Promptly notify the police if a hit-and-run driver is involved;
 - b. Promptly notify **us** in writing of a tentative settlement between an **insured** and the insurer of the **vehicle** described in **3.d.** of the definition of **uninsured motor vehicle**, contained in **PART III - UNINSURED/UNDERINSURED MOTORIST**, and allow **us** 30 days to 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 **vehicle**.

AGREEMENT

We agree with **you** in return for **your** premium payment, to insure **you** subject to all the terms of this policy. When **you** pay **your** premium due for each term of the policy **we** will insure **you** for the coverages and the limits of liability for which premium is shown in the Declarations of this policy. **We** have no obligation to provide coverage under this policy when the premium has not been paid; except if a current certification or filing for the policy exists and it requires **us** to provide coverage. In the event **we** make a payment due to a filing or certification, which **we** would not have been obligated to make under the terms of this policy, **you** agree to reimburse **us** to the extent of **our** payment.

DEFINITIONS

As used throughout this policy and shown in bold print:

1. **We, us** and **our** mean the Company providing this insurance.
2. **You** and **your** mean the person or organization shown in the Declarations as the Named Insured.
3. **Accident** means the sudden, unexpected and unintended occurrence of an event, caused by the operation, maintenance or use of a **vehicle** as designed to be used, which causes **bodily injury** or **property damage**. However, **property damage** or **bodily injury** caused by a continuous or repeated exposure to the same or similar event will be deemed as caused by one **accident**.
4. **Bodily injury** means **bodily injury** to or sickness, disease or death of any person. **Bodily injury** does not include sexually transmitted diseases.
5. **Business day** means a day other than a Saturday, Sunday, or holiday recognized by the **State** of Texas.
6. **Crime** means any felony, or act which is the subject of felony charges, committed while or that arises out of maintaining, operating or using any **vehicle**.

Crime includes, but is not limited to, the following acts that are, or may be held to be, or arise out of a felony: any illegal trade or transportation, negligent entrustment, driving while intoxicated or under the influence of any substance, and any act calculated to elude law enforcement.

7. **Diminution of value** means the actual or perceived loss in market value or resale value which results from a direct and accidental loss.
8. **Employee** means a person who performs work for **you** or work that will benefit **you**, on a permanent, part-time or seasonal basis. This includes leased or temporary workers.
9. **Fungi** means all types or forms of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by **fungi**.
10. **Insured** means any person or organization qualifying as an **insured** in the Who Is An Insured provision of the applicable coverage.
11. **Insured vehicle** means:

- a. Any **vehicle** shown in the Declarations which **you** have not requested to be deleted and only for those coverages for which a premium charge is shown and paid.
- b. Any additional **vehicle** on the date **you** became the **owner** if all **vehicles you own** are insured by **us**.

However, this provision applies only if **you**:

- (1) Acquire the **vehicle** during the Policy Period;
- (2) Ask **us** to insure it within 30 days after **you** become the **owner**; and
- (3) Do not have insurance or other coverage for the **vehicle**.

Replacement Vehicles

If the **vehicle you** acquire replaces one shown in the Declarations, it will have the same coverage and deductible(s) as the **vehicle** it replaces.

Additional Vehicles

If the **vehicle you** acquire is in addition to any shown in the Declarations:

- (1) It will have the same **Liability, Personal Injury Protection** and **Uninsured/Underinsured Motorist** coverages as the **vehicles** shown in the Declarations;
- (2) **Vehicle Damage Coverage** will not apply unless all **vehicles** shown in the Declarations have **Vehicle Damage Coverage**. If all **vehicles** shown in the Declarations do not have **Vehicle Damage Coverage**, the coverage will not apply to a loss or **accident** until **you** ask **us** to add it.

In the event of a sale of an **insured vehicle** described in **11.a.** and **11.b.** above, all coverages shown in the Declarations for that **vehicle** terminate as soon as the buyer takes possession and will not transfer to the new **owner**.

- c. A **vehicle** not **owned** by, or furnished or available for regular use by **you** or a **relative** when used as a temporary substitute for a **vehicle** described under **11.a.** or **11.b.** of this definition which is out of normal use. The temporary substitute **vehicle** may not be used for more than 30 days and the **insured vehicle** must be out of normal use due to its breakdown, repair, servicing, loss or destruction.

12. Listed Driver means a driver whose name, driver's license number, and date of birth are shown in the Declarations.

13. Minimum limits means the minimum amounts for coverage of **bodily injury** and **property damage** that are required to be provided by law in a **state** in a policy of **vehicle** insurance that covers **vehicles** used for a commercial purpose.

The **minimum limits** for liability coverage required by Texas are:

- a. \$30,000 each person, \$60,000 each accident for **bodily injury**; and
- b. \$25,000 for **property damage**.

14. Mobile equipment means a land vehicle (including machinery or apparatus attached), whether or not self-propelled which is:

- a. Not subject to motor vehicle registration;
- b. Only used on **your** owned or rented premises, including adjoining ways;
- c. Designed for use principally off public roads;
- d. Designed or maintained for the sole purpose of providing mobility to permanently mounted equipment such as:
 - (1) Power cranes, shovels, loaders, diggers, or drills;
 - (2) Concrete mixers (other than the mix-in-transit type), graders, scrapers, rollers and other road construction or repair equipment;
 - (3) Air compressors, pumps and generators, including spraying, welding and building cleaning equipment; and
 - (4) Geophysical exploration and well servicing equipment.

15. Occupying means while in, on, upon, getting in, out of, or off of.

16. Own or **owned** means, with respect to a motor vehicle, to have actual legal title and the right to legal possession and control. This includes, but is not limited to, having the right subject to a gift, a conditional sales agreement, mortgage or lease.

17. Owner means a person who, with respect to a **vehicle**, holds actual legal title, even if title is not transferred, with the right to legal possession and control of the **vehicle**. This includes, but is not limited to, taking possession or control subject to a gift, a conditional sale or agreement, mortgage or lease.

18. Pollutant means any solid, liquid, gaseous or thermal irritant or contamination, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

19. Property damage means injury to or destruction of tangible property, including loss of its use.

20. **Racing** means preparing for and or participating in a speed, demolition, stunting contest, exhibition or activity, or the event itself whether or not in an organized setting.
21. **Relative** means a person who resides in the same household as an **insured** that is related to the **insured** by blood, marriage or adoption. This includes a ward or foster child.
22. **State** means the District of Columbia, any **state**, territory or possession of the United States, and any Province of Canada.
23. **Trailer** means a device that is not self-propelled that is in-tow and designed to be towed by a **vehicle** and includes a semi-trailer.
24. **Vehicle** means a self-propelled device having at least four-wheels, licensed and designed for lawful travel on public roads and highways. **Vehicle** includes a private passenger car, a pick-up, sedan, delivery, panel truck or utility type device. However, this definition does not include **mobile equipment**.

Throughout this policy 'a' or 'an' shall mean one or more when used in conjunction with any other word(s).

