

IN THE STATE OF SOUTH CAROLINA

In the Supreme Court

APPEAL FROM ANDERSON COUNTY
Court of Common Pleas

J. Cordell Maddox, Jr., Circuit Court Judge

Case No. 2009-CP-04-00907

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S.C. SUPREME COURT

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SC Court of Appeals

Nationwide Mutual Fire Insurance Company..... Appellant.

v.

Sharmin Christine Walls, Randi Harper, Wendy Timms in her
capacity as Personal Representative of the Estate of Christopher
Adam Timms, Deborah Timms, Respondents.

**MOTION FOR CERTIFICATION BY SUPREME COURT AND TO ARGUE AGAINST
PRECEDENT**

Nationwide Mutual Fire Insurance Company moves pursuant to Rule 204(b), SCACR, to certify this appeal for review by the Supreme Court before it has been determined by the Court of Appeals. The case involves an issue of significant public interest that will impact insurance companies and insureds throughout this State with respect to automobile insurance.

BACKGROUND

This case arises out of a single vehicle accident that occurred on July 11, 2008. (R. pp. 2-3). Korey Mayfield was driving a vehicle owned by Sharmin Christine Walls and occupied by

Walls, Christopher Timms, and Randi Harper when South Carolina State Trooper Travis Wilson observed Mayfield crossing the yellow line and going approximately 12 miles an hour over the speed limit. (R. p. 2). Trooper Wilson activated his blue lights, and a high-speed chase ensued, reaching speeds exceeding one hundred miles an hour. (R. pp. 2-3).

Trooper Wilson received instructions to terminate the chase, but by the time he deactivated his blue lights, the vehicle was already out of sight. (R. p. 3). Approximately a mile down the road, Mayfield was driving at over twice the posted speed limit when he lost control of the vehicle and ran off the road in a single-car accident. (R. p. 3). Timms died as a result of the accident, and Walls and Harper both sustained serious injuries. (R. p. 3).

Nationwide insured the vehicle under a policy of insurance issued to Sharmin Walls. (R. p. 3). The policy provided liability limits of \$100,000 per person and \$300,000 per accident. (R. pp. 3-4). However, the policy provided an exclusion for coverage exceeding the minimum amount required by the South Carolina Financial Responsibility Act if Mayfield – the purported insured – was fleeing from law enforcement or committing a felony at the time of the injury:

B. This coverage does not apply, with regard to any amounts above the minimum limits required by the South Carolina Financial Responsibility Law as of the date of the loss, to:

* * *

6. **Bodily injury or property damage** caused by:
 - a) **You**;
 - b) **a relative**; or
 - c) anyone else while operating **your auto**;
 - (1) while committing a felony; or
 - (2) while fleeing a law enforcement officer.

(R. p. 4).

Nationwide tendered its undisputed liability limits of \$50,000. (*Id.*) Respondents each also recovered liability payments from Mayfield's at-home insurance policy, issued by Safe Auto. (R. pp. 20 & 26). However, Nationwide pursued this declaratory action for a determination that

Mayfield was fleeing from law enforcement and committing a felony at the time of the accident. Therefore, the policy only provided coverage up to the amount required by the Financial Responsibility Act.

At trial in this case, the Circuit Court held that Mayfield was fleeing from law enforcement at the time of the accident, and that Mayfield was committing a felony.¹ (R. pp. 4–5). Despite finding that Mayfield was fleeing from law enforcement and operating the vehicle while committing a felony, the Circuit Court failed to apply the exclusion. (R. p. 5). Relying on this Court’s recent holding in *Williams v. GEICO*, 409 S.C. 586, 762 S.E.2d 705 (2014), the Circuit Court found the exclusion unenforceable.²

ARGUMENT

“Certification is normally appropriate where the case involves an issue of significant public interest or a legal principle of major importance.” Rule 204(b), SCACR. This appeal involves a legal principle of major importance in that it addresses the interpretation of the legislature’s statutory insurance scheme and its application to all insurers doing business in the State. The issues presented in this appeal are also of great public interest to residents of this State and insurance companies conducting business in this State because of their capacity to drastically alter the

¹ Mayfield was convicted for reckless homicide, a felony. S.C. Code Ann. § 56-5-2910.

² The Circuit Court originally entered an Order finding that uninsured motorist coverage applied. (R. p. 16). Nationwide moved to reconsider on the grounds that Respondents received liability payments in excess of the minimum amount required by the Financial Responsibility Act, and Respondents had dismissed any counterclaims in which they could argue that the vehicle was uninsured. This Court issued its decision in *Williams* after the Circuit Court’s original order. On reconsideration, the Circuit Court withdrew its conclusion that uninsured motorist coverage applied in this case, and instead held that Nationwide’s liability exclusion was unenforceable. (R. p. 9). Respondents have not appealed any part of the Circuit Court’s Order.

landscape of automobile insurance in South Carolina. The issues presented in this appeal have the potential to significantly change the cost and scope of automobile insurance coverage in this State.

A. Certification is appropriate because this case involves a legal principle of major importance.

This case involves the meaning and application of South Carolina Code § 38-77-142, particularly in light of this Court's holding in *Williams v. Gov't Employees Ins. Co. (GEICO)*, 409 S.C. 586, 762 S.E.2d 705 (2014). In *Williams v. GEICO*, this Court struck down a family member step-down provision in an automobile insurance policy. 409 S.C. at 608, 762 S.E.2d at 717. In doing so, the Court looked to South Carolina Code § 38-77-142, and held that § 142 precluded an arbitrary and capricious policy exclusion that excluded a claim merely because the injured tort claimant was a relative of the insured. *Id.* at 607, 762 S.E.2d at 716-17. This Court found that excluding a person simply because he or she is a relative of the tortfeasor violated public policy.

Id.

In this case, Nationwide seeks application of a very different exclusion: a felony and flight from law enforcement exclusion, which as written limits coverage to statutory minimums when the exclusion applies. Unlike the family member exclusion at issue in *Williams* – which focused on the identity of the injured claimant – the felony and flight from law enforcement exclusions focus on the reprehensible conduct of the insured. Because the General Assembly chose to criminalize reckless homicide and fleeing from law enforcement, the exclusion enhances public policy and cannot be arbitrary or capricious. See S.C. Code Ann. 56-5-2910 (“A person who is convicted of, pleads guilty to, or pleads nolo contendere to reckless homicide is guilty of a felony....”); S.C. Code Ann. § 56-5-750 (“[I]t is unlawful for a motor vehicle driver . . . to fail to stop when signaled by a law enforcement vehicle by means of a siren or flashing light.”).

Relying upon this Court's holding in *Williams*, the Circuit Court held Nationwide's felony and flight from law enforcement exclusion unenforceable even for amounts in excess of the mandatory minimum liability limits under the Financial Responsibility Act. (R. p. 9). Nationwide does not believe this Court's holding in *Williams* was intended to strike down every excess coverage exclusion in every automobile insurance policy in the State of South Carolina, regardless of the exclusion's reasonableness or whether the exclusion actually supports public policy. However, the Circuit Court read the *Williams* decision in just that way.

Undeniably, a court's interpretation of a state statutory scheme as placing additional restrictions on a state-wide industry – that offers a product which most of the State's citizens are legally required to purchase to operate a motor vehicle – it is a legal principle of major importance. This is particularly true when the additional restrictions recognized by the Circuit Court are not self-evident from the language of the statute. The State's highest court should determine the legal issue of interpretation of South Carolina Code § 38-77-142 since its interpretation has the potential to unsettle a state-wide industry and effect the coverage of numerous State residents.³

B. Certification is appropriate because this case involves an issue of significant public interest.

The issues in this case are of significant public interest because they could potentially expand the coverage insurers are required to provide in this State, thereby increasing the cost of excess automobile insurance for all insureds in the State. Insurance, as an industry, works based on its ability to predict how often and how much the insurer is going to have to payout to those

³According to the ABA, "questions can be of importance even though they arise in cases that are otherwise of minor consequence because the law governing such cases often affects the interests of hundreds or thousands of citizens." American Bar Association Standards of Judicial Administration, Standards Relating to Appellate Courts § 3.00 commentary at 4 (1977) (discussing matters of public interest and matters of importance to the administration of justice).

covered by its policies.⁴ If South Carolina limits the exclusions an insurer may include in its policy, this will result in the insurer having to payout more often and in higher insurance premiums for insureds. The Circuit Court's ruling prevents the placement of exclusions to coverage even where – as here – the exclusions seek to discourage illegal conduct. If upheld, this expansion of coverage will result in significantly higher premiums for South Carolina insureds.

For many decades insurance carriers and insureds have agreed to various contractual exclusions of coverage, which the appellate courts of South Carolina have upheld.⁵ Even after the enactment of § 38-77-142 in 1997⁶, the South Carolina Department of Insurance has approved many insurance forms that contain exclusions for amounts above the statutorily mandated minimum limits.⁷ Additionally, many appellate courts in this State have reiterated that, except

⁴See South Carolina Department of Insurance, Property & Casualty, <http://www.doi.sc.gov/432/Property-Casualty> (last visited March 15, 2017) (requiring auto insurers to submit actuarial exhibits with their rate filings). Regina Austin, *The Insurance Classification Controversy*, 131 U. Pa. L. Rev. 517, 519 (1983) (“Insurance is sold by corporate concerns that claim to employ statistical techniques by which they turn the risk of individually unpredictable events into fixed premiums...”).

⁵See, e.g., *Grantham v. U. S. Fid. & Guar. Co.*, 245 S.C. 144, 150, 139 S.E.2d 744, 747 (1964) (upholding exclusion for non-owned automobile furnished for regular use of insured); *Burns v. State Farm Mut. Auto. Ins. Co.*, 297 S.C. 520, 523, 377 S.E.2d 569, 570 (1989) (upholding motorcycle exclusion); *State Farm Mut. Auto. Ins. Co. v. N. River Ins. Co.*, 288 S.C. 374, 376, 342 S.E.2d 627, 628 (Ct. App. 1986) (upholding exclusion in employer auto liability policy for bodily injury to an employee arising out of his or her employment); *Canal Ins. Co. v. Ins. Co. of N. Am.*, 315 S.C. 1, 4–5, 431 S.E.2d 577, 580 (1993) (upholding “mobile equipment” exclusion); see also *USAA Prop. & Cas. Ins. Co. v. Clegg*, 377 S.C. 643, 657, 661 S.E.2d 791, 798 (2008) (upholding non-owned vehicle exclusion); *Lincoln Gen. Ins. Co. v. Progressive N. Ins. Co.*, 406 S.C. 534, 547, 753 S.E.2d 437, 444 (Ct. App. 2013) (upholding named driver exclusion).

⁶ 1997 South Carolina Laws Act 154 (S.B. 254).

⁷ Attached hereto as Exhibit “A” are insurance forms with various exclusions approved after January 1, 2000 by the South Carolina Department of Insurance. Those attached are a small sample of the forms with exclusions available on the Department's website. <https://filingaccess.serff.com/sfa/search/filingSummary.xhtml?filingId=125211893> (Sentinel Insurance Company Limited form A-6409-2);

where certain coverages are required by statute, the “parties to an insurance contract have the right to make their own contract” and it is “not the function of the courts to rewrite or torture the meaning of the policy to extend coverage.” *Sphere Drake Ins. Co. v. Litchfield*, 313 S.C. 471, 473, 438 S.E.2d 275, 277 (Ct. App. 1993).⁸

As shown by the approved insurance forms, the current understanding is that with regards to coverage above minimum limits, the “parties are free to choose their own terms regarding this voluntary coverage.” See *State Farm Mut. Auto. Ins. Co. v. Moorner*, 330 S.C. 46, 61, 496 S.E.2d 875, 883 (Ct. App. 1998). However, the Circuit Court’s holding places an extensive restriction on the parties’ right to contract that was not previously understood to exist. Certainly, a holding that strikes all excess coverage exclusions in every policy of automobile insurance in the State is a broad holding that will affect every policy providing excess coverage and every insured covered by those policies in the State of South Carolina. Therefore, clarification from this Court on the scope of its holding in *Williams* is critical to the continued functioning of the automobile insurance market in this State.

If the Circuit Court correctly read *Williams* to strike out every exclusion for policies providing coverage in amounts in excess of the State’s minimum limits – even exclusions based on the reprehensible conduct of an insured driver – then Nationwide respectfully moves to argue

<https://filingaccess.serff.com/sfa/search/filingSummary.xhtml?filingId=130486604> (Accident Insurance Company form 800);

<https://filingaccess.serff.com/sfa/search/filingSummary.xhtml?filingId=126217923> (AIG Casualty Company form PP 00 01 06 98).

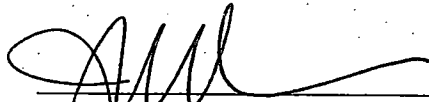
⁸ See also *Williams*, 409 S.C. at 598, 762 S.E.2d at 712 (2014) (“[I]nsurers have the right to limit their liability and to impose conditions on their obligations provided they are not in contravention of public policy or some statutory inhibition.”) (citing *B.L.G. Enters., Inc. v. First Fin. Ins. Co.*, 334 S.C. 529, 535–36, 514 S.E.2d 327, 330 (1999); *Burns v. State Farm Mut. Auto. Ins. Co.*, 297 S.C. 520, 523, 377 S.E.2d 569, 570 (1989); *Cobb v. Benjamin*, 325 S.C. 573, 580–81, 482 S.E.2d 589, 593 (Ct. App. 1997)).

against precedent pursuant to Rule 217, SCACR. Because the Court of Appeals would not have authority to overrule a decision of this Court, certification of this issue will preserve judicial resources and expedite a final resolution of this matter.

CONCLUSION

Because this appeal involves issues of significant public interest, Nationwide Mutual Fire Insurance Company hereby respectfully requests this Court to grant its motion to certify this case for review.

