

PLEASE READ THIS ENDORSEMENT CAREFULLY AS IT CHANGES YOUR POLICY.

STATE CONFORMANCE ENDORSEMENT - ARIZONA

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

1. \$15,000 for each person, subject to \$30,000 for each accident, with respect to "bodily injury"; and
2. \$10,000 for each accident with respect to "property damage".

GRACE PERIOD NOTICE:

Cancellation, item 2.a. and Offer To Renew include a grace period of at least 7 days for the payment of any premium due, during which grace period this policy shall continue in full force subject to the Termination provisions of Part F – General Provisions of this policy.

DEFINITIONS

Definition I. 2. is deleted and replaced by the following:

2. Any "newly acquired vehicle" on the date you became owner during the policy period, provided that it replaces one shown in the Declarations and you ask us to insure it within thirty days after you become the owner. You must ask us to insure a replacement vehicle within 30 days only if you wish to add or continue Coverage for Damage to Your Covered Auto. Under Part D - Coverage For Damage To Your Covered Auto, this automatic coverage for replacement vehicles will be:

- no greater than the highest appraisal for a vehicle already on the policy, or
- no greater than the replacement vehicle's most recent appraisal, whichever is lower.

"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 of less than 10,000 lbs.; 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.

PART A - LIABILITY COVERAGE

- A. Exclusion 5. is deleted and replaced by the following:

We do not provide Liability Coverage for any "insured":

5. For that "insured's" liability arising out of the ownership or operation of "your covered auto" while it is being used to carry persons or property for fee. This exclusion (5.) does not apply to:
 - a. A share-the-expense car pool; or
 - b. The ownership or operation of a vehicle while it is being used in the course of volunteer work for a tax-exempt organization as described in ARIZ. REV.STAT. ANN. Section 43-1201(4).

- B. The following exclusion is added:

We do not provide Liability Coverage for any "insured" for "bodily injury" to you or any "family member" to the extent that the limits of liability for this coverage exceed the minimum limits of liability required by the Arizona Financial Responsibility Law.

PART B - MEDICAL PAYMENTS COVERAGE

- A. Exclusion 1. is deleted and replaced by the following:

We do not provide Medical Payments Coverage for any "insured" for "bodily injury":

1. Sustained while "occupying" "your covered auto" when it is being used to carry persons or property for a fee: This exclusion (1.) does not apply:

- a. To a share-the-expense car pool; or
- b. While "your covered auto" is being used in the course of volunteer work for a tax-exempt organization as described in ARIZ. REV. STAT. ANN. Section 43-1201(4).

B. The **LIMIT OF LIABILITY** Provision is deleted and replaced by the following:

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; or
 - 2. Any Underinsured Motorists Coverage provided by this policy.

PART D - COVERAGE FOR DAMAGE TO YOUR COVERED AUTO

A. Exclusion 10. is deleted and replaced by the following:

We will not pay for:

- 10. Loss or damage intentionally caused or directed by you or any "family member". However, this exclusion does not apply if the property loss is caused by an act of domestic violence by another insured and not the insured who is claiming loss. The insured who claims property loss must cooperate in any investigation and must not have contributed to the loss.

B. Exclusion 11. does not apply.

C. Under **VEHICLE TRAILER**, the second paragraph is deleted in its entirety and replaced as follows:

We will cover "your vehicle trailer" up to the amount specified in the Declarations.

PART F - GENERAL PROVISIONS

A. The **Private Pleasure Use** Provision is deleted.

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

CONCEALMENT OR 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.

C. Under the **Legal Action Against Us** Provision, Paragraph C. is deleted and replaced by the following:

- C. Under Part D, suit or action must start within 24 months of the date of loss, 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.

D. The second paragraph of the **Payment of Loss** Provision is deleted and replaced by the following:

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".

E. The **Our Right To Recover Payment** Provision is amended by adding the following:

With respect to PART B – MEDICAL PAYMENTS COVERAGE, if we make a payment under this coverage and the person to or for whom payment is made recovers damages from another we:

1. Shall be entitled to the proceeds of the recovery; and
2. May have a lien against such recovery;

to the extent of our payment in excess of \$5,000. Notice of the lien shall be given in writing to:

1. A court having jurisdiction;
2. The "insured";
3. Each person, firm and corporation that the 'insured' or the "insured's" legal representative alleges are liable for damages arising from the accident; and
4. That person's, firm's and corporation's insurer.

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

TERMINATION

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 of cancellation to the named insured at the address shown in the policy. Notice shall be mailed:
 - a. At least 8 days after the premium due date if cancellation is for nonpayment of premium. Cancellation is to take effect as of the date of the mailing of the notice.
 - b. At least 10 days prior to the date cancellation is to take effect in all other cases. In these cases, notice will be mailed by certified mail or United States post office certification of mailing or by first class mail using Intelligent Mail barcode or other similar tracking method used or approved by the United States Postal Service.
3. After this policy is in effect for 60 days or if this is a renewal or continuation policy, we will cancel only if:
 - a. The named insured shown in the Declarations fails to pay the premium for this policy or any installment thereof;
 - b. The insurance was obtained through fraudulent misrepresentation;
 - c. You, any other driver who lives with you and who customarily operates "your covered auto", or any other driver who regularly and frequently operates "your covered auto":
 - (1) Has had their driver's license suspended or revoked during the policy period;
 - (2) Becomes permanently disabled either physically or mentally and that individual does not produce a certificate from a physician or a registered nurse practitioner testifying to that individual's ability to operate a motor vehicle;
 - (3) Is or has been convicted during the 36 months immediately preceding the effective date of the policy or during the policy period for:
 - (a) Criminal negligence resulting in death, homicide or assault, and arising out of the operation of a motor vehicle;
 - (b) Operating a motor vehicle while in an intoxicated condition or while under the influence of drugs;

