

TEXAS
STANDARD PROVISIONS FOR TEXAS AUTO POLICIES
BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
TRUCKERS COVERAGE FORM
SPECIAL INSTRUCTIONS

1. Standard Language

These forms are expressed in standard language which may not be amended and no part of which may be omitted except (a) as indicated by these instructions, or (b) as indicated in reference notes shown below referring to specific portions of the form, or (c) by an endorsement which states an amendment or exclusion of some provision of the form in accordance with the provisions of a manual rule, in the form of which endorsement has been approved by the Board.

2. Optional Sequence and Arrangement — Coverage Designations or Titles

Several portions of the forms may be rearranged in such sequence or arrangement the company elects, however, the coverage designations or titles such as "**SECTION I — COVERED AUTOS**", exclusion identifications such as Exclusion 2. and titles of the various **CONDITIONS** such as "**DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS**" may not be amended.

3. Addition of Coverage by Endorsement

When insuring agreements and other provisions relating to any particular class of insurance are added to these policies by endorsement, such additional insurance must be expressed in the standard endorsement language prescribed or approved by the Board. Appropriate connective language which does not amend the expression of coverage is permissible and superfluous language or portions such as the standard attaching clause may be omitted.

4. Definition of "Standard" and "Approved"

"Standard form" or "standard language" or "approved standard language" when used in these instructions means the forms and endorsements prescribed or approved by the Board.

5. Renewal Certificate, Continuation Certificate, Premium Notice, etc.

This does not apply to installment payment of premium notices or any premium notice not intended to actually renew or continue a policy.

Policies may be renewed or continued in force by issuance of a renewal certificate or other similar forms indicating the purpose thereof. The form used for this purpose must contain, but is not limited to, the same information as appearing in the standard declarations. Companies may arrange, but not omit the stated requirements in accordance with individual designs to accommodate underwriting procedure. **The form may not be used to renew a policy which covers any portion of a risk subject to the Texas Automobile Liability Experience Rating Plan nor any policy the daily report of which must be filed with the Department or a qualified entity in accordance with manual rules.** In no event may a renewal certificate or other similar forms be issued for a term in excess of one year. This provision shall not be interpreted to authorize the use of any renewal certificate or other similar form which, in addition to renewing coverage, adds, changes or removes coverage previously afforded, unless such form, in addition to the above provisions, contains, or has attached thereto, a detailed statement of such change and any premium applicable, broken down by coverage, including limits of liability, for each automobile with respect to which such change applies. A renewal certificate or other similar form shall not be used to permit or afford a broader coverage than that which would have been the coverage had a new policy been issued at the time of renewal or continuation. **Continuous policies with no fixed expiration dates are not permitted.**

6. Face of Policies

Companies are authorized to use individual covers or jackets on any or all policies as long as they are not misleading or in conflict with the standard provisions.

Companies are authorized to use common covers or jackets bearing descriptive titles as long as they are not misleading or in conflict with the standard provisions.

7. Optional Provisions

The specimen policies in these instructions contains provisions for both single and split limits for Liability Coverage. A company may elect to print the policy with both or either limit. If only single limits or separate limits are to be included, the appropriate language amendment in the limit of liability provisions explained in the reference notes must be made.

8. Type Size

The Body of the policy must be set in at least 9 point type of an easy to read style. Captions, titles, etc. should be of corresponding larger size type. Printed endorsements should have print size and type to correspond with that used in the policy.

9. Copies of Policies to be Filed

When prescribed forms in the Texas Standard provisions for Automobile Policies are used, filing is not required; however, if a company wishes to use a policy form adopted by a national organization of insurance companies or similar organization, prior approval by the Board is required. Full responsibility rests with the company to see that all policies are prepared in accordance with these instructions.

10. 800 Number

★ Each insurance company must display a toll free number in compliance with Title 28, Texas Administrative Code, Section 1.601 (28 TAC § 1.601).

11. Special Conditions for Lloyds, Mutuals, Reciprocal and Participating Stock Companies

When a policy is issued by a Lloyds, a mutual company, a reciprocal association or a participating stock company having special provisions applicable to its membership, dividends and/or policyholders, such provisions, when approved, in accordance with the provisions of the Texas Insurance Code, of 1951, as amended, must be inserted in the policy.

LLOYDS

A Lloyds company shall print into the standard policy as a plan of operation, before its signature at a place to be selected at its option, either of the following according to its Underwriters' agreement:

- (a) "Service of process may be had upon the State Official duly designated for such purpose in the State in which the property insured hereunder is located if _____ Lloyds is licensed in such state; or upon the Commissioner of Insurance of the State of Texas; or upon the duly appointed Attorneys-in-Fact for _____ Lloyds at _____, Texas. Underwriters at _____ Lloyds have complied with the laws of the State of Texas regulating Lloyds plan insurance and said statutes are hereby made a part of this policy. The entire assets of _____ Lloyds supports its policies, but each individual underwriter's liability is several and not joint and is limited by law to the amount fixed by his underwriter's contract and subscription and no underwriter is liable as a partner. This policy is made and accepted subject to the foregoing stipulations and conditions together with such other provisions, agreements or conditions as may be endorsed hereon or added hereto, and no agent or other representative of _____ Lloyds shall have the power to waive any provision or condition of this policy. This policy is non-assessable and no contingent liability of any kind and character attaches to the insured named herein."
- (b) "Wherever in this policy the word 'Company' appears with reference to the insurance carrier, such word shall be construed to mean 'Underwriters at _____ Lloyds', herein called the 'Underwriters'; and wherever reference is made to any officer of the insurance carrier, such reference shall be construed to mean the Attorneys-in-Fact. Each of the underwriters having deposited with the Attorneys-in-Fact a certain sum, which with the several deposits of the other Underwriters constitutes the Guarantee Deposit, said sums to be held severally in trust to guarantee the payment of any losses sustained by these Underwriters on any of their undertakings in excess of the premium collected therefor, it is hereby expressly stipulated and is a condition of this policy that the liability of each or any of these Underwriters to the Insured herein named for or on any one claim or loss shall be limited to that proportion of the adjusted amount which each or any one Underwriter's original deposit shall bear to the aggregate deposit, and it is further expressly stipulated and made a condition of this policy that the total of the individual responsibility of each or any one Underwriter for the payment of losses to the insured herein named and to the insureds named in all other policies shall be limited, after the application of all surplus standing to his credit with the Attorneys in Fact to double the amount of his original Guarantee Deposit as designated in the Articles of Agreement on file with the Attorneys in Fact."

