



ARIZONA AUTO POLICY

Important: Please read this Policy carefully. It contains language which may restrict or limit coverage. It addresses who may use an **insured auto**. It also contains information on which **autos** are covered and when **you** must notify **us** about changes in **autos** or drivers in **your** household before coverage will be afforded. If **you** have questions regarding coverage, **you** should contact **your** agent.

WARNING

The coverages for **your insured auto** provided by this policy are NOT extended to accidents or losses occurring within Mexico.

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Agreement

This Auto Policy is part of a binding legal contract between **you** and **us**. **Our** agreement to provide this insurance is conditioned upon the information **you** provided to **us** in **your Application** being truthful and accurate. The contract includes the **Declarations Page**, endorsements issued by **us**, the **Application**, coverage election and rejection forms, and this policy.

We will provide the coverage **you** have selected, subject to the terms of this policy, if **you** paid when due, the premium and any applicable fees or charges shown on your **Declarations Page** or on any billing notice. Premium and other charges are deemed paid when:

1. Paid in cash to **us** or **our** agent; or
2. Payment is honored by **your** financial institution if the payment is made by a non-cash method such as check, ACH or credit card.

It is important for **you** to read the entire policy so **you** know:

1. What is and what is not covered;
2. The limits on what **we** will pay;
3. The duties imposed on **you** and other persons insured when there is an accident or loss; and
4. What **you** must do when there is a change in the information **we** use to set your premium or coverage.

Policy Definitions

Words and phrases listed below have the following meaning when shown in bold print. These meanings will apply whether they appear in the singular, possessive or plural forms.

1. "**Accident**" means an unexpected and unintended event that causes **bodily injury** or **property damage** which arises out of the ownership, maintenance, or use of a motor vehicle designed for regular use on public roads.
2. "**Actual cash value**" means the fair market value of the stolen or damaged property at the time of the **accident** or **loss**. When determining fair market value:
 - a. The age, mileage and physical condition of the property may reduce its value; and
 - b. The value may be reduced by depreciation and prior damage.
3. "**Additional acquired auto**" is an **auto you** become the owner of during the policy period, other than a **replacement auto**, if:
 - a. **You** ask **us** to insure the auto within 4 days after **you** became the owner;
 - b. **We** agree to add that **auto** to this policy; and
 - c. **We** insure all **autos owned** by **you** on the date **you** take possession of the acquired auto.

An **additional acquired auto** will have the same coverage as the **auto** shown on the

Declarations Page with the broadest coverage.

No coverage rejected from this policy will be added to this **auto** unless requested in writing and agreed to by **us**. If **you** ask **us** to add coverage or increase limits for that **auto**, no added coverage or increased limits will apply to this **auto** until after **we** agree to add the coverage or increase the limits. If you ask **us** to insure an **additional acquired auto**, **you** agree to pay the additional premium when due. If **you** do not ask **us** to insure the **auto** within 4 days after **you** become the **owner**, no insurance applies to that **auto** until after **you** ask **us** to insure it and we agree to insure that **auto**.

4. "**Application**" means the form(s) titled Application, including but not limited to any supplemental Application from **us**, any named driver exclusion election, any forms we provide for coverage selection, coverage rejection or lower limit election, and all other written agreements and documents or forms **we** request or require from you to determine:
 - a. If **we** will insure **you**;
 - b. The coverage **we** agree to provide under this policy; and
 - c. The premium **we** charge **you** for this policy.
5. "**Auto**" means a registered four-wheel land motor vehicle of the private passenger type

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designed for regular use on public roads "**Auto**" also includes a pickup truck, van, or sport utility vehicle, with a gross vehicle weight rating of 12,000 pounds or less (as determined by the manufacturer). "**Auto**" does not include any:

- a. Motorcycle, dirt bike or all-terrain vehicle (ATVs);
 - b. Golf cart;
 - c. Tractor;
 - d. Farm machinery;
 - e. Step-van or vans with cabs separate from the cargo area;
 - f. Vehicles operated on rails or crawler treads; or
 - g. Vehicles while used:
 - (1) As a residence or premises; or
 - (2) For office, store or display purposes.
6. "**Auto business**" means the occupation, profession, business or trade of:
- a. Selling;
 - b. Renting;
 - c. Leasing;
 - d. Repairing;
 - e. Servicing;
 - f. Delivering;
 - g. Testing;
 - h. Road testing;
 - i. Towing;
 - j. Transporting;
 - k. Storing;
 - l. Parking; or
 - m. Washing;
- vehicles or trailers designed for use on the public roads.
7. "**Bodily injury**" means harm to the body, including any sickness, disease or death resulting from that harm, which is caused solely by an **accident** insured by this policy, that occurs during the policy period.
8. "**Business**" means:
- a. A trade;
 - b. A profession;
 - c. Occupation;
 - d. Employment;
 - e. Job; or
 - f. Commercial activity of any kind; but shall not include transporting tools or supplies in an auto between the place you reside and your job site.
9. "**Crime**" means:
- a. Any felony; and
 - b. Any attempt to elude law enforcement personnel;
- without regard to whether there has been a conviction. "Crime" does not include any other

misdemeanor violations of the motor vehicle or traffic code

10. "**Declarations Page**" means the document for this policy issued by **us** to the named insured that shows:
- a. The types of coverage selected;
 - b. The limits provided;
 - c. The applicable deductibles;
 - d. The premiums charged;
 - e. The **autos** insured;
 - f. Drivers **you** have disclosed to **us**;
 - g. The policy period; and
 - h. Other policy information.
11. "**Family member**" means:
- a. Any person related to **you** by blood, marriage or adoption who **resides** in **your** household;
 - b. **Your** ward or foster child, who resides in **your** household; and
 - c. **Your** dependent child under the age of 23 who is a listed driver and does not dwell with **you** because that child is temporarily away at school, but who intends to **reside** with **you**.
- If the named insured is a legal entity and is not a person, no one will be considered a **family member**.
12. "**Insured auto**" means:
- a. **Autos owned** by **you** that **you** have asked **us** to insure and are shown on the **Declarations Page**;
 - b. Any **replacement auto** when acquired by **you** during the policy period if **you** give **us** actual notice within 4 days after **you** become the owner of that **auto**; and
 - c. Any **additional acquired auto** when acquired by **you** during the policy period if **you** give **us** actual notice within 4 days after **you** become the **owner** of that **auto** and **we** agree to add it to the policy.
13. "**Loss**" means sudden, direct and accidental loss of or physical damage to property.
14. "**Minimum limits**" means the minimum amount of liability insurance required by the motor vehicle financial responsibility laws of the state in which **you** reside, as shown in **our** records.
15. "**Non-owned auto**" means any **auto** used by **you**, or a **family member**, with the express or implied permission of the auto's owner, and which is not **owned**, furnished or available for its regular use by **you**, a **family member** or a resident. **Non-owned auto** does not include an **auto** rented for more than 30 days.
16. "**Occupying**" means in, upon, getting in, on, out of or off

17. **Owned** and **own** mean to:
 - a. Hold legal title to the vehicle;
 - b. Have legal possession of the vehicle subject to a written conditional sales agreement; or
 - c. Have legal possession of the vehicle under a lease agreement of six months or longer.
18. **Owner** means the person or entity who:
 - a. Holds legal title to the vehicle;
 - b. Has legal possession of the vehicle subject to a written conditional sales agreement; or
 - c. Has legal possession of the vehicle under a lease agreement of six months or longer.
19. **Property damage** means physical injury to, or destruction of, tangible property, and any resulting loss of use of that property, which is caused solely by an **accident** insured under this policy that occurs while this policy is in effect.
20. **Punitive and exemplary damages** include damages which are referred to under the applicable law as punitive damages or exemplary damages, and any statutory multiple damages and any damages intended or awarded to punish or deter wrongful conduct, to set an example, to fine, penalize or impose a statutory penalty beyond damages which are compensatory, for **bodily injury or property damage**.
21. **Racing** means:
 - a. Preparing or participating in any race, speed, demolition, stunt, or timed contest or activity, whether organized or not; or
 - b. Operating an **auto** on a track or course designed or used for racing or high performance driving.
22. **Replacement auto** is an **auto** you become the **owner** of during the policy period, which replaces an **insured auto** shown on the **Declarations Page** and it will have the same coverage as the **insured auto** it replaces, without **your** having to ask **us** to insure it.
 Coverage for a **Replacement auto** is provided as described below. If **you** ask **us** to insure a **replacement auto** after a specified time period described below has elapsed, any coverage **we** provide for a **replacement auto** will begin at the time **you** request the coverage.
 - a. For any coverage provided in this policy except Physical Damage Coverage a **Replacement auto** will have the broadest coverage **we** now provide for any **insured auto** shown on the **Declarations Page**. Coverage begins on the date **you** become the **owner**. However, for this coverage to apply to a **replacement auto** which is in addition to any **insured auto** shown on the **Declarations Page**, you must ask **us** to insure it within 15 days after **you** become the **owner**.
- b. Collision Coverage for a **Replacement auto** begins on the date **you** become the **owner**. However, for this coverage to apply, **you** must ask **us** to insure it within:
 - (1) 15 days after **you** become the **owner** if the **Declarations Page** indicate that Collision Coverage applies to at least one **insured auto**. In this case, the **Replacement auto** will have the broadest coverage **we** now provide for any **insured auto** shown on the **Declarations Page**.
 - (2) 4 days after **you** become the **owner** if the **Declarations Page** does not indicate that Collision Coverage applies to at least one **insured auto**. If you comply with the 4 day requirement and a loss occurred before **you** asked **us** to insure the **Replacement auto**, a Collision deductible of \$500 will apply.
- c. Comprehensive Coverage for a **Replacement auto** begins on the date **you** become the **owner**. However, for this coverage to apply, **you** must ask **us** to insure it within:
 - (1) 15 days after **you** become the **owner** if the **Declarations Page** indicates that Comprehensive Coverage applies to at least one **insured auto**. In this case, the **Replacement auto** will have the broadest coverage **we** now provide for any **insured auto** shown in the **Declarations Page**.
 - (2) 4 days after **you** become the **owner** if the **Declarations Page** does not indicate that Comprehensive Coverage applies to at least one **insured auto**. If **you** comply with the 4 day requirement and a loss occurred before **you** asked **us** to insure the **Replacement auto** a Comprehensive Coverage deductible of \$500 will apply.
23. **Reside** or **resides** mean to dwell permanently, as the person's primary and legal domicile.
24. **Resident** and **residents** mean any person or persons who **reside** in the named insured's household.
25. **Trailer** means a device or vehicle which is not self-propelled and is designed to be pulled by an **auto** on the public roads. This includes a farm wagon or farm implement while being towed by an **auto**. **Trailer** does not include any device or vehicle while used:
 - a. As a residence or premises; or
 - b. For office, store or display purposes.
26. **Undisclosed operator** is any **family member** or regular operator of an **insured auto**, who is not shown on the **Declarations Page**. **Regular**

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operator" as used in this definition includes any person not listed on the **Declarations Page** who has or had care, custody or control of the **insured auto** for more than 24 hours during the policy term shown on the **Declarations Page**. The 24 hours referred to in this definition may be consecutive or cumulative.

