



October 26 2005

CIRCULAR LETTER TO ALL MEMBER COMPANIES
VIA E-MAIL

Re: Personal Auto Policy Revisions

The Commissioner of Insurance has approved numerous changes to the North Carolina Personal Automobile Policy Program which were filed on behalf of member companies of the North Carolina Rate Bureau and, to the extent applicable, on behalf of the North Carolina Reinsurance Facility.

Enclosed are copies of the revised policy forms as well as an explanatory memorandum which sets forth and explains the changes. It is anticipated that copies of these forms in Microsoft Word format will be available for download from the Rate Bureau's website by early November.

The following revised policy forms have been approved by the Commissioner.

NC 00 01 06 05 Personal Auto Policy
NC 00 02 06 05 Personal Auto Physical Damage Policy
NC 02 01 06 05 Suspension of Insurance
NC 03 15 06 05 Coverage for Damage to Your Auto
NC 03 20 06 05 Snowmobile Endorsement
NC 03 22 06 05 Named Non-Owner
NC 03 23 06 05 Miscellaneous Type Vehicle Endorsement

The following Endorsements have been withdrawn from use in North Carolina.

NC 00 12 01 04 Amendatory Endorsement
NC 00 13 01 02 Amendatory Endorsement
NC 03 13 01 90 Coverage for Audio, Visual and Electronic
Equipment and Tapes, Records, Discs and Other
Media
NC 03 18 06 03 Coverage for Damage To Your Covered Auto (Maximum
Limit of Liability, Including Customized
Equipment Coverage)

In addition to the policy form revisions, also enclosed are revised Personal Auto Manual revisions designed to track revisions in the policy forms. Please note that the method for calculating the premium for additional coverage for electronic equipment and customized equipment has changed.

These changes are to become effective in accordance with the following Rule of Application:

These changes are applicable to all new and renewal policies written on or after May 1, 2006.

The North Carolina Personal Auto Policy Program contains copyrighted material of Insurance Services Office used with their permission under a limited copyright license granted by Insurance Services Office to the North Carolina Rate Bureau. Under the terms of the limited copyright license, the Rate Bureau has copyrighted the materials included in the Personal Auto Policy Program, including the manual and all forms, and member companies are advised that when they reprint, copy, or otherwise use any materials included in this program the following notice must appear on the materials: "Copyright, North Carolina Rate Bureau, 2005." This program may be used only by members of the North Carolina Rate Bureau and may be used only in North Carolina.

Please see to it that this circular is brought to the attention of all interested personnel in your company.

Very truly yours.

F. Timothy Lucas

Personal Lines Manager

FTL:dp
Attachments
A-05-3

PERSONAL AUTOMOBILE POLICY AMENDMENTS

PART A—LIABILITY COVERAGES

SUPPLEMENTARY PAYMENTS

- (1) Clarify items under this coverage that will be paid “on behalf of an insured” and items that will be paid “to an insured.”
- (2) Increased the coverage limit for loss of wages and salaries as a result of hearings or trial at our request from “up to \$50 per day” to “up to \$200 per day”.
- (3) Introduce a limit of \$200 for emergency first aid to others at the scene of an accident.
- (4) State that the amount of costs, wages, salary or other expenses payable to an insured under the Supplementary Payments provision must be reported to us by the insured before we will make payment.

PART D--COVERAGE TO DAMAGE TO YOUR COVERED AUTO

- (1) Revised Exclusion 4 related to electronic equipment to update and expand the list of electronic equipment that is excluded and expanded the exception to the exclusion to provide coverage to “permanently installed” equipment that is installed by the vehicle’s manufacturer and to provide \$1,000 of coverage to “permanently installed” equipment that is installed by someone other than the vehicle’s manufacturer. A definition of “permanently installed” has been added.
- (2) Revised Exclusion 10 relating to the detection of radar or laser to make reference to “speed monitoring equipment” to clarify that the exclusion applies to all such equipment, whether permanently installed or not, and to clarify that the exclusion applies to equipment designed to deter as well as to detect radar, laser or other speed monitoring equipment.
- (3) Revise Exclusion 12 to apply to all vehicles (not just pickup trucks and vans), and add an exception to this exclusion to provide \$1,000 of coverage for custom furnishings or equipment.
- (4) Revise the Limit of Liability on non-owned trailers to \$1,500.
- (5) Made an editorial change to the Payment of Loss provision to capitalize the portion in [brackets] related to original manufacturer parts to track the general statutes.
- (6) Incorporate the Loss Payee language into the Personal Automobile Policy and withdraw Endorsement NC 03 05 Loss Payable Clause. Also, revise the Loss Payee language to provide that the Loss Payee has no greater rights under the contract than the named insured.

PART F--GENERAL PROVISIONS

Fraud in Connection With Accident or Loss

This provision is revised to provide no coverage if a named insured makes a material misrepresentation on the application and to provide that, if the company is required to make payment under the Liability portion of the policy in such a situation due to financial responsibility requirements, then the company has the right to recover such payment from any insured that made the misrepresentation.

PERSONAL AUTOMOBILE POLICY **ENDORSEMENT REVISIONS**

NC 00 12 and NC 00 13

These Amendatory Endorsements are withdrawn since their provisions are incorporated into the Personal Automobile Policy (NC 00 01 06 05).

NC 02 01 – SUSPENSION OF INSURANCE

This Endorsement is amended to remove the phrase “Except for the maintenance or testing of your covered auto on your property,.”

NC 03 05 – LOSS PAYABLE CLAUSE

This Endorsement is withdrawn since the language is incorporated into the Personal Automobile Policy (NC 00 01 06 05).

NC 03 13 – Coverage For Audio, Visual And Electronic Equipment And Tapes, Records, Discs And Other Media

This Endorsement is withdrawn and its provisions (except for coverage for tapes records and disks or other media) are incorporated into new Endorsement NC 03 15 06 05 – Coverage For Damage To Your Auto.

NC 03 15 06 05 – Coverage For Damage To Your Auto

This Endorsement is a new endorsement that incorporates the previous NC 03 13 and NC 03 18, as revised, into one endorsement. The first section of the endorsement provides coverage for customized furnishings or equipment. The second section in the endorsement provides coverage for audio, visual and data electronic equipment. This coverage applies only if the equipment is “permanently installed” at the time of loss.

NC 03 18 - COVERAGE FOR DAMAGE TO YOUR AUTO (Maximum Limit of Liability, Including Customizing Equipment Coverage)

This Endorsement is withdrawn and its provisions incorporated into new Endorsement NC 03 15 06 05 – Coverage For Damage To Your Auto.

NC 03 20 – SNOWMOBILE ENDORSEMENT and NC 03 23 – MISCELLANEOUS TYPE VEHICLE ENDORSEMENT

This revision modifies the Passenger Hazard Exclusion to apply to “any person” rather than to “any insured”.

NC 03 22 – NAMED NON-OWNER COVERAGE

This Endorsement is amended to make editorial changes to the Uninsured Motorist Coverage provisions of the endorsement. The endorsement is also revised to add Combined Uninsured and Underinsured Motorist Coverage amendments since that coverage is also available through the Named Non-Owner endorsement.

PERSONAL AUTOMOBILE POLICY MANUAL REVISIONS

RULE 4.C. – DEFINITIONS

The Note under Item 3 of the rule is amended to eliminate the requirement that companies obtain a “completed Car Pool Certification” form in order to rate a vehicle under the “car pool” rules.

RULE 14F—ELECTRONIC EQUIPMENT

Rule 14F is being is being rewritten to address the changes in the implementation of Endorsement NC 03 15 06 05.

RULE 14K – CUSTOMIZED EQUIPMENT

Rule 14K is being is being rewritten to address the changes in the implementation of Endorsement NC 03 15 06 05. The rating procedures are being amended to eliminate the current rating procedures and to begin utilizing the Vehicle Series Rating Plan to assign a “symbol” to the customized vehicle and to then purchase an amount of “custom furnishing” coverage. Please refer to the companion rate filing for custom furnishings rates.

This policy is a legal contract between you and us. The Personal Auto Policy is:

- \$ designed for easy reference;
- \$ simplified to make it more understandable; and
- \$ arranged to better display the available coverage.

READ YOUR POLICY CAREFULLY

PERSONAL AUTO POLICY

AGREEMENT

In return for payment of the premium and subject to all the terms of this policy, we agree with you as follows:

DEFINITIONS

Throughout this policy, "you" and "your" refer to:

1. The "named insured" shown in the Declarations; and
2. The spouse if a resident of the same household.

"We", "us" and "our" refer to the Company providing this insurance.

For the purposes of this policy, a private passenger type auto, pickup or van shall be deemed to be owned by a person if leased:

1. Under a written agreement to that person; and
2. For a continuous period of at least 6 months.

Other words and phrases are defined. They are boldfaced or in quotation marks when used.

"Bodily injury" means bodily harm, sickness or disease, including death that results.

"Business" means trade, profession or occupation.

"Family member" means a person related to you by blood, marriage or adoption who is a resident of your household. This includes a ward or foster child.

"Occupying" means in; upon; getting in, on, out or off.

"Property damage" means physical injury to, destruction of, or loss of use of tangible property.

"Trailer" means a vehicle designed to be pulled by a:

1. Private passenger auto or station wagon type; or
2. Pickup truck or van.

It also means a farm wagon or farm implement while pulled by a vehicle listed in 1. or 2. above.

"Your covered auto" means:

1. Any vehicle shown in the Declarations.
2. A **newly acquired auto**.
3. Any **trailer** you own.
4. Any auto or **trailer** not owned by you while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its:
 - a. breakdown;
 - b. repair;

- c. servicing;
- d. loss; or
- e. destruction.

This provision (4.) does not apply to Part D – Coverage For Damage To Your Auto.

"**Newly acquired auto**" means any of the following types of vehicles you become the owner of during the policy period:

1. a private passenger auto or station wagon type; or
2. a pickup truck or van that:
 - a. has a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 pounds; and
 - b. is not used for the delivery or transportation of goods and materials unless such use is:
 - (1) incidental to your **business** of installing, maintaining or repairing furnishings or equipment; or
 - (2) for farming or ranching.

Any coverage for a **newly acquired auto** is subject to the following:

1. If a **newly acquired auto** replaces a vehicle shown in the Declarations, it will have the same coverage as the vehicle it replaced except that coverage, if any, under Part D – Coverage For Damage To Your Auto applies only if you ask us to insure it within 30 days after you become the owner.
2. If a **newly acquired auto** is in addition to any shown in the Declarations, it will have the broadest coverage we now provide for any vehicle shown in the Declarations if you ask us to insure it within 30 days after you become the owner.
3. Coverage under this policy terminates for any **newly acquired auto** on the effective date and time of a policy (other than this policy) issued by us or any other company that describes such vehicle on its declarations page.

4. If you ask us to insure a **newly acquired auto** within the applicable specified time period described in 1. or 2. above, any coverage we provide for the **newly acquired auto** begins on the date you become the owner. If you ask us to insure a **newly acquired auto** after the applicable specified time period described above has elapsed, any coverage we provide for the **newly acquired auto** will begin at the time you request the coverage. You must pay us any added amount due for any coverage we provide for a **newly acquired auto**.

If the vehicle you acquire replaces one shown in the Declarations, it will have the same coverage as the vehicle it replaced.

If the vehicle you acquire is in addition to any shown in the Declarations, it will have the broadest coverage we now provide for any vehicle shown in the Declarations, if you:

- a. acquire the vehicle during the policy period; and
- b. ask us to insure it:
 - (1) during the policy period; or
 - (2) within 30 days after you become the owner.

3. Any **trailer** you own.

4. Any auto or **trailer** not owned by you while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its:
 - a. breakdown;
 - b. repair;
 - c. servicing;
 - d. loss; or
 - e. destruction.

This provision (4.) does not apply to Coverage for Damage to Your Auto.

PART A – LIABILITY COVERAGE

INSURING AGREEMENT

We will pay damages for **bodily injury** or **property damage** for which any **insured** becomes legally responsible because of an auto accident. Damages include prejudgment interest awarded against the **insured**. We will settle or defend, as we consider appropriate, any claim or suit asking for these damages. In addition to our limit of liability, we will pay all defense costs we incur. Our duty to settle or defend ends when our limit of liability for this coverage has been exhausted. We have no duty to defend any suit or settle any claim for **bodily injury** or **property damage** not covered under this policy.

