

DELPHI CASUALTY COMPANY

Des Plaines, IL

PERSONAL AUTOMOBILE INSURANCE POLICY

IMPORTANT

Notify the Company at P.O. Box 5090, Des Plaines, IL 60017
(847) 635-5600, of **EVERY** accident immediately.
Delay in giving notice may jeopardize your rights.

PLEASE READ YOUR POLICY

NOTICE - This policy has been issued in reliance on the information in your Application. If there is incorrect or missing information on the Declaration Page, immediately contact the Company. At any time during the policy or pending claim, **NOTIFY** the Company of any change in address or phone.

DELPHI CASUALTY COMPANY

DES PLAINES, ILLINOIS

(A stock insurance company, herein called the Company)

agrees with the Insured, named in the Declarations made a part hereof, in consideration of the payment of the premium and in reliance upon the statements in the Application and subject to the Declarations and all of the terms of this policy:

PART I - LIABILITY

A - Bodily Injury Liability; B - Property Damage Liability. To pay on behalf of the Insured, but only to the extent of the applicable policy limits, all sums that the Insured shall become legally obligated to pay as damages because of:

- A. bodily injury; or
- B. property damage

arising out of the ownership, maintenance or use of the owned automobile or any non-owned automobile, and the Company shall defend any suit alleging such bodily injury or property damage and seeking damages that are payable under the terms of this policy, even if any of the allegations of the suit are groundless, false or fraudulent; but the Company may make such investigation and settlement of any claim or suit as it deems expedient.

It is understood and agreed that the Company has no obligation to any Insured after applicable limits of the policy have been exhausted by payment; it is further understood and agreed that the Company is not obligated to pay, and shall not pay, attorney fees for any legal or investigative work unless such attorneys are specifically selected by the Company; it is further understood and agreed that the Company is not obligated to pay, and shall not pay, any sum that the Insured may be legally obligated to pay as a result of a lawsuit unless the Company received actual notice of said suit before any judgment had been entered in said suit. It is understood and agreed that the Company has the sole right to settle or defend any suit including, but not limited to the right to accept or reject arbitration awards entered in such suit.

Supplementary Payments. To pay, in addition to the applicable limits of liability:

- a) all expenses incurred by the Company, all costs taxed against the Insured in any such suit and all interest on the entire amount of any judgment therein that accrues after entry of the judgment and before the Company has paid or tendered or deposited in court that part of the judgment that does not exceed the limit of the Company's liability thereon;
- b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy and the cost of bail bonds required of the Insured because of accident or traffic law violation arising out of the use of an automobile insured hereunder, not to exceed \$100 per bail bond, but without any obligation to apply for or furnish any such bonds;
- c) all reasonable expenses, other than loss of earnings, incurred by the Insured at the Company's request.

Persons Insured. The following are insureds under Part 1:

- a) with respect to the owned automobile:
 - (1) the named Insured;
 - (2) any other person using such automobile to whom the named Insured has given permission, provided the use is within the scope of such permission;
- b) with respect to a non-owned automobile:
 - (1) the named Insured, provided the named Insured received the permission of its owner, and the use is within the scope of such permission;
 - (2) a relative, but only with respect to a private passenger automobile, provided the person using such automobile has received the permission of its owner and the use is within the scope of such permission;
- c) any other person or organization legally responsible for the use of:
 - (1) an owned automobile; or
 - (2) a non-owned automobile, if such automobile is not owned or hired by such person or organization, provided the actual use thereof is by a person who is an Insured under (a) or (b) above with respect to such owned automobile or non-owned automobile.

The Insurance afforded under Part 1 applies separately to each Insured against whom claim is made or suit is brought, but neither the inclusion herein of more than one Insured nor the application of the policy to more than one automobile shall operate to increase the limits of liability stated in the Declarations for the liability coverages.

Definitions. Under Part 1:

"named Insured" means the individual named in Item 1 of the Declarations and also includes his or her spouse if a resident of the same household;

"Insured" means a person or organization described under "Persons Insured";

"relative" means a person related to the named Insured by blood, marriage or adoption and who is a resident of the named Insured's household and is either a non-driver or is listed on the application for this insurance as a driver and does not own a private passenger automobile;

"owned automobile" means:

- (a) a private passenger, farm or utility automobile described in this policy;
- (b) a private passenger, farm or utility automobile, ownership of which is acquired by the named Insured during the policy period provided:
 - (1) that the acquired automobile replaces an automobile described in this policy; that neither the named Insured nor any resident of his/her household retains ownership of the described replaced automobile, and that the Insured notified the Company in writing within 30 days after the acquisition of his/her intention to make this policy applicable to such acquired replacement automobile, or
 - (2) that the Company insures all private passenger, farm or utility automobiles owned by the named Insured on the date of such acquisition and the named Insured notifies the Company in writing within 30 days after the date of such acquisition of his/her election to make this and no other policy issued by the Company applicable to such automobile; or
- (c) a temporary substitute automobile;

"temporary substitute automobile" means an automobile not owned by or furnished for the regular use of either the named Insured or any resident of the named Insured's household, while temporarily used as a substitute for the owned automobile when withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;

"non-owned automobile" means an automobile not owned by or furnished for the regular use of either the named Insured or any resident of the named Insured's household. An automobile qualifying as a "temporary substitute automobile" shall be deemed not to be a "non-owned automobile";

"private passenger automobile" means a four wheel private passenger, station wagon or Jeep type automobile;

"farm automobile" means an automobile of the truck type with a load capacity of fifteen hundred pounds or less not used for business or commercial purposes other than farming;

"utility automobile" means an automobile, other than a farm automobile, with a load capacity of fifteen hundred pounds or less of the pick-up body, sedan delivery or panel truck type not used for business or commercial purposes;

"trailer" means a trailer designed for use with a private passenger automobile, if not being used for business or commercial purposes with other than a private passenger, farm or utility automobile, or a farm wagon or farm implement while used with a farm automobile, and if not a home, office, store, display or passenger trailer;

"automobile business" means the business or occupation of selling, repairing, servicing, storing or parking automobiles;

"use" of an automobile includes the loading and unloading thereof;

"war" means war, whether or not declared, civil war, insurrection, rebellion or revolution, or any act or condition incident to any of the foregoing.

Exclusions. This policy does not apply under Part 1:

- (a) to bodily injury or property damage to the named Insured and any relative of the Insured related by blood, marriage or adoption residing in the same household as the Insured. The term "Insured" as used in this exclusion means the person against whom the claim is made or suit is brought. This exclusion shall not apply when a third party acquires the right of contribution against a member of the injured person's family. Nor shall this exclusion apply when any person not residing in the household of the named Insured was driving the vehicle insured under this policy at the time of the accident that is the subject of the claim or lawsuit;
- (b) to any automobile while used as a public or livery conveyance, but this exclusion does not apply to the named Insured with respect to bodily injury or property damage that results from the named Insured's occupancy of a non-owned automobile other than as the operator thereof;

- (d) to bodily injury or property damage arising out of the operation of farm machinery;
- (e) to bodily injury of any employee of the insured arising out of and in the course of employment by the insured if such injury arises out of the ownership, maintenance or use of an owned automobile or of a non-owned automobile;
- (f) to bodily injury to any fellow employee of the insured injured in the course and scope of his/her employment if such injury arises out of the ownership, maintenance or use of an automobile in the business of the insured's employer;
- (g) to an owned automobile while used in the automobile business, but this exclusion does not apply to the named insured, a relative, a partnership in which the named insured or such relative is a partner, or any partner, agent or employee of the named insured, such relative or partnership;
- (h) to a non-owned automobile while used (1) in the automobile business by the insured or (2) in any other business or occupation of the insured except a private passenger automobile operated or occupied by the named insured or by his/her private chauffeur or domestic servant, or a trailer used therewith or with an owned automobile;
- (i) to injury or destruction of (1) property owned or transported by the insured or (2) property rented to or in charge of the insured other than a residence or private garage or (3) property as to which the insured is for any purpose exercising physical control. An automobile used, operated or maintained by an insured is considered property in the charge of that insured;
- (j) to any automobile, farm automobile or utility automobile, or any other type of motor vehicle, rented or leased by the insured where other valid and collectible insurance has been purchased by or furnished to the insured in connection with such rental or lease;
- (k) to bodily injury or property damage with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability;
- (l) to any automobile designed for racing while being tested, repaired or serviced, or to any automobile or motor vehicle while used, operated, manipulated or maintained in any prearranged or organized race or speed test, including "hot rod" or "stock car" racing;
- (m) to bodily injury or property damage due to war, whether or not declared, civil war, riot, insurrection, rebellion or revolution or to any act or condition incidental to any of the foregoing;
- (n) to any automobile while being operated or used in the commission of a crime, other than a traffic violation;
- (o) to the payment of punitive or exemplary damages: "except that if a suit shall have been brought against the insured with respect to a claim for acts or alleged acts falling within the coverage hereof, seeking both compensatory and punitive or exemplary damages, then the Company will afford a defense to such action without liability, however, for such punitive or exemplary damages"; or,
- (p) to any person operating an automobile without a reasonable belief that he or she is entitled to do so.

