

PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE POLICY

TX-MC-POL Ed.2.0

INSURING AGREEMENT

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

GENERAL DEFINITIONS

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

1. **"Additional motorcycle"** means a **motorcycle** or **off-road vehicle** **you** become the owner of during the policy period that does not permanently replace a **motorcycle** shown on the **declarations page** if:
 - a. **we** insure all other **motorcycles** **you** own;
 - b. the **additional motorcycle** is not covered by any other insurance policy;
 - c. **you** notify **us** within 30 days of becoming the owner of the **additional motorcycle**; and
 - d. **you** pay any additional premium due.An **additional motorcycle** will have the broadest coverage **we** provide for any **motorcycle** shown on the **declarations page**. **We** will provide basic Comprehensive Coverage and Collision Coverage for the **additional motorcycle**. If **you** decide to add any coverage to this policy or increase **your** limits, these changes to **your** policy will not become effective until after **you** ask **us**, and **we** have agreed, to add the coverage or increase **your** limits. If **you** ask **us** to insure an **additional motorcycle** more than 30 days after **you** become the owner, any coverage **we** provide will begin at the time **you** request coverage.
2. **"Bodily injury"** means bodily harm, sickness, or disease, including death that results from bodily harm, sickness, or disease.
3. **"Business day"** means a day other than a Saturday, Sunday, or a holiday recognized by the State of Texas.
4. **"Covered motorcycle"** means:
 - a. any **motorcycle** shown on the **declarations page** for the coverages applicable to that **motorcycle**;
 - b. any **additional motorcycle**; and
 - c. any **replacement motorcycle**.
5. **"Declarations page"** means the document showing **your** coverages, limits of liability, **covered motorcycles**, premium, and other policy-related information.
6. **"Motorcycle"** means any motorcycle, motorbike, motor scooter, or motorized trike that is designed for operation principally upon public

roads and has at least two wheels, but not more than three wheels.

7. **"Motorcycle business"** means the business of selling, leasing, repairing, parking, storing, servicing, delivering, or testing vehicles.
8. **"Occupying"** means in, on, entering, exiting, mounting or dismounting.
9. **"Off-road vehicle"** means an ATV, dirt bike, or golf cart which is designed for operation principally off public roads.
10. **"Relative"** means a person residing in the same household as **you**, and related to **you** by blood, marriage, or adoption, and includes a ward, stepchild, or foster child. **Your** unmarried dependent children temporarily away from home will qualify as a **relative** if they intend to continue to reside in **your** household.
11. **"Replacement motorcycle"** means a **motorcycle** or **off-road vehicle** that permanently replaces a **motorcycle** shown on the **declarations page**. A **replacement motorcycle** will have the same coverage as the **motorcycle** it replaces if the **replacement motorcycle** is not covered by any other insurance policy. However:
 - a. if the **motorcycle** being replaced had coverage under Part IV - Damage To A Motorcycle, such coverage will apply to the **replacement motorcycle** only during the first 30 days after **you** become the owner unless **you** notify **us** within that 30-day period that **you** want **us** to extend coverage beyond the initial 30 days; andIf the **motorcycle** being replaced did not have coverage under Part IV - Damage To A Motorcycle, such coverage may be added, but the **replacement motorcycle** will have no coverage under Part IV until **you** notify **us** of the **replacement motorcycle** and ask **us** to add the coverage. If **you** decide to add any coverage to this policy or increase **your** limits, these changes to **your** policy will not become effective until after **you** ask **us**, and **we** have agreed, to add the coverage or increase **your** limits.
12. **"Trailer"** means a non-motorized trailer designed to be towed on public roads by a **motorcycle**.
13. **"Transport trailer"** means a non-motorized trailer designed to be towed on public roads by a land motor vehicle and principally designed for transporting a **covered motorcycle**.
14. **"We", "us", and "our"** mean the underwriting company providing the insurance, as shown on the **declarations page**.
15. **"You" and "your"** mean:
 - a. a person shown as a named insured on the **declarations page**; and
 - b. the spouse of a named insured if:
 - (i) residing in the same household as the named insured at the time of the

- (ii) loss; or
- (ii) not residing in the same household as the named insured during a period of separation in contemplation of divorce.

PART I - LIABILITY TO OTHERS

INSURING AGREEMENT

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

Damages include prejudgment interest awarded against an **insured person**.

We will settle or defend, at **our** option, any claim for damages covered by this Part I. **Our** duty to settle or defend ends when **our** limit of liability for this coverage has been exhausted.

ADDITIONAL DEFINITIONS

When used in this Part I:

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

ADDITIONAL PAYMENTS

In addition to **our** limit of liability, **we** will pay for an **insured person**:

1. all expenses **we** incur in the settlement of any claim or defense of any lawsuit;
2. interest accruing after entry of judgment, until **we** have paid, offered to pay, or deposited in court that portion of the judgment which does not exceed **our** limit of liability. This does not apply if **we** have not been given notice of suit or the opportunity to defend an **insured person**;
3. the premium on any appeal bond or attachment

bond required in any lawsuit **we** defend. **We** have no duty to purchase a bond in an amount exceeding **our** limit of liability, and **we** have no duty to apply for or furnish these bonds;

4. up to \$250 for a bail bond required because of an accident resulting in **bodily injury** or **property damage** covered under this Part I. **We** have no duty to apply for or furnish this bond; and
5. reasonable expenses, including loss of earnings up to \$200 per day, incurred at **our** request.

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

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

1. **bodily injury** or **property damage** arising out of the ownership, maintenance, or use of any motorcycle while it is:
 - a. being used to carry persons for compensation or a fee. This exclusion does not apply to ride-share arrangements or to use of a **motorcycle** for charitable events;
 - b. being used to carry property for compensation or a fee. This exclusion does not apply to **you** or a **relative** unless the primary usage of the **motorcycle** is to carry property for compensation or a fee; or
 - c. rented or leased to another. This exclusion does not apply if **you** or a **relative** lends **your covered motorcycle** to another at no charge other than for reimbursement of operating expenses;
2. **bodily injury** to an employee of that **insured person** arising out of or within the course of employment. This exclusion does not apply to domestic employees if benefits are neither paid nor required to be provided under workers' compensation, disability benefits, or similar laws;
3. **bodily injury** or **property damage** arising out of an accident involving any motorcycle while being maintained or used by a person while employed or engaged in any **motorcycle business**. This exclusion does not apply to **you**, a **relative**, or an agent or employee of **you** or a **relative**, when using a **covered motorcycle**;
4. **bodily injury** or **property damage** resulting from, or sustained during practice or preparation for:
 - a. any pre-arranged or organized:
 - (i) racing;
 - (ii) stunting;
 - (iii) speed or demolition contest or activity; or
 - b. any riding activity conducted on a permanent or temporary racetrack, racecourse, or

**PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE POLICY**

TX-MC-POL Ed.2.0

during any closed course event. 5. bodily injury or property damage due to a nuclear reaction or radiation; 6. bodily injury or property damage for which insurance: a. is afforded under a nuclear energy liability insurance contract; or b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability; 7. any obligation for which the United States Government is liable under the Federal Tort Claims Act; 8. bodily injury or property damage caused by an intentional act of that insured person, or at the direction of that insured person, even if the actual injury or damage is different than that which was intended or expected. However, this exclusion does not apply to an innocent spouse or an innocent insured; 9. property damage to any property owned by, rented to, being transported by, used by, or in the charge of that insured person. This exclusion does not apply to: a. a rented residence or a rented garage; or b. a motorcycle or trailer not owned by or furnished or available for the regular use of you or a relative; 10. bodily injury to you or any relative, except to the extent of the minimum limits of liability coverage required by the Texas Transportation Code Chapter 601, entitled "Motor Vehicle Safety-Responsibility Act"; 11. bodily injury or property damage arising out of the ownership, maintenance, or use of any motorcycle owned by you or furnished or available for your regular use, other than a covered motorcycle for which this coverage has been purchased; 12. bodily injury or property damage arising out of the ownership, maintenance, or use of any motorcycle owned by a relative or furnished or available for the regular use of a relative, other than a covered motorcycle for which this coverage has been purchased. This exclusion does not apply to your maintenance or use of such motorcycle; 13. bodily injury or property damage arising out of your or a relative's use of a motorcycle, other than a covered motorcycle, without the permission of the owner of the motorcycle or the person in lawful possession of the motorcycle; 14. bodily injury or property damage caused by, or reasonably expected to result from, a criminal act or omission of that insured person. For purposes of this exclusion, criminal acts or omissions do not include traffic violations; or 15. property damage due to or as a consequence of a seizure of any vehicle by federal or state law enforcement officers as evidence in a case against you under Chapter 481 of the Health and	Safety Code, or under the federal Controlled Substances Act, if you are convicted in such a case. LIMITS OF LIABILITY The limit of liability shown on the declarations page for liability coverage is the most we will pay regardless of the number of: 1. claims made; 2. covered motorcycles; 3. insured persons; 4. lawsuits brought; 5. vehicles involved in the accident; or 6. premiums paid. If your declarations page shows a split limit: 1. the amount shown for "each person" is the most we will pay for all damages due to bodily injury to one person resulting from any one accident; 2. subject to the "each person" limit, the amount shown for "each accident" is the most we will pay for all damages due to bodily injury sustained by two or more persons in any one accident; and 3. the amount shown for "property damage" is the most we will pay for the total of all property damage resulting from any one accident. The "each person" limit of liability applies to the total of all claims made for bodily injury to a person and all claims of others derived from such bodily injury, including, but not limited to, emotional injury or mental anguish resulting from the bodily injury of another, loss of society, loss of companionship, loss of services, loss of consortium, and wrongful death. No one is entitled to duplicate payments for the same elements of damages. Any payment to a person under this Part I will be reduced by any payment to that person under Part II(A) - Motorcycle Medical Payments Coverage, Part II(B) - Personal Injury Protection Coverage, or Part III - Uninsured/Underinsured Motorist Coverage. If multiple motorcycle policies issued by us are in effect for you, we will pay no more than the highest limit of liability for this coverage available under any one policy. A motorcycle and attached trailer are considered one motorcycle. Therefore, the limits of liability will not be increased for an accident involving a motorcycle that has an attached trailer. FINANCIAL RESPONSIBILITY LAWS When we certify this policy as proof of financial responsibility, this policy will comply with the law to	the extent required. OTHER INSURANCE If there is any other applicable liability insurance or bond, we will pay only our share of the damages. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any liability insurance we provide for a motorcycle, other than a covered motorcycle, will be excess over any other collectible liability insurance or bond. OUT-OF-STATE COVERAGE If an accident to which this Part I applies occurs in any state, territory, or possession of the United States of America or any province or territory of Canada, other than the one in which a covered motorcycle is principally garaged, and the state, province, territory, or possession has: 1. a financial responsibility or similar law requiring limits of liability for bodily injury or property damage higher than the limits shown on the declarations page, this policy will provide the higher limits; or 2. a compulsory insurance or similar law requiring a non-resident to maintain insurance whenever the non-resident uses a motorcycle in that state, province, territory, or possession, this policy will provide the greater of: a. the required minimum amounts and types of coverage; or b. the limits of liability under this policy. PART II(A) - MOTORCYCLE MEDICAL PAYMENTS COVERAGE INSURING AGREEMENT If you pay the premium for this coverage, we will pay the reasonable expenses incurred for necessary medical services received within three years from the date of a motor vehicle accident because of bodily injury: 1. sustained by an insured person; and 2. caused by that motor vehicle accident. We, or someone on our behalf, will determine: 1. whether the expenses for medical services are reasonable; and 2. whether the medical services are necessary. ADDITIONAL DEFINITIONS When used in this Part II(A): 1. "Insured person" means: a. you or a relative: (i) while occupying a motorcycle; or (ii) when struck by a motor vehicle or a trailer while not occupying a self-propelled motorized vehicle; and b. any other person while occupying a	covered motorcycle with the permission of you or a relative. 2. "Medical services" means medical, surgical, funeral, dental, x-ray, ambulance, hospital, and professional nursing services, and includes the cost of eyeglasses, hearing aids, pharmaceuticals, and orthopedic and prosthetic devices. EXCLUSIONS - READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART II(A). Coverage under this Part II (A) will not apply to bodily injury: 1. sustained by any person while occupying a covered motorcycle while it is being used: a. to carry or escort persons or property for compensation or a fee; or b. for retail or wholesale delivery, including, but not limited to, the pickup, transport, or delivery of magazines, newspapers, mail, or food. This exclusion does not apply to ride-share arrangements or to use of a motorcycle for charitable events; 2. arising out of an accident involving a vehicle while being maintained or used by a person while employed or engaged in any motorcycle business. This exclusion does not apply to you, a relative, or an agent or employee of you or a relative, when using a covered motorcycle; 3. resulting from, or sustained during practice or preparation for: a. any pre-arranged or organized: (i) racing; (ii) stunting; (iii) speed or demolition contest or activity; or b. any riding activity conducted on a permanent or temporary racetrack, race-course, or during any closed course event. 4. due to a nuclear reaction or radiation; 5. for which insurance: a. is afforded under a nuclear energy liability insurance contract; or b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability; 6. for which the United States Government is liable under the Federal Tort Claims Act; 7. sustained by any person while occupying any vehicle while located for use as a residence or premises; 8. if workers' compensation benefits are available for the bodily injury; 9. sustained by any person while occupying or when struck by any vehicle owned by you or
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PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE POLICY

TX-MC-POL Ed.2.0

- furnished or available for **your** regular use, other than a **covered motorcycle** for which this coverage has been purchased;
10. sustained by any person while **occupying** or when struck by any vehicle owned by a **relative** or furnished or available for the regular use of a **relative**, other than a **covered motorcycle** for which this coverage has been purchased. This exclusion does not apply to **you**;
 11. to **you** or a **relative** while **occupying** any vehicle, other than a **covered motorcycle**, without the permission of the owner of the vehicle or the person in lawful possession of the vehicle;
 12. to any person while **occupying** a **covered motorcycle** while leased or rented to others. This exclusion does not apply if **you** or a **relative** lends **your covered motorcycle** to another at no charge other than for reimbursement of operating expenses; caused directly or indirectly by:
 - a. war (declared or undeclared) or civil war;
 - b. warlike action by any military force of any government, sovereign or other authority using military personnel or agents. This includes any action taken to hinder or defend against an actual or expected attack; or
 - c. insurrection, rebellion, revolution, usurped power, or any action taken by a governmental authority to hinder or defend against any of these acts;
 14. caused directly or indirectly by:
 - a. any accidental or intentional discharge, dispersal or release of radioactive, nuclear, pathogenic, or poisonous biological material; or
 - b. any intentional discharge, dispersal or release of chemical or hazardous material for any purpose other than its safe and useful purpose; or
 15. to an **insured person** caused by, or reasonably expected to result from, a criminal act or omission of that **insured person**. For purposes of this exclusion, criminal acts or omissions do not include traffic violations.