"**Insured**" as used in this Part means:

1. You or any **family member** for the ownership, maintenance or use of any auto or **trailer**.
2. Any person using **your covered auto**.
3. For **your covered auto**, any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.
4. For any auto or **trailer**, other than **your covered auto**, any person or organization 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 an **insured**:

1. ~~Up to \$250 for the cost of bail bonds required because of traffic law violations resulting from an accident. The accident must result 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. We have no duty to purchase bonds in an amount exceeding our Limit of Liability, and we have no duty to apply for or furnish these bonds.~~
3. ~~All costs taxed against the **insured** and interest accruing after a judgment is entered in any suit we defend. Costs do not include prejudgment interest. Our duty to pay post-judgment 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 \$50 a day for loss of earnings, but not other income, because of attendance at hearings or trials at our request.~~
5. ~~expenses incurred by an insured for emergency first aid to others performed at the scene of an accident that involves any auto covered by this policy.~~
6. ~~Other reasonable expenses incurred at our request.~~

In addition to our limit of liability:

1. We will pay the following on behalf of an **insured**:
 - a. Premiums on appeal bonds and bonds to release attachments in any suit we defend. We have no duty to purchase bonds in an amount exceeding our Limit of Liability, and we have no duty to apply for or furnish these bonds; and
 - b. All costs taxed against the **insured** and interest accruing after a judgment is entered in any suit we defend. Costs do not include prejudgment interest. Our duty to pay post-judgment interest ends when we offer to pay that part of the judgment which does not exceed our limit of liability for the coverage.
2. We will pay the following to an **insured**:
 - a. Up to \$250 for the cost of bail bonds required because of traffic law violations resulting from an accident. The accident must result in **bodily injury** or **property damage** covered under this policy;
 - b. Up to \$200 a day for loss of wages or salary, but not other income, because of attendance at hearings or trials at our request;
 - c. Up to \$200 for expenses incurred by an **insured** for Emergency first aid to others performed at the scene of an accident that involves any auto covered by this policy; and
 - d. Other reasonable expenses incurred at our request.

The amount of any costs, wages, salary, or other expenses listed above that are incurred by an insured must be reported to us by such insured before we will make payment.

EXCLUSIONS

A. We do not provide Liability Coverage for any **insured**:

1. Who intentionally causes **bodily injury** or **property damage**. This exclusion applies only to the extent that the limit of liability of this policy exceeds the minimum limit required by the financial responsibility law of North Carolina.

2. For **property damage** to property owned or being transported by that insured.

3. For **property damage** to property:

- a. rented to;
- b. used by; or
- c. in the care of;

that **insured**. This exclusion does not apply to a residence or private garage.

4. For **bodily injury** to an employee of that **insured** during the course of employment. This exclusion does not apply to a domestic employee unless workers' compensation benefits are required or available for that domestic employee.

5. For that **insured's** liability arising out of the ownership or operation of a vehicle while it is being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.

6. While employed or otherwise engaged in the **business** of:

- a. selling;
- b. repairing;
- c. servicing;
- d. storing; or
- e. parking;

vehicles designed for use mainly on public highways. This includes road testing and delivery. This exclusion does not apply to the ownership, maintenance or use of **your covered auto** by:

- a. you;
- b. any **family member**; or
- c. any partner, agent or employee of you or any **family member**.

This exclusion applies only to the extent that the limit of liability of this policy exceeds the minimum limit required by the financial responsibility law of North Carolina.

7. Maintaining or using any vehicle while that **insured** is employed or otherwise engaged in any **business** (other than farming or ranching) not described in Exclusion 6. This exclusion does not apply to the maintenance or use of a:

- a. private passenger auto;
- b. pickup or van that:
 - (1) You own; or
 - (2) You do not own while used as a temporary substitute for **your covered auto** which is out of normal use because of its:
 - (a) breakdown;
 - (b) repair;
 - (c) servicing;
 - (d) loss, or
 - (e) destruction; or

c. **trailer** used with a vehicle described in a. or b. above.

8. Using a vehicle without a reasonable belief that that **insured** is entitled to do so.

This Exclusion A.8. does not apply to a **family member** using **your covered auto** which is owned by you.

9. For **bodily injury** or **property damage** for which that **insured**:

- a. is an insured under a nuclear energy liability policy; or
- b. would be an insured under a nuclear energy liability policy but for its termination upon exhaustion of its limit of liability.

A nuclear energy liability policy is a policy issued by any of the following or their successors:

- a. Nuclear Energy Liability Insurance Association;
- b. Mutual Atomic Energy Liability Underwriters; or
- c. Nuclear Insurance Association of Canada.

B. We do not provide Liability Coverage for the ownership, maintenance or use of:

1. Any vehicle, other than **your covered auto**, which is:

- a. owned by you; or
- b. furnished for your regular use.

2. Any vehicle, other than **your covered auto**, which is:

- a. owned by any **family member**; or
- b. furnished for the regular use of any **family member**.

However, this exclusion (B.2.) does not apply to your maintenance or use of any vehicle which is:

- a. owned by a **family member**; or
- b. furnished for the regular use of a **family member**.

LIMIT OF LIABILITY

The limit of liability shown in the Declarations for each person for Bodily Injury Liability Coverage is our maximum limit of liability for all damages for **bodily injury**, including damages for care, loss of services or death, sustained by any one person in any one auto accident. Subject to this limit for each person, the limit of liability shown in the Declarations for each accident for Bodily Injury Liability Coverage is our maximum limit of liability for all damages for **bodily injury** resulting from any one auto accident. The limit of liability shown in the Declarations for each accident for Property Damage Liability Coverage is our maximum limit of liability for all damages to all property resulting from any one auto accident. This is the most we will pay as a result of any one auto accident regardless of the number of:

1. **Insureds**;
2. Claims made;
3. Vehicles or premiums shown in the Declarations; or
4. Vehicles involved in the auto accident.

OUT OF STATE COVERAGE

If an auto accident to which this policy applies occurs in any state or province other than the one in which **your covered auto** is principally garaged, we will interpret your policy for that accident as follows:

If the state or province has:

1. A financial responsibility or similar law specifying limits of liability for **bodily injury** or **property damage** higher than the limit shown in the Declarations, your policy will provide the higher specified limit.
2. A compulsory insurance or similar law requiring a nonresident to maintain insurance whenever the nonresident uses a vehicle in that state or province, your policy will provide at least the required minimum amounts and types of coverage.

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

FINANCIAL RESPONSIBILITY REQUIRED

When this policy is certified as future proof of financial responsibility, this policy will comply with the law to the extent required.

OTHER INSURANCE

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

PART B – MEDICAL PAYMENTS COVERAGE

INSURING AGREEMENT

We will pay reasonable expenses incurred for necessary medical and funeral services because of **bodily injury**:

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

We will pay only those expenses incurred for services rendered within 3 years from the date of the accident.

Reasonable medical expenses do not include expenses:

1. For treatment, services, products or procedures that are:
 - a. Experimental in nature, for research, or not primarily designed to serve a medical purpose; or
 - b. Not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of the **bodily injury**; or

2. Incurred for:

- a. The use of thermography or other related procedures of a similar nature; or
- b. The use of acupuncture or other related procedures of a similar nature; or
- c. The purchase or rental of equipment not primarily designed to serve a medical purpose.

Expenses are reasonable only if they are consistent with the usual fees charged by the majority of similar medical providers in the geographical area in which the expenses were incurred for the specific medical service.

Services are necessary only if the services are rendered by a licensed medical provider within the scope of the provider's practice and license and are essential in achieving maximum medical improvement for the **bodily injury** sustained in the accident.

We have the right to make or obtain a utilization review of the medical expenses and services to determine if they are reasonable and necessary for the **bodily injury** sustained.

"Insured" as used in this Part means:

1. You or any **family member**:
 - a. while **occupying**; or
 - b. as a pedestrian when struck by;
a motor vehicle designed for use mainly on public roads or a trailer of any type.
2. Any other person while **occupying**:
 - a. **your covered auto**; or
 - b. any other motor vehicle:
 - (1) operated by you; or
 - (2) operated by a **family member** if the motor vehicle is a private passenger auto or **trailer**.

EXCLUSIONS

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

1. Sustained while **occupying your covered auto** when it is being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.
2. Sustained while **occupying** any vehicle located for use as a residence or premises.
3. Occurring while employed or otherwise engaged in the **business** of:
 - a. selling; d. storing; or
 - b. repairing; e. parking;
 - c. servicing;vehicles designed for use mainly on public highways. This includes road testing and delivery. This exclusion applies only if workers' compensation benefits are available for the **bodily injury**.
4. Sustained while **occupying**, or when struck by, any vehicle (other than **your covered auto**) which is:
 - a. owned by you; or
 - b. furnished for your regular use.
5. Sustained while **occupying**, or when struck by, any vehicle (other than **your covered auto**) which is:
 - a. owned by any family member; or
 - b. furnished for the regular use of any family member.However, this exclusion does not apply to you.
6. Sustained while **occupying** a vehicle without a reasonable belief that that **insured** is entitled to do so.

This Exclusion 6. does not apply to a **family member** using **your covered auto** which is owned by you.

7. Sustained while **occupying** any auto not owned by, or furnished for the regular use of, you or any **family member**, while used to carry persons or property for a fee. This exclusion does not apply to:
 - a. a share-the-expense car pool, or
 - b. you or any **family member**.
8. Resulting from the maintenance or use of any auto not owned by, or furnished for the regular use of, you or any **family member**, while that **insured** is engaged in the **business** of:
 - a. selling; d. storing, or
 - b. repairing; e. parking;
 - c. servicing;vehicles designed for use mainly on public highways. This includes road testing and delivery. This exclusion does not apply to you or any **family member**.
9. Resulting from the maintenance or use of any auto not owned by, or furnished for the regular use of, you or any **family member**, while that **insured** is employed or otherwise engaged in any **business** not described in Exclusion 8. This exclusion does not apply:
 - a. to you or any **family member**; or
 - b. if the **bodily injury** results from the operation of a private passenger auto or **trailer** by you.
10. Caused by or as a consequence of:
 - a. war (declared or undeclared);
 - b. civil war;
 - c. insurrection; or
 - d. rebellion or revolution.
11. Sustained while **occupying** any motorized vehicle having fewer than four wheels.

LIMIT OF LIABILITY

The limit of liability shown in the Declarations for this coverage is our maximum limit of liability for each person injured in any one accident regardless of the number of:

1. Claims made;
2. Vehicles or premiums shown in the Declarations; or
3. Vehicles involved in the accident.

NON-DUPLICATION

No person for whom medical expenses are payable under this coverage shall be paid more than once for the same medical expense under this or similar vehicle insurance, including any no-fault benefits required by law.

OTHER INSURANCE

If there is other applicable auto medical payments insurance we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a vehicle you do not own shall be excess over any other collectible auto insurance providing payments for medical or funeral expenses.

ARBITRATION

The amount due under this coverage shall be decided by agreement between the **insured** and us. If there is no agreement, the amount due shall be decided by arbitration upon written request of the **insured** or us. Each party shall select a competent and impartial arbitrator. These two shall select a third one. If unable to agree on the third one within 30 days, either party may request a judge of a court of record in the county in which the arbitration is pending to select a third one. The written decision of any two arbitrators shall be binding on us, the **insured**, any assignee of the **insured** and any person or organization with whom the **insured** expressly or impliedly contracts for the rendition of medical services. The arbitrators' decision shall be limited to whether or not the medical expenses were reasonable and the services were necessary, with the amount due being equal only to the reasonable expenses for necessary services. The arbitrators shall not award punitive damages or other noncompensatory damages.

The cost of the arbitrator and any expert witness shall be paid by the party who hired them. The cost of the third arbitrator and other expenses of arbitration shall be shared equally by both parties.

The arbitration shall take place in the county in which the **insured** resides unless the parties agree to another place. State court rules governing procedure and admission of evidence shall be used.

PART C1 – UNINSURED MOTORISTS COVERAGE

INSURING AGREEMENT

We will pay compensatory damages which an **insured** is legally entitled to recover from the owner or operator of an **uninsured motor vehicle** because of:

1. **Bodily injury** sustained by an **insured** and caused by an accident; and
2. **Property damage** 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 is not binding on us unless we have been served with a copy of the summons, complaint or other process against the uninsured motorist.

"**Insured**" as used in this Part means:

1. You or any **family member**.
2. Any other person **occupying**:
 - a. **your covered auto**; or
 - b. any other auto operated by you.

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

"**Property damage**" as used in this Part means injury to or destruction of:

1. **Your covered auto**.
2. Any property owned by a person listed in 1. or 2. of **insured**.

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

1. To which neither:
 - a. a liability bond or policy; nor
 - b. cash or securities on file with the North Carolina Commissioner of Motor Vehicles;applies at the time of the accident.
2. To which a liability bond or policy applies at the time of the accident; provided its limit for liability is less than the minimum limit specified by the financial responsibility law of North Carolina.

3. Which, with respect to damages for **bodily injury** only, is a hit-and-run vehicle whose operator or owner cannot be identified and which hits:
 - a. you or any **family member**;
 - b. a vehicle which you or any **family member** are **occupying**; or
 - c. **your covered auto**.
4. To which a liability bond or policy applies at the time of the accident but the bonding or insuring company:
 - a. denies coverage; or
 - b. is or becomes insolvent.

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

1. Owned by you.
2. Owned or operated by a self-insurer under any applicable motor vehicle law; except a self-insurer which is or becomes insolvent.
3. Owned by:
 - a. The United States of America;
 - b. Canada;
 - c. a state; or
 - d. an agency, other than a political subdivision of a., b. or c. above.
4. Operated on rails or crawler treads.
5. Which is a farm type tractor or equipment designed mainly for use off public roads while not on public roads.
6. While located for use as a residence or premises.