March ~~20~~²⁶, 2016



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THE HARTFORD ESSENTIAL PERSONAL AUTO POLICY AMENDATORY POLICY PROVISIONS - SOUTH CAROLINA

In consideration of the reduced premium charged for this policy, you agreed to the following changes in your Personal Auto Policy.

I. Definitions

A. The following are added to the Definitions Section:

Throughout the policy, **minimum limits** refers to the following limits of liability as required by South Carolina law, to be provided under a policy of automobile liability insurance:

1. \$15,000 for each person, subject to \$30,000 for each accident, with respect to **bodily injury**; and
2. \$10,000 for each accident with respect to **property damage**.

Direct Repair Provider means a vehicle repair facility that is a member of The Hartford's Customer Repair Service Program, CRSP.

II. Part A - Liability Coverage

Part A is amended as follows:

INSURING AGREEMENT is replaced by:

INSURING AGREEMENT

A. We will pay compensatory 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 by payment of judgments or settlements. We have no duty to defend any suit or settle any claim for **bodily injury** or **property damage** not covered under this policy.

B. "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, other than you or any family member using your covered auto with your express permission.
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 other person or organization but only with respect to legal responsibility for your acts or omissions. This Provision (B.4.) applies only if the person or organization does not own or hire the auto or trailer.

EXCLUSIONS

The following Exclusions are added:

C. To the extent that the limits of liability for this coverage exceed the minimum limits of liability required by the financial responsibility law of the state in which your covered auto is principally garaged, we do not provide Liability Coverage for any insured while operating a vehicle if that insured is a family member or other person who is a resident of your household, unless you have notified us before the accident that such family member or person is an operator.

This Exclusion (C.) does not apply to a family member or other person who is a resident of your household who is not eligible to secure a valid driver's license solely due to his or her age.



D. We do not provide Liability Coverage for punitive or exemplary damages.

E. Exclusion A.10 is added to the policy.

10. For bodily injury to you or any family member.

III. Part D - Coverage For Damage To Your Auto

INSURING AGREEMENT is amended by:

INSURING AGREEMENT paragraph D. is added.

D. We will pay for direct and accidental damage from other than collision or collision to your covered auto subject to the following provisions:

1. you have agreed to have your covered auto repaired by a our Direct Repair Provider; and
2. if repair of your covered auto is completed by a repair provider other than one approved by us to be a Direct Repair Provider, we will pay only the amount our Direct Repair Provider would charge for repair.

The **LIMIT OF LIABILITY** is replaced by:

LIMIT OF LIABILITY

A. Our limit of liability for loss will be the lesser of the:

1. Actual cash value of the stolen or damaged property; or
2. Amount necessary to repair or replace your covered auto, non-owned auto, or covered equipment with other property of like kind and quality.

However, the most we will pay for loss to:

1. Any non-owned auto which is a trailer is \$500.
2. Equipment designed solely for the reproduction of sound, including any accessories used with such equipment, which is installed in locations not used by the auto manufacturer for installation of such equipment or accessories, is \$1,000.

B. In the event of a total loss, an adjustment will be made in determining actual cash value for:

1. Depreciation and physical condition; and
2. Retained salvage value.

C. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

IV. Part E - Duties After An Accident Or Loss

Part E is replaced by the following:

DUTIES AFTER AN ACCIDENT OR LOSS

If an accident or loss occurs, we have no duty to provide coverage under this policy if the failure to comply with any of the following duties is prejudicial to us:

A. We must be notified within twenty-four (24) hours or as soon as practicable 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.

B. A person seeking any 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 examination under oath outside the presence of other interested persons or parties 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.

- C. A person seeking Uninsured Motorists Coverage must also:
 - 1. Notify the police within 24 hours if a hit-and-run driver is involved.
 - 2. Promptly send us copies of the legal papers if a suit is brought.
- D. 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.

V. PART F - GENERAL PROVISIONS

The Termination Provision is amended as follows:

TERMINATION

A. Cancellation is replaced by the following:

A. 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 notice of the date cancellation is to take effect.
- 2. We may cancel by mailing notice to the named insured shown in the Declarations at the last address shown in this policy at least 15 days prior to the date cancellation is to take effect. However, if this policy is cancelled within the first 60 days, and is not a renewal or continuation policy, the cancellation will become effective only on or after the 61st day of the policy period.
- 3. After this policy has been effect for more than 90 days, or if this is a renewal or continuation policy, we will cancel only:
 - a. For nonpayment of premium; or
 - b. If your driver's license or that of:
 - (1) Any driver who lives with you; or
 - (2) Any driver who customarily uses your covered auto; has been suspended or revoked. This must occurred:
 - (1) During the policy period;
 - (2) If this is a renewal or continuation policy, during the policy period or the 90 days immediately preceding the last anniversary of the original effective date.

Nothing in this endorsement shall be held to vary, waive, alter, or extend any of the terms, conditions, agreements or declarations of the policy, other than as herein stated.

ACCIDENT INSURANCE COMPANY

SOUTH CAROLINA AUTOMOBILE POLICY

Administered by Amigo MGA

P.O. Box 5081 San Ramon Ca. 94583

In the event of an accident please call:

1-800-999-0107

All other calls:

1-800-569-6962

IMPORTANT: Please read your South Carolina automobile insurance policy carefully as it contains language that may restrict or exclude coverage. The policy specifically addresses who may use **your vehicle** and under what conditions coverage will be afforded. In most cases, coverage is afforded to only those individuals shown on the **Declarations Page** or endorsed on the policy prior to a loss. This policy covers only the car insured and shown on the **Declarations Page**.

WARNING: Any person who knowingly and with intent to defraud any insurance company is subject to criminal and civil penalties. This includes the named insured or any other person that files an **application** for insurance or statement of claim. Any statement of claim or application containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act. Fraudulent insurance acts are a **crime** and subject the person to criminal and civil penalties.

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POLICY AGREEMENT

This Personal **Auto Policy** is a binding contract between **you** and **us**. The contract includes the **Declarations Page**, the endorsements, the **application**, the Personal **Auto Policy**, and all of the attachments. If **your premium payment** is paid, **we** will insure **you** subject to the terms of this policy. The **Declarations Page** shows a premium for each type of coverage purchased. The selected coverages in this policy apply only to occurrences while the policy is in force.

YOUR DUTIES IN CASE OF ACCIDENT OR LOSS

In the event of an **auto accident** or loss, **you** or any person claiming coverage under this policy must:

1. Notify **us** promptly. **You** or someone for **you** must notify **us** within thirty (30) days, or when practicable. **You** must call our claims office during **business** hours. The notice to **us** must give the time, the place, and the circumstances of the **accident** or loss. Such notice must also give the license plate numbers of the **vehicles** involved, and the names and the addresses of injured persons and witnesses. **YOUR FAILURE TO PROMPTLY REPORT A LOSS OR ACCIDENT TO US MAY JEOPARDIZE YOUR COVERAGE UNDER THIS POLICY.**
2. Cooperate with **us** in the handling of or defense of, or investigation concerning, any claim or suit.
3. Submit to physical examination at our expense, by the doctors **we** select, as often as **we** may reasonably require, and authorize **us** to obtain medical and other records.
4. Provide any written proof of loss under oath that **we** require.
5. Neither admit to any fault, nor assume any obligation, nor agree to incur any expense in connection with any claim or **accident**.
6. Attend hearings and trials at a court or as **we** may require.
7. Send **us** promptly any legal papers received to any claim or any suit.
8. Submit to statements or examinations under oath as **we** may reasonably require.
9. Allow **us** to take signed or recorded statements when and as often as **we** may reasonably require.

We may examine any **insured person** under oath, while not in the presence of any other **insured person**. This examination may be about any matter relating to this insurance or the claim. This includes an examination of an **insured person's** books and records. In the event of the examination, an **insured person's** answers must be signed.

A person claiming Uninsured or Underinsured Motorists Coverage, or someone for them, must contact the police within forty-eight (48) hours, or when practicable, after the **accident** if a hit-and-run driver is involved. They must promptly send **us** copies of any legal papers in case of a suit.

A person claiming coverage for **property damage** must take reasonable steps after the **accident** to protect the property from further loss. A person claiming coverage for loss or damage to **the insured auto** must do the same. **We** will pay reasonable expenses incurred for that protection. In case of any theft or vandalism of **the insured auto**, **you** must promptly file a written report with the appropriate law enforcement agency. **You** must also allow **us** to inspect and appraise the damaged property before its repair or disposal.

YOUR FAILURE TO COMPLY WITH ANY OR ALL OF THE LISTED CONDITIONS ABOVE MAY RESULT IN OUR REFUSAL TO EXTEND TO YOU ANY PROTECTION UNDER THIS POLICY FOR THE ACCIDENT OR LOSS.

DEFINITIONS USED THROUGHOUT THIS POLICY

Unless defined differently elsewhere in this policy, the words and phrases listed below shall have the following meanings and shall appear in bold print:

1. "**Accident**" means a sudden, unexpected, and an unintended event causing **bodily injury** or **property damage** that arises out of the ownership, the maintenance, or the use of an **auto**. Coverage under this policy shall not apply if the **accident** or any of its consequences were either intended by the insured, or could have reasonably been expected from the viewpoint of the insured.

All **bodily injury** and **property damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one (1) **accident**.

2. "**Application**" means the form entitled APPLICATION that contains the statements, coverage options, and agreements that form a part of this policy.
3. "**Auto**" means a licensed and registered motorized four (4) wheel land **vehicle** of the private passenger type intended for use on public roads. **Auto** includes a pickup, van, or sport utility vehicle, with a load capacity of one thousand five hundred (1,500) pounds or less, that is not used in any **business** other than farming or ranching. **Auto** does not include motorcycles, midget cars, golf carts, tractors, farm machinery, any **vehicle** operated on rails or crawler treads, any vehicle with less than four (4) wheels, or any **vehicle** used as a residence or premises.
4. "**Auto business**" means the **business** of selling, leasing, repairing, servicing, delivering, testing, road testing, towing, storing, or parking **vehicles** or **trailers** for a fee or compensation.
5. "**Bodily injury**" means injury to the body, including sickness or disease, resulting in impairment of physical condition, including death resulting therefrom, which is caused solely by an **accident** covered under this policy and occurring while the policy is in force.
6. "**Business**" means trade, profession, occupation, **course of employment**, job, or commercial use of any kind.
7. "**Business Use**" means use of the **vehicle** is required or customarily involved in **your business**.
8. "**Course of or Scope of Employment**" means active involvement in an employment task at a particular time.
9. "**Crime**" means any felony and includes any attempt to elude law enforcement personnel.
10. "**Declarations Page**" means the document **you** receive from **us** listing the types of coverage **you** have selected, the limit for each coverage, the cost for each coverage, the **deductibles**, the specified autos covered by this policy, the types of coverage for each such **auto**, the named insured(s) and driver(s) and other information applicable to this policy.
11. "**Minimum Statutory Limits**" means the minimum policy limits for **vehicle** liability coverage required by the law of the **State** of South Carolina.
12. "**Non-owned auto**" means any **auto** used by **you** with the express or implied permission of the **owner** and not **owned** by, furnished, or available for the **regular use** of **you**, a **relative**, or a **resident**. **Non-owned auto** does not include a rental vehicle or a substitute auto.
13. "**Occupying**" means in, upon, entering into, or exiting from.
14. "**Owned**" means to hold actual legal title to the **vehicle**, to have legal possession of the **vehicle** that is subject to a conditional sale agreement or mortgage, or to have legal possession of the **vehicle** that was leased to that person.
15. "**Owner**" means any person who, with respect to a **vehicle**, holds legal title to the **vehicle**, has legal possession of the **vehicle** that is subject to a conditional sale agreement or mortgage, or has legal possession of the **vehicle** that is leased to that person.
16. "**Premium payment**" means the actual receipt of cash funds by **us**.

17. **"Property damage"** means physical damage to tangible property, including destruction or loss of its use, which is caused solely by an **accident** covered under this policy and occurring while the policy is in force.
18. **"Racing"** means participating in any race, speed, demolition, stunt, or timed contest or activity, whether organized or not. **Racing** includes preparation for the contest or activity.
19. **"Regular Use"** means the use of **the insured auto** by the **insured person** on more than three (3) calendar days, whether consecutively or individually, during the policy term.
20. **"Relative"** means any person related to **you** by blood, by marriage, or by adoption, including a ward or a foster child, who lives in **your** household, whether or not temporarily living elsewhere. **Relative** includes a minor under **your** guardianship who lives in **your** household. Any **relative** must be listed on the **application** or endorsed on the policy prior to a loss.
21. **"Resident"** means a person living in **your** household, other than **you** or a **relative**. Any **resident** must be listed on the **application** or endorsed on the policy prior to a loss.
22. **"State"** means the District of Columbia and any **State** of the United States of America.
23. **"The insured auto"** means only the **auto owned** by **you** as described and listed on the **Declarations Page**. Any **auto** leased by **you** under a written agreement for a continuous period of at least six (6) months shall be deemed to be **owned** by **you**.
24. **"Trailer"** means a device or **vehicle**, which is not self-propelled and is designed to be towed by an **auto**, including a farm wagon or farm implement, and while being towed by an **auto**. A mobile home, travel **trailer**, or any **vehicle** that can be lived in or is self-propelled, is not a **trailer**.
25. **"Vehicle"** means a surface transportation device used for conveying goods, passengers, or equipment.
26. **"We", "us", and "our"** mean the company shown on the **Declarations Page**.
27. **"You" and "your"** means the person named and identified on the **Declarations Page** as the operator insured.