LIMITS OF LIABILITY

The limit of liability shown on the **declarations page** for Motorcycle Medical Payments Coverage is the most **we** will pay for each **insured person** injured in any one accident regardless of the number of:

1. claims made;
2. **covered motorcycles**;
3. **insured persons**;
4. lawsuits brought;
5. vehicles involved in the accident; or
6. premiums paid.

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

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

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

UNREASONABLE OR UNNECESSARY MEDICAL EXPENSES

If an **insured person** incurs expenses for **medical services** that **we** deem to be unreasonable or unnecessary, **we** may refuse to pay for those expenses and contest them.

If the medical service provider sues the **insured person** because **we** refuse to pay expenses for **medical services** that **we** deem to be unreasonable or unnecessary, **we** will pay any resulting defense costs, and any resulting judgment against the **insured person**, subject to the limit of liability for this coverage. **We** will choose the counsel. **We** will also pay reasonable expenses, including loss of earnings up to \$200 per day, incurred at **our** request.

The **insured person** may not sue **us** for expenses for **medical services** **we** deem to be unreasonable or unnecessary unless the **insured person** paid the entire disputed amount to the medical service provider or the medical service provider has initiated collection activity against the **insured person** for the unreasonable or unnecessary expenses.

ASSIGNMENT OF BENEFITS

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

OTHER INSURANCE

If there is other applicable vehicle medical payments insurance, **we** will pay only **our** share of the loss. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits. However, any insurance **we** provide for an **insured person occupying** a motorcycle, other than a **covered motorcycle**, will be excess over any other **motorcycle** insurance providing payments for **medical services**.

PART II (B) - PERSONAL INJURY PROTECTION COVERAGE

INSURING AGREEMENT

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

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

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

Personal Injury Protection Benefits consist of:

1. Reasonable expenses incurred for necessary medical and funeral services.
2. Eighty percent (80%) of an **insured person's** loss of income from employment. This benefit applies only if, at the time of the accident, the **insured person**:
 - a. was an income producer; and
 - b. was in an occupational status.Benefits due to loss of income from employment do not apply to any loss after the **insured person** dies.

Loss of income is the difference between:

 - a. income which would have been earned had the **insured person** not been injured; and
 - b. the amount of income actually received from employment during the disability. If the income being earned as of the date of the accident is a salary or fixed remuneration, it shall be used in determining the amount of income which would have been earned. Otherwise, the average monthly income earned during the period (not more than 12 months) preceding the accident shall be used.
3. Reasonable expenses incurred for obtaining essential services. These services must replace those an **insured person** would normally have performed:
 - a. without pay;
 - b. during the period of disability; and
 - c. for the care and maintenance of the family or household.Essential service benefits apply only if, at the time of the accident, the **insured person**:
 - a. was not an income producer; and
 - b. was not in an occupational status.Essential service benefits do not apply to any loss after the **insured person** dies.

ADDITIONAL DEFINITION

When used in this Part II (B):

1. "**Insured person**" means:
 - a. **you** or a **relative**;

- (i) while **occupying**; or
 - (ii) when struck by;
 - a motor vehicle designed for use mainly on public roads or a trailer; and
- b. any other person while **occupying** a **covered motorcycle** with **your** permission.

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

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

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

LIMITS OF LIABILITY

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

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

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

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

OTHER INSURANCE

If there is other applicable 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 **motorcycle you** do not own shall be excess over any other collectible Personal Injury Protection insurance.

**PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE POLICY**

TX-MC-POL Ed.2.0

LOSS PAYMENTS

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

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

ASSIGNMENT OF BENEFITS

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

**PART III - UNINSURED/UNDERINSURED
MOTORIST COVERAGE**

**INSURING AGREEMENT -
UNINSURED/UNDERINSURED MOTORIST BODILY
INJURY COVERAGE**

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

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

**INSURING AGREEMENT -
UNINSURED/UNDERINSURED MOTORIST
PROPERTY DAMAGE COVERAGE**

If **you** pay the premium for this coverage, **we** will pay for damages that an **insured person** is legally entitled to recover from the owner or operator of an **uninsured motor vehicle** due to **property damage** to a **covered motorcycle**:

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

If **we** and an **insured person** do not agree as to whether a vehicle is actually uninsured or underinsured, the burden of proof as to that issue shall be on **us**.

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

ADDITIONAL DEFINITIONS

When used in this Part III:

1. **"Insured person"** means:
 - a. **you** or a **relative**;

- b. any person while operating a **covered motorcycle** with the permission of **you** or a **relative**;
 - c. any person **occupying**, but not operating, a **covered motorcycle**; and
 - d. any person who is entitled to recover damages covered by this Part III because of **bodily injury** sustained by a person described in a, b, or c above.
2. **"Property damage"** means physical damage to, or destruction or loss of use of:
- a. a **covered motorcycle**;
 - b. any property owned by an **insured person** and contained in the **covered motorcycle** at the time of the accident; and
 - c. any property owned by **you** or a **relative** while contained in any **motorcycle** not owned by, but being operated by, **you** or a **relative**.
3. **"Uninsured motor vehicle"** means a land motor vehicle or trailer of any type:
- a. to which no bodily injury liability bond or policy applies at the time of the accident;
 - b. to which a bodily injury liability bond or policy applies at the time of the accident, but the bonding or insuring company:
 - (i) denies coverage; or
 - (ii) is or becomes insolvent;
 - c. to which a bodily injury liability bond or policy applies at the time of the accident, but its limit of liability for bodily injury is less than the minimum limit of liability for bodily injury specified by the financial responsibility law of the state in which the **covered motorcycle** is principally garaged;
 - d. that is a hit-and-run vehicle whose owner or operator cannot be identified and which strikes:
 - (i) **you** or a **relative**;
 - (ii) a vehicle that **you** or a **relative** are **occupying**; or
 - (iii) a **covered motorcycle**;
 - e. provided that the **insured person**, or someone on his or her behalf, reports the accident to the police or civil authority within 24 hours or as soon as practicable after the accident; or
 - f. that is an underinsured motor vehicle. An underinsured motor vehicle is one to which a liability bond or policy applies at the time of the accident, but its limit of liability either:
 - (i) is not enough to pay the full amount the **insured person** is legally entitled to recover as damages; or
 - (ii) has been reduced by payment of claims to an amount which is not enough to pay the full amount the **insured person** is legally

- entitled to recover as damages. An **"uninsured motor vehicle"** does not include any vehicle or equipment:
- a. owned by **you** or a **relative** or furnished or available for the regular use of **you** or a **relative**;
 - b. owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer that is or becomes insolvent;
 - c. owned by any governmental unit or agency;
 - d. operated on rails or crawler treads;
 - e. while located for use as a residence or premises; or
 - f. that is a **covered motorcycle**.

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

Coverage under this Part III will not apply:

1. to **bodily injury** sustained by any person while using or **occupying**:
 - a. a **covered motorcycle** while being used to carry or escort persons for compensation or a fee. This exclusion does not apply to ride-share arrangements or to use of a **motorcycle** for charitable events;
 - b. a **covered motorcycle** being used to carry property for compensation or a fee. This does not apply to **you** or a **relative** unless the primary usage of the **motorcycle** is to carry property for compensation or a fee;
 - c. a **covered motorcycle** that is rented or leased to another. This exclusion does not apply if **you** or a **relative** lends **your covered motorcycle** to another at no charge other than for reimbursement of operating expenses; or
 - d. a motor vehicle that is owned by or available for the regular use of **you** or a **relative**. This exclusion does not apply to a **covered motorcycle** that is insured under this Part III;
2. to **bodily injury** sustained by **you** or a **relative** while using any vehicle, other than a **covered motorcycle**, without the permission of the owner of the vehicle or the person in lawful possession of the vehicle;
3. to **bodily injury** resulting from, or sustained during practice or preparation for:
 - a. any pre-arranged or organized:
 - i. racing;
 - ii. stunting;
 - iii. speed or demolition contest or activity; or
 - b. any riding activity conducted on a permanent or temporary racetrack, racecourse, or during any closed course

- event.
 4. directly or indirectly to benefit any insurer or self-insurer under any of the following or similar laws:
 - a. workers' compensation law; or
 - b. disability benefits law;
 5. to any punitive or exemplary damages;
 6. to any person for **bodily injury** or **property damage** resulting from an intentional act of that person;
 7. to **bodily injury** sustained by any person if that person or the legal representative of that person settles without **our** written consent;
 8. to **property damage**:
 - a. sustained while a **covered motorcycle** is being used or driven by a person while employed or engaged in any **motorcycle business**. However, this exclusion does not apply to **you**, a **relative**, or an agent or employee of **you** or a **relative**, when using a **covered motorcycle**; or
 - b. resulting from, or sustained during practice or preparation for:
 - (i) any pre-arranged or organized:
 - (a) racing;
 - (b) stunting;
 - (c) speed or demolition contest or activity; or
 - (ii) any riding activity conducted on a permanent or temporary racetrack, racecourse, or during any closed course event.
- This exclusion does not apply to use of a **motorcycle** for escorting participants in charitable racing events;
- c. for which insurance:
 - (i) is afforded under a nuclear energy liability insurance contract; or
 - (ii) would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability; or
9. to the first \$250 of **property damage** sustained by an **insured person** as a result of any one accident.

LIMITS OF LIABILITY

The limit of liability shown on the **declarations page** for Uninsured/Underinsured Motorist Coverage is the most **we** will pay regardless of the number of:

1. claims made;
2. **covered motorcycles**;
3. **insured persons**;
4. lawsuits brought;
5. vehicles involved in the accident; or
6. premiums paid.

If **your declarations page** shows a split limit:

1. the amount shown for "each person" is the most **we** will pay for all damages due to **bodily injury** to one person resulting from any one accident;

**PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE POLICY**

TX-MC-POL Ed.2.0

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

The "each person" limit of liability includes the total of all claims made for **bodily injury** to an **insured person** and all claims of others derived from such **bodily injury**, including, but not limited to, emotional injury or mental anguish resulting from the **bodily injury** of another, loss of society, loss of companionship, loss of services, loss of consortium, and wrongful death.

The damages recoverable under this Part III will be reduced by all sums:

1. paid because of **bodily injury** by or on behalf of any persons or organizations that may be legally responsible;
2. paid under Part I - Liability To Others; and
3. paid or payable because of **bodily injury** under any of the following or similar laws:
 - a. workers' compensation law; or
 - b. disability benefits law.

We will not pay under this Part III any expenses paid or payable under Part II(A) - Motorcycle Medical Payments Coverage or Part II(B) - Personal Injury Protection Coverage.

Our limit of liability for **property damage** to a **covered motorcycle** is the lowest of:

1. the actual cash value of the **covered motorcycle** at the time of the accident;
2. the amount necessary to replace the **covered motorcycle**;
3. the amount necessary to repair the **covered motorcycle** to its pre-loss condition; or

The damages recoverable for **property damage** under this Part III will be reduced by all sums paid because of **property damage** by or on behalf of any persons or organizations who may be legally responsible, including, but not limited to, all sums paid under Part I - Liability To Others.

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

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

OTHER INSURANCE

If there is other applicable uninsured or underinsured motorist coverage, **we** will pay only **our** share of the damages. **Our** share is the proportion that **our** limit of liability bears to the total of all available coverage limits. However, any insurance **we** provide with respect to a motorcycle **you** do not own shall be excess over any other valid and collectible insurance.

For any **property damage** to which the coverage under Part IV - Damage To A Motorcycle 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:

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

PART IV - DAMAGE TO A MOTORCYCLE

INSURING AGREEMENT - COLLISION COVERAGE

If **you** pay the premium for this coverage, **we** will pay for sudden, direct, and accidental loss to a **covered motorcycle** or a **non-owned motorcycle** resulting from **collision**.