EXCLUSIONS

- A. We do not provide Uninsured Motorists Coverage for **property damage** or **bodily injury** sustained by any **insured**:
 1. If that **insured** or the legal representative settles the **bodily injury** or **property damage** claim without our written consent.
 2. While **occupying your covered auto** while it is being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.
 3. Using a vehicle without a reasonable belief that that **insured** is entitled to do so.
This Exclusion A.3. does not apply to a **family member** using **your covered auto** which is owned by you.
 4. For the first \$100 of the amount of **property damage** to the property of each insured as the result of any one accident.

5. If the property is contained in or struck by a motor vehicle (other than **your covered auto**) owned by you or any **family member**.
 6. For any punitive or exemplary damages, or legal costs related thereto.
 7. While occupying, or when struck by, any motor vehicle owned by you or any family member which is not insured for this coverage under this policy. This includes a trailer of any type used with that vehicle.
However, this exclusion does not apply to you or any **family member**.
- B. We do not provide Uninsured Motorists Coverage for **property damage** caused by a hit-and-run vehicle whose operator or owner cannot be identified.
 - C. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or any similar law:
 - a. workers' compensation law; or
 - b. disability benefits law.

LIMIT OF LIABILITY

The limit of bodily injury liability shown in the Declarations for each person for Uninsured Motorists Coverage is our maximum limit of liability for all damages for **bodily injury**, including damages for care, loss of services or death, sustained by any one person in any one auto accident.

Subject to this limit for each person, the limit of bodily injury liability shown in the Declarations for each accident for Uninsured Motorists Coverage is our maximum limit of liability for all damages for **bodily injury** resulting from any one accident. The limit of property damage liability shown in the Declarations for each accident for Uninsured Motorists Coverage is our maximum limit of liability for all damages to all property resulting from any one accident. This is the most we will pay for **bodily injury** and **property damage** regardless of the number of:

1. **Insureds**;
2. Claims made;
3. Vehicles or premiums shown in the Declarations; or
4. Vehicles involved in the accident.

The limit of liability otherwise applicable under this coverage shall be reduced by all sums:

1. Paid because of the bodily injury or property damage by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part A;

2. Paid or payable because of the bodily injury under any workers' compensation law. However, this reduction does not apply to the extent that an employer's lien is required to be paid under North Carolina's workers' compensation law; and
3. Paid or payable because of the bodily injury under any disability benefits law or any similar law.

No payment will be made for loss paid or payable to the **insured** under Part D or any policy of property insurance.

Any payment to any person under this coverage will reduce any amount that person is entitled to recover for the same damages under Part A.

This coverage is excess over and shall not duplicate any amount paid or payable under Part B.

OTHER INSURANCE

If this policy and any other auto insurance policy apply to the same accident, the maximum amount payable under all applicable policies for injuries to an **insured** caused by an **uninsured motor vehicle** shall be the sum of the highest limit of liability for this coverage under each such policy.

In addition, 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 applicable limits. However, any insurance we provide with respect to a vehicle you do not own shall be excess over any other collectible insurance.

OUR RIGHT TO RECOVER PAYMENT

- A. If we make a payment under this coverage and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. Further, the execution of a covenant not to enforce judgment by the injured party shall not preclude us from pursuing our right to sue for or otherwise recover any payment made under this coverage from anyone else who may be liable. The person to or for whom payment was made shall do:
 1. Whatever is necessary to enable us to exercise our rights; and
 2. Nothing after loss to prejudice them.

- B. If we make a payment under this coverage and the person to or for whom payment is made recovers damages from another, that person shall:
 1. Hold in trust for us the proceeds of the recovery; and
 2. Reimburse us to the extent of our payment.

ARBITRATION

If we and an **insured** do not agree:

1. Whether that **insured** is legally entitled to recover compensatory damages from the owner or driver of an **uninsured motor vehicle**; or
 2. As to the amount of such damages;
- the **insured** may demand to settle the dispute by arbitration.

The following procedures will be used:

1. Each party will select a competent arbitrator. The two so selected will select a third.
2. If the third arbitrator is not selected within 30 days, the **insured** or we may request a judge of a court of record to name one. The court must be in the county and state in which arbitration is pending.
3. Each party will pay its chosen arbitrator. Each will pay half of all other expenses of arbitration. Fees to lawyers and expert witnesses are not considered arbitration expenses and are to be paid by the party hiring these persons.
4. Unless the **insured** and we agree otherwise, arbitration will take place in the county and state in which the **insured** lives. Arbitration will be subject to the usual rules of procedure and evidence in such county and state. The arbitrators will resolve the issues. A written decision on which two arbitrators agree will be binding on the **insured** and us.
5. Any arbitration action against the company must begin within the time limit allowed for **bodily injury** or death actions in the state where the accident occurred.
6. Judgment upon award may be entered in any proper court.
7. As an alternative, the **insured** and we may agree to arbitrate by rules other than stated above.

PART C2 – COMBINED UNINSURED/UNDERINSURED MOTORISTS COVERAGE

INSURING AGREEMENT

We will pay compensatory damages which an **insured** is legally entitled to recover from the owner or operator of an **uninsured motor vehicle** because of:

1. **Bodily injury** sustained by an **insured** and caused by an accident; and
2. **Property damage** 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**.

We will also pay compensatory damages which an **insured** is legally entitled to recover from the owner or operator of an **underinsured motor vehicle** because of **bodily injury** sustained by an **insured** 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 for these damages only after the limits of liability under any applicable liability bonds or policies have been exhausted by payments of judgments or settlements, unless we:

1. Have been given written notice in advance of settlement between an **insured** and the owner or operator of the **underinsured motor vehicle**; and
2. Consent to advance payment to the **insured** in the amount equal to the tentative settlement.

Any judgment for damages arising out of a suit is not binding on us unless we have been served with a copy of the summons, complaint or other process against the uninsured or underinsured motorist.

Insured as used in this Part means:

1. You or any **family member**.
2. Any other person **occupying**:
 - a. **your covered auto**; or
 - b. any other auto operated by you.
3. Any person for damages that person is entitled to recover because of **bodily injury** to which this coverage applies sustained by a person listed in 1. or 2. above.

Property damage as used in this Part means injury to or destruction of:

1. **Your covered auto**.
2. Any property owned by a person listed in 1. or 2. of **insured**.

Underinsured motor vehicle means a land motor vehicle or trailer of any type:

1. The ownership, maintenance or use of which is insured or bonded for liability at the time of accident; and

2. The sum of the limits of liability under all **bodily injury** liability bonds and insurance policies applicable at the time of the accident is equal to or greater than the minimum limit specified by the financial responsibility law of North Carolina and:

- a. is less than the limit of liability for this coverage; or
- b. the total limit of liability available has been reduced to less than the limit of liability for this coverage by payment of damages to other persons.

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

1. Operated on rails or crawler treads
 2. Which is a farm-type tractor or other vehicle designed for use principally off public roads and while not upon public roads.
 3. While located for use as a residence or premises.
 4. Which is an **uninsured motor vehicle**.
 5. Which is insured under Liability Coverage of this policy if such policy's limit of liability for Combined Uninsured/Underinsured Motorists Coverage is equal to or less than its limit of liability for Liability Coverage.
4. Which is an **uninsured motor vehicle**.

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

1. To which neither:
 - a. a liability bond or policy; nor
 - b. cash or securities on file with the North Carolina Commissioner of Motor Vehicles;applies at the time of the accident.
2. To which a liability bond or policy applies at the time of the accident; provided its limit for liability is less than the minimum limit specified by the financial responsibility law of North Carolina.
3. Which, with respect to damages for **bodily injury** only, is a hit-and-run vehicle whose operator or owner cannot be identified and which hits:
 - a. you or any **family member**;
 - b. a vehicle which you or any **family member** are **occupying**; or
 - c. **your covered auto**.
4. To which a liability bond or policy applies at the time of the accident, but the bonding or insuring company:
 - a. denies coverage; or
 - b. is or becomes insolvent.

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

1. Owned by you.
2. Owned or operated by a self-insurer under any applicable motor vehicle law; except a self-insurer which is or becomes insolvent.
3. Owned by:
 - a. The United States of America;
 - b. Canada;
 - c. a state; or
 - d. an agency, other than a political subdivision of a., b. or c. above.
4. Operated on rails or crawler treads.
5. Which is a farm type tractor or equipment designed mainly for use off public roads while not on public roads.
6. While located for use as a residence or premises.

EXCLUSIONS

- A. We do not provide coverage for **property damage** or **bodily injury** caused by an uninsured motor vehicle and sustained by any insured:
 1. If that **insured** or the legal representative settles the **bodily injury** or **property damage** claim without our written consent.
 2. While **occupying your covered auto** while it is being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.
 3. Using a vehicle without a reasonable belief that that **insured** is entitled to do so.
This Exclusion A.3. does not apply to a **family member** using **your covered auto** which is owned by you.
 4. For the first \$100 of the amount of **property damage** to the property of each **insured** as the result of any one accident.
 5. If the property is contained in or struck by a motor vehicle (other than **your covered auto**) owned by you or any **family member**.
 6. For any punitive or exemplary damages, or legal costs related thereto.
 7. While **occupying**, or when struck by, any motor vehicle owned by you or any family member which is not insured for this coverage under this policy. This includes a trailer of any type used with that vehicle.
However, this exclusion does not apply to you or any **family member**.
- B. We do not provide coverage for **property damage** caused by a hit-and-run vehicle whose operator or owner cannot be identified.

- C. We do not provide coverage for **bodily injury** caused by an **underinsured motor vehicle** and sustained by any **insured**:
 1. If that **insured** or the legal representative settles the **bodily injury** claim without our consent. However, this exclusion does not apply if we:
 - a. have been given written notice in advance of a settlement between an **insured** and the owner or operator of the **underinsured motor vehicle**; and
 - b. we fail to advance payment to the **insured** in an amount equal to the tentative settlement within thirty days following receipt of such written notice.
 2. While **occupying your covered auto** while it is being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.
 3. Using a vehicle without reasonable belief that that **insured** is entitled to do so.
This Exclusion C.3. does not apply to a **family member** using **your covered auto** which is owned by you.
 4. For any punitive or exemplary damages, or legal costs related thereto.
 5. While **occupying**, or when struck by, any motor vehicle owned by you or any **family member** which is not insured for this coverage under this policy. This includes a trailer of any type used with that vehicle.
However, this exclusion does not apply to you or any **family member**.
- D. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or any similar law:
 1. workers' compensation law; or
 2. disability benefits law.

LIMIT OF LIABILITY

The limit of bodily injury liability shown in the Declarations for each person for Combined Uninsured /Underinsured Motorists Coverage is our maximum limit of liability for all damages for **bodily injury**, including damages for care, loss of services or death, sustained by any one person in any one auto accident.

Subject to this limit for each person, the limit of bodily injury liability shown in the Declarations for each accident for Combined Uninsured/Underinsured Motorists Coverage is our maximum limit of liability for all damages for **bodily injury** resulting from any one accident. The limit of property damage liability shown in the Declarations for each accident for Combined Uninsured/Underinsured Motorists Coverage is our maximum limit of liability for all damages for **property damage** caused by an **uninsured motor vehicle** and resulting from any one accident.

This is the most we will pay for **bodily injury** and **property damage** regardless of the number of:

1. **Insureds**;
2. Claims made;
3. Vehicles or premiums shown in the Declarations; or
4. Vehicles involved in the accident.

The limits of bodily injury liability shown in the Declarations for each person and each accident for this coverage shall be reduced by all sums:

1. Paid because of the **bodily injury** by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part A;
2. Paid or payable because of the **bodily injury** under any workers' compensation law. However, this reduction does not apply to the extent that an employer's lien is required to be paid under North Carolina's workers' compensation law; and
3. Paid or payable because of the **bodily injury** under any disability benefits law or any similar law.

The most we will pay for **bodily injury** damages to an **insured** under this coverage is the lesser of:

- a. the limit of bodily injury liability shown in the Declarations for each person for this coverage reduced by all sums described in items 1., 2. and 3. of the preceding paragraph; or
- b. the damages sustained by the **insured** for **bodily injury** reduced by all sums described in items 1., 2. and 3. in the preceding paragraph.

The limit of property damage liability under this coverage shall be reduced by all sums paid because of the **property damage** by or on behalf of persons or organizations who may be legally responsible. This includes all sums payable under Part A.

No payment will be made for loss paid or payable to the **insured** under Part D or any policy of property insurance.

Any payment to any person under this coverage will reduce any amount that person is entitled to recover for the same damages under Part A.

This coverage is excess over and shall not duplicate any amount paid or payable under Part B.

OUR RIGHT TO RECOVER PAYMENT

A. If we make a payment under this coverage and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. Further, the execution of a covenant not to enforce judgment by the injured party shall not preclude us from pursuing our right to sue for or otherwise recover any payment made under this coverage from anyone else who may be liable. The person to or for whom payment was made shall do:

1. Whatever is necessary to enable us to exercise our rights; and
2. Nothing after loss to prejudice them.

However, our rights under this paragraph do not apply against the owner or operator of an **underinsured motor vehicle** if we have been given written notice in advance of a settlement and fail to advance payment in an amount equal to the tentative settlement within 30 days following receipt of such notice.

B. If we make a payment under this coverage and the person to or for whom payment is made recovers damages from another, that person shall:

1. Hold in trust for us the proceeds of the recovery; and
2. Reimburse us to the extent of our payment.

OTHER INSURANCE

If this policy and any other auto insurance policy apply to the same accident, the maximum amount payable under all applicable policies for all injuries to an **insured** caused by an **uninsured motor vehicle** or **underinsured motor vehicle** shall be the sum of the highest limit of liability for this coverage under each policy.