PART I - LIABILITY COVERAGE

Liability Coverage

If **you** have paid the premium for this coverage **we** will pay damages for which an **insured** is legally liable due to **bodily injury** and **property damage** sustained in an **accident** and caused by the ownership, maintenance or use of an **insured vehicle**.

We will defend any suit or settle any claim for these damages as **we** think appropriate. **We** have no duty to defend any suit or settle any claim for **bodily injury** or **property damage** not covered under this policy.

Our agreement to settle or defend ends when **our** limit of liability for this coverage has been paid.

Who Is An Insured

1. **You** and any person who is a **listed driver** shown in the Declarations.
2. Any person or organization using an **insured vehicle** with **your** permission, except:
 - a. The **owner** of an **insured vehicle** leased or borrowed from **your employees** or a member of that **employee's** household;
 - b. Anyone using an **insured vehicle** while working in the business of selling, servicing, repairing or parking **vehicles**, unless it is **your** business; or
 - c. Anyone loading or unloading an **insured vehicle** who is not **your employee**, a renter or borrower of the **vehicle** or their **employees**.
3. Any other person or organization. However, coverage is limited to liability for the acts or omissions of **you** or an **insured** under **2.** above. The **owner** or lender of a **vehicle** borrowed or leased by **you** is not an **insured** unless that **vehicle** is a **trailer**.

No person shall be considered an **insured** unless that person's use of an **insured vehicle** is with **your** permission and within the course and scope of that permission.

If **we** certify this policy to comply with any Compulsory, Motor Carrier or Financial Responsibility law, the term **insured** shall mean **you** with respect to the provision of coverage under such certification

Additional Definitions Used In This Part Only

1. **Insured vehicle** also means:
 - a. A **trailer** with a load capacity of 2,000 pounds or less designed primarily for travel on public roads while attached to an **insured vehicle**; or
 - b. **Mobile equipment** while being carried or towed by an **insured vehicle**.

Additional Payments

In addition to the limit of liability, **we** will pay for the **insured**:

1. Any charge not exceeding \$100 for a bail bond required due to a traffic law violation or auto **accident** causing **bodily injury** or **property damage** covered by this Part. **We** have no obligation to apply for or furnish such a bond.
2. Premiums on appeal bonds and attachment bonds required in any suit **we** defend. But **we** will not pay the premium for attachment bonds for an amount in excess of **our** limit of liability. **We** have no obligation to apply for or to furnish such a bond.
3. All costs **we** incur in the settlement of any claim or defense of any suit.
4. Interest on any judgment, including pre-judgment interest, in any suit **we** defend, which accrues before **we** have paid, offered to pay, or deposited in court that portion of the judgment which is not more than **our** limit of liability.
5. Any other reasonable expenses incurred at **our** written request.

Out of State Insurance

If an **insured** becomes subject to the financial responsibility laws or the compulsory insurance law or similar law of another **state** because of the ownership, maintenance or use of an **insured vehicle** in that **state**, **we** will interpret this policy to provide any broader coverage required by those laws. Any broader coverage so afforded shall be reduced to the extent that other auto liability insurance applies.

Amounts payable under this extension of coverage will be limited to the **minimum limits** for financial responsibility required by the filing or certification and will not apply to any compulsory or mandatory requirements specified by any law governing commercial carriers of people or property.

No person, may, in any event, collect more than once for the same elements of loss.

Exclusions

This coverage does not apply to:

1. **Bodily injury** or **property damage** caused intentionally by or at the direction of an **insured**. This applies even if the **bodily injury** or **property damage** is different than what was intended or expected.
2. Liability assumed under any contract or agreement.
3. Actual or potential liability imposed upon or assumed by any **insured** under any workers' compensation law or unemployment law, or disability benefits law or any similar law.
4. **Bodily injury** to an **employee** of an **insured** or to an **employee's** spouse, child, foster child or ward, parent or sibling, that arises in the course or scope of employment. This includes when an **insured** may be held liable as an employer or in any other capacity.

This exclusion (4.) does not apply to a domestic **employee**; unless benefits are payable or are required to be provided for the domestic **employee** under any workers' compensation or other law.

5. **Bodily injury** to:
 - a. A fellow **employee** of an **insured** injured in the course or scope of employment; or
 - b. The spouse, child, parent, brother or sister of that fellow **employee** as a result of 5.a. above.
6. **Property damage** to:
 - a. Property **owned** or transported by an **insured**;
 - b. Property rented to or in the care, custody or control of an **insured** other than a residence or private garage that is not owned by the **insured**; or
 - c. A **vehicle** or **trailer** operated or towed by an **insured**.

7. **Bodily injury or property damage** resulting from the loading of property before it has been accepted by the **insured** for loading in or on the **insured vehicle** or the unloading of property after it has been taken off or out of the **insured vehicle** for delivery.

This exclusion (7.) does not apply to loading or unloading done by **your employee** with a mechanical device that is permanently attached to the **insured vehicle** while that property is being controlled by the mechanical device.

8. **Bodily injury or property damage** resulting from anyone loading or unloading an **insured vehicle** who is not **your employee**, a renter or borrower of the **insured vehicle**, or their **employee**.

9. **Bodily injury or property damage**:

- a. Resulting from **your** failure to perform **your work** as required by any contract or agreement.
- b. Resulting from or caused by **your work** after that work has been completed or abandoned.

Your work means:

- (1) Work or operations performed by **you** or on **your** behalf and includes materials, parts, equipment, used or furnished for such work; and
- (2) Warranties or representations made regarding durability, fitness, quality or performance of the work.

Your work will be deemed completed when all the work to be done is complete or all the work at that location is complete, if more than one location, or if the work done is put to its intended use. **Your work** will be treated as completed, even if additional service is needed to correct, repair or replace the work.

10. **Bodily injury or property damage** arising out of the discharge, dispersal, release or escape of irritants, **pollutants**, or contaminants into or upon land, the atmosphere or any body of water, **fungi**, or bacteria.

This exclusion (10.) does not apply if the discharge, dispersal, release or escape is of fluids normally used or needed for the operation of an **insured vehicle** and caused by an **accident**.

11. Any loss, cost or expense for environmental clean-up, testing, monitoring or other such action necessary due to governmental direction or request, arising out of alleged or actual discharge, dispersal, release or escape of irritants, **pollutants**, **fungi**, bacteria, or contaminants into or upon land, the atmosphere or any body of water that is:

- a. Being transported by an **insured vehicle**;
- b. In the course of transit by an **insured** or by any agent or **employee** of an **insured**; or
- c. Being moved to or from an **insured vehicle**.

However, this exclusion (11.) does not apply if the discharge, dispersal, release or escape is of fluids or other substances normally used or needed for the operation of an **insured vehicle** and caused by an **accident**.

12. **Bodily injury or property damage** due to war (declared or undeclared), civil war, insurrection, rebellion, revolution or to any act or condition incident to these. This includes any attempt to take over the government, any warlike action by the military, or military force, and any action taken by the government to stop, prevent or defend against any of these.

13. **Bodily injury or property damage** resulting from the use or operation of an **insured vehicle** while **racing**, or in any **racing** event.