"No term or condition of this policy is intended to create, creates, or shall be construed to create a partnership or mutual insurance association, or to give rise to or create any joint or general liability. It is a condition of this policy, and is hereby expressly stipulated, that the liability of the insured hereby assumed by these Underwriters is several and not joint, and in fact no greater or different with respect to any one Underwriter than if each Underwriter had issued to the Insured a separate policy for his proportionate share of the risk undertaken; and it is further expressly stipulated that no action shall lie against any one Underwriter for a greater sum than his proportionate and separate share of any loss sustained as determined by the next preceding paragraph of this policy; but to facilitate the enforcement of the rights of the Insured and to avoid a multiplicity of suits, each of these Underwriters has stipulated, and does hereby agree, that in any suit brought against the Attorneys-in-Fact, or against the Attorneys-in-Fact and any one or more of the other Underwriters, but not otherwise, service of process on the Attorneys-in-Fact, or on any person or officer appointed by the Attorneys-in-Fact for the purpose of accepting service, shall be personal service on himself and that a personal judgment may be rendered against him for his separate proportion of any amount adjudged to be due within the limits provided in the next preceding paragraph of this policy.

"The names and addresses of the Underwriters at _____ Lloyds, for and on behalf of each of whom this policy is signed by the Attorney-in-Fact, the amount of each Underwriter's Guarantee Deposit and the proportion of such Deposit to the aggregate of the Guarantee Deposits of all Underwriters may be obtained from the records on file with _____, Attorneys-in-Fact or their successors, at their office in _____, Texas, where they are subject to inspection by the Insured hereunder or by his duly authorized representative."

A participating Lloyds company shall print into its policy the following:

"The named insured shall be entitled to participate in a distribution of the surplus of the Underwriters as determined by the Underwriters and the Attorneys-in-Fact from time to time after approval in accordance with the provisions of the Texas Insurance Code, of 1951, as amended."

MUTUALS

A mutual company shall print into its policy, before its signature at a place to be selected at its option, either of the following:

(a) "MUTUALS — MEMBERSHIP AND VOTING NOTICE

The insured is notified that by virtue of this policy, he is a member of the _____ Mutual _____ Insurance Company of _____, and is entitled to vote either in person or by proxy at any and all meetings of said Company. The Annual Meetings are held in its Home Office _____, on the _____ day of _____, in each year, at _____ o'clock _____; or"

(b) "MUTUALS — MEMBERSHIP AND VOTING NOTICE

The (insured) (named insured) is notified that by virtue of this policy the (insured) (named insured) is a member of the _____ Mutual _____ Insurance Company of _____ and is entitled, as is lawfully provided in the charter, constitution, or bylaws, (to vote) (to one vote) (to only one vote regardless of the number of policies owned) (to a number of votes based upon the insurance in force) (to vote in accordance with the number of policies held) (to such votes as determined by the amount of premium paid) either in person or by proxy in any or all meetings of said company. (There may be added the sentence "Each member is entitled to only one vote regardless of the number of policies owned.") The Annual Meetings are held in its Home Office _____, on the _____ day of _____, in each year, at _____ o'clock _____.

A mutual company shall print into its policy, before its signature at a place to be selected at its option, either of the following:

(a) "MUTUALS — PARTICIPATION CLAUSE WITH CONTINGENT LIABILITY

Limit of Liability: The liability of each policyholder of this company is limited to, and by its By-Laws fixed and determined to be, the Deposit Premium or Premium Paid; and the member by accepting this policy, assumed a contingent liability not exceeding the amount of Deposit Premium or Premium Paid named in the policy, which amount shall not exceed one annual premium.

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"Mutual Participation: The insured is, by virtue of this policy, a member of the company, subject to the By-Laws, reference to which is had, and shall be entitled to such unabsorbed Deposit Premium or Dividend as may be declared by the Board of Directors or Executive Committee, subject, however, to approval, as provided by the Texas Insurance Code, of 1951, as amended."

(b) "MUTUALS — PARTICIPATION CLAUSE WITHOUT CONTINGENT LIABILITY

No Contingent Liability: This policy is non-assessable. The policyholder is a member of the company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined."

RECIPROCALLS

A reciprocal shall use as a **Plan of Operation**, printed in its policy before its signature, the following:

"RECIPROCALLS — SPECIAL DEFINITIONS AND PROVISIONS — PLAN OF OPERATION

"Wherever the words 'Policy,' 'Insured,' 'Company,' 'Premium,' and 'President,' occur herein they shall be taken and construed to mean 'Contract,' 'Subscriber,' 'Reciprocal or Inter-Insurance Exchange,' 'Deposit,' and 'Attorney-in-Fact,' respectively.

"This policy is issued, as an Inter-Insurance Exchange, by _____ as Attorney-in-Fact for _____ in accordance with the powers vested in him by an agreement, executed by the subscribers.

"**Limit of Liability:** The liability of each member of this Exchange is limited to, and by its Articles of Agreement fixed and determined to be, the deposit premium or paid premium; and the member by accepting this policy, assumes a contingent liability not exceeding the amount of deposit premium or premium named in the policy, which amount shall not exceed one annual premium."

Or the following paragraph may be substituted for the paragraph immediately preceding if applicable and approved:

"**No Contingent Liability:** No policyholder in this Exchange incurs any liability other than Deposit Premium or Premium Paid, the Exchange having a free surplus in the amount defined by Article 19.03 of the Texas Insurance Code, of 1951, as amended, and in accordance with the Exchange's Articles of Agreement."

A participating reciprocal shall print into its policy the following:

"**Participation:** The insured is by virtue of this policy a member of the Exchange, subject to the Articles of Agreement, reference to which is had and shall be entitled to such unabsorbed premium or dividend as may be declared by the advisory committee, subject, however, to approval in accordance with the provisions of the Texas Insurance Code, of 1951, as amended."

A reciprocal may print in its policy in the caption at the top of the first page the following:

"The subscribers at _____ do hereby severally agree to insure the subscriber named herein."

Reciprocalls shall use the following clause:

"In witness whereof the subscribers at _____ have caused these presents to be signed by their Attorney(s)-in-Fact, _____, (Attorney(s)-in-Fact.)"

PARTICIPATING STOCK COMPANIES

A participating stock company shall print into its policy, before its signature at a place to be selected at its option, the following:

"DIVIDEND PROVISION — PARTICIPATING COMPANIES

The named insured shall be entitled to participate in a distribution of the surplus of the Company, as determined by its Board of Directors from time to time, after approval in accordance with the provisions of the Texas Insurance Code, of 1951, as amended."

REFERENCE NOTES

1. If only combined limits Liability is to be included in the coverage form the wording in brackets is to be deleted.
2. If only separate limits Liability is to be included in the coverage form, the wording in brackets is to be deleted.
3. Defined terms as indicated in bold face may be italicized, appear in quotation marks, or any other method. If done, appropriate reference should be made in the policy. However, this procedure must be consistent and include endorsements.
4. May be changed to read the appropriate reference for the defined terms.
5. May be omitted when quotation marks are not being used for the defined terms.