Financial Responsibility Laws. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, such insurance as is afforded by the policy for bodily injury liability or property damage liability shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law, but in no event in excess of the limits of liability stated in this policy. The insured agrees to reimburse the Company for any payment made by the Company that it would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

Limits of Liability. The limit of Bodily Injury Liability stated in the Declarations as applicable to "each person" is the maximum limit of the Company's liability for all damages, including loss of service, society or consortium, to others resulting from this bodily injury. The limit of Bodily Injury Liability stated in the Declarations as applicable to "each occurrence" is the maximum amount of coverage, subject to the above provision respecting each person, for all bodily injury to two or more persons in the same occurrence. The limits of liability are not increased because more than one person is insured at the time of the accident. The limit of Property Damage Liability stated in the Declarations as applicable to "each occurrence" is the total limit of the Company's liability for all damages arising out of the injury to or destruction of all property of one or more persons or organizations, including the loss of use thereof, as the result of any one occurrence. However, the total limits of the Company's liabilities for all damages, Under Part 1 - Liability, for an insured person, other than the named insured or a relative, shall be up to the limits of the Financial Responsibility Law only.

Other Insurance. If the insured is covered by other insurance or self insurance against a loss covered by Part 1 of this policy the Company shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability stated in the Declarations bears to the total applicable limit of liability of all valid and collectible insurance and self insurance against such loss; provided, however, the insurance under this policy with respect to a temporary substitute automobile or non-owned automobile shall be excess insurance over any valid and collectible insurance or self insurance applicable to such temporary substitute automobile or non-owned automobile.

PART II - UNINSURED MOTORIST COVERAGE

Uninsured Motorist Coverage. To pay all sums that the insured or his/her legal representative shall be legally entitled to recover as damages from the owner or operator of an uninsured motor vehicle because of property damage to a vehicle described in the policy and bodily injury, including death, resulting therefrom, hereinafter called "bodily injury", sustained by the insured, caused by accident and arising out of the ownership, maintenance or use of such uninsured motor vehicle, provided, for the purposes of this coverage, determination of whether the insured or such representative is legally entitled to recover such damages, and if so the amount thereof, shall be made by agreement between the insured or such representative and the Company or, if they fail to agree, by arbitration. There shall be no recovery for Uninsured Motorist Property Damage Coverage unless a specific premium for such coverage has been paid.

No judgment against any person or organization alleged to be legally responsible for the bodily injury or property damage shall be conclusive, as between the insured and the Company, of the issues of liability of such person or organization or of the amount of damages to which the insured is legally entitled unless such judgment is entered pursuant to an action prosecuted by the insured with the written consent of the Company.

Definitions. The definitions under Part I, except the definition of "insured" and where limited or altered under the Limits of Liability of this coverage, apply to Part II and under Part II:

"insured" means:

- (a) the named insured and any relative of the named insured;
- (b) any other person while lawfully occupying an insured automobile; and
- (c) any person, with respect to damages he is entitled to recover because of bodily injury to which this Part applies sustained by an insured under (a) or (b) above.

The insurance afforded under Part II applies to each insured, but the inclusion herein of more than one insured shall not operate to increase the limits of the Company's liability.

"insured automobile" means:

- (a) an automobile described in the policy for which a specific premium charge indicated that coverage is afforded;
- (b) a private passenger, farm or utility automobile, ownership of which is acquired by the named insured during the policy period, provided:
 - (1) it replaces an automobile defined in (a) above and the insured notifies the Company in writing within 30 days after the date of said replacement; or
 - (2) the Company insures under this coverage all private passenger, farm and utility automobiles owned by the named insured on the date of such acquisition and the named insured notifies the Company in writing within 30 days after the date of such acquisition of his/her election to make the Liability and Uninsured Motorist Coverage under this and no other policy issued by the Company applicable to such automobile;
- (c) a temporary substitute automobile for an insured automobile as defined in (a) or (b) above; and
- (d) a non-owned automobile while being operated by the named insured, but shall not include:
 - (1) an automobile or trailer owned by a resident of the same household as the named insured;
 - (2) any automobile while used as a public or livery conveyance; or
 - (3) any automobile while being used without the permission of the owner;

"uninsured motor vehicle" includes a trailer of any type and means:

- (a) a motor vehicle or trailer with respect to the ownership, maintenance or use of which, there is no bodily injury liability bond or insurance policy applicable at the time of the accident with respect to any person or organization legally responsible for the use of such automobile, or which has a bond or insurance policy with limits less than required by the Illinois Financial Responsibility Law;
- (b) a hit-and-run motor vehicle;
- (c) a motor vehicle where on, before or after the accident date the liability insurer thereof is unable to make payment with respect to the legal liability of its insured within the limits specified in the policy because of the entry by a court of competent jurisdiction of an order of rehabilitation or liquidation by reason of insolvency on or after the accident date, provided, however, the Company has received written notice of claim under this Part within the later of six months from the date of such court order of rehabilitation or liquidation by reason of insolvency or two years from the date of the accident. To the extent that this provision conflicts with this policy's exclusion for claims received by the Company more than two years after the date of the accident, this provision shall control.

However, notwithstanding the above definition, the term "uninsured motor vehicle" shall not include:

- (1) an insured motor vehicle or a motor vehicle furnished for the regular use of the named insured or a relative that causes bodily injury or property damage in excess of the limit required under the Illinois Financial Responsibility Law;
- (2) a motor vehicle or trailer owned or operated by a self-insurer within the meaning of any motor vehicle financial responsibility law, motor carrier law or any similar law;
- (3) a motor vehicle or trailer owned by the United States of America, Canada, a state, a municipality, a political subdivision of any such government or any agency of any of the foregoing;
- (4) a land motor vehicle or trailer if operated on rails or "crawler-treads" or while located for use as a residence or premises and not as a vehicle; or
- (5) a farm type tractor or equipment designed for use principally off public roads, except while actually upon public roads.

"hit-and-run motor vehicle" means a motor vehicle that causes bodily injury to an insured arising out of physical contact of such motor vehicle with the insured or with an automobile that the insured is occupying at the time of the accident, provided: (a) there cannot be ascertained the identity of either the operator or the owner of such "hit-and-run motor vehicle"; (b) the insured or someone on his/her behalf shall have reported the accident within 24 hours to a police, peace or judicial officer of the Commissioner of Motor Vehicles, and shall have filed with the Company within 30 days thereafter a statement under oath that the insured or his legal representative has a cause or causes of action arising out of such accident for damages against a person or persons whose identity is unascertainable, and setting forth the facts in support thereof; and (c) at the Company's request, the insured or his/her legal representative makes available for inspection the motor vehicle that the insured was occupying at the time of the accident.

"occupying" means in or upon or entering into or alighting from;

"state" includes the District of Columbia, a territory or possession of the United States, and any province of Canada.

