

PLEASE READ THIS ENDORSEMENT CAREFULLY AS IT CHANGES YOUR POLICY

STATE ENDORSEMENT – TEXAS

Throughout the policy and endorsements attached to it, reference to minimum limits means the following limits of liability, as required by Texas law, to be provided under a policy of automobile liability insurance:

1. \$30,000 for each person, subject to \$60,000 for each accident, with respect to “bodily injury”; and
2. \$25,000 for each accident with respect to “property damage”.

DEFINITIONS

A. is replaced by the following:

- A. Throughout this policy, “you” and “your” refer to:
1. The “named insured” shown in the Declarations; and
 2. Your spouse if a resident of the same household.

If your spouse ceases to be a resident of the same household during the policy period, the spouse will be considered “you” and “your” under this policy during a period of separation in contemplation of divorce and only until the effective date of another policy listing the spouse as a named insured.

The following definition is added:

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

PART A – LIABILITY COVERAGE

The following exclusion is added.

We do not provide Liability Coverage for you or any “family member” for “bodily injury” to you or any “family member”, except to the extent of the minimum limits of Liability Coverage required by Texas Chapter 601, Transportation Code, entitled “Texas Motor Vehicle Safety Responsibility Act.”

PART B – MEDICAL PAYMENTS COVERAGE

The Insuring Agreement Provision is replaced by the following:

INSURING AGREEMENT

- A. We will pay reasonable expenses incurred for necessary medical and funeral services because of “bodily injury”:
1. Caused by an accident; or
 2. Sustained by an “insured”.

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

- B. “Insured” as used in this Part means:

1. You or any “family member”:
 - a. While “occupying” “your covered auto”; or
 - b. As a pedestrian when struck by a motor vehicle designed for use mainly on public roads or a trailer of any type.
2. Any other person while “occupying” “your covered auto”.

EXCLUSIONS

4. is deleted.

The following is added to the **Limit of Liability** Provision:

No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and Personal Injury Protection Coverage.

The following provision is added:

ASSIGNMENT OF PAYMENTS

1. An "insured" may assign, in writing, payments of medical expenses for services provided to the "insured" that are covered under **Part B** of this policy to a physician or other health care provider that furnished such services to the "insured".
2. If we receive an "insured's" written assignment of such payments, we will pay the medical expenses covered under **Part B** directly to the physician or other health care provider that furnished the services to the "insured".

PART D – COVERAGE FOR DAMAGE TO YOUR COVERED AUTO

EXCLUSIONS

The following is added.

We will not pay for:

A total loss to "your covered auto" due to destruction or confiscation by government or civil authorities. This Exclusion does not apply to the interests of Loss Payees in "your covered auto".

However, if you are convicted in a case brought against you under the Texas Controlled Substances Act or the federal Controlled Substances Act, we will not pay for any loss to "your covered auto" that is seized by federal or state law enforcement officers as evidence in such case.

The following language is added to A.10.:

However, this exclusion does not apply to an "insured" who did not cooperate in or contribute to the creation of the loss if that "insured" has:

- a. Filed a police report; and
- b. Cooperated with law enforcement investigation or prosecution relating to any other "insured" causing the intentional loss.

Paragraph B. of the **Limit of Liability** Provision is revised to read:

- B. For all other loss or damage to "your covered auto", we will pay the amount necessary to repair or replace the property, whichever is less, with similar kind and quality, but we will not pay more than the agreed limit per vehicle shown under **Part D** in the Declarations.

The following is added to the **Limit of Liability** Provision:

No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and "property damage" covered under **Part C** of this policy.

For any loss or damages to which:

1. Uninsured Motorists Coverage of this policy or similar coverage from another policy; and
2. This coverage:

both apply, you may choose the coverage from which damages will be paid. If neither coverage is sufficient to pay the damages or loss, you may recover under both coverages subject to the following:

1. You will pay the higher deductible. However, you do not have to pay both deductibles; and
2. You may not recover more than the actual damages or loss.

The **Payment of Loss** Provision is deleted.

PART E – DUTIES AFTER AN ACCIDENT OR LOSS

The lead-in paragraph to **Part E** is replaced by the following:

We have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us:

B.4. is deleted and replaced with the following:

4. Authorize us to obtain medical reports and other pertinent records related to the loss or injury.

PART F – GENERAL PROVISIONS

The **Regular Use Vehicle** Provision is deleted.

The **Concealment or Fraud** Provision is deleted and replaced by the following:

CONCEALMENT OR MISREPRESENTATION

No coverage is provided under this policy if, whether before or after a loss, an “insured” has:

1. Concealed or misrepresented any fact upon which we rely, and that concealment or misrepresentation is either material or made with intent to deceive; or
2. Concealed or misrepresented any fact and the fact misrepresented contributes to the loss.

This section only applies as specified in Texas Insurance Code §705.003(b) and §705.004(b).

The **Legal Action Against Us** provision, paragraph C. is revised to read as follows:

- C. Under **Part D**, suit or action must start within two years and one day from the date the cause of action first accrues, but this time period will be extended by the number of days between the date you file your proof of loss with us and the date we deny all or part of your claim.

The **Payment of Loss Provision** is deleted.