In addition, 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 applicable 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 we and an **insured** do not agree:

1. Whether that **insured** is legally entitled to recover compensatory damages from the owner or driver of an **uninsured motor vehicle** or **underinsured motor vehicle**; or

2. As to the amount of such damages;

the **insured** may demand to settle the dispute by arbitration.

The following procedure will be used:

1. Each party will select a competent arbitrator. The two so selected will select a third.

2. If the third arbitrator is not selected within 30 days, the **insured** or we may request a judge of a court of record to name one. The court must be in the county and state in which arbitration is pending.

3. Each party will pay its chosen arbitrator. Each will pay half of all other expenses of arbitration. Fees to lawyers and expert witnesses are not considered arbitration expenses and are to be paid by the party hiring these persons.

4. Unless the **insured** and we agree otherwise, arbitration will take place in the county and state in which the **insured** lives. Arbitration will be subject to the usual rules of procedure and evidence in such county and state. The arbitrators will resolve the issues. A written decision on which two arbitrators agree will be binding on the **insured** and us.

5. Any arbitration action against the company must begin within the time limit allowed for **bodily injury** or death actions in the state where the accident occurred.

6. Judgment upon award may be entered in any proper court.

7. As an alternative, the **insured** and we may agree to arbitrate by rules other than stated above.

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO

INSURING AGREEMENT

We will pay for direct and accidental loss to **your covered auto** or any **non-owned auto**, including their equipment. Direct and accidental loss does not include any reduction in the value of any vehicle after it has been repaired, as compared to its value before it was damaged.

We will pay for loss to **your covered auto** caused by:

1. Other than **collision** only if the Declarations indicate that Other Than Collision Coverage is provided for that auto.

2. **Collision** only if the Declarations indicate that Collision Coverage is provided for that auto.

If there is a loss to a **non-owned auto**, we will provide the broadest coverage applicable to any **your covered auto** shown in the Declarations.

Our payment will be reduced by any deductible shown in the Declarations. The deductible will not apply to a loss caused by:

a. fire or lightning;

b. smoke due to a sudden, unusual and faulty operation of any fixed heating equipment serving the premises in which the auto is stored;

c. the stranding, sinking, burning, **collision**, or derailment of any conveyance in or on which the auto is being transported.

"**Collision**" means the upset of **your covered auto** or a **non-owned auto** or their impact with another vehicle or object.

Loss caused by the following is considered Other than **collision**:

1. Missiles or falling objects;

2. Fire;

3. Theft or larceny;

4. Explosion or earthquake;

5. Windstorm;

6. Hail, water or flood;

7. Malicious mischief or vandalism;

8. Riot or civil commotion;

9. Contact with bird or animal; or

10. Breakage of glass.

If loss is caused by contact with a bird or animal, or if breakage of glass is caused by **collision**, you may elect to have either loss considered to be caused by **collision**.

"**Non-owned auto**" means:

1. Any private passenger auto, station wagon type, pickup truck, van or **trailer** not owned by or furnished or available for the regular use of you or any **family member** while in the custody of or being operated by you or any **family member**.

2. Any auto or **trailer** you do not own while used as a temporary substitute for **your covered auto** which is out of normal use because of its:

a. breakdown; d. loss; or

b. repair; e. destruction.

c. servicing;

We will also pay for direct and accidental loss caused by fire or lightning to clothes or other personal effects:

1. which are owned by you or any **family member**; and
2. which are in or on **your covered auto**.

“Permanently installed” means installed by bolts, brackets, or welding in a location in accordance with applicable laws and regulations for the installation of such equipment or device.

TRANSPORTATION EXPENSES

In addition, we will pay, without application of a deductible, up to \$15 per day, to a maximum of \$450, for:

1. Transportation expenses incurred by you in the event of a total theft of **your covered auto**. This applies only if the Declarations indicate that Other Than Collision is provided for that auto.
2. Loss of use expenses for which you become legally responsible in the event of the total theft of a **non-owned auto**. This applies only if the Declarations indicate that Other Than Collision is provided for any **your covered auto**.

We will pay only expenses incurred during the period:

1. Beginning 48 hours after the theft; and
2. Ending when **your covered auto** or the **non-owned auto** is returned to use or we pay for its loss.

SALVAGE CHARGES

In addition, we will pay general average and salvage charges that you or any **family member** are legally responsible for in transporting an auto.

EXCLUSIONS

We will not pay for:

1. Loss to **your covered auto** or any **non-owned auto** which occurs while they are being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.
2. Damage due and confined to:
 - a. wear and tear;
 - b. freezing;
 - c. mechanical or electrical breakdown or failure; or
 - d. road damage to tires.This exclusion does not apply if the damage results from the total theft of your covered auto or any non-owned auto.
3. Loss due to or as a consequence of:
 - a. radioactive contamination;

- b. war (declared or undeclared);
- c. civil war;
- d. insurrection; or
- e. rebellion or revolution.

4. Loss to:

~~a. electronic equipment designed solely for the reproduction of sound, including:~~

- ~~— (1) radios and stereos;~~
- ~~— (2) tape decks; or~~
- ~~— (3) compact disc players or recorders.~~

~~This does not apply to such equipment which is permanently installed in **your covered auto** or a **non-owned auto**.~~

~~ba. any other electronic equipment or device that records, emits, amplifies, receives or transmits audio, visual, or data signals, including, but not limited to:~~

- ~~(1) radios and stereos;~~
- ~~(2) tape decks;~~
- ~~(3) compact disc players or recorders;~~
- ~~(4) citizens band radios;~~
- ~~(5) telephones;~~
- ~~(6) two-way mobile radios;~~
- ~~(7) scanning monitor receivers;~~
- ~~(8) television monitor receivers;~~
- ~~(9) video cassette players or recorders;~~
- ~~(10) audio cassette players or recorders;~~
- ~~(11) personal computers, or~~
- ~~(12) digital video disc player or recorder.~~

~~eb. tapes, records, discs, or other media used with any equipment or device described in a. or b.~~

~~ec. any other accessories used with equipment described in a. or b.~~

~~This exclusion (4.b.) does not apply to such equipment or device that is:~~

- ~~(1) necessary for the normal operation of the auto or the monitoring of the auto's operating systems; or~~
- ~~— (2) an integral part of the same unit housing any sound reproducing equipment described in a. and permanently installed in the opening of the dash or console of **your covered auto** or any **non-owned auto** normally used by the manufacturer for installation of a radio.~~

Exclusions 4.a. and 4.c. do not apply to:

- a. any equipment or device that is **permanently installed** by the vehicle's manufacturer; or
- b. the first \$1,000 of any equipment or device that is **permanently installed** by other than the vehicle's manufacturer;

in any **your covered auto** or a **non-owned auto**.

- 5. Loss to a camper body or **trailer** you own which is not shown in the Declarations. This exclusion (5.) does not apply to a camper body or **trailer** you:

- a. acquire during the policy period; and
- b. ask us to insure within the policy period or within 30 days after you become the owner.

- 6. Loss to any **non-owned auto** while used by you or any **family member** in the **business** of:

- a. selling; d. storing; or
- b. repairing; e. parking;
- c. servicing;

vehicles designed for use mainly on public highways. This includes road testing and delivery.

- 7. Loss to any **non-owned auto** if used without the express or implied permission of the owner or other person in lawful possession of such vehicle.

- 8. With respect to any **trailer** shown in the Declarations, loss to:

- a. awnings or cabanas; or
- b. equipment designed to create additional living facilities.

- 9. Loss to **your covered auto** or any **non-owned auto** due to forfeiture ordered by the courts or destruction or confiscation by governmental or civil authorities because you or any **family member**:

- a. engaged in illegal activities; or
- b. failed to comply with Environmental Protection Agency or Department of Transportation standards.

This exclusion does not apply to the interests of Loss Payees in **your covered auto**.

- 10. Loss to equipment designed or used to detect or deter radar, laser or other speed monitoring equipment for the detection of radar or laser whether or not **permanently installed**.

- 11. Loss to any **non-owned auto** being maintained or used by any person while employed or otherwise engaged in any **business** not described in Exclusion 6. This exclusion does not apply to the maintenance or use by you or any **family member** of a **non-owned auto** which is a private passenger auto or **trailer**.

- 12. Loss to any custom furnishings or equipment in or upon any ~~pickup truck or van~~ **your covered auto or a non-owned auto** you own, including, but not limited to:

- a. special carpeting and insulation, furniture or bars;
- b. facilities for cooking and sleeping;
- c. height extending roofs or ladders;
- d. custom windows, murals, paintings or other decals or graphics;
- e. tool boxes and fifth wheel conversions;
- f. side exhausts and headers;
- g. winches and roll bars;
- h. special wheels/tires (~~off road or competition~~); or
- i. body or suspension alterations.

However, this exclusion (12.):

- a. does not apply to the first \$1,000 of any such custom furnishings or equipment; and
- b. does not apply to a camper body shown in the Declarations, or a cap, cover or bedliner in or upon any pickup truck you own.

- 13. Loss to, or loss of use of, a **non-owned auto** rented by:

- a. you; or
- b. any **family member**;

if a rental vehicle company is precluded from recovering such loss or loss of use, from you or that **family member**, pursuant to the provisions of any applicable rental agreement or state law.

LIMIT OF LIABILITY

Our limit of liability will be the lesser of the:

- 1. Actual cash value of the stolen or damaged property;
- 2. Amount necessary to repair or replace the property with other property of like kind and quality.

This amount does not include any reduction in the value of the property after it has been repaired, as compared to its value before it was damaged.

Subject to the above, our limit of liability for loss to:

- 1. Personal effects is \$100; and
- 2. A **trailer** not owned by you is \$1,500.

An adjustment for depreciation and physical condition will be made in determining actual cash value at the time of loss.

PAYMENT OF LOSS

We may pay for the loss in money or repair or replace the damaged or stolen property. We may, at our expense, return any stolen property to:

- a. You; or
- b. The address shown in this policy. If we return stolen property we will pay for any damage resulting from the theft. We may keep all or part of the property at an agreed or appraised value. ~~[In the repair of your covered auto under the physical damage coverage provisions of this policy, we may require or specify the use of automobile parts not made by the original manufacturer. These parts are required to be at least equal in terms of fit, quality, performance and warranty to the original manufacturer parts they replace.]~~

[IN THE REPAIR OF YOUR COVERED AUTO UNDER THE PHYSICAL DAMAGE COVERAGE PROVISIONS OF THIS POLICY, WE MAY REQUIRE OR SPECIFY THE USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIGINAL MANUFACTURER. THESE PARTS ARE REQUIRED TO BE AT LEAST EQUAL IN TERMS OF FIT, QUALITY, PERFORMANCE AND WARRANTY TO THE ORIGINAL MANUFACTURER PARTS THEY REPLACE.]

NO BENEFIT TO BAILEE

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

OTHER INSURANCE

If other insurance also covers the loss we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a **non-owned auto** shall be excess over any other collectible insurance.

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 PAYEE

If a Loss Payee is shown in the Declarations, then any Collision Coverage or Other Than Collision Coverage provided by this policy applies to the Loss Payee's interest in **your covered auto**. If Collision Coverage or Other Than Collision Coverage is cancelled or nonrenewed, we will provide coverage for the Loss Payee's interest until 10 days after the date we mail or electronically transmit a notice of the cancellation or nonrenewal to the Loss Payee. Any coverage for the Loss Payee's interest shall terminate on the earlier of the expiration of this 10 day period or the effective date of a policy or insurance binder for similar coverage for the Loss Payee's interest issued by another insurance carrier. Except for any continuation of coverage for the Loss Payee's interest that may be provided under this paragraph in connection with the Loss Payee's right to notice of cancellation or nonrenewal, this coverage for the Loss Payee's interest is only provided for a loss that would otherwise be payable to you.

Notwithstanding any other provisions of this policy, including but not limited to any continuation of coverage for the Loss Payee's interest as set forth above, if Collision Coverage or Other than Collision Coverage is rescinded, the Loss Payee's interest will not be protected and the Loss Payee shall have no rights greater than your rights to recover for a loss.

If we pay you or the Loss Payee, then we are entitled to your and the Loss Payee's rights of recovery to the extent of our payment. Our right of recovery does not impair the Loss Payee's right to recover the full amount of its claim from you.

PART E – DUTIES AFTER AN ACCIDENT OR LOSS – FILING A CLAIM

GENERAL DUTIES

We must be notified promptly of how, when and where the accident or loss happened. Notice should also include the names and addresses of any injured persons and of any witnesses.

A person seeking coverage must:

1. Cooperate with us in the investigation, settlement or defense of any claim or suit.
2. Promptly send us copies of any notices or legal papers received in connection with the accident or loss.
3. Submit as often as we reasonably require:
 - a. to physical exams by physicians we select. We will pay for these exams.
 - b. to examinations under oath and subscribe the same.
4. Authorize us to obtain:
 - a. medical reports; and
 - b. other pertinent records.
5. Submit a proof of loss when required by us.