Exclusions. This policy does not apply under Part II:

- (a) to bodily injury or property damage to an insured with respect to which such insured, his/her legal representative or any person entitled to payment under this coverage shall, without written consent of the Company, make any settlement with any person or organization who may be legally liable therefore;
- (b) so as to inure directly or indirectly to the benefit of any worker's compensation or disability benefits carrier or any person or organization qualifying as a self-insurer under any worker's compensation or disability benefits law or any similar law;
- (c) to any claim for punitive or exemplary damages
- (d) to property damage when the owned automobile has collision coverage or is described in any other policy of automobile insurance;
- (e) to any claim for which the Company has not received a written claim for benefits under this Part by or on behalf of the insured within two years after the date of accident;
- (f) to bodily injury of an insured while occupying a motor vehicle owned by, or furnished or available for the regular use of the insured, a resident spouse or resident relative, if that motor vehicle is not described in this policy or is not a newly acquired or replacement motor vehicle covered under the terms of this policy;
- (g) to any claim for which the Company does not receive a written demand for arbitration within two years of the date of accident or, if coverage for the claim is based on a court order of rehabilitation or liquidation by reason of insolvency of an insurer, within the later of two years of the date of the accident or six months of entry of the court order of rehabilitation or liquidation by reason of insolvency;
- (h) to any person operating an automobile without a reasonable belief that he or she is entitled to do so.

Limits of Liability.

- (a) The limit of Uninsured Motorist Coverage stated in the Declarations as applicable to "each person" is the maximum limit of the Company's liability for all damages due to bodily injury to one person. Bodily injury to one person includes all injury and damages, including loss of service, society or consortium, to others resulting from this bodily injury. The limit of Uninsured Motorist Coverage as stated in the Declarations as applicable to "each occurrence" is the maximum amount of coverage, subject to the above provision respecting each person, for all bodily injury to two or more persons in the same accident. The limits of liability are not increased because more than one person is insured at the time of the accident. The limit of liability stated in the Declarations for "each occurrence" for Property Damage Liability is the limit of the Company's maximum liability for all damages to all property resulting from any one automobile accident.
- (b) Any amount payable under the terms of Part II because of bodily injury sustained in an accident by a person who is an insured under Part II shall be reduced by:
 - (1) all sums paid on account of such bodily injury by or on behalf of (i) the owner or operator of the uninsured motor vehicle and (ii) any other person or organization jointly or severally liable together with such owner or operator for such bodily injury including all sums paid under A of Part I; and
 - (2) the amount paid and the present value of all amounts payable on account of such bodily injury under any worker's compensation law, disability benefits law or any similar law.
- (c) Any payment made under Part II to or for any insured shall be applied in reduction of the amount of damages that the insured may be entitled to recover from any person under A of Part I.
- (d) The Company shall not be obligated to pay under this coverage that part of the damages that the insured may be entitled to recover from the owner or operator of an uninsured motor vehicle that represents medical payments paid or payable under Part IV.
- (e) If more than one policy issued by this Company applies to Part II, the total limit of this Company's liability under all such policies shall not exceed the amount applicable under only one policy.
- (f) It is agreed between the insured and the Company that in no event shall the total limit of the Company's liability exceed the limits set forth in the Declarations regardless of the number of vehicles insured under this policy or the separated itemization of premiums therefore; and that coverage under this section shall not be "stacked" with any other similar or identical coverage that may be issued under this policy, including Underinsured Motorist Coverage (Part III).
- (g) Uninsured Motorist Coverage does not apply nor is it applicable to any accident or loss where the insured has Underinsured Motorist Coverage that applies to such accident or loss.
- (h) Any amount payable under Part II shall be reduced by all sums paid to the insured for property damage on behalf of the owner or operator of the uninsured motor vehicle and any other person or organization jointly or severally liable together with such owner or operator.
- (i) Property damage losses recoverable hereunder shall be limited to damages caused by the actual physical contact of an uninsured motor vehicle with the vehicle described in this policy.
- (j) There shall be no coverage for loss of use of the insured motor vehicle and no coverage for loss or damage to personal property located in the insured motor vehicle, except with respect to replacement of a child restraint system that was in use by a child during an accident to which coverage is applicable.
- (k) There shall be no liability imposed under the Uninsured Motorist Property Damage Coverage if the owner or the operator of the vehicle at fault or the hit-and-run vehicle cannot be identified.
- (l) There shall be no coverage for the deductible amount of damages, as shown in the Declarations, to the property insured as the result of any one accident.
- (m) If coverage is provided to a motor vehicle, defined herein as an uninsured motor vehicle, under a bond or insurance policy having limits less than required by the Illinois Financial Responsibility Law, then the Company's maximum limit of liability under this Part for "each person" is the difference between the minimum limit required by the Illinois Financial Responsibility Law for injury to one person and the corresponding limit provided in such bond or insurance policy, and the Company's maximum limit of liability under this Part for "each accident" is the difference between the minimum limit required under the Illinois Financial Responsibility Law for injury to two or more persons and the corresponding limit provided in such bond or insurance policy.

Other Insurance. With respect to bodily injury to an insured while occupying a motor vehicle not owned by the named insured, the insurance under Part II shall apply only as excess insurance over any other similar insurance available to such insured and applicable to such motor vehicle as primary insurance, and this insurance shall then apply only in the amount by which the limits of liability for this coverage exceeds the applicable limit of liability of such other insurance.

Except as provided in the foregoing paragraph, if the insured has other similar insurance available to him/her and applicable to the accident, the damages shall be deemed not to exceed the higher of the applicable limits of liability of this insurance and such other insurance, and the Company shall not be liable for a greater proportion of any loss to which this coverage applies than the limit of liability hereunder bears to the sum of the applicable limits of liability of this insurance and such other insurance.

Arbitration. If any person making claim hereunder and the Company do not agree that such person is legally entitled to recover damages from the owner or operator of an uninsured motor vehicle, where applicable, or do not agree as to the amount payable hereunder, then these matters shall be submitted for arbitration to the American Arbitration Association and be subject to its rules for the conduct of arbitration hearings as to all matters except medical opinions. Alternatively, such disputes shall be determined in the following manner: Upon the insured or the Company requesting arbitration, the insured and the Company shall each select an arbitrator and the two arbitrators so named shall select a third arbitrator. The three arbitrators so selected shall hear and determine the questions in dispute. If such arbitrators are not selected within 45 days from such request, either party may request that the arbitration be submitted to the American Arbitration Association. Any decision made by the arbitrators shall be binding for the amount of damages not exceeding \$50,000 for bodily injury to or death of any one person, \$100,000 for bodily injury to or death of 2 or more persons in any one motor vehicle accident, or the corresponding policy limits for bodily injury or death, whichever is less. Except as required by law or as provided above, all arbitration hearings, either before the American Arbitration Association or before a three arbitrator panel shall be conducted in the County and State in which the insured resides and in accordance with any court mandated arbitration or mediation rules. It is agreed that the arbitrator(s) shall not enter an award in excess of the applicable policy limits, and, if an award is entered in excess of the applicable policy then that portion of the award that exceeds the policy limits is void and not binding on either the insured or the Company.

Trust Agreement. In the event of payment to any person under Part II:

- (a) the Company shall be entitled to the extent of such payment to the proceeds of any settlement or judgment that may result from the exercise of any rights of recovery of such person against any person or organization legally responsible for the bodily injury because of which such payment is made;
- (b) such person shall hold in trust for the benefit of the Company all rights of recovery that he shall have against such other person or organization because of the damages that are the subject of claim made under Part II;

- (c) such person shall do whatever is proper to secure and shall do nothing after loss to prejudice such rights;
- (d) If requested in writing by the Company, such person shall take, through any representative designated by the Company, such actions as may be necessary or appropriate to recover such payment as damages from such other person or organization, such action to be taken in the name of such person; in the event of recovery, the Company shall be reimbursed out of such recovery for expenses, costs and attorneys' fees incurred by it in connection therewith;
- (e) such person shall execute and deliver to the Company such instruments and papers as may be appropriate to secure the rights and obligations of such person and the Company established by those provisions.