BUSINESS AUTO COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

[Other]⁵ words and phrases that appear in [quotation marks]⁴ have special meaning. Refer to SECTION V — DEFINITIONS.

SECTION I — COVERED AUTOS

ITEM TWO of the Declarations shows the **autos** that are covered **autos** for each of your coverages. The following numerical symbols describe the **autos** that may be covered **autos**. The symbols entered next to a coverage on the Declarations designate the only **autos** that are covered **autos**.

A. DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS

SYMBOL	DESCRIPTION
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- 1 = ANY AUTO
- 2 = OWNED AUTOS ONLY. Only those **autos** you own (and for Liability Coverage any **trallers** you don't own while attached to power units you own). This includes those **autos** you acquire ownership of after the policy begins.
- 3 = OWNED PRIVATE PASSENGER AUTOS ONLY. Only the private passenger **autos** you own. This includes those private passenger **autos** you acquire ownership of after the policy begins.
- 4 = OWNED AUTOS OTHER THAN PRIVATE PASSENGER AUTOS ONLY. Only those **autos** you own that are not of the private passenger type (and for Liability Coverage any **trallers** you don't own while attached to power units you own). This includes those **autos** not of the private passenger type you acquire ownership of after the policy begins.
- 5 = OWNED AUTOS SUBJECT TO NO-FAULT. Only those **autos** you own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those **autos** you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged.

- 6 = OWNED AUTOS SUBJECT TO A COMPULSORY UNINSURED MOTORISTS LAW. Only those **autos** you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those **autos** you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.
- 7 = SPECIFICALLY DESCRIBED AUTOS. Only those **autos** described in ITEM THREE of the Declarations for which a premium charge is shown (and for Liability Coverage any **trallers** you don't own while attached to any power unit described in ITEM THREE).
- 8 = HIRED AUTOS ONLY. Only those **autos** you lease, hire, rent or borrow. This does not include any **auto** you lease, hire, rent or borrow from any of your employees or partners or members of their households.
- 9 = NONOWNED AUTOS ONLY. Only those **autos** you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes **autos** owned by your employees or partners or members of their households but only while used in your business or your personal affairs.

B. OWNED AUTOS YOU ACQUIRE AFTER THE POLICY BEGINS

- 1. If symbols 1, 2, 3, 4, 5 or 6 are entered next to a coverage in ITEM TWO of the Declarations, then you have coverage for **autos** that you acquire of the type described for the remainder of the policy period.
- 2. But, if symbol 7 is entered next to a coverage in ITEM TWO of the Declarations, an **auto** you acquire will be a covered **auto** for that coverage only if:
 - a. We already cover all **autos** that you own for that coverage or it replaces an **auto** you previously owned that had that coverage; and

- b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

C. CERTAIN TRAILERS, MOBILE EQUIPMENT AND TEMPORARY SUBSTITUTE AUTOS

If Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered **autos** for Liability Coverage without specific description:

1. **Trailers** with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. **Trailers** designed for use with and being pulled by a private passenger **auto**, pickup or van if the **trailer** is not customarily used for business purposes with another type **auto**.
3. **Mobile equipment** while being carried or towed by a covered **auto**.
4. Any **auto** you do not own while used with the permission of its owner as a temporary substitute for a covered **auto** you own that is out of service because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. **Loss**; or
 - e. Destruction.

SECTION II — LIABILITY COVERAGE

A. COVERAGE

We will pay all sums an **Insured** legally must pay as damages because of **bodily injury** or **property damage** to which this insurance applies, caused by an **accident** and resulting from the ownership; maintenance or use of a covered **auto**.

We have the right and duty to defend any **suit** asking for these damages. However, we have no duty to defend **suits** for **bodily injury** or **property damage** not covered by this Coverage Form. We may investigate and settle any claim or **suit** as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. WHO IS AN INSURED

The following are **insureds**:

- a. You for any covered **auto**.
- b. Anyone else while using with your permission a covered **auto** you own, hire or borrow except:
 - (1) The owner of a covered **auto** you hire or borrow from one of your employees or a member of his or her household.

- (2) Someone using a covered **auto** while he or she is working in a business of selling, servicing, repairing or parking **autos** unless that business is yours.

- (3) Anyone other than your employees, partners, a lessee or borrower or any of their employees, while moving property to or from a covered **auto**.

- (4) A partner of yours for a covered **auto** owned by him or her or a member of his or her household.

- c. Anyone liable for the conduct of an **insured** described above but only to the extent of that liability. However, the owner or anyone else from whom you hire or borrow a covered **auto** is an **insured** only if that **auto** is a **trailer** connected to a covered **auto** you own.

2. COVERAGE EXTENSIONS

- a. Supplementary Payments. In addition to the Limit of Insurance, we will pay for the **insured**:

- (1) All expenses we incur.
- (2) Up to \$250 for cost of bail bonds (including bonds for related traffic law violations) required because of an **accident** we cover. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments in any **suit** we defend, but only for bond amounts within our Limit of Insurance.
- (4) All reasonable expenses incurred by the **insured** at our request, including actual loss of earnings up to \$100 a day because of time off from work.
- (5) All costs taxed against the **insured** in any **suit** we defend.
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment in any **suit** we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

- b. Out of State Coverage Extensions.

While a covered **auto** is away from the state where it is licensed we will:

- (1) Increase the Limit of Insurance for Liability Coverage to meet the limit or limits specified by a compulsory or

financial responsibility law in the jurisdiction where the covered **auto** is being used.

- (2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out of state vehicles by the jurisdiction where the covered **auto** is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

B. EXCLUSIONS

This insurance does not apply to any of the following:

1. EXPECTED OR INTENDED INJURY

Bodily Injury or **property damage** expected or intended from the standpoint of the **Insured**.

2. CONTRACTUAL

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

- a. Assumed in a contract or agreement that is an **insured contract**; or
- b. That the **Insured** would have in the absence of the contract or agreement.

3. WORKERS COMPENSATION

Any obligation for which the **Insured** or the **Insured's** insurer may be held liable under any workers compensation, disability benefits or unemployment compensation law or any similar law.

4. EMPLOYEE INDEMNIFICATION AND EMPLOYER'S LIABILITY

Bodily Injury to:

- a. An employee of the **insured** arising out of and in the course of employment by the **insured**; or
- b. The spouse, child, parent, brother or sister of that employee as a consequence of paragraph a. above.

This exclusion applies:

- (1) Whether the **insured** may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to **bodily injury** to domestic employees not entitled to workers compensation

benefits or to liability assumed by the **insured** under an **insured contract**.