27. **"We"**, **"us"**, and **"our"** mean the company that provides this insurance, as shown on the **Declarations Page**.

28. **"You"** and **"your"** mean:

- a. The person(s) shown on the **Declarations Page** as the named insured; and
- b. That named insured's:
 - (1) Spouse; or
 - (2) Domestic partner who is registered pursuant to a registered domestic partner or civil union law;if a **resident** in the household of the named insured.

Liability Coverage

Insuring Agreement

If you paid the premium for this coverage, **we** will pay compensatory damages, up to the limits of liability shown on the **Declarations Page**, for which an **insured person** is legally responsible because of **bodily injury** or **property damage** resulting from an accident.

In addition to **our** limit of liability, **we** will pay all defense costs **we** incur. **We** will defend, with an attorney of our choice, any suit brought against the **insured person** or settle claims for damage covered by this policy, as **we** deem appropriate. **Our** duty to settle or defend ends when **we** offer to pay **our** limit of liability for payment of a judgment or settlement. **We** have no duty to settle or defend any claim that is not covered by this policy. Damages include prejudgment interest on compensatory damages awarded against an **insured person**.

Supplemental Payments

In addition to the applicable limits of liability, at your request we will pay the following expenses:

1. Up to \$250 for the cost of any bail bond required of an **insured person** because of a traffic violation or **accident** which results in **bodily injury** or **property damage** covered by this Liability Coverage. **We** are not obligated to apply for or furnish any bond.
2. The premiums on:
 - a. Appeal bonds in any lawsuit **we** defend; and
 - b. Bonds to release property attached in a lawsuit; but only for that portion of the bond within **our** limit of liability.

We have no duty to:

1. Pay the premium for any bond in an amount that exceeds **our** limit of liability under Liability Coverage;
2. Apply for or furnish any bonds; or
3. Pay any premium for an appeal bond after **we** have tendered or offered the policy limit in payment of that portion of any judgment that falls within **our** limit of liability.
4. Interest accruing on compensatory damages after a judgment is entered in any lawsuit **we** defend to which this Liability Coverage applies. **Our** duty to pay interest ends when **we** offer to pay that part of the judgment within **our** limit of liability for this coverage.
5. Up to \$50 a day for lost wages or salary due to attendance at hearings or trials at **our** request.

6. Other expenses the **insured person** incurs at **our** request.

Additional Definition

"**Insured person**" means, when used in this Liability Coverage:

1. **You** or any **family member** for the ownership, maintenance or use of any:
 - a. **Insured auto**;
 - b. A **non-owned auto**; or
 - c. A trailer being pulled by a **non-owned auto** or an **insured auto** to which this coverage applies.
2. Any other person with a valid driver's license or driver's permit who is using an **insured auto** with the express or implied permission from **you** or a **family member** to do so.

HOWEVER, NO PERSON OTHER THAN YOU OR A FAMILY MEMBER WILL BE AN "INSURED PERSON" UNDER LIABILITY COVERAGE FOR ANY AMOUNT IN EXCESS OF THE MINIMUM AMOUNT OF LIABILITY COVERAGE REQUIRED UNDER THE FINANCIAL RESPONSIBILITY LAW OF THE STATE IN WHICH THE ACCIDENT OCCURS.

3. For use of an **insured auto**, any person or organization with respect to legal responsibility for acts or omissions of a person for whom Liability Coverage is provided under clause 1 or clause 2 above.
4. Any "Additional Insured" listed on the **Declarations Page** with respect to use of an **insured auto**.

HOWEVER, INCLUSION OF PERSONS UNDER CLAUSE 3 AND 4 ABOVE SHALL NOT INCREASE OUR LIMIT OF LIABILITY IN ANY ACCIDENT TO AN AMOUNT GREATER THAN THE LIMIT THAT APPLIES TO THE PERSON FOR WHOM LIABILITY COVERAGE IS PROVIDED UNDER CLAUSE 1 OR 2 ABOVE. ANY COVERAGE PROVIDED UNDER CLAUSE 3 OR 4 SHALL END WHEN OUR LIMIT OF LIABILITY IS EXHAUSTED OR WHEN THE LIABILITY OF INSURED PERSONS LISTED UNDER CLAUSE 1 OR 2 DOES NOT EXIST OR IS RELEASED, DISMISSED OR SATISFIED.

Limit of Liability

1. Unless limited by the definition of "**insured person**" above, the limit shown on the

- Declarations Page** for each person is the most we will pay for all damages due to **bodily injury** to one person.
2. Unless limited by the definition of "**insured person**" above, and subject to the "each person" limit, the limit shown on the **Declarations Page** for "each accident" is the most we will pay for all damages due to **bodily injury** sustained by two or more persons in any one **accident**.
 3. Unless limited by the definition of "**insured person**" above, the limit shown on the **Declarations Page** for **property damage** is the most we will pay for **property damage** resulting from any one **accident**.
 4. **IMPORTANT: THERE WILL BE NO STACKING OR COMBINING OF COVERAGE AFFORDED TO MORE THAN ONE AUTO OR INSURED PERSON UNDER THIS POLICY.**

THE LIMITS SET FORTH ABOVE IN CLAUSE 1, 2 AND 3 ARE THE MOST WE WILL PAY REGARDLESS OF THE NUMBER OF:

- a. **AUTOS SHOWN ON THE DECLARATIONS PAGE;**
 - b. **INSURED PERSONS;**
 - c. **CLAIMS MADE;**
 - d. **INJURED PERSONS;**
 - e. **POLICIES ISSUED BY US;**
 - f. **PREMIUMS PAID; OR**
 - g. **VEHICLES AND TRAILERS INVOLVED IN THE ACCIDENT.**
5. The "each person" limit of liability includes:
 - a. The total of all claims made for **bodily injury** to a person and all claims of others derived from that **bodily injury**, including, but not limited to any claims allowed by law for:
 - (1) Loss of consortium;
 - (2) Loss of services;
 - (3) Loss of society;
 - (4) Loss of companionship; and
 - (5) Wrongful death; and
 - b. Claims allowed by law for emotional distress and mental anguish as a result of observing the **accident** or **bodily injury**.
 6. No one will be entitled to payment under this coverage for any elements of emotional distress damages arising out of **property damage** only.
 7. No one will be entitled to duplicate payments under this coverage for any element of damages that has been paid by:
 - a. Any other coverage under this policy;
 - b. Workers' compensation or any similar insurance; or
 - c. Any other source.

8. Any payment to a person under this Liability Coverage shall be reduced by any payments to that person under Uninsured Motorist Coverage and Underinsured Motorist Coverage.
9. An **auto** with an attached **trailer** is deemed one **auto**. The limit of liability that applies to the **auto** will not be increased for an **accident** because a **trailer** is attached to the **auto**.
10. **IMPORTANT: IF WE HAVE ISSUED MORE THAN ONE POLICY TO YOU, WE WILL PAY NO MORE THAN THE HIGHEST LIMIT OF LIABILITY FOR LIABILITY COVERAGE APPLICABLE UNDER ONE POLICY.**

Liability Coverage Exclusions

We do not provide coverage or a defense to any lawsuit for:

1. **Bodily injury** or **property damage** caused by an intentional act by or at the direction of an **insured person**, even if the resulting **bodily injury** or **property damage** is not intended.
2. **Property damage** to property:
 - a. Rented to;
 - b. Transported by;
 - c. Owned by; or
 - d. In the care of; the **insured person**.This exclusion does not apply to **property damage** to a residence or private garage not owned by an **insured person, you** or a **family member**, that is rented by **you**.
3. **Bodily injury** to an employee or co-worker of the **insured person** that occurs in the course of employment. This exclusion does not apply to **bodily injury** to a domestic employee of the **insured person** unless workers' compensation benefits are required or available for that domestic employee.
4. **Bodily injury** or **property damage** that arises out of the use of any **auto** or **trailer** to transport or carry persons for compensation or a fee. This exclusion does not apply to a share-the-expense car pool or is used in the course of volunteer work for a tax-exempt organization as described in A.R.S. 43-1201(4).
5. **Bodily injury** or **property damage** liability that arises out of the use of any **auto** or **trailer** for the wholesale or retail delivery of products or property for compensation or a fee, including, but not limited to, delivery of magazines, newspapers, pizza or other food.
6. **Bodily injury** or **property damage** arising from use of any **auto** by any **insured person** while employed or otherwise engaged in an **auto business**. This does not apply to **you** or a **family member** using an **insured auto**.

