



BUSINESS AUTOMOBILE PROVISIONS

AGREEMENT

We agree to provide to provide *business automobile* property and liability insurance and other related coverages described in this policy during the policy period in return for payment of the required premium when due. This agreement is subject to all of the *terms* of this policy. The *Business Automobile* policy consists of this agreement and any endorsements made part it, including any required state endorsement(s).

Endorsements attached to this policy may require a premium charge for increased or added coverages. In the event that *you* opted for an increased deductible or where certain exclusionary or limiting endorsements are added to *your* policy, *you* may receive a reduction in premium.

It is important that *you* read each part of this policy carefully to understand the coverage provided, *your* duties and obligations and *our* duties and obligations under the policy. Each coverage is subject to all of the *terms* relating to that coverage including the *terms* applicable to the entire policy. **Each coverage described in this policy applies only if so noted and a limit of liability is shown on the Declarations or Supplemental Declarations for that coverage.**

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COVERED AUTOMOBILES

The Declarations or Supplemental Declarations shows the *automobiles* which qualify as covered *automobiles* for each of the coverages *you* elected. The following numerical symbols describe the *automobiles* that may qualify as covered *automobiles*. The symbols shown next to a coverage on the Declarations or Supplemental Declarations designate the only *automobiles* that qualify as covered *automobiles*.

Description of Covered *Automobile* Designation Symbols.

Symbol Description.

1. ANY *AUTOMOBILE*.
2. OWNED *AUTOMOBILES* ONLY. Only those *automobiles* that *you* own (and for liability coverage any *trailers* *you* don't own, while attached to power units *you* own). This includes those *automobiles* *you* acquire ownership of after the policy begins.
3. OWNED PRIVATE PASSENGER *AUTOMOBILES* ONLY. Only the private passenger *automobiles* *you* own. This includes those private passenger *automobiles* *you* acquire ownership of after the policy begins.
4. OWNED *AUTOMOBILES* OTHER THAN THOSE PRIVATE PASSENGER *AUTOMOBILES* ONLY. Only those *automobiles* *you* own that are not of the private passenger type (and for liability coverage for any *trailers* that *you* don't own, while attached to power units *you* do own). This includes those *automobiles* not of the private passenger type *you* acquire ownership of after the policy begins.
5. OWNED *AUTOMOBILES* SUBJECT TO NO-FAULT. Only those *automobiles* *you* own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those *automobiles* *you* acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged.
6. OWNED *AUTOMOBILES* SUBJECT TO COMPULSORY UNINSURED MOTORIST LAW. Only those *automobiles* *you* own that because of the law in the state where they are licensed or principally

garaged are required to have and cannot reject Uninsured Motorist Coverage. This includes those *automobiles you* acquire ownership of after the policy begins provided they are subject to the same uninsured motorists requirements.

7. SPECIFICALLY DESCRIBED *AUTOMOBILES* ONLY. Only those *automobiles* described on the Declarations or Supplemental Declarations as is noted and for which a premium charge is shown (and for Liability Coverage for any *trailers you* don't own while attached to any to any power unit described on the Declarations or Supplemental Declarations).
8. HIRED *AUTOMOBILES* ONLY. Only those *automobiles you* lease, hire, rent or borrow. This does not include any *automobile you* lease, hire, rent or borrow from any of *your* employees(including leased employees), partners or members of their households.
9. NONOWNED *AUTOMOBILES* ONLY. Only those *automobiles you* do not own, lease, hire, rent or borrow that are used in connection with *your business*. This includes *automobiles* owned by *your* employees(including leased employees), partners or members of their households but only while used in *your business* or *your* personal pursuits.

Owned Automobiles You Acquire After the Policy Begins.

1. If symbols 1, 2, 3, 4, 5, or 6 are entered next to the appropriate coverage on the Declarations or Supplemental Declarations, then *we* provide coverage for the *automobiles* of this type that *you* acquire during the remainder of the policy period.
2. If symbol 7 is entered next to the appropriate coverage on the Declarations or Supplemental Declarations, an *automobile* that *you* acquire will be a covered automobile for the remainder of the policy period, but only if:
 - a. *We* already cover all *automobiles* that *you* own for that coverage and the acquired *automobile* replaces a previously owned *automobile* that *we* covered; and
 - b. *You* advise *us* within 30 days of the acquisition that *you* want *us* to cover it for that coverage.