5. FELLOW EMPLOYEE

Bodily Injury to any fellow employee of the **insured** arising out of and in the course of the fellow employee's employment.

6. CARE, CUSTODY OR CONTROL

Property damage to property owned or transported by the **insured** or in the **insured's** care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. HANDLING OF PROPERTY

Bodily Injury or **property damage** resulting from the handling of property:

- a. Before it is moved from the place where it is accepted by the **insured** for movement into or onto the covered **auto**; or
- b. After it is moved from the covered **auto** to the place where it is finally delivered by the **insured**.

8. MOVEMENT OF PROPERTY BY MECHANICAL DEVICE

Bodily Injury or **property damage** resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered **auto**.

9. OPERATIONS

Bodily Injury or **property damage** arising out of the operation of any equipment listed in paragraphs 6.b. and 6.c. of the definition of **mobile equipment**.

10. COMPLETED OPERATIONS

Bodily Injury or **property damage** arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in paragraphs a. or b. above.

Your work will be deemed completed at the earliest of the following times:

- (1) When all of the work called for in your contract has been completed.

- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or sub contractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

11. POLLUTION

a. **Bodily Injury or property damage** arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:

- (1) That are, or that are contained in any property that is:
 - (a) Being transported or towed by, or handled for movement into, onto or from, the covered **auto**;
 - (b) Otherwise in the course of transit; or
 - (c) Being stored, disposed of, treated or processed in or upon the covered **auto**;
- (2) Before the pollutants or any property in which the pollutants are contained are moved from the place where they are accepted by the **insured** for movement into or onto the covered **auto**; or
- (3) After the pollutants or any property in which the pollutants are contained are moved from the covered **auto** to the place where they are finally delivered, disposed of or abandoned by the **insured**.

Paragraph a.(1)(c) does not apply to fuels, lubricants, fluids, exhaust gases or other similar pollutants that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered **auto** or its parts, if:

- (1) The pollutants escape or are discharged, dispersed or released directly from an **auto** part designed by its manufacturer to hold, store, receive or dispose of such pollutants; and
- (2) The **bodily injury or property damage** does not arise out of the operation of any equipment listed in paragraphs 6.b. and 6.c. of the definition of **mobile equipment**.

Paragraphs a.(2) and a.(3) of this exclusion do not apply if:

- (1) The pollutants or any property in which the pollutants are contained are upset, overturned or damaged as a result of the maintenance or use of a covered **auto**; and
 - (2) The discharge, dispersal, release or escape of the pollutants is caused directly by such upset, overturn or damage.
- b. Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

12. WAR

Bodily Injury or property damage due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

C. LIMIT OF INSURANCE

If separate limits of insurance for bodily injury and property damage liability are shown in the Schedule or in the Declarations for this coverage regardless of the number of covered **autos**, **insureds**, premiums paid, claims made or vehicles involved in the **accident**, the limit of insurance is as follows:

1. The most we will pay for all **damages** resulting from **bodily injury** to any one person caused by any one **accident** is the limit of Bodily Injury Liability shown in the Schedule or in the Declarations for each person.
2. Subject to the limit for each person, the most we will pay for all damages resulting from **bodily injury** caused by any one **accident** is the limit of Bodily Injury Liability shown in the Schedule or in the Declarations for each **accident**.
3. The most we will pay for all damages resulting from **property damage** caused by any one **accident** is the limit of Property Damage Liability shown in the Schedule or in the Declarations.

If the limit of insurance shown in the Schedule or in the Declarations for this coverage is for combined bodily injury and property damage liability regardless

of the number of covered **autos**, **Insureds**, premiums paid, claims made or vehicles involved in the **accident**, the most we will pay for all damages resulting from any one **accident** is the Limit of Insurance for Liability Coverage shown in the Schedule or in the Declarations.

All **bodily injury** and **property damage** resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one **accident**.

SECTION III — PHYSICAL DAMAGE

A. COVERAGE

1. We will pay for **loss** to a covered **auto** or its equipment under:
 - a. Comprehensive Coverage. From any cause except:
 - (1) The covered **auto's** collision with another object; or
 - (2) The covered **auto's** overturn.
 - b. Specified Causes of Loss Coverage. Caused by:
 - (1) Fire, lightning or explosion;
 - (2) Theft;
 - (3) Windstorm, hail or earthquake;
 - (4) Flood;
 - (5) Mischief or vandalism; or
 - (6) The sinking, burning, collision or derailment of any conveyance transporting the covered **auto**.
 - c. Collision Coverage. Caused by:
 - (1) The covered **auto's** collision with another object; or
 - (2) The covered **auto's** overturn.
2. Towing.

We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered **auto** of the private passenger type is disabled. However, the labor must be performed at the place of disablement.
3. Glass Breakage — Hitting a Bird or Animal — Falling Objects or Missiles.

We will pay for glass breakage, **loss** caused by hitting a bird or animal or by falling objects or missiles under Comprehensive Coverage if you carry Comprehensive Coverage for the damaged covered **auto**. However, you have the option of having glass breakage, caused by a covered **auto's** collision or overturn or if **loss** is caused by contact with a bird or animal, considered a **loss** caused by collision.

4. Coverage Extension. We will also pay up to \$20 per day to a maximum of \$600 for transportation expense incurred by you because of the total theft of a covered **auto** of the private passenger type. We will pay only for those covered **autos** for which you carry either Comprehensive or Specified Causes of Loss Coverage or Theft Coverage. We will pay for transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered **auto** is returned to use or we pay for its **loss**.

B. EXCLUSIONS

1. We will not pay for **loss** caused by or resulting from any of the following. Such **loss** is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the **loss**.
 - a. Nuclear Hazard.
 - (1) The explosion of any weapon employing atomic fission or fusion; or
 - (2) Nuclear reaction or radiation, or radioactive contamination, however caused.
 - b. War or Military Action.
 - (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
2. Other Exclusions.
 - a. We will not pay for **loss** to any of the following:
 - (1) Stereos, radios, tape decks or other sound reproducing equipment unless permanently installed in a covered **auto**.
 - (2) Tapes, records or other sound reproducing devices designed for use with sound reproducing equipment.
 - (3) Sound receiving equipment designed for use as a citizens' band radio, two-way mobile radio or telephone or scanning monitor receiver, including its antennas and other accessories, unless permanently installed in the dash or console opening normally used by the

auto manufacturer for the installment of a radio.

- (4) **Loss** to any custom furnishings or equipment in or upon any pickup, van or motorhome.