When not allowed by law, this exclusion (13.) will not apply to the **minimum limits** that are required by financial responsibility laws of the **state** in which the **accident** occurs; or a certification or filing **we** made, if it applies.

14. **Bodily injury or property damage** for which any person is an insured under nuclear energy liability insurance. This applies even if the limits of that insurance are exhausted.

15. Punitive or exemplary damages.

16. An **insured's** obligation to indemnify another for damages that arise out of **bodily injury** to the **insured's employee**.

17. **Bodily injury or property damage** resulting from the use, maintenance or operation of an **insured vehicle** in the commission of, or attempt to commit a **crime**.

When not allowed by law, this exclusion (17.) does not apply to the **minimum limits** that are required by financial responsibility laws of the **state** in which the **accident** occurs; or a certification or filing **we** made, if it applies.

18. Any obligation for which the United States Government, a **state**, or any of their agencies are liable under the Federal Tort Claim Act.
19. **Bodily injury** or **property damage** caused when an **insured vehicle** is being used under a trailer exchange agreement, or while rented for a fee.
20. **Bodily injury** to any **insured**.
21. **Bodily injury** or **property damage** sustained by an **insured** while **occupying** any **vehicle** being used as a residence or premises.
22. **Bodily injury** or **property damage** arising out of the ownership, maintenance or use of any **vehicle**, other than an **insured vehicle**, which is **owned** by or furnished or available for regular use by **you** or a **relative**.
23. **Bodily injury** or **property damage** that result when an **insured** attempts to elude or evade law enforcement.
24. **Bodily injury** or **property damage** resulting from the use of an **insured vehicle** in a business operation not shown in the Declarations.

Limits Of Liability

The limits of liability shown in the Declarations apply subject to the following:

1. If separate limits of liability for **bodily injury** and **property damage** are shown in Declarations for this coverage, the **bodily injury** liability limit for each person is the maximum **we** will pay for all damages from **bodily injury** sustained by one person in any one **accident**. Any claims for care, loss of services, loss of consortium and injury to the relationship shall be included in this limit. Subject to the **bodily injury** liability limit for each person, the **bodily injury** limit for each accident is the maximum **we** will pay for all damages from **bodily injury** sustained by two or more persons in any one **accident**. The **property damage** liability limit for each accident is the maximum **we** will pay for all damages to all property in any one **accident**.
2. If the Declarations show a combined or combined single limit for **bodily injury** and **property damage** for each accident, the most **we** will pay for the total combined damages in any one **accident** is the combined liability insurance limit shown in the Declarations. **We** may apply the limit of liability to provide separate limits if required by **state** law for **bodily injury** and **property damage** liability. However, this will not change **our** total limit of liability.

The limit of liability shown in the Declarations is the maximum **we** will pay regardless of the number of **vehicles** described in the Declarations, **insureds**, premiums paid, claims made, policies or **vehicles** involved in the **accident**.

Any amount payable under this Part to or for an injured person will be reduced by any payment made to the person under **PART II - MEDICAL PAYMENTS/PERSONAL INJURY PROTECTION** or **PART III - UNINSURED/UNDERINSURED MOTORIST**.

Other Provisions

The following provisions apply in addition to the **PART V - GENERAL PROVISIONS**:

1. Conformity With Financial Responsibility Laws

When **we** certify this policy as proof under any financial responsibility law, it will comply with the law to the extent of the coverage required by the law. In the event **we** make a payment under this provision which **we** would not have been obligated to make under the terms of this policy, **you** agree to reimburse **us** to the extent of **our** payment.

Amounts payable under this provision will be limited to the **minimum limits** required by the financial responsibility amounts specified in a filing or certification for this policy.

2. Other Insurance

When this and other insurance or bond are both primary, both excess or both contingent, **we** will pay **our** share only. **Our** share is the proportion that **our** limits of liability bear to the total limits of all the policies covering on a similar basis.

If there is no other insurance or bond, this policy will provide primary insurance for any **insured vehicle you own**. It is excess over any other collectible insurance for any **insured vehicle you do not own**. But, while an **insured vehicle** which is a **trailer** is attached to another **vehicle**, liability coverage provided by this policy for the **trailer** is:

- a. Excess while it is attached to a **vehicle** not **owned** by **you**; or
- b. Primary while attached to an **insured vehicle owned by you**.

In no event shall **we** pay more than the limit of liability shown in the Declarations for this coverage.

PART II - MEDICAL PAYMENTS/PERSONAL INJURY PROTECTION

A. Medical Payments Coverage

If a premium amount is shown on the Declarations for this coverage, and **you** pay the premium, **we** will pay **reasonable expenses** incurred for **necessary medical expenses** and funeral services to or for an **insured** who sustains **bodily injury** caused by an **accident**. **We** will pay only those expenses incurred, for services rendered within three years from the date of the **accident**.

Who Is An Insured

1. If **you** are an individual:
 - a. **You** or any **relative** while **occupying** a **vehicle** or as a pedestrian struck by a **vehicle**.
 - b. Any person **occupying** an **insured vehicle** with **your** permission.
2. If you are a corporation, partnership, any other organization or entity type that is not a natural person:
 - a. Any person **occupying** an **insured vehicle** or a temporary substitute for an **insured vehicle** that is out of service because of its breakdown, repair, servicing, loss or destruction.

No person shall be considered an **insured** unless that person's use is with **your** permission, and within the scope of that permission.

Additional Definitions Used In This Part Only

1. **Necessary medical expenses** refers to medical service(s) or supply(s) that a prudent physician would provide for the purpose of preventing, diagnosing or treating an illness, injury, disease or symptom in a manner that is:
 - a. In accordance with the generally accepted standards of medical practice;
 - b. Clinically appropriate in terms of type, frequency, extent, site and duration; and
 - c. Not primarily for the convenience of the patient, physician or other health care provider.
2. **Reasonable expenses** means usual and customary charges or costs that are related to the provision of service(s) or procedure(s) within a geographic area that providers located in that geographic area normally charge for the same or similar service(s) or procedure(s).

Exclusions

This coverage does not apply to **bodily injury**:

1. Sustained while **occupying** any **vehicle** while located for use as a residence or premises.
2. Sustained while **occupying** or through being struck by any **vehicle**, other than an **insured vehicle**, that is **owned** by or furnished or available for regular use by **you** or a **relative**.
3. Sustained while **occupying** or struck by a **vehicle owned** by or furnished or available for regular use of an **employee** that is not insured by **us**.
4. To **your employee** or to an **employee's** spouse, child, foster child or ward, parent or sibling, occurring during the course of employment by **you**.

This exclusion (5.) does not apply to a domestic **employee**, unless benefits are payable or are required to be provided for that domestic **employee** under a workers' compensation law.