- (c) Leaving the scene of an accident;
- (d) Making false statements in an application for a driver's license;
- (e) Reckless driving;

unless you agree in writing to exclude as insured such person by name when operating a motor vehicle and also agree to exclude coverage to the named insured for any negligence which may be imputed by law to the named insured arising out of the maintenance, operation or use of a motor vehicle by such excluded person.

- d. We are placed in rehabilitation or receivership by the insurance supervisory official in our state of domicile or by a court of competent jurisdiction or the Director of Insurance has suspended our Certificate of Authority based on our financially hazardous condition.
- e. "Your covered auto" is used regularly and frequently for commercial purposes by:
 - (1) You;
 - (2) Any other driver who lives with you and who customarily operates "your covered auto"; or
 - (3) Any other driver who regularly and frequently operates "your covered auto".
- f. The Director of Insurance determines that the continuation of this policy would place us in violation of the laws of Arizona or would jeopardize our solvency.
- g. Any other reason is permitted by state law.

Nonrenewal

1. 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:
 - a. At least 10 days before the end of the policy period if the reason described in Paragraph 2.a. or 2.b. below exists except for nonpayment of premium, as provided in the Offer To Renew provision.
 - b. At least 45 days before the end of the policy period if the reason described in Paragraph 2.c. below exists.

Notice will be mailed by certified mail or United States post office certificate of mailing or by first class mail using Intelligent Mail barcode or other similar tracking method used or approved by the United States Postal Service except if the reason we decide not to renew or continue this policy is that the named insured shown in the Declarations fails to pay the premium for this policy or any installment thereof.

2. We will only nonrenew or refuse to continue this policy if:
 - a. One of the reasons as listed in Paragraph 3. of the Cancellation provision exists; or
 - b. You and any "family members" were eligible for insurance based solely on your employment with us and your employment was terminated within the last 12 months; or
 - c. Subject to the conditions below, you, any other driver who lives with you and who customarily operates "your covered auto", or any other driver who regularly and frequently operates "your covered auto" has had at any time during the 36 months immediately before the notice of nonrenewal, three or more accidents under any policy with us in which that person was at least 50% responsible, and where the property damage paid by us for each accident that occurs:
 - (1) On or after January 1, 2012, but prior to January 1, 2013, is more than \$2,480;
 - (2) On or after January 1, 2013, but prior to January 1, 2014, is more than \$2,530;
 - (3) On or after January 1, 2014, but prior to January 1, 2015, is more than \$2,570;
 - (4) On or after January 1, 2015, but prior to January 1, 2016, is more than \$2,610; and
 - (5) On or after January 1, 2016, is more than the applicable threshold amount for property damage published by the Arizona Department of Insurance.

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However, we will not refuse to renew or continue this policy for the reason described in this Paragraph 2.c.:

1. Unless the same person has had all the accidents that make the policy subject to nonrenewal;
2. Due to the accident record of the named insured, if that named insured has been insured with us for at least 10 consecutive years for standard automobile bodily injury liability coverage prior to the most recent accident that makes the policy subject to nonrenewal; or
3. If the reason we would refuse to renew or continue is due to the accident record of a person other than you and you agree in writing to exclude such person, by name, as insured when operating a motor vehicle and also agree to exclude coverage to the named insured for any negligence which may be imputed by law to the named insured arising out of the maintenance, operation or use of a motor vehicle by such excluded person.

Offer To Renew

If we offer to renew or continue this policy and you or your representative do not pay the required renewal or continuation premium within seven days after the due date, thereby not accepting our offer, we may terminate this policy on or after the eighth day following the due date, by mailing notice of termination by certified mail or United States post office certificate of mailing to the named insured at the address shown in the policy. Termination is to take effect on the earlier of the following dates:

1. The date of the mailing of the notice; or
2. The effective date of any other insurance you have obtained on "your covered auto".

However, if you or your representative notifies us in writing that you:

1. Have obtained other insurance on "your covered auto"; or
2. Do not wish to renew or continue this policy;

the above provision does not apply and any insurance provided by this policy will terminate in accordance with the Automatic Termination Provision below.

Automatic Termination

1. 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.
2. If you notify us in writing that you do not wish to renew or continue any insurance provided by this policy will automatically terminate at the end of the current policy period.

We will mail you a notice of termination if you terminate this policy based on either Paragraph 1. or 2. described above.

Other Termination Provisions

1. If this policy is cancelled, you may be entitled to a premium refund. If so, we will send you the refund of the pro rata unearned premium.
2. The effective date of cancellation stated in the notice shall become the end of the policy period.

G. Under the **Transfer of Your Interest in This Policy** Provision, paragraph B. is deleted.

H. The **Amendatory Endorsements** Provision is deleted.