7. **Bodily injury or property damage** arising from use of any **auto** by any **insured person** while employed or otherwise engaged in any **business** other than an **auto business**. This does not apply to **you** or a **family member** for use of an insured auto while:
 - a. Engaged in farming or ranching
 - b. Commuting to or from **your** principle place of employment or **business** other than a **business** described in clause c, below;
 - c. On an occasional errand in the course of employment in a **business** if not part of your usual job responsibilities;
 - d. Commuting to or from **business** or a work site while:
 - (1) Carrying tools and supplies between **your** residence and any job site;
 - (2) Acting as a sales or service representative; or
 - (3) In the scope of employment as **your** domestic employees (e.g. maids, chauffeurs, nannies);if you paid **us** the business use surcharge; or
 8. **Bodily injury or property damage** for which a person is insured under a nuclear energy liability insurance policy.
 9. **Bodily injury or property damage** resulting from radioactive, pathogenic, poisonous, biological, toxic, explosive or other hazardous materials.
 10. **Bodily injury or property damage** resulting from or due to:
 - a. War (declared or undeclared);
 - b. Civil war;
 - c. Insurrection;
 - d. Rebellion;
 - e. Riot;
 - f. Revolution; or
 - g. Nuclear reaction or radiation.
 11. **Bodily injury or property damage** that arises out of any person's liability for the ownership, maintenance or use of an **insured auto** when it:
 - a. Is being rented or leased to others;
 - b. Has been sold to another; or
 - c. Is under a conditional sales agreement by **you** to another and is no longer in **your** possession.
 12. **Bodily injury or property damage** that arises out the maintenance or use of an **auto** while it is involved in any **racing**.
 13. **Bodily injury or property damage** that arises out of any liability assumed by an **insured person** under any contract or agreement.
 14. **Bodily injury or property damage** for any obligation for which the United States Government is liable under the Federal Tort Claims Act.
 15. **Bodily injury or property damage** that arises out of the use of an **auto** in the commission of a crime.
 16. **Bodily injury or property damage** for any amount in excess of the minimum limit required under the financial responsibility laws of the state where the **accident occurs** if it arises out of the operation of any **auto** while the **insured person** is:
 - a. Intoxicated; or
 - b. Driving while under the influence of alcohol or a controlled substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812, as amended. Controlled substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. This exclusion does not apply to the lawful use of prescription drugs by a person following the orders of a licensed physician.
 - c. Texting; or
 - d. Using a Cellular phone or any other communication device in other than a hands-free mode.
 17. **Punitive and exemplary damages**.
 18. **Bodily injury or property damage** that arises out of the operation of an **auto** by an undisclosed operator. This exclusion does not apply to the portion of damages that is less than or equal to the minimum limits of liability coverage required by the Arizona Financial Responsibility Act.
 19. **Bodily injury or property damage** that arises out of the operation of an **auto** while the Transportation Network Company driver is logged in to a Transportation Network Company's digital network or software application or if providing transportation network services. This exclusion is effective on or after February 29, 2016 in accordance with A.R.S. 28-4009.
- If a court with proper jurisdiction rules that an exclusion is invalid and/or unenforceable because the exclusion fails to meet the mandates of Arizona Financial Responsibility Act, that exclusion shall be deemed revised so as:
1. Not to apply to the portion of damages that is less than or equal to the minimum limits of liability coverage required by the Arizona Financial Responsibility Act; and
 2. To apply and be enforceable as to all other damages.

Other Insurance

IMPORTANT: IF THERE IS OTHER APPLICABLE LIABILITY INSURANCE, BONDS OR SELF-INSURANCE, WE WILL PAY ONLY OUR SHARE OF

THE DAMAGES. OUR SHARE IS THE PROPORTION THAT OUR LIMIT OF LIABILITY COVERAGE BEARS TO THE TOTAL OF ALL APPLICABLE LIMITS.

However, any insurance we provide for an auto other than your insured auto, or a trailer other than a trailer being towed by an insured auto, will be excess over all other insurance, self-insurance and bonds except as to:

1. Liability coverage or benefits of or issued to the **owner of a non-owned auto** rented to **you** or a **family member**, but only if the rental agreement requires the insurance under this policy to provide primary Liability Coverage, in which case **we** will provide Liability Coverage to **you** or any **family member** on a primary basis for the portion of damages that is less than or equal to the minimum limits of liability coverage required by the Arizona Financial Responsibility Act for the permissive use of the rented **non-owned auto**. However, any

liability insurance policy **you** or a **family member** buy from a short-term lessor of a motor vehicle shall be deemed to provide primary coverage, and any other policy of liability insurance, including this policy issued by **us**, shall be deemed to provide excess coverage.

2. Any Liability Coverage **we** provide for a **non-owned auto** that is:
 - a. Loaned to **you** or a **family member** by a garage man engaged in the business of repairing or servicing motor vehicles; and
 - b. To be used during the time required to complete repairs or service of an **insured auto** in the bailment of that garage man; but only if the garage man has given express notice to **you** or a **family member** that **your** insurance on the **insured auto** is primary coverage while **you** or a **family member** are operating that **non-owned auto**.

Medical Payments Coverage

Insuring Agreement

If **you** paid the premium for this coverage, **we** will pay the **usual and customary charge** for reasonable expenses, up to **our** limit of liability, for necessary medical expenses incurred and funeral services because of **bodily injury**:

1. Caused by an **accident**; and
2. Sustained by an **insured person**.

This coverage is subject to the following rights and restrictions:

1. **We** will only pay those expenses incurred within one year from the date of the **accident**.
2. **We** have the right to review the medical expenses incurred to determine if they are reasonable and necessary for diagnosis and treatment of the **bodily injury**.
3. **We** may refuse to pay for any portion of a medical expense that is unreasonable because the fee for the service is greater than the fee that is the **usual and customary charge**.
4. **We** may refuse to pay for any services that are not provided and prescribed by a state licensed medical or health care provider acting within the scope of that license.
5. **We** may also refuse to pay for any medical expense because the service rendered is unnecessary for the treatment of the **bodily injury**.
6. **We** may also refuse to pay for any medical expense because the service rendered is for the treatment of a **bodily injury** that was not caused

by the **accident**.

7. **Insured persons** must submit to medical exams and tests at **our** expense by physicians **we** select as often as **we** reasonably require.
8. **We** may use other sources of information selected by **us** to determine if any medical expense is reasonable and necessary and caused by an **accident**. These sources may include:
 - a. Exams by physicians **we** select. **We** will pay for these exams;
 - b. Review of medical records and test results by persons and services selected by **us**;
 - c. Computerized programs for analysis of medical treatment and expenses; and
 - d. Published sources of medical expense information.
9. **We** will defend the **insured person** with an attorney of **our** choice if the insured person is sued for payment of any medical expense that **we** have refused to pay because the fee is unreasonable or the service is unnecessary. **We** will pay defense costs and any judgment against the **insured person** up to **our** liability.

Additional Definitions

The words and phrases listed below have the following meaning when shown in **bold** print in this Medical Payments Coverage. These meanings will apply whether they appear in the singular, possessive or plural forms.

1. "Insured person" means:

- a. **You** or any **family member**:
 - (1) While **occupying** an:
 - a. **Insured auto**; or
 - b. **Non-owned auto**; or
 - (2) When struck by a motor vehicle designed for use on public roads while not **occupying** a motor vehicle.

However, "insured person" does not include a **family member** who is an **undisclosed operator**.

- b. Any other person **occupying** an **insured auto**:
 - (1) With express permission from **you** or a **family member**; and
 - (2) Within the scope of that permission. However, "insured person" does not include an **undisclosed operator** or any person operating an **insured auto** without a valid driver's license or valid driver's permit.

- 2. "**Usual and customary charge**" means an amount which we determine represents a customary charge for services in the geographic area in which the service is rendered. **We** shall determine the usual and customary charge through the use of sources of our choice.

Limit of Liability

- 1. The limit of liability shown on the **Declarations Page** is the most **we** will pay for **bodily injury** to each **insured person** in an **accident**.
- 2. **IMPORTANT: THERE WILL BE NO STACKING OR COMBINING OF COVERAGE AFFORDED TO MORE THAN ONE AUTO UNDER THIS POLICY.**

THE LIMIT OF LIABILITY IS THE MOST WE WILL PAY FOR EACH INSURED PERSON IN AN ACCIDENT REGARDLESS OF THE NUMBER OF:

- a. **AUTOS AND TRAILERS SHOWN ON THE DECLARATIONS PAGE;**
- b. **CLAIMS MADE;**
- c. **POLICIES ISSUED BY US;**
- d. **PREMIUMS PAID; OR**
- e. **VEHICLES INVOLVED IN THE ACCIDENT.**

IF YOU HAVE MORE THAN ONE AUTO INSURED BY US UNDER THE MEDICAL PAYMENTS COVERAGE OF THIS POLICY, WE WILL NOT PAY ANY INSURED PERSON MORE THAN THE SINGLE HIGHEST LIMIT OF THE MEDICAL PAYMENTS COVERAGE WE PROVIDE ON ANY ONE AUTO FOR AN ACCIDENT; PROVIDED THAT IF THE

INSURED PERSON IS OCCUPYING AN INSURED AUTO TO WHICH THIS COVERAGE APPLIES AT THE TIME OF THE ACCIDENT, WE WILL PAY NO MORE THAN THE LIMIT OF COVERAGE FOR THAT INSURED AUTO.

- 3. **NO ONE WILL BE ENTITLED TO DUPLICATE PAYMENTS FOR THE SAME ELEMENT OF DAMAGES UNDER THIS POLICY OR FROM ANY OTHER SOURCE.**
- 4. **ANY PAYMENT MADE BY US SHALL BE APPLIED TOWARD ANY SETTLEMENT OR JUDGMENT THAT INSURED PERSON RECEIVES UNDER ANY:**
 - a. **LIABILITY COVERAGE; OR**
 - b. **UNINSURED-UNDERINSURED MOTORIST COVERAGE;****PROVIDED TO THAT PERSON BY THIS POLICY, BUT ONLY FOR THE PURPOSE OF PREVENTING DUPLICATE PAYMENTS FOR THE SAME ELEMENT OF DAMAGES.**

Medical Payments Coverage Exclusions

We do not provide Medical Payments Coverage for any person for **bodily injury**:

- 1. Caused intentionally or caused by an intentional act by or at the direction of an **insured person**.
- 2. Sustained while **occupying** any vehicle located for use as a residence or premises.
- 3. Occurring in the course of employment if workers' compensation benefits are required, available, payable or paid for that person, even if reimbursed to the entity paying those workers' compensation benefits from any third-party recovery made by an **insured person**.
- 4. That arises out of the use of an **auto** to transport or carry persons for compensation or a fee. This exclusion does not apply to:
 - b. A share-the-expense car pool; or
 - c. **Bodily injury** sustained by **you** or a **family member** while a passenger in a taxi, limousine or a public conveyance.
- 3. That arises out of the use of an **auto** for the wholesale or retail delivery of products or property for compensation or a fee, including, but not limited to, delivery of magazines, newspapers, pizza or other food.
- 4. Sustained by any person while **occupying** any vehicle, other than an **insured auto**, that is owned by **you** or any **family member**, or is furnished or available for the regular use of **you** or any **family member**.

