

WASHINGTON PERSONAL AUTO POLICY

EQUITY INSURANCE COMPANY

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WASHINGTON PERSONAL AUTO POLICY

QUICK REFERENCE

DECLARATIONS PAGE			
Your Name and Address			
Your Auto			
Policy Period			
Coverages and Amounts of Insurance			
	BEGINNING ON PAGE		BEGINNING ON PAGE
AGREEMENT	1	PART E – DUTIES AFTER AN ACCIDENT OR LOSS	11
DEFINITIONS	1		
PART A – LIABILITY COVERAGE	2	PART F – GENERAL PROVISIONS	12
INSURING AGREEMENT		BANKRUPTCY	
SUPPLEMENTARY PAYMENTS		CHANGES	
EXCLUSIONS		FRAUD	
LIMIT OF LIABILITY		LEGAL ACTION AGAINST US	
OUT OF STATE COVERAGE		OUR RIGHT TO RECOVER PAYMENT	
FINANCIAL RESPONSIBILITY		POLICY PERIOD AND TERRITORY	
OTHER INSURANCE		TERMINATION	
PART B- MEDICAL PAYMENTS COVERAGE	4	TRANSFER OF YOUR INTEREST IN THIS POLICY	
INSURING AGREEMENT		TWO OR MORE AUTO POLICIES	
EXCLUSIONS		LESSOR – PART A – LIABILITY COVERAGE	
LIMIT OF LIABILITY		LOSS PAYABLE CLAUSE	
OTHER INSURANCE		NAMED OPERATOR EXCLUSION	
PART C- UNDERINSURED MOTORISTS COVERAGE	6	ENDORSEMENTS	
INSURING AGREEMENT			
EXCLUSIONS			
LIMIT OF LIABILITY			
OTHER INSURANCE			
ARBITRATION			
ADDITIONAL DUTIES			
PART D – COVERAGE FOR DAMAGE TO YOUR AUTO	8		
INSURING AGREEMENT			
SUPPLEMENTARY PAYMENTS			
EXCLUSIONS			
LIMIT OF LIABILITY			
PAYMENT OF LOSS			
NO BENEFIT TO BAILEE			
OTHER INSURANCE			
APPRAISAL			

This insurance policy is a legal contract between **you** and **us**.

READ YOUR POLICY CAREFULLY. This cover sheet provides only a brief outline of some of the important features of your policy. It is not the insurance contract and only the actual policy provisions will control. The policy sets forth, in detail, the right and obligations of both **you** and **us**.

IT IS THEREFORE IMPORTANT THAT YOU READ YOUR POLICY CAREFULLY.

WASHINGTON 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; or
 3. A party who has entered into a domestic partnership with the named insured registered under Washington law;

if a resident of the same household.

If the spouse or party who has entered into a domestic partnership with the named insured ceases to be a resident of the same household during the policy period or prior to the inception of this policy, the spouse or such party 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 or such party's change of residency;
2. The effective date of another policy listing the spouse or such party 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 bold font 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, domestic partnership registered under Washington law or adoption who is a resident of your household. This includes a ward or foster child.

- G.** **Occupying** means:

1. In;
2. Upon; or
3. 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.

Provisions **J.3.** and **J.4.** do 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 Rating of 10,000 lbs. or less; 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.

- 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) Fourteen (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 (4) 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) Fourteen (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 (4) 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.

L. **Diminution in value** means the actual or perceived loss in market or resale value which results from a direct and accidental loss.

M. Through the policy **minimum limits** refers to the limits of liability as required by Washington law, to be provided under a policy of automobile liability insurance:

1. \$25,000 for each person, subject to \$50,000 for each accident, with respect to **bodily injury**; and
2. \$10,000 for each accident with respect to **property damage**.

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**.

5. For any owned auto which is a leased auto, the lessor named in the Declarations as an additional insured.

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.

These payments will not reduce the limit of liability.

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.
- C. **We** do not provide Liability Coverage for punitive or exemplary damages.

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.