INSURING AGREEMENT - COMPREHENSIVE COVERAGE

If **you** pay the premium for this coverage, **we** will pay for sudden, direct, and accidental loss to a **covered motorcycle** or a **non-owned motorcycle** that is not caused by **collision**.

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

1. contact with an animal (including a bird);
2. explosion or earthquake;
3. fire;
4. malicious mischief or vandalism;
5. missiles or falling objects;
6. riot or civil commotion;
7. theft or larceny; or
8. windstorm, hail, water, or flood.

INSURING AGREEMENT - ACCESSORY COVERAGE

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

ADDITIONAL DEFINITIONS

When used in this Part IV:

1. **"Accessory"** means equipment, devices, enhancements, and changes, other than those which are original manufacturer installed, which alter the appearance or performance of a **covered motorcycle**. This includes, but is not limited to:
 - a. any electronic equipment, antennas, and other devices used exclusively to send or receive audio, visual, or data signals, or play back recorded media, that are permanently installed on a **covered motorcycle** using bolts or brackets, including slide-out brackets;
 - b. sidecars;
 - c. custom paint, custom plating, and custom exhaust;
 - d. **trailers**; and
 - e. **safety riding apparel**.
2. **"Collision"** means the upset of a vehicle or its impact with another vehicle or object.
3. **"Mechanical parts"** means operational parts on a vehicle that wear out over time or have a finite useful life or duration typically shorter than the life of the vehicle as a whole. **Mechanical parts** do not include external crash parts, wheels, paint, or windshields and other glass.
4. **"Non-owned motorcycle"** means a **motorcycle** that is not owned by or furnished or available for the regular use of **you** or a **relative** while in the custody of or being operated by **you** or a **relative** under a rental agreement with the facility or dealer that owns the **motorcycle**.
5. **"Property damage"** means physical damage to, destruction of, or loss of use of tangible property.
6. **"Safety riding apparel"** means safety apparel specifically designed to minimize injury from an accident, including, but not limited to, helmets, leathers, riding boots, riding gloves, and protective eyewear.

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

Coverage under this Part IV will not apply for loss:

1. from **property damage** arising out of the ownership, maintenance, or use of a **motorcycle** or trailer while it is:
 - a. being used to carry persons or property for compensation or a fee. This exclusion does not apply to ride-share arrangements or use of a **motorcycle** for charitable events;
 - b. being used to carry property for compensation or a fee. This exclusion does not apply to **you** or a **relative** unless the primary usage of the **motorcycle** is to carry property for compensation or a fee;

- c. or rented or leased to another. This exclusion does not apply if **you** or a **relative** lends **your covered motorcycle** at no charge other than for reimbursement of operating expenses;
2. to a **non-owned motorcycle** or **transport trailer** while being maintained or used by a person while employed or engaged in any **motorcycle business**;
3. to any vehicle resulting from, or sustained during practice or preparation for:
 - a. any pre-arranged or organized:
 - (i) racing;
 - (ii) stunting;
 - (iii) speed or demolition contest or activity; or
 - b. any riding activity conducted on a permanent or temporary racetrack, race-course, or during any closed course event.
4. to any vehicle for which insurance:
 - a. is afforded under a nuclear energy liability insurance contract; or
 - b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability;
5. to any vehicle caused by an intentional act committed by or at the direction of **you**, a **relative**, or the owner of a **non-owned motorcycle**, even if the actual damage is different than that which was intended or expected. However, this exclusion does not apply to an innocent spouse or an innocent insured;
6. due to destruction or confiscation by governmental or civil authorities of any vehicle because **you** or any **relative** engaged in illegal activities. This includes loss due to or as a consequence of a seizure of any vehicle by federal or state law enforcement officers as evidence in a case against **you** under Chapter 481 of the Health and Safety Code, or under the federal Controlled Substances Act, if **you** are convicted in such a case;
7. to any vehicle that is due and confined to:
 - a. wear and tear;
 - b. freezing; or
 - c. mechanical, electrical or electronic breakdown or failure.This exclusion does not apply if the damage results from the theft of a vehicle;
8. to any vehicle that is due to **collision** and confined to tire inner tubes or tires, or a combination thereof;
9. to portable equipment, devices, accessories, and any other personal effects that are not permanently installed. This includes, but is not limited to:
 - a. tapes, compact discs, cassettes, DVDs, and other recording or recorded media;

**PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE POLICY**

TX-MC-POL Ed.2.0

- b. any case or other container designed for use in storing or carrying tapes, compact discs, cassettes, DVDs, or other recording or recorded media;
 - c. any device used for the detection or location of radar, laser, or other speed measuring equipment or its transmissions; and
 - d. CB radios, telephones, two-way mobile radios, DVD players, personal computers, personal digital assistants, or televisions;
10. to **accessories** in excess of the applicable Limits of Liability;
11. to **accessories** for labor involved in the installation of any powder coated or custom painted part;
12. to any internal engine or drive train part designed to enhance performance or handling characteristics, or the cost of labor for their installation;
13. to any vehicle caused directly or indirectly by:
- a. war (declared or undeclared) or civil war;
 - b. warlike action by any military force of any government, sovereign or other authority using military personnel or agents. This includes any action taken to hinder or defend against an actual or expected attack; or
 - c. insurrection, rebellion, revolution, usurped power, or any action taken by a governmental authority to hinder or defend against any of these acts;
14. to any vehicle caused directly or indirectly by:
- a. any accidental or intentional discharge, dispersal or release of radioactive, nuclear, pathogenic, or poisonous biological material; or
 - b. any intentional discharge, dispersal or release of chemical or hazardous material for any purpose other than its safe and useful purpose;
15. to **safety riding apparel**, except for **collision** damage that occurs while it is being worn by **you** or a passenger; or
16. to any vehicle caused by, or reasonably expected to result from, a criminal act or omission of **you**, a **relative**, or the owner of a **non-owned motorcycle**. For purposes of this exclusion, criminal acts or omissions do not include traffic violations.

LIMITS OF LIABILITY

1. The limit of liability for loss to a **covered motorcycle** or **non-owned motorcycle** is the lowest of:
- a. the actual cash value of the stolen or damaged property at the time of the loss reduced by the applicable deductible;
 - b. the amount necessary to replace the stolen or damaged property reduced by the applicable deductible; or
 - c. the amount necessary to repair the

2. The limit of liability for loss to **your owned transport trailer** is the lowest of:
- a. the amount necessary to replace the stolen or damaged property reduced by the applicable deductible;
 - b. the amount necessary to repair the damaged property to its pre-loss condition reduced by the applicable deductible; or
 - c. any applicable Limits of Liability shown on the **declarations page**.
3. The limit of liability for loss to **accessories** is the lowest of:
- a. the amount necessary to replace such **accessory**;
 - b. the amount necessary to repair such **accessory**; or
 - c. the limit of \$2,000 or any applicable Limits of Liability shown on the **declarations page**.
4. Payments for loss to a **covered motorcycle** or **non-owned motorcycle** are subject to the following provisions:
- a. If coverage applies to a **non-owned motorcycle**, **we** will provide the broadest coverage applicable to any **covered motorcycle** shown on the **declarations page**.
 - b. In determining the amount necessary to repair damaged property to its pre-loss condition, the amount to be paid by **us**:
 - (i) will not exceed the prevailing competitive labor rates charged in the area where the property is to be repaired and the cost of repair or replacement parts and equipment, as reasonably determined by **us**; and
 - (ii) will be based on the cost of repair or replacement parts and equipment which may be new, reconditioned, remanufactured, or used, including, but not limited to:
 - (a) original manufacturer parts or equipment; and
 - (b) nonoriginal manufacturer parts or equipment.
 - c. **We** may make reductions for unrepaired prior damage in determining the amount of loss.
 - d. The actual cash value is determined by the market value, age and condition of the vehicle at the time the loss occurs.
5. **We** will pay for incurred storage charges resulting only from a covered comprehensive or collision loss. **Our** total liability for storage charges incurred prior to the date the loss is reported and a claim made to **us** shall not exceed five days storage charges, or a maximum of \$400. Once the loss is reported, it

is **your** responsibility to (a) promptly notify **us** or **our** Claim Representative of the location of the **covered motorcycle**, and (b) promptly release the **covered motorcycle** to **us** or **our** Claim Representative. **We** will not pay for storage charges arising out of **your** failure to notify **us** or **our** Claim Representative of the location of the **covered motorcycle**, in the event of total loss, **your** failure, to immediately release the **covered motorcycle** from storage at **our** request.

6. **We** will pay for incurred towing charges resulting only from a covered comprehensive or collision loss. **Our** total liability for towing charges shall be the lesser of: (1) the cost of towing to the nearest authorized repair facility or franchised dealer whichever is closer, or (2) a maximum of \$200 in charges. In no event will **we** pay for more than one towing movement unless the **covered motorcycle** was impounded.
7. Duplicate recovery for the same elements of damages is not permitted.

PAYMENT OF LOSS

We may, at **our** option:

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

At **our** expense, **we** may return any recovered stolen property to **you** or to the address shown on the **declarations page**, with payment for any damage resulting from the theft. **We** may keep all or part of the property at the agreed or appraised value.

We may settle any loss with **you** or the owner or lienholder of the property.

NO BENEFIT TO BAILEE

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

LOSS PAYEE AGREEMENT

If a **covered motorcycle** is deemed by **us** to be a total loss, payment will be made according to **your** interest and the interest of any Loss Payee or lienholder shown on the **declarations page** or designated by **you**. Payment may be made to both jointly, or separately, at **our** discretion. **We** may make payment for a partial loss covered under this Part IV directly to the repair facility with **your** consent.

Where fraud, misrepresentation, material omission, or intentional damage has been committed by or at the direction of **you** or a **relative**, or where the loss is

otherwise not covered under the terms of this policy, the Loss Payee or lienholder's interest will be protected.

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

OTHER SOURCES OF RECOVERY

If other sources of recovery also cover the loss, **we** will pay only **our** share of the loss. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits. However, any insurance **we** provide for a **non-owned motorcycle** will be excess over any other collectible source of recovery including, but not limited to:

- 1. any coverage provided by the owner of the **non-owned motorcycle**;
- 2. any other applicable physical damage insurance; and
- 3. any other source of recovery applicable to the loss.

For any loss to which Uninsured/Underinsured Motorist Property Damage coverage (from this or any other 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:

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

APPRAISAL

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

PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE POLICY

TX-MC-POL Ed.2.0

right to deny coverage.

PART V - DUTIES IN CASE OF AN ACCIDENT OR LOSS

For coverage to apply under this policy, **you** or the person seeking coverage must promptly report each accident or loss even if **you** or the person seeking coverage is not at fault. **You** or the person seeking coverage must provide **us** with all accident and loss information including time, place, and how the accident or loss happened. **You** or the person seeking coverage must also obtain and provide **us** the names and addresses of all persons involved in the accident or loss, the names and addresses of any witnesses, and the license plate numbers of the vehicles involved.

If **you** or the person seeking coverage cannot identify the owner or operator of a vehicle involved in the accident, or if theft or vandalism has occurred, **you** or the person seeking coverage must notify the police within 24 hours or as soon as practicable.

A person seeking coverage must:

1. cooperate with **us** in any matter concerning a claim or lawsuit;
2. provide any written proof of loss **we** may reasonably require;
3. allow **us** to take signed and recorded statements, including sworn statements and examinations under oath, which **we** may conduct outside the presence of **you** or any other person seeking coverage and answer all reasonable questions **we** may ask as often as **we** may reasonably require;
4. promptly call to notify **us** about any claim or lawsuit and send **us** any and all legal papers relating to the claim or suit;
5. attend hearings and trials as **we** require;
6. take reasonable steps after a loss to protect the **covered motorcycle**, or any other vehicle for which coverage is sought, from further loss. **We** will pay reasonable expenses incurred in providing that protection. If failure to provide such protection results in further loss, any additional damages will not be covered under this policy;
7. allow **us** to have the damaged **covered motorcycle**, or any other damaged vehicle for which coverage is sought, inspected and appraised before its repair or disposal;
8. submit to medical examinations at **our** expense by doctors **we** select as often as **we** may reasonably require; and
9. authorize **us** to obtain medical and other records reasonably related to the injury or damage asserted.

PART VI - GENERAL PROVISIONS

POLICY PERIOD AND TERRITORY

This policy applies only to accidents and losses occurring during the policy period shown on the **declarations page** and that occur within a state, territory, or possession of the United States of America, or a province or territory of Canada, or while a **covered motorcycle** is being transported between their ports. Coverage is also extended to accidents and losses occurring in Mexico but only to the extent described under the following "Mexico Coverage - Limited" provision.

MEXICO COVERAGE - LIMITED

WARNING - READ CAREFULLY

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

In some cases, the coverage under this section may NOT be recognized by Mexican authorities, and the company may not be allowed to implement this coverage at all in Mexico. **You** should consider purchasing vehicle coverage from a licensed Mexican insurance company before driving into Mexico.

The coverage under this section does not apply to trips into Mexico that exceed 25 miles from the boundary of the United States of America.