PART III - UNDERINSURED MOTORIST COVERAGE

Underinsured Motorist Coverage. To pay all sums which the insured or his legal representative shall be legally entitled to recover as damages from the owner or operator of an underinsured motor vehicle because of bodily injury including death resulting therefrom, hereinafter called "bodily injury", sustained by the insured, caused by accident and arising out of the ownership, maintenance or use of such underinsured motor vehicle, provided for the purpose of this coverage, determination of whether the insured or such representative is legally entitled to recover such damages and if so the amount thereof, shall be made by agreement between the insured or such representative and the Company or, if they fail to agree, by arbitration. No judgment against any person or organization alleged to be legally responsible for the bodily injury shall be conclusive, as between the insured and the Company, of the issues of liability of such person or organization or of the amount of damages to which the insured is legally entitled unless such judgment is entered pursuant to an action prosecuted by the insured with the written consent of the Company. The Company shall not be obligated to pay under this coverage until after the limits of liability under all applicable bodily injury bonds or policies or other applicable security have been exhausted by payment of judgments or settlements.

Definitions. The definitions under Part I apply under this Part III and the following also apply under this Part III:

"Insured" means:

- (a) the named insured and any relative of the named insured;
 - (b) any other person while lawfully occupying an insured automobile; and
 - (c) any person, with respect to damages he is entitled to recover because of bodily injury to which Part III applies sustained by an insured under (a) or (b) above.
- The insurance afforded under Part III applies to each insured, but the inclusion herein of more than one insured shall not operate to increase the limits of the Company's liability.

"Underinsured motor vehicle" means a motor vehicle whose ownership, maintenance or use has resulted in bodily injury or death of the insured, as defined herein, and for which the sum of the limits of liability under all bodily injury liability insurance policies or under bonds or other security required to be maintained under Illinois Law applicable to the driver or to the person or organization legally responsible for such vehicle and applicable to the vehicle, is less than the limits for underinsured coverage provided the insured as defined in this policy at the time of the accident.

However, "underinsured motor vehicle" does not include a motor vehicle:

- (1) owned by or furnished or available for the regular use of the insured or any family member or person residing in the insured's household;
- (2) owned by any government unit or agency;
- (3) operated on rails or "crawler treads";
- (4) that is a farm type tractor or equipment designed mainly for use off public roads while not upon public roads;
- (5) while located for use as a residence or premises;
- (6) owned or operated by a person qualifying as a self-insured under any applicable motor vehicle law;
- (7) to which a bodily injury liability bond or policy applies at the time of the accident, but the bonding or insuring company denies coverage or is or becomes insolvent; or,
- (8) that is defined as an "uninsured motor vehicle" under Part II.

Exclusions. This policy does not apply under Part III:

- (a) to any person while occupying the owned automobile when it is being used to carry persons or property for a fee;
- (b) to any person operating an automobile without a valid driver license. For the purpose of this exclusion, neither a suspended license, a revoked license nor an expired license qualifies as a valid driver license;
- (c) so as to inure or directly or indirectly to the benefit of any worker's compensation or disability benefits carrier or any person or organization qualifying as a self-insurer under any worker's compensation or disability benefits law or any similar law;
- (d) to any claim for which the Company has not received a written claim under this Part by or on behalf of the insured within two years of the date of accident;
- (e) to punitive or exemplary damages;
- (f) to any person operating the owned automobile or a non-owned automobile without a reasonable belief that he or she is entitled to do so; or,
- (g) to any claim for which the Company has not received a written demand for arbitration under this Part before the later of: 2 years after the date of the accident or 6 months after the limits of liability or portion thereof under all bodily injury liability insurance policies, bonds or other security applicable to the underinsured motor vehicle and its operator have been partially or fully exhausted by payment of judgment or settlement.

Limit of Liability.

a. The Company's maximum limit of liability for all damages due to bodily injury to one person is the limit of liability as shown in the Declarations for "each person" for Underinsured Motorist Coverage less those amounts actually recovered under the applicable bodily injury insurance policies, bonds or other security maintained on the underinsured motor vehicle. Bodily injury to one person includes all injury and damages, including loss of service, society or consortium, to others resulting from this bodily injury. The Company's maximum limit of liability for all damages due to bodily injury to two or more persons in the same accident is the limit of liability as shown in the Declarations for "each occurrence" for Underinsured Motorist Coverage, subject to the above provision respecting each person less those amounts actually recovered under the applicable bodily injury insurance policies, bonds or other security maintained on the underinsured motor vehicle. The limits of liability are not increased because more than one person is insured at the time of the accident. Any payment otherwise due under this coverage shall be reduced by a payment for bodily injury or medical expense under any other part of this policy.

b. The Company shall not be obligated to make payment under this coverage until the limits of liability or portion thereof under all bodily injury liability insurance policies applicable to the underinsured motor vehicle and its operators have been partially or fully exhausted by payment of judgment or settlement. A judgment or settlement of the bodily injury claim in an amount less than the limits of the bodily injury coverages applicable to the claim shall not preclude the claimant from making an underinsured motorist claim against the Underinsured Motorist Coverage.

c. Notwithstanding any of the above, if the Company and the insured or his/her legal representative agree that the insured suffered bodily injury as a result of negligent operation, use or maintenance of an underinsured motor vehicle, and without arbitration, agree also on the amount of damages that the insured is legally entitled to collect, then the maximum amount payable pursuant to such an underinsured motor vehicle insurance settlement agreement shall not exceed the amount by which the limits of the Underinsured Motorist Coverage exceed the limits of bodily injury liability insurance of the owner or operator of the underinsured motor vehicle. Any such agreement shall be final as to the amount due and shall be binding upon the insured and the Company regardless of the amount of any judgments, or any settlement reached between any insured and the person or persons responsible for this accident. No such settlement shall be concluded unless: (i) the insured has complied with all other applicable policy terms and conditions; and (ii) before the conclusion of the settlement agreement, the insured has filed suit against the underinsured motor vehicle owner or operator and has not abandoned the suit, or settled the suit without preserving the rights of the Company, provided, however, that suit against the underinsured owner and operator may be dismissed where the Company has been given notice in advance of a settlement between the insured and the underinsured motorist and the Company fails to advance a payment to the insured in an amount equal to the tentative settlement within 30 days following receipt of such notice.

Arbitration. If any person making claim hereunder and the Company do not agree that such person is legally entitled to recover damages from the owner or operator of an underinsured motor vehicle because of bodily injury to such insured, or do not agree on the amount of damages under this Part, then the matter upon which such person and the Company do not agree shall be determined by arbitration. Any demand for arbitration must be made in writing. The dispute may be submitted by either party to the American Arbitration Association for administration according to its Rules for arbitration of underinsured motorist claims. As an alternative forum to that of the American Arbitration Association, the person making claim and the Company may each select an arbitrator, thereafter the two arbitrators shall select a third, disinterested arbitrator. If arbitration does not proceed in the American Arbitration Association and if the parties shall fail to agree on a third arbitrator, then either party may apply to the circuit court of the Illinois county in which the person making claim resides, or if he or she does not reside in Illinois, then in any Illinois county in which the Company has an office, for appointment of a third arbitrator. Such action shall not require service of summons or complaint, but only service of a petition for appointment of a third arbitrator and notice thereof. No arbitration hearing shall be held until such time as the amount actually paid to or for the person making claim from the liability insured, bond or other security applicable to the underinsured motor vehicle and its operator has been determined by settlement or judgment. The three arbitrators shall thereafter

hear and determine the matters in issue. If three arbitrators are used, the award of any two shall determine the claim. The award of any two arbitrators shall be binding on the parties. The arbitrators shall not enter an award in excess of the policy limits for this coverage subject to the Limit of Liability as stated in this Part. To the extent that an arbitration award exceeds the coverage amount stated in this declaration subject to the Limit of Liability as stated in this Part, the amount of the award which exceeds the coverage amount stated in the declarations subject to the Limit of Liability shall be void but remaining portion of the award shall be binding on the parties. If arbitration does not proceed in the American Arbitration Association, then the hearing shall be conducted according to the usual rules of evidence current in the Illinois court for the county in which the arbitration is conducted and each party shall bear his, her or its own attorney fees and costs of his, her or its arbitrator and each party shall share equally the fees and costs of the third arbitrator. The arbitrator(s) shall have no authority to award punitive damages or attorney fees.

