



ARIZONA AUTOMOBILE POLICY

MEXICO INSURANCE

The coverages for **your covered auto** provided by this policy are NOT extended to **accidents and losses** occurring within Mexican Territory.

American Access Casualty Company
1S450 Summit Ave., Suite 230
Oakbrook Terrace, IL 60181
630-645-7750
888-663-5443

THESE POLICY PROVISIONS WITH THE
DECLARATIONS PAGE AND ENDORSEMENTS,
IF ANY, ISSUED TO FORM A PART THEREOF,
COMPLETE THIS POLICY.
AZPC07072011

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INSURING AGREEMENT

Upon **your** payment of the premiums, **we** agree that this policy provides the types of insurance **you** have selected as shown on the enclosed Declarations page.

This insurance applies only to car **accidents** and **losses** which occur while this policy is in force.

Subject to **our** consent, **you** may renew this policy.

When **we** consent to renew this policy, **you** must pay the renewal premium no later than the seventh day following the premium due date.

All renewals will be subject to the same endorsements and exclusions as existed in the prior policy unless a specific change endorsement is executed.

WHAT TO DO IN CASE OF ACCIDENT OR LOSS

In the event of an **accident**, occurrence or **loss**, written notice must be given to **us** promptly. The notice must give the time, place and date of the **accident**. It must also include all names and addresses of injured parties and witnesses. A detailed description of the **accident** must also be included.

WE MAY DENY COVERAGE UNDER THIS POLICY AS TO ANY CLAIM MADE BY YOU OR THE COVERED PERSON IF THE ATTESTATIONS OR STATEMENTS IN THE APPLICATION OR IN ANY CLAIM AGAINST US SHALL PROVE TO BE FRAUDULENT IN NATURE, MATERIAL TO THE ACCEPTANCE OF THE RISK OR TO THE HAZARD ASSUMED BY US AND WE IN GOOD FAITH WOULD EITHER NOT HAVE ISSUED THE POLICY OR WOULD NOT HAVE ISSUED A POLICY IN AS LARGE AMOUNT OR WOULD NOT HAVE PROVIDED COVERAGE WITH RESPECT TO THE HAZARD RESULTING IN THE LOSS, IF THE TRUE FACTS HAD BEEN KNOWN TO US AS REQUIRED EITHER BY THE APPLICATION FOR THE POLICY OR OTHERWISE.

OTHER DUTIES

A person claiming any coverage of this policy must also:

1. Cooperate with **us** and assist **us** in any matter about a claim or suit.
2. Send **us** promptly any legal papers received relating to any claim or suit.
3. Submit to physical exam at **our** expense by doctors **we** select as often as **we** may reasonably require.

4. Authorize **us** to obtain medical and other records.
5. Provide any written proofs of **loss we** may require.
6. Failure to report an **accident** or **loss** to **US** promptly, or failure to cooperate with **US** in the investigation and settlement of an **accident** or **loss**, or failure to allow **US** to inspect **Your** car prior to its repair or disposal, may result in denial of coverage and legal defense.

The definitions of verbiage used in OTHER DUTIES can be found in the definition section.

A person claiming Uninsured or Underinsured Motorist Coverage must give notice in writing. This notice must include notice of the intent to pursue the claim within three years after the person knows or should know that the party alleged to have caused harm to the person does not have liability insurance or has insufficient liability insurance to cover the person's injuries.

A person claiming Car Damage Coverage must also:

1. Take reasonable steps after **loss** to protect the car and its equipment from further **loss**. **We** will pay reasonable expenses incurred in providing that protection.
2. Promptly report the theft, larceny, vandalism, robbery or pilferage of the car to the police.
3. Allow **us** to inspect and appraise the damaged car before its repair or disposal.
4. Notify **us** within 31 days of any damage to **your** car caused by **accident**, occurrence or **loss**.

SPECIAL NOTE TO POLICYHOLDER

IN ADDITION TO OTHER PROVISIONS OF EXCLUSION IN THIS POLICY, THIS IS A SPECIAL NOTE TO POLICYHOLDERS THAT: **"WE DO NOT PROVIDE COVERAGE FOR PAYMENT OF PUNITIVE OR EXEMPLARY DAMAGES, REGARDLESS OF ANY OTHER PROVISIONS OF THIS POLICY UNDER;**

- a. Part A Liability Coverage
- b. Part C Uninsured Motorists Coverage, and
- c. Part D Underinsured Motorists Coverage."

DEFINITIONS

Throughout this policy **"you"** and **"your"** refer to the **"named insured"** shown in the Declarations and the spouse if a resident of the same household. **"We"**, **"us"** and **"our"** refer to the Company providing this insurance. For purposes of this policy, any private passenger type auto leased under a written agreement to any person for a continuous period of at least six months shall be deemed to be owned by that person.

Other words and phrases are defined. They are boldfaced when used.

“**Your covered auto**” means:

- a) Any vehicle shown in the Declarations.
- b) Any of the following types of vehicles of which **you** acquire ownership during the policy period, provided that **you** ask **us** in writing to insure it within fifteen days after **you** become the owner:
 - 1) a private passenger auto.
 - 2) if not used in any business or occupation, a pick-up, sedan delivery or panel truck. If the vehicle replaces one shown in the Declarations, **you** have to ask **us** in writing to insure it within fifteen days.

“**Bodily Injury**” means **bodily injury** to a person and sickness, disease or death which results from it.

“**Property Damage**” means injury to or destruction of property including loss of use thereof. c) Any **trailer you** own.

- d) Any auto or **trailer you** do not own while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its breakdown, repair, servicing, **loss** or destruction.

“**Compensatory Damages**” means that **we** will:

- 1) compensate the injured party for the injury sustained, and nothing more;
- 2) simply make good or replace the **loss** caused by the wrong or injury.

“**Family member**” means a person related to **you** by blood, marriage or adoption who is a resident of **your** household, including a ward or foster child.

“**Occupying**” means in, upon, getting in, on, out or off.

“**Trailer**” means a vehicle designed to be pulled by a private passenger type auto. It also means a farm wagon or farm implement while towed by a private passenger type auto or a pick-up, sedan delivery or panel truck.

“**Punitive or Exemplary Damages**” means damages assessed to punish a person or to deter the person and others from committing willful acts, wanton acts, intentional acts, or conduct that one knows will create a substantial risk of significant harm to others.

“**Accident**” means a sudden, unintended event, resulting in **bodily injury** or **property damage**.

“**Insured person**” refers to **you** and any other person, not excluded from coverage, while using **your insured car** with **your** permission and within the scope of that permission.

“**Loss**” means each direct and accidental physical damage to destruction of the owned automobile or equipment which is common to the use of the owned automobile, including any child restraint system that was in use by a child during the **accident** to which coverage applies, but “**loss**” does not include diminution in value.

