

PLEASE READ THIS ENDORSEMENT CAREFULLY AS IT CHANGES YOUR POLICY.

STATE ENDORSEMENT - KANSAS

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

Throughout the policy and endorsements attached to it, reference to minimum limits means the following limits of liability, as required by Kansas 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 is added to the **Definitions**:

Throughout the policy wherever the phrase "total loss" appears it means when the total retail cost of repair meets or exceeds seventy-five (75%) percent of the agreed value of the motor vehicle. The foregoing excludes exterior cosmetic damage that results from windstorm or hail.

"Actual cash value" means the amount it would cost to repair or replace the covered property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence.

Definition E. "Family member" is deleted and replaced by the following:

- E. "Family member" means a person related to you by blood, marriage or adoption who is a resident of your household, whether or not temporarily living elsewhere, and who is listed as an authorized driver in the application. This includes a ward or foster child.

PART A – LIABILITY COVERAGE

INSURING AGREEMENT

Paragraph A. is replaced by the following:

We will pay damages for "bodily injury" or "property damage" for which any "insured" becomes legally responsible because of an auto accident involving "your covered auto". We will settle or defend, as we consider appropriate, any claim or suit asking for these damages. In addition to our limit of liability, we will pay all defense costs we incur. Our duty to settle or defend ends when our limit of liability for this coverage has been exhausted by payment of judgments or settlements. We have no duty to defend any suit or settle any claim for "bodily injury" or "property damage" not covered under this policy.

SUPPLEMENTARY PAYMENTS

The following is added:

We will pay on behalf of an "insured":

Prejudgment interest awarded against the "insured" on that part of the judgment we pay. If we make an offer to pay our limit of liability, we will not pay any prejudgment interest based on that period of time after the offer.

Exclusion 2. is deleted.

Exclusion 3. is replaced by the following:

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

3. With respect to coverage up to the minimum limits of liability required by the Kansas Automobile Injury Reparations Act, for damage to property rented to or in charge of that "insured"; and to the extent that the limits of liability for this coverage exceed the minimum limits of liability required by the Kansas Automobile Injury Reparations Act, for damage to property:
 - a. Rented to;
 - b. Used by;
 - c. In the care of; or

- d. Owned by;
- that "insured".

This Exclusion (3.) does not apply to damage to a residence or private garage.

With respect to coverage up to the minimum limits of liability required by the Kansas Automobile Injury Reparations Act, Exclusions 4., 5., 6., and 9. are replaced by the following:

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

4. For "bodily injury" to an employee of that "insured" during the course of employment if benefits are required or available for that employee under any of the following or similar law:
 - a. Workers' compensation law; or
 - b. Disability benefits law.
5. For that "insured's" liability arising out of the ownership or operation of a vehicle while it is being used as a public or livery conveyance or while rented to others. This Exclusion (5.) does not apply to a share-the-expense car pool.
6. While employed or otherwise engaged in the "business" of:
 - a. Selling;
 - b. Repairing;
 - c. Servicing;
 - d. Storing; or
 - e. Parking;

vehicles designated for use mainly on public highways. This includes road testing and delivery.
9. For "bodily injury" or "property damage" for which that "insured" is an insured under a nuclear energy liability policy.

Exclusion 7. is replaced by the following:

7. Maintaining or using any vehicle while that "insured" is employed or otherwise engaged in any "business" (other than farming or ranching) not described in Exclusion A.6.
 - a. This Exclusion (A.7.) does not apply to the maintenance or use of a:
 1. Private passenger auto;
 2. Pickup or van; or
 3. "Vehicle Trailer" used with a vehicle described in 1. or 2. above.
 - b. However, under part a. above, no coverage is provided to the extent that the limits of liability exceed the minimum limits of liability required by the Kansas Automobile Injury Reparations Act.

Exclusion 8. adds the following:

This Exclusion (8.) does not apply to a "family member" using "your covered auto" which is owned by you.

Exclusion 10. is replaced by the following:

10. To the extent that the limits of liability for this coverage exceed the minimum limits of liability required by the Kansas Automobile Injury Reparations Act, for liability arising out of the ownership, maintenance, or use of any vehicle other than "your covered auto".

PART C – UNINSURED MOTORISTS COVERAGE

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

ARBITRATION

- A. If we and an "insured" do not agree:
 1. Whether that "insured" is legally entitled to recover damages; or

2. 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 mutually 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 decision to enter into arbitration is a voluntary decision.

B. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the third arbitrator equally.

C. Unless both parties agree otherwise, arbitration will take place in the county in which the "named insured" lives. Local rules of law as to procedure and evidence will apply. **A decision agreed to by 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 minimum limit for bodily injury liability specified by the financial responsibility law of the state in which "your covered auto" is principally garaged. If the amount exceeds that limit, either party may demand the right to a trial. This demand must be made in writing 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.

PART D – COVERAGE FOR DAMAGE TO YOUR COVERED AUTO

The **Payment Of Loss** Provision is replaced by the following:

PAYMENT OF LOSS

Unless a claim has been paid by others, we will pay any loss covered under this policy within 30 days after we reach agreement with you, entry of a final judgment, or the filing of an appraisal award with us.