Other Insurance. With respect to bodily injury to an insured while occupying a motor vehicle not owned by the named insured, the insurance under Part III shall apply only as excess insurance over any other similar insurance available to such insured and applicable to such motor vehicles as primary insurance, that this insurance shall then apply only in the amount by which the limit of liability for Part III exceeds the applicable limit of liability of such other insurance.

Except as provided in the foregoing paragraph, if the insured has other similar insurance available to him/her and applicable to the accident, the damages shall be deemed not to exceed the higher of the applicable limits of liability of this insurance and such other insurance, and the Company shall not be liable for a greater proportion of any loss to which Part III applies than the limit of liability hereunder bears to the sum of the applicable limits of liability of this insurance and such other insurance.

PART IV - MEDICAL PAYMENTS

Medical Payments. The Company will pay, with relation to a motor vehicle accident occurring during the term of this policy, all usual and customary expenses for services provided by individuals or hospitals licensed under the Medical Practice Act of Illinois or comparable law incurred within one year of an accident for reasonable and necessary medical, surgical, X-ray and dental services, including prosthetic devices, and necessary ambulance, hospital and professional nursing charges. The reasonable expense of funeral services is also covered in this Part. The medical and funeral expenses covered herein must have been caused by accident and sustained by:

- (1) the named insured or a relative while occupying or through being struck by an automobile; or
- (2) any other person while lawfully occupying an owned automobile while being operated or used by an insured;

provided that no such payment shall be made unless the person to or for whom such payment is made shall have executed a written agreement that the amount of such payment shall be applied toward the settlement of any claim or satisfaction of any judgment for damages entered in his/her favor against any other person insured under the terms of this policy because of bodily injury arising out of an accident to which the Liability Coverage applies, or toward any award under the Uninsured Motorist Coverage of this policy.

Definitions. The definitions under Part I apply to Part IV:

"occupying" means in or upon or entering into or alighting from.

Exclusions. This policy does not apply under Part IV to bodily injury, sickness, disease or death:

- (a) sustained while occupying (1) an owned automobile while used as a public or livery conveyance, or (2) any vehicle while located for use as a residence or premises;
- (b) sustained by the named insured or a relative (1) while occupying an automobile owned by or furnished for the regular use of either the named insured or any relative, other than an automobile defined herein as an "owned automobile", or (2) while occupying or through being struck by (i) a farm type tractor or other equipment designed for use principally off public roads, while not upon public roads, or (ii) a vehicle operated on rails or "crawler-treads";
- (c) sustained by any person other than the named insured or a relative, resulting from use of (1) a non-owned automobile in the automobile business or as a public or livery conveyance, or (2) a non-owned automobile in any other business or occupation except operation or occupancy of private passenger automobile by the named insured or by his/her private chauffeur or domestic servant or of a trailer used therewith or with an owned automobile;
- (d) sustained by any person who is employed in the automobile business, if the accident arises out of the operation thereof and if benefits therefor are in whole or in part either payable or required to be provided under any worker's compensation law;
- (e) to injury, sickness, disease, death or loss due to war;
- (f) to the extent that any medical expense is paid or payable to or on behalf of the injured person under the provisions of any (i) automobile or premises insurance affording benefits for medical expenses, (ii) individual, blanket or group accident, disability or hospitalization insurance, (iii) medical or surgical reimbursement plan, or (iv) worker's compensation or disability benefits law or any similar law;
- (g) resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization;
- (h) arising out of the operation of any automobile insured under this policy, that is designed for racing while being tested, repaired or serviced, or to any automobile or motor vehicle while used, operated, manipulated or maintained in any prearranged or organized race or speed test, including "hot rod" or "stock car" racing; or,
- (i) to any person operating an automobile without a reasonable belief that he or she is entitled to do so.

Limit of Liability. The limit of liability for Medical Payments stated in the Declarations as applicable to "each person" is the limit of the Company's liability for all expenses incurred by or on behalf of each person who sustains bodily injury as the result of any one accident. If more than one policy issued by this Company applies to this part, the total limit of this Company's liability under all such policies shall not exceed the amount applicable under only one policy.

Other Insurance. If there is other automobile Medical Payments insurance against a loss covered by Part IV of this policy, the Company shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability of all valid and collectible automobile Medical Payments insurance; provided, however, the insurance with respect to a temporary substitute automobile or non-owned automobile shall be excess insurance over any valid and collectible automobile Medical Payments insurance.

Arbitration. If any person making claim hereunder and the Company do not agree that a medical bill submitted for payment is not usual and customary or necessary and reasonable or do not otherwise agree that it is payable under Part IV, then these matters shall be submitted to arbitration. Upon the insured or the Company demanding arbitration, the insured and the Company shall each select an arbitrator and the two arbitrators so named shall select a third arbitrator. The three arbitrators so selected shall hear and determine the questions in dispute. Any decision made by the arbitrators shall be binding for the amount decided by the arbitrators to be payable hereunder not exceeding the limits of liability for Medical Payments as provided in the Declarations of this policy subject to all other terms and conditions of this policy. To the extent that an arbitration decision exceeds the limit of liability, it is void. The authority of the arbitrators is limited to a determination of the amount due for Medical Payments and does not extend to punitive damages or any damages other than Medical Payments covered by this policy. Each party shall bear the cost of his/her or her own arbitrator and shall share equally the costs of the third arbitrator. The arbitration shall take place in Illinois in the County of residence of the person demanding arbitration. If the person demanding arbitration does not reside in Illinois then the arbitration shall take place in an Illinois County where the Company maintains a place of business. In any arbitration hereunder the arbitrators shall be governed by the rules of evidence as used in Illinois courts.

PART V - PHYSICAL DAMAGE

A - Comprehensive (excluding Collision). At the Company's option, to have repaired or to pay the cost of repair of damage caused other than by collision to the owned automobile or to a non-owned automobile operated by an insured but only for the cost of such repairs in excess of the deductible amount stated in the Declarations as applicable hereto. For the purpose of this coverage, breakage of glass and damage caused by missiles, falling objects, fire, theft or larceny, explosion, earthquake, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion shall not be deemed occasioned by collision.

B - Collision. At the Company's option, to have repaired or pay the cost of repair of damage caused by collision to the owned automobile or to a non-owned automobile, if such non-owned automobile was operated by an insured hereunder at the time of the accident, minus the deductible amount.

C - Towing and Labor Costs. To pay for towing and labor costs necessitated by the disablement of the owned automobile or of any non-owned automobile, provided the labor is performed at the place of disablement.

Supplementary Payments. In addition to the applicable limit of liability:

- (a) to reimburse the insured for transportation expenses not exceeding \$8 per day or totaling more than \$200, incurred during the period commencing 72 hours after a theft covered by this policy of the entire automobile has been reported to the Company and the police, and terminating on the date the whereabouts of the automobile becomes known to the named insured or Company or on such earlier date as the Company tenders settlement for such theft;
- (b) to pay average general and salvage charges for which the insured becomes legally liable as to the automobile being transported.

Definitions. The definitions of "named insured", "relative", "owned automobile", "farm automobile", "utility automobile", "automobile business" and "war" in Part I apply to Part V and under Part V:

"insured" means (a) with respect to the owned automobile: (1) the named insured and (2) any person or organization, other than a person or organization engaged in the automobile business or as a carrier or a bailee for hire, maintaining, using or having custody of said automobile with the permission of the named insured; (b) with respect to a non-owned automobile, the named insured and any relative provided the actual

"non-owned automobile" means an automobile not owned by or furnished for the regular use of either the named Insured or any resident, other than a temporary substitute automobile, while said automobile is in the possession or custody of the Insured or is being operated by him/her;

"loss" means direct and accidental physical damage to the automobile or its parts, including any child restraint system that was in use by a child during an accident to which this coverage applies, but "loss" does not include diminution in value;

"collision" means collision of an automobile covered by this policy with another object or with a vehicle to which it is attached or by upset of such automobile;

"damage" means physical damage to tangible property and does not include intangible economic loss such as diminution in value;

"trailer" means a trailer designed for use with a private passenger automobile, if not being used for business or commercial purposes with other than a private passenger, farm or utility automobile, and if not a home, office, store, display or passenger trailer;

"forcible entry" means making unauthorized entry to the automobile and use of actual force or tampering to operate it evidenced by marks or damage to the ignition, ignition locks, steering locks, or other security devices installed to prevent operation by unauthorized persons;

"aftermarket crash part" means a replacement for any of the non-mechanical sheet metal or plastic parts that generally constitute the exterior of a motor vehicle, including inner and outer panels;

"non-original equipment manufacturer (Non-OEM) aftermarket crash part" means an aftermarket crash part not made for or by the manufacturer of the motor vehicle;

"like kind and quality part" includes but is not limited to a replacement part for any vehicle obtained from another vehicle;

"repair" means physical repair or replacement of damaged property or parts thereof in a workmanlike manner but does not mean restoration to pre-accident value or condition;

"diminution in value" means the actual or perceived decrease of market or resale value of an automobile or part thereof, measured after repair of physical damage.