PART A - LIABILITY COVERAGE

INSURING AGREEMENT

If the **Declarations Page** shows a premium charged for this coverage, **we** will pay damages for **bodily injury** and **property damage** for which an **insured person** is legally liable because of an **accident**. **We** will pay damages up to the policy limits stated on the **Declarations Page**.

We will settle or defend, as **we** consider appropriate, any claim or action that is covered under the policy. **Our** duty to settle or defend ends when **our** limit of liability for this coverage has been exhausted. **Our** limit of liability can be exhausted by payment of judgment or settlement. **We** have no duty to settle or defend any claim or action that is not covered under the policy.

ADDITIONAL DEFINITIONS USED IN PART A ONLY

As used in this part, **"insured person"** means, with respect to **the insured auto**:

You, and while resident of the same household, the spouse of any named insured and relatives of either or any other person who is not a resident of the household, using **the insured auto** with **your** express or implied permission and within the scope of **your** permission. Such person must hold a valid driver's license at the time of loss.

ADDITIONAL BENEFITS - PART A ONLY

When **we** defend an **insured person** under this Part, **we** will provide the following benefits:

1. **We will pay the costs that we incur to investigate the accident.**
2. **We will pay the costs that we incur to arrange for the settlement of any claim or action.**
3. **As we deem appropriate, we will defend the insured person, hire and pay a lawyer, and pay all defense costs. We have no duty to defend any claim or action not covered under this policy.**
4. **As we deem appropriate, we will pay the costs that we incur to investigate and to settle any claim or action.**
5. **We will pay the interest that accrues after judgment is entered against an insured person and before we have offered to pay or deposited into court sums that are not more than our limit of liability, on damages awarded in a suit we defend.**
6. **We will reimburse any other reasonable costs that an insured person incurs at our request.**

To receive a Supplementary Payment under this section, **you** must submit a claim and provide proof of entitlement thereto.

EXCLUSIONS- PART A ONLY

READ THE FOLLOWING EXCLUSIONS CAREFULLY. COVERAGE WILL NOT BE AFFORDED UNDER THIS PART FOR ANY OF THE EXCLUSIONS LISTED BELOW.

We do not cover:

1. **Bodily injury or property damage** that results from nuclear reactions, radiation, or fallout.
2. **Bodily injury or property damage** covered by a nuclear energy liability policy, even if the limits of that policy are exhausted.
3. **Bodily injury or property damage** that results from the maintenance or use of an **auto** without the **owner's** express or implied permission.
4. Liability for any **bodily injury or property damage** assumed by or imposed on an **insured person** under any agreement, contract or bailment.
5. **Bodily injury** to an **insured person's** employee that arises in the **course of employment**, unless coverage is required under workers' compensation, disability benefits, or similar laws, in which case, **we** will provide coverage for an **insured person's** domestic employee injured in an **accident** in the **course of employment**.
6. **Bodily injury** to an **insured person's** co-worker occurring in the **course of employment** if such injury arises out of the **insured person's business use** of a **vehicle**.
7. **Bodily injury** occurring during the **course of employment**.
8. **Bodily injury or property damage** that results from the ownership, maintenance, or use of a **vehicle** while used to transport persons or property for a fee or compensation. This exclusion does not apply to shared-expense car pools.
9. **Bodily injury** to **you**, a **relative, resident** or an **insured person** while driving the **insured auto**.
10. **Bodily injury** to **you**, a **resident** or a **relative** arising out of the ownership, maintenance, or use of the **insured auto**.
11. **Property damage** to property **owned** or being transported by an **insured person**.
12. **Bodily injury or property damage** arising out of the operation of equipment or machinery not listed on the **Declarations Page**.
13. Damage to property an **insured person** rents, uses, **owns** or has charge of.
14. **Bodily injury or property damage** resulting from the ownership, maintenance, or use of any vehicle, other than the Form 800 (12/15)

insured auto, which is **owned** by, furnished or available for the **regular use** of **you**, a **relative**, or a **resident**.

15. **Bodily injury** or **property damage** arising out of an **insured person's** ownership, maintenance, or use of any **vehicle** other than one with four (4) wheels.
16. **Bodily injury** or **property damage** arising out of an **insured person's** ownership, maintenance, or use of any **vehicle** designed mainly for use off public roads.
17. **Bodily injury** or **property damage** resulting from the ownership, maintenance, or use of a **vehicle** while **racing**.
18. **Bodily injury** or **property damage** incurred while the **insured auto** is being leased or rented to others.
19. **Bodily injury** or **property damage** resulting from the use of a **vehicle** for snow removal.
20. **Bodily injury** or **property damage** caused by war (declared or undeclared), civil war, insurrection, rebellion, revolution, or riot.
21. **Bodily injury** or **property damage** sustained by an **insured person** while **occupying** any **vehicle** located for use or being used as a residence or premises.
22. **Bodily injury** or **property damage** resulting from the ownership, maintenance, or use of a **vehicle** or **trailer** by a person while in the **course of or scope of employment** or engaged in any **business use**. This exclusion includes use of a **vehicle** for delivery of goods or services arising out of any **business**. This exclusion does not apply if **business use** of the **insured auto** has been declared and an additional premium has been paid.
23. **Bodily injury** or **property damage** resulting from an **auto business**.
24. **Bodily injury** or **property damage** incurred while the **insured auto** is used for towing a **trailer**.
25. **Bodily injury** or **property damage** resulting from the use of the **insured auto** by a person or persons specifically excluded by endorsement.
26. **Bodily injury** or **property damage** arising out of the ownership, maintenance, use, loading or unloading of any haulaway, tank truck, or tank **trailer** when used with a **vehicle** that is not listed on the **Declarations Page**, which is **owned**, hired or held for sale by the **insured person**.
27. **Bodily injury** or **property damage** caused by a **vehicle** driven by a person:
 - a. Under the minimum age to obtain a license to operate a **vehicle** in the **State** in which the **vehicle** is licensed. Or,
 - b. Under fifteen (15) years of age. Or,
 - c. Who has had their driving privileges rescinded by either license suspension or revocation. Or,
 - d. Who does not possess a valid driver's license.
28. **Bodily injury** to the **owner** of a **non-owned auto** when being used by or driven by an **insured person**.
29. **Bodily injury** or **property damage** resulting from the ownership, maintenance, or use of a **vehicle** with a load capacity in excess of one thousand five hundred (1,500) pounds.
30. **Bodily injury** or **property damage** that results from the maintenance or use of an **auto** by a household resident not named in the declaration or added by endorsement prior to the loss.

LIMITS OF LIABILITY - PART A ONLY

As to any **insured person**, the limits of liability shown on the **Declarations Page** shall apply. **We** will pay these limits of liability as follows:

1. The **bodily injury** limit for "each person" is the most **we** will pay for all damages. This includes damages for derivative claims, resulting from **bodily injury** sustained by one (1) person in one (1) **accident**. Derivative claims include claims for

care, loss of services, and loss of consortium. Damages for derivative claims will be payable only under the same "each person" limit of liability as the **bodily injury** from which they are derived.

2. The **bodily injury** limit for "each accident" is the most we will pay for all damages resulting from **bodily injury** sustained by more than one (1) person in one (1) **accident**. It includes all damages for care, medical expenses, loss of services, loss of society, comfort, companionship, loss of consortium, and any other damages in any way arising out of, or deriving from such **bodily injury**.
 3. The **property damage** limit for "each accident" is the most we will pay for all damages to property, including loss of its use, in one (1) **accident**.
- We will not pay **bodily injury** or **property damage** for damages where the **accident** occurs and arises out of the use of the **insured auto** while in the commission of a **crime**.

Regardless of the limits of liability shown on the **Declarations Page** or elsewhere in this policy, the limits for **bodily injury** and **property damage** liability afforded by this policy to an **insured person** other than:

1. **You**; or
 2. A **relative** or a **resident** of your household,
- shall not exceed those amounts necessary to satisfy the **minimum statutory limits** of the financial responsibility law of the **state** in which the **bodily injury** or **property damage** policy was written.

This is the most we will pay regardless of the number of premiums or **autos** listed on the **Declarations Page**, **insured persons**, claims, claimants, policies, or **vehicles** involved in the **accident**. Any amount paid or payable under this coverage to or for an **insured person** will be reduced by any payment made to that person under Part C — Uninsured/ Underinsured Motorists Coverage of this policy.

NON-OWNER POLICY

This policy is written as a **Non-Owner Policy** if the term appears on the Declaration Page. It is agreed that such insurance as is afforded for Bodily Injury and Property Damage only applies with respect to the use of any "**non-owned auto**" and not any "**owned auto**". It is also agreed that use only applies with respect to the named insured and his/her spouse, if a **resident** of the same household and are subject to the following provisions:

- (1) The definitions of "**non-owned auto**" and "**insured**" are changed under this Part I to read: "**non-owned auto**" means an automobile not owned by or furnished for the **regular use** of the named insured or his/her spouse or any other **relative** or **resident**. "**Insured**" is changed to mean the named insured and his/her resident spouse.
- (2) This policy does not apply to any automobile **owned** by or furnished for the **regular use** of the named insured or his/her spouse, **resident** or any **relative**.
- (3) This insurance shall be excess over any other valid and collectible insurance.

FEDERAL TORT CLAIMS ACT EXCLUSION

The following are not **insured person(s)** under Part A of the policy:

1. The United States of America or any federal agency.
2. Any person for **bodily injury** or **property damage** resulting from a person acting in the **scope of employment** for the United States of America or any federal agency when the provisions of the Federal Tort Claims Act apply.

As used herein, "federal agency" means federal agency as defined in the Federal Tort Claims Act.

CONFORMITY WITH STATE FINANCIAL RESPONSIBILITY LAWS

When we certify this policy as proof under a **state** financial responsibility law, it will comply with that law to the extent of the coverage and limits of liability required by that law.

This policy is not intended as proof under any **state** financial responsibility laws, other than this **state**. The terms, conditions and exclusions as written in this policy will apply in any **state** where the loss may occur.

OUT OF STATE INSURANCE

If an **insured person** is operating an **auto** in a **state**, which requires minimum Financial Responsibility limits for nonresidents, **we** will increase the policy limits to the required minimum limits of that **state**. **We** will not provide any coverage under the no-fault law or any other similar law of any other **state**. No person shall be entitled to duplicate payments for the same element of loss.

OTHER INSURANCE - PART A ONLY

If a primary duty to defend exists under this policy and other applicable liability insurance exists, **we** will pay our proportionate share of damages and reasonable and necessary attorney fees and costs. This will be determined by **our** limit of liability as it bears to the total of all applicable liability limits.

If **you**, a **relative** or a **resident** has other insurance against an **accident** covered by this Part, **we** will not pay a greater proportion of the damages than the applicable limit of liability stated on the **Declarations Page** bears to the total applicable limits of liability of all valid and collectible insurance against any such **accident**.

PART B. MEDICAL PAYMENTS COVERAGE

INSURING AGREEMENT

If the **Declarations Page** shows a premium charged for this coverage, **we** will pay the **medical expenses** not exceeding the limits shown on the **Declarations Page**. The only **medical expenses** covered are those incurred as a result of **bodily injury** caused by an **accident** and sustained by an **insured person**. Coverage under this Part shall not apply if the **accident** or its consequences were either intended by the insured, or could have reasonably been expected from the viewpoint of the insured.

We will pay only for those expenses incurred for services rendered within one (1) year from the date of the **accident**. **ADDITIONAL DEFINITIONS USED IN PART B ONLY**

As used in this Part:

1. "**Accident**" as used in this Part, shall also mean an occurrence involving an **insured person** and must involve the actual physical impact of the **vehicle** or the **insured person** with another object in order for coverage under this Part to apply.
2. "**Medical expenses**" means **usual and customary charges** incurred for reasonable and necessary services rendered to or on behalf of an **insured person** within one (1) year from the date of the **accident**. The services include: medical, surgical, x-ray, and dental services when performed by a licensed medical professional. Also other services including: pharmaceuticals, prosthetic devices, eye glasses, necessary ambulance, hospital, professional nursing services when prescribed by a licensed medical professional and funeral services.

Reasonable **medical expenses** do not include expenses:

- a. For treatment, services, products or procedures that are:
 - i. Experimental in nature, for research, or not primarily designed to serve a medical purpose; or
 - ii. Not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of the **bodily injury**; or
- b. Incurred for:
 - i. The use of thermography or other related procedures of similar nature; or
 - ii. The purchase or rental of equipment not primarily designed to serve a medical purpose.

3. **"Insured person"** means:
- a. **You**, any **relative**, or any **resident** while **occupying** or through being struck by a highway **vehicle** or **trailer**;
 - b. Any other person using **the insured auto** with **your** express or implied permission to do so and within the scope of **your** permission. Such person must:
 - i. Hold a valid driver's license at the time of loss; and
 - ii. Not be a regular operator of **the insured auto**.
 - c. Any occupants of **the insured auto** while the **vehicle** is being operated by a person authorized under this definition. As used in this Part, occupants regularly residing in **your** household under the age of fifteen (15) years of age will be considered **insured persons**.
4. **"Usual and customary charge"** means an amount that **we** determine that represents a customary charge for services in the geographical area in which service is rendered. **We** shall determine the customary charge through the use of independent sources of **our** choice.

EXCLUSIONS. PART B ONLY

READ THE FOLLOWING EXCLUSIONS CAREFULLY. COVERAGE WILL NOT BE AFFORDED UNDER THIS PART FOR ANY OF THE EXCLUSIONS LISTED BELOW.