Custom furnishings or equipment include but are not limited to:

- (i) special carpeting and insulation, furniture, bars or television receivers;
- (ii) facilities for cooking and sleeping;
- (iii) height-extending roofs; or
- (iv) custom murals, paintings or other decals or graphics.

This exclusion does not apply if the value of the custom furnishings or equipment has been reported to us prior to a **loss** and included in the premium for this coverage.

- (5) When in or upon any motorhome or **trailer, loss** to:

- (i) TV antennas;
- (ii) awnings or cabanas; or
- (iii) equipment designed to create additional living facilities.

- (6) **Loss** to any device or instrument used for detection of radar or other speed measuring equipment.

- (7) **Loss** due to or as a consequence of a seizure of a covered **auto** by federal or state law enforcement officers as evidence in a case against you under the Texas Controlled Substances Act or the federal Controlled Substances Act if you are convicted in such case.

- b. We will not pay for **loss** caused by or resulting from any of the following unless caused by other **loss** that is covered by this insurance:

- (1) Wear and tear, freezing, mechanical or electrical breakdown.
- (2) Blowouts, punctures or other road damage to tires.

C. LIMIT OF INSURANCE

The most we will pay for **loss** in any one **accident** is the smallest of the following amounts:

1. The amount stated in the declarations of the policy.
2. The actual cash value of the damaged or stolen property at the time of the **loss**.

3. The cost of repairing or replacing the damaged or stolen property with other of like kind and quality.

However, the most we will pay for stereos, radios, tape decks or other sound reproducing equipment (excluding citizens band radio, two-way mobile radio or telephone or scanning monitor receiver) is \$1500.

D. DEDUCTIBLE

For each covered **auto**, our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations.

SECTION IV — BUSINESS AUTO CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

A. LOSS CONDITIONS

1. APPRAISAL FOR PHYSICAL DAMAGE LOSS

If you and we disagree 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 a competent and impartial umpire. The appraisers will state separately the actual cash value and 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:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

2. DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS

- a. In the event of **accident**, claim, **suit** or **loss**, you must give us or our authorized representative prompt notice of the **accident** or **loss**. Include:

- (1) How, when and where the **accident** or **loss** occurred;
- (2) The **insured's** name and address; and
- (3) To the extent possible, the names and addresses of any injured persons and witnesses.

If we show that Your failure to provide notice prejudices our defense, there is no liability coverage under the policy.

- b. Additionally, you and any other involved **insured** must:

- (1) Assume no obligation, make no payment or incur no expense without our consent, except at the **insured's** own cost.
 - (2) Immediately send us copies of any demand, notice, summons or legal paper received concerning the claim or **suit**.
 - (3) Cooperate with us in the investigation, settlement or defense of the claim or **suit**.
 - (4) Authorized us to obtain medical records or other pertinent information.
 - (5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.
- c. If there is **loss** to a covered **auto** or its equipment you must also do the following:
- (1) Promptly notify the police if the covered **auto** or any of its equipment is stolen.
 - (2) Take all reasonable steps to protect the covered **auto** from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.
 - (3) Permit us to inspect the covered **auto** and records proving the **loss** before its repair or disposition.
 - (4) Agree to examinations under oath at our request and give us a signed statement of your answers.
- d. Submit a sworn proof of **loss** when required by us.

3. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Form until:

- a. There has been full compliance with all the terms of this Coverage Form; and
- b. Under Liability Coverage, we agree in writing that the **insured** has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the **Insured's** liability.

4. LOSS PAYMENT — PHYSICAL DAMAGE COVERAGES

At our option we may:

- a. Pay for, repair or replace damaged or stolen property;

- b. Return the stolen property, at our expense. We will pay for any damage that results to the **auto** from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

5. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after **accident** or **loss** to impair them.

B. GENERAL CONDITIONS

1. BANKRUPTCY

Bankruptcy or insolvency of the **Insured** or the **insured's** estate will not relieve us of any obligations under this Coverage Form.

2. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Form is void in any case of fraud by you relating to it. It is also void if you intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Form;
- b. The covered **auto**; or
- c. Your interest in the covered **auto**.

3. LIBERALIZATION

If we revise this Coverage Form to provide more coverage without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

4. NO BENEFIT TO BAILEE — PHYSICAL DAMAGE COVERAGES

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Form.

5. OTHER INSURANCE

- a. For any covered **auto** you own, this Coverage Form provides primary insurance. For any covered **auto** you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered **auto** which is a **trailer** is connected to another vehicle, the Liability Coverage this Coverage Form provides for the **trailer** is:

(1) Excess while it is connected to a motor vehicle you do not own.

(2) Primary while it is connected to a covered **auto** you own.

- b. Regardless of the provisions of paragraph a. above, this Coverage Form's Liability Coverage is primary for any liability assumed under an **Insured contract**.
- c. When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

6. PREMIUM AUDIT

- a. The estimated premium for this Coverage Form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. If the estimate total premium exceeds the final premium due, the first Named Insured will get a refund.
- b. If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

7. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Form, we cover **accidents** and **losses** occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the coverage territory.

The coverage territory is:

- a. The United States of America;
- b. The territories and possessions of the United States of America;
- c. Puerto Rico; and
- d. Canada.

We also cover **loss** to, or **accidents** involving, a covered **auto** while being transported between any of these places.

8. TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us apply to the same **accident**, the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

SECTION V — DEFINITIONS

- A. **Accident** includes continuous or repeated exposure to the same conditions resulting in **bodily injury** or **property damage**.
- B. **Auto** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads but does not include **mobile equipment**.
- C. **Bodily Injury** means bodily injury, sickness or disease sustained by a person including death resulting from any of these.
- D. **Insured** means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or **suit** is brought.
- E. **Insured contract** means:
1. A lease of premises;
 2. A sidetrack agreement;
 3. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
 4. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 5. An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;
 6. That part of any contract or agreement entered into, as part of your business, by you or any of your employees pertaining to the rental or lease of any **auto**; or
 7. That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of **bodily injury** or **property damage** to a third person or organization, if the contract or agreement is made prior to the **bodily injury** or **property damage**. Tort liability means a liability

that would be imposed by law in the absence of any contract or agreement.

An **Insured contract** does not include that part of any contract or agreement:

1. That pertains to the loan, lease or rental of an **auto** to you or any of your employees, if the **auto** is loaned, leased or rented with a driver; or
2. That holds a person or organization engaged in the business of transporting property by **auto** for hire harmless for your use of a covered **auto** over a route or territory that person or organization is authorized to serve by public authority.

F. Loss means direct and accidental **loss** or damage.

G. Mobile equipment means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises you own or rent;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers or rollers.
5. Vehicles not described in paragraphs 1, 2, 3, or 4 above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

- a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

- b. Cherry pickers and similar devices used to raise or lower workers.