The **Termination** Provision is deleted and replaced by the following:

TERMINATION

A. Cancellation. This policy may be cancelled during the policy period as follows:

1. The named insured shown in the Declarations may cancel by:
 - a. Returning this policy to us; or
 - b. Giving us advance written notice of the date cancellation is to take effect.
2. We may cancel by mailing notice to the named insured shown in the Declarations at the address shown in this policy or otherwise last known to us at least 10 days before the effective date of cancellation.
3. We will not cancel this policy solely because you are an elected official.
4. When this policy has been in effect for 60 days or more, or if this is a renewal or continuation policy, we will cancel only for one or more of the following reasons:
 - a. For nonpayment of premium;
 - b. Submission of a fraudulent claim;
 - c. If your driver’s license or motor vehicle registration or that of:
 - (1) Any driver who lives with you; or
 - (2) Any driver who customarily uses “your covered auto”;
 has been suspended or revoked. This must have occurred:
 - (1) During the policy period; or

- (2) Since the last anniversary of the original effective date if the policy period is other than 1 year.
 - (3) However, in the event you or a driver described in 4.c. above has had his or her driver's license suspended or revoked, before canceling this policy, we will offer to continue the policy with a provision excluding coverage when the person who has had his or her driver's license suspended or revoked is operating "your covered auto". If such offer is accepted by you, we will issue an endorsement to that effect; or
 - d. If the Texas Department of Insurance determines that continuation of the policy would result in a violation of the Texas Insurance Code or any other law governing the business of insurance in Texas.
- 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 30 days before the end of the policy period. We will have the right not to renew or continue it only at each 1 year anniversary of its original effective date.
- However, we will not refuse to renew or continue this policy solely because:
- 1. Of the age of you or any "family member"; or
 - 2. You are an elected official.
- C. Automatic Termination. If we offer to renew or continue and you or your representative do not accept, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer. If you obtain other insurance on "your covered auto", any similar insurance provided by this policy will terminate as to that auto on the effective date of the other insurance.
- D. Other Termination Provisions
- 1. We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.
 - 2. If this policy is canceled, you may be entitled to a premium refund. If so, we will send you the refund no later than the 15th business day after the effective date of the cancellation or termination of the policy. The premium refund, if any, will be computed pro rata, subject to the policy minimum premium. However, making or offering to make the refund is not a condition of cancellation.
 - 3. The effective date of cancellation stated in the notice shall become the end of the policy period.

The **Amendatory Endorsements** Provision is deleted.

The following provisions are added:

PAYMENT OF FIRST PARTY CLAIMS

- A. Within 15 days after we receive written notice of a claim, we will:
- 1. Acknowledge receipt of the claim. If our acknowledgement of the claim is not in writing, we will keep a record of the date, method and content of our acknowledgement.
 - 2. Begin any investigation of the claim.
 - 3. Specify the information that the person making the claim must provide in accordance with Paragraph B. of **Part E**.

We may request more information if, during the investigation of the claim, such additional information is necessary.

- B. After we receive all information we request, we will notify the person making the claim, in writing, whether the claim will be paid or has been denied, or whether more time is needed. We will notify the person making the claim:
 - 1. Within 15 “business days”; or
 - 2. Within 30 days if we have reason to believe the loss resulted from arson.
- C. If we deny the claim or require more time for processing the claim, we must:
 - 1. Give the reasons for denying the claim; or
 - 2. Give the reasons we require more time to process the claim. However, we must either approve or deny the claim within 45 days after the date we notify the person making the claim that more time is needed.
- D. 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 in this provision (B.1.) are extended for an additional 15 days.
- E. 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 you or to 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.
- F. If we notify the person making the claim that we will pay the claim, or part of the claim, we will pay the claim within 5 “business days” after we notify that person.
- G. Payment of loss, less any applicable deductible shown in the Declarations, will be made within 5 “business days” after we either reach agreement with you, a final judgment is entered in the court, or an arbitration award is filed with us.
- H. If payment of the claim or part of the claim requires the performance of an act by the person making the claim, we will pay the claim within 5 “business days” after the date that person performs the act.
- I. The right of salvage belongs to us. You may, at your option, purchase the salvage from us. You must advise us of your intent prior to our making payments under the terms of this policy.
- J. If you and we both agree, we will waive any applicable deductible shown in the Declarations for a loss to glass if the glass is repaired rather than replaced.
- K. If we pay a total loss or a “constructive total loss” for any of “your covered auto(s)” shown in the Declarations, all coverage under this policy for such covered auto(s) will terminate simultaneously upon payment of the loss. The amount we will pay for a total loss or “constructive total loss” of “your covered auto(s)” shall be reduced by any amount previously paid for repairs not completed at the time of the total loss or “constructive total loss”.

“Constructive total loss” means a loss where the cost to repair damage to “your covered auto” will exceed the agreed value of the vehicle when fully repaired.

NOTICE OF SETTLEMENT OF LIABILITY CLAIMS

- A. We will notify the named insured, in writing, of any initial offer to compromise or settle a claim against an “insured” under **Part A** - Liability Coverage of this policy. We will give the named insured notice within 10 days after the date the offer is made.
- B. We will notify the named insured, in writing, of any settlement of a claim against an “insured” under **Part A** - Liability Coverage of this policy. We will give the named insured notice within 30 days after the date of the settlement.

All other policy provisions apply.