Arizona Auto Policy

5. Sustained by a person other than **you** or a **family member** that arises out of the use of an **insured auto** while leased or rented to others.
6. Sustained by any person while employed or otherwise engaged in an **auto business**. This exclusion does not apply to **you** or any **family member** when using your **insured auto**.
7. Sustained while maintaining or using any vehicle while employed or otherwise engaged in any **business** other than an **auto business**. This does not apply to **you** or a **family member** for use of an **insured auto** while:
 - b. Engaged in farming or ranching;
 - c. Commuting to or from **your** principle place of employment or **business** other than a **business** described in clause c, below;
 - d. On an occasional errand in the course of employment in a **business** if not part of **your** usual job responsibilities;
8. Commuting to or from **business** or a work site while:
 - b. Carrying tools and supplies between **your** residence and any job site;
 - c. Acting as a sales or service representative; or
 - d. In the scope of employment as **your** domestic employees (e.g. maids, chauffeurs, nannies);
if you paid **us** the business use surcharge; or
9. Performing **your** duties as a real estate or insurance agent, lawyer, doctor, accountant, or other professional who travels to more than one location in the course of **business**, if **you** paid **us** the business use surcharge.
10. Caused by or as a consequence of:
 - b. War (declared or undeclared);
 - c. Civil war;
 - d. Insurrection;
 - e. Rebellion;
 - f. Riot;
 - g. Revolution; or
 - h. Radioactive contamination;
 - i. Nuclear reaction or radiation (whether controlled or uncontrolled or however caused);
 - j. Pathogenic, poisonous, biological or toxic substance; or
 - k. Explosive or other hazardous materials.
11. Sustained while **occupying** any vehicle while it is involved in any racing.
12. For which the United States Government or any of its military services are required to provide similar services and benefits.
13. Sustained while **occupying** any vehicle while that **insured person** is committing a crime.
14. Sustained while the **insured person** is:
 - b. Driving while intoxicated;
 - c. Charged with driving while impaired or intoxicated; or
 - d. Driving while under the influence of alcohol or a controlled substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. This exclusion does not apply to the lawful use of prescription drugs by a person following the orders of a licensed physician.
 - e. Texting; or
 - f. Using a Cellular phone or any other communication device in other than a hands-free mode.
15. Sustained while **occupying** any vehicle being operated by an **undisclosed operator**.

Other Insurance

1. For **bodily injury** to you or a **family member**:
 - a. **IMPORTANT: IF THERE IS OTHER APPLICABLE AUTO MEDICAL PAYMENTS COVERAGE, WE WILL PAY ONLY OUR SHARE OF THE MEDICAL AND FUNERAL EXPENSES.**

OUR SHARE IS THE PROPORTION THAT OUR LIMIT OF LIABILITY COVERAGE BEARS TO THE TOTAL OF ALL APPLICABLE LIMITS.
 - b. Any insurance **we** provide for an **auto** other than your **insured auto**, or a **trailer** other than a **trailer** being towed by an **insured auto**, will be excess over all other collectible motor vehicle medical payments insurance.
2. For **bodily injury** to an **insured person** who is **occupying** an **insured auto**, other than **you** or a **family member**:
 - a. Any insurance **we** provide shall be excess over all other collectible insurance applicable to medical and/or funeral expenses, including but not limited to:
 - (1) Coverage provided by any motor vehicle insurance;

- (2) Coverage provided by any health or medical insurance; and
- (3) Any workers compensation, disability or similar benefit or insurance policies or governmental programs.

IMPORTANT: IF THERE IS OTHER INSURANCE FOR MEDICAL OR FUNERAL EXPENSES WITH THE SAME PRIORITY, WE WILL PAY NO MORE THAN OUR SHARE. OUR SHARE IS THE PROPORTION THAT

OUR LIMIT OF LIABILITY COVERAGE BEARS TO THE TOTAL OF ALL APPLICABLE LIMITS OF THE SAME PRIORITY.

IMPORTANT: IF YOU ARE INSURED UNDER MORE THAN ONE POLICY ISSUED BY US, WE WILL PAY NO MORE THAN THE HIGHEST LIMIT OF LIABILITY FOR MEDICAL PAYMENTS COVERAGE APPLICABLE UNDER ONE POLICY.

Uninsured-Underinsured Motorist Coverage

Uninsured-Underinsured Motorist Coverage Insuring Agreement

If **you** paid the premium for Uninsured and/or Underinsured Motorist Coverage and it is shown on the **Declarations Page**, we will pay compensatory damages, up to the limits of liability shown on the **Declarations Page**, which an **insured person** is legally entitled to recover from the **owner** or operator of an:

1. Uninsured motor vehicle; or
2. Underinsured motor vehicle; for **bodily injury** that is:
 1. Caused by an **accident**; and
 2. Sustained by an **insured person**.

The **owner's** or operator's liability for these damages must arise out of the ownership, maintenance or use of an **uninsured motor vehicle** and/or **underinsured motor vehicle**.

Any judgment that arises out of a lawsuit or settlement for damages against the owner or operator of an uninsured motor vehicle or underinsured motor vehicle without our consent is not binding on us when an insured person or that person's legal representative:

1. **Enters into a settlement of a bodily injury claim without our written consent;**
2. **Fails to give us written notice at the start of all legal actions against a liable party; and**
3. **Provides us no opportunity to appear and defend our interests.**

Additional Definitions

The words and phrases listed below have the following meaning when shown in **bold** print in this Uninsured-Underinsured Motorist Coverage. These meanings will apply whether they appear in the singular, possessive or

plural forms.

1. "**Hit-and-run vehicle**" means a vehicle whose operator or owner cannot be identified and which has physical contact with
 - a. An **insured auto**;
 - b. An **insured person**; or
 - c. A vehicle an **insured person** is **occupying**; resulting in **bodily injury** to an **insured person**, provided the named insured, or someone on his behalf, has reported the **accident** within the time required by Arizona law to the applicable police department, sheriff or state Highway Patrol.
2. "**Insured person**" means:
 - a. **You**, but not when using or **occupying** a vehicle, other than an **insured auto**, without the express or implied permission from the **owner** of that vehicle;
 - b. Any **family member**, but not when using or **occupying** a vehicle, other than an **insured auto**, without the express or implied permission from the **owner** of that vehicle.
 - c. Any other person while **occupying**, with the express permission and within the scope of that permission from **you** or its **owner**, an **insured auto**, but only up to the minimum limits; and
 - d. Any person, for damages that person is legally entitled to recover because of **bodily injury** sustained by a person listed in 1, 2, or 3 above.

HOWEVER, THIS SHALL NOT INCREASE OUR LIMIT OF LIABILITY IN ANY ACCIDENT TO AN AMOUNT GREATER THAN THE LIMIT THAT APPLIES TO THE PERSON FOR WHOM UNINSURED- UNDERINSURED MOTORIST COVERAGE IS PROVIDED UNDER CLAUSE 1, 2 or 3 ABOVE.

"Insured person" does not include any person who is occupying any vehicle while that person is committing a crime

2. **"Underinsured motor vehicle"** means a land motor vehicle for which one or more **bodily injury** liability bonds or policies apply at the time of the **accident** and those bonds or policies collectively satisfy the minimum limits required under the financial responsibility law, but all limits available under all bonds and policies for **bodily injury** liability coverage are less than the damages an **insured person** is entitled to recover from the **owner** or operator of the motor vehicle for **bodily injury**.
3. **"Underinsured motor vehicle"** does not include any vehicle or equipment that is:
 - a. Operated on rails or crawler treads
 - b. Designed mainly for use off public roads, while not on public roads;
 - c. Located for use as a residence or premises;
 - d. **Owned** by, or furnished or available for regular use to, **you** or any **family member**; or
 - e. An uninsured motor vehicle.
5. **"Uninsured motor vehicle"** means a land motor vehicle:
 - a. Not insured by a **bodily injury** liability policy or bond at the time of the **accident**;
 - b. To which a **bodily injury** liability policy or bond applies at the time of the **accident** but the limit of liability for **bodily injury** under that policy or bond is less than the **minimum limits**;
 - c. Which is a **hit-and-run vehicle**.
 - d. For which a **bodily injury** liability policy or bond applies at the time of the **accident** but the bonding or insuring company denies coverage or is or becomes insolvent within two years after the date of the **accident**.
6. **"Uninsured motor vehicle"** does not include any vehicle or equipment:
 - a. Owned by:
 - (1) The United States of America;
 - (2) Canada;
 - (3) A state;
 - (4) Any other governmental entity or unit; or
 - (5) An agency of (1), (2), (3), or (4) above;
 - b. Operated on rails or crawler treads;
 - c. Designed mainly for use off public roads, while not on public roads;
 - d. Located for use as a residence or premises;
 - e. **Owned** or operated by a self-insured under any applicable motor vehicle law, except a self-insured that is or becomes insolvent;
 - f. **Owned** by, or furnished or available for regular use to, you or any family member; or

- g. An **underinsured motor vehicle**.

Limit of Liability

1. The limit of liability shown on the **Declarations Page** for each person is the most **we** will pay for all damages due to **bodily injury** to one person when the injured person is **you** or a **family member**.
2. The most **we** will pay for damages due to **bodily injury** to any one insured person other than **you** or a **family member** is the **minimum limits** with respect to **bodily injury** to one person.
3. Subject to the applicable limit for **bodily injury** to one person set forth under the **minimum limits**, with respect to **bodily injury** sustained by two or more **insured persons** who are not **you** or a **family member**, **we** will not pay more than the "each accident" limit of liability set forth under the **minimum limits** for **bodily injury** sustained by two or more persons in any one **accident**.
4. Subject to the applicable limit for **bodily injury** to one person, the limit of liability shown on the **Declarations Page** for each **accident** is the most **we** will pay for all damages due to **bodily injury** to all **insured persons** in any one **accident**.
5. **IMPORTANT: THERE WILL BE NO STACKING OR COMBINING OF COVERAGE AFFORDED TO MORE THAN ONE AUTO UNDER THIS POLICY.**

THE LIMITS SET FORTH IN THE CLAUSES SHOWN ABOVE UNDER THE LIMITS OF LIABILITY ARE THE MOST WE WILL PAY REGARDLESS OF THE NUMBER OF:

- a. **VEHICLES OR PREMIUMS SHOWN ON THE DECLARATIONS PAGE;**
- b. **INSURED PERSONS;**
- c. **CLAIMS MADE;**
- d. **INJURED PERSONS;**
- e. **POLICIES ISSUED BY US; OR**
- f. **VEHICLES INVOLVED IN THE ACCIDENT.**

IF YOU HAVE MORE THAN ONE AUTO INSURED BY US UNDER THE UNINSURED-UNDERINSURED MOTORIST COVERAGE OF THIS POLICY, WE WILL NOT PAY ANY INSURED PERSON MORE THAN THE SINGLE HIGHEST LIMIT OF THE UNINSURED-UNDERINSURED MOTORIST COVERAGE WE PROVIDE ON ANY ONE AUTO FOR AN ACCIDENT; PROVIDED THAT IF THE INSURED PERSON IS OCCUPYING AN INSURED AUTO TO WHICH THIS COVERAGE APPLIES AT THE TIME OF THE ACCIDENT, WE WILL PAY NO MORE THAN THE LIMIT OF COVERAGE FOR THAT INSURED AUTO.