ADDITIONAL DUTIES FOR UNINSURED AND COMBINED UNINSURED/UNDERINSURED MOTORISTS COVERAGE

A person seeking Uninsured or Combined Uninsured/Underinsured Motorists Coverage must also:

1. Promptly notify the police if a hit-and-run driver is involved.

2. Promptly send us copies of the legal papers if a suit is brought. A suit may not be brought by an insured until 60 days after that person notifies us of their belief that the prospective defendant is an uninsured motorist.

Any person who intends to pursue recovery against the owner or operator of an **underinsured motor vehicle** for damages beyond those paid or payable under this policy shall give us:

1. Notice of such intent; and
2. The opportunity to participate, at our expense, in the prosecution of such claim.

ADDITIONAL DUTIES FOR COVERAGE FOR DAMAGE TO YOUR AUTO

A person seeking Coverage For Damage To Your Auto must also:

1. Take reasonable steps after loss to protect **your covered auto** or any **non-owned auto** and their equipment from further loss. We will pay reasonable expenses incurred to do this.
2. Promptly notify the police if **your covered auto** or any **non-owned auto** is stolen.
3. Permit us to inspect and appraise the damaged property before its repair or disposal.

PART F – GENERAL PROVISIONS

BANKRUPTCY

Bankruptcy or insolvency of the **insured** shall not relieve us of any obligations under this policy.

CHANGES

The premium for each of **your covered autos** 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 accordingly during the policy period.
2. To cooperate with us in determining if this information is correct and complete, and to advise us of any 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.
3. Coverages or coverage limits.
4. Rating territory.
5. Eligibility for discounts or other premium credits.

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 as of the date the revision is effective in North Carolina. 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.

FRAUD IN CONNECTION WITH ACCIDENT OR LOSS OR MATERIAL MISREPRESENTATION

We do not provide coverage for any **insured**

1. who has made a fraudulent statements or engaged in fraudulent conduct in connection with any accident or loss for which coverage is sought under this policy; or
2. if a named insured made a material misrepresentation in the application for this policy of insurance.

This provision applies to Part A – Liability Coverage to the extent that the limits of liability exceed the minimum limits required by the Financial Responsibility Law of North Carolina. If we make payment under Part A – Liability Coverage which we would not have otherwise made in the absence of the preceding sentence, then we shall have the right to recover such payment from any insured who made a fraudulent statement, engaged in fraudulent conduct, or made a material misrepresentation.

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 Part A, no legal action may be brought against us until:

1. We agree in writing that the **insured** has an obligation to pay; or
2. The amount of that obligation has been finally determined by judgment after trial.

No person or organization has any right under this policy to bring us into any action to determine the liability of an **insured**.

OUR RIGHT TO RECOVER PAYMENT

A. If we make a payment under this policy and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. That person shall do:

1. Whatever is necessary to enable us to exercise our rights; and
2. Nothing after loss to prejudice them.

However, our rights under this paragraph do not apply to:

1. Part B;
2. Parts C1 and C2, as those parts contain separate provisions which state our right to recover payment under those Parts;
3. Part D, against any person using **your covered auto** with a reasonable belief that that person is entitled to do so.

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:

1. Hold in trust for us the proceeds of the recovery; and
2. Reimburse us to the extent of our payment.

However, our rights under this paragraph do not apply to Part B.

POLICY PERIOD AND TERRITORY

This policy applies only to accidents and losses which occur:

1. During the policy period as shown in the Declarations; and
2. Within the policy territory.

The policy territory is:

1. The United States of America, its territories or possessions;
2. Puerto Rico; or
3. Canada.

This policy also applies to loss to, or accidents involving, **your covered auto** while being transported between their ports.

TERMINATION – CANCELLATION, NONRENEWAL, AUTOMATIC TERMINATION, OTHER TERMINATION PROVISIONS

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 the Liability, Medical Payments and Uninsured Motorists or Combined Uninsured/Underinsured Motorists Coverages by mailing by first class mail to the named insured shown in the Declarations at the last known address:
 - a. at least 15 days notice if cancellation is for nonpayment of premium; or
 - b. at least 60 days notice in all other cases.
3. We may cancel any coverage other than Liability, Medical Payments and Uninsured Motorists or Combined Uninsured/Underinsured Motorists Coverages by mailing to the named insured shown in the Declarations at the last known address 10 days notice.
4. We will cancel the Liability, Medical Payments and Uninsured Motorists or Combined Uninsured/Underinsured Motorists Coverages only for the following reasons:
 - a. Nonpayment of premiums.
 - b. You become a nonresident of North Carolina and are not otherwise entitled to insurance through the Reinsurance Facility on submission of new application.

- c. The termination of our contract with the agent through whom this policy was written. This does not apply if we terminate the contract because of the quality of the agent's insureds.
- d. The cancellation of this policy pursuant to a power of attorney given to a company licensed pursuant to the provisions of G.S. 58-35-5.
- e. You fail, at time of renewal, to meet the requirements of our corporate charter, articles of incorporation or by-laws, if we are organized for the sole purpose of providing members with insurance policies in North Carolina.
- f. If you knowingly make a material misrepresentation of:
 - (1) the years of driving experience; or
 - (2) the driving record of you or any other driver who lives with you and customarily uses your covered auto.

Nonrenewal. If we decide not to renew or continue the Liability, Medical Payments and Uninsured Motorists or Combined Uninsured/Underinsured Motorists Coverages of this policy we will mail notice to the named insured shown in the Declarations at the last known address. Notice will be mailed at least 60 days before the end of the policy period. If we decide not to renew or continue any other coverage, we will mail the notice at least 10 days before the end of the policy period. We will refuse to renew or continue this policy only as permitted by the laws of North Carolina.

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

If you obtain other insurance on **your covered 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. If the law in effect in North Carolina at the time this policy is issued, renewed or continued:
 - a. requires a longer notice period;
 - b. requires a special form of or procedure for giving notice; or
 - c. modifies any of the stated termination reasons;
 we will comply with those requirements.
2. Proof of mailing of any notice shall be sufficient proof of notice.

3. If the Named Insured or a premium finance company cancels this policy, the premium owed or premium refund due will be calculated according to the short rate provisions contained in our manuals. If we cancel this policy, any premium owed or premium refund will be calculated on a pro-rata basis. However, making or offering to make the refund is not a condition of cancellation.

4. The effective date of cancellation stated in the notice shall become the end of the policy period.

TRANSFER OF YOUR INTEREST IN THIS POLICY

Your rights and duties under this policy may not be assigned without our written consent. However, if a named insured shown in the Declarations dies, coverage will be provided for:

1. The surviving spouse if resident in the same household at the time of death. Coverage applies to the spouse as if a named insured shown in the Declarations;
2. The legal representative of the deceased person as if a named insured shown in the Declarations. This applies only with respect to the representative's legal responsibility to maintain or use **your covered auto**; and
3. Any person having proper temporary custody of **your covered auto**, as an **insured**, until the appointment of a legal representative.

Coverage will only be provided until the end of the policy period.

AUTO REPAIRS

We shall not recommend the use of a particular motor vehicle repair service without clearly informing the claimant that:

- (i) the claimant is under no obligation to use the recommended repair service;
- (ii) the claimant may use the repair service of the claimant's choice; and
- (iii) the amount determined by us to be payable under the policy will be paid regardless of whether or not the claimant uses the recommended repair service.

CHOICE OF LAW

This policy is issued in accordance with the laws of North Carolina and covers property or risks principally located in North Carolina. Any and all claims or disputes in any way related to this policy shall be governed by the laws of North Carolina.

This policy is a legal contract between you and us. The Personal Auto Policy is:

- \$ designed for your easy reference;
- \$ simplified to make it more understandable; and
- \$ arranged to better display the available coverages

READ YOUR POLICY CAREFULLY

PERSONAL AUTO PHYSICAL DAMAGE POLICY

AGREEMENT

In return for payment of the premium and subject to all the terms of this policy, we agree with you as follows:

DEFINITIONS

Throughout this policy, "you" and "your" refer to:

1. The "named insured" shown in the Declarations; and
2. 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, a private passenger type auto shall be deemed to be owned by a person if leased:

1. Under a written agreement to that person; and
2. For a continuous period of at least 6 months.

Other words and phrases are defined. They are boldfaced or in quotation marks when used.

"Business" means trade, profession, or occupation.

"Family member" means a person related to you by blood, marriage or adoption who is a resident of your household. This includes a ward or foster child.

"Trailer" means a vehicle designed to be pulled by a:

1. Private passenger auto or station wagon type; or
2. Pickup truck or van.

It also means a farm wagon or farm implement while pulled by a vehicle listed in 1. or 2. above.

"Your covered auto" means:

1. Any vehicle shown in the Declarations.
2. Any of the following types of vehicles on the date you become the owner:
 - a. a private passenger auto or station wagon type; or
 - b. a pickup truck or van that:
 - (1) has a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 pounds; and
 - (2) is not used for the delivery or transportation of goods and materials unless such use is:
 - (a) incidental to your **business** of installing, maintaining or repairing furnishings or equipment; or
 - (b) for farming or ranching.

If the vehicle you acquire replaces one shown in the Declarations, it will have the same coverage as the vehicle it replaced.

If the vehicle you acquire is in addition to any shown in the Declarations, it will have the broadest coverage we now provide for any vehicle shown in the Declarations, if you:

- a. acquire the vehicle during the policy period; and
- b. ask us to insure it:
 - (1) during the policy period; or
 - (2) within 30 days after you become the owner.

3. Any **trailer** you own.

"Permanently installed" means installed by bolts, brackets, or welding in a location in accordance with applicable laws and regulations for the installation of such equipment or device.

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO

INSURING AGREEMENT

We will pay for direct and accidental loss to **your covered auto** or any **non-owned auto**, including their equipment.

We will pay for loss to **your covered auto** caused by:

1. Other than **collision** only if the Declarations indicate that Other Than Collision Coverage is provided for that auto.
2. **Collision** only if the Declarations indicate that Collision Coverage is provided for that auto.

If there is a loss to a **non-owned auto**, we will provide the broadest coverage applicable to any **your covered auto** shown in the Declarations.

Our payment will be reduced by any deductible shown in the Declarations. The deductible will not apply to a loss caused by:

- a. fire or lightning;
- b. smoke due to a sudden, unusual and faulty operation of any fixed heating equipment serving the premises in which the auto is stored;
- c. the stranding, sinking, burning **collision** or derailment of any conveyance in or on which the auto is being transported.

"Collision" means the upset of **your covered auto** or a **non-owned auto** or their impact with another vehicle or object.

Loss caused by the following is considered other than **collision**:

1. Missiles or falling objects;
2. Fire;
3. Theft or larceny;
4. Explosion or earthquake;
5. Windstorm;
6. Hail, water or flood;
7. Malicious mischief or vandalism;
8. Riot or civil commotion;

9. Contact with bird or animal; or

10. Breakage of glass.

If loss is caused by contact with a bird or animal, or if breakage of glass is caused by a **collision**, you may elect to have either loss considered to be caused by **collision**.

"Non-owned auto" means:

1. Any private passenger auto, station wagon type, pickup truck, van or **trailer** not owned by or furnished or available for the regular use of you or any **family member** while in the custody of or being operated by you or any **family member**.
2. Any auto or **trailer** you do not own while used as a temporary substitute for **your covered auto** which is out of normal use because of its:
 - a. breakdown
 - b. repair;
 - c. servicing;
 - d. loss; or
 - e. destruction.

We will also pay for direct and accidental loss caused by fire or lightning to clothes or other personal effects:

1. Which are owned by you or any **family member**; and
2. Which are in or on **your covered auto**.

TRANSPORTATION EXPENSES

In addition, we will pay, without application of a deductible, up to \$15 per day, to a maximum of \$450, for:

1. Transportation expenses incurred by you in the event of the total theft of **your covered auto**. This applies only if the Declarations indicate that Other Than Collision is provided for that auto.
2. Loss of use expenses for which you become legally responsible in the event of the total theft of a **non-owned auto**. This applies only if the Declarations indicate that Other Than Collision is provided for any **your covered auto**.

We will pay only expenses incurred during the period:

1. Beginning 48 hours after the theft; and
2. Ending when **your covered auto** or the **non-owned auto** is returned to use or we pay for its loss.

SALVAGE CHARGES

In addition, we will pay general average and salvage charges that you or any **family member** are legally responsible for in transporting an auto.

EXCLUSIONS

We will not pay for:

1. Loss to **your covered auto** or any **non-owned auto** which occurs while they are being used as a public or livery conveyance. This exclusion does not apply to a share-the-expense car pool.
2. Damage due and confined to:
 - a. wear and tear;
 - b. freezing;
 - c. mechanical or electrical breakdown or failure; or
 - d. road damage to tires.

This exclusion does not apply if the damage results from the total theft of **your covered auto** or any **non-owned auto**.