Certain Trailers, Mobile Equipment And Temporary Substitute Automobiles.

1. If liability coverage is so noted and shown on the Declarations or Supplemental Declarations, the following types of vehicles are also covered *automobiles* for liability coverage:
 - a. *Trailers* with a load capacity of 2,000 pounds or less, designed primarily for travel on public roads;
 - b. Mobile equipment while being carried on or towed by a covered *automobile*; or
 - c. Any *automobile you* do not own while being used with permission of its owner as a temporary substitute *automobile* in place of a covered *automobile you* own that is out of service because of breakdown, repair, servicing or its damage or destruction.

DEFINITIONS

We define certain words which appear throughout the policy text in bold/italic type. They do not necessarily imply that coverage is provided under *your* policy. These definitions are intended to help *you* to understand the coverage which is described elsewhere in the policy.

1. The words *you* and *your* refer to the person or entity named in the Declarations and the words *we*, *us*, or *our* refer to the insurance company named on the Declarations.
2. *Accident* means an unintended and unforeseen injurious occurrence. It includes continuous or repeated exposure to substantially similar conditions, which result in *bodily injury* and/or *property damage* neither expected nor intended from the standpoint of the *insured*.
3. *Automobile* means a land based motor vehicle, trailer or semi-trailer designed for travel on public roads, including any machinery or apparatus attached to the *automobile*. *Automobile* does not include *mobile equipment*.
4. *Bodily Injury/personal injury* means bodily harm, bodily sickness or bodily disease to a person including required care, loss of services and death resulting therefrom.
5. *Business* means a trade, profession or other occupation including farming, all whether full or part time.
6. *Coverage Territory* except as otherwise noted, the coverage territory means the United States of America, including its territories and possessions, Puerto Rico and Canada.
7. *Covered Pollution Cost* means costs from any request, obligation, claim or *suit* by or on behalf of any governmental body requiring the *insured* or others to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or to otherwise remediate the effects of *pollution* or pollutants.
8. *Insured* means the person or entity named as an *insured* on the Declarations. Each *insured* so listed is a separate *insured* under this policy, but this does not increase *our* limits of liability under this policy.

9. **Insured Contract** means:

- a. a lease of premises;
- b. an easement agreement, except in connection with construction or demolition operations on or adjacent to a railroad;
- c. an undertaking to insure a municipality against a loss, required by municipal ordinance, except in connection with work for the municipality;
- d. a sidetrack agreement;
- e. an easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
- f. that part of any other contract or agreement pertaining to **your business** under which **you** assume the tort liability of another to pay damages because of **bodily injury** and/or **property damage** to a third person or organization, if the contract or agreement is made prior to the **bodily injury** and/or **property damage**. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

An **insured contract** excludes any part of any contract or agreement:

- 1) with respect to the rental, loan or lease of an **automobile** to **you** or **your** employee(s); if that **automobile** is rented, borrowed or leased with a driver. However, those parts of a contract that **you** enter into on behalf of **your** business with respect to such rental or lease of an **automobile** to **you** or **your** employee(s), qualifies as an **insured contract**, excepting those parts obliging **you** or **your** employee(s) to pay for **property damage** to any such rented or leased **automobile**.
 - 2) that holds harmless any person or entity engaged in the **business** of transporting property by **automobile** over a route or territory which the transporter is authorized by public authority to serve.
10. **Loss** means **bodily injury** and/or **property damage** including the unintended decline in the value of covered property resulting from direct accidental **loss** or damage.
11. **Mobile Equipment** means any of the following types of land vehicles, including any attached machinery or equipment:
- a. bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. vehicles maintained for use solely on or next to premises **you** own or rent;
 - c. vehicles that travel on crawler treads;
 - d. vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - 1) power cranes, shovels, loaders, diggers or drills; or
 - 2) road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - 1) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - 2) cherry pickers and similar devices used to raise or lower workers;
 - f. vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self propelled vehicles with the following types of permanently attached equipment are not **mobile equipment** but will be considered **automobiles**:

- a. equipment designed primarily for:
 - 1) snow removal;
 - 2) road maintenance, but not construction or resurfacing; or
 - 3) street cleaning.
 - b. cherry pickers and similar devices mounted on an **automobile** or truck chassis and used to raise or lower workers; and
 - c. air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
12. **Pollution** means **bodily injury** and/or **property damage** arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants; including:
- a. any cost from the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants that:
 - 1) are being transported, towed, handled or moved to or from the covered **automobile**;
 - 2) are otherwise in the course of transit by or on behalf of the **insured**; or
 - 3) are being stored, disposed of, treated or processed in or on the covered **automobile**.
 - b. any cost before the pollutants are moved from the place where they are accepted by the **insured** for movement in or upon the covered **automobile**; or

- c. any cost after the pollutants are removed from the covered *automobile* to the place where they are finally delivered, disposed of or abandoned by the *insured*.