“**Relative**” means a person related to the **named insured** or his/her spouse by blood, marriage or adoption and who is a resident of the same household as the **named insured** or

spouse and is either a non-driver or is listed on the Application for this insurance as a driver, provided neither such **relative** nor his/her spouse owns a private passenger automobile, unless that automobile is inoperable, a stored vehicle, a vehicle which is ineligible to be licensed, an off-road vehicle, the insured vehicle when the **relative** is a co-owner, a vehicle used solely for racing, vehicles used for implements of husbandry, or a classic or antique vehicle; “**WAR**” means **war**, whether or not declared, civil **war**, insurrection, rebellion or revolution, or any act or condition incident to any of the foregoing. “**Named Insured**” means the individual named in the Declaration and also includes his/her spouse, if a resident of the same household

– PART A –

LIABILITY COVERAGE

We will pay **compensatory damages** for **bodily injury** or **property damage** for which any **covered person** becomes legally responsible because of an auto **accident**.

We still

settle or defend, as we consider appropriate, any claim or suit asking for these damages. **Our** duty to settle or defend ends when **our** limit of liability for this coverage has been exhausted.

“**Covered person**” as used in this Part means:

1. **You** or any **family member** for the ownership, maintenance or use of any auto or **trailer**. This is provided that the ownership, maintenance or use is with the permission of the owner and within the scope of such permission.
2. Any person using **your covered auto** with **your** permission, provided the use is within the scope of such permission.
3. For **your covered auto**, any person or organization but only with respect to legal responsibility for actor omissions of a person using the auto with the permission of the **named insured**. This is provided the use is within the scope of such permission and for whom coverage is afforded under this part.
4. For any auto or **trailer**, other than **your covered auto**, any person or organization, using the vehicle with the permission of the owner. This is provided the use is within the scope of such permission, but only with respect to legal responsibility for acts or omissions of **you** or any **family member** for whom coverage is afforded under this part. This provision applies only if the person or organization does not own or hire the auto or **trailer**.

SUPPLEMENTARY PAYMENTS

In addition to **our** limit of liability, **we** will pay on behalf of a **covered person**:

1. Up to \$100 for the cost of bail bonds required because of an **accident**. This includes related traffic law violations, resulting in **bodily injury** or **property damage** covered under this policy.
2. Premiums on appeal bonds and bonds to release attachments in any suit **we** defend.
3. Interest accruing after a judgment is entered in any suit **we** defend. **Our** duty to pay interest ends when **we** offer to pay that part of the judgment which does not exceed **our** limit of liability for this coverage.
4. Up to \$35 a day for loss of earnings, but not other income because of attendance at hearings or trials at **our** request.
5. Other reasonable expenses incurred at **our** request.

EXCLUSIONS

We do not provide Liability Coverage:

1. For any person who intentionally causes **bodily injury** or **property damage**.
2. For any person for damage to property owned or being transported by that person.
3. For any person for damage to property rented to, used by, or in the care of that person. This exclusion does not apply to damage to a residence or private garage. It also does not apply to damage to any of the following type vehicles not owned by or furnished or available for the regular use of **you** or any **family member**:
 - a. Private passenger autos;
 - b. **Trailers**; or
 - c. Pick-up, sedan delivery or panel trucks.
4. For any person for **bodily injury** to an employee of that person during the course of employment. This exclusion does not apply to **bodily injury** to a domestic employee unless workers' or workman's compensation benefits are required or available for that domestic employee.
5. For any person's liability arising out of the ownership or operation of a vehicle while it is being used to carry persons or property for a fee. This exclusion does not apply to a share-the-expense car pool. Also not to use in the course of volunteer work for a tax- exempt organization as provided in A.R.S. § 43-1201 (4).
6. For any person while employed or otherwise engaged in the business or occupation of selling, repairing, servicing, storing or parking of vehicles. These vehicles must be designed for use mainly on public

highways, including road testing and delivery. This exclusion does not apply to the ownership, maintenance or use of **your covered auto** by **you**, or any **family member**, or any partner, agent or employee of **you** or any **family member**.

7. For any person maintaining or using any vehicle while that person is employed or otherwise engaged in any business or occupation not described in Exclusion 6. This exclusion does not apply to the maintenance or use of a private passenger type auto. It also does not apply to the maintenance or use of a pick-up, sedan delivery or panel truck that **you** own.
8. For the ownership, maintenance, or use of a motorcycle or any other self-propelled vehicle having less than four wheels.
9. For the ownership, maintenance or use of any vehicle, other than **your covered auto**, which is owned by **you** or furnished or available for **your** regular use.
10. For the ownership, maintenance or use of any vehicle, other than **your covered auto**, which is owned by or furnished or available for the regular use of any **family member**.
11. For any person using a vehicle without the permission of the vehicle's owner, or beyond the scope of such permission.
12. For any person for **bodily injury** or **property damage** for which that person is an insured under a nuclear energy liability policy or would be an insured but for its termination upon exhaustion of its limit of liability. A nuclear energy liability policy is a policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors.
13. For **bodily injury, property damage** or death sustained by any insured or any member of the family of an insured residing in the same household as the insured. This applies only to the extent that this exclusion does not conflict with the minimum coverage required by the Arizona Financial Responsibility Law.
14. For the payment of **punitive or exemplary damages**, regardless of any other provision of this policy.
15. Any automobile rented or leased to the **named insured** and operated by any other operator unauthorized, excluded, and not listed as a **Family Member** not disclosed on the policy declarations page of **your** policy under the terms of any rental or lease agreement
16. Any automobile while pushing or pulling another automobile or vehicle except for a **trailer** rented by an insured.

LIMIT OF LIABILITY

WE will pay up to the limit of liability shown on the Policy Declarations as follows:

The BODILY INJURY liability limit for “each person” is the maximum limit **WE** will pay to any one person for **bodily injury** because of any one **accident**.

The BODILY INJURY liability limit for “each accident” is the maximum limit **WE** will pay to two or more persons for **bodily injury** from any one **accident**.

The PROPERTY DAMAGE liability limit for “each accident” is the maximum limit **WE** will pay for all damage to all property, including loss of use, thereof as the result of any one **accident**.

For any **accident**, **WE** will pay no more than the BODILY INJURY or PROPERTY DAMAGE liability limits shown on the Policy Declarations for any one car; even if a separate premium is charged for each car. This limit applies no matter how many cars are shown on the Declaration, the number of insured persons, the number of claims or claimants, the number of policies issued by **US** or the number of cars involved in the **accident**.

FINANCIAL RESPONSIBILITY LAWS

Only after **we** have agreed in writing to certify this policy as proof under any financial responsibility law, will it comply with the law to the extent of the coverage required by the law. **You** agree to reimburse **us** for any payment made by **us** which **we** would not have been obligated to make under the terms of this policy except for the agreement contained in this provision.