5. To an **insured** while employed in the business of selling, repairing or parking automobiles unless that business is **yours**.
6. Caused by war (declared or undeclared), civil war, insurrection, rebellion, revolution, nuclear reaction, radiation or radioactive contamination or any consequence of any of these. This includes any attempt to take over the government, any warlike action by the military, or military force, and any action taken by the government to stop, prevent or defend against any of these.
7. Sustained by an **insured** while **occupying** an **insured vehicle** while **racing**, or in any **racing** event.
8. To an **insured** that is covered under any private or governmental medical, surgical or hospital benefit, service or reimbursement plan, or any prepaid health plan.
9. Sustained in the commission of, or attempt to commit a **crime**.
10. Arising out of a business operation not shown in the Declarations.

Limit Of Liability

Regardless of the number of **insured vehicles** described in the Declarations, **insureds**, premiums paid, claims made, policies, or **vehicles** involved in the **accident**, **we** will pay no more than the limit of liability shown for this coverage in the Declarations for each **insured** injured in any one **accident**.

Any amount paid or payable for medical expenses under **PART I - LIABILITY COVERAGE** or **PART III - UNINSURED/UNDERINSURED MOTORIST** coverages of this policy shall be deducted from the amounts payable under this Part.

Other Provisions

The following provisions apply in addition to the **PART V - GENERAL PROVISIONS**:

1. Assignment of Benefits

Payments for medical benefits 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 payable.

2. Other Insurance

Any medical payments insurance provided by this policy is excess over any other applicable auto or other medical payments insurance.

3. Our Recovery Rights

When a person has been paid by **us** under this policy and recovers payment for the same expenses from another, the amount recovered from the other shall be held in trust for **us**, and reimbursed to **us** to the extent of **our** payment, and **we** shall have a lien on such recovery from another.

B. Personal Injury Protection Coverage

If a premium amount is shown in the Declarations for this coverage, and **you** pay the premium, **we** will pay Personal Injury Protection benefits because of **bodily injury** resulting from a motor vehicle **accident** and sustained by an **insured**. **Our** payment will only be for losses or expenses incurred within three years from the date of the **accident**.

Personal Injury Protection benefits consist of:

1. **Necessary expenses** for medical and funeral services.
2. 80% of an **insured's** loss of income from employment. These benefits apply only if, at the time of the **accident**, the **insured**:
 - a. Was an income producer; and
 - b. Was in an occupational status.

These benefits do not apply to any loss after the **insured** dies.

Loss of income is the difference between:

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

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

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

These benefits apply only if, at the time of the **accident**, the **insured**:

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

These benefits do not apply to any loss after the **insured** dies.

Who Is An Insured

1. **You** or any **relative** while **occupying** or when struck by any **vehicle**.
2. Anyone else **occupying** an **insured vehicle** with **your** permission.

Additional Definitions Used in This Part Only

1. **Insured vehicle** means a **vehicle**:
 - a. **Owned** or leased by the **you**; or
 - b. While temporarily used as a substitute for an **owned insured vehicle** that has been withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction.

Liability coverage of this policy must apply to the **insured vehicle**.

Insured vehicle includes **vehicles**, described in **1.a.** and **1.b.** above, for which Personal Injury Protection has not been rejected in writing.

2. **Necessary medical expenses** refers to medical service(s) or supply(s) that a prudent physician would provide for the purpose of preventing, diagnosing or treating an illness, injury, disease or symptom in a manner that is:
 - a. In accordance with the generally accepted standards of medical practice;
 - b. Clinically appropriate in terms of type, frequency, extent, site and duration; and
 - c. Not primarily for the convenience of the patient, physician or other health care provider.
3. **Reasonable expenses** means usual and customary charges or costs that are related to the provision of service(s) or procedure(s) within a geographic area that providers located in that geographic area normally charge for the same or similar service(s) or procedure(s).

Exclusions

We will not provide Personal Injury Protection for any person for **bodily injury** sustained:

1. In an **accident** caused intentionally by that person.
2. By that person while in the commission of a felony.
3. By that person while attempting to elude arrest by a law enforcement official.
4. While **occupying** or when struck by, any **vehicle** (other than an **insured vehicle**) which is **owned by you**.
5. By a **relative** while **occupying** or when struck by any motor vehicle (other than an **insured vehicle**) which is **owned by a relative**.

Limit Of Liability

Regardless of the number of **owned insured vehicles, insureds**, premiums paid, claims made, policies or **vehicles** involved in the **accident**, the most we will pay for **bodily injury** for each **insured** in any one **accident** is the limit of liability shown in the Declarations for this coverage.

Other Provisions

The following provisions apply in addition to the **PART V - GENERAL PROVISIONS**:

1. Other Insurance

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

2. Payment Provision

Loss Payments. Benefits are payable:

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

3. Assignment Of Benefits

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

PART III - UNINSURED/UNDERINSURED MOTORIST

Uninsured/Underinsured Motorist Coverage

1. If a premium amount is shown in the Declarations for this coverage, and **you** pay the premium, we will pay damages which an **insured** is legally entitled to recover from the **owner** or operator of an **uninsured motor vehicle** because of **bodily injury** sustained by an **insured** or **property damage** caused by an **accident**. The **owner's** or operator's liability for these damages must arise out of the ownership, maintenance or use of the **uninsured motor vehicle**.
2. With respect to damages resulting from an **accident** with a **vehicle** described in **3.d.** of the definition of **uninsured motor vehicle**, we will pay under this coverage only if **a.** or **b.** below applies:
 - a.** The limit of any applicable liability bonds or policies has been exhausted by payment of judgments or settlements; or
 - b.** A tentative settlement has been made between an **insured** and the insurer of the **vehicle** described in **3.d.** of the definition of **uninsured motor vehicle**, and we:
 - (1) Have been given prompt written notice of such tentative settlement; and

(2) Advance payment to the **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification.

3. Any judgment for damages arising out of a suit brought without **our** written consent is not binding on **us**. If **we** and **you** do not agree as to whether or not a **vehicle** is actually uninsured, the burden of proof as to that issue will be on **us**.

Who Is An Insured

If the Named Insured is shown in the Declarations as:

1. An individual, then the following are **insureds**:

a. **You** and any **relative**.

b. Any other person **occupying** an **insured vehicle**.

c. Any person or organization for damages that person or organization is entitled to recover because of **bodily injury** sustained by a person described in **1.a.** or **1.b.** above.

2. A partnership, limited liability company, corporation or any other form of organization, then the following are **insureds**:

a. **You** for **property damage** only.

b. Any person **occupying** an **insured vehicle**.

c. Any person or organization for damages that person or organization is entitled to recover because of **bodily injury** sustained by a person described in **2.b.** above.

No person shall be considered an **insured** unless that person's use is with **your** permission, and within the scope of that permission.

Additional Definitions Used In This Part Only

1. **Insured vehicle** means a **vehicle**:

a. **Owned** or leased by **you**; or

b. While temporarily used as a substitute for an **owned insured vehicle** that has been withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction.

Liability coverage of this policy must apply to the **insured vehicle**.

Insured vehicle includes **vehicles** (described in **1.a.** or **1.b.** above) for which Uninsured/Underinsured Motorists Coverage has not been rejected in writing.