6. The applicable "each person" limit of liability includes:
 - a. The total of all claims made for **bodily injury** to a person and all claims of others derived from that bodily injury, including, but not limited to any claims allowed by law for:
 - (1) Loss of consortium;
 - (2) Loss of services;
 - (3) Loss of society;
 - (4) Loss of companionship; and
 - (5) Wrongful death; and
 - b. Claims allowed by law for emotional distress and mental anguish as a result of observing the accident or bodily injury.
7. **NO ONE WILL BE ENTITLED TO DUPLICATE PAYMENTS FOR THE SAME ELEMENTS OF DAMAGES UNDER THIS POLICY OR FROM ANY OTHER SOURCE.**
8. The total damages an **insured person** is legally entitled to recover shall be reduced by any amount:
 - a. Paid because of **bodily injury** by or on behalf of any persons or organizations that may be legally responsible, including, but not limited to, all sums paid under Liability Coverage provided by this policy;
 - b. Paid or payable under Medical Payments Coverage;
 - c. Paid or payable because of **bodily injury** under any workers' compensation law, disability benefits law, or similar laws; and
 - d. Paid or payable because of **bodily injury** covered under any private health or disability insurance.
9. Any payment made to a person under this coverage shall reduce any amount that the person is entitled to recover under Liability Coverage.
10. Subject to the limits of liability described above, the most we will pay for **bodily injury** damages to an **insured person** caused by the **owner** or operator of an **underinsured motor vehicle** will be no more than the amount by which the **bodily injury** damages exceed, as applicable:
 - a. The sum of the amounts of coverage of all liability bonds or policies available to the **owner** and operator of the **underinsured motor vehicle**. This applies even if that **insured person** enters into a settlement agreement for an amount less than the sum of the limits of liability under all applicable **bodily injury** liability bonds and policies.
 - b. The limitation on liability of a government unit or agency. This applies even if that **insured person** enters into a settlement agreement for an amount less than the limitation on liability of a government unit or agency under the applicable Arizona Statutes or regulations.

Uninsured-Underinsured Motorist Coverage Exclusions

We do not provide coverage to an **insured person**:

1. If that person or their legal representative:
 - a. Makes a settlement of a **bodily injury** claim without our written consent;
 - b. Fails to give **us** written notice at the start of all legal actions against a liable party; and
 - c. Provides **us** no opportunity to appear and defend **our** interests.
2. While occupying an **insured auto** while it is being used to transport or carry persons for compensation or a fee. This includes when the driver is logged in to a Transportation Network Company's digital network or software application or is providing transportation network services. This exclusion does not apply to:
 - a. a share-the-expense car pool;
 - b. volunteer work for a tax-exempt organization as described in A.R.S. 43-1201(4); or
 - c. that portion of the damages that are less than or equal to the minimum limits of liability coverage required by the financial responsibility law of the State of Arizona.
3. While **occupying** an **insured auto** while it is being used for wholesale or retail delivery of products or property for compensation or a fee, including, but not limited to, delivery of magazines, newspapers, pizza or other food. This exclusion does not apply to that portion of the damages that are less than or equal to the minimum limits of liability coverage required by the financial responsibility law of the State of Arizona.
4. While using or **occupying** a motorized vehicle or device designed to be operated on the public roads, other than an **insured auto**, if the vehicle or device is owned by **you** or a **family member**. This exclusion does not apply to that portion of the damages that are less than or equal to the minimum limits of liability coverage required by the financial responsibility law of the State of Arizona.
5. To pay for **punitive and exemplary damages**.

This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer:

1. Under any workers' compensation or disability benefits law or any similar law; or
2. Providing any private health or disability insurance.

Other Insurance

IF THERE IS OTHER APPLICABLE INSURANCE, WE WILL PAY ONLY OUR SHARE OF THE DAMAGES. OUR SHARE IS THE PROPORTION THAT OUR LIMIT OF LIABILITY COVERAGE

BEARS TO THE TOTAL OF ALL APPLICABLE LIMITS.

However:

1. Any insurance **we** provide while an **insured person** is **occupying** or using a vehicle you do not own will be excess over any other collectible insurance; and
2. **IMPORTANT: IF WE HAVE ISSUED MORE THAN ONE POLICY TO YOU, WE WILL PAY NO MORE THAN THE HIGHEST LIMIT OF LIABILITY APPLICABLE UNDER ONE POLICY.**

Trust Agreement

If **we** pay an **insured person** any amount under this coverage due to the liability of the **owner** or operator of an **uninsured motor vehicle**:

1. **We** are entitled to all the rights of recovery that the **insured person** to whom payment was made has against another.
2. If the **insured person** recovers from a liable

person, entity, or organization, the amount recovered shall be held by the **insured person** in trust for **us** and reimbursed to **us** to the extent of **our** payment.

3. The **insured person** must:
 - a. Do everything reasonable to secure **our** rights;
 - b. Do nothing, either before or after an **accident**, to prejudice these rights; and
 - c. Do whatever else is necessary to help us exercise those rights.
4. If requested by **us**, the **insured person** must take necessary action, through a representative designated by **us**, to recover payment of the sums paid by **us** from the responsible person or organization.
5. The **insured person** must execute and deliver to **us** any legal instruments or papers **we** deem necessary to secure **our** rights and recover the amounts owed to **us**.
6. **We** are entitled to the proceeds of any settlement or recovery from any person legally responsible for the **bodily injury** as to which payment was made, and to amounts recovered from the assets of any insolvent insurer of an **uninsured motor vehicle**.

Physical Damage Coverage

**Physical Damage Coverage
Insuring Agreement**

If **you** paid the premium for this coverage, **we** will pay for direct **loss** to an **insured auto**, including any original optional equipment permanently installed by the vehicle manufacturer or its authorized dealer at the time of original purchase. **Our** payment will be reduced by any deductible shown on the **Declarations Page** for that auto.

We will pay for:

1. **Loss** to an **insured auto** caused by a collision, if the **Declarations Page** shows that Collision Coverage has been purchased for that **auto**.
2. **Comprehensive loss** to an **insured auto**, if the **Declarations Page** shows that Comprehensive Coverage has been purchased for that **auto**.

Coverage does not apply for an **auto**, other than an **insured auto** for which the coverage has been purchased.

Temporary Transportation Coverage

1. Comprehensive Coverage includes payment of reasonable transportation expenses incurred by **you** if an **insured auto** to which Comprehensive

Coverage applies is stolen, subject to a limit of the greater of:

- a. \$15 each day for a maximum of \$450; or
 - b. Any higher limit of liability for Rental Reimbursement Coverage shown on the **Declarations Page**.
2. **We** will not pay any benefits under this coverage that duplicates any other coverage or optional coverage provided by this policy.
 3. Coverage for temporary transportation expenses begins 48 hours after **you** report the theft to **us**, and ends the earliest of:
 - a. When the **insured auto** has been returned to **you** or its **owner**;
 - b. When the **insured auto** has been recovered and repaired;
 - c. When the **insured auto** has been replaced;
 - d. When **you** have incurred the temporary transportation expense limit; or
 - e. When **we** make an offer to pay **our** limit of liability under Comprehensive Coverage for the **auto** if **we** declare the **auto** a **total loss** or unrecoverable.
 4. **You** agree to provide us with receipts of transportation expenses.

Special Equipment Coverage

1. If **you** paid the premium for Special Equipment

Coverage, we will pay for **loss** to any **Special equipment** described on the application for this coverage. This coverage applies only if the described equipment is permanently installed in the **insured auto** at the time of loss. This coverage does not apply to any **Special equipment** or other equipment, instrument, or device specifically covered or excluded elsewhere in this policy.

2. **Our** limit of liability for **Special equipment** is the lesser of:
 - a. The amount shown on the **Declarations Page** for Special Equipment Coverage;
 - b. The **actual cash value** of the stolen or damaged property or equipment;
 - c. The amount necessary to replace the stolen or damaged property with like kind and quality, reduced by betterment; or
 - d. The amount necessary to repair the **Special Equipment** to its pre-loss physical condition, reduced by depreciation or betterment (for which **you** are responsible), if the repair improves the condition of the **auto**.

Electronic Equipment Coverage

1. If **you** paid the premium for Special Equipment Coverage, **we** will pay for **loss** to any **electronic equipment** described on the application for this coverage. This coverage applies only if the described equipment is permanently installed in the **insured auto** by brackets or bolts at the time of **loss**. This coverage does not apply to any **electronic equipment** or other equipment, instrument, or device specifically covered or excluded elsewhere in this policy.
2. **Our** limit of liability for **electronic equipment** is the lesser of:
 - a. Five Hundred Dollars (\$500.00);
 - b. The **actual cash value** of the stolen or damaged property or equipment;
 - c. The amount necessary to replace the stolen or damaged property with like kind and quality, reduced by betterment; or
 - d. The amount necessary to repair the damaged **electronic equipment** to its pre-loss physical condition, reduced by depreciation or betterment (for which **you** are responsible), if the repair improves the condition of the **auto**.

Towing and Labor Coverage

1. If **you** paid the premium for Towing and Labor Coverage, each time an **insured auto** is disabled, up to a maximum of two times during the term of the policy, **we** will pay up to the amount shown on

the **Declarations Page** for the reasonable costs incurred for necessary:

- a. Towing an **insured auto**; and
 - b. Mechanical labor performed on an **insured auto** at the place of disablement.
2. **We** will not pay for:
 - a. Mechanical labor performed at your residence;
 - b. Re-fueling;
 - c. The cost of fuel; or
 - d. Emergency locksmith services.
 3. **You** agree to provide **us** with receipts of any towing or labor charges incurred.