6. Vehicles not described in paragraphs 1, 2, 3, or 4 above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not **mobile equipment** but will be considered **autos**:

- a. Equipment designed primarily for:

- (1) Snow removal;

- (2) Road maintenance, but not construction or resurfacing; or

- (3) Street cleaning;

- b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

- c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well servicing equipment.

H. Property damage means damage to or **loss** of use of tangible property.

I. Sult means a civil proceeding in which damages because of **bodily injury** or **property damages** to which this insurance applies are alleged. **Sult** includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

J. Trailer includes semitrailer.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION OR NON-RENEWAL

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel or non-renew as follows:

a. Cancellation

(1) We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.

(2) If this policy has been in effect for 60 or fewer days, we may cancel for any reason.

(3) If this policy has been in effect for more than 60 days, we may cancel only for one or more of the following reasons:

- (a) Fraud in obtaining coverage;
- (b) Failure to pay premiums when due;
- (c) An increase in hazard within the control of the **Insured** which would produce an increase in rate;
- (d) Loss of our reinsurance covering all or part of the risk covered by the policy; or
- (e) If we have been placed in supervision, conservatorship or receivership and the cancellation or non-renewal is approved or directed by the supervisor, conservator or receiver.

b. Non-Renewal

(1) We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of non-renewal, stating the reason for non-renewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed

pro rata based on the previous year's premium.

(2) If notice is mailed, proof of mailing will be sufficient proof of notice.

We may not cancel or non-renew based solely on the fact that you are an elected official.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The refund will be pro rata, subject to the policy minimum premium. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

- a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers.
6. Vehicles not described in paragraphs 1., 2., 3. or 4. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not **mobile equipment** but will be considered **autos**.
- a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing; or
 - (3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well servicing equipment.
- H. **Private passenger type** means a private passenger **auto** or station wagon, and also includes a pickup or van with a G.V.W. of 10,000 lbs. or less not used for the delivery of transportation of goods, materials or supplies other than samples; unless, (1) the delivery of goods, materials or supplies is not the primary usage of the vehicle, or (2) used for farming or ranching.
- I. **Property damage** means damage to or **loss** of use of tangible property.
- J. **Suit** means a civil proceeding in which damages because of **bodily injury** or **property damage** to which this insurance applies are alleged. **Suit** includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.
- K. **Trailer** includes semitrailer or a dollie used to convert a semitrailer into a trailer. But for Trailer Interchange Coverage only, **trailer** also includes a container.
- L. **Trucker** means any person or organization engaged in the business of transporting property by **auto** for hire.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

REFERENCE NOTES

1. When two or more coverage parts are issued, a common declaration page or schedule may be used provided the necessary information for Texas coverage is included.
2. The Declarations page may be rearranged in such sequence as the company may desire; however, specific titles, letter designations or references may not be altered.
3. Matter in brackets may be included, omitted or amended at the option of the company.
4. Policy number block may be amended to fit the number and identification pattern used by the company.
5. The schedule may be reduced or increased to include less or additional space as desired by the company.
6. The name of the company and the street mailing address of the Home or Administrative office are to be stated.
7. If only combined limits Liability and Uninsured/Underinsured Motorists Coverage are to be included in the declarations, the wording in brackets is to be deleted.
8. If only separate limits Liability and Uninsured/Underinsured Motorists Coverage are to be included in the declarations, the wording in brackets is to be deleted.
9. Defined terms as indicated in bold face may be italicized, appear in quotation marks, or any other method. If done, appropriate reference should be made in the policy. However, this procedure must be consistent and include endorsements.
10. Company may elect to display either one of the methods.
11. The following shall be added to the policy;

★ **In Witness Whereof**, the company has caused this policy to be executed and attested.

Secretary

President

BUSINESS AUTO COVERAGE FORM DECLARATIONS

[POLICY NO. _____] ⁴ [RENEWS NO. _____] ³

[COMPANY NAME AREA] ⁶
PRODUCER NAME AREA

ITEM ONE

NAMED INSURED _____

MAILING ADDRESS: _____

POLICY PERIOD: From _____ to _____ at
 12:01 A.M. Standard Time at your mailing address shown above.

FORM OF BUSINESS:

- CORPORATION INDIVIDUAL
 PARTNERSHIP OTHER _____

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

ITEM TWO

SCHEDULE OF COVERAGES AND COVERED AUTOS

This policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those autos shown as covered autos. Autos are shown as covered autos for a particular coverage by the entry of one or more of the symbols from the COVERED AUTO Section of the Business Auto Coverage Form next to the name of the coverage.

COVERAGES	COVERED AUTOS (Entry of one or more of the symbols from the COVERED AUTOS Section of the Business Auto Coverage Form shows which autos are covered autos)	LIMIT THE MOST WE WILL PAY FOR ANY ONE ACCIDENT OR LOSS	PREMIUM
LIABILITY Bodily Injury] ⁷ Property Damage] [Combined Liability] ⁸		\$ each person/\$ each accident] ⁷ \$ each accident \$ each accident] ⁸	
PERSONAL INJURY PROTECTION		\$	
AUTO MEDICAL PAYMENTS		\$	
UNINSURED/UNDERINSURED MOTORISTS Bodily Injury] ⁷ Property Damage] [Combined Liability] ⁸		\$ each person/\$ each accident] ⁷ \$ each accident \$ each accident] ⁸	
PHYSICAL DAMAGE COMPREHENSIVE COVERAGE		STATED AMOUNT \$ ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS \$ Ded. FOR EACH COVERED AUTO BUT NO DEDUCTIBLE APPLIES TO LOSS CAUSED BY FIRE OR LIGHTNING. See ITEM FOUR for hired or borrowed autos.	
PHYSICAL DAMAGE SPECIFIED CAUSES OF LOSS COVERAGE		STATED AMOUNT \$ ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS \$25 Ded. FOR EACH COVERED AUTO FOR LOSS CAUSED BY MISCHIEF OR VANDALISM. See ITEM FOUR for hired or borrowed autos.	
PHYSICAL DAMAGE COLLISION COVERAGE		STATED AMOUNT \$ ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS \$ Ded. FOR EACH COVERED AUTO. See ITEM FOUR for hired or borrowed autos.	
PHYSICAL DAMAGE TOWING AND LABOR		\$ for each disablement of a private passenger auto	
			PREMIUM FOR ENDORSEMENTS
			ESTIMATED TOTAL PREMIUM

Premium shown is payable: \$ _____ at inception.

BUSINESS AUTO DECLARATIONS (Continued)

ENDORSEMENTS ATTACHED TO THIS POLICY: IL 00 21 --- Broad Form Nuclear Exclusion

NOTE: OFFICERS' FACSIMILE SIGNATURES MAY BE INSERTED HERE, ON THE POLICY COVER OR ELSEWHERE AT THE COMPANY'S OPTION.