OTHER INSURANCE

If there is other valid liability insurance:

1. Any insurance **we** provide for a vehicle **you** do not own shall be excess over any other collectible insurance. Any insurance **we** provide for a vehicle **you** do not own will be excess insurance if the vehicle is insured under a policy affording coverage to a **named insured** engaged in the business of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. delivering;
 - e. testing;
 - f. road testing;
 - g. parking; or
 - h. storing;motor vehicles. This applies only if an “insured”:
 - a. is operating the vehicle and
 - b. is neither the person engaged in such business nor that person’s employee or agent.

2. Any insurance **we** provide for a vehicle **you** own shall be excess to that of a person engaged in the business of:
 - a. selling;
 - b. repairing;
 - c. servicing;
 - d. delivering;
 - e. testing;
 - f. road testing;
 - g. parking; or
 - h. storing;motor vehicles, if the **accident** occurs while the vehicle is being operated by that person or that person's employee or agent.
3. **We** will pay only **our** share of the **loss**. **Our** share is the proportion that **our** limit of liability bears to the total of all valid limits.

-PART B-

MEDICAL PAYMENTS COVERAGE

Part B - Medical Payments To pay all reasonable expenses incurred and submitted to the Company within one year from the date of **accident** for necessary medical, surgical, X-ray and dental services, including prosthetic devices, and necessary ambulance, hospital, professional nursing and funeral services to or for the **named insured** and each **relative** who sustains **bodily injury** caused by **accident**, while **occupying** an automobile; or to or for any other person who sustains **bodily injury** caused by **accident**, while **occupying**:

1. the owned automobile, while being used by an insured; or
2. a non-owned automobile, if the **bodily injury** results from its operation by an insured provided no such payment shall be made unless the person to or for whom such payment is made shall have executed a written agreement that the amount of such payment shall (1) be applied toward the settlement of any claim or the satisfaction of any judgment for damages entered in his/her favor, (2) against any insured because of **bodily injury** arising out of an **accident** to which the Part A - "Liability Coverage" Coverage applies.

Definitions. The definitions under Part A - "Liability Coverage" Coverage apply to Part B - "Medical Payments" Coverage.

Exclusions. This policy does not apply and does not provide coverage under Part B - "Medical Payments" Coverage to **bodily injury**:

- (a) sustained while **occupying** (1) an automobile while used for a delivery purpose during the course of business or for other commercial purpose, or (2) any automobile while located for use as a residence or premises;
- (b) sustained by the **named insured** or a **relative** (1) while **occupying** an automobile owned by or furnished for the regular use of either the **named insured** or any resident

- of the household of the **named insured**, other than an automobile defined herein as an “owned automobile”, or (2) while **occupying** or as a result of being struck by (i) a motor vehicle or other equipment designed for use principally off public roads while not upon public roads, or (ii) a vehicle operated on rails or crawler-treads;
- (c) sustained by any person other than the **named insured** or a resident of the household of the **named insured**, resulting from use of (1) a non-owned automobile while used in the automobile business, or (2) a non-owned automobile in any other business or occupation except operation or occupancy of private passenger automobile by the **named insured** or by his/her private chauffeur or domestic servant or a **trailer** used therewith or with an owned automobile;
 - (d) sustained by any person who is employed in the automobile business, if the **accident** arises out of the operation thereof and if benefits therefor are in whole or in part either payable or required to be provided under any worker’s compensation law;
 - (e) from **loss due to war**;
 - (f) to the extent any medical expense is paid or payable to or on behalf of the injured person under the provisions of any other (i) insurance affording benefits for medical expenses, (ii) individual, blanket group **accident**, disability or hospitalization insurance, (iii) medical or surgical reimbursement plan, or (iv) worker's compensation or any similar law;
 - (g) resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization;
 - (h) arising out of the operation of any automobile designed for racing while being tested, repaired or serviced, or to any automobile while used, operated, manipulated or maintained in any pre-arranged or organized racing event;
 - (i) while any automobile is in the control of an excluded operator;
 - (j) incurred by any person while operating or **occupying** any automobile without a reasonable belief that he or she is entitled to do so, however this exclusion does not apply to the **named insured** or a **relative** with regard to the operation of the owned automobile;
 - (k) arising out of the operation, occupation or use of a motor vehicle during or in connection with the commission of a crime or while attempting to elude police.;
 - (l) arising out of the operation or occupation of a motor vehicle in such circumstances where **bodily injury** is either expected or intended by the insured or incurred by an insured occupant of a vehicle who is complicit in the intentional act of the driver of that vehicle.

Arbitration. If any person making claim hereunder and the Company do not agree that a medical bill submitted for payment is not usual and customary or necessary and reasonable or do not otherwise agree that it is payable under Part B, these matters shall be submitted to arbitration. Upon the insured or the Company demanding arbitration, the insured and the Company shall each select a qualified arbitrator and the two arbitrators so named shall select a third arbitrator. The three arbitrators so selected shall hear and determine the questions in dispute. Any decision made by the arbitrators shall be binding for the amount decided by the arbitrators to be payable hereunder not exceeding the limits of liability for Medical Payments as provided in the Declarations of this policy subject to all other terms and conditions of this policy. To the extent that an arbitration decision exceeds the limit of liability, it is void. The authority of the arbitrators is limited to a determination of the amount due for Medical Payments and does not extend to **punitive damages** or other damages other than Medical Payments covered by this policy. Each party shall bear the cost of his/her own arbitrator and shall share equally the costs of the third arbitrator. No arbitrator shall have authority to hear or decide class or representative claims.

Limits of Liability. The limit of liability for this Medical Payments Coverage as stated in the Declarations as applicable to “each person” is the maximum limit of the Company’s liability for all expenses incurred by or on behalf of each person who sustains **bodily injury** as the result of any one **accident**.

Therefore, this limit of liability for this medical payments coverage is the most the Company will pay under this coverage regardless of the number of:

1. insured;
2. claims made or suits resulting from **bodily injury**;
3. automobiles or separated itemizations of premium stated in the Declarations; or
4. automobiles involved in the **accident**.

The limits for any coverage for any automobile under this policy may not be aggregated with the limits for any similar coverage, whether provided by the Company or another insurer, applying to other motor vehicles, for purposes of determining the total limit of insurance coverage available for **bodily injury** suffered by a person in any one **accident**.

Therefore, the total limit of liability under all the policies, whether provided by the Company or another insurer shall not exceed the highest applicable limit of liability under any one policy.

Other Insurance. If there is other automobile medical payments insurance against a **loss** covered by Part B - “Medical Payments” Coverage of this policy, the Company shall not be liable under this policy for a greater proportion of such **loss** than the applicable limit of liability stated in the Declarations bears to the highest applicable limit of liability of any valid and collectible automobile medical payments

insurance; provided, however, the insurance with respect to a temporary substitute automobile or non-owned automobile shall be excess insurance over any other valid and collectible automobile medical payments insurance.

Legal Action Against the Company Under This Part B - "Medical Payments" Coverage. No suit, action or arbitration for recovery of any claim may be brought against this Company until the **named insured, relative**, or any other person has fully complied with all the terms of this policy. Further, any suit or action will be barred unless commenced within two years after the date of the **accident**.