Part a. of the paragraph above does not apply to fuels, lubricants, fluids, emissions or similar pollutants that are consumed in or produced by the normal functioning of the covered *automobile* or its parts, if:

- 1) the pollutants escape or are discharged, dispersed or released directly from an *automobile* part designed by its manufacturer to hold, store, receive or dispose of such pollutants; and
- 2) the *bodily injury, property damage* or *covered pollution costs* do not arise out of the use or operation of any equipment or vehicles listed in the definition of *mobile equipment*.

Parts b. and c. of the first paragraph of the *pollution* definition do not apply to *accidents* occurring away from the premises owned by or rented to an *insured* with respect to pollutants not in or upon a covered *automobile* if:

- a. the pollutants, or any property containing them, are upset, overturned or damaged as a result of the maintenance or use of the covered *automobile*; and
- b. the discharge, dispersal, release or escape of the pollutants is caused directly by such upset, overturn or damage.

For the purpose of this provision, pollutant means any solid, liquid, gaseous, or thermal irritant or contaminant, or any electrical, magnetic or sound emissions. Pollutants include smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

13. *Property Damage* means injury to or destruction of tangible property including *loss* of its use. *Loss* of use of tangible property that is not physically injured shall be deemed to occur at the time of the occurrence that caused it.
14. *Suit* means a civil proceeding in which damages because of *bodily injury* and/or *property damage* to which this insurance applies are alleged. *Suit* includes an arbitration proceeding or other means of adjudication alleging such damages to which *you* must submit or submit with *our* consent.
15. *Terms* means the provisions, limitations, exclusions, definitions and conditions comprising *your* policy.
16. *Trailer* means a highway or industrial vehicle designed to be hauled. *Trailer* includes semitrailers.

PRINCIPAL COVERAGES

LIABILITY COVERAGE

We pay, up to *our* limit of liability shown, all sums for which the *insured* is legally obligated to pay as damages because of *bodily injury* and/or *property damage* including *covered pollutant cost* resulting therefrom, caused by an *accident* resulting from the ownership, maintenance or use of a covered *business automobile* to which this coverage applies. Coverage applies only to *accidents* occurring within the *coverage territory* and within the policy period.

We assume no other obligations or liability to pay sums or to perform acts or services unless the coverage is specifically provided for in the Supplementary Payments. *We* shall have the right and duty to defend (with counsel of *our* choice) any *suit* seeking damages, even if any of the allegations of the *suit* are groundless, false or fraudulent, provided the *suit* resulted from *bodily injury, property damage* or *covered pollution cost* not excluded under this coverage. *We* may make any investigation and settle any claim or *suit* that *we* decide is appropriate. *We* are not obligated to provide a defense after *we* have paid, either by judgment or settlement, an amount equal to *our* limit of liability.

We will take these steps in the orderly transfer of duties when the limit of liability is exhausted

1. When *we* have paid an amount equal to the limits of liability shown, *we* will notify the first named *insured* in writing, as soon as practicable, that the applicable limit of liability has been exhausted. The notice will confirm that *our* duty to defend *suits* has terminated.
2. *We* will initiate and cooperate in the orderly transfer of control to any appropriate *insured*. *We* will take such steps as *we* deem appropriate to continue the defense of such *suits* until the transfer to a cooperating *insured* is complete. *We* will not defend any other *suits* subject to those limits of liability which have been exhausted.
3. The *insured* must take control of the *suit*, at their expense, within the agreed upon time or as soon as practicable in the absence of any agreement.
4. The first named *insured* is obliged to reimburse *our* expenses incurred in continuing the defense during the transition period referred to in 2. above. Reimbursement will be payable for all expenses *we* incur after providing the written notice referred to in 1. above.
5. The exhaustion of *our* limit of liability by payment of judgments or settlements, and the resulting termination of *our* duty to defend, will not be waived by *our* failure to comply with any of the provisions of 1. through 4. above.

