

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UNINSURED MOTORISTS COVERAGE – ALABAMA

I. Part C – Uninsured Motorists Coverage

Part C is replaced by the following:

INSURING AGREEMENT

- A. We will pay damages which an "insured" is legally entitled to recover from the owner or operator of an "uninsured motor vehicle" because of "bodily injury":

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

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

No judgment for damages arising out of a suit brought against the owner or operator of an "uninsured motor vehicle" is binding on us unless we:

1. Received reasonable notice of the pendency of the suit resulting in judgment; and
2. Had a reasonable opportunity to protect our interests in the suit.

However, if reasonable notice has not been given to us, we have the option to accept the judgment in the suit as binding on us.

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

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

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

1. To which no bodily injury liability bond or policy applies at the time of the accident.
2. To which a bodily injury liability bond or policy applies at the time of the accident. In this case its limit for bodily injury liability must be less than the minimum limit for bodily injury liability specified by the financial responsibility law of Alabama.
3. For which the sum of the limits of liability under all bodily injury liability bonds or policies applicable at the time of the acci-

dent is not enough to pay the full amount the "insured" is legally entitled to recover as damages. In this case the applicable limits for bodily injury liability must be equal to or greater than the minimum limit for bodily injury liability specified by the financial responsibility law of Alabama.

4. 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" without hitting:
 - a. You or any "family member";
 - b. A vehicle which you or any "family member" are "occupying"; or
 - c. "Your covered auto".
5. To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:
 - a. Denies coverage; or
 - b. Is or becomes insolvent.

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

1. Owned by or furnished or available for the regular use of you or any "family member" unless there is no liability coverage available under any policy other than this policy to respond for damages sustained by you or any "family member".
2. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer which is or becomes insolvent.
3. Operated on rails or crawler treads.
4. Designed mainly for use off public roads while not on public roads.
5. While located for use as a residence or premises.

EXCLUSIONS

- A. We do not provide Uninsured Motorists Coverage for "bodily injury" sustained by any "insured":
1. If that "insured" or the legal representative settles the "bodily injury" claim and such settlement prejudices our right to recover payment. However, this Exclusion (A.1.) does not apply to Section 3. of the definition of "uninsured motor vehicle".

2. While "occupying" "your covered auto" when it is being used as a public or livery conveyance. This Exclusion (**A.2.**) does not apply to a share-the-expense car pool.
 3. Using a vehicle without a reasonable belief that that "insured" is entitled to do so. This Exclusion (**A.3.**) does not apply to a "family member" using "your covered auto" which is owned by you.
- B.** 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.

LIMIT OF LIABILITY

A. Except as provided in **B.** below:

1. When there is only one insured vehicle:
 - a. The limit of liability for Uninsured Motorists Coverage stated in the Declarations for each person 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; and
 - b. Subject to this limit for each person, the limit of liability for Uninsured Motorists Coverage stated in the Declarations for each accident is our maximum limit of liability for all damages for "bodily injury" resulting from any one accident.
2. When there is more than one insured vehicle:
 - a. And the "insured" was "occupying" "your covered auto" at the time of the accident:
 - (1) The limit of liability for Uninsured Motorists Coverage stated in the Declarations for each person applicable to that "your covered auto", plus the sum of the highest limits of liability for Uninsured Motorists Coverage stated in the Declarations for each person applicable to any other of "your covered autos" up to a maximum of two additional limits, 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; and
 - (2) Subject to this limit for each person the limit of liability for Uninsured Motorists Coverage stated

in the Declarations for each accident applicable to that "your covered auto", plus the sum of the highest limits of liability for Uninsured Motorists Coverage stated in the Declarations for each accident applicable to any other of "your covered autos" up to a maximum of two additional limits, is our maximum limit of liability for all damages for "bodily injury" resulting from any one accident.

b. And the "insured" was not "occupying" one of "your covered autos" at the time of the accident:

- (1) The sum of the highest limits of liability for Uninsured Motorists Coverage stated in the Declarations for each person applicable to any of "your covered autos" up to a maximum of three limits, 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; and
- (2) Subject to this limit for each person, the sum of the highest limits of liability for Uninsured Motorists Coverage stated in the Declarations for each accident applicable to any of "your covered autos" up to a maximum of three limits, 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; or
3. Vehicles involved in the accident.

B. If Uninsured Motorists Coverage is payable because liability coverage under any policy other than this policy is excluded for damages sustained by you or any "family member":

1. When there is only one insured vehicle:
 - a. That part of the limit of liability for Uninsured Motorists Coverage stated in the Declarations for each person that does not exceed the minimum limits specified in the Alabama Motor Vehicle Safety Responsibility Act, 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; and