PROOF OF CLAIM: MEDICAL REPORTS

As soon as possible, the **covered person** making claim under this coverage shall give **us** written proof of claim. This proof must include full details of the injuries and treatment. In addition to any other reasonable information **we** may need to determine the amount payable. All **covered persons** making claims shall submit to reasonable questioning under oath about any claim made under this policy.

The **covered person** shall submit to physical exams by doctors chosen by **us** at the time **we** select and as often as **we** may reasonably require. The **covered person** shall also give **us** an authorization to allow **us** to gain medical reports and copies of the records.

PAYMENT OF BENEFITS

We may pay the **covered person**. **We** may pay the person who provided medical services. **We** may also pay the person responsible for payment of the medical expenses.

- PART C-

UNINSURED MOTORISTS COVERAGE

We will pay **compensatory damages** which a **covered person** is legally entitled to recover from the owner or operator of an **uninsured motor vehicle** for **bodily injury** sustained by a **covered person** and caused by an **accident**.

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

Any judgment for damages arising out of a suit brought without **our** written consent is not binding on **us**.

"**Covered person**" as used in this Part means:

1. **You** or any **family member**.
2. Any other person **occupying** or using **your covered auto** with **your** express or implied permission.

3. Any person for damages that person is entitled to recover for **bodily injury** to which this coverage applies sustained by a person described in 1. or 2. above.

“**Uninsured motor vehicle**” means a land motor vehicle or **trailer** of any type:

1. To which no **bodily injury** liability bond or policy applies at the time of the **accident**.
2. Which is a **hit and run vehicle** whose operator or owner cannot be identified and which is involved in an **accident** with:
 - a. **You** or any **family member**;
 - b. A vehicle which **you** or any **family member** are **occupying**; or
 - c. **Your covered auto**.
3. To which a **bodily injury** liability bond or policy applies at the time of the **accident**, but the bonding or insuring company is or becomes insolvent.

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

1. Owned by or furnished or available for the regular use of **you** or any “**family member**” unless there is no Liability Coverage available under Part A of this policy to respond for damages sustained by an “insured”.
2. Operated on rails or crawler treads.
3. Designed mainly for use off public roads while not on public roads.
4. While located for use as a residence or premises.

“**Hit and run vehicle**” means a vehicle which causes **bodily injury** to a **covered person** arising out of an **accident** with the **covered person**. It also means an **accident** with a vehicle which the **covered person is occupying** at the time of the **accident** if:

- a) There cannot be ascertained the identities of the operator and owner of such **hit and run vehicle**; and
- b) At **our** request, the **covered person** or his legal representative makes available for inspection the vehicle which the **covered person** was **occupying** at the time of the **accident**.

If the **hit and run vehicle** did not make physical contact with the **covered person** or the vehicle which the **covered person** was **occupying** at the time of the **accident**, then the **covered person** must provide supporting evidence that the **hit and run vehicle** caused the **accident**. This supporting evidence must be provided before coverage under this section will begin. Such support shall consist of additional and confirming testimony. It also must include facts or evidence

that strengthens and adds weight or credibility to the **covered person's** statement of the **accident**.

Any **covered person** making a claim for benefits under this section shall agree to submit to physical exams by a doctor chosen by **us** at the places and times that **we** select and as often as **we** select and as often as **we** may reasonably require. Such **covered person** shall also give **us** authorizations to allow **us** to gain all medical reports and copies of all medical records that may be reasonably related to any injuries caused by the **accident**.

NON-OWNER'S POLICY

When a NAMED OPERATOR policy is shown on the Declarations page, **WE** insure one named operator instead of a car. The following changes will apply to the liability coverages afforded by this policy:

1. **WE do not** insure a particular car. **WE** insure one named operator only, the **Named Insured**, to drive any car not owned by or furnished for the regular use of the **named insured**. It can also not be furnished for the regular use of his or her spouse or any other member of the household. **WE** will also pay for the damage for which the Named Operator is required to pay by law, when caused by an unattended car, not operated or in the control of any other person. **WE PROVIDE NO COVERAGE FOR ANY OPERATOR EXCEPT THE NAMED INSURED.**
2. The definition of **You** and **YOUR** is replaced by "the person shown on the Declarations page as Named Insured and no other person."

EXCLUSIONS

- A. **We** do not provide Uninsured Motorists Coverage for **bodily injury** sustained by any person:
 1. If that person or the legal representative settles the **bodily injury** claim without **our** consent.
 2. While **occupying your covered auto** when it is being used to carry persons or property for a fee. This exclusion does not apply to a share-the-expense car pool. Also not to use in the course of volunteer work for a tax-exempt organization as provided in A.R.S. § 43-1201 (4).
 3. Failing to submit written notice of an intent to pursue a claim for Uninsured Motorist Coverage against the company or submitting written notice of an intent to pursue a claim for Uninsured Motorist Coverage against the company more than **three** years from the date upon which the person knows or should know that the alleged

party to have caused harm to the person does not have liability insurance.

- B. For the benefit of, or reimbursement to a worker's compensation, disability benefits insurer, or a self-insurer under these or similar laws.
- C. This policy does not provide for the payment of **punitive or exemplary damages**, regardless of any other provision of this policy.

LIMIT OF LIABILITY

The limit of liability show in the Declarations for "each person" for Uninsured Motorists Coverage is **our** maximum limit of liability for all damages for **bodily injury** sustained by any one person in any one auto **accident**. Subject to this limit for "each person", the limit of liability show in the Declarations for "each accident" for Uninsured Motorist Coverage is **our** maximum limit of liability for all damages for **bodily injury** resulting from any one auto **accident**. This is the most we will pay regardless of where the claim arises, **accident** occurs, the number of **covered persons**, claims made, vehicles covered or premiums shown in the Declaration, or vehicles involved in the **accident**, and that coverage under this section shall not be "stacked" with any other similar or identical coverage that may be issued under this policy, or another policy issued to **you** by **us** including underinsured motorist coverage.

Any amounts otherwise payable for damages under this coverage shall be reduced by all sums paid because of the **bodily injury** by or on behalf of persons or organizations that may be legally responsible. This includes all sums paid under the Liability Coverage of this policy.

Any payment under this coverage to or for a **covered person** will reduce any amount that person is entitled to recover under the Liability Coverage of this policy. However, any such reduction cannot be used to prevent payment of full compensation for the damages sustained.

Uninsured motorist coverage does not apply nor is it applicable to any **accident** or **loss** where the **covered person** has underinsured motorist coverage which applies to such **accident** or **loss**.

PAYMENT OF LOSS BY US

Payment by **us** is payable to the insured person. If the insured person is a minor, to his parent or guardian. If the insured person is deceased, to the surviving spouse. Otherwise to a person authorized by law to receive such payment.