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

CHANGES

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

The premium for this policy is based on information **we** received from **you** and other sources. **You** agree to cooperate with **us** in determining if this information is correct and complete, and to notify **us** if it changes during the policy period. If this information is incorrect,

incomplete, or changes during the policy period, **you** agree that **we** may adjust **your** premium accordingly.

Changes that may result in a premium adjustment are contained in **our** rates and rules. These include, but are not limited to, **you** or a **relative** obtaining a driver's license or operator's permit, or changes in:

1. the number or type of **covered motorcycles**;
2. operators using **covered motorcycles**;
3. an operator's marital status;
4. the place of principal garaging of any **covered motorcycle**;
5. coverage, deductibles, or limits of liability; or
6. rating territory or discount eligibility.

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

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

DUTY TO REPORT CHANGES

You must promptly notify **us** when:

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

OUR DUTIES IN THE EVENT OF A CLAIM

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

3. If **we** do not approve payment of **your** claim or **we** require more time for processing **your** claim, **we** must:
 - a. give the reason(s) for denying **your** claim; or
 - b. give the reason(s) **we** require more time to process **your** claim. But **we** must either approve or deny **your** claim within 45 days after **our** requesting more time.
4. In the event of a weather-related catastrophe or major natural disaster, as defined by the Texas Department of Insurance, the claim handling deadlines as stated above are extended for an additional 15 days.
5. Loss Payment
 - a. If **we** notify **you** that **we** will pay **your** claim, or part of **your** claim, **we** must pay within five **business** days after **we** notify **you**.
 - b. if payment of **your** claim, or part of **your** claim, requires the performance of an act by **you**, **we** must pay within five **business** days after the date **you** perform the act.
6. Notice of settlement of liability claim
 - a. **We** will notify **you** in writing of any initial offer to compromise or settle a claim against **you** under the liability section of this policy. **We** will give **you** notice within 10 days after the date the offer is made.
 - b. **We** will notify **you** in writing of any settlement of a claim against **you** under the liability section of this policy. **We** will give **you** notice within 30 days after the date of the settlement.

SETTLEMENT OF CLAIMS

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

TERMS OF POLICY CONFORMED TO STATUTES

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

TRANSFER OF INTEREST

The rights and duties under this policy may not be transferred to another person without **our** written consent. However, if a named insured shown on the

**PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE POLICY**

TX-MC-POL Ed.2.0

declarations page dies, this policy will provide coverage until the end of the policy period for the legal representative of the named insured, while acting as such, and for persons covered under this policy on the date of the named insured's death.

FRAUD OR MISREPRESENTATION

This policy was issued in reliance upon the information provided on **your** insurance application. **We** may void this policy at any time, including after the occurrence of an accident or loss, if **you**:

1. made incorrect statements or representations to **us** with regard to any material fact or circumstance;
2. concealed or misrepresented any material fact or circumstance; or
3. engaged in fraudulent conduct; at the time of application and it is shown at trial that the matter misrepresented was material to the risk or relevant to the loss. This means that **we** will not be liable for any claims or damages that would otherwise be covered.

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

PAYMENT OF PREMIUM AND FEES

If **your** initial premium payment is by check, draft, electronic funds transfer, or similar form of remittance, coverage under this policy is conditioned on payment to **us** by the financial institution. If the financial institution upon presentment does not honor the check, draft, electronic funds transfer, or similar form of remittance, this policy may, at **our** option, be deemed void from its inception. This means **we** will not be liable under this policy for any claims or damages that would otherwise be covered if the check, draft, electronic funds transfer, or similar form of remittance had been honored by the financial institution. Any action by **us** to present the remittance for payment more than once shall not affect **our** right to void this policy.

CANCELLATION

You may cancel this policy during the policy period by calling or writing **us** and stating the future date **you** wish the cancellation to be effective.

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

Notice of cancellation will be mailed at least 10 days

before the effective date of cancellation.

We may cancel this policy for any reason if the notice is mailed within the first 60 days of the initial policy period.

After this policy is in effect for more than 60 days, or if this is a renewal or continuation policy, **we** may cancel only for one or more of the following reasons:

1. nonpayment of premium;
2. **you** submit a fraudulent claim;
3. loss of driving privileges through suspension or revocation of an operator's license issued to **you**, any driver in **your** household, or any regular operator of a **covered motorcycle**. However, **we** will not cancel this policy if the named insured shown on the **declarations page** consents to an endorsement terminating coverage under the policy for the person whose license is suspended or revoked.

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

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

CANCELLATION REFUND

Upon cancellation, **you** may be entitled to a premium refund. However, **our** making or offering of a refund is not a condition of cancellation.

If this policy is cancelled, any refund due will be computed on a daily pro-rata basis.

NONRENEWAL

If neither **we** nor one of **our** affiliates offers to renew or continue this policy, **we** will mail notice of nonrenewal to the named insured shown on the **declarations page** at the last known address appearing in **our** records. Proof of mailing will be sufficient proof of notice. Notice will be mailed at least 30 days before the end of the policy period. **We** may not refuse to renew solely because of the age of an insured person. **We** may also not refuse to renew based solely on the fact that **you** are an elected official.

If the policy period is other than one year, **we** will only have the right to refuse to renew at each anniversary of the original effective date.

AUTOMATIC TERMINATION

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

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

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

LEGAL ACTION AGAINST US

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

We may not be sued for payment under Part I - Liability To Others until the obligation of an insured person under Part I to pay is finally determined either by judgment after trial against that person or by written agreement of the insured person, the claimant, and **us**. No one will have any right to make **us** a party to a lawsuit to determine the liability of an insured person.

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

OUR RIGHTSTO RECOVER PAYMENT

We are entitled to the rights of recovery that the insured person to whom payment was made has against another, to the extent of **our** payment. That insured person may be required to sign documents related to the recovery and must do whatever else **we** require to help **us** exercise those recovery rights, and do nothing after an accident or loss to prejudice those rights.

However, **we** may not assert rights of recovery:

1. against any person who was using a **covered motorcycle** with **your** permission for any payment made under Part IV - Damage To A Motorcycle; or
2. for any payment made under Part II(B) - Personal Injury Protection Coverage. This provision does not apply, and **we** will have a right of subrogation and a claim against a person causing or contributing to an accident if, on the date of the loss, financial responsibility as

required by Chapter 601, Transportation Code, has not been established for a motor vehicle involved in the accident and operated by that person.

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

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

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

We reserve the right to compromise or settle the deductible and property damage claims against the responsible parties for less than the full amount. **We** also reserve the right to incur reasonable expenses and attorney fees in pursuit of the recovery.

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

These provisions will be applied in accordance with state law.

BANKRUPTCY

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



President
&
Secretary

**PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE ENDORSEMENTS**

INDEX

ENDORSEMENT NO.	PAGE
VM1-TX-MC (Ed. 1.0) Texas Off-Road Vehicle Coverage.....	1
VO1-TX-MC (Ed. 1.0) Roadside Assistance Coverage.....	2
VO2-TX-MC (Ed. 1.0) Disappearing Deductible Coverage.....	2
VO3-TX-MC (Ed. 1.0) Emergency Expense Coverage.....	2
VO4-TX-MC (Ed. 1.0) Transportation Trailer Coverage.....	2
Consumer Bill of Rights.....	3
Texas Notice.....	9

ATTENTION

This booklet contains endorsements that are applicable to your policy only if the endorsement number appears on your Declarations page. Not all endorsements are necessarily applicable to your policy. Review your Declarations page to see which ones apply.

Please read carefully. When applicable, the endorsement will change your policy.

**ENDORSEMENT No. VM1-TX-MC (Ed.1.0)
Texas Off-Road Vehicle Coverage**

For purposes of this Off-Road Vehicle Coverage Endorsement, the Texas Motorcycle Policy is amended as follows:

1. General Definitions

The General Definition of **"covered motorcycle"** is deleted and all references throughout the policy to **"covered motorcycle"** are deleted and replaced by **"covered off-road vehicle"**.

The General Definition of **"motorcycle"** is deleted and all references throughout the policy to **"motorcycle"** or to **"motorcycle"** are deleted and replaced by **"off-road vehicle"**.

The remainder of the General Definitions section is deleted in its entirety, as are all references throughout the policy to those definitions, and replaced by the following:

General 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.

a. **"Additional off-road vehicle"** means an **off-road vehicle** you become the owner of during the policy period that does not permanently replace an **off-road vehicle** shown on the **declarations page** if:

- (i) **we** insure all other **off-road vehicles** you own;
- (ii) the **additional off-road vehicle** is not covered by any other insurance policy;
- (iii) **you** notify **us** within 30 days of becoming the owner of the **additional off-road vehicle**; and
- (iv) **you** pay any additional premium due.

An **additional off-road vehicle**, including a motorcycle, will have the broadest coverage **we** provide for any **off-road vehicle** shown on the **declarations page**. If **you** ask **us** to insure an **additional off-road vehicle** more than 30 days after **you** become the owner, any coverage **we** provide will begin at the time **you** request coverage.

- b. **"All-terrain vehicle"** or **"ATV"** means any land motor vehicle that has at least three wheels and is principally designed for operation off public roads.
- c. **"Bodily injury"** means bodily harm, sickness, or disease, including death that results from bodily harm, sickness, or disease.
- d. **"Business day"** means a day other than a Saturday, Sunday, or a holiday recognized by the State of Texas.
- e. **"Covered off-road vehicle"** means:
 - (i) any **off-road vehicle** shown on the **declarations page** for the coverages applicable to that **off-road vehicle**;
 - (ii) any **additional off-road vehicle**; and
 - (iii) any **replacement off-road vehicle**.
- f. **"Declarations page"** means the document showing **your** coverages, limits of liability, **covered off-road vehicles**, premium, and other policy-related information.

- g. **"Dirt bike"** means any land motor vehicle that has:
 - (i) two wheels and is designed exclusively for operation off public roads;
 - (ii) completely open-air driver's seating; and
 - (iii) a motorcycle hand-grip steering device.
- h. **"Golf cart"** means any land motor vehicle designed principally for use on a golf course.
- i. **"Occupying"** means in, on, entering, exiting, mounting or dismounting.
- j. **"Off-road vehicle"** means any **ATV, dirt bike, or golf** which is designed for operation principally off public roads.
- k. **"Off-road vehicle business"** means the business of selling, leasing, repairing, parking, storing, servicing, delivering, or testing vehicles.
- l. **"Relative"** means a person residing in the same household as **you**, and related to **you** by blood, marriage, or adoption, and includes a ward, stepchild, or foster child. **Your** unmarried dependent children temporarily away from home will qualify as a **relative** if they intend to continue to reside in **your** household.
- m. **"Replacement off-road vehicle"** means an **off-road vehicle**, including a motorcycle, that permanently replaces an **off-road vehicle** shown on the **declarations page**. A **replacement off-road vehicle** will have the same coverage as the **off-road vehicle** it replaces if the **replacement off-road vehicle** is not covered by any other insurance policy. However, if the **off-road vehicle** being replaced had coverage under Part IV - Damage To A Motorcycle, such coverage will apply to the **replacement off-road vehicle** only during the first 30 days after **you** become the owner unless **you** notify **us** within that 30 day period that **you** want **us** to extend coverage beyond the initial 30

days. If the **off-road vehicle** being replaced did not have coverage under Part IV - Damage To A Motorcycle, such coverage may be added, but the **replacement off-road vehicle** will have no coverage under Part IV until **you** notify **us** of the replacement **off-road vehicle** and ask **us** to add the coverage.

- n. **"Trailer"** means a non-motorized trailer or sled designed to be towed by a **covered off-road vehicle**.
 - o. **"We", "us",** and **"our"** mean the underwriting company providing the insurance, as shown on the **declarations page**.
 - p. **"You"** and **"your"** mean:
 - (i) a person shown as a named insured on the **declarations page**; and
 - (ii) the spouse of a named insured if:
 - (a) residing in the same household at the time of the loss; or
 - (b) not residing in the same household during a period of separation in contemplation of divorce.
2. **Part II (B) - Personal Injury Protection Coverage**
The definition of **"insured person"** is deleted and replaced with the following:
"Insured person" means:
 - a. **you** or a **relative**;
 - (i) while **occupying**; or
 - (ii) when struck by; a motor vehicle or a trailer; and
 - b. any other person while **occupying** a **covered off-road vehicle** with **your** permission.

3. Part IV - Damage To A Motorcycle

The Exclusions section in Part IV is modified to include the following:

Coverage under this Part IV will not apply for loss to a **covered off-road vehicle** if the damage does not affect the structure or operation of the **covered off-road vehicle**. Such damage includes, but is not limited to, paint chips, scratches, scrapes, and minor dents.

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

PACIFIC SPECIALTY INSURANCE COMPANY TEXAS MOTORCYCLE ENDORSEMENTS

ENDORSEMENT VO1-TX-MC (Ed.1.0) Roadside Assistance Coverage

This endorsement changes your policy. Please read it carefully. The paragraphs below will help you understand the endorsement form. You will see special terms in **bold print**.