**ITEM THREE
SCHEDULE OF COVERED AUTOS YOU OWN**

Covered Auto No.	DESCRIPTION Year, Model, Trade Name, Body Type Serial Number (S) Vehicle Identification Number (VIN)	PURCHASED		TERRITORY Town & State Where the Covered Auto will be principally garaged
		Original Cost New	Actual Cost & NEW (N) USED (U)	
		1		
2				
3				
4				
5				

Covered Auto No.	CLASSIFICATION							EXCEPT FOR Towing all physical damage loss is payable to you and the loss payee named below as interest may appear at the time of the loss	
	Radius of Operation	Business use s = service r = retail c = commercial	Size GVW, GCW or Vehicle Seating Capacity	Age Group	Primary Rating Factor		Secondary Rating Factor		Code
					Liab.	Phy. Dam.			
1									
2									
3									
4									
5									

Covered Auto No.	COVERAGES — PREMIUMS, LIMITS AND DEDUCTIBLES (Absence of a deductible or limit entry in any column below means that the limit or deductible entry in the corresponding ITEM TWO column applies instead)							
	LIABILITY		PERSONAL INJURY PROTECTION		AUTO MED PAY		UNINSURED/UNDERINSURED MOTORISTS	
	Limit	Premium	Limit	Premium	Limit	Premium	Limit	Premium
1								
2								
3								
4								
5								
Total Premium								

BUSINESS AUTO DECLARATIONS (Continued)

10

Covered Auto No.	COVERAGES — PREMIUMS, LIMITS AND DEDUCTIBLES (Absence of a deductible or limit entry in any column below means that the limit or deductible entry in the corresponding ITEM TWO column applies instead)							
	COMPREHENSIVE		SPECIFIED CAUSES OF LOSS		COLLISION		TOWING & LABOR	
	Limit stated in ITEM TWO minus deductible shown below	Premium	Limit stated in ITEM TWO Premium	Limit stated in ITEM TWO minus deductible shown below	Premium	Limit Per Disablement	Premium	
1								
2								
3								
4								
5								
Total Premium								

10

Covered Auto No.	COVERAGES — PREMIUMS, LIMITS AND DEDUCTIBLES (Absence of a deductible or limit entry in any column below means that the limit or deductible entry in the corresponding ITEM TWO column applies instead). *If actual cash value enter "ACV".										
	COMPREHENSIVE			SPECIFIED CAUSES OF LOSS			COLLISION			TOWING & LABOR	
	*Limit Actual Cash Value or Stated Amt.	Ded.	Premium	*Limit Actual Cash Value or Stated Amt.	Premium	*Limit Actual Cash Value or Stated Amt.	Ded.	Premium	Limit Per Disablement	Premium	
1											
2											
3											
4											
5											
Total Premium											

**ITEM FOUR
SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS.**

LIABILITY COVERAGE — RATING BASIS, COST OF HIRE

STATE	ESTIMATED COST OF HIRE FOR EACH STATE	RATE PER EACH \$100 COST OF HIRE	PREMIUM
TOTAL PREMIUM			

Cost of hire means the total amount you incur for the hire of autos you don't own (not including autos you borrow or rent from your partners or employees or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.

PHYSICAL DAMAGE COVERAGE

COVERAGES	LIMIT OF INSURANCE	THE MOST WE WILL PAY	DEDUCTIBLE	RATE	PREMIUM
COMPREHENSIVE	ACTUAL CASH VALUE, COST OF REPAIRS OR \$, WHICHEVER IS LESS, MINUS \$ Ded. FOR EACH COVERED AUTO, BUT NO DEDUCTIBLE APPLIES TO LOSS CAUSED BY FIRE OR LIGHTNING.				
SPECIFIED CAUSES OF LOSS	ACTUAL CASH VALUE, COST OF REPAIRS OR \$, WHICHEVER IS LESS, MINUS \$25 Ded. FOR EACH COVERED AUTO FOR LOSS CAUSED BY MISCHIEF OR VANDALISM.				
COLLISION	ACTUAL CASH VALUE, COST OF REPAIRS OR \$, WHICHEVER IS LESS, MINUS \$ Ded. FOR EACH COVERED AUTO.				
TOTAL PREMIUM					

PHYSICAL DAMAGE COVERAGE for covered autos you hire or borrow is excess unless indicated below by "☒"

- If this box is checked, PHYSICAL DAMAGE COVERAGE applies on a direct primary basis and for purposes of the condition entitled OTHER INSURANCE, any covered auto you hire or borrow is deemed to be a covered auto you own.

BUSINESS AUTO DECLARATIONS (Continued)

ITEM FIVE

SCHEDULE FOR NON-OWNERSHIP LIABILITY

Named Insured's Business	Rating Basis	Number	Premium
Other than a Social Service Agency	Number of Employees		\$
	Number of Partners		\$
Social Service Agency	Number of Employees		\$
	Number of Volunteers		\$
			\$

ITEM SIX

SCHEDULE FOR GROSS RECEIPTS OR MILEAGE BASIS — LIABILITY COVERAGE — PUBLIC AUTO OR LEASING RENTAL CONCERNS

Estimated Yearly <input type="checkbox"/> Gross Receipts <input type="checkbox"/> Mileage	RATES			PREMIUMS		
	<input type="checkbox"/> Per \$100 of Gross Receipts <input type="checkbox"/> Per Mile					
	LIABILITY COVERAGE	AUTO MEDICAL PAYMENTS	P.I.P.	LIABILITY COVERAGE	AUTO MEDICAL PAYMENTS	P.I.P.
	TOTAL PREMIUMS					
	MINIMUM PREMIUMS					

When used as a premium basis:

FOR PUBLIC AUTOS

Gross Receipts means the total amount to which you are entitled for transporting passengers, mail or merchandise during the policy period regardless of whether you or any other carrier originate the transportation. Gross Receipts does not include:

- A. Amounts you pay to railroads, steamship lines, airlines and other motor carriers operating under their own ICC or PUC permits.
- B. Advertising Revenue.
- C. Taxes which you collect as a separate item and remit directly to a governmental division.
- D. C.O.D. collections for cost of mail or merchandise including collection fees.

Mileage means the total live and dead mileage of all revenue producing units operated during the policy period.

FOR RENTAL OR LEASING CONCERNS

Gross Receipts means the total amount to which you are entitled for the leasing or rental of autos during the policy period and includes taxes except those taxes which you collect as a separate item and remit directly to a governmental division.

Mileage means the total of all live and dead mileage developed by all the autos you leased or rented to others during the policy period.

