

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**UNDERINSURED MOTORISTS COVERAGE – ILLINOIS**

**SCHEDULE**

Limit Of Liability	Premium		
	Auto 1	Auto 2	Auto 3
\$ Each Person	\$	\$	\$
\$ Each Accident			

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

**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 "bodily injury":

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

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

We will pay under this coverage only after the limits of liability under any bodily injury liability bonds or policies applicable to the "underinsured motor vehicle" have been exhausted by payment of judgments or settlements, unless:

1. We have been given written notice of a "tentative settlement" and decide to advance payment to the "insured" in an amount equal to that settlement; or
2. We and an "insured" have reached a "settlement agreement".

**B.** "Insured" as used in this endorsement means:

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

**C.** "Underinsured motor vehicle" means a land motor vehicle or trailer of any type to which a bodily injury liability bond or policy applies at the time of the accident but its limit for bodily injury liability is either:

1. Less than the limit of liability for this coverage; or
2. Reduced by payments to others injured in the accident to an amount which is less than the limit of liability for this coverage.

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

1. To which a bodily injury liability bond or policy applies at the time of the accident but its limit for bodily injury liability is less than the minimum limit for bodily injury liability specified by the financial responsibility law of Illinois.
2. Owned by or furnished or available for the regular use of you or any "family member".
3. Owned by any governmental unit or agency.
4. Operated on rails or crawler treads.
5. Designed mainly for use off public roads while not upon public roads.
6. While located for use as a residence or premises.
7. Owned or operated by a person qualifying as a self-insurer under any applicable motor vehicle law.
8. To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:
  - a. Denies coverage; or
  - b. Is or becomes insolvent.

- D. "Tentative settlement" means an offer from the owner or operator of the "underinsured motor vehicle" to compensate an "insured" for damages incurred because of "bodily injury" sustained in an accident involving the "underinsured motor vehicle".
- E. "Settlement agreement" means we and an "insured" agree that the "insured" is legally entitled to recover, from the owner or operator of the "underinsured motor vehicle", damages for "bodily injury" and, without arbitration, agree also as to the amount of damages. Such agreement shall be final and binding regardless of any subsequent judgment or settlement reached by the "insured" with the owner or operator of the "underinsured motor vehicle".

**EXCLUSIONS**

- A. We do not provide Underinsured Motorists Coverage for "bodily injury" sustained:
  - 1. By an "insured" while "occupying", or when struck by, any motor vehicle owned by that "insured" which is not insured for this coverage under this Policy. This includes a trailer of any type used with that vehicle.
  - 2. By any "family member" while "occupying", or when struck by, any motor vehicle you own which is insured for this coverage on a primary basis under any other policy.
- B. We do not provide Underinsured Motorists Coverage for "bodily injury" sustained by any "insured":
  - 1. While "occupying" "your covered auto" when it 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 "occupying" any auto not owned by, or furnished or available for the regular use of, you or any "family member" when it is being used as a public or livery conveyance. However, this exclusion **(B.3.)** does not apply to:
    - a. A share-the-expense car pool; or
    - b. You or any "family member".
- C. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:
  - 1. Workers' compensation law; or
  - 2. Disability benefits law.

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

**LIMIT OF LIABILITY**

- A. The Limit Of Liability shown in the Schedule or 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 Liability shown in the Schedule or 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.

This is the most we will pay regardless of the number of:

- 1. "Insureds";
  - 2. Claims made;
  - 3. Vehicles or premiums shown in the Schedule or Declarations; or
  - 4. Vehicles involved in the accident.
- B. Except in the event of a "settlement agreement", the limit of liability for this coverage shall be reduced by all sums paid because of the "bodily injury" by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part **A** of this Policy.
  - C. In the event of a "settlement agreement", the maximum limit of liability for this coverage shall be the amount by which the limit of liability for this coverage exceeds the limits of bodily injury liability bonds or policies applicable to the owner or operator of the "underinsured motor vehicle".
  - D. The limit of liability for this coverage shall be reduced by all sums:
    - 1. Paid or payable because of the "bodily injury" under any automobile medical payments coverage. This includes all sums paid under Part **B** of this Policy.
    - 2. Paid or payable because of the "bodily injury" under any of the following or similar law:
      - a. Workers' compensation law; or
      - b. Disability benefits law.
 However, this paragraph **(D.2.)** shall not apply to disability benefits received under the federal Social Security Act.
  - E. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and Part **A**, Part **B** or Part **C** of this Policy.

- F. 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.
- G. We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any of the following or similar law:
  1. Workers' compensation law; or
  2. Disability benefits law.

However, this paragraph (G.) shall not apply to disability benefits received under the federal Social Security Act.

### 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 by this endorsement:

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 person is legally entitled to recover damages under this endorsement; or

2. As to the amount of damages; either party may make a written demand for arbitration. In this event, each party will select an arbitrator. The two arbitrators will select a third. If such arbitrators are not selected within 45 days, either party may request that the arbitration be submitted to the American Arbitration Association.

- B. We will bear all the expenses of the arbitration except when the "insured's" recovery exceeds the minimum limit specified in the Illinois Safety Responsibility Law. If this occurs, the "insured" will be responsible up to the amount by which the "insured's" recovery exceeds the statutory minimum for:
  1. Payment of his or her expenses; and
  2. An equal share of the third arbitrator's expenses.
- 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 at least two of the arbitrators will be binding as to:
  1. Whether the "insured" is legally entitled to recover damages; and
  2. The amount of damages. This applies only if the amount does not exceed the lesser of:
    - a. \$75,000 for "bodily injury" to any one person in any one accident.  
Subject to this limit per person, \$150,000 for "bodily injury" to two or more people in any one accident; or
    - b. The limits for "bodily injury" shown in the Schedule or in the Declarations.

If the amount exceeds the aforementioned limits, either party may demand the right to a trial. This demand must be made within 60 days of the arbitrators' decision. If this demand is not made, the amount of damages agreed to by the arbitrators will be binding.

### ADDITIONAL DUTIES

Any person seeking coverage under this endorsement must also:

1. Give us written notice of a "tentative settlement" and allow us 30 days to advance payment in an amount equal to that settlement to preserve our rights against the owner or operator of the "underinsured motor vehicle".

2. File suit against the owner or operator of the "underinsured motor vehicle" prior to the conclusion of a "settlement agreement". Such suit cannot be abandoned or settled without giving us written notice of a "tentative settlement" and allowing us 30 days to advance payment in an amount equal to that settlement to preserve our rights against the owner or operator of the "underinsured motor vehicle".
3. Promptly send us copies of the legal papers if a suit is brought.

**PART F – GENERAL PROVISIONS**

The **Our Right To Recover Payment** Provision is replaced by the following with respect to Underinsured Motorists Coverage:

**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 if we:

1. Have been given written notice of a "tentative settlement"; and

2. Fail to advance payment to the "insured" in an amount equal to the "tentative settlement" within 30 days after receipt of notification.

If we advance payment to the "insured" in an amount equal to the "tentative settlement" within 30 days 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.
- B.** If we make a payment under this Policy and the person to or for whom payment is made recovers damages from another, that person shall:
1. Hold in trust for us the proceeds of the recovery; and
  2. Reimburse us to the extent of our payment.

However, in the event of a "settlement agreement", we shall be entitled to a recovery under Paragraphs **A.** and **B.** only for amounts which exceed the limit of bodily injury liability bonds or policies applicable to the owner or operator of the "underinsured motor vehicle".