WHO QUALIFIES AS AN *INSURED*

With respect to Liability Coverage, the following are *insureds*:

1. *you* qualify as *insured* for any covered *automobile*;
2. any other person using, with *your* permission, a covered *automobile* *you* own, rent or borrow; excepting:
 - a. the owner or any one else from whom *you* rent or borrow the covered *automobile*. However, this provision does not apply if the covered *automobile* is a *trailer* connected to a covered *automobile* that *you* own.
 - b. *your* employee(s) (including leased employees) if the covered *automobile* is owned by that employee or a member of his/her household.
 - c. anyone using the *automobile* while he/she is employed in the *business* of selling, storing, servicing, repairing or parking *automobiles* unless that *business* is *yours*.
 - d. anyone other than *your* employee(s) (including leased employees), partners, a lessee or borrower, or any of their employees, while moving property to or from a covered *automobile*.
 - e. any partner(s) of *yours* with respect to a covered *automobile* owned by him/her or a member of his/her household.
3. Any one else who may be liable for the conduct of an *insured* but only to the extent of such liability if not otherwise excluded in part 2. above.
4. Rights and duties of first named *insureds*:
 - a. The first named *insured* shown on the Declarations may cancel this policy at any time by giving *us* the appropriate notice.
 - b. *We* can effect cancellation by mailing or delivering the appropriate notice to the first named *insured* at the last address shown on the policy.
 - c. The cancellation will take effect at the date and time shown on the notice and proof of mailing shall be proof of notice.
 - d. The first named *insured* is responsible for payment of all premiums and will be the payee on any refunds made by *us*.
 - e. The first named *insured* acts on behalf of all *insureds* in requesting policy changes. Changes will be made only by written endorsement issued by *us* and made part of *your* policy.
 - f. In the event of death of the *insured*, *your* rights and duties transfer to *your* representative but only while such person is acting within the scope of their duties as *your* legal representative. Anyone having rightful custody of *your* property upon *your* death, shall have *your* rights and duties with respect to that property.

SUPPLEMENTARY PAYMENTS

This policy provides the following Supplementary Payments. These incidental coverages are subject to the *terms* of the Principal Coverages. These Supplementary Payments do not increase the limit of liability stated for the Principal Coverages except: Claims and Defense Expense Coverage and Out of State Conformity items.

1. **Claims and Defense Expense Coverage**-*we* pay the following expenses incurred in connection with a *suit* defended by *us* under the *bodily injury, property damage* or *covered pollution cost* liability coverage:
 - a. costs taxed to the *insured*;
 - b. expenses incurred by *us*;
 - c. actual loss of earnings by an *insured*, up to \$100 per day, for time spent away from work at *our* request;
 - d. other necessary expenses incurred at *our* request;
 - e. pre-judgment interest awarded against the *insured* on that part of the judgment that *we* pay. If *we* make an offer to pay the applicable limit of insurance, *we* will not pay any pre-judgment interest based on that period of time after the offer;
 - f. interest accruing after entry of a judgment but ending when *we* tender or pay up to the applicable limit of liability;
 - g. premiums on bonds to release attachments on any *suit* *we* defend up to *our* limit of liability (*we* are not required to apply for or furnish any bonds); and
 - h. premiums up to \$250 per bail bond required of any *insured* because of a covered *accident* or traffic law violation arising out of the use of any vehicle to which this policy applies. (*We* are not required to apply for or furnish any bonds).
2. **First Aid Coverage**-*we* pay the expenses incurred for immediate and necessary first aid to others rendered at the scene of an accident for *bodily injury* to which this policy applies.
3. **Out of State Conformity**-subject to an additional premium charge, these provisions are applicable:
 - a. when a covered *automobile* is away from the state where it is licensed or principally garaged, the limits of liability will be adjusted to conform to the minimum statutory requirements of the jurisdiction where the covered *automobile* is located, provided it is within the *coverage territory*.

- 1) this extension does not apply to limits of liability specified by laws governing motor carrier commerce.
- b. when a covered *automobile* is away from the state where it is licensed or principally garaged, the available coverages will be conformed to the minimum statutory requirements for out of state vehicles in the jurisdiction where the covered *automobile* is located, provided it is within the coverage territory.

However, *we* will not pay more than one time for the same *loss*.