Exclusions. This policy does not apply under Part V:

- (a) to any automobile while used as a public or livery conveyance;
- (b) to loss of equipment that is not available from the manufacturers of the automobile named in the policy for that make, model and model year, provided, however, that this exclusion shall not operate to exclude coverage for a child restraint system that was in use by a child during an accident to which this Part is applicable;
- (c) to loss of equipment that is available from the manufacturers of the automobile named in the policy for that make, model and model year, but which is not permanently installed in the dash or console opening specified by the manufacturers of the automobile for the installation of such equipment, provided, however, that this exclusion shall not operate to exclude coverage for a child restraint system that was in use by a child during an accident to which this Part is applicable;
- (d) to loss to a non-owned automobile arising out of its use by the Insured in the automobile business;
- (e) to loss to a private passenger, farm or utility automobile or trailer owned by the named Insured and not described in this policy or to any temporary substitute automobile therefore, if the Insured has other valid and collectible insurance against such loss;
- (f) to damage that is due and confined to wear and tear, freezing, mechanical or electrical breakdown or failure, unless such damage results from a theft covered by this policy;
- (g) to fires, unless damaged by fire, malicious mischief, vandalism, stolen or unless loss be coincident with and from same cause as other loss covered by this policy;
- (h) to loss due to radioactive contamination;
- (i) under B of Part V, to breakage of glass if insurance with respect to such breakage is otherwise afforded;
- (j) to loss to any automobile designed for racing while being tested, repaired or serviced or to any automobile or motor vehicle used, operated, manipulated or maintained in any prearranged or organized race or speed test, including "hot rod" or "stock car" racing;
- (k) to loss or damage to any device or instrument designed for the recording, reproduction, receiving, or transmittal of sound, radio waves, microwaves or television signals unless such device or instrument is permanently installed in the dash or console opening specified by the manufacturer of the motor vehicle for the installation of such equipment;
- (l) to loss of or damage to any tape, wire, record disc or other medium for use with any device or instrument designed for the recording, reproduction, or recording and reproduction of sound;
- (m) to loss with respect to such automobile ownership of which is acquired by the named Insured during the policy period, the named Insured has not notified the Company in writing within 30 days of such acquisition, of his/her election to make Part V of this policy applicable to such automobile;
- (n) to loss due to theft under Coverage (A) of Part V (1) if there is no evidence that forcible entry was required to operate or move the automobile, (2) if the key or keys to the automobile were left in or on the automobile, or (3) if evidence indicates that the ignition wiring was not altered or the ignition cylinder was not forced or altered to allow the operation of the automobile without keys. However, this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of a pattern of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss. In such instance, payment to the innocent co-insured shall be limited to his or her ownership interest in the property as reduced by any payments to a mortgagor or other secured interest.
- (o) to loss to any custom furnishings or equipment in or upon any pick-up, panel truck, or van, including, but not limited to, special carpeting, insulation, furniture, bars, television receivers, facilities for cooking or sleeping, height-extending roofs, custom murals, painting or other decals or graphics;
- (p) to damage caused intentionally by or at the direction of the Insured, provided, however, this exclusion does not apply to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of a pattern of criminal domestic violence and the perpetrator of the loss is criminally prosecuted for the act causing the loss, in such instance, payment to the innocent co-insured shall be limited to his or her interest in the property as reduced by any payment to a mortgagor or other interest;
- (q) to any loss arising out of or during its use for the transportation of hazardous substances, flammable liquid, or similarly hazardous material;
- (r) to loss due to war, declared or undeclared; or,
- (s) to diminution in value to any vehicle.

Limit of Liability. The Company's liability under Part V except for non-owned trailers shall not exceed the smallest of the following:

- (a) the actual cash value of stolen or damaged property or part thereof at the time of the accident or theft;
- (b) the amount necessary to repair the damaged property using, at the sole discretion of the company, new parts from the vehicle's manufacturer, aftermarket crash parts or non-original equipment manufacturer (Non-OEM) aftermarket crash parts or like kind and quality parts. Non original equipment manufacturer (Non-OEM) aftermarket crash parts will be identified on the repair estimate;
- (c) the amount necessary to replace the stolen or damaged property at the time of the accident with like kind and quality property less depreciation.

The Company's liability for loss under Part V for non-owned trailers shall not exceed \$500.00.

Other Insurance. If the Insured has other insurance against a loss covered by this policy, the Company shall not be liable under this policy for a greater proportion of such loss than the amount calculable under the Limit of Liability of this policy bears to the total of all valid and collectible insurance against such loss; provided, however, that with respect to a temporary substitute automobile or non-owned automobile, this insurance shall be excess over any other valid and collectible insurance or self insurance.

D - Rental Reimbursement. It is agreed commencing 48 hours after accident to a covered automobile, caused by collision, that is reported to the Company within 72 hours of the time and date of accident and covered by the Company, the Company will reimburse the insured for the rental fee expense incurred to a maximum daily benefit as shown on the declaration page (excluding mileage charges) for the actual rental of a substitute automobile while the covered automobile is in the custody of a licensed business, garage or facility for repairs. Rental reimbursement will be paid up to the time when the repaired automobile is made available to the insured, but not to exceed 15 days.

PART VI - NON-OWNER COVERAGE

This Part VI applies only if the term "Non-Owner" appears on the Declarations of the policy. The purpose of "Non-Owner" Coverage is to insure the named insured against the liability imposed by law upon the named insured for bodily injury to or death of any person or damage to property to the amounts and limits stated on the Declarations of this policy and growing out of the use or operation by the named insured within the continental limits of the United States or the Dominion of Canada of a non-owned automobile. If the term "Non-Owner" appears on the Declarations of the policy, then all the terms and conditions of the policy apply except as modified herein, and to the extent that any definition, term or provision of Part VI conflicts with any definition, term or provision of any other Part of this policy, the purpose, definitions, terms and provisions of Part VI shall control the other Part of this policy.

If this Part VI applies, then:

1. In Part I - Liability and in all other Parts incorporating said section, the section "Persons Insured" is deleted and the following is substituted:
Persons Insured. The only person insured under this policy is the named insured and his or her spouse, if a resident of the same household, and then only with respect to a non-owned automobile, provided the use and operation thereof is with the permission of its owner and within the scope of said permission.
2. Part VI Definitions to be substituted for definitions in Part I - Liability and as incorporated in other Parts or Conditions from Part I - Liability:
"Non-owned automobile" means an automobile not owned by or furnished for the regular use of the named insured or any resident of the household of the named insured.
"Owned automobile" means any automobile owned by or furnished for the regular use of the named insured or a resident of the household of the named insured.
3. Part VI definitions to be substituted in specified Parts and related Conditions:
For purposes of Part II - Uninsured Motorist Coverage and of Part III - Underinsured Motorist Coverage:
"Insured" means the named insured and any relative of the named insured.
4. The following are added to Exclusions:
 In Part I - Liability:
 (q) to any automobile owned by or furnished for the regular use of the named insured, or owned by or furnished for the regular use of a resident of the household of the named insured;
 (r) to any automobile while used in a business or occupation of the named insured.
 In Part II - Uninsured Motorist Coverage:
 (i) to injuries arising out of the operation, use or maintenance of a motor vehicle owned by or furnished for the regular use of the named insured, resident spouse or other resident of the named insured's household.
 In Part III - Underinsured Motorist Coverage:
 (h) to injuries arising out of the operation, use or maintenance of a motor vehicle owned by or furnished for the regular use of the named insured, resident spouse or other resident of the named insured's household.
 In Part IV - Medical Payments:
 (j) arising out of the use, operation, or maintenance of any automobile owned by or furnished for the regular use of the named insured or a resident of the household of the named insured;
5. In all Parts, delete the Other Insurance section and replace it with:
Other Insurance. This insurance shall be excess insurance over any other valid and collectible insurance or self-insurance.