OTHER INSURANCE

If there is other valid similar insurance available under more than one policy or provision of coverage:

1. Any recovery for damages for "**bodily injury**" sustained by an "insured" may equal but not exceed the higher of the applicable limit for any one vehicle under this insurance or any other insurance issued to "**you**" by "**us**".
2. Any insurance **we** provide with respect to a vehicle **you** do not own shall be excess over any other collectible insurance.
3. **We** will pay only **our** share of the **loss**. **Our** share is the proportion that **our** limit of liability bears to the total of all valid limits.

ARBITRATION

If any person making claim hereunder and the Company do not agree

1. that both vehicle(s) and the driver(s) of the vehicle(s) with which any person making claim has had an **accident** or
2. that such person is legally entitled to recover damages from the owner or operator of an **uninsured motor vehicle** because of **bodily injury** to an insured or damage to an automobile described in the policy or
3. to the amount payable hereunder,

then these matters shall be submitted to arbitration. Upon the insured demanding arbitration and selecting an arbitrator as required under the terms hereof in writing, the Company shall select an arbitrator and the two arbitrators so named shall select a third arbitrator. If such arbitrators are not selected within 45 days from the receipt of such written request, either party may request arbitration be submitted to the American Arbitration Association. In the event the two selected arbitrators cannot agree upon a third arbitrator either party may petition any Judge in any court of record in the County and State in which the arbitration is pending to select a third arbitrator upon Notice of Motion to the other party or their attorney, if valid, and without the necessity of filing a law suit or serving the other party with process. The arbitrators shall then hear and determine the questions in dispute and except to the extent herein provided; the decision in writing of any two arbitrators shall be binding upon the parties.

All arbitration hearings under this policy, including both the tripartite panel and the American Arbitration Association, shall be conducted in the County and State in which the insured resides and in accordance with the usual rules governing procedure and admission of evidence in courts of law of that County and not in accordance with any court

mandated arbitration or mediation rules. It is agreed that the arbitrator(s) shall not enter an award in excess of the valid policy limits, and, if an award is entered in excess of the valid policy limits, that portion of the award which exceeds the policy limits is void and not binding on either the insured or the Company. Each party will pay the expenses it incurs and the expenses of its arbitrator; and bear the expenses of the third arbitrator equally.

Any decision made by the arbitrators shall be binding for the amount of damages not exceeding the limits for **bodily injury**.

ACTION AGAINST US

An insured person must have complied fully with all the terms of this policy before any action can be taken against **us**.

An insured person has no cause of action unless that person has given written notice of an intent to pursue a claim for Uninsured Motorist Coverage against the company. This intent must be within **three** years after the date upon which the person knows or should know that the party alleged to have caused harm to the person does not have liability insurance.

PROOF OF CLAIM: MEDICAL REPORTS

As soon as possible, the **covered person** making claim under this coverage shall give **us** written proof of claim. This proof must include full details of the injuries and treatment and any other reasonable information **we** may need to determine the amount payable. All **covered persons** making claims shall submit to reasonable questioning under oath about any claim made under this policy.

Any **covered person** making a claim for benefits under this section shall agree to submit to physical exam by a doctor chosen by **us** at the places and times that **we** select and as often as **we** may reasonably require. Such **covered person** shall also give **us** authorizations to allow **us** to gain all medical reports and copies of all medical records that may be reasonably related to any injuries caused by the **accident**.

OUR RECOVERY RIGHTS

In the event of any payment under this policy, **we** are entitled to all the rights of recovery of the person to whom payment was made against another.

-PART D- UNDERINSURED MOTORISTS COVERAGE

We will pay **compensatory damages** which a **covered person** is legally entitled to recover from the owner or operator of an **underinsured motor vehicle** for **bodily injury** sustained by a **covered person**; and caused by an **accident**.

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

We will pay under this coverage only after the limits of liability under any valid **bodily injury** liability bonds or policies have been exhausted by payment of judgments or settlements.

“**Covered person**” used in this part means:

1. **You** or any **family member**.
2. Any other person **occupying** or using **your covered auto** with **your** express or implied permission.
3. Any person, for damages that person is entitled to recover for **bodily injury** to which this coverage applies that is sustained by a person described in 1. or 2. above.

“**Underinsured motor vehicle**” means a land motor vehicle or **trailer** of any type to which a **bodily injury** liability bond or policy applies at the time of the **accident**. However, its limit for **bodily injury** liability is not enough to pay the full amount the **covered person** is legally entitled to recover as damages.

However, “**underinsured motor vehicle**” does not include any vehicle or equipment:

1. To which a **bodily injury** liability bond or policy applies at the time of the **accident**. However, its limit for **bodily injury** liability is less than the minimum limit for **bodily injury** liability specified by the financial responsibility law of Arizona.
2. Operated on rails or crawler treads.
3. Designed mainly for use off public roads while not upon public roads.
4. While located for use as a residence or premises.

EXCLUSIONS

- A. We do not provide Underinsured Motorists Coverage for **bodily injury** sustained by any person:
 1. While **occupying your covered auto** when it is being used to carry persons or property for a fee. This exclusion does not apply to a share-the-expense car pool or to use in the course of volunteer work for a tax-exempt organization as provided in A.R.S. § 43-1201 (4).

2. Failing to submit written notice of an intent to pursue a claim for Underinsured Motorist Coverage against the company or submitting written notice of an intent to pursue a claim for Underinsured Motorist Coverage against the company more than **three** years from the date upon which the person knows or should know that the alleged party to have caused harm to the person does not have sufficient liability insurance.
 3. **Occupying** the owned automobile who is covered by any other policy of insurance containing similar coverages, except that this exclusion cannot be used to prevent payment of full compensation for the damages sustained.
- B. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:
1. worker's compensation law; or
 2. disability benefits law.
- C. This policy does not provide for the payment of **punitive or exemplary damages**, regardless of any other provision of this policy.

LIMIT OF LIABILITY

The UNDERINSURED MOTORIST liability limit for "each person" is the maximum limit **WE** will pay to any one person for **bodily injury** because of any one **accident**.

The UNDERINSURED MOTORIST liability limit for "each accident" is the maximum limit **WE** will pay to two or more persons for **bodily injury** from any one **accident**.

For any **accident**, **WE** will pay no more than the UNDERINSURED MOTORIST liability limits shown on the Policy Declarations for any one car; even if a separate premium is charged for each car. This limit applies no matter how many cars are shown on the Declaration, the number of insured persons, the number of claims or claimants, the number of policies issued by **US** or the number of cars involved in the **accident**.

The amount of damages payable under this insurance includes coverage for a person if the sum of the limits of liability under all **bodily injury** or death liability bonds and liability insurance policies applicable at the time of the **accident** is less than the total damages for **bodily injury** or death resulting from the **accident**. To the extent that the total damages exceed the total applicable liability limits, the underinsured motorist coverage is applicable to the difference. However, the amount of damages payable under this insurance will be reduced by any amount paid under the liability insurance of this policy. It will also be reduced by any amount paid or payable under any workers'

compensation law, disability benefits law or any similar law. However, this reduction cannot be used to prevent payment of full compensation for the damages sustained.