INSURING AGREEMENT

If **you** pay the premium for Roadside Assistance Coverage, **we** will pay for **our** authorized service representative to provide the following *non-accident related* services available for covered **Breakdowns** up to a maximum benefit of \$500.00 per incident:

- **Towing**: If a non-accident related tow is necessary, **Your disabled Motorcycle** will be taken to the nearest qualified **Repair Facility**.
- **Jump Starts**: Service provided to start **Your Motorcycle** because of a weak or dead battery.
- **Flat Tire Service**: **Your Motorcycle** will be towed to the nearest qualified repair facility, if the tire cannot be serviced at the scene.
- **Vehicle Fluid Delivery**: Service provided to deliver gas, oil or coolant (cost of fluids not included).
- **Lockout Assistance**: Service provided to gain entry into **Your Motorcycle** (key cutting/replacement not included).
- **Concierge Service**: Upon request, courtesy help and emergency phone call support is provided (notification to family, business associates, police, etc).

When calling, present the **Policy** number located at the top right corner of the Policy or on **your** Roadside Assistance card. Roadside Assistance is available *only* while **Your Policy** is in force and services obtained through any source other than the toll-free number listed on **your** Roadside Assistance card are not covered and are not reimbursable. **Note**: Maximum of 5 service calls during the term of this Policy.

Roadside Assistance is available 24 hours a day / 365 days a year anywhere in the United States (including Alaska & Hawaii) and Canada.

**Services not available in areas where state providers are exclusively utilized.*

All others terms and conditions of your policy apply. If you have any questions, please do not hesitate to contact your insurance agent.

Thank you very much.

ENDORSEMENT VO2-TX-MC (Ed.1.0) Disappearing Deductible Coverage

This policy is issued by Pacific Specialty Insurance Company (PSIC). The paragraphs below will help you understand the policy form.

This endorsement changes your policy. Endorsements may be issued as part of you policy. Together they describe the coverage you purchased. It is important that you keep this document in a safe place where it can be accessed easily.

Please read carefully. You will see special terms in **bold print**. We recommend that you review the entire policy. Please review any applicable endorsements. Contact your agent or broker if you have a question.

We appreciate your business. Thank you for choosing PSIC as your insurer.

INSURING AGREEMENT

If **you** pay the premium Disappearing Deductibles, the following is added to the Limits of Liability provisions under this Part D (COVERAGE FOR DAMAGE TO YOUR AUTO) of **your** policy:

If, during any policy period, **you** do not have a **loss** under Comprehensive Coverage or Collision Coverage for which **we** have paid out any amount, then:

1. any deductible for Comprehensive Coverage and Collision Coverage shall be reduced for the following policy period by twenty-five percent (25%); and
2. no deductible for Comprehensive Coverage and Collision Coverage will apply for the fifth policy period and thereafter if **you** do not have any **losses** during the previous four (4) consecutive policy periods.

If **you** change the deductible amount for Comprehensive Coverage or Collision Coverage on any **covered motorcycle** at any time, then all previously applied reductions will be eliminated. Thereafter, the deductible may again be reduced if the conditions set forth above are satisfied.

If **you** have a **loss** at any time for which **we** make a payment under Comprehensive Coverage or Collision Coverage, then the most recent elected deductible will be restored for the subsequent policy period. Thereafter, the deductible may again be reduced if the conditions set forth above are satisfied.

Reductions and increases in the deductible under this provision shall apply to all **covered motorcycles**.

All others terms and conditions of your policy apply. If you have any questions, please do not hesitate to contact your insurance agent.

Thank you very much.

ENDORSEMENT VO3-TX-MC (Ed.1.0) Emergency Expense Coverage

This endorsement changes your policy. Please read it carefully. The paragraphs below will help you understand the endorsement form. You will see special terms in **bold print**.

INSURING AGREEMENT

Subject to the Limits of Liability, if **you** pay the premium for Emergency Expense Coverage and a **loss** covered under Comprehensive Coverage or Collision Coverage occurs which:

1. Renders the covered motorcycle or non-owned motorcycle inoperable;
2. Requires the covered vehicle to be repaired; or
3. Is one in which the covered motorcycle is stolen;

and such loss occurs more than 50 miles from the residence shown on the declarations page, **we** will reimburse **your** reasonable expenses incurred for:

1. temporary living facilities;
2. transportation back to the insured's residence;
3. the cost of returning the covered motorcycle or non-owned motorcycle to the insured's residence, if we have not declared it a total loss; and
4. rental charges if the insured rents a motor vehicle from a rental agency or vehicle repair shop while the covered motorcycle is being repaired.

You **must** provide us **written proof** of your **expenses**. **We** will only pay for the above reasonable expenses incurred by **you** beginning on the date of **loss**, and ending:

1. when the **covered motorcycle** has been repaired or replaced; or
2. in the case of theft, when the **covered motorcycle** has been recovered and repaired, or replaced.

Duplicate recovery for the same elements of damage is not permitted.

All others terms and conditions of your policy apply. If you have any questions, please do not hesitate to contact your insurance agent.

Thank you very much.

ENDORSEMENT VO4-TX-MC (Ed.1.0) Transportation Trailer Coverage

This endorsement changes your policy. Please read it carefully. The paragraphs below will help you understand the endorsement form. You will see special terms in **bold print**.

INSURING AGREEMENT

If **you** pay the premium for Transportation Trailer Physical Damage Coverage, **we** will pay for **loss** to **your owned transport trailer**, subject to the Limits of Liability.

A \$250 deductible applies.

All others terms and conditions of your policy apply. If you have any questions, please do not hesitate to contact your insurance agent.

Thank you very much.

POLICY SERVICE

NOTE: **You MUST** refer to **your policy number** when asking for information.

Pacific Specialty Insurance Company

P.O. Box 40
Anaheim, CA 92815-0040
(714) 998-2190
(800) 303-5000
(714) 998-3158 FAX

FOR REPORTING OF CLAIMS:

Please Call:
800-962-1172

POLICY NUMBER MUST ACCOMPANY CLAIM REPORT AND ALL CORRESPONDENCE.

CONSUMER BILL OF RIGHTS Personal Automobile Insurance

AVISO: Este documento es un resumen de sus derechos como asegurado. Usted tiene el derecho a llamar a su compañía y pedir una copia de estos derechos en español.

What is the Bill of Rights?

This Bill of Rights is a summary of your rights and does not become a part of your policy. The Texas Department of Insurance (TDI) adopted the Bill of Rights and requires insurance companies to provide you a copy when they issue your policy.

Texas law gives you certain rights regarding your personal automobile insurance. This Bill of Rights identifies your rights specified by rule or by state statute, but it does not include all of your rights. Also, some exceptions to the rights are not listed here. Legislative or regulatory changes to statutes or rules may affect your rights as an insured. If your agent, company, or adjuster tells you that one of these rights does not apply to you, contact TDI's Consumer Protection Program at 1-800-252-3439 (512-463-6515 in Austin), by mail at Mail Code 111-1A, P. O. Box 149091, Austin, TX 78714-9091, or by email at ConsumerProtection@tdi.state.tx.us. For a list of the specific law(s) and/or rule(s) summarized in each item of this Bill of Rights, or if you have questions or comments, contact the Office of Public Insurance Counsel (OPIC) at 1-877-611-6742, by mail at 333 Guadalupe, Suite 3-120, Austin, TX 78701, or visit the OPIC website at www.opic.state.tx.us.

PACIFIC SPECIALTY INSURANCE COMPANY

TEXAS MOTORCYCLE ENDORSEMENTS

This Bill of Rights does not address your responsibilities. Your responsibilities concerning your insurance can be found in your policy. Failure to meet your obligations may affect your rights.

Getting information from the Department of Insurance and your insurance company

1. INFORMATION FROM TDI. You have the right to call TDI free of charge at 1-800-252-3439 or 512-463-6515 in Austin to learn more about:

- your rights as an insurance consumer;
- the license status of an insurance company or agent;
- the financial condition of an insurance company;
- the complaint ratio and type of consumer complaints filed against an insurance company;
- use of credit information by insurance companies, including which insurance companies use it and access to each company's credit scoring model;
- an insurance company's rates filed with the state;
- an insurance company's underwriting guidelines (subject to exemptions in the Public Information Act, also known as the Open Records Act); and
- other consumer concerns.

You can also find some of this information on the TDI website at www.tdi.texas.gov.

At www.helpinsure.com, Texans can find more detailed information on their current and prospective insurers. TDI, in conjunction with OPIC, maintains this website to help Texans shop for residential property insurance and personal automobile insurance. For companies writing in Texas that are in the top 25 company groups nationally, the site also includes:

- a list of insurers by county and/or ZIP code;
- detailed contact information for each insurer;
- sample rates and a brief history of increases and/or decreases in the rates;
- policy form comparisons;
- a list of policy forms, exclusions, endorsements, and discounts offered by each insurer; and
- non-confidential disciplinary actions against each insurer.

2. INFORMATION FROM YOUR INSURANCE COMPANY. You have the right to a toll-free number to call your insurance company free of charge with questions or complaints. You can find this number on a notice accompanying your policy. This requirement does not apply to small insurance companies.

What you should know before you buy insurance

3. PROHIBITED STATEMENTS. Your insurance company or agent is prohibited from making false,

misleading, or deceptive statements to you relating to insurance.

4. EXCESS LIMITS. An insurer or agent cannot require you to purchase liability limits greater than the minimum limits required by law or require you to purchase other types of coverage as a condition of offering or renewing insurance. The current minimum limits are 30/60/25, which references the maximum amount the policy will pay for each accident: \$30,000 per person for a bodily injury claim /\$60,000 for all bodily injury claims combined /\$25,000 for property damage claims per accident.

NOTE: Texas law requires that automobile insurance policies include personal injury protection (PIP) and uninsured motorist protection (UM/UIM) unless you reject these coverages in writing. Also, as a condition of your automobile loan, your lender may require you to purchase other types of coverages, such as collision or comprehensive coverage, to pay for any damage to your vehicle.

5. CREDIT INFORMATION. An insurance company cannot deny you insurance solely on the basis of credit information. Insurers who use credit information must also consider other underwriting factors independent of credit information when deciding whether to offer coverage. (For additional information see section of this Bill of Rights titled *What you should know about insurance companies' use of credit information*.)

6. SAFETY NET. You have the right to buy minimum liability, personal injury protection, and uninsured motorist insurance through the Texas Automobile Insurance Plan Association, also known as TAIPA, if you have been denied coverage by two insurance companies.

7. PAYMENT PLANS. You may have the right to pay your automobile insurance premium in installments. Insurance companies will charge a fee for each installment.

8. ELECTRONIC PAYMENTS. If you authorize your insurer to withdraw your premium payments directly from your financial institution, your insurer cannot increase the amount withdrawn unless:

- the insurer notifies you by U.S. mail of the increase in premium at least 30 days prior to its effective date; and
- you do not notify the insurer that you object to the increase in the amount to be withdrawn at least five days prior to the increase.

The notice provided by the insurer must include a toll-free number, a mailing address and an email address (if applicable), through which you can contact the insurer to object to the increase.

NOTE: This does not apply to premium increases specifically scheduled in the original policy, to increases based on policy changes you request, or to an increase that is less than \$10 or 10 percent of the previous month's payment.

9. NOTICE OF REDUCED COVERAGE. If an insurer uses an endorsement to reduce the amount of coverage provided by your policy, the insurer must give you a written explanation of the change made by the endorsement. The insurer must provide the explanation not later than the 30th day before the effective date of the new or renewal policy. An insurance company cannot reduce coverage during the policy period unless you request the change. If you request the change, the company is not required to provide notice.

10. EXPLANATION OF DENIAL. Upon request, you have the right to be told in writing why you have been denied coverage. The written statement must fully explain the decision, including the precise incidents, circumstances, or risk factors that disqualified you. It must also state the sources of information used.

NOTE: The obligation to provide a written explanation applies to insurance companies directly. An independent agent does not have a specific duty to quote the lowest possible rate to a consumer or to provide a written statement explaining why the agent did not offer the consumer the lowest possible rate.

11. RATE DIFFERENTIAL WITHIN A COUNTY. If an insurance company subdivides a county for the purpose of charging different rates for each subdivision, the difference between the lowest and the highest rate cannot exceed 15 percent unless actuarially justified.

12. RIGHT TO PRIVACY. You have the right to prevent an insurance company, agent, adjuster, or financial institution from disclosing your personal financial information to companies that are not affiliated with the insurance company or financial institution. Some examples are income, social security number, credit history, and premium payment history.

If you apply for a policy, the insurance company or financial institution must notify you if it intends to share financial information about you and give you at least 30 days to refuse. This refusal is called "opting out." If you buy a policy, the insurance company or financial institution must tell you what information it collects about you and whether it intends to share any of the information, and give you at least 30 days to opt out. Agents and adjusters who intend to share your information with anyone other than the insurance company or financial institution must give you similar notices.

You can opt out at any time. Your decision to opt out remains in effect unless you revoke it.

These protections do not apply to information:

- publicly available elsewhere;
- insurance companies or financial institutions are required by law to disclose; or
- insurance companies or financial institutions must share in order to conduct ordinary business activities.

What you should know about cancellation and nonrenewal

Cancellation means that **before the end** of the policy period the insurance company:

- terminates the policy;
- reduces or restricts coverage under the policy; or
- refuses to provide additional coverage to which you are entitled under the policy.

Refusal to renew and **nonrenewal** mean the policy terminates **at the end** of the policy period.

The **policy period** is shown on the declarations page at the front of your policy.