We will pay no more than one tow per disablement without **our** prior consent

Rental Reimbursement Coverage

1. If **you** paid the premium for Rental Reimbursement Coverage, **we** will pay up to the daily rental reimbursement limit and for the period of time shown on the **Declarations Page**, for reasonable and necessary transportation expense incurred due to loss of use of an **insured auto** because of a loss to the **insured auto** that:
 - a. Is not a theft of the entire auto;
 - b. Is covered under the Collision Coverage or Comprehensive Coverage of this policy; and
 - c. Exceeds the deductible.
2. This coverage does not begin until the **insured auto** has been withdrawn from normal use for more than 24 hours.
3. **We** will reimburse **you** only for the length of time reasonably required to repair or replace the **insured auto**.
4. If an **insured auto** is being repaired after a loss, reimbursement for these covered expenses will begin after:
 - a. The **loss** has been reported to **us**; and
 - b. **You** or **your** representative have signed the repair order.
5. **Our** reimbursement for these covered expenses will end the earliest of:
 - a. In the event of a **total loss**, 48 hours after we offer to pay the amount **we** determine is due under this coverage;
 - b. 30 days after the first transportation expense was incurred; or
 - c. When repairs have been completed.
6. **You** agree to provide **us** with receipts of any rental or transportation charges incurred.

Additional Definitions

The words and phrases listed below have the following meaning when shown in **bold** print in this Physical Damage Coverage. These meanings will apply whether they appear in the singular, possessive or plural forms.

1. "**Collision**" means the **insured auto**:
 - a. Turns, rolls or flips over; or
 - b. Hits, or is hit by, another vehicle or object. However, "**collision**" does not include physical contact with an animal, bird or falling objects.
2. "**Comprehensive loss**" means any loss other than when an **auto**:
 - a. Turns, rolls or flips over; or
 - b. Hits, or is hit by, another vehicle or object.

"**Comprehensive loss**" shall not include any **loss** covered as a collision. **Loss** caused by the following is considered a "**comprehensive loss**":

 - a. Missiles or falling objects;
 - b. Fire;
 - c. Theft or larceny;
 - d. Explosion or earthquake;
 - e. Windstorm;
 - f. Hail, water or flood;
 - g. Malicious mischief or vandalism;
 - h. Riot or civil commotion;
 - i. Physical contact with an animal, bird or falling object; or
 - j. Breakage of glass except as a result of **collision**.
3. "**Special equipment**" means equipment, including **Electronic equipment**, that is not provided by the original manufacturer or new car dealer of the **insured auto**, that is:
 - a. Permanently installed in the **insured auto** by use of brackets, screws or bolts, including, but not limited to: ground effects; after-market lights; spoilers; carbon fiber panels or hoods; hydraulic lifts; custom exhaust equipment; aluminum, magnesium, chrome or alloy wheels; special or wide tires or slicks; sun roofs; moon roofs; t-bar roofs; height extending roofs; bubble domes or windows; refrigeration; cooking equipment; furnishings; and any equipment used for sleeping; and
 - b. Custom paint; murals; decals; graphics; and special carpeting.
4. "**Electronic equipment**" means audio, visual or data receiving, transmitting or reproducing electronic devices that are not provided by the original automobile manufacturer or new car dealer of the **insured auto**, that is:
 - a. Permanently installed in the dashboard or console opening of an **insured auto** as original

or optional equipment by the factory or dealer as specified by the manufacturer of the motor vehicle, including but not limited to: radios; stereos; tape decks; compact disk systems; MP3 devices; any other sound system; navigation systems; internet access systems; personal computers; DVD devices; VCR's; cameras; telephones; microphones; televisions, two-way mobile radios; scanners; or citizen-band radios; and

- b. Accessories to the devices listed in a. above.

Limit of Liability

1. **Our** limit of liability for a loss will not exceed the lesser of:
 - a. The **actual cash value** of the stolen or damaged **insured auto** and/or its equipment;
 - b. The amount necessary to repair physical damage to an **insured auto** and/or its equipment, reduced by betterment; or
 - c. The amount necessary to replace **your** stolen or damaged **insured auto** and/or its equipment with other property of like kind and quality, reduced by betterment.
2. Physical Damage Coverage does not include any diminution of value or any other loss or reduction in market or resale value which may result from **loss** to property.
3. The amount **we** will pay shall be reduced by:
 - a. The amount of depreciation or betterment (for which **you** are responsible), if the repair or replacement improves the condition of the **auto**. This includes, but is not limited to, the replacement of batteries, tires, or non-functioning parts;
 - b. An adjustment for physical condition (including, but not limited to, prior damage and excess mileage) will be made in determining the **actual cash value**;
 - c. The applicable deductible; and
 - d. The salvage value if **you** or the **owner** of the auto keeps the salvage.
4. The amount **we** will pay under Physical Damage Coverage shall be based on the cost of parts which maybe new, used, reconditioned, remanufactured or refurbished parts that are:
 - a. Original manufacturer parts or equipment; and
 - b. Non-original manufacturer parts or equipment; as **we** deem appropriate. However, if the **insured auto** that sustains a **loss**:
 - a. Is the current year model; and
 - b. Has less than 12,000 miles of original odometer miles;
 the amount **we** will pay under Physical Damage Coverage shall be based on the cost of new original

manufacturer parts or equipment.

5. There may be no duplicate recovery for the same elements of loss under this policy or from any other source.
6. **We** have no duty to pay the **actual cash value** of window glass or to replace window glass after a loss if **you** agree to have the window glass repaired at **our** expense with no deductible.
7. When **we** pay for storage of an **auto** after a **loss**, **we** will not pay more than:
 - a. \$10 per day; or
 - b. \$300 as the result of any one **loss**.

Physical Damage Coverage Exclusions

We do not provide coverage for a **loss**:

1. To an **auto** while it is being used to transport or carry persons for compensation or a fee. This exclusion does not apply to a share-the-expense car pool.
2. To an auto while it is being used for the wholesale or retail delivery of products or property for compensation or a fee, including, but not limited to, delivery of magazines, newspapers, pizza or other food.
3. Resulting from or due to:
 - a. War (declared or undeclared);
 - b. Civil war;
 - c. Insurrection;
 - d. Rebellion;
 - e. Riot;
 - f. Revolution; or
 - g. Nuclear reaction or radiation.
4. Resulting from or due to damage resulting from radioactive, pathogenic, poisonous, biological, toxic, explosive or other hazardous materials.
5. To an **auto** due to destruction or confiscation by governmental authorities because of use in illegal activities, or the failure to bring the auto into compliance with legal requirements.
6. To **electronic equipment**, except to:
 - a. **Electronic equipment** described on the application for this coverage; and
 - b. The limit of any applicable optional Special Equipment Coverage shown on the **Declarations Page**.
7. To an **auto** while employed or otherwise engaged in an **auto business**. This does not apply to **loss** to an **insured auto** that occurs while **you** or a **family member** is operating an **insured auto**.
8. To an **auto** while maintained or used by any person while employed or otherwise engaged in any **business** other than an **auto business**. This does not apply to loss to any **insured auto** that occurs while **you** or a **family member** is:
 - a. Engaged in farming or ranching;
 - b. Commuting to or from **your** principle place of employment or business other than a **business** described in clause c, below;
9. On an occasional errand in the course of employment in a **business** if not part of your usual job responsibilities;
10. Commuting to or from **business** or a work site while:
 - (1) Carrying tools and supplies between your residence and any job site;
 - (2) Acting as a sales or service representative; or
 - (3) In the scope of employment as **your** domestic employees (e.g. maids, chauffeurs, nannies); if **you** paid **us** the business use surcharge; or
11. Performing **your** duties as a real estate or insurance agent, lawyer, doctor, accountant, or other professional who travels to more than one location in the course of **business**, if **you** paid **us** the business use surcharge.
12. To a camper body, pick-up shell, box cover, or utility trailer not described on the **Declarations Page**.
13. To TV antennas, awnings, cabanas, or equipment designed to provide additional living facilities.
14. Resulting from:
 - a. Prior **loss** or damage;
 - b. Manufacturer's defects;
 - c. Wear and tear;
 - d. Freezing;
 - e. Mechanical or electrical breakdown or failure; or
 - f. Road damage to tires.
15. To **Special equipment**, except to:
 - a. **Special equipment** described on the **application** for this coverage; and
 - b. The limit of any applicable optional **Special Equipment** Coverage shown on the **Declarations Page**.
16. To an **auto** involved in any **rac**ing.
17. To an **auto** if the **accident** occurs or arises out of the commission of a crime. This exclusion does not apply if **your insured auto** was being used without **your** permission at the time of the **loss**.
18. To an **insured auto** when the **accident** occurs while the person operating the **insured auto** is an **undisclosed operator**.
19. To wearing apparel, tools or other personal property that is not part of, and permanently attached to, the **insured auto** by the original **auto** manufacturer.
20. To any vehicle or its equipment resulting from recreational, off-road use when the vehicle is not specifically designed and recommended by the original manufacturer for such use.
21. To an **auto**, if the **loss** is intended by a willful act by **you**, a **family member**, or the **owner** of the **auto**, or at the direction of **you**, a **family member**, or the

owner of the **auto**. This exclusion will not apply to the extent of the legal interest of a **named insured** or that person's spouse who sustains the **loss** as the result of domestic violence by a named insured or that person's spouse, if:

- a. The applicable state law protects that interest;
- b. That person has not:
 - (1) Participated in;
 - (2) Contributed to;
 - (3) Directed; or
 - (4) Consented to;the intentional act causing the loss; and
- c. A family violence complaint has been filed with the appropriate law enforcement authorities.

Payment of Loss

1. **We** may pay the **loss** in money or repair or replace the damaged or stolen property. **We** may make payment for a partial **loss** directly to a repair facility with **your** consent.
2. **We** may, at **our** expense, return any stolen property to **you** at the address shown on the **Declarations Page**. If **we** return stolen property, **we** will pay for any damage resulting from the theft.
3. **We** may keep all or part of the property at an agreed or appraised value. **You** do not have the right to abandon salvage to **us**. If **we** allow **you** or any other **owner** of property to retain salvage, **we** will reduce the amount to be paid by **us** by the agreed or appraised value of the salvage.
4. If **we** make a payment for:
 - a. Theft of an **insured auto**; or
 - b. A total loss;the titled owner of that **auto** shall transfer and deliver the title and other requested documents to us.

Loss Payee (Lienholder) Clause

Loss under this policy shall be paid, as interests may appear, to **you** and any Loss Payee shown in the **Declarations Page**. However, **we** may make payment for a partial **loss** directly to a repair facility with **your** consent.

