

PLEASE READ THIS ENDORSEMENT CAREFULLY AS IT CHANGES YOUR POLICY

STATE ENDORSEMENT – ARKANSAS

The following amendments change the policy. Please read your entire policy for full details about your coverages.

Throughout the policy, “minimum limits” refers to the following limits of liability as required by Arkansas 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. \$25,000 for each accident with respect to “property damage”.

DEFINITIONS

The following definition is added “Temporary substitute vehicle” means a motor vehicle:

1. Loaned by a duly licensed automobile dealer to, and while operated by, you or a “family member” for use as a:
 - a. Temporary substitute (with or without consideration) for “your covered auto” while that covered auto is out of use because of its breakdown, repair, or servicing; or
 - b. Demonstrator vehicle; or
2. Rented or leased from a rental company to, and while operated by, you or a “family member”. A rental company, as used here, is a person or entity in the business of providing mainly private passenger vehicles to the public under a rental agreement for a period not to exceed 90 days.

PART A – LIABILITY COVERAGE

Under the **Insuring Agreement**, the following changes are made:

“Your covered auto”, as used in this **PART A**, also includes a “temporary substitute vehicle”.

The definition of “Insured” is replaced by the following:

“Insured”, as used in this **PART A**, means:

1. You or any “family member” for the ownership, maintenance or use of “your covered auto”.
2. Any person using “your covered auto” that is not a “temporary substitute vehicle”.
3. You or any “family member” when “your covered auto” is a “temporary substitute vehicle” and while being operated by you or a “family member”.
4. 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 A**.

PART B – MEDICAL PAYMENTS COVERAGE

Under the **Insuring Agreement**, “your covered auto” as used in this **PART B**, also includes a “temporary substitute vehicle”.

PART D – COVERAGE FOR DAMAGE TO YOUR COVERED AUTO

Under the **Insuring Agreement**, the following is added:

“Your covered auto”, as used in this **PART D**, also includes a “temporary substitute vehicle”.

For a direct and accidental loss to a “your covered auto” that is a “temporary substitute vehicle” we will provide the broadest coverage applicable to any “your covered auto” shown in the Declarations .

Under the **Exclusions** provision, the following is added at the end of Exclusion A.

However, this exclusion does not apply to mold damage that results from a covered loss.

The **Limit of Liability** provision is replaced by the following:

LIMIT OF LIABILITY

- A. For “your covered auto” which is not a “temporary substitute vehicle”, we will pay the Guaranteed Value® shown in the Declarations for the applicable scheduled vehicle, inclusive of any applicable taxes and fees, in case of a total loss or “constructive total loss”.

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- B. For a “your covered auto” which is a “temporary substitute vehicle”, we will pay the actual cash value in case of a total loss or “constructive total loss”.
- C. For all other loss or damage to “your covered auto” which is not a “temporary substitute vehicle”, we will pay the amount necessary to repair or replace the property, whichever is less, provided you actually repair or replace the property, with similar kind and quality, without regard to depreciation or betterment, but we will not pay more than the Guaranteed Value® per vehicle shown in the Declarations .
- D. For all other loss or damage to “your covered auto” that is a “temporary substitute vehicle”, we will pay the amount necessary to repair or replace the property, whichever is less, provided the property is actually repaired or replaced, but we will not pay more than the actual cash value.

The **Appraisal** provision is replaced by the following:

APPRAISAL

- A. If we and you do not agree on the amount of loss, an appraisal of the loss may be made. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, 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. An appraisal decision will not be binding on either party.
- B. Each party will:
 - 1. Pay its chosen appraiser; and
 - 2. Bear the expenses of the appraisal and umpire equally.
- C. We do not waive any of our rights under this policy by agreeing to an appraisal.

PART F – GENERAL PROVISIONS

Under the **Legal Action Against Us** provision, paragraph C. is replaced by the following:

Under **PART D**, suit or action must start within the time allowed by law, 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.

Under **Our Right To Recover Payment** provision, the following is added:

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

The **Termination** provision is 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 to the Named Insured shown in the Declarations at the address shown in this policy:
 - 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. For fraud or material misrepresentation of a material fact, the knowledge of which would have caused us to decline to issue this Policy; or
 - c. If your driver's license 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 180 days immediately preceding the original effective date of the policy renewal; or
 - 3) If you or any driver who customarily operates "your covered auto"
 - 4) Has been convicted of driving while intoxicated:
 - 5) Has been convicted of homicide or assault arising out of the use of a motor vehicle; or
 - 6) Has been convicted three separate times of speeding or reckless driving, or any combination of the two during the policy period, including three months prior to the effective date of the Policy; or
 - 7) For nonpayment of membership dues when they are a requirement in the bylaws, agreements or other legal instruments of a company before issuance and maintenance of a policy under Arkansas law.

However, we may not cancel under Paragraph (A.3.c.) solely because of the administrative suspension or revocation of the insured's driver's license due to the influence or use of alcohol or a controlled substance as set forth in ARK. CODE ANN. Section 5-65-104.

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. Subject to this notice requirement, if the policy period is:

1. 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.

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 cancelled, you may be entitled to a premium refund. If so, we will send you the pro-rata refund.
3. Making or offering to make the refund is not a condition of cancellation.
4. The effective date of cancellation stated in the notice shall become the end of the policy period.

The following is added:

PRIMARY COVERAGE

A. We will provide primary coverage for the use or operation of a "temporary substitute vehicle" by you or a "family member". If there is other applicable insurance, our share of the covered losses or damages is the proportion that our limit of coverage bears to the total of all applicable limits of coverage.

A. Notwithstanding paragraph A. above, the total recovery under all such policies or coverages cannot be greater than the single highest limit that applies for any one loss under one policy of insurance providing coverage.

All other policy provisions apply.