TRUCKERS

TRUCKERS DECLARATIONS (Continued)

When used as a premium basis:

Gross Receipts means the total amount to which you are entitled for shipping or transporting property during the policy period regardless of whether you or any other carrier originate the shipment or transportation. "Gross Receipts" includes the total amount received from renting equipment, with or without drivers, to anyone who is not a **trucker** and 15% of the total amount received from renting any equipment to any **trucker**. Gross Receipts does not include:

- A. Amounts you pay to railroads, steamship lines, airlines and other motor carriers operating under their own ICC or PUC permits.
- B. Advertising Revenue.
- C. Taxes which you collect as a separate item and remit directly to a governmental division.
- D. C.O.D. collections for cost of mail or merchandise including collection fees.
- E. Warehouse storage fees.

Mileage means the total of all live and dead mileage developed by all the **autos** you leased or rented to others during the policy period.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
AMENDATORY ENDORSEMENT — TEXAS**

This endorsement modifies insurance provided under the following:

**BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
TRUCKERS COVERAGE FORM**

1. CHANGES IN CONDITIONS

BUSINESS AUTO COVERAGE FORM — SECTION IV — BUSINESS AUTO CONDITIONS Paragraph A.2.
TRUCKERS COVERAGE FORM — SECTION V — TRUCKERS CONDITIONS Paragraph A.2.
GARAGE COVERAGE FORM — SECTION V — GARAGE CONDITIONS Paragraph A.2.

is amended to add the following:

- ★ [Business Auto —] |
[Truckers —] | d.
[Garage —] | d.
- e. Within 15 days after we receive your written notice of claim, we must:
- (1) acknowledge receipt of the claim.
If our acknowledgment of the claim is not in writing, we will keep a record of the date, method and content of our acknowledgment.
 - (2) begin any investigation of the claim.
 - (3) specify the information you must provide in accordance with paragraph b. above.
- We may request more information, if during the investigation of the claim such additional information is necessary.
- ★ [Business Auto —] | f.
[Truckers —] | e.
[Garage —] | e.
- f. After we receive the information we request, we must notify you in writing whether the claim will be paid or has been denied or whether more information is needed:
- (1) within 15 **business days**; or
 - (2) within 30 days if we have reason to believe the loss resulted from arson.
- ★ [Business Auto —] | g.
[Truckers —] | f.
[Garage —] | f.
- g. If we do not approve payment of your claim or require more time for processing your claim, we must:
- (1) give the reasons for denying your claim, or
 - (2) give the reasons we require more time to process your claim. But, we must either approve or deny your claim within 45 days after our requesting more time.
- ★ [Business Auto —] | h.
[Truckers —] | g.
[Garage —] | g.
- h. In the event of a weather-related catastrophe or major natural disaster, as defined by the Texas Department of Insurance, the claim-handling deadlines as stated above are extended for an additional 15 days.
- ★ [Business Auto —] | i.
[Truckers —] | h.
[Garage —] | h.
- i. Loss Payment
- (1) If we notify you that we will pay your claim, or part of your claim, we must pay within 5 **business days** after we notify you.
 - (2) If payment of your claim or part of your claim requires the performance of an act by you, we must pay within 5 **business days** after the date you perform the act.
- ★ [Business Auto —] | j.
[Truckers —] | i.
[Garage —] | i.
- j. Notice of Settlement of Liability Claim
- (1) We will notify you in writing of any initial offer to compromise or settle a claim against you under the liability section of this policy. We will give you notice within 10 days after the date the offer is made.
 - (2) We will notify you in writing of any settlement of a claim against you under the liability section of this policy. We will give you notice within 30 days after the date of the settlement.

2. CHANGES IN DEFINITIONS

BUSINESS AUTO COVERAGE FORM — SECTION V — DEFINITIONS
TRUCKERS COVERAGE FORM — SECTION VI — DEFINITIONS
GARAGE COVERAGE FORM — SECTION VI — DEFINITIONS

is amended to add the following:

[Business Auto —]¹ **K.**

[Truckers —]¹ **M.**

[Garage —]¹ **M.**

Business day means a day other than a Saturday,
Sunday or holiday recognized by the state of Texas.

Note 1: The provision of this endorsement may be overprinted on the Texas Business Auto Coverage Form, Truckers Coverage Form and Garage Coverage Form or incorporated therein. In the event of the latter, matter in brackets is to be omitted.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
AMENDATORY ENDORSEMENT — TEXAS**

This endorsement modifies insurance provided under the following:

**BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
TRUCKERS COVERAGE FORM**

CHANGES IN COMMON POLICY CONDITIONS —

A. CANCELLATION OR NONRENEWAL

Paragraph 2a, (2) and (3) are changed to read:

- (2) If this is not a renewal or continuation policy, and if it has been in effect for 60 or fewer days, we may cancel for any reason.
- (3) If this is a renewal or continuation policy, or if it has been in effect for more than 60 days in the initial policy period, we may cancel only for one or more of the following reasons:
 - (a) Fraud in obtaining coverage;
 - (b) Failure to pay premiums when due;
 - (c) An increase in hazard within the control of the **insured** which would produce an increase in rate;
 - (d) Loss of our reinsurance covering all or part of the risk covered by the policy; or
 - (e) If we have been placed in supervision, conservatorship or receivership and the cancellation or non-renewal is approved or directed by the supervisor, conservator or receiver.

CHANGES IN PHYSICAL DAMAGE COVERAGE

BUSINESS AUTO COVERAGE FORM — SECTION III.C. — LIMITS OF INSURANCE
GARAGE COVERAGE FORM — SECTION IV.C.1. — LIMITS OF INSURANCE
TRUCKERS COVERAGE FORM — SECTION IV.C. — LIMITS OF INSURANCE

is amended by adding the following sentence (as a separate paragraph) at the end:

At the mutual agreement of you and us, we will not apply the applicable deductible for a glass loss if the glass is repaired rather than replaced.

★ **CHANGES IN DEFINITION**

TRUCKERS COVERAGE FORM — SECTION VI.H.

is amended as follows:

H. Private passenger type means a private passenger **auto** or station wagon, and also includes a utility type vehicle, with a G.V.W. of 25,000 lbs. or less, of the pickup body, sedan delivery, panel truck, van type and multi-use type, not used for the delivery or transportation of goods, materials or supplies other than samples; unless, (1) the delivery of goods, materials or supplies is not the primary usage of the vehicle, or (2) used for farming or ranching.

Note 1: The provision of this endorsement may be overprinted on the Texas Business Auto Coverage Form, Truckers Coverage Form and Garage Coverage Form or incorporated therein. In the event of the latter, matter in brackets is to be omitted.