We do not cover bodily injury:

1. That results from a nuclear reaction, radiation, or fallout.
2. Covered by a nuclear energy liability policy, even if the limits of that policy are exhausted.
3. That results from the maintenance or use of any **vehicle** without the express or implied permission of the **owner**.
4. To an **insured person's** employee, which arises in the **course of employment**, unless coverage is required under workers' compensation, disability benefits, or similar laws, **we** will provide coverage for an **insured person's** domestic employee injured in an **accident** in the **course of employment**.
5. To an **insured person's** co-worker occurring in the **course of employment** if such injury arises out of the **insured person's business use** of a **vehicle** or **trailer** in the **business** of the **insured person's** employer.
6. That results from the ownership, maintenance, or use of a **vehicle** while used to transport persons or property for a fee or compensation. This exclusion does not apply to shared-expense car pools.
7. Arising out of the operation of equipment or machinery not listed on the **Declarations Page**.
8. Resulting from the ownership, maintenance, or use of any **vehicle** other than **the insured auto**, which is **owned** by, furnished or available for the **regular use** of **you**, a **relative**, or a **resident**, or a nonresident spouse.
9. Arising out of the ownership, maintenance, or use of any **vehicle** other than one with four (4) wheels.
10. Resulting from the ownership, maintenance, or use of a **vehicle** in any **racing** event.
11. Resulting from any **auto business**.
12. Resulting from the ownership, maintenance, or use of a **vehicle** by a person employed or engaged in any **business use** other than an **auto business**. This exclusion does not apply if **business use** of the **insured auto** has been declared and an additional premium has been paid.

13. Incurred while **the insured auto** is being leased to or rented to others.
14. Resulting from the use of a **vehicle** for snow removal.
15. Sustained while **occupying** any **vehicle** located for use as, or is being used as, a residence or premises.
16. Sustained by **you**, a **relative**, or a **resident** while **the insured auto** is being operated by any **resident** or **relative** not listed by **you** on the **application** or otherwise disclosed to **us** and listed on the **Declarations Page** before the **accident**.
17. Sustained as a result of the use of a **vehicle** by a person or persons specifically excluded by endorsement.
18. Sustained from any source other than an **accident**.
19. Sustained by **you** or a regular driver while **the insured auto** is being operated by such regular driver not listed by **you** on the **application** or otherwise disclosed to **us** and listed on the **Declarations Page** before the **accident**. A regular driver is a driver living in **your** household with open permission to operate the vehicle.
20. Caused by war (declared or undeclared), civil war, insurrection, rebellion, revolution, or riot.
21. Sustained by any person while **occupying the insured auto** without **your** express permission.
22. Occurring during the **course of employment**.
23. While in the commission of a **crime** or while driving while intoxicated or driving while impaired.
24. Caused by a **vehicle** driven by a person:
 - a. Under the minimum age to obtain a license to operate a **vehicle** in the **state** in which the **vehicle** is licensed; or
 - b. Under fifteen (15) years of age; or
 - c. Without a valid driver's license; or
 - d. That has driving privileges suspended or revoked, at the time of **accident**.
25. Arising out of an **insured person's** ownership, maintenance, or use of any vehicle designed mainly for use off public roads or that are not required to be licensed by the **state**.

LIMITS OF LIABILITY - PART B ONLY

We will pay no more than the limit of liability shown for this coverage on the **Declarations Page** to or for each **insured person** as the result of any one (1) **accident**. This is **our** limit of liability regardless of the number of premiums or motor vehicles listed on the **Declarations Page**, **insured persons**, claims, claimants, policies, or **vehicles** involved in the **accident**.

PAYMENT OF BENEFITS

We may pay the insured person, the person providing medical services or the person responsible for payment of the medical expenses.

PART C. UNINSURED / UNDERINSURED MOTORISTS COVERAGE

INSURING AGREEMENT - UNINSURED MOTORISTS COVERAGE

If the **Declarations Page** shows a premium charged for Uninsured Motorists Coverage, we will pay damages that an **insured person** is legally entitled to recover from the **owner** or operator of an **uninsured motor vehicle** because of:

1. **Bodily injury** sustained by an **insured person** 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**.

INSURING AGREEMENT - UNDERINSURED MOTORISTS COVERAGE

If the **Declarations Page** shows a premium charged for Underinsured Motorists Coverage, we will pay damages that an **insured person** is legally entitled to recover from the **owner** or operator of an **underinsured motor vehicle** because of:

1. **Bodily injury** sustained by an **insured person** 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 pay under this coverage only after the limits of liability of any applicable policies or bonds have been exhausted by payment of judgments or settlements.

ADDITIONAL DEFINITIONS USED IN PART C ONLY

1. As used in this part, "**insured person**" means:
 - a. **You**, and while a resident of the same household, the spouse of named insured and relatives of either;
 - b. A person using the insured **auto** with **your** express or implied permission and within the scope of such permission.
 - c. Any person who is entitled to recover damages under Part C as a result of **bodily injury** or **property damage** sustained by a person described in a. or b. above.
2. "**Uninsured motor vehicle**," means a motor **vehicle** as to which:
 - a. No liability insurance policy or bond applies at the time of the **accident**;
 - b. There is liability insurance that applies at the time of the **accident**, but:
 - i. The limit of liability is not an amount that will satisfy South Carolina Financial Responsibility laws; or
 - ii. The insurer writing the same successfully denies coverage thereunder;
 - c. There was liability insurance that applied at the time of the **accident**, but the insurer who wrote the same;
 - i. Is declared insolvent;
 - ii. Is in delinquency proceedings, suspension, or receivership; or
 - iii. Is proven unable fully to respond to a judgment;
 - d. There is no bond or deposit of cash or securities in lieu of **bodily injury** and **property damage** liability insurance;
 - e. The **owner** of the motor **vehicle** has not qualified as a self-insurer in accordance with the applicable provisions of law.

Uninsured motor vehicle includes a **hit-and-run** motor vehicle, which is a motor vehicle whose **owner** or

operator cannot be identified and which hits or causes an **accident** without hitting:

- a. **You, a relative or a resident;**
- b. A motor vehicle **you, a relative or a resident** are occupying;
- c. **The insured auto;** or
- d. **Your property.**

In the case of a **hit-and-run accident**, the **insured person** must attempt to identify the other driver or **owner. Uninsured motor vehicle** does not include any **vehicle** or equipment:

- a. While not on public roads, a **vehicle** designed mainly for use off public roads; or
- b. Operated on crawler treads or rails; or
- c. **Owned** by any government or any of its political subdivisions or agencies and used in an authorized manner; or
- d. **Owned** by or furnished or available for the **regular use** of the **insured person** who sustains **bodily injury or property damage;** or
- e. That is an **underinsured motor vehicle;** or
- f. That is insured under Part A- Liability Coverage of this policy; or
- g. **Owned** or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer which is or becomes insolvent; or
- h. While located for use or being used as a residence or premises; or
- i. Not required to be registered with the Department of Motor Vehicles, including but not limited to mopeds, scooters, golf- carts, go-carts, and all-terrain vehicles, while not on public roads.

3. **"Underinsured motor vehicle"** means a motor vehicle to which a bond or policy of liability insurance is applicable at the time of the **accident** in an amount that satisfies the South Carolina Financial Responsibility law, but the limits of the insurance or bond are less than the amount of the **insured person's damages.**

An **underinsured motor vehicle** does not include any motor vehicle:

- a. That is an **uninsured motor vehicle;**
- b. While located for use or being used as a residence or premises; or
- c. While not on public roads, a **vehicle** designed mainly for use off public roads; or
- d. Operated on crawler treads or rails; or
- e. **Owned** by any government or any of its political subdivisions or agencies and used in an authorized manner; or
- f. That is insured under Part A — Liability Coverage of this policy; or
- g. That is **owned** by or regularly available to **you, a relative or a resident;** or
- h. Not required to be registered with the Department of Motor **Vehicles**, including but not limited to mopeds, scooters, golf-carts, go-carts, and all-terrain vehicles, while not on public roads.

4. **"Actual cash value"** means market value at the time of the loss based upon **vehicle** mileage, age, condition, original optional equipment, and comparable **vehicles** available for sale within a reasonable geographic radius as documented in an electronic database of publications and/or local dealerships, less **depreciation and/or betterment.**

5. **"Aftermarket parts"** means replacement **auto** parts not made by the original manufacturer of the motor **vehicle** or by a manufacturer authorized by the original manufacturer to use its name or trademark.

6. **"Betterment"** means a deduction for making an item better or adding value thereto.

7. **"Crime"** means any felony and includes any attempt to elude law enforcement personnel.

8. **"Deductible"** is that sum which is shown on the **Declarations Page** and will be deducted from the loss.

9. **"Depreciation"** means the loss of value caused by physical, technological, social, and/or location deterioration.

10. **"Derivative claims"** include but are not limited to claims for care, loss of services, loss of consortium, and wrongful death. Damages for derivative claims will be payable only under the same "each person" limit of liability as the **bodily injury** from which they are derived.
11. **"Diminution of value"** means the difference in the **actual cash value** of the **insured auto** immediately before and after a loss.
12. **"Hit and run"** means a **vehicle** which **causes bodily injury** to a **insured person** arising out of an **accident** with the **insured person** or with a **vehicle** which the **insured person is occupying** at the time of the **accident** provided:
 - (a) there cannot be ascertained the identities of the operator and owner of such **hit and run vehicle**; and
 - (b) at our request, the **insured person** or his legal representative makes available for inspection the vehicle, which the **insured person was occupying** at the time of the **accident**.

If the owner or operator of any motor vehicle which causes bodily injury or property damage to the insured is unknown, there is no right of action or recovery under the uninsured motorist provision, unless;

- (a) the insured or someone on his behalf has reported the accident to some appropriate police authority within a reasonable time, under all the circumstances after its occurrence;
- (b) the injury or damage was caused by physical contact with the unknown vehicle, or the accident must have been witnessed by someone other than the owner or operator of the insured vehicle; provided however, the witness must sign an affidavit attesting to the truth of the facts of the accident contained in the affidavit; and
- (c) the insured was not negligent in failing to determine the identity of the owner of the other vehicle and the driver of the other vehicle at the time of the accident.

Any **insured person** making a claim for benefits under this section shall agree to submit to physical examinations by a doctor chosen by **us** at the places and the times that **we** select and as often as **we** may reasonably require. Additionally, the **insured person** shall submit to examinations under oath at a location of our choice as often as we may reasonably require. Such **insured person** shall also give **us** authorizations that would allow **us** to obtain all medical reports and copies of all medical records that may be reasonably related to any injuries caused by the **accident**.

EXCLUSIONS - PART C ONLY

READ THE FOLLOWING EXCLUSIONS CAREFULLY. COVERAGE WILL NOT BE AFFORDED UNDER THIS PART FOR ANY OF THE EXCLUSIONS LISTED BELOW.

1. Under Uninsured Motorists Coverage and Underinsured Motorists Coverage, **we** do not cover:
 - a. Any claim to the extent that it benefits an insurer of workers' compensation, disability benefits or similar type coverage, directly or indirectly therefrom.
 - b. Any claim to the extent that it benefits an insurer of property, directly or indirectly.
 - c. **Bodily injury** or **property damage** that results from an **insured person's** use of a **vehicle** without the **owner's** express or implied permission.
 - d. **Bodily injury** or **property damage** that results from the ownership, maintenance or use of a **vehicle** while it is used to transport persons or property for a fee or compensation. This exclusion does not apply to shared-expense car pools.
 - e. **Property damage** for which the **insured person** has been paid.
 - f. **Bodily injury** or **property damage**, while **you**, a **relative**, or a **resident** are **occupying** a motor vehicle **owned by you**, a **relative** or a **resident** but not insured under this policy.
 - g. **Bodily injury** or **property damage**, while an **insured person** other than **you**, a **relative** or a **resident** is **occupying** a **vehicle** other than the **insured auto**.

- h. **Bodily injury or property damage**, if any **insured person** is struck as a pedestrian by a **vehicle owned by you, a relative or a resident**.
 - i. **Bodily injury or property damage** resulting from the ownership, maintenance, or use of a motor vehicle while **racing**.
 - j. **Bodily injury or property damage** incurred while **the insured auto** is being leased or rented to others.
 - k. **Bodily injury or property damage** resulting from the use of a motor vehicle for snowremoval.
 - l. **Bodily injury or property damage** resulting from the use or operation of a motor vehicle in the commission of a **crime**.
 - m. **Bodily injury or property damage** caused by war (declared or undeclared), civil war, insurrection, rebellion, revolution, or riot
 - n. **Bodily injury or property damage** sustained by an **insured person** while an **insured person** is **occupying** any motor vehicle located for use or being used as a residence or premises.
 - o. The first two hundred dollars (\$200) of the amount of **property damage** of each **insured person** that results from any one (1) **accident**.
 - p. Loss to the **insured auto, non-owned auto** or a **trailer** for **diminution of value**.
 - q. **Bodily injury or property damage** resulting from the ownership, maintenance, or use or while **occupying vehicles** with less than four (4) wheels, that are primarily used off road or heavy equipment / farm equipment.
2. Under Uninsured Motorists Coverage, **we** do not provide coverage for any **insured person** who, without our written consent, settles with any person who or organization which may be liable for the **bodily injury or property damage**.
3. Under Underinsured Motorists Coverage, **we** do not provide coverage for:
- a. Any **insured person** who files a lawsuit or civil action against a responsible party without having copies of the pleadings in any such action served on **us** in the manner provided by law.
 - b. **Bodily injury or property damage** if you have rejected Underinsured Motorists Coverage.