3. Loss due to or as a consequence of:
 - a. radioactive contamination;
 - b. war (declared or undeclared);
 - c. civil war;
 - d. insurrection; or
 - e. rebellion or revolution.
4. Loss to:

~~a. electronic equipment designed solely for the reproduction of sound, including, but not limited to:~~

- ~~—— (1) radios and stereos;~~
- ~~—— (2) tape decks; or~~
- ~~—— (3) compact disc players.~~

~~This does not apply to such equipment which is permanently installed in **your covered auto** or a **non-owned auto**.~~

ba. any other electronic equipment or device that records, emits, amplifies, receives or transmits audio, visual, or data signals, including, but not limited to:

- (1) radios and stereos;
- (2) tape decks;
- (3) compact disc players or recorders;
- (4) citizens band radios;

- (25) telephones;
- (36) two-way mobile radios;
- (47) scanning monitor receivers;
- (58) television monitor receivers;
- (69) video cassette players or recorders;
- (710) audio cassette players or recorders;
- (811) personal computers, or
- (12) digital video disc player or recorder.

~~This exclusion (4.b.) does not apply to such equipment that is:~~

- ~~—— (1) necessary for the normal operation of the auto or the monitoring of the auto's operating systems; or~~
- ~~—— (2) an integral part of the same unit housing any sound reproducing equipment described in a. and permanently installed in the opening of the dash or console of **your covered auto** or any **non-owned auto** normally used by the manufacturer for installation of a radio.~~

~~eb. tapes, records, discs, or other media used with any equipment or device described in a. or b.~~

~~ec. any other accessories used with equipment described in a. or b.~~

This exclusion 4.a. and 4.c. does not apply to:

- a. any equipment or device that is permanently installed by the vehicle's manufacturer; or
 - b. the first \$1,000 of any equipment or device that is permanently installed by other than the vehicle's manufacturer;
- in any **your covered auto** or a **non-owned auto**.

5. Loss to a camper body or **trailer** you own which is not shown in the Declarations. This exclusion (5.) does not apply to a camper body or **trailer** you:
 - a. acquire during the policy period; and
 - b. ask us to insure within the policy period or within 30 days after you become the owner.
6. Loss to **any non-owned auto** while used by you or any **family member** in the **business of**:
 - a. selling;
 - b. repairing;
 - c. servicing;

d. storing; or

e. parking;

vehicles designed for use mainly on public highways. This includes road testing and delivery.

7. Loss to any **non-owned auto** if used without the express or implied permission of the owner or other person in lawful possession of such vehicle.
8. With respect to any **trailer** shown in the Declarations, loss to:
 - a. awnings or cabanas; or
 - b. equipment designed to create additional living facilities.
9. Loss to **your covered auto** or any **non-owned auto** due to forfeiture ordered by the courts or destruction or confiscation by governmental or civil authorities because you or any **family member**:
 - a. engaged in illegal activities; or
 - b. failed to comply with Environmental Protection Agency or Department of Transportation standards.

This exclusion does not apply to the interests of Loss Payees in **your covered auto**.

10. Loss to equipment designed or used to detect or deter radar, laser or other speed monitoring equipment for the detection of radar or laser whether or not permanently installed.
11. Loss to any **non-owned auto** being maintained or used by any person while employed or otherwise engaged in any **business** not described in Exclusion 6. This exclusion does not apply to the maintenance or use by you or any **family member** of a **non-owned auto** which is a private passenger auto or **trailer**.
12. Loss to any custom furnishings or equipment in or upon any ~~pickup truck or van~~ **your covered auto or a non-owned auto** ~~you own~~, including, but not limited to:
 - a. special carpeting and insulation, furniture or bars;
 - b. facilities for cooking and sleeping;
 - c. height extending roofs or ladders;
 - d. custom windows, murals, paintings or other decals or graphics;
 - e. tool boxes and fifth wheel conversions;
 - f. side exhausts and headers;
 - g. winches and roll bars;
 - h. special wheels/tires (~~off-road or competition~~); or
 - i. body or suspension alterations.

However, this exclusion (12.):

a. does not apply to the first \$1,000 of any such custom furnishings or equipment; and

b. does not apply to a camper body shown in the Declarations, or a cap, cover or bedliner in or upon any pickup truck you own.

13. Loss to, or loss of use of, a **non-owned auto** rented by:

a. you; or

b. any **family member**;

if a rental vehicle company is precluded from recovering such loss or loss of use, from you or that **family member**, pursuant to the provisions of any applicable rental agreement or state law.

LIMIT OF LIABILITY

Our limit of liability will be the lesser of the:

1. Actual cash value of the stolen or damaged property; or
2. Amount necessary to repair or replace the property with other property of like kind and quality.

However, our limit of liability for loss to:

1. Personal effects is \$100; and
2. A **trailer** not owned by you is \$1,500.

An adjustment for depreciation and physical condition will be made in determining actual cash value at the time of loss.

PAYMENT OF LOSS

We may pay for the loss in money or repair or replace the damaged or stolen property. We may, at our expense, return any stolen property to:

1. You; or
2. The address shown in this policy.

If we return stolen property we will pay for any damage resulting from the theft. We may keep all or part of the property at an agreed or appraised value. ~~[In the repair of your covered auto under the physical damage coverage provisions of this policy, we may require or specify the use of automobile parts not made by the original manufacturer. These parts are required to be at least equal in terms of fit, quality, performance and warranty to the original manufacturer parts they replace.]~~ [IN THE REPAIR OF YOUR COVERED AUTO UNDER THE PHYSICAL DAMAGE COVERAGE PROVISIONS OF THIS POLICY, WE MAY REQUIRE OR SPECIFY THE USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIGINAL MANUFACTURER. THESE PARTS ARE REQUIRED TO BE AT LEAST EQUAL IN TERMS OF FIT, QUALITY, PERFORMANCE AND WARRANTY TO THE ORIGINAL MANUFACTURER PARTS THEY REPLACE.]

NO BENEFIT TO BAILEE

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

OTHER INSURANCE

If other insurance also covers the loss we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a **non-owned auto** shall be excess over any other collectible insurance.

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 PAYEE

If a Loss Payee is shown in the Declarations, then any Collision Coverage or Other Than Collision Coverage provided by this policy applies to the Loss Payee's interest in **your covered auto**. If Collision Coverage or Other Than Collision Coverage is cancelled or nonrenewed, we will provide coverage for the Loss Payee's interest until 10 days after the date we mail or electronically transmit a notice of the cancellation or nonrenewal to the Loss Payee. Any coverage for the Loss Payee's interest shall terminate on the earlier of the expiration of this 10 day period or the effective date of a policy or insurance binder for similar coverage for the Loss Payee's interest issued by another insurance carrier. Except for any continuation of coverage for the Loss Payee's interest that may be provided under this paragraph in connection with the Loss Payee's right to notice of cancellation or nonrenewal, this coverage for the Loss Payee's interest is only provided for a loss that would otherwise be payable to you.

Notwithstanding any other provisions of this policy, including but not limited to any continuation of coverage for the Loss Payee's interest as set forth above, if Collision Coverage or Other than Collision Coverage is rescinded, the Loss Payee's interest will not be protected and the Loss Payee shall have no rights greater than your rights to recover for a loss.

If we pay you or the Loss Payee, then we are entitled to your and the Loss Payee's rights of recovery to the extent of our payment. Our right of recovery does not impair the Loss Payee's right to recover the full amount of its claim from you.

PART E – DUTIES AFTER AN ACCIDENT OR LOSS – FILING A CLAIM

ADDITIONAL DUTIES FOR COVERAGE FOR DAMAGE TO YOUR AUTO

A person seeking Coverage For Damage To Your Auto must also:

1. Take reasonable steps after loss to protect **your covered auto** or any **non-owned auto** and their equipment from further loss. We will pay reasonable expenses incurred to do this.

2. Promptly notify the police if **your covered auto** or any **non-owned auto** is stolen.
3. Permit us to inspect and appraise the damaged property before its repair or disposal.

PART F – GENERAL PROVISIONS

BANKRUPTCY

Bankruptcy or insolvency of the insured shall not relieve us of any obligations under this policy.

CHANGES

The premium for each of **your covered autos** 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 accordingly during the policy period.
2. To cooperate with us in determining if this information is correct and complete, and 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.
3. Coverages or coverage limits.
4. Rating territory.
5. Eligibility for discounts or other premium credits.

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 as of the date the revision is effective in North Carolina. 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.

~~FRAUD IN CONNECTION WITH ACCIDENT OR LOSS OR MATERIAL MISREPRESENTATION~~

We do not provide coverage for any **insured**

1. who has made a fraudulent statements or engaged in fraudulent conduct in connection with any accident or loss for which coverage is sought under this policy; or
2. if a named insured made a material misrepresentation in the application for this policy of insurance.

This provision applies to Part A – Liability Coverage to the extent that the limits of liability exceed the minimum limits required by the Financial Responsibility Law of North Carolina. If we make payment under Part A – Liability Coverage which we would not have otherwise made in the absence of the preceding sentence, then we shall have the right to recover such payment from any insured who made a fraudulent statement, engaged in fraudulent conduct, or made a material misrepresentation.

LEGAL ACTION AGAINST US

No legal action may be brought against us until there has been full compliance with all terms of this policy.

OUR RIGHT TO RECOVER PAYMENT

A. If we make a payment under this policy and the person to or for whom payment was made has a right to recover damages from another we shall be subrogated to that right. That person shall do:

1. Whatever is necessary to enable us to exercise our rights; and
2. Nothing after loss to prejudice them.

However, our rights in this paragraph do not apply against any person using **your covered auto** with a reasonable belief that that person is entitled to do so.

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:

1. Hold in trust for us the proceeds of the recovery; and
2. Reimburse us to the extent of our payment.

POLICY PERIOD AND TERRITORY

This policy applies only to accidents and losses which occur:

1. During the policy period as shown in the Declarations; and
2. Within the policy territory.

The policy territory is:

1. The United States of America, its territories or possessions;
2. Puerto Rico; or
3. Canada.

This policy also applies to loss to, or accidents involving, **your covered auto** while being transported between their ports.

TERMINATION – CANCELLATION, NONRENEWAL, AUTOMATIC TERMINATION, OTHER TERMINATION PROVISIONS

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 to the named insured shown in the Declarations at the last known address 10 days notice.
3. We may cancel this policy if you knowingly made a material misrepresentation of:
 - a. the years of driving experience; or
 - b. the driving record of you or any other driver who lives with you and customarily uses **your covered auto**.

Nonrenewal. If we decide not to renew or continue coverage, we will mail the notice at least 10 days before the end of the policy period. We will refuse to renew or continue this policy only as permitted by the laws of North Carolina.

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

If you obtain other insurance on **your covered 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. If the law in effect in North Carolina at the time this policy is issued, renewed or continued:
 - a. requires a longer notice period;
 - b. requires a special form of or procedure for giving notice; or
 - c. modifies any of the stated termination reasons; we will comply with those requirements.
2. We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.
3. If this policy is cancelled, you may be entitled to a premium refund. If so, we will send you the refund. The premium refund, if any, will be computed according to our manuals. However, making or offering to make the refund is not a condition of cancellation.
4. The effective date of cancellation stated in the notice shall become the end of the policy period.

TRANSFER OF YOUR INTEREST IN THIS POLICY

Your rights and duties under this policy may not be assigned without our written consent. However, if a named insured shown in the Declarations dies, coverage will be provided for:

1. The surviving spouse if resident in the same household at the time of death. Coverage applies to the spouse as if a named insured shown in the Declarations;
2. The legal representative of the deceased person as if a named insured shown in the Declarations. This applies only with respect to the representative's legal responsibility to maintain or use **your covered auto**; and
3. Any person having proper temporary custody of **your covered auto**, as an insured, until the appointment of a legal representative.

Coverage will only be provided until the end of the policy period.

SUSPENSION OF INSURANCE

| Coverage | (a) All Autos | (b) All of Your Covered Autos | (c) Autos Listed Below |
|---------------------|---------------|----------------------------------|---------------------------|
| Liability | () | () | () |
| Medical Payments | () | | () |
| Uninsured Motorists | () | | () |
| Collision | () | () | () |
| _____ | () | | () |
| _____ | () | () | () |

Autos: _____

~~Except for the maintenance or testing of your covered auto on your property,~~
‡This policy is suspended as of the effective date of this endorsement for the listed coverages and autos.

If coverage is suspended for at least thirty consecutive days, you will be entitled to a refund.

COVERAGE FOR DAMAGE TO YOUR AUTO
 Customizing Equipment Coverage
 Coverage for Audio, Visual and Data Electronic Equipment

All the provisions of the policy apply to the coverage(s) provided by this endorsement except as modified herein:

A. Customizing Equipment Coverage

Schedule

| Vehicle Description | Limit of Liability for Customized Equipment | Total Premium |
|---------------------|---|---------------|
| | | |
| | | |
| | | |
| | | |

When **Customizing Equipment Coverage** is indicated as applicable to a **your covered auto** [in the Schedule or in the Declarations], the provisions of Part D - Coverage for Damage to Your Auto are modified as follows:

1. The following is added to Exclusion 12:

This exclusion does not apply to any **your covered auto** described [in the Schedule or in the Declarations] as subject to Customizing Equipment Coverage.

2. The following is added to the **Limit of Liability**:
 With respect to coverage provided for custom furnishings or equipment, our limit of liability will be the lesser of the:
 1. amount shown [in the Schedule or in the Declarations];
 2. actual cash value of the stolen or damaged custom furnishings or equipment; or
 3. amount necessary to repair or replace the custom furnishings or equipment with other property of like kind or quality.