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.

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 no-fault law 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, including any vehicle while used as a temporary substitute for **your covered auto**, shall be excess over any other collectible insurance.

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.
12. Sustained while **occupying your covered auto** when it is being used for the delivery of food or products, including but not limited to newspapers and magazines.
13. Sustained while operating a vehicle while that **insured** is under the influence of alcohol or a controlled substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs.
14. Sustained while committing a felony.
15. Sustained while seeking to avoid lawful apprehension or arrest by a law enforcement official.
16. Sustained 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.
17. Sustained while **occupying your covered auto** when it is being used in the **business** of an **insured**.

This exclusion (17.) does not apply to **bodily injury** sustained while **occupying** a **your covered auto** if you have notified **us** before the accident such that **your covered auto** will be used in **business**.
18. Arising out of the ownership, maintenance or use of a vehicle when used by a person other than the owner as part of a **Personal Vehicle Sharing Program**.

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.

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, including any vehicle while used as a temporary substitute for **your covered auto**, shall be excess over any other collectible auto insurance providing payments for medical or funeral expenses

PART C – UNDERINSURED 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 **underinsured motor vehicle** because of:

1. **Bodily injury** sustained by an **insured** and caused by an accident; and
2. **Property damage** caused by an accident if the Declarations indicates that both **bodily injury** and **property damage** Underinsured Motorists Coverage applies.

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

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. **Property damage** as used in this Part means injury to or destruction of the property of an **insured**.

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

1. To which no liability bond or policy applies at the time of the accident.
2. To which liability bonds or policies apply at the time of the accident but the amount paid under all of the bonds or policies to an **insured** is not enough to pay the full amount the **insured** is legally entitled to recover as damages.
3. Which is a hit-and-run vehicle whose operator or owner cannot be identified and which hits or which causes an accident resulting in **bodily injury** or **property damage** without hitting:
 - a. **You** or any **family member**;
 - b. A vehicle which **you** or any **family member** are **occupying**; or
 - c. **Your covered auto**.

If there is no physical contact with the vehicle causing the accident the facts of the accident must be proved. **We** will only accept competent evidence other than the testimony of any person having an underinsured motorist claim resulting from the accident.

4. To which liability bonds or policies apply at the time of the accident, but all of the bonding or insuring companies:
 - a. Deny coverage; or
 - b. Are or become insolvent within three years of the date of the accident.

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

1. Owned by any governmental unit or agency. This provision (1.) does not apply if the governmental unit or agency is unable to pay damages because of financial inability or insolvency.
2. Operated on rails or tracks.
3. While located for use as a residence or premises.
4. To which the Liability Coverage of this policy applies. However, this exception to the definition of **underinsured motor vehicle** does not apply to **you** or any **family member** if **you** or any **family member** sustain damages while **occupying**, or when struck by, a vehicle for which coverage under Part **A** of this policy applies.

EXCLUSIONS

A. **We** do not provide Underinsured Motorists Coverage for **property damage** or **bodily injury** sustained:

1. By an **insured** while operating, or **occupying**, any motor vehicle owned by that **insured** which is not insured for Liability 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 Underinsured Motorists Coverage on a primary basis under any other policy.

B. We do not provide Underinsured Motorists Coverage for **property damage** or **bodily injury** sustained by any **insured**:

1. When **your covered auto** is being used as a public or livery conveyance. This exclusion (**B.1.**) does not apply to a share-the-expense car pool.
2. Using a vehicle without a reasonable belief that that **insured** is entitled to do so. This exclusion (**B.2.**) does not apply to a **family member** using **your covered auto** which is owned by **you**.
3. While operating, or **occupying**, a motorcycle or motor-driven cycle which is not insured for Liability Coverage under this policy.
4. For the first \$300 of the amount of **property damage** to the property of each **insured** as the result of an accident involving a hit-and-run vehicle as described in Section 3. of the definition of **underinsured motor vehicle**.
5. For the first \$100 of the amount of **property damage** to the property of each **insured** as the result of any accident involving other than a hit-and-run vehicle.