EXCLUSIONS

Exclusions that apply to *Bodily Injury* and/or *Property Damage*:

We do not pay for loss resulting directly or indirectly from the following exclusions, unless specific coverage is added to *your* policy. The most that *we* pay for all damages from any one *accident* is the applicable limit of liability shown on the Declarations or Supplemental Declarations. The limit of liability applies without regard to the number of covered *automobiles*, *insureds*, claims made or vehicles involved in any *accident*.

WITH RESPECT TO LIABILITY COVERAGE, WE DO NOT PAY FOR:

1. *bodily injury* and/or *property damage* expected or intended from the standpoint of the *insured*;
2. liability assumed by the *insured* under any contract or agreement except an *insured contract*;
3. *bodily injury* and/or *property damage* arising out of the ownership, maintenance, operation, use, entrusting, loading or unloading of any *automobile* while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity;
4. *bodily injury* and/or *property damage* included within the *pollution* definition. Nor do *we* pay for any loss, cost or expense arising out of any governmental direction or request that an *insured* test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or otherwise remediate the effects of *pollution* or pollutants.
5. *bodily injury* and/or *property damage* due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion, revolution or similar war like acts;
6. any obligation for which the *insured* or any carrier as his/her insurer may be held liable under any worker's compensation, unemployment compensation or disability benefits law, or under any similar law;
7. *bodily injury* sustained by:
 - a. any employee of the *insured* (including leased employees) arising out of and in the course of his/her employment by the *insured* for which the *insured* may be liable as an employer or in any other capacity; or
 - b. the spouse, child, parent, brother, or sister of an employee of the *insured* as a consequence of *bodily injury* to such employee (including leased employees) arising out of and in the course of his/her employment by the *insured* or to any obligation of the *insured* to indemnify or contribute with another because of damages arising out of such injury.

This exclusion applies to all claims and *suits* by any person or organization for damages because of such injury, including damages for care and loss of services.

This exclusion DOES NOT APPLY:

- a. to liability assumed by the *insured* under an *insured contract*; and
 - b. to *bodily injury* to domestic employee(s) (including leased employees) who do not qualify for workers' compensation benefits.
8. property damage to:
- a. property *you* own, or transport; or
 - b. property in *your* care, custody or control.

This exclusion does not apply to liability assumed under a sidetrack agreement.

9. *bodily injury* and/or *property damage* resulting from:
- a. the handling of property:
 - 1) before it is moved from where it is accepted by *you* for movement onto or into the covered *automobile*; or
 - 2) after it is moved from the covered *automobile* to the point of final delivery to *you*.
 - b. the operation of any equipment shown in 1) and 2) below:
 - 1) cherry pickers and similar devices mounted on an *automobile* or truck chassis and used to raise or lower workers; and
 - 2) air compressors, pumps and generators; including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
10. *bodily injury* and/or *property damage* resulting from the placement of property with a mechanical device (other than a hand cart) unless that mechanical device is attached to the covered *automobile*.
11. *bodily injury* and/or *property damage* resulting from *your* completed operations:

Completed operations means **bodily injury** and/or **property damage** arising out of **your** work after that work has been completed or abandoned. **Your** work also includes warranties or representations made with respect to the fitness, quality, durability or performance of work or operations. Operations refers to work or operations performed by **you** or on **your** behalf and it includes materials and equipment furnished in connection with that work or those operations.

Your work is deemed completed at the earliest of the following times:

- a. when all work specified in **your** contract has been done;
- b. when all work to be done at a job site has been completed if **your** contract includes work at more than one site; or
- c. when **your** work at a job site has been put to its intended use by someone other than another contractor or subcontractor working on the same job site.

Work which requires further service, maintenance, correction, repair or replacement because of defect or deficiency, but which is otherwise complete, shall be deemed completed.

12. **bodily injury** sustained by any of **your** fellow employees (including leased employees) arising out of and in the course of the fellow employee's employment.
13. **bodily injury** and/or **property damage** caused by a criminal act committed by or at the direction of any **insured**, any fines or penalties rising from such acts or any punitive or exemplary damages levied at any time in connection with any award of damages.