13. LIMITATION ON CANCELLATION. After your initial policy with your company has been in effect for 60 days, that insurance company cannot cancel your policy unless:

- you don't pay your premium when due;
- you file a fraudulent claim;
- your driver's license or car registration is revoked or suspended;
- the driver's license of any household resident or person who customarily drives a covered auto is suspended or revoked. If you agree to exclude coverage for that person, the insurance company cannot cancel your policy for this reason; or
- TDI determines continuation of the policy would result in violation of insurance laws.

14. NOTICE OF CANCELLATION. To cancel your policy, your insurance company must mail notice at least 10 days prior to the effective date of the cancellation. Your policy may provide for even greater notice.

15. POLICYHOLDER'S RIGHT TO CANCEL. You have the right to cancel your policy at any time and receive a refund of the remaining premium. The refund will be paid to you unless your premium was financed through a premium finance company. In that case, the refund will be paid to the premium finance company to reduce the amount you owe on your loan.

16. CHANGE IN MARITAL STATUS. If your marital status changes, you have the right to continue your insurance coverage. You have a right to a new policy in your name that has coverages which most nearly approximate the coverages of your prior policy, including the same expiration date. The insurance company cannot date the new policy so that a gap in coverage occurs.

17. NOT-AT-FAULT CLAIMS. Your insurance company cannot refuse to renew your policy solely because of any of the following types of claims:

- claims involving damage from a weather-related incident that does not involve a collision, like damage from hail, wind, or flood;
- accidents or claims involving damage by contact with animals or fowls;
- accidents or claims involving damage caused by flying gravel or flying objects; however, if you have three of these claims in a three-year period, the insurance company may

PACIFIC SPECIALTY INSURANCE COMPANY TEXAS MOTORCYCLE ENDORSEMENTS

raise your deductible on your next renewal date;

- towing and labor claims; however, once you have made four of these claims in a three-year period, the company may eliminate this coverage from your policy on your next renewal date; and
- any other accident or claim that was not your fault unless you have two or more of these claims or accidents in a one-year period.

18. USE OF AGE TO NONRENEW. Your insurance company cannot refuse to renew your policy based solely on the age of any person covered by the policy. This includes placing you in a higher priced company or requiring a named driver exclusion for a teenager who reaches driving age.

19. USE OF CREDIT INFORMATION TO NONRENEW. An insurance company cannot refuse to renew your policy solely on the basis of credit information. Insurers who use credit information must also consider other underwriting factors independent of credit information when deciding whether to renew coverage. (For additional information see the section of this Bill of Rights titled *What you should know about insurance companies' use of credit information.*)

20. LENGTH OF POLICY TERM. If the term of your insurance policy is less than one year, your insurance company must renew that policy until it has been in effect for one year. Your insurance company may only refuse to renew your policy effective on the anniversary of the policy's original effective date. For instance, if your policy was originally effective on January 1, Year 1, the insurance company must renew your policy to provide coverage until January 1, Year 2, and thereafter, may only refuse to renew your policy effective January 1 of any subsequent year.

21. NOTICE OF NONRENEWAL. If the insurance company does not mail you notice of nonrenewal at least 30 days before your policy expires, you have the right to require the insurance company to renew your policy.

22. EXPLANATION OF CANCELLATION OR NONRENEWAL. Upon request, you have the right to a written explanation of an insurance company's decision to cancel or nonrenew your policy. The written statement must fully explain the decision, including the precise incidents, circumstances, or risk factors that disqualified you. It must also state the sources of information used.

What you should know when you file a claim

23. FAIR TREATMENT. You have the right to be treated fairly and honestly when you make a claim. If you believe an insurance company has treated you unfairly, call the Department of Insurance at 1-800-252-3439 (512-463-6515 in Austin) or download a complaint form from the TDI website at www.tdi.texas.gov. You can complete a complaint form on-line via the Internet or fax it to TDI at 512-475-1771.

24. SETTLEMENT OFFER. You have the right to reject any settlement amount, including any unfair valuation, offered by the insurance company. If you reject a settlement offer, your options include continuing to negotiate with the insurer or pursuing legal remedies, such as mediation, arbitration, or filing a lawsuit.

25. EXPLANATION OF CLAIM DENIAL. Your insurance company must tell you in writing why your claim or part of your claim was denied.

26. TIME FRAMES FOR CLAIM PROCESSING AND PAYMENT. When you file a claim on your own policy, you have the right to have your claim processed and paid promptly. If the insurance company fails to meet required claims processing and payment deadlines, you have the right to collect 18 percent annual interest and attorney's fees in addition to your claim amount.

Generally, within **15 calendar days**, your insurance company must acknowledge receipt of your claim and request any additional information reasonably related to your claim. Within **15 business days** after receipt of all requested information, the company must approve or deny your claim in writing. The law allows the insurance company to extend this deadline up to **45 days** if it notifies you that more time is needed and tells you why.

After notifying you that your claim is approved, your insurance company must pay the claim **within five business days**.

If your claim results from a weather-related catastrophe or other major natural disaster as defined by TDI, these claims handling deadlines are extended for an additional 15 days.

27. CHOICE OF REPAIR SHOP AND REPLACEMENT PARTS. You have the right to choose the repair shop and replacement parts for your vehicle. An insurance company may not specify the brand, type, kind, age, vendor, supplier, or condition of parts or products used to repair your automobile. The insurance company must provide you notice of the above requirements as follows:

- claims submitted by telephone – written notice within three business days or immediate verbal notice, followed by written notice within 15 days;
- claims submitted in person – immediate written notice at the time you present your vehicle to an insurer or an insurance adjuster or other person in connection with a claim for damage repair; or
- claims submitted in writing – written notice must be provided within three business days of the insurance company's receipt of the notice.

28. DEDUCTIBLE RECOVERY. If another person is liable for damage to your auto and you filed a claim and paid a deductible on your own policy, your insurance company must make a reasonable and diligent effort to recover the deductible from that person within twelve

months from the date your claim is paid. If not, your company must:

- authorize you, at least 90 days prior to the expiration of the statute of limitations, to pursue your own collection efforts, or
- refund your deductible.

29. NOTICE OF LIABILITY CLAIM SETTLEMENT. Your insurance company must notify you if it intends to pay a liability claim against your policy. The company must notify you in writing of an initial offer to compromise or settle a claim against you no later than the 10th day after the date the offer is made. The company must notify you in writing of any settlement of a claim against you no later than the 30th day after the date of the settlement.

30. INFORMATION NOT REQUIRED FOR CLAIM PROCESSING. You have the right to refuse to provide your insurance company with information that does not relate to your claim. In addition, you may refuse to provide your federal income tax records unless your insurer gets a court order or your claim involves lost income or a fire loss.

What you should know about prohibited discrimination

31. PROTECTED CLASSES. An insurance company cannot discriminate against you by refusing to insure you; limiting the amount, extent or kind of coverage available to you; charging you a different rate for the same coverage; or refusing to renew your policy:

- because of race, color, religion, or national origin; or
- unless justified by actual or anticipated loss experience, because of age, gender, marital status, geographic location, or disability or partial disability.

32. UNDERWRITING GUIDELINES. Underwriting guidelines may not be unfairly discriminatory and must be based on sound actuarial principles.

33. EQUAL TREATMENT. Unless based on sound actuarial principles, an insurance company may not treat you differently from other individuals of the same class and essentially the same hazard. If you sustain economic damages as a result of such unfair discrimination, you have the right to sue that insurance company in Travis County District Court.

If your suit prevails, you may recover economic damages, court costs and attorney and necessary expert witness fees. If the court finds the insurance company knowingly violated your rights, it may award up to an additional \$25,000 per claimant.

You must bring the suit on or before the second anniversary of the date you were denied insurance or the unfair act occurred or the date you reasonably should have discovered the occurrence of the unfair act. If the court determines your suit was groundless and you brought the lawsuit in bad faith, or brought it for the

purposes of harassment, you will be required to pay the insurance company's court costs and attorney fees.

What you should know about insurance companies' use of credit information

34. REQUIRED DISCLOSURE. If an insurance company uses credit information to make underwriting or rating decisions, the company must provide you a disclosure statement within 10 days after receiving your completed application for insurance.

The disclosure indicates whether the insurer will obtain and use your credit information and lists your specific legal rights, including:

- credit information insurance companies cannot use against you;
- how you can get reasonable exceptions that your insurer is required to make to its use of credit information if certain life events, such as divorce, death of a close family member, or identity theft, hurt your credit;
- the notice* an insurer must send you when making a credit-based decision that harms your ability to get or keep insurance or requires you to pay a higher premium; and
- how you can dispute credit information and require an insurer to re-rate your policy if the rate was increased because of inaccurate or unverifiable credit information.

* The notice must include a description of up to four primary factors that influenced the action taken by the insurer.

Insurers must use the disclosure form (CD-1) adopted by the commissioner or an equivalent disclosure form filed prior to use with TDI. The CD-1 is available at www.tdi.texas.gov/forms/pcpersonal/pc328crdtds.pdf or by calling 1-800-252-3439. Additional information regarding insurers' use of credit information is available at www.tdi.texas.gov/credit/credit.html.

What you should know about enforcing your rights

35. FILING YOUR COMPLAINTS. You have the right to complain to TDI about any insurance company and/or insurance matter and to receive a prompt investigation and response to your complaint. To do so, you should:

- call TDI's **Consumer Help Line** at 1-800-252-3439 (512-463-6515 in Austin) for service in both English and Spanish;
- write to the Texas Department of Insurance, Consumer Protection, Mail Code 111-1A, P.O. Box 149091, Austin, Texas 78714-9091;
- email TDI at ConsumerProtection@tdi.state.tx.us;
- fax your complaint to 512-475-1771;
- download or complete a complaint form online from the TDI website at www.tdi.texas.gov; or
- call the TDI Publications/Complaint Form order line at 1-800-599-SHOP (7467), (512-

PACIFIC SPECIALTY INSURANCE COMPANY TEXAS MOTORCYCLE ENDORSEMENTS

305-7211 in Austin). The order line is available 24 hours a day, seven days a week.

NOTE: TDI offers interpreter services and publications in alternate formats. Persons needing more information in alternate layouts or languages can call the *TDI Consumer Help Line* listed above.

36. RIGHT TO SUE. If an insurance company violates your rights, you may be able to sue that company in court, including small claims court, with or without an attorney.

37. BURDEN OF PROOF. If you sue to recover under your insurance policy, the insurance company has the burden of proof as to any application of an exclusion in the policy and any exception to or other avoidance of coverage claimed by the insurer.

38. REQUESTING NEW RULES. You have the right to ask in writing that TDI make or change rules on any automobile insurance issue that concerns you. Send your written request to: Texas Department of Insurance, Attn: Commissioner (113-2A), P.O. Box 149104, Austin, TX 78714-9104.

DECLARACIÓN DE DERECHOS DEL CONSUMIDOR SEGUROS DE AUTOMÓVIL PERSONAL

¿Qué es la Declaración de Derechos?

Esta Declaración de Derechos es un resumen de sus derechos, y no forma parte de su póliza. El Departamento de Seguros de Texas (Texas Department of Insurance – TDI, por su nombre y siglas en inglés) adoptó la Declaración de Derechos y exige que la compañía de seguros le proporcione una copia cuando le expida su póliza.

La ley de Texas le otorga ciertos derechos respecto a su seguro de automóvil. Esta Declaración de Derechos identifica sus derechos, los cuales han sido especificados por reglamento o por estatuto estatal, pero no incluye todos sus derechos. Tampoco se incluyen aquí algunas de las excepciones. Si su agente, compañía o ajustador le dice que alguno de estos derechos no le corresponde a usted, comuníquese con el Programa de Protección al Consumidor de TDI (TDI Consumer Protection Program, por su nombre en inglés) al 1-800-252-3439 (512-463-6515 en Austin), o por medio de correo postal a (111-1A), P. O. Box 149091, Austin, TX 78714-9091, o por correo electrónico a ConsumerProtection@tdi.state.tx.us. Para obtener una lista de la ley(es) y/o reglamento(s) en específico que hemos resumido en esta Declaración de Derechos, o si tiene alguna pregunta o comentario, comuníquese con la Oficina del Asesor Público de Seguros (Office of Public Insurance Counsel – OPIC, por su nombre y siglas en inglés) al 1-877-611-6742, por correo postal al 333 Guadalupe, Suite 3-120, Austin, TX

78701, o visite el sitio Web de OPIC en www.opic.state.tx.us.

Esta Declaración de Derechos no menciona las responsabilidades suyas. Sus responsabilidades referentes a su seguro pueden ser encontradas en su póliza. No cumplir con sus obligaciones podría afectar sus derechos.

Cómo obtener información por parte del Departamento de Seguros y su compañía de seguros

1. INFORMACIÓN QUE PUEDE OBTENER DE TDI. Usted tiene derecho a llamar gratis a TDI al 1-800-252-3439 o al 512-463-6515 en Austin para obtener más información sobre:

- sus derechos como consumidor de seguros;
- el estado de la licencia de una compañía de seguros o agente;
- la situación económica de una compañía de seguros;
- el promedio y tipo de quejas que los consumidores han presentado en contra de una compañía de seguros;
- la manera en que las compañías de seguros usan el historial de crédito, incluso cuáles la usan y la fórmula que cada compañía utiliza para las calificaciones de crédito;
- los precios que la compañía de seguros tiene registrados en el estado;
- las guías de aseguramiento de la compañía de seguros (sujeto a las excepciones provistas en la Ley de Información Pública, también conocida como la Ley de Archivos Públicos); y
- otros asuntos de interés al consumidor.