This amount does not include any reduction in the value of the property after it has been repaired, as compared to its value before it was damaged.

For the purpose of this Endorsement, a camper body shown [in the Schedule or in the Declarations], or any cap, cover or bedliner in or upon a pickup truck you own shall not be considered custom furnishings or equipment.

Any amount payable for loss to custom furnishings or equipment will be reduced by any amounts payable for damage to these furnishings or equipment under Part D of the policy.

An adjustment for depreciation and physical condition will be made in determining actual cash value at the time of loss.

B. Coverage for Audio, Visual and Data Electronic Equipment

Schedule

| Vehicle Description | Limit of Liability | Premium |
|----------------------------|---------------------------|----------------|
| | | |
| | | |
| | | |
| | | |

When **Coverage for Audio, Visual and Data Electronic Equipment Coverage** is indicated as applicable to a **your covered auto** [in the Schedule or in the Declarations], the provisions of Part D - Coverage for Damage to Your Auto are modified as follows:

1. Exclusions 4.a. and 4.c. do not apply.
2. The following is added to the **Insuring Agreement**:
 We will pay, without application of a deductible and subject to the limit of liability for Coverage for Audio, Visual and Data Electronic Equipment Coverage, for direct and accidental loss to any electronic equipment that records, emits, amplifies, receives or transmits audio, visual or data signals. This coverage applies only if the equipment is **permanently installed in your covered auto** at the time of loss.

We will also pay, without application of a deductible and subject to the limit of liability for Coverage for Audio, Visual and Data Electronic Equipment Coverage, for direct and accidental loss to any accessories used with electronic equipment **permanently installed in your covered auto**.

3. The following is added to the **Limit of Liability**:
 Our limit of liability for the total of all losses to audio, visual or data electronic equipment and any accessories used with this equipment, as a result of any one occurrence shall be the lesser of the:

- (1) Amount shown in the Schedule or in the Declarations;
- (2) Actual cash value of the stolen or damaged property; or
- (3) Amount necessary to repair or replace the property with other property of like kind or quality.

This amount does not include any reduction in the value of the property after it has been repaired, as compared to its value before it was damaged.

An adjustment for depreciation and physical condition will be made in determining actual cash value at the time of loss.

Material in [brackets] may be amended as necessary.

SNOWMOBILE ENDORSEMENT

SCHEDULE

| Description Of Snowmobile | | Passenger Hazard Excluded | | | |
|--|--------------------|------------------------------|--------|-----------------------------|--------|
| 1. | | Yes <input type="checkbox"/> | | No <input type="checkbox"/> | |
| 2. | | Yes <input type="checkbox"/> | | No <input type="checkbox"/> | |
| 3. | | Yes <input type="checkbox"/> | | No <input type="checkbox"/> | |
| Coverage is provided where a premium and a limit of liability is shown for the coverage. | | | | | |
| Premium | | | | | |
| Coverages | Limit Of Liability | | Veh. 1 | Veh. 2 | Veh. 3 |
| Liability | \$ | Each Accident | \$ | \$ | \$ |
| Medical Payments | \$ | Each Person | \$ | \$ | \$ |
| Uninsured Motorists | \$ | Each Accident | \$ | \$ | \$ |
| Collision | \$ | Less \$ Ded. | \$ | \$ | \$ |
| | \$ | Less \$ Ded. | \$ | \$ | \$ |
| | \$ | Less \$ Ded. | \$ | \$ | \$ |
| Other Than Collision | \$ | Less \$ Ded. | \$ | \$ | \$ |
| | \$ | Less \$ Ded. | \$ | \$ | \$ |
| | \$ | Less \$ Ded. | \$ | \$ | \$ |
| Total Premium | | | \$ | | |

With respect to the **snowmobiles** and coverages listed in the Schedule or in the Declarations, the provisions of the policy apply unless modified by this endorsement.

I. Definitions

The **Definitions** Section is amended as follows:

A. For the purpose of the coverage provided by this endorsement, the terms **auto**, **motor vehicle** and **vehicle** are replaced by the term **snowmobile** except for Uninsured Motorists Coverage. In Uninsured Motorists Coverage, the term **uninsured motor vehicle** includes a **snowmobile**.

B. The reference to "Declarations" in the Limit of Liability provisions of the policy includes "Schedule".

C. The following definition is added:

snowmobile means:

1. A land motor vehicle which is:
 - a. Designed for use mainly off public roads on snow or ice; and

b. Propelled solely by means of the following or similar mechanical devices:

- (1) Wheels;
- (2) Crawler-type treads; or
- (3) Belts.

2. A **trailer** designed for being towed by, but not for transporting, a vehicle described in **1.** above.

However, **snowmobile** does not include any vehicle which is propelled by airplane type propellers or fans.

D. The term **your covered auto** is replaced by the term **your covered snowmobile**. **Your covered snowmobile** means:

1. Any **snowmobile** shown in the Schedule or in the Declarations.

2. Any **snowmobile** on the date you become the owner. This provision applies only if you:
 - a. Acquire the **snowmobile** during the policy period; and
 - b. Ask us to insure it within 30 days after you become the owner.
3. Any **snowmobile** you do not own while used as a temporary substitute for any other **snowmobile** described in this definition which is out of normal use because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. Loss; or
 - e. Destruction.

II. Part A - Liability Coverage

Part **A** is amended as follows with respect to a **snowmobile**:

- A. The definition of **insured** is replaced by the following:

Insured means:

 1. You or any **family member** for the ownership, maintenance or use of any **snowmobile**.
 2. Any person using **your covered snowmobile**.
 3. For **your covered snowmobile**, any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.
 4. For any **snowmobile**, other than **your covered snowmobile**, any person or organization 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 **snowmobile**.
- B. The **Exclusions** Section is amended as follows:
 1. Exclusions **A.6.** and **A.7.** are replaced by the following:

We do not provide Liability Coverage for any **insured** maintaining or using a **snowmobile** in any **business**.

2. The following exclusions are added to Section B:

We do not provide Liability Coverage for the ownership, maintenance or use of:

Any **snowmobile** while rented to or leased to any insured or organization other than you; or

Any **snowmobile**:

- a. operated in; or
- b. while in practice or preparation for;

any racing or speed contest regardless of whether such contest is prearranged or organized.

3. The following exclusion applies under Section **A.** to any **snowmobile** for which the Schedule or Declarations indicates that the passenger hazard is excluded:

We do not provide Liability Coverage for any **insured** for **bodily injury** to any "~~insured~~" person while **occupying**, or while being towed by, the described **snowmobile**.

- C. The **Other Insurance** Provision is replaced by the following:

OTHER INSURANCE

Any insurance we provide shall be excess over any other collectible insurance.

III. Part B - Medical Payments Coverage

Part **B** is amended as follows with respect to a **snowmobile**:

- A. The definition of an **insured** is replaced by the following:

Insured means:

1. You or any **family member**:
 - a. While **occupying**; or
 - b. As a pedestrian when struck by;
 - a **snowmobile**.

2. Any other person while **occupying your covered snowmobile.**

B. The Exclusions Section is amended as follows:

1. Exclusions 3, 8 and 9 are replaced by the following:

We do not provide Medical Payments Coverage for any insured for **bodily injury** sustained while **occupying a snowmobile** when it is being used in the **business** of an insured.

2. The following exclusions are added:

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

Sustained while **occupying any snowmobile** while rented or leased to any person or organization other than you; or

Sustained while **occupying any snowmobile**

a. operated in; or

b. while in practice or preparation for

any racing or speed contest regardless of whether such contest is prearranged or organized.

C. The **Other Insurance** Provision is replaced by the following:

OTHER INSURANCE

Any insurance we provide shall be excess over any other collectible auto insurance providing payments for medical or funeral expenses.

IV. Part C - Uninsured Motorists Coverage

Part C is amended as follows with respect to a **snowmobile**:

A. Except for a **snowmobile**, a vehicle operated on rails or crawler-treads is not an **uninsured motor vehicle**.

B. The following exclusions are added to Section A of the Exclusions Section:

We do not provide coverage for **property damage** or **bodily injury** sustained by any insured:

While **occupying any snowmobile** while rented or leased to any insured or organization other than you; or

While **occupying any snowmobile**;

a. operated in; or

b. while in practice or preparation for:

any racing or speed contest regardless of whether such contest is prearranged or organized.

C. The **Other Insurance** Provision is replaced by the following:

OTHER INSURANCE

Any insurance we provide shall be excess over any other collectible insurance.

V. Part D - Coverage For Damage To Your Auto

Part D is amended by adding the following to the Exclusions Section:

We will not pay for:

Loss to any **snowmobile** while rented or leased to any insured or organization other than you; or

Loss to any **snowmobile**:

a. operated in; or

b. while in practice or preparation for,

any racing or speed contest regardless of whether or not such contest is prearranged or organized.

NAMED NON-OWNER COVERAGE

I. DEFINITIONS

The Definitions Section is amended as follows:

The definition of **your covered auto** is replaced by the following:

Your covered auto means any of the following types of vehicles on the date you become the owner:

- a. a private passenger auto or station wagon type; or
- b. a pickup truck or van that:
 - (1) has a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 pounds; and
 - (2) is not used for the delivery or transportation of goods and materials unless such use is:
 - (a) incidental to your **business** of installing, maintaining or repairing furnishings or equipment; or
 - (b) for farming or ranching.

This provision applies only if you:

- a. acquire the vehicle during the policy period; and
- b. ask us to insure it within 30 days after you become the owner.

This insurance does not apply if other insurance applies with respect to newly acquired autos.

II. LIABILITY COVERAGE

Part A is amended as follows:

- A. The definition of **insured** is replaced by the following:

Insured means:

1. You for the maintenance or use of any auto or **trailer**.
2. For **your covered auto**, any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.
3. For any auto or **trailer** other than **your covered auto**, any person or organization but only with respect to legal responsibility for acts or omissions of a person 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**.

- B. The Exclusions Section is amended as follows:

1. Exclusions A.6. and A.7. are replaced by the following:

Maintaining or using any vehicle in the **business** of that **insured**. This exclusion does not apply to a vehicle you are operating or **occupying**.

2. Exclusion B.1. is replaced by the following:

Any vehicle, other than **your covered auto**, which is owned by you.

3. Exclusion B.2. is replaced by the following:

Any vehicle, other than **your covered auto**, which is owned by any **family member**. However, this exclusion does not apply to your maintenance or use of any vehicle which is owned by a **family member**.

- C. If the Declarations indicates an "each accident" limit of liability for Single Limit Liability Coverage, the Limit of Liability provision is replaced by the following:

LIMIT OF LIABILITY

The limit of liability shown in the Declarations for this coverage is our maximum limit of liability for all damages resulting from any one auto accident. This is the most we will pay regardless of the number of:

1. **Insureds**;
2. Claims made;
3. Vehicles or premiums shown in the Declarations; or
4. Vehicles involved in the auto accident.

- D. The Out of State Coverage provision is replaced by the following:

OUT OF STATE COVERAGE

If an auto accident to which this policy applies occurs in any state or province other than where you reside, we will interpret your policy for that accident as follows:

If the state or province has:

1. A financial responsibility or similar law specifying limits of liability for **bodily injury** or **property damage** higher than the limit shown in the Declarations, your

policy will provide the higher specified limit.

2. A compulsory insurance or similar law requiring a nonresident to maintain insurance whenever the nonresident uses a vehicle in that state or province, your policy will provide at least the required minimum amounts and types of coverage.

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

III. MEDICAL PAYMENTS COVERAGE

Part B is amended as follows:

- A. The definition of **insured** is replaced by the following:

Insured means:

1. You:
 - a. while **occupying**; or
 - b. as a pedestrian when struck by:

a motor vehicle designed for use mainly on public roads or a trailer of any type.
2. Any other person while **occupying your covered auto**.

- B. The Exclusions Section is amended as follows:

1. Exclusion 4. is replaced by the following:

Sustained while **occupying**, or when struck by, any vehicle (other than **your covered auto**) which is owned by you.

2. Exclusions 3., 8. and 9. are replaced by the following:

Sustained while **occupying** any vehicle used in the **business** of that **insured**. This exclusion does not apply to a vehicle you are operating or **occupying**.

IV. UNINSURED MOTORISTS COVERAGE

~~Uninsured Motorists Coverage~~ Part C1 is amended as follows:

- A. The definition of **insured** is replaced by the following:

Insured means:

1. You.
2. Any other person **occupying your covered auto**.
3. Any person for damages that person is entitled to recover because of **bodily injury** to which this coverage applies sus-

tained by a person described in 1. or 2. above.

- B. The first paragraph of the definition of **uninsured motor vehicle** is replaced by the following:

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

1. To which ~~no~~ neither:
 - a. a liability bond or policy; nor
 - b. cash or securities on file with the North Carolina Commissioner of Motor Vehicles;

applies at the time of the accident.

2. To which a liability bond or policy applies at the time of the accident ~~In this case provided its limit of for liability must be~~ is less than the minimum limit of ~~liability~~ liability specified by the financial responsibility law of North Carolina.

3. Which, with respect to damages for bodily injury only, is a hit-and-run vehicle whose operator or owner cannot be identified and which hits:

- a. you;
- b. a vehicle which you are **occupying**; or
- c. **your covered auto**.