LIMITS OF LIABILITY - PART ONLY

The limits shown on the **Declarations Page** apply subject to the following:

1. For policies where one (1) **vehicle** is shown on the **Declarations Page**:
 - a. The **bodily injury** limit shown on the **Declarations Page** for "each person" is the most **we** will pay for all damages, including damages for **derivative claims** resulting from **bodily injury** sustained by one (1) person in one (1) **accident**.
 - b. The **bodily injury** limit for "each accident" is the most **we** will pay for all damages resulting from **bodily injury** sustained by more than one (1) person in one (1) **accident**.
 - c. The **property damage** limit for "each accident" is the most **we** will pay for all damages to property in one (1) **accident**.
2. For policies where two (2) or more motor vehicles are shown on the **Declarations Page**, and subject to the "each person" and "each accident" conditions referenced in paragraph 1. above:
 - a. If **bodily injury** is sustained in an **accident** by **you, a relative** or a **resident** while **occupying the insured auto**, the most **we** will pay for all damages, including those associated with **derivative claims**, will be the limit shown on the **Declarations Page** for the **vehicle** involved in the **accident**. Coverage shall not be stacked.
 - b. If **bodily injury** is sustained in an **accident** by any **insured person** other than **you, a relative** or a **resident** while **occupying the insured auto**, the most **we** will pay for all damages, including those associated with **derivative claims**, will be the limit shown on the **Declarations Page** for the **auto** involved in the **accident** only. Coverage shall not be stacked.
 - c. If **bodily injury** is sustained in an **accident** by **you, a relative** or a **resident** while not **occupying an auto**, the most **we** will pay for all damages, including those associated with **derivative claims**, will be the limit shown on the **Declarations Page** for only one (1) of the **vehicles** shown on the **Declarations**

Page. Coverage shall not be stacked.

- d. If **bodily injury** is sustained in an **accident** by **you**, a **relative** or a **resident** while not **occupying the insured auto**, the most we will pay for all damages, including those associated with **derivative claims**, will be the limit shown on the **Declarations Page** for only one (1) of the **vehicles** shown on the **Declarations Page**. Coverage shall not be stacked.
3. **Our limit of liability under Part C for property damage to the insured auto** arising out of one (1) **accident** shall be the lesser of the following:
 - a. The actual cash value of the **insured auto** at the time of the **accident** reduced by the **deductible** shown on the **Declarations Page**, by **depreciation** and / or **betterment** and by its salvage value if **you** retain the salvage;
 - b. The amount necessary to repair or replace the **insured auto**, reduced by the **deductible** shown on the **Declarations Page**. If the **insured auto** is older than two (2) model years from the date of loss, we may repair the **insured auto** using either **aftermarket parts** or recycled used parts, whichever is deemed to be less expensive by **us**, and with a deduction for **depreciation** and/or **betterment**; or
 - c. Any limit of liability shown on the **Declarations Page** for **property damage** under Part C reduced by the **deductible** shown on the **Declarations Page** and by its salvage value if **you** retain the salvage.

An adjustment for **depreciation** and/or **betterment** will be made in determining liability at the time of the **accident**.

This is the most we will pay regardless of the number of motor **vehicles** listed on the **Declarations Page**, **insured persons**, claims, claimants, policies, or motor vehicles involved in the **accident**

No one will be entitled to duplicate payment for the same element of damages under this coverage and Part A – Liability Coverage. Any judgment for damages against an **owner** or operator of an **uninsured motor vehicle**, which arises out of a lawsuit brought without our written consent, is not binding on **us**.

PAYMENT OF LOSS BY US

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

OTHER INSURANCE – PART C ONLY

If there is other applicable similar insurance, we will not pay for any damages that would duplicate any payment made for damages under such similar insurance. Additionally, we will not pay for any damages due under similar insurance but not paid.

The coverage of the **vehicle** occupied at the time of the **accident** by an **insured person** shall be primary. Any coverage for which such person is a named insured shall be secondary. In the event there is other coverage applicable, that coverage shall be excess.

In the event there is more than one excess or secondary policy, each policy would pay the proportioned share that its limits bear to the total of the respective excess limits or secondary limits.

The maximum amount that an **insured person** can receive as a result of an uninsured and underinsured motorists claim is the highest amount available under the primary, secondary, or any applicable excess policies.

In the event that an **insured person** is injured while **occupying an owned vehicle**, only the Uninsured and Underinsured Motorists Coverage applicable to that **vehicle** will apply, and no other policies or provisions of coverage will apply. Any reductions or credits allowable shall be first applied to reduce any

payment due under this policy.

ACTION AGAINST US

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

An **insured person** has no cause of action unless that person has given written notice of an intent to pursue a claim for Uninsured Motorist Coverage against the company within three years after the earliest of:

- (1) The date the person knows the tortfeasor is uninsured; or
- (2) The date the person knows or should have known that coverage was denied by the tortfeasor's insurer; or
- (3) The date the person knows or should have known of the insolvency of the tortfeasor's insurer.

OUR RECOVERY RIGHTS

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

PART D COVERAGE FOR DAMAGE TO THE INSURED AUTO

PHYSICAL DAMAGE IMPORTANT NOTICE

THIS PORTION OF THE POLICY COVERS PHYSICAL DAMAGE TO OR LOSS OF THE INSURED AUTO.

THIS POLICY CONTAINS A NUMBER OF EXCLUSIONS AND CONDITIONS THAT ARE NOT NORMALLY IN AUTOMOBILE INSURANCE POLICIES. IN ORDER TO AVOID PENALTIES THAT MAY LIMIT COVERAGE OR RESULT IN A TOTAL DENIAL OF A CLAIM, WE SUGGEST YOU READ YOUR POLICY AT ONCE.
INSURING AGREEMENT

If the **Declarations Page** shows a premium charged for **Comprehensive Coverage**, we will pay for direct and accidental **comprehensive loss to the insured auto**, including its OEM (original equipment manufacturer) factory-installed equipment, less any applicable **deductible** for each separate **loss**.

If the **Declarations Page** shows a premium charged for **Collision Coverage**, we will pay for direct and accidental loss to **the insured auto**, including its OEM factory-installed equipment caused by **collision**, less any applicable **deductible** for each separate **loss**.

The insured auto must be operated by or in the care or custody of an **authorized driver** at the time of

the loss. **ADDITIONAL DEFINITIONS USED IN PART D ONLY**

1. **"Actual cash value"** means market value at the time of the **loss** based upon the **vehicle** mileage, age, condition, original OEM equipment, and comparable **vehicles** available for sale within a reasonable geographic radius as documented in an electronic database of publications and / or local dealerships, less **depreciation** and/or **betterment**.
2. **"Aftermarket parts"** means replacement **auto** parts not made by the original manufacturer of the motor vehicle or by a manufacturer authorized by the original manufacturer to use its name or trademark.
3. **"Authorized driver"** means:
 - a. **You**;
 - b. Any other person listed on the **application** or added by endorsement during the policy term prior to **loss**; or
 - c. Any other person who has **your** express permission to use **the insured auto** and who:
 1. Holds a valid driver's license at the time of **loss**;

- ii. Is not a regular operator of **the insured auto**; and
 - iii. Is not a resident of your household. You have a period of thirty (30) days in which to add a newly licensed permanent resident of your household.
4. "**Betterment**" means a deduction for making an item better or adding value thereto.
 5. "**Collision**" means **loss** caused by **the insured auto's** upset or overturn, or sudden impact with another object.
 6. "**Comprehensive**" means **loss to the insured auto** caused by an event other than **collision**. **Comprehensive loss** includes, but is not limited to, **loss** caused by missiles, falling objects, fire, theft or larceny, explosion, earthquake, volcanic activity, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion, contact with a bird or animal, or breakage of glass. If breakage of glass results from collision, **you** may elect to have it treated as **loss** caused by **collision**.
 7. "**Custom or additional equipment**" means any equipment which was not installed at the factory or added as original equipment when the **vehicle** was purchased new.
 8. "**Deductible**" is that sum which is shown on the **Declarations Page** and will be deducted from the **loss**.
 9. "**Depreciation**" means the **loss** of value caused by physical, technological, social, and/or location deterioration.
 10. "**Diminution of value**" means the difference in the **actual cash value** of **the insured auto** immediately before and after a **loss**.
 11. "**Loss**" means sudden, direct, and accidental damage to, or theft of, **the insured auto**, including its OEM factory-installed equipment, which is permanently installed at the factory by the **vehicle** manufacturer. **Custom or additional equipment** is covered only if it is declared before the loss and an additional premium is paid. Equipment installed or alterations made by conversion facilities to an **auto** or camper are not considered standard or OEM factory-installed equipment.

TRANSPORTATION EXPENSES

In addition, we will pay up to \$15 per day, to a maximum of \$225 for transportation expenses incurred by **you**. This applies only in the event of the total theft of **the insured auto**. **We** will pay only transportation expenses incurred during the period:

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

EXCLUSIONS - PART D ONLY

READ THE FOLLOWING EXCLUSIONS CAREFULLY. COVERAGE WILL NOT BE AFFORDED UNDER THIS PART FOR ANY OF THE EXCLUSIONS LISTED BELOW.

We do not cover loss:

1. That results from nuclear reactions, radiation, or fallout.
2. Covered by a nuclear energy liability policy, even if the limits of that policy are exhausted.
3. That results from the ownership, maintenance, or use of **the insured auto** while used to transport persons or property for a fee or compensation. This exclusion does not apply to shared-expense car pools.

4. To **the insured auto** while it is rented or leased to others.
5. To clothes, tools, or other personal effects.
6. To property the **insured person** rents, uses, **owns** or has charge of, including loss of its use.
7. To any **vehicle** other than one with four (4) wheels.
8. Resulting from the use of any **vehicle** in any **racing** event as well as any vehicle whose primary function is off road recreational activity or that is not required to be licensed in this **state**.
9. To any **vehicle** or **trailer** resulting from **your** employment by or ownership of any **auto business**.
10. Resulting from the ownership, maintenance, or use of a **vehicle** or **trailer** while a person is engaged in any **business use** activity other than **auto business** activities. This exclusion includes use of a **vehicle** for delivery or pickup of goods or services arising out of any **business**. This exclusion does not apply if **business use of the insured auto** has been declared and an additional premium has been paid.
11. Resulting from the use of **the insured auto** for snow removal.
12. Caused by war (declared or undeclared), civil war, insurrection, rebellion, or revolution.
13. Caused to a camper body, pickup shell, box cover, or **trailer owned by you** or any other person.
14. Resulting from the maintenance or use of any **auto** or **trailer** neither **owned** nor regularly available to **you**, a **relative**, or a **resident**, while in custody of or being operated by such person.
15. Resulting from prior **loss** or damage, any manufacturers' defects, normal wear and tear, freezing, mechanical or electrical breakdown or failure, or road damage to tires. However, coverage does apply if the **loss** is the result of other **loss** covered by this policy.
16. To any modified suspension equipment, modified engines, modified carburetor systems, or modified equipment, including but not limited to:
 - a. aluminum, magnesium, chrome or alloy wheels;
 - b. special wide-tread tires or slicks.
17. To winches, utility boxes, or toolboxes.
18. To tapes, compact discs, records, cassettes, or similar recording or recorded media used with sound equipment, including any cases or other containers used in storing or carrying such items.
19. To custom paint, murals, decals or graphics; special carpeting or furnishings; sunroofs, moon roofs, t-bar roofs or height extending roofs; bubble domes or similar windows; refrigeration or cooking equipment and any equipment used for sleeping.
20. To any electronic equipment, antennas, and other devices used exclusively or primarily to send or receive audio, visual, or data signals, or to play back recorded media, if such equipment or device is not permanently installed in the dash or console opening of **the insured auto** by the vehicle manufacturer or dealer and specified as original equipment by the vehicle manufacturer.
21. To sound receiving or transmitting equipment designed for use as citizen band radios, two-way mobile radios, televisions, VCRs, telephones not originally installed by the original make and model **vehicle** manufacturer or dealer, home high fidelity equipment, scanning monitor receivers, radar or laser detectors, or any other detection equipment for speed measuring devices, or any accessories or antennas to any of

these types of equipment.

22. To TV antennas, awnings, cabanas, or equipment designed to provide additional living facilities.
23. Resulting in damage or loss of use to a rental **vehicle**.
24. To damage caused by, due to or in any way resulting from the alteration, modification, or customizing of the **vehicle** which alters or affects the drivability, road worthiness, handling or safety of **the insured auto**.
25. To **the insured auto** while in the care, custody, or control of an **authorized driver** for the purpose of selling **the insured auto**.
26. Caused intentionally by, or at the direction of, an **authorized driver**, or anyone using **the insured auto** with **your** express or implied permission and within the scope of such permission.
27. To **the insured auto** caused by or resulting from **your** acquiring an **auto** from the seller without your ability to obtain legal ownership.
28. To **the insured auto** while being operated by a person or persons specifically excluded by endorsement.
29. To any **vehicle** that is subject to bailment lease, conditional sale or consignment agreement not specifically declared and described in this policy.
30. Caused to **the insured auto** when it is driven, operated or used with **your** express or implied permission by a person who:
 - a. Is under the minimum age to obtain legal authority to drive; or
 - b. Is under fifteen (15) years of age; or
 - c. Does not have a valid driver's license; or
 - d. Has had their driving privileges rescinded by either license suspension or revocation.
31. Caused to **the insured auto** when it is driven, operated or used by a regular operator or resident of the household who was not previously disclosed to **us** prior to the loss..
32. Arising out of or due to the use of the **vehicle** for transportation of any explosive substance, flammable liquid or similarly hazardous materials, except transportation incidental to **your** ordinary household activities.
33. Due to confiscation or destruction by governmental or civil authorities.
34. While **the insured auto** is being used in the commission of a **crime**.
35. To **the insured auto**, **non-owned auto** or **trailer** for diminution of value.
36. To any **non-owned auto**.
37. Caused by the theft or conversion of **the insured auto** by a person to whom **you** have voluntarily entrusted **the insured auto**.
38. To any non-OEM installed equipment that mechanically or structurally changes **the insured auto** and results in an increase in performance or a change in appearance. This includes equipment that does not conform to this **state's** Motor Vehicle Code.
39. To single **vehicle accident(s)** when a police report has not been made within twenty-four (24) hours of the **accident**
or as soon as practicable if applicable.