También puede encontrar alguna de esta información en el sitio Web de TDI en www.tdi.texas.gov.

En www.helpinsure.com, las personas en Texas pueden encontrar más información detallada sobre sus aseguradores actuales y futuros. TDI, en conjunto con OPIC, mantienen este sitio Web para ayudar a las personas en Texas a encontrar un seguro de propiedad residencial y de automóvil personal. Para obtener información sobre las compañías que expiden seguros en Texas, que se encuentran en los 25 principales grupos a nivel nacional, el sitio Web también incluye:

- una lista de las aseguradoras por condado y/o código postal;
- información de contacto detallada para cada aseguradora;

- muestras de los precios y un breve historial de los incrementos y/o reducciones en los precios;
- comparaciones de las formas de pólizas;
- una lista de las formas de pólizas, exclusiones, endosos, y descuentos ofrecidos por cada aseguradora; y
- medidas disciplinarias no confidenciales en contra de cada aseguradora.

2. INFORMACIÓN QUE PUEDE OBTENER DE SU COMPAÑÍA DE SEGUROS. Usted tiene derecho a que la compañía de seguros tenga un número telefónico al que pueda llamar gratis para hacer preguntas o presentar quejas. Este número lo puede encontrar en un aviso adjunto a su póliza. Las compañías de seguros pequeñas no están obligadas a cumplir con este requisito.

Lo que debe saber antes de comprar un seguro

3. DECLARACIONES PROHIBIDAS. Su compañía de seguros o agente tienen prohibido hacer declaraciones falsas, engañosas o embaucadoras con respecto a los seguros.

4. EXCESO DE LOS LÍMITES. Una aseguradora o un agente no pueden exigirle que compre un seguro de responsabilidad civil en cantidades superiores a los límites mínimos que son requeridos por la ley o exigirle que compre otros tipos de cobertura como condición para venderle o renovarle un seguro. Los límites mínimos actuales son 30/60/25, los cuales se refieren a las cantidades máximas que la póliza pagará por cada accidente: \$30,000 por persona por una reclamación de lesiones corporales /\$60,000 por todas las reclamaciones combinadas de lesiones corporales /\$25,000 por reclamaciones de daños a la propiedad por cada accidente.

AVISO: La ley de Texas requiere que las pólizas de seguros de automóvil incluyan la protección para reclamaciones de lesiones personales (Personal Injury Protection – PIP, por su nombre y siglas en inglés) y la cobertura de protección contra conductores sin seguro o con insuficiente seguro (Uninsured/Underinsured Motorist Coverage - UM/UIIM, por su nombre y siglas en inglés) a menos que usted rechace estas coberturas por escrito. Además, es posible que como condición para autorizarle el préstamo para su auto, el prestamista le exija que compre otros tipos de cobertura, tal como la cobertura contra choque o cobertura amplia, que paguen por los daños al vehículo suyo.

5. INFORMACIÓN DE CRÉDITO. Una compañía de seguros no puede negarle el seguro basándose solamente en la información de su información de crédito. Las aseguradoras que utilizan el historial de crédito también tienen que considerar otros factores de aseguramiento independientes al historial de crédito cuando deciden ofrecerle cobertura. (Para obtener

información adicional vea la sección de esta Declaración de Derechos titulada *Lo que usted debe saber sobre cómo usan el historial de crédito las compañías de seguros.*)

6. RED DE SEGURIDAD. Si dos compañías de seguros se han negado a venderle un seguro, usted tiene derecho a comprar cobertura mínima de responsabilidad civil, protección para reclamaciones de lesiones personales, así como la cobertura contra conductores sin seguro mediante la Asociación de Plan de Seguros de Automóvil de Texas (Texas Automobile Insurance Plan Association – TAIIPA, por su nombre y siglas en inglés).

7. PLANES DE PAGO. Usted puede tener derecho a pagar su prima de seguro de automóvil a plazos. Las compañías de seguros le cobrarán una cuota por cada pago a plazos.

8. PAGOS ELECTRÓNICOS. Si usted autoriza que su aseguradora retire los pagos de su prima directamente de su cuenta bancaria, su aseguradora no puede aumentar la cantidad que retira, a menos que:

- le notifique por medio del correo postal de los Estados Unidos sobre el aumento de prima mínimo 30 días antes de la fecha en que el aumento entrará en vigor; y
- usted no notifique a la aseguradora que usted se opone al aumento en la cantidad que va a ser retirada de su cuenta, mínimo cinco días antes de la fecha en que el aumento entrará en vigor.

El aviso proporcionado por la aseguradora tiene que incluir un número de teléfono gratuito, una dirección postal y una dirección de correo electrónico (si es que aplica), mediante los cuales usted pueda comunicarse con la aseguradora para oponerse al aumento.

AVISO: Esto no aplica a los aumentos de prima específicamente programados en la póliza original, ni a los aumentos debido a cambios que usted solicita en la póliza, o a un aumento que es menos de \$10 o el 10 por ciento del pago del mes anterior.

9. AVISO DE REDUCCIÓN DE COBERTURA. Si una aseguradora usa un endoso para reducir la cantidad de la cobertura que es proporcionada por su póliza, la aseguradora tiene que darle una explicación por escrito sobre el cambio hecho mediante el endoso. La aseguradora tiene que darle esta explicación a no más tardar del día 30, antes de la fecha en que la nueva póliza o la renovación de la póliza entran en vigor. Una compañía de seguros no puede reducir la cobertura durante la vigencia de la póliza, a menos que usted solicite el cambio. Si usted solicita el cambio, la compañía no está obligada a darle aviso.

10. EXPLICACIÓN DE RECHAZO. A petición suya, usted tiene derecho a que se le informe por

PACIFIC SPECIALTY INSURANCE COMPANY TEXAS MOTORCYCLE ENDORSEMENTS

escrito el motivo por el que se le negó la cobertura. El aviso por escrito tiene que explicar detalladamente el motivo por el que decidieron negarle la cobertura, incluyendo los percances precisos, las circunstancias o los factores de riesgo que lo descalificaron. También tiene que informarle las fuentes de información que utilizó.

AVISO: La obligación de darle una explicación por escrito le corresponde directamente a las compañías de seguros. Los agentes independientes no tienen el deber específico de cotizarle el precio más bajo posible o darle una explicación por escrito del motivo por el que no le ofrecieron el precio más bajo posible.

11. PRECIOS DIFERENTES DENTRO DEL MISMO CONDADO. Si una compañía de seguros subdivide un condado con el propósito de cobrar diferentes precios en cada subdivisión, la diferencia entre el precio más bajo y el más alto no puede exceder el 15 por ciento, a menos que esté justificado por datos actuariales.

12. DERECHO A LA PRIVACIDAD. Usted tiene derecho a evitar que una compañía de seguros, agente, ajustador, o institución financiera revele sus datos financieros personales a las compañías que no están afiliadas a la compañía de seguros o institución financiera. Algunos ejemplos son: su ingreso, número de seguro social, información de crédito, y su historial de pago de primas.

Si usted solicita una póliza, la compañía de seguros o institución financiera tiene que avisarle si intenta compartir su información financiera, y darle un mínimo de 30 días para que usted pueda rehusarse a permitir que los revelen. El rehusarse a que revelen sus datos se conoce como optar por no participar (opting out, por su nombre en inglés). Si usted compra una póliza, la compañía de seguros o institución financiera tiene que decirle cuál información reúne sobre usted y si intenta compartirla, y darle un mínimo de 30 días para que pueda optar por no participar. Los agentes y ajustadores que intentan compartir sus datos con cualquiera ajeno a la aseguradora o institución financiera también tienen que darle un aviso semejante.

Usted puede optar por no participar (opt out) en cualquier momento. Su decisión para optar por no participar permanece vigente, a menos que usted la revoque.

Estas protecciones no aplican a:

- la información que en otros lugares está a disposición del público;
- la información que las compañías de seguros o instituciones financieras están obligadas por ley a revelar; o
- la información que las compañías de seguros o instituciones financieras tienen

que compartir para conducir sus actividades normales de negocios.

Lo que usted debe saber sobre las cancelaciones y no renovaciones

Cancelación significa que antes de terminar la vigencia de la póliza la compañía de seguros:

- termina la póliza;
- reduce o restringe la cobertura de la póliza; o
- se rehúsa a ofrecer cobertura adicional a la que usted tiene derecho bajo la póliza.

Rehusarse a renovar y no renovación significa que la póliza termina cundo termina la vigencia de la póliza.

El **período de vigencia de la póliza** se muestra en la página de declaraciones al frente de su póliza.

13. LIMITACIÓN EN LA CANCELACIÓN. Una vez que el período inicial de la póliza que expidió la compañía ha estado en vigor por 60 días, la compañía de seguros no puede cancelar la póliza a menos que:

- usted no pague la prima a su debido tiempo;
- usted presente una reclamación fraudulenta;
- su licencia de conducir o el registro de su auto sea revocada o suspendida;
- la licencia de conducir de cualquier residente de su hogar o individuo que regularmente maneja el auto asegurado sea suspendida o revocada. La compañía de seguros no puede cancelarle la póliza por este motivo si usted acepta excluir al individuo de la cobertura de su póliza; o
- si TDI determina que continuar la póliza resultaría en una infracción a las leyes de seguros.

14. AVISO DE CANCELACIÓN. Para cancelar su póliza, su compañía de seguros tiene que enviarle un aviso al menos 10 días antes de la fecha en que la cancelación entrará en vigor. Su póliza podría estipular más tiempo para este tipo de aviso.

15. EL DERECHO DEL ASEGURADO PARA CANCELAR LA PÓLIZA. Usted tiene derecho a cancelar su póliza en cualquier momento y recibir reembolso de la prima no devengada. El reembolso se lo pagarán a usted, a menos que la prima haya sido financiada por medio de una compañía financiera de primas. En ese caso, el reembolso se le pagará a la compañía financiera de primas para disminuir lo que usted debe en el préstamo.

16. CAMBIO EN SU ESTADO CIVIL. Si su estado civil cambia, usted tiene derecho a continuar con su cobertura de seguro. Usted tiene derecho a una póliza nueva, a su nombre, con coberturas que más se aproximen a las coberturas de su póliza anterior, incluso con la

misma fecha de vencimiento. La compañía de seguros no puede fechar la nueva póliza de manera que entre la póliza anterior y la nueva haya un lapso de cobertura.

17. RECLAMACIONES QUE NO SON POR SU CULPA. Su compañía de seguros no puede rehusarse a renovar su póliza basándose únicamente en cualquiera de los siguientes tipos de reclamaciones:

- percances relacionados al mal tiempo en los que no estuvo involucrado un choque, por ejemplo daños causados por el granizo, viento, o inundaciones;
- accidentes o reclamaciones por daños causados por colisión con animales o aves;
- accidentes o reclamaciones por daños causados por grava suelta u objetos volátiles; sin embargo, si usted presenta tres reclamaciones de este tipo en el transcurso de tres años, la compañía de seguros podría aumentar su deducible en la siguiente fecha de renovación;
- gastos de grúa y mano de obra; sin embargo, una vez que usted ha presentado cuatro reclamaciones de este tipo en el transcurso de tres años la compañía podría eliminar esta cobertura de su póliza en la siguiente fecha de renovación; y
- cualquier otro accidente o reclamación que no haya sido culpa suya, a menos que tenga dos o más de este tipo de reclamaciones o accidentes en el transcurso de un año.

18. USO DE LA EDAD PARA NO RENOVAR. Su compañía de seguros no puede rehusarse a renovarle la póliza basándose únicamente en la edad de cualquiera de las personas cubiertas por la póliza. Esto incluye asignarlo a usted a una compañía que cobra precios más caros o exigirle que excluya por nombre a un adolescente que cumple la edad de manejar.

19. EL USO DEL HISTORIAL DE CRÉDITO PARA NO RENOVAR. Una compañía de seguros no puede rehusarse a renovar su póliza basándose únicamente en su historial de crédito. Las aseguradoras que utilizan el historial de crédito para decidir si renuevan o no la póliza también tienen que considerar otros factores de aseguramiento independientes a la información de su historial de crédito. (Para obtener más información vea la sección de esta Declaración de Derechos titulada *Lo que usted debe saber sobre cómo usan el historial de crédito las compañías de seguros.*)

20. EL PERÍODO DE VIGENCIA DE LA PÓLIZA. Si el período de vigencia de su póliza de seguro es menos de un año, la compañía de seguros tiene que renovársela hasta que se complete un año. Su compañía de seguros solamente puede rehusarse a renovar la póliza en el aniversario de la fecha original de la póliza. Por ejemplo, si el período de vigencia del

primer año de su póliza comenzó el 1º de enero, la aseguradora tiene que renovarle la póliza hasta el siguiente 1º de enero; el segundo año y posteriormente solamente puede rehusarse a renovarla el 1º de enero del cualquier año posterior.

21. AVISO DE NO RENOVACIÓN. Si la compañía de seguros no le envía por correo postal un aviso de no renovación al menos 30 días antes del vencimiento de su póliza, usted tiene derecho a exigir que la compañía de seguros renueve su póliza.