CONDITIONS

(Unless otherwise noted, conditions apply to all Parts)

1. **Policy Period, Territory.** This policy applies only to accidents, occurrences and losses during the policy period, as stated in the Declarations, while the automobile is within the United States of America, its territories or possessions, or Canada or is being transported between ports thereof. This policy may be renewed for successive policy periods by payment of the required premium to the Company on or before the effective date of each successive policy period. If premium is not paid when due, the policy shall terminate as of that date and such date shall be the end of the policy period. Such premium shall be computed in accordance with the manuals then in use by the Company. Each policy period shall begin and end at 12:01 A.M. standard time at the address of the named insured.
 2. **Premium.** If the named insured disposes of or replaces a private passenger, farm or utility automobile, he shall inform the Company in writing within 30 days of such change. If the named insured acquires ownership of an additional private passenger, farm or utility automobile, he shall inform the Company in writing within 30 days following the date of its delivery of his/her election to make this policy applicable to such owned automobile. Any premium adjustment necessary shall be made as of the date of such change or acquisition in accordance with the manuals in use by the Company. The named insured shall upon request, furnish reasonable proof of the number of such automobiles or trailers and a description thereof.
 3. **Notice.** In the event of an accident, occurrence or loss, written notice containing particulars sufficient to identify the insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and address of the injured and of available witnesses, shall be given by or for the insured to the Company as soon as practicable. However, in the case of a "hit and run" claim under Part II, notice must be given to the Company in writing within 30 days of the accident. A suit seeking recovery against the Company under Part II and III must be filed within two years of the accident. In the event of theft the insured shall also promptly notify the police. If claim is made or suit is brought against an insured, he shall immediately forward to the Company every demand, notice, summons or other process received by him/her, his/her representative or agent. The Company will not be obligated to pay, and shall not pay under Part I, unless the Company received actual notice of a lawsuit before a judgment had been entered in said suit. If, before the Company makes a payment of loss under Part II, the insured or his/her legal representative shall institute any legal action for bodily injury against any person or organization legally responsible for the use of an automobile involved in the accident, a copy of the summons and complaint or other process served in connection with such legal action shall be forwarded immediately to the Company by the insured or his/her legal representative.
 4. **Fraud and Misrepresentation.** The statements contained in the application are deemed to be representations relied upon by the Company in issuing this policy. In the event that any representation contained in the application is false, misleading or materially affects the acceptance or rating of this risk by the Company, by either direct misrepresentation, omission, concealment of facts or incorrect statements, this policy shall be null and void and of no benefit whatsoever from its inception. The Company, however, shall not declare a policy void after the first policy term or one year, whichever is less. This paragraph shall also apply to misstatement of use and omissions of fact. This policy shall not provide coverage for any insured that has made fraudulent statements or engaged in fraudulent conduct in connection with any accident or loss for which coverage is sought under this policy.
 5. **Two or More Automobiles - Parts I, IV and V.** When two or more automobiles are insured hereunder, the terms of this policy shall apply separately to each, but an automobile and a trailer attached hereto shall be held to be one automobile as respects limits of liability under Part I and Part IV of this policy, and separate automobiles under Part V of this policy including any deductible provisions applicable thereto.
 6. **Assistance and Cooperation of the Insured.** As a condition precedent to the Company's duty of indemnity with respect to suits against an insured, the insured shall cooperate with the Company and, upon the Company's request, attend hearings and trials and assist in making settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of any legal proceedings in connection with the subject matter of this insurance. The insured shall not, except at his/her own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and surgical relief to others as shall be imperative at the time of accident.
 After the notice of claim under any part of this policy, the Company may require the insured to take such actions as may be necessary or appropriate to preserve his/her right to recover damage from any person or organization alleged to be legally responsible for the bodily injury; and in any action against the Company, the Company may require the insured to join such person or organization as a party defendant.
 7. **Action Against Insured - Part I.** No action shall lie against the Company unless, as a condition precedent thereto, the insured shall have fully complied with all terms of this policy, nor until the amount of the insured's obligation to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the insured, the claimant and the Company. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Company as a party to any action against the insured to determine the insured's liability, nor shall the Company be impleaded by the insured or his/her legal representative. Bankruptcy or insolvency of the insured or the insured's estate shall not relieve the Company of any of its obligations hereunder.
 - Parts II, III, IV and V.** No action shall lie against the Company unless, as a condition precedent thereof, there shall have been full compliance with the terms of the policy nor under Part V until 30 days after the amount payable has been determined by the Company. In no event shall suit, arbitration or appraisal be commenced against the Company more than two years after the date of accident, except only in the following circumstances:
 (a) under Part II, if coverage is based on entry of a court order of rehabilitation or liquidation by reason of insolvency of an insurer, suit or arbitration shall not be commenced against the Company after the later of: two years after the date of the accident or six months after the entry of such court order of rehabilitation or liquidation by reason of insolvency; or
 (b) under Part III, suit or arbitration shall not be commenced after the later of: two years after the date of accident or six months after the limits of liability or portion thereof under all bodily injury liability insurance policies applicable to the underinsured motor vehicle and its operators have been partially or fully exhausted by payment of judgment or settlement.
- Wherever this Condition limits the period within which the insured may bring suit, the running of such period is tolled from the date proof of loss is filed with the Company, in whatever form is required by this policy, until the date the claim is denied in whole or in part.
8. **Medical Report: Proof and Payment of Claim - Part IV.** As soon as practicable the injured person or someone on his/her behalf shall give to the Company written proof of claim, under oath if required, and shall, after each request from the Company, execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Company when and as often as the Company may reasonably require. The Company may pay the injured person or any person or organization rendering services and such payment shall reduce the amount payable hereunder for injury. Payment hereunder shall not constitute an admission of liability of any person or, except hereunder, of the Company.
 9. **Insured's Duties in Event of Loss - Part V.** In the event of loss the insured shall:

affording such protection shall be deemed incurred at the Company's request;

(b) file with the Company, within 91 days after the loss, his/her sworn proof of loss in such form and including such information as the Company may reasonably require and shall, upon the Company's request, exhibit the damaged property and submit to examination under oath.

10. Proof of Claim; Medical Report - Part II, III and IV. As soon as practicable, the insured or other person making claim shall give to the Company written proof, under oath, if required, including full particulars of the nature and extent of the injuries, treatment, and other details entering into the determination of the amount payable. The insured and every other person making claim shall submit to examinations under oath by any person named by the Company and subscribe the same, as often as may reasonably be required. Proof of claim shall be made upon forms furnished by the Company unless the Company shall have failed to furnish such forms within 15 days after receiving notice of claim. The injured person shall submit to physical examinations by physicians selected by the Company when and as often as the Company may reasonably require and he/she, or in the event of his/her incapacity, his/her legal representative, or in the event of his/her death, his/her legal representative or the person or persons entitled to sue therefore, shall upon each request from the Company execute authorization to enable the Company to obtain medical reports and copies of records.

11. Appraisal - Part V. If the insured and the Company fail to agree as to the amount payable, then the dispute shall be decided by appraisal as described herein. The insured and the Company shall each select a competent appraiser, and the appraisers shall select a competent and disinterested umpire. The appraisers shall state separately the actual cash value of the vehicle at the time of the accident and the amount payable to repair the damage under Part V and, failing to agree, submit their differences to the umpire. An award in writing of either two appraisers or one appraiser and the umpire shall determine the amount payable under this policy. The award shall specify the application of the deductible. The insured and the Company shall each pay his/her or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be deemed to have waived any of its rights by any act relating to appraisal.