C. This coverage shall not apply to the benefit of:

1. Any insurer or self-insurer under any workers' compensation law or similar disability benefits law.
2. Any insurer of property.

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

LIMIT OF LIABILITY

A. The limit of Bodily Injury Liability shown in the Declarations for each person for Underinsured 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 Bodily Injury Liability shown in the Declarations for each accident for Underinsured Motorists Coverage is **our** maximum limit of liability for all damages for **bodily injury** resulting from any one accident. If a limit for Property Damage Liability is shown in the Declarations for each accident for Underinsured Motorists Coverage, this limit is **our** maximum limit of liability for all **property damage** 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;
4. Premiums paid; or
5. 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 Part **A** or Part **B** of 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. With respect to coverage under paragraph 2. of the definition of **underinsured motor vehicle**, we will reduce the **insured's** total damages by any amount available to that **insured**, under any bodily injury liability bonds or policies applicable to the **underinsured motor vehicle**, that such **insured** did not recover as a result of a settlement between that **insured** and the insurer of an **underinsured motor vehicle**. However, any reduction of the **insured's** total damages will not reduce the limit of liability for this coverage.

This paragraph (**D.**) shall not apply if we advance payment to the **insured** in an amount equal to the tentative settlement with the insurer of the **underinsured motor vehicle**.

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:

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, including any vehicle while used as a temporary substitute for **your covered auto**, 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 **underinsured 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. **We** will pay all arbitration expenses. Arbitration expenses will not include an **insured's** attorney's fees or any expenses incurred in producing evidence or witnesses.

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.

ADDITIONAL DUTIES

1. A person seeking Underinsured Motorists Coverage must also promptly notify **us** of a tentative settlement between the **insured** and the insurer of the **underinsured motor vehicle** and allow **us** a reasonable time to advance payment to that **insured** in an amount equal to the tentative settlement to preserve **our** rights against the insurer, owner or operator of such **underinsured motor vehicle**.

However, this paragraph (1.) does not apply if failure to notify **us** does not prejudice our rights against the insurer, owner or operator of such **underinsured motor vehicle**.

2. If there is no physical contact with the vehicle causing the accident, someone must report the accident to the appropriate law enforcement agency within 72 hours of the accident.

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.

However, loss caused by the following is not considered **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 or van 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 **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.

SUPPLEMENTARY PAYMENTS

In addition to the applicable limits of liability, **we** will reimburse **you** or pay for reasonable towing charges not to exceed \$150.00 for transporting **your covered auto** as a result of damage occurring from any loss covered

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by this Part or arising from the theft of **your covered auto**. We will pay up to \$35.00 per day for necessary storage charges incurred as a result of a loss covered by this Part, up to a maximum of \$350.00.

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;
- h. Personal computers; or
- i. DVD Players.

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.

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 of the following custom furnishings or equipment in or upon any pickup or van:

- 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.

15. Loss to **your covered auto** or any **non-owned auto** due to **diminution in value**.

16. Loss to any private passenger auto, pickup or van not owned by or furnished for the regular use of **you** or any **family member** while in the custody of or being operated by **you** or any **family member**.

This exclusion (16.) does not apply to an auto **you** do not own while used as a temporary substitute for **your covered auto** which is out of normal use because of its breakdown, repair, servicing, loss or destruction.

17. Loss to **your covered auto** when used in auto **business** operations, including the selling, transporting, repairing, servicing, storing or parking of any motor vehicle.