22. EXPLICACIÓN DE CANCELACIÓN O DE NO RENOVACIÓN. Usted tiene derecho, sujeto a que usted lo solicite, que la compañía de seguros le explique por escrito el motivo por el que decidió cancelar o no renovar la póliza. La explicación por escrito tiene que explicar totalmente el motivo, incluyendo los percances precisos, las circunstancias o los factores de riesgo que lo descalificaron. También tiene que informarle las fuentes de información que utilizó.

Lo que usted debe saber cuándo presenta una reclamación

23. TRATO JUSTO. Usted tiene derecho a que lo traten justa y honestamente cuando presenta una reclamación. Si cree que una compañía de seguros lo ha tratado injustamente, llame al Departamento de Seguros de Texas al 1-800-252-3439 (512-463-6515 en Austin) o descargue un formulario de queja del sitio Web de TDI en www.tdi.texas.gov. Usted puede llenar el formulario directamente en nuestro sitio Web o enviarla por fax a TDI al 512-475-1771.

24. OFRECIMIENTO DE LIQUIDACIÓN. Usted tiene derecho a rechazar cualquier cantidad que la compañía de seguros le ofrezca para liquidar la reclamación, incluso cualquier valuación injusta. Si usted rechaza el ofrecimiento de una liquidación, sus opciones incluyen el continuar negociando con la aseguradora o buscar remedios legales tales como la mediación, el arbitraje o presentar una demanda.

25. EXPLICACIÓN DEL RECHAZO DE UNA RECLAMACIÓN. Su compañía de seguros tiene que informarle por escrito el motivo por el que la reclamación o parte de la reclamación fue rechazada.

26. MARCOS DE TIEMPO PARA EL PROCESO Y PAGO DE LAS RECLAMACIONES. Cuando presenta una reclamación a cargo de su propia póliza usted tiene derecho a que sea procesada y pagada prontamente. Si la compañía de seguros no cumple con los marcos de tiempo estipulados para el proceso y pago de las reclamaciones, usted tiene derecho a cobrar un

PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE ENDORSEMENTS

interés anual del 18 por ciento y honorarios de abogado, además de la suma de su reclamación.

Generalmente, dentro de **15 días naturales**, su compañía de seguros tiene que acusar recibo de la reclamación y solicitar cualquier información razonablemente relacionada a la misma. Dentro de **15 días hábiles**, después de haber recibido la información que fue solicitada, la compañía tiene que aprobar o denegar la reclamación por escrito. La ley permite que la compañía de seguros extienda este período de tiempo hasta por **45 días** si le avisa a usted que necesita más tiempo y le explica el motivo.

Después de notificarle que su reclamación ha sido aprobada, su compañía de seguros tiene que pagarla **dentro de los siguientes cinco días hábiles**.

Si su reclamación es a consecuencia de una catástrofe relacionada al mal tiempo u otro desastre grande de la naturaleza, según lo definido por TDI, los marcos de tiempo para el proceso de estas reclamaciones son extendidos a 15 días adicionales.

27. SU DERECHO A ESCOGER EL TALLER Y LAS REFACCIONES. Usted tiene derecho a escoger el taller y las refacciones para reparar su vehículo. Una compañía de seguros no puede especificar la marca, tipo, clase, edad, vendedor, proveedor, o la condición de las refacciones o productos usados para reparar su automóvil. La compañía de seguros tiene que darle aviso de los requisitos arriba mencionados de la siguiente manera:

- reclamaciones presentadas por teléfono – aviso por escrito dentro de tres días hábiles o aviso verbal inmediato, seguido por un aviso por escrito dentro de los siguientes 15 días;
- reclamaciones presentadas en persona – aviso inmediato por escrito a la hora que presenta su vehículo a la aseguradora o al ajustador o a otra persona en conexión con la reclamación para la reparación de los daños; o
- reclamaciones presentadas por escrito – aviso por escrito tiene que ser proporcionado dentro de tres días hábiles, a partir de la fecha en que la compañía de seguros recibe el aviso.

28. RECUPERACIÓN DEL DEDUCIBLE. Si otra persona es responsable por los daños a su vehículo y usted, bajo su póliza, presentó una reclamación y pagó el deducible, su compañía de seguros tiene que hacer un esfuerzo razonable y diligente para recuperar, de la otra persona, el deducible que usted pagó, y tiene que hacer esto en el transcurso de los 12 meses a partir de la fecha en que su reclamación es pagada. De no ser así, su compañía debe:

- darle autorización a usted, mínimo 90 días antes del vencimiento del estatuto de

limitaciones (statute of limitations, por su nombre en inglés), para que usted pueda ejercer sus propios trámites de cobro, o reembolsarle el deducible.

29. AVISO DE PAGO DE RECLAMACIÓN POR RESPONSABILIDAD CIVIL. Su compañía de seguros tiene que avisarle si intenta pagar una reclamación de responsabilidad civil a cargo de su póliza. La compañía tiene que avisarle a usted por escrito sobre cualquier ofrecimiento que está haciendo para resolver o liquidar la reclamación en contra suya, y tiene que avisarle a más tardar el décimo día, a partir de la fecha en que se hace el ofrecimiento. La compañía tiene que avisarle por escrito cuando liquida cualquier reclamación en contra suya, y tiene que avisarle a más tardar el treintavo día, a partir de la fecha en que se hace la liquidación.

30. INFORMACIÓN NO REQUERIDA PARA EL PROCESO DE UNA RECLAMACIÓN. Usted tiene derecho a rehusarse a proporcionar a su compañía de seguros información que no está relacionada con su reclamación. Además, usted puede rehusarse a proporcionar sus reportes de declaración de impuestos (federal income tax records, por su nombre en inglés), a menos que su aseguradora obtenga una orden judicial (court order, por su nombre en inglés) o si su reclamación está relacionada con la pérdida de ingresos o debido a un incendio.

Lo que usted debe saber sobre lo que está prohibido en cuestión de discriminación

31. SECTORES PROTEGIDOS. Una compañía de seguros no puede discriminar en contra suya al rehusarse a asegurarlo, limitarle la cantidad, grado o clase de cobertura a disposición suya; tampoco puede cobrarle un precio diferente por la misma cobertura o rehusarse a renovarle la póliza debido a:

- su raza, color, religión, u origen nacional; o
- su edad, sexo, estado civil, ubicación geográfica, incapacidad o incapacidad parcial, a menos que lo justifique con una experiencia de pérdidas reales o anticipadas.

32. GUIAS DE ASEGURAMIENTO. Las guías de aseguramiento no pueden ser injustamente discriminatorias, y tienen que estar basadas en principios sólidos de actuario.

33. IGUALDAD DE TRATO. A menos que se base en principios sólidos de actuario, la compañía de seguros no puede tratarlo de manera diferente a como trata a otros individuos de su misma clase y que esencialmente presentan el mismo riesgo. Si sostiene pérdidas económicas como resultado de este tipo de discriminación, usted tiene derecho a demandar a la compañía de seguros en una Corte de Distrito del Condado de Travis.

Si el veredicto es a su favor, usted podría recuperar sus pérdidas económicas, los costos de la corte, los honorarios de su abogado y de los testigos peritos necesarios. Si la corte determina que la compañía de seguros intencionadamente infraccionó sus derechos, también podría otorgar a cada reclamante una cantidad de hasta \$25,000.

La demanda tendría que presentarla a más tardar para el segundo aniversario de la fecha en que la aseguradora le negó el seguro o cuando la acción injusta ocurrió o en la fecha en que usted razonablemente debió haber descubierto que la acción injusta ocurrió. Si la corte determina que la demanda no tiene fundamento y que usted la presentó de mala fe, o que la presentó con propósitos de acoso, usted estará obligado a pagar los costos de la corte y los honorarios del abogado de la compañía de seguros.

Lo que usted debe saber sobre cómo usan el historial de crédito las compañías de seguros

34. LA ASEGURADORA ESTA OBLIGADA A AVISARLE. Si una compañía de seguros utiliza el historial de crédito para hacer decisiones de aseguramiento o clasificación de póliza, la compañía está obligada a darle una declaración de divulgación del uso del historial de crédito dentro de los 10 días a partir de la fecha en que usted completó la solicitud de seguro. Esa declaración revelará si la aseguradora obtendrá y utilizará su información de crédito, y enumerará sus derechos legales específicos, incluyendo:

- el historial de crédito que las compañías de seguros no pueden usar en contra suya;
- cómo es que usted puede conseguir que se le hagan excepciones razonables que su aseguradora está obligada a hacer cuando usa el historial de crédito si ciertas circunstancias de la vida afectan negativamente el historial de crédito, por ejemplo: un divorcio, fallecimiento de un familiar cercano o robo de identidad;
- el aviso* que una aseguradora tiene que enviarle cuando hace una decisión basada en su información de crédito que negativamente afecta su habilidad para obtener o mantener el seguro o requiere que usted pague una prima más alta; y
- cómo puede usted disputar el historial de crédito y requerir que la aseguradora reclassifique su póliza si el precio fue aumentado debido a información de crédito incorrecta o no verificable.

* El aviso tiene que incluir una descripción de hasta cuatro factores primarios que influenciaron la decisión de la aseguradora. Los términos generalizados, tal como "mala calificación de crédito" (poor credit rating, por su nombre en inglés), no son suficientes.

Las aseguradoras tienen que usar el formulario de Declaración de Divulgación del Uso de Información de Crédito (CD-1), el cual fue adoptado por el Comisionado o un formulario equivalente que antes de usar hayan registrado en TDI. El formulario CD-1 se encuentra disponible en nuestro sitio Web en www.tdi.texas.gov/forms/pcpersonal/pc328crdtds.pdf o puede pedirlo llamando al 1-800-252-3439. En nuestro sitio Web www.tdi.texas.gov/credit/credit.html, usted encontrará información adicional sobre el uso que hacen las aseguradoras del historial de crédito.

Lo que usted debe saber para ejercer sus derechos

35. PRESENTACIÓN DE QUEJAS. Usted tiene derecho a presentar una queja ante TDI sobre cualquier compañía de seguros y/o asunto de seguros y recibir una pronta investigación y respuesta a su queja. Para hacer esto, usted debe:

- llamar a la **Línea de Ayuda al Consumidor** de TDI (TDI's Consumer Help Line, por su nombre en inglés), al 1-800-252-3439, y en Austin al 512-463-6515, para obtener servicio en inglés y en español;
- escribir a la siguiente dirección, Texas Department of Insurance, Consumer Protection, (111-1A), P. O. Box 149091, Austin, TX 78714-9091;
- enviar un correo electrónico a TDI a ConsumerProtection@tdi.state.tx.us;
- enviar su queja por fax al 512-475-1771;
- descargar o completar el formulario de queja en nuestro sitio Web en www.tdi.texas.gov; o
- llamar a nuestra **Línea para Pedidos de Publicaciones /Formulario de Queja** (TDI Publications/Complaint Form Order Line, por su nombre en inglés) al 1-800-599-SHOP (7467), y en Austin al 512-305-7211. La línea de pedidos de publicaciones está disponible las 24 horas del día, siete días a la semana.

AVISO: TDI ofrece servicios de intérprete y publicaciones en diferentes formatos. Las personas que necesitan información en diferentes formatos o idiomas pueden llamar a la **Línea de Ayuda al Consumidor de TDI** que se muestra en la parte de arriba.

36. DERECHO A DEMANDAR. Si alguna compañía de seguros infracciona sus derechos, usted puede demandar a la compañía en una corte, incluso en una corte para demandas pequeñas, con o sin abogado.

37. QUIEN TIENE LA OBLIGACIÓN DE PRESENTAR LAS PRUEBAS. Si usted demanda para recuperar bajo su póliza de seguro, la compañía de seguros es la que está obligada a presentar las pruebas del motivo por el que dice que ejerció la exclusión, excepción o evasión de cobertura.

PACIFIC SPECIALTY INSURANCE COMPANY
TEXAS MOTORCYCLE ENDORSEMENTS

38. SOLICITUD PARA REGLAMENTOS NUEVOS. Usted tiene derecho a pedir por escrito que TDI establezca o cambie reglamentos, respecto a cualquier cuestión de seguros de automóvil que a usted le interese. Envíe su petición por escrito a: Texas Department of Insurance, Attn: Commissioner (113-2A), P. O. Box 149104, Austin, TX 78714-9104.

TEXAS NOTICE

IMPORTANT NOTICE

To obtain information or make a complaint:

You may contact your Agent.

You may call Pacific Specialty Insurance Company's toll-free telephone number below for information or to make a complaint:

1-800-303-5000

You may also write Pacific Specialty Insurance Company at the administrative address below:

P.O. Box 40
Anaheim, CA 92815
Email: PSIC@mcgrawgroup.com

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, Texas 78714-9104
FAX: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
Email: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent or the Company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Pueda comunicarse con su Agente.

Usted puede llamar al numero de telephone gratis de Pacific Specialty Insurance Company para informacion o para someter una queja al:

1-800-303-5000

Usted tambien puede escribir a Pacific Specialty:

P.O. Box 40
Anaheim, CA 92815
Email: PSIC@mcgrawgroup.com

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companies, coberturas, derochos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, Texas 78714-9104
FAX: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
Email: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente o la Comania primero. Si no se resuelve la disputa, puede entonces comunicarse con el Departamento de Seguros de Texas.

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del document adj unto.