Where fraud, misrepresentation, material omission, intentional damage, conversion, secretion or embezzlement contributing to the **loss** has been

committed, by or at the direction of **you** or a **family member**, or where the **loss** is otherwise not covered or payable to **you** or a **family member** under the terms of this policy, the Loss Payee's interest will not be protected.

We reserve the right to cancel the policy as permitted by policy terms. Cancellation shall terminate this agreement as to the Loss Payee's interest.

We will mail the Loss Payee written notice of cancellation as required by law.

No Benefit to Bailee

This insurance shall not directly or indirectly benefit any person or organization caring for or handling property for a fee or other compensation.

Other Sources of Recovery

If there is any other insurance or source of recovery that covers the **loss**, **we** will pay only **our** share of the **loss**. **Our** share is the proportion that **our** limit of liability coverage bears to the total of all applicable limits.

Appraisal

If **we** and **you** do not agree on the amount of the **loss**, either party may demand an appraisal of the **loss**.

In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. The appraisers will separately state the actual cash value and the amount of the **loss**. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of the **loss**.

Each party will:

1. Pay its chosen appraiser; and
2. Bear the agreed expenses of the appraisal and umpire equally.

We do not waive any of **our** rights under this policy by agreeing to an appraisal of the amount of **loss**. Coverage under this policy may not be determined by the Appraisers or umpire.

Duties after an Accident or Loss

Your Duty to Give Notice of All Accidents and Losses

You, or someone acting on **your** behalf, must promptly notify **us** of any **accident** or **loss** as soon as possible. **You** may contact us directly at 1-844- 252-7489, via **our** web site or through **your** insurance agent or broker.

Failure to promptly report each accident and loss may jeopardize your coverage even if an insured person is not at fault.

You should provide **us** with the following **accident** and **loss** information as soon as it is available:

1. **Your** name, address and policy number;
2. The time, place and circumstances of all **accidents** and **losses**;
3. Names and addresses of all persons involved or injured in all **accidents**;
4. Names and addresses of any witnesses; and
5. The license plate numbers of the vehicles involved.

For claims under uninsured or underinsured motorist coverage, **you** must also notify the police within 24 hours of the accident.

For claims under Collision Coverage or Comprehensive Coverage, **you** must:

1. Report any theft or vandalism of the **insured auto** or its equipment to the police within 24 hours of discovering it;
2. Take reasonable steps after the **accident** or **loss** to protect the **insured auto** and its equipment from any further **loss**. **We** will pay reasonable expenses incurred in providing that protection. If **you** fail to protect the **insured auto** and its equipment from any further **loss** or any further

damage or **loss** to the **insured auto** or its equipment will not be covered; and

3. Allow **us** to inspect and appraise the damaged **auto** before its repair or disposal.

Other Duties

Any person claiming any coverage under this policy must:

1. Cooperate with **us** and assist **us** in any matter concerning any claim or lawsuit.
2. Attend hearings and trials as **we** require.
3. Provide any written proof of loss **we** may reasonably require.
4. Promptly provide **us** any legal papers received relating to any claim or lawsuit.
5. As often as **we** reasonably require:
 - a. Submit to physical exams by physicians **we** select. **We** will pay for these exams.
 - b. Give **us** signed and recorded statements, including sworn statements and examinations under oath, upon our request. **We** may require that statements and examinations be conducted individually and outside the presence of witnesses or other persons seeking coverage or benefits under this policy.
6. Provide **us** with written authorization to obtain:
 - a. All medical records and reports;
 - b. Cell phone records;
 - c. Sales agreements;
 - d. Rental and financial documents;
 - e. Vehicle forensic analysis; and
 - f. Other relevant records we request.

We have no duty to provide coverage under this policy unless there has been full compliance with all policy provisions and duties.

General Provisions

Bankruptcy

Bankruptcy or insolvency of a person insured by this policy, or that person's estate, shall not relieve **us** of **our** obligations under this policy.

Policy Changes

The contract includes the **Declarations Page**, endorsements issued by **us**, the **Application**, coverage

election and rejection forms, and this policy. Additionally:

1. The terms of this contract may be changed or waived only by an endorsement issued by **us**.
2. If **we** make a change which broadens coverage without issuing a new policy form and without any additional premium charge, the change will apply to **your** policy as of the date **we** make the change in **your** state.

3. If there is a change to the information used to set **your** policy premium, **we** may adjust your premium. Changes during the policy term that **you** must report to **us**, and that may result in a premium increase or decrease, include, but are not limited to, changes in:
 - a. The number, type or use of **insured autos**;
 - b. Household members or drivers using **insured autos**;
 - c. An operator's marital status;
 - d. The location of principal garaging of any **insured auto**; and
 - e. Coverage, limits or deductibles.
4. If any change requires a premium change, **we** will make the premium change in accord with **our** rules and rates.

Our Right to Void Due to Fraud, Misrepresentation or Failure of Payment

We retain the right to void this policy from its inception if:

1. **We** determine that **you** have provided incomplete, inaccurate or false material information in **your application**, which is made a part of this policy. This policy is issued in reliance upon information provided by or for **you** on **your application**. **We** will void this policy if you or an **insured person**:
 - a. Made incorrect statements or representations to **us** with regard to any material fact or circumstance including, but not limited to, incorrect statements or misrepresentation, or omission, regarding:
 - (1) **Your** driver's license or driving history;
 - (2) The driver's license or driving history of a **family member**, any person 14 years or older residing in **your** household, or a regular operator of any listed **auto**;
 - (2) The description of the **autos** to be insured by **us**;
 - (3) The persons 14 years or older who reside in **your** household;
 - (4) Regular operators of any listed **auto**;
 - (5) The location of the principal place of garaging of any listed **auto**; or
 - (6) **Your** place of residence;
 - b. Concealed or misrepresented any material fact or circumstance including, but not limited to, the items described in 1.a. above; or
 - c. Engaged in fraudulent conduct;at the time the **application** was made.

No coverage is provided for any **accident** or **loss** if **we** void this policy for any reason in connection with **your application**.

However, if **we** void this policy for a reason

described above, it will not affect Liability Coverage for the portion of damages that is less than or equal to the minimum limits required by the Arizona Financial Responsibility Act, for any **accident** that occurs before **we** notify the named insured that the policy is void. If **we** are required to pay any such minimum limits Liability Coverage claim, **we** are entitled to reimbursement of, and reserve all rights to indemnity for, payments made and costs incurred by **us**, against any person who has committed fraud or misrepresentation.

2. **We** receive a down-payment that is returned unpaid for any reason. Coverage under this policy is conditioned upon us receiving full, final and complete payment of the down-payment of premium. This policy is void and **we** will not cover a **loss** or **accident** of any kind that occurs after the inception of the policy if **your** down-payment is:
 - a. Not honored by your bank or financial institution; or
 - b. Returned to **us** unpaid.

Our Right to Deny Coverage Due to Fraud

We do not provide coverage for **you** or any person who knowingly conceals or misrepresents any fact or circumstance, or engages in fraudulent conduct, in connection with any **accident** or **loss** for which coverage is sought under this policy.

However, if **we** deny coverage for a reason described above, it will not affect Liability Coverage for the portion of damages that is less than or equal to the minimum limits required by the Arizona Financial Responsibility Act, for any **accident** that occurs involving an innocent third party. If **we** are required to pay any such minimum limits Liability Coverage claim, **we** are entitled to reimbursement of, and reserve all rights to indemnity for, payments made and costs incurred by **us**, against any person who has committed fraud or misrepresentation.

Settlement of Claims

We may use estimating, appraisal, or injury evaluation and/or data systems to adjust claims under this policy and to determine the amount of damages, expense, the value of injuries, the costs of repairs, the cost of parts, and the **loss** payable. These systems may be **ours** or may be from third-party vendors, and may include computer software databases, analysis and special-application technology.

Policy Period

This policy only applies to **accidents** and **loss** that occur during the policy period commencing on the effective date and time shown on the **Declarations Page**, and ending the earliest of:

1. The day after the named insured asks **us** to cancel the policy or any other future date **we** agree upon with the named insured;
2. The effective date of any notice of cancellation when **we** cancel the policy;
3. The end of the policy period stated on the **Declarations Page**; or
4. When any Automatic Termination event occurs.

Policy Territory

This policy only applies to **accidents** and **loss** that occur within a state of the United States of America, the District of Columbia, or any province of Canada. This policy also applies to **loss** involving an **insured auto** while being transported between their ports.

The policy territory does not include:

1. Mexico;
2. Puerto Rico; or
3. Any territories, possessions or other insular areas of the United States except as stated in the first paragraph above.

Transfer of Our Interest

Your rights and duties under this policy may not be transferred or assigned to another person without our written consent. However, if a named insured shown on the **Declarations Page** dies, this policy will provide coverage until cancellation or the end of the policy period shown on the Declarations Page for:

1. The surviving spouse or registered domestic partner, if a **resident** of the same household at the time of death; and
2. The legal representative of the deceased named insured, while acting in that capacity. This only applies to the legal representative's responsibility to maintain or use the **insured auto**.

If the named insured dies, the mailing of any notice required under this policy will be sufficient if mailed to the decedent's last known address in **our** records.

If the **insured auto** is sold, coverage will terminate as to that **auto** when the buyer takes possession of the **auto**. Coverage will not transfer or apply to the new **owner** upon sale or transfer to any person other than a

family member.

Two or More Autos

This policy is neither severable nor divisible. Any cancellation or other termination by **us** or by operation of law will be effective for all coverage for all persons and all **autos** under this policy.

Our Right to Recover Payment (Subrogation)

If **we** make a payment under Uninsured- Underinsured Motorist Coverage due to the liability of the **owner** or operator of an **uninsured motor vehicle** and the person to or for whom payment is made has a right to recover damages from the **owner** or operator of the **uninsured motor vehicle**:

1. **We** shall be subrogated to that right. That person must do whatever is necessary to enable **us** to exercise **our** rights and do nothing after the **accident** or **loss** to prejudice those rights.
2. **We** are entitled to the proceeds of any settlement or recovery from any person legally responsible for the **bodily injury** as to which payment was made, and to amounts recovered from the assets of any insolvent insurer of an **uninsured motor vehicle**.

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

If **we** seek recovery from a liable party as to any payments **we** have made under Physical Damage Coverage, **you**:

1. May ask **us** to also seek recovery of any applicable deductible; and
2. Agree to be bound by:
 - a. Any settlement agreement entered into by **us** with the liable party; or
 - b. The outcome of any arbitration **we** enter into for those sums.