18. Loss to any custom equipment or accessories in or upon any **your covered auto** or any **non-owned auto**. Custom equipment and/or accessories includes but is not limited to any or all of the following:

- a. Two-way radios, CB radios, TV equipment, scanning monitor receivers, radar detectors, telephones or other communications equipment including their accessories and antennae.
- b. Chrome, alloy, or mag type wheels or wheel rims or any other wheel coverings or hub caps.
- c. Tires of a different size than those recommended by the automobile manufacturer or tires which are not manufactured or intended for use on public roads by private passenger type vehicles.
- d. Any modifications to the suspension, including but not limited to, lift-kits.
- e. Non-factory paint, graphics, decals, lettering, pin striping, windows, moon and/or sunroofs, scoops, spoilers, carpet, upholstery, exhaust systems and interior and exterior lights.
- f. Any equipment designed to alter a vehicle so that it might serve a purpose other than or in addition to the transportation of passengers.
- g. Any alteration from the original factory condition of the engine, passenger or cargo compartment, or the exterior of **your covered auto** or any **non-owned auto**.

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 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 \$1,500.
- 2. Electronic equipment that reproduces, receives or transmits audio, visual or data signals, which is permanently installed in the auto in locations not used by the auto manufacturer for installation of such equipment, 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. **We** may deduct for betterment for parts normally subject to repair and replacement during the useful life of the auto. In this event, deductions shall be limited to the lesser:

- 1. An amount equal to the proportion that the expired life of the part to be repaired or replaced bears to the normal useful life of that part; or
- 2. The amount which the actual cash value of the auto is increased from the replacement of the part.

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No payment will be made under this coverage for loss paid under Underinsured Motorists Coverage.

- D. Our** limit of liability for any electronic equipment and its component parts designed for the reproduction of sound, including speakers, radios, tape players and compact disc players, whether factory or aftermarket installed, is limited to \$350 for each loss.

Aftermarket sound equipment is equipment installed by someone other than the factory or an authorized dealer of the manufacturer of the automobile.

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 INSURANCE

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

However, any insurance **we** provide with respect to a **non-owned auto** shall be excess over:

1. Any other collectible insurance; or
2. Any coverage provided under a collision or loss damage waiver for loss to a rental vehicle.

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 and impartial 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. Neither **we** nor **you** 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 if the failure to comply with the following duties is prejudicial to **us**:

- 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 Underinsured Motorists Coverage must also notify the appropriate law enforcement agency within seventy-two hours of the accident if a phantom vehicle is involved.

D. A person seeking Underinsured Motorists Coverage is requested to submit copies to **us** of any legal papers if a suit is brought.

E. 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**.

- C.** If an action is brought against **us** under the Insurance Fair Conduct Act, then 20 days prior to filing such an action, **we** and the Office of the Insurance Commissioner must be provided written notice of the basis for the cause of action. Such notice may be sent by regular mail, registered mail or certified mail with return receipt requested.

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.

We shall be entitled to a recovery under paragraph **A.** or **B.** only after the person has been fully compensated for damages.

Our rights do not apply under paragraph **A.** with respect to Underinsured Motorists Coverage if **we**:

1. Have been given prompt written notice of a tentative settlement between an **insured** and the insurer of an **underinsured motor vehicle**; and
2. Fail to advance payment to the **insured** in an amount equal to the tentative settlement within a reasonable time after receipt of notification.

If **we** advance payment to the **insured** in an amount equal to the tentative settlement within a reasonable time after receipt of notification:

1. That payment will be separate from any amount the **insured** is entitled to recover under the provisions of Underinsured Motorists Coverage.
2. **We** also have a right to recover the advanced 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** or **your** producer verbal or written notice by mail, fax or email of date such cancellation is to take effect. If verbal notice is received, **we** may require written confirmation of cancellation.
2. **We** may cancel by mailing a written notice of cancellation to the named insured shown in the Declarations at the address shown in this policy, accompanied by a statement of the reason or reasons for cancellation:
 - a. At least 10 days notice if cancellation is for nonpayment of premium; 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 any driver who customarily uses **your covered auto** has been suspended or revoked. This must have occurred:
 - (1) During the policy period; or
 - (2) If this is a renewal or continuation policy, during the policy period or the 180 days immediately preceding the effective date of the renewal or continuation policy.
4. **We** will notify **your** producer of record, within 5 working days.

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. 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.
2. 1 year or longer, **we** will have the right not to renew or continue this policy at each anniversary of its original effective date.