LIMITS OF LIABILITY - PART D ONLY

Our limits of liability for **loss** shall not exceed the lesser of:

1. The **actual cash value** of the stolen or damaged property, at the time of loss, which may include an adjustment for **depreciation** and/or **betterment**;
2. The amount necessary to repair or replace the property to its physical condition prior to the **loss** using parts produced by or for the **vehicle's** manufacturer or parts from other sources including, but not limited to, **aftermarket parts**, as specified in Payment of Loss - Part D Only; or
3. The limit stated on the **application**.

Custom or additional equipment is not covered under this Part unless the value has been reported to **us** prior to the **loss** and a premium has been paid for the **Custom or Additional Equipment Coverage** as shown on the **Declarations Page**.

All claims submitted under this Part shall be subject to the applicable **deductibles** shown on the **Declarations Page**. Any applicable **deductible** amount and salvage value, if **you** retain salvage, is subtracted from all **loss** payments.

If **we**, at **our** option, elect to pay for the cost to repair or to replace the property or part, **our** liability does not include any decrease in the property's value, however measured, resulting from the **loss** and/or repair or replacement. If repair or replacement results in the **betterment** of the property or part, **we** will not pay for the **betterment**.

If more than one (1) **auto** shown on the **Declarations Page** is insured under this Part of the policy, then **our** limit of liability shall not exceed the **actual cash value** of the highest-valued **auto** shown on the **Declarations Page**.

If **loss** to the **insured auto** is also payable under the Liability Coverage of another policy issued by **us**, **we** will pay for such damage or **loss** only once, either under this policy or under the Liability section of the other policy.

Sound reproducing equipment and component parts shall be subject to a maximum limit of five hundred dollars (\$500) in the aggregate. This equipment is only covered when permanently installed by the original OEM factory in the dash or console opening of the **insured auto**.

PAYMENT OF LOSS - PART D ONLY

We may pay for the **loss** in money, or repair or replace the damaged or stolen property. **We** may repair the **insured auto** using either **aftermarket parts** or recycled used parts, whichever is deemed to be less expensive by **us**, and with a deduction for **depreciation** and/or **betterment**. **We** may, at any time before the loss is paid or the property is replaced, return at our expense any property either to **you** or to the address shown on the **Declarations Page**, with payment for any resulting damage. **We** may keep all or part of the property at the agreed or appraised value. **You** do not have the right to abandon salvage to **us**. **We**

may settle any claim for **loss** either with **you**, or with the **Owner** of the property. Payment for **loss** is required only if **you** have fully complied with the terms of this policy.

We may wait up to thirty (30) days from the date the theft is reported in writing to the police and to **us** to either issue payment or replace the property.

PROOF OF LOSS

You must file written proof of **loss** and **we** or **our** representative shall furnish a form for that purpose within twenty (20) days after the notice of **loss** has been given. If **we** do not furnish the form within twenty (20) days

after the receipt of the notice, **you** will be considered to have complied with the requirements of the policy as to proof of **loss** upon submitting within the time fixed in the policy for filing proofs of **loss** written proof covering the occurrence, character, and extent of the **loss** for which the **claim** is made. If **we** do furnish the form within twenty (20) days after the receipt of the notice, **you** must file written proof of **loss** within sixty (60) days from the date **we** provide the form or there will be no coverage under this Part.

OTHER INSURANCE - PART D ONLY

If other insurance applies to a **loss** covered under this Part, **we** will pay only **our** share of the **loss**. **Our** share is the prorated amount of **our** limit of liability compared to all available limits of liability.

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.

NO BENEFIT TO BAILEE

This coverage shall not directly or indirectly benefit any person, organization, group, or other bailee caring for or handling property for a fee or compensation.

ALARM

If the **application** states that there is an alarm system installed on or in **the insured auto**, **you** agree that the alarm system will be kept in good working condition at all times and that it will not be removed from **the insured auto**. If this agreement is breached, insurance under this Part as regards to **THEFT** of **your vehicle** shall be void and **you** may become personally liable to **us** for damages.

TWO OR MORE AUTOMOBILES

When **we** insure two (2) or more **vehicles** under this policy, the terms and conditions of this policy shall apply separately to each **vehicle**.

CAR TOWING

We will pay up to a maximum of thirty five dollars (\$35) for the cost of towing of **the insured auto** in the event of a **loss** to **the insured auto** for which coverage is provided under this Part.

STORAGE

In the event **the insured auto** is towed to a location where **you** are incurring storage charges as the result of a covered comprehensive or collision loss, **we** will pay up to \$15.00 per day, not to exceed \$90.00 for all storage charges only if **you** fully cooperate with **us** in arranging for the immediate release of **your auto**.

TOWING AND LABOR COVERAGE

If the **Declarations Page** shows a specific premium charged for Towing and Labor Coverage, **we** will pay up to the maximum of \$50 for towing and labor costs two (2) times during any six (6) consecutive months of coverage. This applies when **the insured auto** is disabled, which does not include its running out of gas. **We** will cover labor, not including emergency locksmith repair, only if performed at the place of disablement. **You** agree to provide **us** with proof in the form of verifiable receipts of towing and labor charges incurred.

RENTAL REIMBURSEMENT COVERAGE

This coverage may only be purchased with **comprehensive** and **collision** coverage on **the insured auto**.

The company will reimburse you up to \$25 per day up to a maximum of \$450 during any six (6) consecutive months of coverage, for the amount, which **you** paid for renting another auto from a rental agency while **the insured auto** was being repaired due to a loss that is covered under Part D. If **the insured auto** is not drivable, coverage starts 48 hours after the **loss** is reported to **us**. If **the insured auto** is drivable, coverage starts the day after it is taken to the repair facility. Coverage will end when the first of the following occurs:

1. the repair facility finishes the repairs;
2. the company offers to replace **the insured auto**;
3. the company offers settlement to **you**; or
4. the maximum limit is reached.

Proof of repairs from a repair facility and evidence of payment therefore must be provided before reimbursement will be made. The definition of 'loss', as it appears in this Part, means a disablement or direct and accidental loss or damage to the automobile. If Rental Reimbursement coverage appears in the declarations of this policy, then the Transportation Expenses under Part D does not apply.

PART E - GENERAL PROVISIONS

POLICY PERIOD AND TERRITORY

This policy shall become effective on the date and time shown on the **Declarations Page** at the address shown on the **Declarations Page**. The policy will expire on the date and time specified on the **Declarations Page** at the address shown on the **Declarations Page**, unless terminated sooner.

This policy applies only to **accidents** and **losses** that occur during the policy period shown on the **Declarations Page** and within the United States of America and Canada.

If **you** owe **us** any premium on **your** expired or expiring policy, these funds must be paid before **your** policy will be renewed by **us**. Any payment sent by **you** will first be used to pay any balance owed on the expired or expiring policy, and any remainder of such payment will be applied to the renewal premium.

PREMIUM CHANGES

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

You agree:

1. That if **you** provide incorrect or incomplete information, **we** may adjust the premium accordingly during the policy period.
We may also adjust the premium if any information material to calculating the policy premium changes.
2. To cooperate with **us** in determining if this information is correct and complete. **You** must also advise **us** of changes in this information within fourteen (14) days of the change.
3. That the return premium will be calculated based on the correct premium, if this policy is canceled. 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. Any **auto** insured by the policy including changes in use;
 2. Drivers, driver's age, or driver's marital status;
 3. Coverages or coverage limits;
 4. Rating territory;
 5. Eligibility for discounts or other premium credits; and
 6. Any other rating criteria permitted by law.

COVERAGE CHANGES

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

PREMIUM PAYMENT

Premium payment means the actual receipt of cash funds by **us**. **We** provide coverage for each policy term only on condition that the initial **premium payment** and subsequent installment payments for that policy term are paid. **You** have not paid the initial premium or any installment payment if **you** give **us** a check, a credit card, or an electronic funds transfer that is not honored at first presentation by the financial institution upon which it is drawn. This policy shall be void from the inception of the policy term and no coverage will exist, regardless of whether the policy has been issued.

If **you** receive a cancellation notice from **us**, referencing either a regular installment payment or a renewal down payment, and informing **you** that **your premium payment to us** was returned unpaid, **you** must provide a replacement payment to **us** by means of either a cashier's check or money order. If payment is timely made in such a fashion by the due date noted on the cancellation notice, then **your** policy will remain active and in force.

CANCELLATION AND NONRENEWAL

You may cancel this policy by returning it to **us** or an authorized agent. **You** may also cancel by advising **us** in writing at a future date as to when the cancellation is to be effective.

We may cancel by mailing or delivering notice to **you** at the address shown in the **Declarations**. Such notice will be mailed or delivered at least fifteen (15) days prior to the effective date of cancellation.

If this policy is cancelled within the first sixty (60) days, and is not a renewal or continuation policy, the cancellation will become effective only on or after the 61st day of the policy period. However, if this policy is cancelled for nonpayment of premium, the cancellation will become effective only on or after the 31st day of the policy period.

After this policy has been in effect for more than ninety (90) days, or if this is a renewal or continuation policy, **we** may cancel the policy for the following reasons:

1. **You** or any other operator who either resides in the same household or customarily operates the insured **auto** has had his or her driver's license suspended or revoked during the policy period or, if the policy is a renewal, during its policy period or the ninety (90) days immediately preceding the last anniversary of the effective date.
2. **You** fail to pay the premium for the policy or any installment of the premium, whether payable to the insurance agent, or **us** either directly or indirectly under any premium finance plan or extension of credit. Nonpayment of premium shall also include **you** giving **us** a check that at first presentation is not honored by the bank upon which it is drawn.

Nonrenewal. **We** will mail to **you** at the address shown on the **Declarations Page** or deliver to **you** notice of nonrenewal not less than fifteen (15) days before the end of the policy period, if **we** decide not to renew or continue this policy.

Proof of mailing is proof of notice. Mailing is equivalent to delivery.

Upon cancellation **you** may be entitled to a premium refund. If so, **we** will send it to **you** but our offer of a

refund is not a condition of cancellation. If **you** or **we** cancel, the refund will be computed on a pro-rate basis. The effective date of cancellation stated in a notice is the end of the policy period.

This policy will automatically terminate at the end of the current policy period if **you** or **your** representative do not accept our offer to renew or continue it. **Your** failure to pay the required continuation or renewal premium when due means that **you** have declined **our** offer.

LIMITATIONS ON AGENT AUTHORITY

The authorized agent who obtained this policy for **you** has limited authority to act in transacting **business** with **you** on this policy. Any statement or assurance made by this authorized agent to **you** concerning **your** policy is governed by **our** guidelines and rules, as well as applicable laws and regulations.

The authorized agent who obtained this policy for **you** does not possess any apparent, implied, or actual authority to act on our behalf after the expiration, cancellation, or nonrenewal of **your** policy with **us**. Any representations made by the authorized agent after a notice of termination has been initiated, by either **you** or **us**, will apply only if **we** provide prior written approval.

MANDATORY ARBITRATION AGREEMENT

If **we** and an **insured person** do not agree whether the **insured person** is legally entitled to recover damages, or if either party disagrees as to the amount of damages that are recoverable by the **insured person** under Part B — Medical Payments then the matter may be arbitrated.

Both parties must agree to arbitration. If so agreed, each party will select an arbitrator. The two (2) arbitrators will select a third arbitrator. If they cannot agree on a third arbitrator within thirty (30) days, either may appear in a court of jurisdiction to request that the judge appoint a third arbitrator.

Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally. Unless both parties agree otherwise, the arbitration is to take place in the county in which the **insured person** resides.

Either party may dispute the arbitration award by demanding the right to a trial. A demand for trial must be made within sixty (60) days of the decision by the board of arbitrators. If the demand for trial is not made within the time period, the amount of damages agreed to by the arbitrators would be binding, subject to the limits shown on the **Declarations Page**. The arbitrators shall have no authority to determine coverage under the policy.

REPLACEMENT OR ADDITIONAL VEHICLES

This policy is applicable to the **insured auto**, as defined. The policy will not be applied to any other **vehicle** without our prior agreement. **You** must notify us within fourteen (14) days of acquiring the newly acquired additional or replacement **vehicles** to have liability coverage apply. **You** must identify the name, address and telephone number of the party whom the **vehicle** was purchased and provide a bill of sale for this fourteen (14) day window of liability protection to apply.

For coverages under Part -D to apply, **you** must either:

1. Present the **vehicle** for inspection within seventy-two (72) hours. Or
2. Present documentation within seventy-two (72) hours as proof that the **vehicle** was purchased new, never having been titled to a prior **owner**.

However, it should be noted that any change in **vehicle** could result in an increase to **your** premium. **We** will make any premium adjustment necessary on the date of such change in vehicles and in accordance with the rates then in use.

To qualify as an additional or replacement **auto** under this policy, any newly acquired **auto** must be an acceptable risk to **us** under our underwriting guidelines which can be found at www.amigo-mga.com.

TEMPORARY SUBSTITUTE VEHICLE

A **temporary substitute vehicle** is defined as any **vehicle** that is rented from a **vehicle** rental agency or garage and is used while the **insured auto** is being serviced or repaired, or if it has been stolen or destroyed. Coverage is extended to the **temporary substitute vehicle** only if driven by an **insured person** listed on the policy.

TWO OR MORE AUTO POLICIES

If this policy and any other **auto** insurance policy issued to **you** by **us** apply to the same **accident**, the maximum limit of our liability under all the policies shall not exceed the highest applicable limit of liability under any one (1) policy, even though separate premiums have been paid.