2. **Property damage** means injury to or loss of use or destruction of:

a. An **insured vehicle**;

b. Property **owned** by **you** or any **relative** of an individual Named Insured while contained in an **insured vehicle**;

c. Property **owned** by any other person **occupying** the **insured vehicle** while contained in an **insured vehicle**; and

d. Any property **owned** by **you** or a **relative** of an individual Named Insured while contained in any **vehicle** not **owned**, but being operated, by **you**, if an individual Named Insured, or any **relative** of the individual Named Insured.

3. **Uninsured motor vehicle** means a land motor vehicle or **trailer** of any type:

a. To which no liability bond or policy applies at the time of the **accident**.

b. Which is a hit-and-run **vehicle** whose operator or **owner** cannot be identified. The vehicle must hit an **insured**, an **insured vehicle** or a **vehicle** an **insured** is **occupying**.

c. To which a liability bond or policy applies at the time of the **accident**, but the bonding or insuring company denies coverage or is or becomes insolvent.

- d. Which is an underinsured motor vehicle. An underinsured motor vehicle means a land motor vehicle or **trailer** of any type to which a liability bond or policy applies at the time of the **accident**, but its limit of liability either:
 - (1) Is not enough to pay the full amount the covered **insured** is legally entitled to recover as damages; or
 - (2) Has been reduced by payments of claims to an amount which is not enough to pay the full amount the covered **insured** is legally entitled to recover as damages.

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

- a. **Owned** by or furnished or available for the regular use of **you** or a **relative** of an individual Named Insured;
- b. **Owned** or operated by a self-insurer under an applicable motor vehicle law;
- c. **Owned** by any governmental body unless the operator of the **vehicle** is uninsured and there is no statute imposing liability for damage because of **bodily injury** or **property damage** on the governmental body for an amount not less than the limit of liability for this coverage;
- d. Operated on rails or crawler treads;
- e. Designed mainly for use off public roads while not on public roads; and
- f. While located for use as a residence or premises.

Exclusions

This coverage does not apply:

1. To **bodily injury** sustained by:
 - a. **You** or an **insured** while **occupying** or when struck by any **vehicle owned** by **you** that is not an **insured vehicle** for Uninsured/Underinsured Motorists Coverage under this policy.
 - b. Any **relative** while **occupying** or when struck by any **vehicle owned** by that **relative** that is not an **insured vehicle** for Uninsured/Underinsured Motorists Coverage under this policy; or
 - c. Any **relative** while **occupying** or when struck by any **vehicle owned** by **you** that is insured for Uninsured/Underinsured Motorists Coverage on a primary basis under any other policy.
2. For any claim settled without **our** consent. However, this exclusion does not apply to a settlement made with the insurer of an **owner** or operator of a **vehicle** described in **3.d.** of the definition of **uninsured motor vehicle** in accordance with the procedure described in **2.b** of the Uninsured/Underinsured Motorist coverage.
3. For any person for the first \$250 of the amount of damage to the property of that person as the result of any one **accident**.
4. For the use of an **insured vehicle** without a reasonable belief that the person using the **insured vehicle** is entitled to do so. This exclusion does not apply to **you** or a **relative** while using an **insured vehicle**.
5. To **bodily injury** or **property damage** caused intentionally by or at the direction of any **insured**. This applies even if the **bodily injury** or **property damage** is different than what was intended or expected.
6. To the direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law.
7. To the direct or indirect benefit of any insurer of property.
8. To punitive or exemplary damages.
9. To any person while **occupying** or using any **vehicle** for **racing**.
10. To **bodily injury** or **property damage** resulting from the use, operation or maintenance an **insured vehicle** in the commission of a **crime**.
11. To **diminution of value**.
12. **Bodily injury** or **property damage** resulting from the use of an **insured vehicle** in a business operation not shown in the Declarations.

Limit Of Liability

The limits of liability shown in the Declarations apply subject to the following:

1. If separate limits of liability for **bodily injury** and **property damage** are shown in Declarations for this coverage, the **bodily injury** liability limit for each person is the maximum **we** will pay for all damages from **bodily injury** sustained by one person in any one **accident**. Any claims for care, loss of services, loss of consortium and injury to the relationship shall be included in this limit. Subject to the **bodily injury** liability limit for each person, the **bodily injury** limit for each accident is the maximum **we** will pay for all damages from **bodily injury** sustained by two or more persons in any one **accident**. The **property damage** liability limit for each accident is the maximum **we** will pay for all damages to all property in any one **accident**.
2. If the Declarations shows a combined or combined single limit for **bodily injury** and **property damage** for each accident, the most **we** will pay for the total combined damages in any one **accident** is the combined liability insurance limit shown in the Declarations. **We** may apply the limit of liability to provide separate limits if required by **state** law for **bodily injury** and **property damage** liability. However, this will not change **our** total limit of liability.

The limit of liability shown in the Declarations is the maximum **we** will pay regardless of the number of **vehicles** described in the Declarations, **insureds**, premiums paid, claims made, policies or **vehicles** involved in the **accident**.

3. Subject to this maximum, **our** limit of liability will be the lesser of:
 - a. The difference between the amount of a covered **insured's** damages for **bodily injury** or **property damage** and the amount paid or payable to that covered **insured** for such damages, by or on behalf of persons or organizations who may be legally responsible; or
 - b. The applicable limit of liability for this coverage.
4. In order to avoid insurance benefits payments in excess of actual damages sustained, subject to only the limits shown in the Declarations and other applicable provisions of this coverage, **we** will pay all covered damages not paid or payable under any:
 - a. Workers' compensation, disability benefits or similar law;
 - b. Automobile medical payments insurance; or
 - c. Personal injury protection insurance.
5. Any payment under this coverage to or for an **insured** will reduce any amount that **insured** is entitled to recover for the same damages under this policy's **PART I - LIABILITY COVERAGE**.

6. Special Provisions For Property Damage

Our limit of liability for loss shall not exceed the lesser of:

- a. The actual cash value of the damaged **insured vehicle**;
- b. The amount necessary to repair or replace the damaged property; or
- c. The stated value shown in the Declarations for the damaged **insured vehicle**.

If **we** elect to pay the cost necessary to repair or replace the property with other property of like kind and quality, **we** will not be liable or required to pay for any **diminution of value** of the property resulting from the loss, repair or replacement.

For any **property damage** loss to which the **PART IV - VEHICLE DAMAGE** coverage of this policy (or similar coverage from another policy) and this coverage both apply, **you** may choose the coverage from which damages will be paid. **You** may recover under both coverages, but only if:

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

Other Provisions

The following provisions apply in addition to the **PART V - GENERAL PROVISIONS**:

1. Arbitration

- a. If **we** and an **insured** disagree whether the **insured** is legally entitled to recover damages from the **owner** or driver of an **uninsured motor vehicle** or do not agree as to the amount of damages that are recoverable by that **insured**, then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated. Both parties must agree to arbitration. In this event, **we** and the **insured** will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.
- b. Unless **we** and the **insured** agree otherwise, arbitration will take place in the county in which the **insured** lives. Local rules of law as to arbitration procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding. However, at any time prior to the arbitrators' decision, **we** or the **insured** may revoke the agreement to arbitrate the matter.