Unless **you** have already recovered **your** deductible from the liable party, any recovery **we** obtain will be shared on a proportionate basis between **you** and **us**. **We** will not deduct from **your** recovery any expenses **we** incurred to collect the deductible unless **we** have retained and used outside attorney to collect from the liable party. If **we** have retained and used outside attorney to collect from the liable party, **we** will only deduct from **your** recovery a pro rata share of the allocated loss adjustment expense.

Conformity to State Law

If any terms in this policy fail to conform to the law of the state in which **you reside** when this policy is issued, as shown in **our** records, these terms are amended to conform to that state law. All other terms remain in full effect.

Legal Action against Us

1. No legal action may be brought against **us** until there has been compliance with all the terms of this policy.
2. No legal action may be brought against **us** to recover any sum under Liability Coverage until there has been final determination by judgment after trial or **we** agree in writing that an **insured person** has an obligation to pay.
3. No person or organization will have any right under this policy to bring **us** into any legal action to determine the liability of any person insured by this policy.
4. If **we** retain salvage, **we** have no duty to preserve or otherwise retain the salvage for any purpose, including evidence for any type of court proceeding.
5. Any award of interest imposed upon a judgment that arises out of a legal action against **us** by **you** or any person seeking recovery of damages of any kind or payment of benefits under this policy contract shall be calculated at a rate not to exceed 2% per annum.

Termination - Cancellation

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

- 1) The named insured shown on the **Declarations Page** may cancel by:
 - a) Returning this policy to **us**;
 - b) Giving **us** advance written notice of the date cancellation is to take effect; or
 - c) Upon **our** agreement to cancel, following **our** receipt of a request from **you** by any other means. **Our** agreement does not waive any of **our** rights.
- 2) **We** may cancel by mailing to the named insured, shown on the **Declarations Page** at their last known address shown in **our** records at least 10 day's notice of cancellation for other than non-payment of premium.
- 3) **We** will mail a notice of cancellation for non-payment of premium to **you** upon expiration of the required 7 day grace period after the premium due date for the

payment of the premium due, other than the first payment. During the required 7 day grace period, the policy shall continue in full force and effect. The effective date of the cancellation for non-payment of premium after expiration of the grace period is the date that the notice is mailed to the named insured in the **Declarations Page** at their last known address shown in **our** records.

- 4) When this policy is in effect for 60 days, or if this is a renewal policy, **we** will cancel only:
 - a) Due to nonpayment of premium, as set forth above;
 - b) If the policy was obtained through fraudulent misrepresentation;
 - c) If **you**, any **family member, resident** of the household, or any other person who regularly and frequently operates **an insured auto**:
 - i) Has had **your**, his or her driver's license suspended or revoked during the policy period;
 - ii) Becomes permanently disabled, either physically or mentally, and **you** or such individual does not produce a certificate from a physician or registered nurse practitioner attesting to such person's ability to operate an auto;
 - iii) Is or has been convicted during the 36 months immediately preceding the effective date of the policy or during the policy period of:
 - (1) Criminal negligence, resulting in death, homicide or assault, arising out of the operation of an auto.
 - (2) Operating a motor vehicle while in an intoxicated condition or while under the influence of drugs.
 - (3) Leaving the scene of an accident.
 - (4) Making false statements in an application for a driver's license.
 - (5) Reckless driving.
- unless **you** agree in writing to exclude as an insured under the policy the person by name when operating an **insured auto** and **you** also agree to exclude coverage to **you** for any negligence which may be imputed by law to **you** arising out of the maintenance, operation or use of an **insured auto** by the excluded person. The written agreement that excludes coverage under **your** policy for the person will be effective for each renewal of **your** policy and will remain in effect until **we** agree in writing to provide coverage for the person who was previously excluded.
- d) If there is a determination by the Director of Insurance that continuation of the policy would:
 - i. Jeopardize **our** solvency;

- ii. Be hazardous to the interests of **our** policyholders, **our** creditors or the public; or
 - iii. Violate, or place **us** in violation of, any provision of the Arizona Insurance Code.
- e) If **we** are placed in rehabilitation or receivership by the insurance supervisory official in **our** state of domicile or by a court of competent jurisdiction or if the Director of Insurance has suspended **our** certificate of authority for financial reasons.
- f) If **you**, any **family member, resident** of the household, or any person who regularly and frequently operates an **insured auto** uses the **insured auto** for **business** purposes.
- g) If **you**, any **family member, resident** of the household, or any person who regularly and frequently operates an **insured auto** uses the **insured auto** to provide transportation network services unless, while logged in to the transportation network company's digital network or software application to be a driver or is providing transportation network services, **you** either:
- i. have procured an endorsement to this policy that expressly provides such coverage; or
 - ii. are covered by a motor vehicle liability insurance policy issued by another insurer expressly providing such coverage.
- 5) Nonpayment of Premium. Nonpayment of premium means the failure to pay, when due, any: premium; additional premium; or premium installment. If any payment is made by a non- cash method such as check, ACH or credit card, nonpayment of premium includes whenever payment is returned to **us** unpaid, rejected or dishonored by a financial institution due to any reason, including but not limited to "insufficient funds" or closed account.
- 6) **We** will not cancel or not renew this policy solely because of the location of **your** residence, age, color, religion, sex, national origin or ancestry, or anyone who is an insured under the policy, unless **you** or anyone insured under this policy establishes a primary residence in a state other than Arizona.

Termination - Non-renewal

If **we** decide not to renew this policy, for the reasons stated above in the section entitled **Termination – Cancellation**, **we** will mail notice to the named insured at the last known address shown in **our** records. Notice will be mailed at least 45 days before the end of the policy term. If the policy period is other than and less than one year, **we** will have the right not to renew this policy every six months, beginning six months after its original effective date.

We are not required to give any notice of nonrenewal if **you** have:

1. Accepted replacement coverage for this policy; or
2. Requested or agreed to nonrenewal.

Premium Refund

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

If **we** cancel this policy for any reason other than nonpayment of premium, any refund due will be computed on a daily pro-rata basis. If **we** cancel this policy due to nonpayment of premium, the premium refund, if any, will be made pursuant to **our** rules and rates.

Automatic Termination

If we offer to renew **your** policy and **you** or **your** representative do not accept this offer and make good payment of the required renewal premium when due, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal premium when due shall mean that **you** have rejected **our** renewal offer.

If **you** sell or transfer an insured auto, any coverage provided by this policy for that **insured auto** will automatically end the earlier of when **you**:

1. Transfer title, transfer possession; or
2. No longer have an insurable interest in the auto.

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

Other Termination Provisions

1. The effective date of cancellation stated in the notice shall become the end of the policy period.
2. Any cancellation by **us** will be effective for all coverage for all persons and all autos. This policy is neither severable nor divisible.

Proof of Notice

Proof of mailing of any notice by first class mail of the U.S. postal service will be sufficient proof of notice.

Financial Responsibility and No-Fault Laws

The liability insurance provided by this policy is in accordance with the coverage defined in, and is subject to, Title 28 of the Arizona Revised Statutes – the Motor Vehicle Insurance and Financial Responsibility Act, as amended, as to **bodily injury** or **property damage**, or both. If **we** make a payment under Liability Coverage that **we** would not have made except for the requirements of Chapter 485 of the Arizona Revised Statutes, as amended, the **insured person** must reimburse **us**.

If the liability insurance provided by this policy applies to an accident in a state or province other than the state where **you** reside, as shown in **our** records, and if the laws of that state or province require higher limits of liability for bodily injury and property damage than those provided by **your**

policy, **we** will provide these higher Liability Coverage limits for the accident in that state or province.

If the liability insurance provide by this policy applies to an accident in a state or province other than state of domicile shown on the **Declarations Page**, and if the laws of that state or province require all operators of autos to maintain any coverage not provided by **your** policy while **your auto** is operated on the roads of that state or province, **we** will provide that required coverage, in the minimum limits required, for an **accident** in that state or province involving **your auto**.

If **we** certified this policy as future proof of financial responsibility, this policy shall comply with the law to the extent required. If **we** make a payment that **we** would not have made if this policy was not certified as proof of financial responsibility, the **insured person** must reimburse **us**.

No one will be entitled to duplicate payments for the same elements of damages under more than one coverage or more than one policy of insurance as a result of this provision. Any added coverage under this provision shall be excess to all other applicable coverage.

Joint and Individual Interests

If there is more than one named insured shown on the **Declarations Page** of this policy, either named insured may act on behalf of all named insureds, **family members** and all other persons insured under this policy, to: elect coverage; reject coverage; change

coverage; change drivers; receive notices; cancel coverage; or make or authorize any other change to the policy. The action of one named insured shall be binding on all persons provided coverage under this policy.

Declaration

By acceptance of this policy, the named insured shown on the **Declarations Page** represents that:

1. All information shown on the **application** and the **Declarations Page** is true and accurate; and
2. All **residents** in the named insured's household over the age of 14 years, and all regular operators of any **insured auto** have been disclosed to **us**.

This policy is issued in reliance upon the truth of these representations and is conditioned upon the truthfulness of all material representations made by **you**. **Your application**, completed coverage election and rejection forms accepted by **us**, this policy, and any endorsements issued by **us** contain all of the agreements existing between **us** and the named insured relating to this insurance.

Arizona Auto Policy

IN WITNESS WHEREOF, I have caused this policy to be subscribed and attested.

Nachum J. Stein
President

SAFETY EQUIPMENT ENDORSEMENT

At **your** option and in consideration of payment of additional premium for an **insured auto** identified in the **Declarations Page, we** will repair or replace all damaged Safety Equipment without regard to any deductible. The damage to the Safety Equipment, however, must arise only out of a comprehensive loss covered by this policy.

"Safety Equipment" as used in this endorsement means the glass used in the windshield, doors and windows and the glass, plastic or other material used in the lights of an **insured auto**.

All other terms and conditions of this policy remain unchanged.

CLARO FAMILY CREDIT ENDORSEMENT

This endorsement authorizes a premium credit to be applied to your policy. This premium credit is in response to the extraordinary circumstances surrounding the Covid-19 pandemic.

This premium credit is not guaranteed. We have sole discretion for determining the amount and frequency of the premium credit, if any. We will determine the method for the application of the premium credit.

Except as provided in this endorsement, all terms and conditions of the policy apply and remain unchanged.