PHYSICAL DAMAGE COVERAGE

If physical damage coverage(s) are so noted and an amount of insurance or actual cash value entry is shown on the Declarations or Supplemental Declarations, **we** will pay the covered **loss** or damage to a covered **automobile**, and its equipment, subject to all of the **terms** of this policy. In order to be covered, the **loss** or damage must occur within the **coverage territory** and within the coverage period. The applicable deductible will be applied to each covered **loss** to each covered **automobile** and each loss recovery may be reduced accordingly. However, the deductible shall not apply to comprehensive losses caused directly by fire or lightning.

1. **Comprehensive Coverage** (other than collision)-**we** will pay for **loss** or damage to the covered **automobile** and its equipment caused by any cause of **loss** except that which is:
 - a. caused by the collision, upset or overturn of the covered **automobile**; or
 - b. caused by causes of **loss** excluded or limited by this policy.
2. **Specified Causes of Loss**-means direct loss caused by:
 - a. fire, lightning or explosion;
 - b. theft;
 - c. windstorm, hail or earthquake;
 - d. flood;
 - e. vandalism; and
 - f. sinking, burning, collision or derailment of any conveyance transporting the covered motor vehicle.
3. **Collision Coverage**-**we** will pay for **loss** or damage to the covered **automobile** and its equipment caused by:
 - a. the collision of the covered **automobile** with another object; or
 - b. the upset or overturn of the covered **automobile**.
4. **Towing**-**we** pay up to the limit shown on the Declarations or Supplemental Declarations for towing and labor costs that **you** incur each time that a covered **automobile** of the private passenger type is disabled. However, **we** pay only the reasonable cost of labor performed at the place of disablement.
5. **Glass Breakage, Falling Objects and Impact with Animal**-if comprehensive coverage applies to the damaged **automobile**, **we** will adjust the following covered losses under the **terms** pertaining to comprehensive coverage:
 - a. glass breakage;
 - b. **loss** caused by falling objects or missiles; and
 - c. **loss** caused by impact with a bird or animal.

At **your** option, **you** may have the glass breakage adjusted as a part of a concurrent collision **loss**.

6. **Coverage Extension**-**we** pay up to \$15 per day, to a maximum of \$450, for transportation expenses **you** incur because of the total theft **loss** of a covered **automobile**. The covered **automobile** must be of the private passenger type and it must be insured for comprehensive coverage. **We** pay transportation expenses that **you** incur beginning 48 hours after the theft and ending when the covered **automobile** is returned to use or **we** pay for its **loss**.

Additional Exclusions-these exclusions apply to the physical damage coverage options stated above.

1. Unless otherwise covered, **we** do not pay for any **loss** to the following property:
 - a. tape decks or other sound reproducing equipment that are not permanently installed in a covered **automobile**;

- b. tapes, records, discs or other media designed for use with sound reproducing equipment;
 - c. sound receiving equipment, including but not limited to, citizen band radios, two-way mobile radios, scanners and telephones, including their antennas, lead-in wiring and accessories, unless such sound receiving equipment has been permanently installed in the dash or console area usually reserved for installation of a radio; and
 - d. equipment designed to detect the presence of radar.
2. Unless concomitant with other covered **loss**, **we** do not pay for **loss** caused by the following:
- a. wear, tear, freezing, mechanical or electrical breakdown; or
 - b. damage to tires and tubes caused by blow outs, punctures or other road hazards.

HOW MUCH WE PAY FOR LOSS OR CLAIM

Unless otherwise specified, losses are settled on the basis of actual cash value including deduction for depreciation, however caused.

1. At **our** option, **we** may adjust covered losses:
 - a. by paying the amount of **loss** or the applicable limit of liability in cash;
 - b. by repairing or replacing any or all of the covered damage with materials of like kind and quality; or
 - c. by taking any or all of the property at the agreed or appraised value. Any property paid for or replaced shall become **our** property.
2. If stolen property is recovered, **we** may return it to **you**. **We** will pay the reasonable costs of recovery and damages incurred during the theft.
3. **We** may settle covered losses with **you** and with any **loss** payee designated in the policy.
4. **We** may settle covered losses with the owner of the property. Payment to the owner also discharges **our** obligation to **you** as to this property.