2. Other Insurance

When this insurance and other insurance or bond are both primary, both excess or both contingent, **we** will pay **our** share only. **Our** share is the proportion that **our** limit of liability bears to the total limits of all policies or bonds covering on a similar basis.

If there is no insurance or bond, this policy provides primary insurance for any **insured vehicle you own**. It is excess over any other collectible insurance for any **insured vehicle you do not own**.

In no event shall **we** pay more the limit of liability shown on the Declarations for this coverage.

PART IV - VEHICLE DAMAGE

Vehicle Damage Coverage

If a premium amount for this coverage is shown in the Declarations for the **insured vehicle**, and **you** pay the premium, **we** will pay for direct and accidental loss or damage to the **insured vehicle** or to its equipment, minus the applicable deductible shown in the Declarations, under:

1. **Comprehensive (OTC)**, which is any cause except **collision** or an excluded cause.
2. **Collision (COL)** which is the upset of the **insured vehicle** or its impact with another **vehicle** or object. Direct and accidental loss caused by missiles, falling objects, fire, theft or larceny, explosion, earthquake, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion, colliding with a bird or animal, or breakage of glass is not loss caused by **collision**. If breakage of glass results from **collision** **you** may elect to have it treated as a loss caused by **collision**.
3. **Named Perils (NP)**, which are:
 - a. Fire or lighting;
 - b. Smoke or smudge due to sudden, unusual and faulty operation or any fixed heating equipment serving the premises in which the **insured vehicle** is located;
 - c. The stranding, sinking, burning, colliding or derailling of any conveyance on which the **insured vehicle** is being transported;
 - d. Theft or larceny;
 - e. Windstorm, hail, earthquake or explosion;
 - f. Riot or civil commotion;
 - g. Aircraft;
 - h. Malicious mischief or vandalism; or

- i. Flood or rising waters

Sound System Coverage

We will pay loss to a sound system, its antenna, speakers, and any other apparatus specifically used with the sound system. If the sound system was not installed by the manufacturer as standard equipment, coverage is limited to \$500.

Additional Equipment

In return for the premium paid, **we** agree to extend coverage for **Comprehensive, Collision, and Named Perils** to cover direct and accidental loss to additional equipment or modifications. Coverage is subject to the deductibles shown in the Declarations. This insurance only applies if the additional equipment or modification is owned by **you** or a **relative** and is permanently installed in or on an **insured vehicle** shown in the Declarations at the time of the loss.

Our limit of liability for loss shall not exceed:

1. The actual cash value of the stolen or damaged additional equipment or modification at the time of loss;
2. The cost to repair or replace the stolen or damaged additional equipment or modification with like kind or quality; or
3. The stated limit of liability for the **insured vehicle** it is attached to or installed in, in the event of a total loss to the **insured vehicle**.

Additional Definition Used In This Part Only

1. **Total theft** means the theft of a **vehicle** that is not recovered within 30 days from the date of the theft. This does not include seizure of the **vehicle** by a government entity.

Additional Payments

1. Transportation Expenses

If there is a **total theft** of **your insured vehicle** **we** will pay **you** up to \$20 per day, but no more than \$600, for the cost of transportation **you** incur. **We** will pay only for those **insured vehicles** for which **you** carry either **Comprehensive** or **Named Perils** coverage. This coverage begins 48 hours after the **total theft** is reported to the police and ends when:

- a. The car is returned to use;
- b. **We** pay the loss; or
- c. The coverage limit is reached.

Exclusions

This coverage does not apply to:

1. Loss caused by war (declared or undeclared), civil war, insurrection, rebellion, revolution, nuclear reaction, radiation or radioactive contamination, or any consequence of these.
2. Any device, unless factory installed, used for transmitting, recording, receiving or reproducing audio, visual or data signals that is not designed solely for the reproduction of sound.
3. Any tapes, compact discs, or similar items used with sound equipment.
4. Any of the following items, their accessories or antennas unless **you** include them in the application, or tell **us** when **you** add them to an **insured vehicle**, and pay a premium for them:
 - a. Awnings, cabanas or equipment designed to provide additional living facilities;
 - b. Camper bodies, camper shells and custom enclosures for pickup trucks;
 - c. Chrome, alloy or magnesium wheels;
 - d. Citizens band or two-way radios;
 - e. Custom bodywork;

- f. Custom chroming;
 - g. Custom interiors;
 - h. Custom paint;
 - i. Custom wide-tread tires or racing slicks;
 - j. Scanning monitor receivers;
 - k. Telephones; or
 - l. Television sets.
5. Any device designed or used to detect speed-measuring equipment or to elude or disrupt speed-measuring equipment.
 6. Loss due to or as a consequence of a seizure of an **insured vehicle** by Federal or **state** law enforcement officers as evidence in a case against **you** under the Texas Controlled Substances Act or the Federal Controlled Substances Act if **you** are convicted in such case.
 7. Loss due to wear and tear, freezing, mechanical or electrical breakdown or failure. But, coverage does apply if the loss results from the **total theft** of an **insured vehicle**.
 8. Tires. But, coverage does apply if the loss results from fire, theft, malicious mischief or vandalism, or if the loss to tires occurs with other loss to an **insured vehicle**.
 9. An **insured vehicle** while being used or operated for **rac**ing.
 10. Any item not permanently attached to the **insured vehicle**.
 11. Loss to an **insured vehicle** caused intentionally by or at the direction of **you** or a **relative**.
 12. A **vehicle** not **owned** by **you** when used in auto business operations.
 13. An **insured vehicle** while rented for a fee to any person other than a **relative**.
 14. An **insured vehicle** while being used by **you** in the commission of a **crime**.
 15. Loss due to theft or conversion by **you**, an **insured**, a **relative**, or any person who is a **listed driver**.
 16. Any loss resulting from lack of lubricant, coolant or loss resulting from seepage of water.
 17. Loss due to theft or conversion of a motor vehicle prior to its delivery to an **insured**.
 18. Loss, damage or destruction of property being transported or carried in the **insured vehicle**.
 19. Loss due to illegal sale or repossession of an **insured vehicle** by the rightful **owner**.
 20. Loss to an insured vehicle due to **diminution of value**.
 21. Loss that arises out of attempts to elude law enforcement.

Limit of Liability

Our limit of liability for loss shall not exceed the lesser of:

1. The actual cash value of the stolen or damaged **insured vehicle**;
2. The amount necessary to repair or replace the property; or
3. The stated value shown in the Declarations for the stolen or damaged **insured vehicle**.

If **we** elect to pay the cost necessary to repair or replace the property with other property of like kind and quality, **we** will not be liable or required to pay for **diminution of value** of the property resulting from the loss, repair or replacement.

If the loss to an **insured vehicle** is the result of more than one **accident**, a separate deductible shall reduce **our** limit of liability for loss resulting from each **accident**.

Other Provisions

The following provisions apply in addition to the **PART V - GENERAL PROVISIONS**:

1. Appraisal

You or **we** may demand appraisal of the loss. Each will appoint and pay a competent and disinterested appraiser and will equally share other appraisal expenses. The appraisers, or a judge of a court having jurisdiction, will select an umpire to decide any differences. Each appraiser will state separately the actual cash value and the amount of loss. An award in writing by any two appraisers will determine the amount payable.