12. Payment of Loss - Parts I, II, III and IV. Any amount due is payable (a) to the insured, or (b) if the insured be a minor to his parent or guardian, or (c) if the insured be deceased to his surviving spouse, otherwise (d) to a person authorized by law to receive such payment or to a person legally entitled to recover the damages which the payment represents; provided, the Company may at its option pay any amount due in accordance with division (d) hereof.

Part V. The Company may pay for the loss in money, or may repair or replace the damaged or stolen property; or may, at any time before the claim is paid or the property replaced, at its own expense, return any stolen property to the named insured, or at its option, to the address shown in the Declarations, with payment for any resultant damage thereto less deductible; or may take all or such part of the property at the agreed or appraised value, but there shall be no abandonment to the Company. The Company may settle any claim under Part V either with the insured, with the loss payee, if the automobile is stolen or deemed by the Company to be a total loss, or with the owner of the property. If the insured or owner elects to have the automobile repaired at a facility of his/her or her own choosing and that facility charges more than the Company would pay for the repair at another licensed auto repair facility reasonably available, then the Company may tender the amount payable under its estimate and the insured or owner will be responsible to pay the difference to the repair facility of his or her own choosing. If hidden or additional damage is identified, then the Company shall be given an opportunity to estimate the cost of such additional repair and the Company may tender such additional amount payable pursuant to its additional estimate.

13. No Benefit to Bailee - Part V. The insurance afforded by this policy shall not inure directly or indirectly to the benefit of any carrier or other bailee for hire liable for loss to the automobile.

14. Subrogation.

(a) In the event of any payments under Parts I, II and V of this policy, the Company shall be subrogated to all the insured's rights of recovery therefore against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

(b) In the event of any payments under Part IV, the Medical Payments of this policy, the Company shall be subrogated to all the rights of recovery therefore that the insured person or anyone receiving such payment may have against any person or organization and such person shall execute and deliver instruments and papers and do whatever is necessary to secure such rights. Such person shall do nothing after loss to prejudice such rights.

(c) In the event of any payment under the Underinsured Motorists Coverage, the Company shall not exercise any right of subrogation against an underinsured motorist where the Company has been provided with written notice in advance of a settlement between its insured and underinsured motorist and the Company fails to advance a payment to the insured, in an amount equal to the tentative settlement, within 30 days following receipt of such notice.

15. Changes. Notice to any agent or knowledge possessed by any agent by any other person shall not effect a waiver or a change in any part of this policy or stop the Company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy, signed by a duly authorized representative of the Company.

16. Assignment. Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon; if, however, the insured named in Item 1 of the Declarations, or his/her spouse if a resident of the same household, shall die, this policy shall cover (1) the survivor as named insured, (2) his/her legal representative as named insured but only while within the scope of his/her duties as such, (3) any person having proper temporary custody of an owned automobile, as an insured, until the appointment and qualification of such legal representative, and (4) under Part IV any person who was a relative at the time of such death.

17. Cancellation. This policy may be cancelled by the named insured named in Item 1 of the Declarations by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the mortgagee or lien holder at the last mailing address known to the Company and to the insured named in Item 1 of the Declarations at the last mailing address known to the Company, written notice stating when not less than 30 days thereafter such cancellation shall be effective, however, the Company shall not exercise its right to cancel such policy after it has been in effect for 60 days or any policy that has been renewed except for the reason set forth in Section 143:19 of the Illinois Insurance Code. No notice of cancellation of policy to which Section 143:19 applies is effective unless mailed by the Company to the mortgagee or lien holder and to the named insured at least 30 days prior to the effective date of cancellation; however, where cancellation is for nonpayment of premiums, at least 10 days notice of cancellation is given. The mailing of notice as aforesaid on a recognized U.S. Post Office form or a form acceptable to the U.S. Post Office or other commercial mail delivery service shall be sufficient proof of notice, and a copy of such notice shall be sent to the insured's broker or the agent of record at the last mailing address known to the Company. If cancellation of this policy is effected by a premium finance company pursuant to a power of attorney from the named insured, the Company shall honor the date of cancellation specified by the premium finance company.

In the event of the cancellation of this policy by the Company or the named insured, earned premium shall be computed pro-rata to the date of cancellation. Any refund of the premium shall be without prejudice to any claim arising prior to the cancellation, and such refund shall be made to the broker or the agent of the named insured by the Company within 30 days from (1) the date of the notice of cancellation by the Company, or (2) the date the Company receives the request for cancellation from the named insured or its representatives, but payment or tender of unearned premium is not a condition of cancellation. If this policy has been cancelled and reinstatement is requested, the Company may at its sole option reinstate the policy and determine the effective date of reinstatement. Coverages under a reinstated policy shall be prospective only as of the effective date stated in the reinstatement endorsement and is not retroactive to the prior cancellation date. No coverage is provided under a reinstatement of this policy relative to any accident, loss or occurrence between a prior cancellation and the effective date of reinstatement.

18. Declarations. By acceptance of this policy, the insured named in Item 1 of the Declarations agrees that the statements contained in the Application have been made by him/her or on his/her behalf and that said statements and the statements of the Declarations and in any subsequent Application accepted by the Company are offered as an inducement to the Company to issue or continue this policy and that the same are his/her agreements and representations, and that this policy is issued and continued in reliance upon the truth of such statement and representations and that this policy embodies all agreements existing between himself/herself and the Company or any of its agents relating to this insurance. If any person is identified on the Declarations or an amendment thereof in effect at the time of an accident as "EXCLUDED", and if the accident involves the use or operation of any motor vehicle by the person identified as "EXCLUDED" then, notwithstanding any other provision of this policy or its Declarations or amended Declarations, no coverage of any kind under this policy is owing or payable by the Company to any person with respect to such accident and the Company is not obligated to defend any person in any legal action arising out of the accident.

In witness whereof, the Company has caused this policy to be signed by its President and Secretary, but this policy shall not be valid unless completed by the attachment hereto of the Declarations page designated as Part B and countersigned on the aforesaid Declarations page by a duly authorized representative of the Company.

President

Secretary

NOTICE TO ILLINOIS POLICYHOLDERS

BRIEF DESCRIPTION OF NATURE AND AVAILABILITY OF ADDITIONAL UNINSURED MOTORIST BODILY INJURY COVERAGE, UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE AND UNDERINSURED MOTORIST COVERAGE. This notice is for description only and is not a part of your policy and does not add or change the terms and conditions stated in the policy. Whenever you purchase liability coverage from the Company in the minimum amount allowed by Illinois law, the Company automatically issues uninsured motorist bodily injury coverage in the same limits as Illinois law prescribes for the minimum liability coverage. Under the uninsured motorist bodily injury coverage persons defined in the policy as Insureds may seek compensation for bodily injury or death caused by an uninsured motorist. The terms and definitions of uninsured motorist bodily injury coverage are contained in the policy in Part II - Uninsured Motorist Coverage. A minimum limits policy does not include underinsured motorist coverage.

If you purchase liability coverage with limits in excess of the minimum limits required by Illinois law, you will be provided with additional uninsured motorist bodily injury coverage with limits up to the liability limits you have purchased. Under underinsured motorist coverage a person defined as an Insured may seek compensation for bodily injury or death caused by others who have liability coverage but in amounts less than that specified in the underinsured motorist coverage of your policy. The terms and conditions of underinsured motorist coverage are contained in Part III - Underinsured Motorist Coverage.

You may also purchase uninsured motorist property damage coverage. Under the uninsured motorist property damage coverage you may seek compensation for damage to your automobile insured by the Company for damage caused by an uninsured motor vehicle. The terms of coverage for uninsured motorist property damage coverage are contained in Part II - Uninsured Motorist Coverage. Uninsured motorist property damage coverage is optional. A premium will be charged for uninsured motorist property damage coverage. Uninsured motorist property damage coverage is appropriate only for an automobile owner who does not purchase collision and comprehensive coverage as described in Part V of the policy.

Please review your Application and the Declarations of your policy for the limits and nature of coverages in your policy. To request additional coverage or a change in coverage, please contact your agent.