The notice will include the reason for the nonrenewal.

We will notify **your** producer of record within 5 working days.

We may not refuse to renew or continue the Liability or Collision Coverage of this policy on the basis that you have made one or more claims under any:

1. Other than Collision Coverage in Part **D**; or
2. Towing and Labor Costs Coverage of this policy.

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.

We are not required to renew this policy if other coverage acceptable to you is obtained before the end of the current policy period.

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. The premium refund, if any, will be:
 - a. Computed pro rata if cancelled by **us**; or
 - b. Not less than 97% of the pro rata unearned premium if **you** cancel, and the policy term is one year or less.
3. Any premium refund due will be sent to **you** as soon as possible and:
 - a. No later than 45 days after the date **we** send notice of cancellation if **we** cancel the policy; or
 - b. No later than 30 days after the date **we** receive notice of cancellation if **you** cancel the policy.
4. The effective date of cancellation stated in the notice shall become the end of the policy period.

TRANSFER OF YOUR INTEREST IN THIS POLICY

- 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:
 - a. Spouse; or
 - b. Party who has entered into a domestic partnership with the named insured registered under Washington law;

if resident in the same household at the time of death. Coverage applies to the spouse or party who has entered into a domestic partnership with the named insured 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 the named insured 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.

LESSOR - PART A - LIABILITY COVERAGE

1. If **we** terminate this policy, notice will also be mailed to the lessor shown as an additional insured in the Declarations.
2. The lessor is not responsible for the payment of premiums.

The designation of the lessor as an additional insured shall not operate to increase **our** limits of liability.

LOSS PAYABLE CLAUSE

1. Loss or damage, if any, under this policy shall be payable first to the loss payee or mortgagee (hereinafter called secured party), and, second, to the **insured**, as their interests may appear; PROVIDED, that upon demand for separate settlement by the secured party, the amount of said loss shall be paid directly to the secured party to the extent of its interest.
2. This insurance as to the interest of the secured party shall not be invalidated by any act or neglect of the insured named in said policy or his agents, employees or representatives, nor by any change in the title or ownership of the insured property; PROVIDED, HOWEVER, that, the conversation, embezzlement or secretion by the named insured or his agents, employees or representatives is not covered under said policy unless specifically insured against and premiums paid therefor.
3. In applying the pro rata provisions of the policy, the amount payable to the secured party shall

be reduced only to the extent of pro rata payments receivable by the secured party under other policies.

4. The Company reserves the right to cancel the policy at any time as provided by its terms, but in such case the Company shall mail to the secured party a notice stating when such cancellation shall become effective as to the interest of said secured party. The amount and form of such notice shall be not less than that required to be given the named insured, by law or by the policy provisions, whichever is more favorable to the secured party.
5. If the insured fails to render proof of loss within the time granted in the policy conditions, such secured party shall do so within sixty (60) days after having knowledge of a loss, in form and manner as provided by the policy, and, further, shall be subject to the provisions of the policy relating to appraisal and the time of payment and bringing suit.
6. Whenever the Company shall pay the secured party any sum for loss or damage under such policy and shall claim that, as to the insured, no liability exists, the Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all collateral held to secure the debt, or may, at its option, pay to the secured party the whole principal due or to grow due on the mortgage or other security agreement, with interest, and shall thereupon receive a full assignment and transfer of the mortgage or other security agreement and of all collateral held to secure it; but no subrogation shall impair the right of the secured party to recover the full amount due it.
7. All terms and conditions of the policy remain unchanged except as herein specifically provided.
8. All notices sent to the secured party shall be sent to its last reported address, which must be stated in the policy

NAMED OPERATOR EXCLUSION

It is agreed that the insurance afforded by this policy does not apply to any claim arising from accidents or losses which occur while any automobile is being operated by a person listed on the Declarations as excluded. This section does not apply to Underinsured Motorists Coverage or Personal Injury Protection in the State of Washington. All other terms and conditions of this policy remain unchanged.

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.



Secretary



President