Any payment under this coverage will reduce any amount that person is entitled to recover for the same damages under Part A of this policy. However, this reduction cannot be used to prevent payment of full compensation for the damages sustained.

OTHER INSURANCE

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

ARBITRATION

If any person making claim hereunder and the Company do not agree

1. that both vehicle(s) and the driver(s) of the vehicle(s) with which any person making claim has had an **accident** or
2. that such person is legally entitled to recover damages from the owner or operator of an **uninsured motor vehicle** because of **bodily injury** to an insured or damage to an automobile described in the policy or
3. to the amount payable hereunder,

then these matters shall be submitted to arbitration. Upon the insured demanding arbitration and selecting an arbitrator as required under the terms hereof in writing, the Company shall select an arbitrator and the two arbitrators so named shall select a third arbitrator. If such arbitrators are not selected within 45 days from the receipt of such written request, either party may request arbitration be submitted to the American Arbitration Association. In the event the two selected arbitrators cannot agree upon a third arbitrator either party may petition any Judge in any court of record in the County and State in which the arbitration is pending to select a third arbitrator upon Notice of Motion to the other party or their attorney, if valid, and without the necessity of filing a law suit or serving the other party with process. The arbitrators shall then hear and determine the questions in dispute and except to the extent herein provided; the decision in writing of any two arbitrators shall be binding upon the parties.

All arbitration hearings under this policy, including both the tripartite panel and the American Arbitration Association, shall be conducted in the County and State in which the

insured resides and in accordance with the usual rules governing procedure and admission of evidence in courts of law of that County and not in accordance with any court mandated arbitration or mediation rules. It is agreed that the arbitrator(s) shall not enter an award in excess of the valid policy limits, and, if an award is entered in excess of the valid policy limits, that portion of the award which exceeds the policy limits is void and not binding on either the insured or the Company. Each party will pay the expenses it incurs and the expenses of its arbitrator; and bear the expenses of the third arbitrator equally.

Any decision made by the arbitrators shall be binding for the amount of damages not exceeding the limits for **bodily injury**.

ACTION AGAINST US

An insured person must have complied fully with all the terms of this policy before any action can be taken against **us**.

An insured person has no cause of action unless within three years from the date the **covered person** knows or should know that the alleged party to have caused harm to the person does not have sufficient liability insurance;

1. Agreement as to the amount due under this Part has been concluded, or
2. The insured person has complied with the arbitration proceedings.

PROOF OF CLAIM: MEDICAL REPORTS

As soon as possible, the **covered person** making claim under this coverage shall give **us** written proof of claim. This proof must include full details of the injuries and treatment. As well as any other reasonable information **we** may need to determine the amount payable. All **covered persons** making claims shall submit to reasonable questioning under oath about any claim made under this policy.

Any **covered person** making a claim for benefits under this section shall agree to submit to physical exams by a doctor chosen by **us** at the places and times that **we** select and as often as **we** may reasonably require. Such **covered person** shall also give **us** authorizations to allow **us** to gain all medical reports and copies of all medical records that may be reasonably related to any injuries caused by the **accident**.

-PART E-

COVERED FOR DAMAGE TO YOUR AUTO

We will pay for **loss** to **your covered auto**, including its equipment, caused by an **accident**. However, **our** payment

will be reduced by the deductible shown in the Declarations. It also shall be reduced by depreciation of the damaged or stolen items. **We** will only pay for **loss** caused by **collision** or **comprehensive** if those coverages are specified in the Declarations. A separate premium has been paid for those coverages.

“**Collision**” means the upset or **collision** of **your covered auto** with another object.

“**Comprehensive**” means **loss** caused by other than **collision** and includes **loss** caused by missiles, falling objects, fire, theft, larceny, explosion, earthquake, windstorm, hail, water, flood, vandalism, riot or civil commotion, contact with a bird or animal, or breakage of glass.

“Equipment” means parts and items permanently attached to **your covered auto** by the manufacturer.

TRANSPORTATION EXPENSES

In addition, **we** will pay up to \$15 per day, to a maximum of \$450 for transportation expenses incurred by **you**. This applies only in the event of the total theft of **your covered auto**. **We** will pay only transportation expenses incurred during the period:

1. Beginning 48 hours after the theft has been reported to **us** and to the police, and
2. Ending when whereabouts of **your covered auto** becomes known to the **covered person** or company or **we** pay for its **loss**.

SAFETY EQUIPMENT ENDORSEMENT

At the option of the **named insured** and in consideration of payment of additional premium applicable to an automobile described in the Declarations, **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 **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 a motor vehicle.

Roadside Assistance Coverage

The Company will pay for the following emergency roadside assistance services necessitated by the disablement of **your covered auto** listed in the Declarations as carrying this Coverage, but only to the extent of the limits of this Coverage as stated in the Declarations and only two (2) occurrences per vehicle per

policy period: a) reasonable towing and labor costs to the nearest point at which disablement can be remedied; b) tire change; c) battery jump start; d) key lockout service; and e) fuel, oil and water delivery service limited to the amounts of fuel, oil and water necessary for the vehicle to travel to the nearest point where fuel and oil is available for purchase by the **named insured** and any **Family Member** named on **your** policy declaration page of **your** policy for **your covered auto** listed on **your** policy declaration page with the purchased coverage.

Rental Reimbursement – Collision Coverage. If a premium is shown for a car on the Declarations page for rental car allowance and that car is withdrawn from service due to a **loss** covered by Physical Damage coverage of this policy, **we** will reimburse **YOU** for expenses **YOU** incur to rent a temporary substitute car from a licensed rental car company, up to **OUR** limit shown on the Declarations page.

Any payment made for transportation under any other coverage in this policy is deducted from **OUR** payment for RENTAL CAR ALLOWANCE coverage.

RENTAL CAR ALLOWANCE coverage applies as excess coverage only, over any other applicable motor club or rental reimbursement coverage.

YOU must provide **US** with written proof of **YOUR** rental car expense from a licensed rental car company.