WHAT YOU MUST DO IN CASE OF LOSS

1. **Notice.**
 - a. In case of an accident or if **you** become aware of anything that indicates there might be a claim under this policy, **you** must give **us** or **our** agent notice (in writing, if requested) as soon as practicable;
 - b. The notice to **us** must state:
 - 1) **your** name, the type of policy, policy number and the time, place and circumstances of the **accident**; and
 - 2) names and addresses of any potential claimants and witnesses.
2. **Cooperation**-**you** must cooperate with **us** in performing all acts required by this policy.
3. **Volunteer Payments**-**you** must not, except at **your** own cost, voluntarily make any payments, assume any obligations, or incur any other expenses except first aid to others at the time of **bodily injury**.
4. **Additional Duties Bodily Injury and/or Property Damage Coverages**-in the event of an **accident** which might result in a claim for **bodily injury** and/or **property damage** liability under this policy, **you** or any other **insured** involved must also do the following:
 - a. promptly forward to **us** copies of all notices, demands, or legal papers received in connection with the **accident**;
 - b. at **our** request, assist in:
 - 1) making settlements;
 - 2) the conduct of suits including attending trials and hearings;
 - 3) enforcing any right of contribution or indemnification against any party who may be liable to any **insured** for the injury or damage;
 - 4) securing and giving evidence; and
 - 5) obtaining the attendance of witnesses.
 - c. at **our** request:
 - 1) authorize **us** to obtain medical and earnings records or other necessary information; and
 - 2) submit to examination(s) by a physician of **our** choice, at **our** expense, as often as **we** may reasonably request.

BUSINESS AUTOMOBILE CONDITIONS

In addition to policy **terms** contained in other sections of this policy, the following conditions also apply:

1. **Assignment**-assignment of this policy is not valid without **our** written consent.
2. **Appraisal**-if **you** and **we** cannot agree on the amount of **loss** or damage, either may demand an appraisal. Each party will select a competent appraiser and the appraisers shall select a competent, disinterested umpire. The appraisers will separately state the actual cash value and amount of **loss**. If they do not agree, the differences only

will be submitted to the umpire. The decision of any two is binding. Each party pays the cost of its appraiser and they jointly share the other costs of the appraisal and those of the umpire. Submission to appraisal is not an admission of liability or a waiver of any rights by *us*.

3. **Change, Modification, or Waiver of Policy Terms**-a waiver or change of any *terms* of this policy must be issued by *us* in writing to be valid.
4. **Conformity with Statute-terms** of this policy, in conflict with the statutes of the state where the *automobile* described in the Declarations is located, are amended to conform to such statutes.
5. **Misrepresentation, Concealment or Fraud**-there is no coverage if, whether before or after a loss;
 - a. an *insured* has willfully concealed or misrepresented:
 - 1) any material fact or circumstance concerning this insurance; or
 - 2) an *insured's* interest.
 - b. if there has been fraud or false swearing by an *insured* regarding any matter relating to this insurance or the subject.
6. **Inspection and Audit**-*we* are permitted but not obligated to inspect *your* property and operations. *Our* inspection or any resulting advice or report does not warrant that *your* property or operations are safe or healthful or are in compliance with any law, rule or regulation.

We may examine and audit the *named insured's* books and records at any time during the policy period and extensions of the policy period and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

These conditions apply:

 - a. an audit to determine final premium under which the initial premium is based on an estimate of the *insured's* exposure base shall be conducted within one hundred eighty (180) days after expiration of *your* policy.
 - b. *we* shall, as soon as practicable following an audit, refund or credit *your* account for any return premium due or bill *you* and make a good faith effort to collect any additional premium due *us* as a result of the audit.
 - c. *your* failure to cooperate in the conduct of the audit shall be grounds for termination of this policy in accordance with the provisions of the Insurance Law.
7. **Refunds/Conditional Reinstatement.**
 - a. *We* refund premium for the unexpired policy period on a pro-rata basis. Any unearned premium amounts under \$5.00 will be refunded only on *your* request.
 - b. Payment or tender of unearned premium is not a condition of cancellation. If the unearned premium is not refunded with the cancellation notice, it will be sent to *you* within a reasonable time.
 - c. If *we* issue a cancellation notice because *you* didn't pay the required premium when due and *you* then tender a check, draft or other remittance which is not honored on presentation, *your* policy will terminate on the date and time shown on the cancellation notice and any notice *we* may issue which waives the cancellation and reinstates the policy is void. This means that *we* will not be liable under this policy for claims or damages after the date and time indicated on the cancellation notice. *We* will give *you* notice of the dishonor of *your* remittance as soon as practicable but this shall not interrupt the cancellation of this policy.
 - d. if the final premium for coverage under this policy is determined at or after the expiration of the policy, any additional premium payable to *us* is due on the date shown on *our* invoice.
8. **Subrogation.**
 - a. If *we* make a payment under this policy, *we* may require that the *insured* assign to *us* his or her right of recovery against any person for the *loss* to the extent of the payment. The *insured* must do everything necessary to make this assignment and secure *our* rights.
 - b. *We* are not liable for any *loss* if an *insured* does anything after the *loss* occurs to impair *our* right to recover
 - c. If *we* pay a *loss* to or on behalf of an *insured* and the *insured* recovers damages from another person for the same *loss*, the *insured* shall hold the amount recovered in trust for *us* and shall reimburse *us*.
9. **Suit Against Us**-no *suit* may be brought against *us* to recover amounts due for *bodily injury* and/or *property damage* liability unless:
 - a. the *terms* of this policy have been fully complied with; and
 - b. the amount of any *insured's* liability has been conclusively fixed:
 - 1) by a final judgement against the *insured* following trial or other means of adjudication; or
 - 2) by written agreement of the *insured*, the claimant and *us*.