2. Loss Payable

Loss or damage shall be paid as interest may appear to **you** and the loss payee shown in the Declarations. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on **your** part. **We** reserve the right to cancel the policy as permitted by the Cancellation of This Policy General Provision. Cancellation shall terminate this agreement as to the loss payee's interest. When **we** cancel, **we** will give the same advance notice of cancellation, when required by law, to the loss payee as **we** give to the Named Insured shown in the Declarations.

When **we** pay the loss payee **we** are entitled, to the extent of payment, to the loss payee's rights of recovery.

3. No Benefit To Bailee

This coverage shall not directly or indirectly benefit any carrier or other bailee for hire liable for loss to an **insured vehicle**.

4. Other Insurance

If there is other similar insurance on a loss covered by this Part, **we** will pay only that proportion of the loss that **our** limit of liability bears to the total limit of all applicable similar insurance. But any insurance afforded under this Part for a **vehicle you** do not **own** is excess over any other applicable similar insurance.

5. Payment of Loss

We may pay the loss in money or repair or replace damaged or stolen property with like kind and quality. Like kind and quality may include, but is not limited to, aftermarket parts, original manufacturer parts, used parts and salvaged parts. **We** may at any time before the loss is paid or the property is replaced, return at **our** expense, any stolen property with payment for the resulting damage. **We** may keep all or part of the property at the agreed or appraised value, but it may not be abandoned to **us**.

PART V - GENERAL PROVISIONS

Assignment

Interest in this policy may not be assigned without **our** written consent. If the Named Insured shown in the Declarations is an individual and dies, the policy will cover:

1. The survivor;
2. The legal representative of the deceased person while acting within the scope of duties of a legal representative; and
3. Any person having proper custody of an **insured vehicle** until a legal representative is appointed.

Coverage will only be provided under this section until the end of the Policy Period shown in the Declarations, and is subject to all the terms and provisions contained in the policy, as well as any rights **we** have by law.

Changes

This policy contains all the agreements between **you** and **us** concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with **our** consent. This policy's terms can be amended or waived only by an endorsement issued by **us** and made a part of this policy.

This policy and the Declarations include all the agreements between **you** and **us** relating to this insurance. No change or waiver may be effected in this policy except by endorsement issued by **us**.

If a premium adjustment is necessary, **we** will make the adjustment as of the effective date of change.

When **we** broaden coverage during the Policy Period without charge, the policy will automatically provide the broadened coverage when effective in **your state**. When a change results in an additional or return premium of \$3 or less, no charge or return will be made.

Claim-handling Procedures

1. Within 15 days after **we** receive written notice of a claim, **we** will:

- a. Acknowledge receipt of the claim. If **we** do not acknowledge receipt of the claim in writing, **we** will keep a record of the date, method and content of the acknowledgment;
- b. Begin any investigation of the claim; and
- c. Specify the information **you** must provide in accordance with In Case of Accident provision.

We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

2. After **we** receive the information **we** request, **we** will notify **you** in writing as to whether:

- a. The claim will be paid;
- b. The claim has been denied, and inform **you** of the reasons for denial;
- c. More information is necessary; or
- d. **We** need additional time to reach a decision. If **we** need additional time, **we** will inform **you** of the reasons for such need.

We will provide notification, as described in **2.a.** through **2.d.** above, within:

- a. 15 **business days**; or
- b. 30 days if **we** have reason to believe the loss resulted from arson.

If **we** have notified **you** that **we** need additional time to reach a decision, **we** must then either approve or deny the claim within 45 days of such notice.

3. If a claim results from a weather-related catastrophe or a major natural disaster as defined by the Texas Department of Insurance, the claim-handling deadlines described above are extended for an additional 15 days.
4. If **we** notify **you** that **we** will pay **your** claim, or part of **your** claim, **we** will pay within five **business days** after **we** notify you.

However, if payment of the claim or part of the claim is conditioned on **your** compliance with any of the terms under this policy, **we** will make payment within five **business days** after the date **you** have complied with such terms.

5. **We** will notify the first Named Insured in writing of:

- a. An initial offer to settle a claim made or suit brought against any **insured** under the **PART I - LIABILITY COVERAGE** section of this policy. The notice will be given no later than the 10th day after the date on which the offer is made.
- b. Any settlement of a claim made or suit brought against the **insured** under the **PART I - LIABILITY COVERAGE** section of this policy. The notice will be given not later than the 30th day after the date of settlement.

Financial Responsibility Filing

In the event **we** make a payment required by any financial responsibility filing or certification which **we** would not have been obligated to make under the terms of this policy, **you** agree to reimburse **us** to the extent of **our** payment.

Fraud or Misrepresentation

This policy was issued in reliance on the information provided on **your** insurance application. **We** reserve the right, in **our** sole discretion, to void or rescind this policy if **you** or an **insured** concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, at the time of application.

We will not provide coverage under this policy if **you** or a **relative** concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with the presentation or settlement of a claim.

No coverage will be provided to any person who has concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with the presentation or settlement of a claim.

We will not provide coverage under this policy if an **insured** has concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, concerning an **insured vehicle** or their interest in an **insured vehicle**.

We may, in **our** sole discretion, void or rescind this policy for fraud or misrepresentation even after the occurrence of an **accident** or loss. This means that **we** will not be liable for any claims or damages, which would otherwise be covered.

If **we** make a payment under this policy, for a loss or **accident** to **you** or an **insured**, which **we** later discover was obtained through fraud, concealment or misrepresentation, by **you** or an **insured**, **we** reserve the right, in **our** sole discretion, to recover such payment(s) from **you**.

Inspections And Surveys

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give **you** reports on the conditions **we** find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. **We** do not make safety inspections. **We** do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And **we** do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to **us**, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

Our Recovery Rights

In the event of any payment under this policy, **we** are entitled to all the rights of recovery of the person to whom payment was made against another. That person must sign and deliver to **us** any legal papers relating to that recovery, do whatever else is necessary to help **us** exercise those rights and do nothing after loss to prejudice **our** rights.

When a person has been paid damages by **us** under this policy and also recovers from another, the amount recovered from the other shall be held by that person in trust for **us** and reimbursed to **us** to the extent of **our** payment.

However, **our** rights to recover payment under Personal Injury Protection only apply against a person causing or contributing to the **accident** if, on the date of the loss, the **minimum limits** required by Texas law have not been established for a **vehicle** involved in the **accident** and operated by that person.

Our rights under this provision do not apply with respect to a tentative settlement between an **insured** and the insurer of an **owner** or operator of a **vehicle** described in **3.d.** of the definition of **uninsured motor vehicle**, contained in **PART III - UNINSURED/UNDERINSURED MOTORIST**, if **we**:

1. Have been given written notice of a tentative settlement between the **insured** and the insurer of the **uninsured motor vehicle**; and
2. Fail to advance payment to the **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification.