If we pay for loss in money, our payment will include the applicable sales tax for the damaged or stolen property. However, if the loss is a total loss to "your covered auto" or any "non-owned auto" and we elect either to pay for loss in money or to purchase a comparable replacement vehicle, our payment for loss will include, other than payment for any applicable deductible shown in the Declarations, all:

1. Applicable taxes;
2. License fees; and
3. Other fees;

incident to transfer of evidence of ownership of a comparable replacement vehicle.

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.

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.

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

APPRAISAL

- A. After a claim has been made seeking coverage for a loss, if we and you do not agree on the amount of the loss, an appraisal of the loss may be made within 30 days.
- B. **Both parties must agree, voluntarily, to the appraisal and neither party shall be forced to participate.**

If both parties voluntarily agree, 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.

C. **A decision agreed to by any two will be binding.**

D. Each party will:

1. Pay its chosen appraiser; and
2. Bear the expenses of the appraisal and umpire equally.

E. We do not waive our rights under this policy by agreeing to an appraisal.

PART F – GENERAL PROVISIONS

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

CONCEALMENT OR FRAUD

We do not provide coverage for any "insured" who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement relating to any accident or claim for which coverage is sought under this policy, which such person:

1. Knows to contain materially false information; or
2. Conceals, for the purposes of misleading, information;
concerning any material fact.

LEGAL ACTION AGAINST US

Item C. of the Legal Action Against Us provision is deleted and replaced by the following:

- C. Under Part D, suit or action must start within five years 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.

PAYMENT OF LOSS

Paragraph two 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, then the following coverages provided in this policy, for such covered auto(s) only, will terminate simultaneously upon payment of the loss:

- A. Liability - Part A; Medical Payments - Part B; and Uninsured Motorists - Part C; but only when we retain salvage;
- B. Part D - Coverage for Damage to Your Covered Auto;

The amount we will pay for a total loss or a "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".

The **Our Right To Recover Payment** Provision is amended as follows:

OUR RIGHT TO RECOVER PAYMENT

1. This provision does not apply to Part B – Medical Payments Coverage.
2. The following is added to Paragraph A. of this provision:

Our rights in this Paragraph (A.) do not apply with respect to damages caused by an accident with an:

- a. "Underinsured motor vehicle" if we:
 - (1) Have been given written notice by certified mail of a tentative agreement between an "insured" and the insuring company of the owner or operator of the "underinsured motor vehicle"; and
 - (2) Fail to advance payment to the "insured" in an amount equal to the tentative settlement within 60 days after receipt of the notice.
- b. "Uninsured motor vehicle" to which a liability bond or policy applies at the time of the accident but the bonding or insuring company is or becomes insolvent.

The **Termination** Provision is 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 by certified or registered mail, United States post office certificate of mailing or any other mail tracking method currently used, approved or accepted by the United States Postal Service to the named insured shown in the Declarations at the latest address filed with us by or on behalf of the named insured:
 - a. At least 10 days notice if cancellation is for nonpayment of premium;
 - b. At least 30 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, this policy cannot be cancelled solely because of age, but only:
 - a. For nonpayment of premium; or
 - b. If the insurance was obtained through fraudulent misrepresentation; or
 - c. If you violate any of the terms and conditions of this policy; or
 - d. If you or any other driver who lives with you or customarily uses "your covered auto":
 - (1) Has had his or her driver's license suspended or revoked during the policy period; or
 - (2) Is or becomes subject to epilepsy or heart attacks, and such individual cannot produce a certificate from a physician testifying to his or her ability to operate a motor vehicle; or
 - (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) Any felony; or
 - (b) Criminal negligence resulting in death, homicide or assault, arising out of the operation of a motor vehicle; or
 - (c) Operating a motor vehicle while in an intoxicated condition or while under the influence of drugs; or
 - (d) Leaving the scene of an accident without stopping to report; or
 - (e) Theft of a motor vehicle; or
 - (f) Making false statements in an application for a driver's license; or
 - (g) A third moving violation, committed within a period of 18 months, of
 - (i) any regulation limiting the speed of motor vehicles,
 - (ii) any of the provisions in the motor vehicle laws of any state, the violation of which constitutes a misdemeanor or traffic infraction, or
 - (iii) any ordinance traffic infraction, or ordinance which prohibits the same acts as a misdemeanor statute of the uniform act regulating traffic on highways, whether or not the violations were repetitious of the same offense or were different offenses.

Nonrenewal

If we decide not to renew or continue this policy, we will mail notice by registered or certified mail, United States post office certificate of mailing or any other mail tracking method currently used, approved or accepted by the United States Postal Service to the named insured at the latest address filed with us by or on behalf of the named insured. Notice will be mailed at least 30 days before the end of the policy period. We will only nonrenew or refuse to continue the liability and personal injury protection coverages of this policy if:

1. One of the reasons as listed in Paragraph 3. of Cancellation exists; or
2. We are otherwise permitted by the laws of the State of Kansas.

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.

Other Termination Provisions

1. Proof of mailing of any notice shall be sufficient proof of notice.
2. When we cancel this Policy, you may be entitled to a premium refund. If so, we will refund you the return premium with the notice of cancellation or within 10 days from the date of such notice. The premium refund, if any, will be computed according to our manuals. 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.

All other policy provisions apply.