EXCLUSIONS

We will not pay for:

1. **Loss** to **your covered auto** which occurs while it is used to carry persons or property, for a fee. This exclusion does not apply to a share-the-expense car pool. Also not to use in the course of volunteer work for a tax-exempt organization as provided in A.R.S. § 43-1201 (4).
2. Damage due and confined to wear and tear, freezing, mechanical or electrical breakdown or failure or road damage to tires.
3. **Loss** due to radioactive contamination, discharge of any nuclear weapon (even if accidental), **war** (declared or undeclared), civil **war**, insurrection, rebellion or revolution or any consequence of any of these.
4. **Loss** to sound reproduction or car stereo equipment, other than that installed by the manufacturer.
5. **Loss** to tapes, records or other devices for use with equipment designed for the reproduction of sound.
6. **Loss** to a camper body or **trailer**.
7. **Loss** to any vehicle while used as a temporary substitute for a vehicle **you** own which is out of

- normal use because of its breakdown repair, servicing, **loss** or destruction.
8. **Loss** to TV antennas, awnings, cabanas or equipment designed to create additional living facilities.
 9. **Loss** to any sounds receiving or sound receiving and transmitting equipment designed for use as a citizens band radio, two-way mobile radio, telephone or scanning monitor receiver, or their accessories or antennas.
 10. **Loss** to any custom furnishings or equipment in or upon any pick-up, panel truck or van. Custom furnishings or equipment including but not limited to special carpeting and insulation, furniture, bars or television receivers, facilities for cooking and sleeping, height-extending roofs, or custom murals, paintings or other decals or graphics.
 11. **Loss** to **your covered auto** while being operated in any prearranged or organized racing or speed contest or in practice or preparation for any such contest.
 12. Any **loss** to **your covered auto** arising out of or during its use in the commission of a felony or for the transportation of any explosive substance, flammable liquid, or similarly hazardous materials, except transportation incidental to **your** ordinary household or farm activities.
 13. **Loss** with respect to a vehicle, ownership of which is acquired by the **covered person** during the policy period, where the **covered person** has not notified **us** in writing within fifteen (15) days of such acquisition and of the election to add coverage under this part of the policy to the declarations for such vehicle.
 14. **Loss** to **your covered auto** or any property in **your covered auto** not otherwise excluded, unless there are visible signs that forcible entry was required to gain access to **your covered auto**.
 15. **Loss** of equipment which is not available from the manufacturer of the vehicle named in the policy for that make, model, and model year.
 16. **Loss** to a non-owned vehicle arising out of its use by the **covered person** in the automobile business.
 17. **Loss** due to war or civil insurrection.
 18. Any **collision** or **comprehensive loss** to **your covered auto** intentionally caused by or at the direction of **you** or any **family member** unless the **loss** is caused by an act of domestic violence by another insured under the policy and the insured who claims the property **loss** cooperates in any investigation relating to the **loss** and did not cooperate in or contribute to the creation of the property **loss**.

LIMIT OF LIABILITY

Our limit of liability for payment to **you** shall

not:

1. Exceed the actual cash value of **your** vehicle at the time of **collision** or **loss**
2. Exceed the cost to repair or replace **your** vehicle.
3. Exceed two days of storage charges incurred prior to the date **you** report a **loss** or **accident** to **us**.
4. **We** will not pay for additional special equipment which will increase the value of the vehicle.

PAYMENT OF LOSS

1. **We** may pay for any **loss** or damage in cash or **we** may repair or replace the damaged or stolen vehicle.
2. **You** may not require **us** to pay for any **loss** or damage until 30 days after **you** have complied with all the terms of this policy.
3. If the vehicle is stolen and then recovered before the **loss** or damage is paid or replaced, **we** may return **your** vehicle to **you** at **our** expense with payment for any damage.

NO BENEFIT TO BAILEE

This insurance shall not directly or indirectly benefit any carrier or other bailee.

OTHER INSURANCE

If other insurance also covers the **loss** **we** will pay only **our** share. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits.

APPRAISAL

If **we** and **you** do not agree on the amount of **loss**, either may demand an appraisal of the **loss**. In this event, each party will select a competent appraiser. The two appraisers will select an umpire. The appraisers will state separately the actual cash value and the amount of **loss**. If they fail to agree, they will submit their differences to the Umpire. A decision agreed to by any two will be binding. Each party will:

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

We do not waive any of **our** rights under this policy by agreeing to an appraisal.

LOSS PAYABLE CLAUSE

It is agreed that **our** payments for **collision** or **comprehensive loss** under this part shall be made to **you** and any loss payee shown in the Declarations. This insurance covering the interest of the loss payee shall apply, except if validated by **your** fraudulent acts or omissions. **We** have the

right, however, to cancel this policy as provided in the policy. The cancellation shall terminate this agreement with respect to the interest of the loss payee.

When **we** cancel, **we** will give the same advance notice of cancellation to the loss payee as **we** provide to the policyholder shown in the Declarations. When **we** pay the loss payee, **we** are entitled, to the extent of the payment, to the loss payee's rights of recovery.

If **we** become obligated to reimburse a lien holder under this coverage due to **your** failure to meet the policy requirements or through **your** failing to make **your** premium payments, **we** have the right to recover any money **we** pay from **you**.

-PART F-

GENERAL PROVISIONS

1. POLICY PERIOD AND TERRITORY

This policy applies only to **accidents** and **losses** which occur during the policy period shown in the Declarations page. The policy applies only to **accidents** and **losses** within the United States of America, its territories or possessions, Puerto Rico and Canada. This section will be interpreted in accordance with the Laws of the State of Arizona.

THIS POLICY PROVIDES NO COVERAGE IN MEXICO.

2. CHANGES

a. Premium Changes

The premium for this policy is based on information **we** have received from **you** or other sources.

You agree:

- (1) that if any of this information material to the development of the policy premium is incorrect, incomplete or changed, **we** may adjust the premium during the policy period.
- (2) to cooperate with **us** in determining if this information is correct and complete.
- (3) to advise **us** of changes in this information. Any adjustment of **your** premium will be made using the rules in effect at the time of the change.

Premium adjustment may be made as the result of a change in:

- (1) autos insured by the policy, including changes in use.
- (2) drivers, driver's age or driver's marital status.
- (3) coverages or coverage limits.
- (4) rating territory.
- (5) eligibility for discounts or other premium credits.

b. Coverage Changes

We may revise **your** policy coverages to provide more protection without additional premium charge. If **we** do this and **you** have the coverage which is changed, **your** policy will automatically provide the additional coverage. This coverage is as of the date the revision is effective in **your** state. Otherwise, this policy contains all of the coverage agreements between **you** and **us**. Its terms may not be changed or waived except by an endorsement issued by **us**.

3. LEGAL ACTION AGAINST US

No legal action may be brought against **us** until there has been full compliance with all the terms of this policy. In addition, under the Liability Coverage, no legal action may be brought against **us** until **we** agree in writing that the **covered person** has an obligation to pay. In addition no action may be taken until the amount of that obligation has been finally determined by judgment after trial. That judgment must be affirmed on appeal if the appeal is made. No person or organization has any right under this policy to bring **us** into any action to determine the liability of a **covered person**.

4. LIMITED POWER OF ATTORNEY

You hereby give to the Company a limited power of attorney for the purpose of executing documents served within legal proceedings brought in relation to **you**. The Company has the power to answer and execute any and all discovery documents and pleadings. This includes interrogatories, requests to admit, requests to produce, answers to complaints at law, and like instruments and legal papers served in the legal proceeding. Further, the Company may assign as subagent for the purpose of handling the aforementioned power, any attorneys retained by the Company to defend any legal proceedings brought in relation to **you**. The power may be used by the company and/or subagent without advance notice or **your** approval. This provision does not impose a duty upon the Company or the subagents to exercise the power. However, when exercised the Company and the subagents will have the duty to use due care and act in accordance with the laws of Arizona. This power of attorney remains in effect during the course of legal proceeding at issue.