- b. Subject to this limit for each person, that part of the limit of liability for Uninsured Motorists Coverage stated in the Declarations for each accident that does not exceed the minimum limits specified in the Alabama Motor Vehicle Safety Responsibility Act, is our maximum limit of liability for all damages for "bodily injury" resulting from any one accident.
- 2. When there is more than one insured vehicle:
 - a. The sum of that part of the limit of liability for Uninsured Motorists Coverage stated in the Declarations for each person applicable to any of "your covered autos" that does not exceed the minimum limits specified in the Alabama Motor Vehicle Safety Responsibility Act up to a maximum of three limits, 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; and
 - b. Subject to this limit for each person, the sum of that part of the limit of liability for Uninsured Motorists Coverage stated in the Declarations for each accident applicable to any of "your covered autos" that does not exceed the minimum limits specified in the Alabama Motor Vehicle Safety Responsibility Act up to a maximum of three limits, 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; or
 - 3. Vehicles involved in the accident.
- C. 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.
- D. 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.
- E. With respect to Section 3. of the definition of "uninsured 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 "uninsured motor vehicle", that such "insured" did not recover as a result of a settle-

ment between that "insured" and the insurer of an "uninsured motor vehicle". However, any reduction of the "insured's" total damages will not reduce the limit of liability for this coverage.

This Paragraph (E.) shall not apply if we advance payment to the "insured" in an amount equal to the tentative settlement with the insurer of the "uninsured motor vehicle".

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

OTHER INSURANCE

If there is other applicable insurance similar to the insurance provided by this endorsement, 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:

- a. You do not own, including any vehicle while used as temporary substitute for "your covered auto"; or
- b. Owned by you or any "family member" which is not insured for this coverage under this policy;

Shall be excess over any other collectible insurance similar to the insurance provided by this endorsement.

ARBITRATION

A. THE ARBITRATION PROVISION WILL NOT APPLY IF LEGAL ACTION HAS BEEN COMMENCED BY THE INSURED AGAINST THE OWNER OR OPERATOR OF AN "UNINSURED MOTOR VEHICLE".

B. THE ARBITRATION PROVISION APPLIES AS FOLLOWS:

1. IF WE AND AN "INSURED" DO NOT AGREE:

A. WHETHER THAT "INSURED" IS LEGALLY ENTITLED TO RECOVER DAMAGES; OR

B. AS TO THE AMOUNT OF DAMAGES WHICH ARE RECOVERABLE BY THAT "INSURED";

FROM THE OWNER OR OPERATOR OF AN "UNINSURED MOTOR VEHICLE" THEN THE MATTER MAY BE ARBITRATED. HOWEVER, DISPUTES CONCERNING COVERAGE UNDER THIS PART MAY NOT BE ARBITRATED.

BOTH PARTIES MUST AGREE TO ARBITRATION. IF SO AGREED, EACH PARTY WILL SELECT AN ARBITRATOR. THE TWO ARBITRATORS WILL SELECT A THIRD. IF THEY CANNOT AGREE WITHIN 30 DAYS, EITHER MAY REQUEST THAT SELECTION BE MADE BY A JUDGE OF A COURT HAVING JURISDICTION.

THE ARBITRATION PROCEEDINGS SHALL COMMENCE WITHIN ONE YEAR AFTER THE DATE BOTH PARTIES AGREE TO SETTLE A DISPUTE BY ARBITRATION.

2. EACH PARTY WILL:

A. PAY THE EXPENSES IT INCURS; AND

B. BEAR THE EXPENSES OF THE THIRD ARBITRATOR EQUALLY.

3. 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:

A. WHETHER THE "INSURED" IS LEGALLY ENTITLED TO RECOVER DAMAGES; AND

B. THE AMOUNT OF DAMAGES. THIS APPLIES ONLY IF THE AMOUNT DOES NOT EXCEED THE MINIMUM LIMIT FOR BODILY INJURY SPECIFIED BY THE FINANCIAL RESPONSIBILITY LAW OF ALABAMA. IF THE AMOUNT EXCEEDS THAT LIMIT, EITHER PARTY MAY DEMAND THE RIGHT TO A TRIAL. THIS DEMAND MUST BE MADE WITHIN 60 DAYS OF THE ARBITRATORS' DECISION. IF THIS DEMAND IS NOT MADE, THE AMOUNT OF DAMAGES AGREED TO

BY THE ARBITRATORS WILL BE BINDING.

ADDITIONAL DUTY

A person seeking Uninsured Motorists Coverage under Section 3. of the definition of "uninsured motor vehicle" must also promptly notify us in writing of a tentative settlement between the "insured" and the insurer of the "uninsured motor vehicle" and allow us 30 days 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 "uninsured motor vehicle".

II. Part F – General Provisions

Part F is amended as follows:

A. The following is added to the Our Right To Recover Payment Provision:

OUR RIGHT TO RECOVER PAYMENT

Our rights do not apply under Paragraph A. with respect to coverage under Section 3. of the definition of "uninsured motor vehicle" for Uninsured Motorists Coverage if we:

1. Have been given prompt written notice of a tentative settlement between an "insured" and the insurer of an "uninsured motor vehicle"; 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 Uninsured Motorists Coverage; and
2. We also have a right to recover the advanced payment.

B. The following is added to the Two Or More Auto Policies Provision:

TWO OR MORE AUTO POLICIES

1. This provision does not apply to Uninsured Motorists Coverage.
2. No one will be entitled to receive duplicate payments for the same elements of loss under Uninsured Motorists Coverage.

This endorsement must be attached to the Change Endorsement when issued after the policy is written.