TWO OR MORE AUTOS INSURED

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

TRANSFER OF YOUR INTEREST IN THIS POLICY

Interest in this policy may not be assigned or transferred without **our** written consent. However, if **you** die, coverage will be provided until the end of the policy period for:

1. Any person specifically named as an operator on the **Declarations Page**; and
2. The legal representative of the deceased person while acting within the scope of his or her duties as a legal representative,

If the **insured auto** is sold, coverage will terminate as to that **auto** when the buyer takes possession of the **auto** and will not transfer to the new **owner**.

BANKRUPTCY

An insured's bankruptcy or insolvency will not relieve **us** of any obligation under this policy.

OUR RECOVERY RIGHTS

If **we** make a payment under this policy and the person receiving payment is entitled to recover from another, **we** are entitled to those same rights of recovery to the extent of our payment. **You** and anyone **we** cover must sign and deliver to **us** any legal papers relating to that recovery. **You** must do whatever else is necessary to help **us** exercise our rights and do nothing after a **loss** to harm **our** rights.

When a person has been paid by **us** under this policy and recovers from another, the amount recovered from the other shall be held by that person in trust for **us**. It will be reimbursed to **us** to the extent of our payment, if the person to or on behalf of whom such payment is made is fully compensated for their loss.

If an **insured person** or organization receives recovery from a responsible party without **our** written consent, the **insured person** or organization's right to payment under any affected coverages of this policy will no longer exist.

Subrogation does not apply to amounts paid under the Uninsured Motorists Coverage in excess of the limits specified in the South Carolina financial responsibility law. Subrogation does not apply to amounts paid under Underinsured Motorists Coverage or Medical Payments Coverage.

LOSS PAYABLE CLAUSE

At our discretion, we may pay loss or damage due under this policy according to **your** interest. We will also pay loss or damage due under this policy according to the interest of the loss payee if one is shown on the **Declarations Page** at time of loss. We may make separate payments according to those interests.

We will not pay for any loss caused by conversion, embezzlement, secretion, fraud or omissions by **you** or anyone acting on **your** behalf. In addition, we will not pay a lienholder, loss payee, lender, or additional insured for any loss where fraud, misrepresentation, omission, concealment or intentional damage has been committed by or at the direction of an **insured person, resident or relative**.

The loss payee must notify **us** of any known change of ownership or increase in the risk. If it does not, it will not be entitled to any payment under this clause.

We may pay the loss payee under the terms of this clause for a loss not covered under the policy. If that is the case, we are then subrogated to its rights against **you**. This will not affect the loss payee's right to recover the full amount of its claim. The loss payee must assign **us** its interest. The loss payee must transfer to **us** all supporting documents if we pay the balance due to the loss payee on the **vehicle**.

Coverage and payments to the loss payee shall be made in accordance with all terms, conditions, limitations and exclusions contained in this policy. In no event shall the loss payee be entitled to coverage and benefits greater than those applicable to **you** or any **insured person**.

The **deductible** amount applicable to losses payable to the loss payee under Part D - Coverage for Damage to the **insured auto** shall be the **deductible** amount shown on the **Declarations Page** for this coverage.

TERMS OF POLICY CONFORMED TO STATUTES

Terms of this policy that conflict with the statutes of the **state** in which we issue this policy are hereby amended to conform to such statutes.

FRAUD AND MISREPRESENTATION

The statements made by **you** in the **application** are deemed to be representations. If any representation contained in the **application** is false, misleading, or materially affects the acceptance or rating of the risk by **us**, by either direct misrepresentation, omission, concealment of facts, or incorrect statements, this policy will be void from its inception.

If any representation contained in any notification of change is false, misleading, or materially affects the acceptance or rating of the risk by **us**, by either direct misrepresentation, omission, concealment of facts, or incorrect statement, this policy will be void from the effective date of the change.

This provision shall also apply to misstatements of use and omissions of fact. We do not provide coverage for any **insured person** who has made fraudulent statements or engaged in fraudulent conduct in connection with any **accident** or loss for which coverage is sought under this policy.

We may cancel this policy or deny coverage for fraud or misrepresentation even after the occurrence of an **accident** or loss. This means that we will not be liable for any claims or damages that would otherwise be covered.

RECISSION

We retain the right to void this policy from its beginning if we receive an initial payment that is returned unpaid for insufficient funds. Coverage under this policy is contingent upon **us** receiving full, final and complete payment of the down payment of the premium. If we do not receive such payment or if we determine that **you** have provided incomplete, inaccurate or false information in **your application**, we will cancel/nonrenew this policy in accordance with the Cancellation/Nonrenewal provisions of this policy.

DECLARATIONS

By acceptance of this policy, you agree:

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

IMPORTANT NOTICE

IN ADDITION TO THE INSURANCE COVERAGE REQUIRED BY LAW TO PROTECT **YOU** AGAINST A **LOSS** CAUSED BY AN UNINSURED MOTORIST, IF **YOU** HAVE PURCHASED LIABILITY INSURANCE COVERAGE THAT IS HIGHER THAN THAT REQUIRED BY LAW TO PROTECT **YOU** AGAINST LIABILITY ARISING OUT OF THE OWNERSHIP, MAINTENANCE, OR USE OF THE MOTOR VEHICLES COVERED BY THIS POLICY, AND **YOU** HAVE NOT ALREADY PURCHASED UNINSURED MOTORIST INSURANCE COVERAGE EQUAL TO **YOUR** LIABILITY INSURANCE COVERAGE:

1. **YOUR** UNINSURED AND UNDERINSURED MOTORIST COVERAGE HAS INCREASED TO THE LIMITS OF **YOUR** LIABILITY COVERAGE AND THIS INCREASE WILL COST **YOU** AN EXTRA PREMIUM CHARGE; AND
2. **YOUR** TOTAL PREMIUM CHARGE FOR **YOUR** MOTOR VEHICLE INSURANCE COVERAGE WILL INCREASE IF **YOU** DO NOT NOTIFY **YOUR** AGENT OR INSURER OF **YOUR** DESIRE TO REDUCE COVERAGE WITHIN TWENTY (20) DAYS OF THE MAILING OF THE POLICY OR THE PREMIUM NOTICE, AS THE CASE MAY BE;
3. IF THIS IS A NEW POLICY AND **YOU** HAVE ALREADY SIGNED A WRITTEN REJECTION OF SUCH HIGHER LIMITS IN CONNECTION WITH IT, PARAGRAPHS (1) AND (2) OF THIS NOTICE DO NOT APPLY.

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

President

Secretary

**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

- A.** 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.

If the spouse ceases to be a resident of the same household during the policy period or prior to the inception of this policy, the spouse will be considered "you" and "your" under this policy but only until the earlier of:

1. The end of 90 days following the spouse's change of residency;
2. The effective date of another policy listing the spouse as a named insured; or
3. The end of the policy period.

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

- C.** For 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 in quotation marks when used.

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

- E.** "Business" includes trade, profession or occupation.

- F.** "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.

- G.** "Occupying" means in, upon, getting in, on, out or off.

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

- I.** "Trailer" means a vehicle designed to be pulled by a:

1. Private passenger auto; or
2. Pickup or van.

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

- J.** "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" 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.

This Provision (J.4.) does not apply to Coverage For Damage To Your Auto.

- K.** "Newly acquired auto":

1. "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
- b. A pickup or van, for which no other insurance policy provides coverage, that:

(1) Has a Gross Vehicle Weight 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.

2. Coverage for a "newly acquired auto" is provided as described below. If you ask us to insure a "newly acquired auto" after a specified time period described below has elapsed, any coverage we provide for a "newly acquired auto" will begin at the time you request the coverage.

- a. For any coverage provided in this policy except Coverage For Damage To Your Auto, a "newly acquired auto" will have the broadest coverage we now provide for any vehicle shown in the Declarations. Coverage begins on the date you become the owner. However, for this coverage to apply to a "newly acquired auto" which is in addition to any vehicle shown in the Declarations, you must ask us to insure it within 14 days after you become the owner.

If a "newly acquired auto" replaces a vehicle shown in the Declarations, coverage is provided for this vehicle without your having to ask us to insure it.

b. Collision Coverage for a "newly acquired auto" begins on the date you become the owner. However, for this coverage to apply, you must ask us to insure it within:

- (1) 14 days after you become the owner if the Declarations indicate that Collision Coverage applies to at least one auto. In this case, the "newly acquired auto" will have the broadest coverage we now provide for any auto shown in the Declarations.
- (2) Four days after you become the owner if the Declarations do not indicate that Collision Coverage applies to at least one auto. If you comply with the 4 day requirement and a loss occurred before you asked us to insure the "newly acquired auto", a Collision deductible of \$500 will apply.

c. Other Than Collision Coverage for a "newly acquired auto" begins on the date you become the owner. However, for this coverage to apply, you must ask us to insure it within:

- (1) 14 days after you become the owner if the Declarations indicate that Other Than Collision Coverage applies to at least one auto. In this case, the "newly acquired auto" will have the broadest coverage we now provide for any auto shown in the Declarations.
- (2) Four days after you become the owner if the Declarations do not indicate that Other Than Collision Coverage applies to at least one auto. If you comply with the 4 day requirement and a loss occurred before you asked us to insure the "newly acquired auto", an Other Than Collision deductible of \$500 will apply.

PART A – LIABILITY COVERAGE

INSURING AGREEMENT

- A. 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 by payment of judgments or settlements. We have no duty to defend any suit or settle any claim for "bodily injury" or "property damage" not covered under this policy.
- B. "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 other 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 (B.4.) 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 an accident, including related traffic law violations. 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.
3. Interest accruing after a judgment is entered in any suit we defend. Our duty to pay interest ends when we offer to pay that part of the judgment which does not exceed our limit of liability for this coverage.
4. Up to \$200 a day for loss of earnings, but not other income, because of attendance at hearings or trials at our request.
5. Other reasonable expenses incurred at our request.

EXCLUSIONS

- A. We do not provide Liability Coverage for any "insured":
1. Who intentionally causes "bodily injury" or "property damage".
 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 (A.3.) does not apply to "property damage" to a residence or private garage.

4. For "bodily injury" to an employee of that "insured" during the course of employment. This Exclusion (A.4.) does not apply to "bodily injury" 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 (A.5.) 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 (A.6.) 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".
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 A.6.

This Exclusion (A.7.) does not apply to the maintenance or use of a:

- a. Private passenger auto;
 - b. Pickup or van; 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 which:
 - a. Has fewer than four wheels; or
 - b. Is designed mainly for use off public roads.

This Exclusion (B.1.) does not apply:

- a. While such vehicle is being used by an "insured" in a medical emergency;
 - b. To any "trailer"; or
 - c. To any non-owned golf cart.
2. Any vehicle, other than "your covered auto", which is:
 - a. Owned by you; or
 - b. Furnished or available for your regular use.
 3. Any vehicle, other than "your covered auto", which is:
 - a. Owned by any "family member"; or
 - b. Furnished or available for the regular use of any "family member".

However, this Exclusion (B.3.) does not apply to you while you are maintaining or "occupying" any vehicle which is:

- a. Owned by a "family member"; or
 - b. Furnished or available for the regular use of a "family member".
4. Any vehicle, located inside a facility designed for racing, for the purpose of:
 - a. Competing in; or
 - b. Practicing or preparing for;any prearranged or organized racing or speed contest.

LIMIT OF LIABILITY

- A. The limit of liability shown in the Declarations for each person for Bodily Injury Liability is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" 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 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 is our maximum limit of liability for all "property damage" 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.
- B. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:
1. Part B or Part C of this policy; or
 2. Any Underinsured Motorists Coverage provided by this policy.

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:

- A. 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.

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

FINANCIAL RESPONSIBILITY

When this policy is certified as future proof of financial responsibility, this policy shall 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

- A. 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.

- B. "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" "your covered auto".

EXCLUSIONS

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

1. Sustained while "occupying" any motorized vehicle having fewer than four wheels.

2. Sustained while "occupying" "your covered auto" when it is being used as a public or livery conveyance. This Exclusion (2.) does not apply to a share-the-expense car pool.
3. Sustained while "occupying" any vehicle located for use as a residence or premises.
4. Occurring during the course of employment if workers' compensation benefits are required or available for the "bodily injury".
5. Sustained while "occupying", or when struck by, any vehicle (other than "your covered auto") which is:
 - a. Owned by you; or
 - b. Furnished or available for your regular use.
6. 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 or available for the regular use of any "family member".

However, this Exclusion (6.) does not apply to you.

7. Sustained while "occupying" a vehicle without a reasonable belief that that "insured" is entitled to do so. This Exclusion (7.) does not apply to a "family member" using "your covered auto" which is owned by you.
8. Sustained while "occupying" a vehicle when it is being used in the "business" of an "insured". This Exclusion (8.) does not apply to "bodily injury" sustained while "occupying" a:
 - a. Private passenger auto;
 - b. Pickup or van that you own; or
 - c. "Trailer" used with a vehicle described in a. or b. above.
9. Caused by or as a consequence of:
 - a. Discharge of a nuclear weapon (even if accidental);
 - b. War (declared or undeclared);
 - c. Civil war;
 - d. Insurrection; or
 - e. Rebellion or revolution.
10. From or as a consequence of the following, whether controlled or uncontrolled or however caused:
 - a. Nuclear reaction;
 - b. Radiation; or
 - c. Radioactive contamination.
11. Sustained while "occupying" any vehicle located inside a facility designed for racing, for the purpose of:
 - a. Competing in; or

- b. Practicing or preparing for; any prearranged or organized racing or speed contest.

LIMIT OF LIABILITY

- A. 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. 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 accident.
- B. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:
 1. Part A or Part C of this policy; or
 2. Any Underinsured Motorists Coverage provided by this policy.

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.

PART C – UNINSURED MOTORISTS COVERAGE

INSURING AGREEMENT

A. 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 "bodily injury":

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

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

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

B. "Insured" as used in this Part means:

1. You or any "family member".
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.

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

1. To which no bodily injury liability bond or policy applies at the time of the accident.
2. To which a bodily injury liability bond or policy applies at the time of the accident. In this case its limit for bodily injury liability must be less than the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which "your covered auto" is principally garaged.