5. TRANSFER OF YOUR INTEREST IN THIS POLICY

Your interest, rights and duties under this policy may not be assigned without **our** written consent. If a policyholder named in the Declarations dies, the policy will cover:

- (a) The surviving spouse, if a resident in the same household at the time of death as if a **named insured** show in the Declarations.
- (b) The legal representative of the deceased person as if a **named insured** shown in the Declarations.

6. OUR RIGHT TO RECOVER PAYMENT

- A. After **we** have made payment under the Liability, Uninsured Motorist, Comprehensive and Collision insurance of this policy, **we** have the right to recover the payment from anyone who may be held responsible. **You** or any **covered person** must sign any papers and do whatever else is necessary to assist. **You** and any **covered person** will do nothing to affect **our** rights.
- B. If **we** make a payment under this policy and the person to or for whom payment is made recovers damages from another, that person shall hold in trust for **us** the proceeds of the recovery. That person shall refund **us** to the extent of **our** payment, however this part does not apply to Part B, Medical Payments Coverage.

7. TERMINATION

Cancellation. This policy may be cancelled during the policy period as follows:

- 1. The **named insured** shown in the Declarations may cancel by:
 - a. returning this policy to **us**; or
 - b. giving **us** advance written notice of the date cancellation is to take effect.
- 2. **We** may cancel by mailing by Certificate of Mailing to the **named insured** in the Declarations at the address shown in the policy at least ten (10) days notice of cancellation for other than non-payment of premium.
- 3. **We** will send a notice of cancellation for non-payment of premium by First Class Mail upon expiration of the required seven day grace period after the premium due date for the payment of premium due, except the first payment. During the required seven 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 at the address shown in the policy.

4. After this policy is in effect for 60 days, or if this is a renewal or continuation policy, **we** will cancel or refuse to renew **your** policy only:
 - a. For non-payment of premium;
 - b. If the policy was obtained through fraudulent misrepresentation; or
 - c. If **you**, a **family member**, or any other person who customarily operates **your covered auto** regularly and frequently uses the vehicle for commercial purposes.
 - d. 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.
 - e. If the Director of Insurance determines that **our** continuing **your** policy would place **us** in violation of Arizona law or would jeopardize **our** financial condition.
5. After this policy is in effect for 60 days, or if this is a renewal or continuation policy, **we** will cancel **your** policy if **you**, any **family member**, resident of household, or any other person who regularly and frequently operates **your covered auto** is described in paragraph (a) below. **We** will refuse to renew **your** policy if such person is described in paragraph (a) below or if such person has three or more **accidents** as stated in paragraph (b) below, unless **you** agree in writing to exclude as insured the person by name when operating a motor vehicle. **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 a motor vehicle 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. This will remain in effect until **we** agree in writing to provide coverage for the person who was previously excluded.
 - a. **We** will cancel or refuse to renew if the person:
 - (1) Has had his/her driver's license suspended or revoked during the policy period.
 - (2) Becomes permanently disabled, either physically or mentally, and such individual does not produce a

certificate from a physician. This statement must certify to such person's ability to operate a motor vehicle.

- 3) Is or has been convicted during the thirty-six months immediately preceding the effective date of the policy or during the policy period of:
 - (i) Criminal negligence, resulting in death, homicide or assault, arising out of the operation of a motor vehicle.
 - (ii) Operating a motor vehicle while in an intoxicated condition or while under the influence of drugs.
 - (iii) Leaving the scene of an accident.
 - (iv) Making false statements in an application for a driver's license.
 - (v) Reckless driving.
- b. **We** will refuse to renew if the person has had at any time during the 36 months immediately before the notice of non-renewal three or more at-fault **accidents**, meaning the person was at least 50% responsible for the **accident** and under any automobile insurance policy issued by **us** in which the **property damage** paid by **us** for each **accident** which occurred after October 1, 2007, is more than \$2,220. For **accidents** occurring on or after January 1, 2008 the Department of Insurance shall annually adjust and publish, to the nearest ten dollars, the threshold amount of **property damages** by the percentage change in the all items part of the consumer price index for all urban consumers of the United States Department of Labor, Bureau of Labor Statistics.

We will refuse to renew **your** policy only if the same person has had all of the **accidents** that make **your** policy subject to this nonrenewal provision. However, **we** will not refuse to renew **your** policy subject to this nonrenewal clause if **you** have been insured for automobile **bodily injury** coverage for at least 10 consecutive years with **us** prior to the most recent **accident** that makes **your** policy subject to this section.

6. If **you** dispute any cancellation or nonrenewal of **your** policy, **you** may file a written dispute to such action with the Director of the Department of Insurance. This objection must be filed within ten (10) days after **you** receive the notice **we** send to **you** regarding such action.

Nonrenewal. If **we** decide not to renew or continue this policy for the reasons detailed under the cancellation section, **we** will mail notice by certified mail or Certificate of Mailing. This will be mailed to the **named insured** shown in the Declarations at the address shown in this policy. Notice will be mailed at least 45 days before the end of the policy period. If the policy period is other than one year, **we** will have the right not to renew or continue it only at each anniversary of its original effective date unless the nonrenewal is for the reason stated in 5(b) above. In that case **we** will mail the notice of nonrenewal at least forty-five (45) days before the date of non-renewal.

Automatic Termination. If **you** notify **us** in writing that **you** do not wish to renew or continue, any insurance provided by this policy will automatically terminate at the end of the current policy period. If **you** obtain other insurance on **your covered auto**, any similar insurance provided by **US** will cancel on the effective date of the other insurance.

Other Termination Provisions.

- 1 If this policy is cancelled, **you** may be entitled to a premium refund. If so, the notice will include the premium refund. The premium refund, if any, will be computed on a pro-rata basis.
- 2 The effective date of cancellation or non-renewal stated in the notice shall become the end of the policy period.

8. TWO OR MORE AUTOS INSURED

If this policy and any other auto insurance policy issued to **you** by **us** apply to the same **accident**, the maximum limit of **our** liability under all the policies shall not exceed the highest valid limit of liability under any one policy.

9. BANKRUPTCY

WE are not relieved of any of **our** duties under this policy because of the bankruptcy of any insured person.

10. DECLARATIONS

By acceptance of this policy **you** agree:

- (a) that the statements in the Declarations are **your** representations; and
- (b) that this policy is issued in reliance upon the truth of those representations; and
- (c) that this policy embodies all agreements existing between **you** and **us** or any of **our** agents relating to this policy.

In Witness Whereof, this company has caused this policy to be signed and countersigned by duly authorized representatives of the company.

President



Vice-President