No person shall have any right under this policy to join or implead *us* in any action brought to determine an *insured's* liability.
10. **Bankruptcy of an Insured**-bankruptcy or insolvency of any *insured* or his/her estate does not relieve *us* of any of *our* obligations under this policy.

11. **Policy Period**-this policy applies only to *bodily injury* and/or *property damage* which occurs during the policy period. The policy incept at 12:01A.M. standard time on the date of inception and expires at 12:01 A.M. standard time on the date of expiration.
12. **Liberalization Clause**-if *we* change any form attached to *your* policy, *you* will benefit by any coverage that is broadened or extended. There must not be any increased premium charge for this change in form or endorsement. This change must occur during the period that this policy is in force or within 45 days prior to the effective date of coverage.
13. **Premium**-all premiums for this insurance shall be computed in accordance with *our* rules, rates, rating plans, premiums and minimum premiums applicable to the insurance. The premium shown in the Declarations is based on the rates in effect at the time of policy issuance. *We* will recompute that premium on renewal, policy anniversary or policy continuation in accordance with *our* rates and rules in effect at that time.
Premium designated in this policy as "provisional premium" is a deposit premium only which shall be credited to the amount of the earned premium due at the end of the policy period. At the close of each annual period (or part of the period terminating with the end of the policy period), the earned premium shall be computed for such period and, upon notice to the first *named insured*, shall become due and payable. If the total earned premium for the policy period is less than the premium previously paid, *we* shall return to the first *named insured* the excess premium paid by the *named insured*.
The first *named insured* shall maintain records of such information as is necessary for premium computation, and shall send copies of such records to *us* at the end of the policy period and at such times during the policy period as *we* may request.
14. **Other Insurance**-this policy provides primary coverage for any covered *automobile* that *you* own. This policy provides only excess coverage for any covered *automobile* that *you* do not own. However, when a covered *automobile* is a *trailer* attached to a vehicle, the liability coverage of this policy applies as follows:
 - a. it is excess only when the *trailer* is connected to a vehicle *you* do not own;
 - b. it is primary when the *trailer* is connected to a vehicle *you* do own.The liability coverage afforded by this policy is primary for any liability assumed under an *insured contract*.
When this policy form covers on the same basis, whether primary or excess, as another applicable insurance policy, *we* will pay only *our* share of the covered loss. *Our* share is that proportion of the *loss* that *our* limits bear to the total of all applicable limits at risk.
15. **Your Duties At and After a Covered Loss:**
 - a. if there is loss or damage to a covered *automobile*, *you* must:
 - 1) take reasonable action to protect the covered *automobile*, to mitigate the existing damage and to prevent further damage;
 - 2) promptly notify the police if the covered *automobile* suffers *loss* or damage as a result of any criminal act;
 - 3) keep records of expenses incurred in protecting the covered *automobile* and present them for *our* consideration in the disposition of the *loss* and;
 - 4) permit us to inspect and examine the covered *automobile* and any damage estimates before the covered *automobile* is disposed of or repaired.
 - b. *You* and each *insured* involved must agree to be separately examined under oath and each person examined will subscribe their responses attesting to their validity.
16. **No Benefits to Bailees**-Insurance under this policy shall not directly or indirectly benefit any hired carrier or any one else who is paid for assuming custody of covered property.