4. To which a liability bond or policy applies at the time of the accident but the bonding or insuring company:

- a. denies coverage; or
- b. is or becomes insolvent.

V. COMBINED UNINSURED / UNDERINSURED MOTORISTS COVERAGE

Part C2 is amended as follows:

- A. The definition of **insured** is replaced by the following:

Insured means:

1. You.
2. Any other person occupying your covered auto.
3. Any person for damages that person is entitled to recover because of **bodily injury** to which this coverage applies sustained by a person described in 1. or 2. above.

- B. The first paragraph of the definition of **uninsured motor vehicle** is replaced by the following:

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

1. To which ~~ne~~ neither:
 - a. a liability bond or policy; nor
 - b. cash or securities on file with the North Carolina Commissioner of Motor Vehicles;
applies at the time of the accident.
2. To which a liability bond or policy applies at the time of the accident; provided its limit for liability is less than the minimum limit specified by the financial responsibility law of North Carolina.
3. Which, with respect to damages for **bodily injury** only, is a hit-and-run vehicle

whose operator or owner cannot be identified and which hits:

- a. you;
 - b. a vehicle which you are **occupying**;
or
 - c. **your covered auto.**
4. To which a liability bond or policy applies at the time of the accident but the bonding or insuring company
 - a. denies coverage; or
 - b. is or becomes insolvent.

MISCELLANEOUS TYPE VEHICLE ENDORSEMENT
SCHEDULE

| Description and Type of Vehicle | Passenger Hazard Excluded | |
|---------------------------------|------------------------------|-----------------------------|
| 1. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

| Coverages | Limit of Liability | Premium | | |
|---|---|----------|----------|----------|
| | | Auto 1 | Auto 2 | Auto 3 |
| Liability | Bodily Injury \$ _____ Each Person \$ _____ Each Accident | \$ _____ | \$ _____ | \$ _____ |
| | Property Damage \$ _____ Each Accident | \$ _____ | \$ _____ | \$ _____ |
| Medical Payments | \$ _____ Each Person | \$ _____ | \$ _____ | \$ _____ |
| Uninsured Motorists | Bodily Injury \$ _____ Each Person \$ _____ Each Accident | \$ _____ | \$ _____ | \$ _____ |
| | Property Damage \$ _____ Each Accident | \$ _____ | \$ _____ | \$ _____ |
| Combined Uninsured and Underinsured Motorists | Bodily Injury \$ _____ Each Person \$ _____ Each Accident | \$ _____ | \$ _____ | \$ _____ |
| | Property Damage \$ _____ Each Accident | \$ _____ | \$ _____ | \$ _____ |
| Damage to your Auto Collision Loss Other Than | \$ _____ Less \$ _____ Ded. | \$ _____ | \$ _____ | \$ _____ |
| | Collision Loss \$ _____ Less \$ _____ Ded. | \$ _____ | \$ _____ | \$ _____ |

With respect to the **miscellaneous type vehicles** and coverages described in the Schedule or in the Declarations, the provisions of the policy apply unless modified by this endorsement.

I. DEFINITIONS

The Definitions Section is amended as follows:

- A. For the purpose of the coverage provided by this endorsement **miscellaneous type vehicles** means:
1. A motorcycle, golfcart or other similar type vehicle.
 2. A private passenger auto owned jointly by two or more individuals other than husband and wife.
 3. A private passenger auto not owned by a natural person and not rated as part of a fleet.

B. The definition of **your covered auto** is replaced by the following:

Your covered auto means:

1. Any **miscellaneous type vehicle** shown in the Schedule or in the Declarations.
2. A **newly acquired auto**
3. Any **trailer**.
4. Any **miscellaneous type vehicle** or auto 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:
 - a. breakdown;
 - b. repair;
 - c. servicing;
 - d. loss; or
 - e. destruction.

C. The first paragraph of the definition of **newly acquired auto** is replaced by the following:

Newly acquired auto means any of the following types of vehicles you become the owner of during the policy period:

- a. a private passenger auto or station wagon type;
- b. a pickup or van that:
 - (1) has a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 lbs.; and
 - (2) is not used for the delivery or transportation of goods and materials unless such use is:
 - (a) incidental to your **business** of installing, maintaining or repairing furnishings or equipment; or
 - (b) for farming or ranching.
- c. any **miscellaneous type vehicle** of the same type shown in the Schedule or in the Declarations.

II. LIABILITY COVERAGE

Part A is amended as follows:

A. The definition of **insured** is replaced by the following:

Insured means:

1. You or any **family member** for the ownership, maintenance or use of **your covered auto**.
2. Any person using **your covered auto**.
3. For **your covered auto**, any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.

B. The Exclusions Section is amended as follows:

The following exclusion applies under Part A to any vehicle for which the Schedule or Declarations indicates that the passenger hazard is excluded:

We do not provide Liability Coverage for any **insured** for **bodily injury to any person** while **occupying** the described **miscellaneous type vehicle**.

III. MEDICAL PAYMENTS COVERAGE

Part B, Medical Payments Coverage, is amended as follows:

If **your covered auto** is a motorcycle and the Declarations of this policy indicate Medical Payments Coverage is in effect for it, Part B, Exclusion 11. does not apply.

IV. COVERAGE FOR DAMAGE TO YOUR AUTO

The Insuring Agreement of Part D is replaced by the following:

We will pay for direct and accidental loss to your **covered auto** including its equipment. Direct and accidental loss does not include any reduction in the value of any vehicle after it has been repaired, as compared to its value before it was damaged. Our payment will be reduced by any deductible shown in the Declarations or Schedule. However, we will pay for loss caused by **collision** only ~~for~~if the Declarations or Schedule indicate that Collision Coverage is provided.

4. CLASSIFICATIONS (Cont'd)

Exceptions

1. For corporations, co-partnerships or unincorporated associations owning less than five motor vehicles:

An owned private passenger auto principally furnished to a specified individual shall be classified and rated as if owned by that individual, in accordance with Rule 4.A., provided the auto is not used for business purposes.

2. For Farm family co-partnerships or Farm family corporations:

An owned private passenger auto principally garaged on a farm or ranch shall be rated as Class 1AF provided the vehicle is:

- a. Not used in any occupation other than farming or ranching, or
- b. Not customarily used in going to or from work other than farming or ranching.

C. Definitions

1. BUSINESS USE means that the use of the auto is required by or customarily involved in the duties of the applicant or any other person customarily operating the auto, in an occupation, profession or business, other than going to or from the principal place of occupation, profession or business.
2. FARM AUTO means the auto is principally garaged on a farm or ranch, and
 - a. It is not customarily used in going to or from work other than farming or ranching, or driving to or from school, and
 - b. It is not customarily used in any occupation other than farming or ranching.
3. DRIVEN TO OR FROM WORK OR SCHOOL means the auto is customarily used in the course of driving to or from work or school and shall include:
 - a. The use of the auto in a car pool or other share the ride arrangement.
 - b. Driving part way to or from work or school whether or not the auto is parked at a depot during the day.

Note

If an auto is driven to or from work or school on less than a daily basis and the applicant provides the carrier with a completed "Car Pool Certification" form certifying that the auto usage is so limited, the classification used in rating the auto shall be subject to the following:

- (1) If otherwise in Class 1B, the auto shall be classified as 1A if the total usage of the car in driving to or from work or school is not more than 2 days per week or not more than 2 weeks per 5 week period.

- (2) If otherwise in Class 1C the auto shall be classified as 1B if the total usage of the car in driving to or from work or school is not more than 2 days per week or not more than 2 weeks per 5 week period.

Refer to company for certification form.

4. RESIDENT means anyone residing in the same household as the applicant and shall include an individual absent from the household while attending school. An individual in active military service with the armed forces of the United States of America shall **not** be included as resident in the same household unless such individual customarily operates the auto.

D. Single and Multi-Car Risks

The applicable Multi-Car Rating Factor shall apply if two or more four wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household are insured in the same policy.

Exception

If a company's procedure does not permit insuring all vehicles in the same policy, the applicable Multi-Car Rating Factor shall apply only if the company insures two or more four-wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household.

This discount does not apply to antique autos as defined in the Miscellaneous Types Rule.

LIABILITY COVERAGES ONLY

- E. An auto subject to Class 3 rates because of use in the business of the United States Government by one of its employees may be classified and rated as Class 1A, 1B, or 1C when the applicable endorsement is used to limit coverage.

F. Pickup Trucks and Vans**1. LIABILITY COVERAGES ONLY**

Rate as a private passenger auto.

2. PHYSICAL DAMAGE COVERAGES ONLY

- a. 1991 and Subsequent Model Year Vehicles

- (1) Customized Vehicles – pickup trucks and vans installed with custom furnishings or equipment.

Note

For the purpose of this rule, a Cap, a Cover, or a Bed Liner installed on a pickup truck shall not be considered custom furnishings or equipment. No additional charge shall be made for such equipment.

Refer to the customizing equipment coverage endorsement for a detailed description of the coverage.

- (a) Determine the original cost new of the vehicle, including the value of the customized equipment.

**PERSONAL AUTO MANUAL
RULES PAGES**

14. MISCELLANEOUS COVERAGES

F. Coverage For Damage To Your Auto - Coverage For Audio, Visual And Data Electronic Equipment

1. Coverage

Electronic equipment or devices that record, emit, amplify, receive or transmit audio, visual or data signals which are permanently installed by the vehicle's manufacturer are automatically covered under the policy without additional premium charge. Such equipment includes, but is not limited to:

- a. Radios and stereos;
- b. Tape decks;
- c. Compact disc players or recorders;
- d. Citizens band radios;
- e. Telephones;
- f. Two-way mobile radios;
- g. Scanning monitor receivers;
- h. Television monitor receivers;
- i. Video cassette players or recorders;
- j. Audio cassette players or recorders;
- k. Personal computers; or
- l. Digital video disc players or recorders;

However, electronic equipment or devices that record, emit, amplify, receive or transmit audio, visual or data signals which are permanently installed by **other than** the vehicle's manufacturer are subject to a sublimit of \$1,000. This sublimit may be increased to any one of the limits with the premiums per auto shown in the table below. Permanently installed means installed by bolts, brackets, or welding in a location in accordance with applicable laws and regulations for the installation of such equipment or device.

Coverage is not available for loss to;

- (a) equipment designed or used to detect or deter radar, laser, or other speed monitoring equipment whether or not permanently installed; or
- (b) tapes, records, discs or other media.

**PERSONAL AUTO MANUAL
RULES PAGES**

14. MISCELLANEOUS COVERAGES (Cont'd)

2. Rating

The provisions of Rule 4. Classifications and Rule 5. Safe Driver Insurance Plan do not apply for this coverage.

| Maximum Limit of Liability For Electronic Equipment | Premium Per Auto |
|--|-----------------------------|
| \$ 1,500 | \$30 |
| 2,000 | \$60 |
| 2,500 | \$90 |
| 3,000 | \$120 |
| 3,500 | \$150 |
| 4,000 | \$180 |
| 4,500 | \$210 |
| 5,000 | \$240 |

For limits in excess of \$5,000, charge an additional \$30 per \$500 of coverage.

3. Endorsement

Attach **NC 03 15**, Coverage For Damage To Your Auto Customizing Equipment Coverage, Coverage For Audio, Visual And Data Electronic Equipment, to the policy.

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14. MISCELLANEOUS COVERAGES (Cont'd)

K. Coverage For Damage To Your Auto - Customizing Equipment Coverage

1. Coverage

Custom furnishings or equipment are automatically covered under the policy up to \$1,000 without additional premium charge. This limit may be increased.

Custom furnishings or equipment includes, but is not limited to:

- a. Special carpeting and insulation, furniture or bars;
- b. Facilities for cooking and sleeping;
- c. Height extending roofs or ladders;
- d. Custom windows, murals, paintings or other decals or graphics;
- e. Tool boxes and fifth wheel conversions;
- f. Side exhausts and headers;
- g. Winches and roll bars;
- h. Special wheels/tires; or
- i. Body or suspension alterations.

Note: The optional coverage buybacks for customized furnishings or equipment that are described in **2.** below does not apply to the following:

- Camper bodies (Refer to Rule **19.A.**); and
- Caps, covers or bedliners.

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14. MISCELLANEOUS COVERAGES (Cont'd)

2. Rating

- a. The provisions of Rule 4. Classifications and Rule 5. Safe Driver Insurance Plan do not apply for this coverage.
- b. The \$1,000 limit for custom furnishings or equipment may be increased to any one of the limits with premiums per auto shown below.

| Maximum Limit of Liability For Customizing Equipment | Premium Per Auto |
|---|-----------------------------|
| \$ 2,000 | \$60 |
| 3,000 | \$120 |
| 4,000 | \$180 |
| 5,000 | \$240 |
| 6,000 | \$300 |
| 7,000 | \$360 |
| 8,000 | \$420 |
| 9,000 | \$480 |
| 10,000 | \$540 |

For limits in excess of \$10,000, charge \$60 per \$1000 of coverage.

3. Endorsement

Attach **NC 03 15**, Coverage For Damage To Your Auto - Customizing Equipment Coverage, Coverage For Audio, Visual And Data Electronic Equipment, to the policy.