If **we** advance payment to the **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification:

1. That payment will be separate from any amount an **insured** is entitled to recover under the provisions of **PART III - UNINSURED/UNDERINSURED MOTORISTS**; and

2. **We** also have the right to recover the advanced payment.

Payment of Premium

If **you** initial premium payment is by check, draft, or any remittance other than cash, coverage under this policy is conditioned upon the check, draft, or remittance being honored upon presentment. If the check, draft, or remittance is not honored upon presentment this policy may, at **our** option be deemed void from its inception. This means that **we** will not be liable under this policy for any claims for damages which would otherwise be covered if the check, draft, or remittance had been honored upon presentment. **We** do not waive any of **our** rights if **we** elect to resubmit a check for payment.

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

If **you** receive a notice of cancellation due to **your** failure to pay a premium installment or renewal down payment, **you** must send payment in order to reinstate the policy. If the cancellation notice is due to **your** premium installment or renewal down payment being dishonored, **you** must replace the payment by cashier's check or money order.

If **you** owe **us** any premium on **your** expired or expiring policy, these funds must be paid before **your** policy will be renewed by **us**. Any payment sent by **you** will be used to pay the balance owed on the expired or expiring policy. If there is a remainder from such payment, it will be returned to **you**, unless **you** ask **us** in writing to apply it to **your** renewal premium.

Policy Period, Territory

This policy applies only to **accidents** and losses during the Policy Period shown in the Declarations while the **vehicle** is within the United States, its territories or possessions, or Canada or between their ports.

Right to Re-compute Premium

We established the premium for this policy based on the statements **you** made in **your** application for insurance about the exposures **you** would have during the Policy Period. **We** reserve the right, in **our** sole discretion, to re-compute **your** premium if **we** later obtain information about **your** actual exposures that affect the premium **we** charged.

Further **you** agree:

1. To provide complete and correct information, as well as all information material to the calculation of **your** premium;
2. To cooperate with **us** and assist **us** in the determination of **your** correct and complete exposure information;
3. To advise **us** of changes in **your** information, **vehicles** or drivers within 30 days of such change(s); and
4. If return premium is due to **you**, it will be based on the corrected premium amount.

Our right to re-compute premium does not waive or otherwise affect **our** right to rescind this policy based on material misrepresentation or fraud as allowed by law or the terms of the policy. If **we** elect to re-compute premiums, doing so does not reduce or waive **our** right to terminate this policy for fraud or misrepresentation.

Suit Against Us

We may not be sued unless there is full compliance with all of the terms of this policy. **We** may not be sued under the Liability Coverage until the obligation of an **insured** to pay is finally determined either by judgment against the person after the actual trial or by written agreement of the person, the claimant and **us**. No one shall have any right to make **us** a party to a suit to determine the liability of an **insured**.

Termination

A. Cancellation Of This Policy

1. **You** may cancel this policy by returning it to **us** or by advising **us** in writing when at a future date the cancellation is to be effective.

2. **We** may cancel this policy by mailing or delivering written notice of cancellation, stating the reason, to **you** at the address shown in the Declarations not less than 10 days prior to the effective date of cancellation.
 - a. If this policy has been in effect for 60 days or less, **we** may cancel for any reason, except **we** may not cancel this policy solely because the policyholder is an elected official.
 - b. If this policy has been in effect for more than 60 days, or is a renewal policy, **we** may cancel only for one or more of the following:
 - (1) Failure to pay premiums when due;
 - (2) Fraud in obtaining coverage;;
 - (3) An increase in hazard within the control of the **insured** that would produce a rate increase;
 - (4) Loss of the reinsurance covering all or part of the risk covered by the policy; or
 - (5) If **we** have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

If **we** cancel this policy, **we** will send **you** any premium refund due. The refund will be pro-rata, subject to the policy minimum premium, if applicable. The cancellation will be effective even if **we** have not made or offered a refund.

B. Nonrenewal Of This Policy

If **we** decide not to renew or continue this policy, **we** will mail or deliver to **you** at the address shown in the Declarations written notice of nonrenewal stating the reason not less than 60 days before the end of the Policy Period. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro-rata based on the previous year's premium. **We** may not non-renew this policy solely on the fact that **you** are an elected official.

C. Proof of Notice

Proof of mailing is proof of notice.

D. Automatic Termination

This insurance will terminate if:

1. **You** obtain insurance or a bond from another company for an **insured vehicle**. Any similar type of coverage **we** provide for an **insured vehicle** will terminate automatically on the date and time **you** obtain the other insurance or bond. The termination will occur whether or not **your** intent is to have more than one policy in force at the same time;
2. Any **insured vehicle** shown in the Declarations is sold, transferred, or given as a gift to another person once possession is taken of the **insured vehicle**. This termination of coverage occurs whether or not the transaction is complete or title has been effectively transferred; or
3. **You** fail to pay **your** renewal premium when due to renew the policy. The policy will terminate on its expiration date.

Two or More Policies Issued By Us

With respect to any **accident** to which this and any other policy issued to **you** by **us** or by a company affiliated with **us** both applies to a single **accident** or loss covering:

1. **You**;
2. A **relative**;
3. A **vehicle** shown in the Declarations; or
4. An **insured vehicle**

the total limit of **our** liability under all the policies shall not exceed the highest applicable limit of liability under any one policy issued by **us**. The aggregate maximum limit of liability for insurance coverage under all the policies shall not exceed the highest applicable limit of liability for coverage under any one policy. In no event shall **our** liability for a covered loss or **accident** exceed the limit of liability applicable to a **vehicle** covered by **our** policy. The total limit if two of **our** policies apply to an **accident** will be the highest limit under either policy.

SPECIAL PROVISIONS

This Company is licensed to operate under Chapter 17, Texas Insurance code, 1951, as amended and such statutes shall apply to and form a part of this policy the same as if written or printed upon, attached or appended hereto. This policy is issued subject to the constitution and by-laws and all amendments thereto of the company, which shall form a part of this policy.

MUTUALS - MEMBERSHIP AND VOTING NOTICE - The named insured is notified that by virtue of this policy the named insured is a member of the Unitrin County Mutual Insurance Company of Dallas, Texas, and is entitled as is lawfully provided in the charter, constitution, or by-laws, to only one vote regardless of the number of policies owned either in person or by proxy in any or all meetings of said Company. The Annual Meetings are held in its Home Office in Dallas, Texas on the second Tuesday of January in each year, at 10:00 o'clock A.M.

MUTUALS - PARTICIPATION CLAUSE WITHOUT CONTINGENT LIABILITY: No Contingent Liability: this policy is non-assessable. The policyholder is a member of the company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

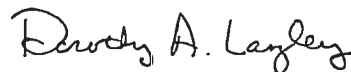
Texas Insurance Code section 1952.058 requires insurance companies to provide loss control information to policyholders.

For accident prevention information, please contact the company's Underwriting Department by calling (800) 456-1919 or by fax (877) 376-8992.

In Witness Whereof, we have caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by our authorized representative.



Timothy D. Bruns
President



Dorothy Langley
Secretary