3. Which 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 bodily injury 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 or furnished or available for the regular use of you or any "family member".
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 any governmental unit or agency.
4. Operated on rails or crawler treads.
5. 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 "bodily injury" sustained:
 1. By an "insured" while "occupying", or when struck by, any motor vehicle owned by that "insured" which is not insured for this coverage under this policy. This includes a trailer of any type used with that vehicle.
 2. By any "family member" while "occupying", or when struck by, any motor vehicle you own which is insured for this coverage on a primary basis under any other policy.
- B. We do not provide Uninsured Motorists Coverage for "bodily injury" sustained by any "insured":
 1. If that "insured" or the legal representative settles the "bodily injury" claim without our consent.
 2. While "occupying" "your covered auto" when it is being used as a public or livery conveyance. This Exclusion (B.2.) 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 (B.3.) does not apply to a "family member" using "your covered auto" which is owned by you.
- C. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:
 1. Workers' compensation law; or

2. Disability benefits law.

- D. We do not provide Uninsured Motorists Coverage for punitive or exemplary damages:

LIMIT OF LIABILITY

- A. The limit of liability shown in the Declarations for each person for Uninsured Motorists Coverage is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" sustained by any one person in any one accident. Subject to this limit for each person, the limit of 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.

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 accident.

- B. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:

1. Part A. or Part B. of this policy; or
2. Any Underinsured Motorists Coverage provided by this policy.

- C. We will not make a duplicate payment under this coverage for any element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.

- D. We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any of the following or similar law:

1. Workers' compensation law; or
2. Disability benefits law.

OTHER INSURANCE

If there is other applicable insurance available under one or more policies or provisions of coverage that is similar to the insurance provided under this Part of the policy:

1. Any recovery for damages under all such policies or provisions of coverage may equal but not exceed the highest applicable limit for any one vehicle under any insurance providing coverage on either a primary or excess basis.
2. Any insurance we provide with respect to a vehicle you do not own shall be excess over any collectible insurance providing such coverage on a primary basis.

3. If the coverage under this policy is provided:
 - a. On a primary basis, we will pay only our share of the loss that must be paid under insurance providing coverage on a primary basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage provided on a primary basis.
 - b. On an excess basis, we will pay only our share of the loss that must be paid under insurance providing coverage on an excess basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage provided on an excess basis.

ARBITRATION

- A. If we and an "insured" do not agree:
 1. Whether that "insured" is legally entitled to recover damages; or
 2. As to the amount of damages which are recoverable by that "insured";

from the owner or operator of an "uninsured motor vehicle", then the matter may be arbitrated. However, disputes concerning coverage under this Part may not be arbitrated.

Both parties must agree to arbitration. If so agreed, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction.

- B. Each party will:
 1. Pay the expenses it incurs; and
 2. Bear the expenses of the third arbitrator equally.
- C. Unless both parties agree otherwise, arbitration will take place in the county in which the "insured" lives. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding as to:
 1. Whether the "insured" is legally entitled to recover damages; and
 2. The amount of damages. This applies only if the amount does not exceed the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which "your covered auto" is principally garaged. If the amount exceeds that limit, either party may demand the right to a trial. This demand must be made within 60 days of the arbitrators' decision. If this demand is not made, the amount of damages agreed to by the arbitrators will be binding.

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO

INSURING AGREEMENT

- A. We will pay for direct and accidental loss to "your covered auto" or any "non-owned auto", including their equipment, minus any applicable deductible shown in the Declarations. If loss to more than one "your covered auto" or "non-owned auto" results from the same "collision", only the highest applicable deductible will apply. 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.

- B. "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 breakage of glass is caused by a "collision", you may elect to have it considered a loss caused by "collision".

- C. "Non-owned auto" means:

1. Any private passenger auto, pickup, 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"; or
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.

TRANSPORTATION EXPENSES

- A. In addition, we will pay, without application of a deductible, up to a maximum of \$600 for:

1. Temporary transportation expenses not exceeding \$20 per day incurred by you in the event of a loss to "your covered auto". We will pay for such expenses if the loss is caused by:
 - a. Other than "collision" only if the Declarations indicate that Other Than Collision Coverage is provided for that auto.
 - b. "Collision" only if the Declarations indicate that Collision Coverage is provided for that auto.
2. Expenses for which you become legally responsible in the event of loss to a "non-owned auto". We will pay for such expenses if the loss is caused by:
 - a. Other than "collision" only if the Declarations indicate that Other Than Collision Coverage is provided for any "your covered auto".
 - b. "Collision" only if the Declarations indicate that Collision Coverage is provided for any "your covered auto".

However, the most we will pay for any expenses for loss of use is \$20 per day.

B. If the loss is caused by:

1. A total theft of "your covered auto" or a "non-owned auto", we will pay only expenses incurred during the period:
 - a. Beginning 48 hours after the theft; and
 - b. Ending when "your covered auto" or the "non-owned auto" is returned to use or we pay for its loss.
2. Other than theft of a "your covered auto" or a "non-owned auto", we will pay only expenses beginning when the auto is withdrawn from use for more than 24 hours.

- C. Our payment will be limited to that period of time reasonably required to repair or replace the "your covered auto" or the "non-owned auto".**

EXCLUSIONS

We will not pay for:

1. Loss to "your covered auto" or any "non-owned auto" which occurs while it is being used as a public or livery conveyance. This Exclusion (1.) 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 (2.) 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. Discharge of any nuclear weapon (even if accidental);
 - c. War (declared or undeclared);
 - d. Civil war;
 - e. Insurrection; or
 - f. Rebellion or revolution.
4. Loss to any electronic equipment designed for the reproduction of sound and any accessories used with such equipment. This includes but is not limited to:
 - a. Radios and stereos;
 - b. Tape decks; or
 - c. Compact disc players.

This Exclusion (4.) does not apply to equipment designed solely for the reproduction of sound and accessories used with such equipment, provided:

- a. The equipment is permanently installed in "your covered auto" or any "non-owned auto"; or
- b. The equipment is:
 - (1) Removable from a housing unit which is permanently installed in the auto;
 - (2) Designed to be solely operated by use of the power from the auto's electrical system; and
 - (3) In or upon "your covered auto" or any "non-owned auto" at the time of loss.

5. Loss to any electronic equipment that receives or transmits audio, visual or data signals and any accessories used with such equipment. This includes but is not limited to:

- a. Citizens band radios;
- b. Telephones;
- c. Two-way mobile radios;
- d. Scanning monitor receivers;
- e. Television monitor receivers;
- f. Video cassette recorders;
- g. Audio cassette recorders; or
- h. Personal computers.

This Exclusion (5.) does not apply to:

- a. Any electronic equipment that is necessary for the normal operation of the auto or the monitoring of the auto's operating systems; or

- b. A permanently installed telephone designed to be operated by use of the power from the auto's electrical system and any accessories used with the telephone.
6. Loss to tapes, records, discs or other media used with equipment described in Exclusions 4. and 5.
 7. A total loss to "your covered auto" or any "non-owned auto" due to destruction or confiscation by governmental or civil authorities.
This Exclusion (7.) does not apply to the interests of Loss Payees in "your covered auto".
 8. Loss to:
 - a. A "trailer", camper body, or motor home, which is not shown in the Declarations; or
 - b. Facilities or equipment used with such "trailer", camper body or motor home. Facilities or equipment include but are not limited to:
 - (1) Cooking, dining, plumbing or refrigeration facilities;
 - (2) Awnings or cabanas; or
 - (3) Any other facilities or equipment used with a "trailer", camper body, or motor home.

This Exclusion (8.) does not apply to a:

 - a. "Trailer", and its facilities or equipment, which you do not own; or
 - b. "Trailer", camper body, or the facilities or equipment in or attached to the "trailer" or camper body, which you:
 - (1) Acquire during the policy period; and
 - (2) Ask us to insure within 14 days after you become the owner.
 9. Loss to any "non-owned auto" when used by you or any "family member" without a reasonable belief that you or that "family member" are entitled to do so.
 10. Loss to equipment designed or used for the detection or location of radar or laser.
 11. Loss to any custom furnishings or equipment in or upon any pickup or van. Custom furnishings or equipment include but are not limited to:
 - a. Special carpeting or insulation;
 - b. Furniture or bars;
 - c. Height-extending roofs; or
 - d. Custom murals, paintings or other decals or graphics.

This Exclusion (11.) does not apply to a cap, cover or bedliner in or upon any "your covered auto" which is a pickup.

12. Loss to any "non-owned auto" being maintained or used by any person while employed or otherwise engaged in the "business" of:
 - a. Selling;
 - b. Repairing;
 - c. Servicing;
 - d. Storing; or
 - e. Parking;

vehicles designed for use on public highways. This includes road testing and delivery.
13. Loss to "your covered auto" or any "non-owned auto", located inside a facility designed for racing, for the purpose of:
 - a. Competing in; or
 - b. Practicing or preparing for;

any prearranged or organized racing or speed contest.
14. 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

- A. Our limit of liability for loss 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, the most we will pay for loss to:

 1. Any "non-owned auto" which is a trailer is \$500.
 2. Equipment designed solely for the reproduction of sound, including any accessories used with such equipment, which is installed in locations not used by the auto manufacturer for installation of such equipment or accessories, is \$1,000.
- B. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total loss.
- C. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

PAYMENT OF LOSS

We may pay for 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.

If we pay for loss in money, our payment will include the applicable sales tax for the damaged or stolen property.

NO BENEFIT TO BAILEE

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

OTHER SOURCES OF RECOVERY

If other sources of recovery also cover 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 source of recovery including, but not limited to:

1. Any coverage provided by the owner of the "non-owned auto";
2. Any other applicable physical damage insurance;
3. Any other source of recovery applicable to the loss.

APPRAISAL

A. 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.

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

PART E - DUTIES AFTER AN ACCIDENT OR LOSS

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

A. 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.

B. A person seeking any 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 examination 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.

C. A person seeking Uninsured 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.

D. 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

- A. This policy contains all the agreements between you and us. Its terms may not be changed or waived except by endorsement issued by us.
- B. If there is a change to the information used to develop the policy premium, we may adjust your premium. Changes during the policy term that may result in a premium increase or decrease include, but are not limited to, changes in:
1. The number, type or use classification of insured vehicles;
 2. Operators using insured vehicles;
 3. The place of principal garaging of insured vehicles;
 4. Coverage, deductible or limits.

If a change resulting from A. or B. requires a premium adjustment, we will make the premium adjustment in accordance with our manual rules.

- C. If we make a change which broadens coverage under this edition of your policy without additional premium charge, that change will automatically apply to your policy as of the date we implement the change in your state. This Paragraph (C.) does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:
1. A subsequent edition of your policy; or
 2. An Amendatory Endorsement.

FRAUD

We do not provide coverage for any "insured" who has made fraudulent statements or engaged in fraudulent conduct in connection with any accident or loss for which coverage is sought under this policy.

LEGAL ACTION AGAINST US

- A. 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.
- B. 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 in this Paragraph (A.) do not apply under 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.

POLICY PERIOD AND TERRITORY

- A. 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.
- B. 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

A. 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 address shown in this policy:
 - a. At least 10 days notice:
 - (1) If cancellation is for nonpayment of premium; or

(2) If notice is mailed during the first 60 days this policy is in effect and this is not a renewal or continuation policy; or

b. At least 20 days notice in all other cases.

3. After this policy is in effect for 60 days, or if this is a renewal or continuation policy, we will cancel only:

a. For nonpayment of premium; or

b. If your driver's license or that of:

(1) Any driver who lives with you; or

(2) Any driver who customarily uses "your covered auto";

has been suspended or revoked. This must have occurred:

(1) During the policy period; or

(2) Since the last anniversary of the original effective date if the policy period is other than 1 year; or

c. If the policy was obtained through material misrepresentation.

B. Nonrenewal

If we decide not to renew or continue this policy, we will mail notice to the named insured shown in the Declarations at the address shown in this policy. Notice will be mailed at least 20 days before the end of the policy period. Subject to this notice requirement, if the policy period is:

1. Less than 6 months, we will have the right not to renew or continue this policy every 6 months, beginning 6 months after its original effective date.

2. 6 months or longer, but less than one year, we will have the right not to renew or continue this policy at the end of the policy period.

3. 1 year or longer, we will have the right not to renew or continue this policy at each anniversary of its original effective date.

C. 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.

D. Other Termination Provisions

1. We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.

2. 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.

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

TRANSFER OF YOUR INTEREST IN THIS POLICY

A. 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; and

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".

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

TWO OR MORE AUTO POLICIES

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

IN THE STATE OF SOUTH CAROLINA

In the South Carolina Court of Appeals

APPEAL FROM ANDERSON COUNTY
Court of Common Pleas

J. Cordell Maddox, Jr., Circuit Court Judge

Case No. 2016-000679

RECEIVED

MAR 29 2017

S.C. SUPREME COURT

RECEIVED

MAR 29 2017

SC Court of Appeals

Nationwide Mutual Fire Insurance Company.....Appellant,

v.

Sharmin Christine Walls, Randi Harper, Wendy Timms in her
capacity as Personal Representative of the Estate of Christopher
Adam Timms, Deborah Timms;Defendants,

Of whom,

Sharmin Christine Walls, Randi Harper, and Wendy Timms in her
capacity as Personal Representative of The Estate of Christopher
Adam Timms,Respondents.

PROOF OF SERVICE

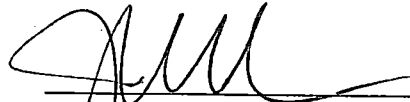
I certify that I have served the Motion for Certification by Supreme Court and to Argue
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