

PLEASE READ THIS ENDORSEMENT CAREFULLY AS IT CHANGES YOUR POLICY

STATE ENDORSEMENT — WASHINGTON

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 Washington 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. \$10,000 for each accident with respect to "property damage".

DEFINITIONS

The following definitions are replaced:

A. Throughout this policy, "you" and "your" refer to the named insured shown in the Declarations; and

1. The spouse; or
2. A party who has entered into a domestic partnership with the named insured registered under Washington law;

if a resident of the same household.

If the spouse or party who has entered into a domestic partnership with the named insured ceases to be a resident of the same household during the policy period or prior to the inception of this policy, the spouse or such party will be considered "you" and "your" under this policy but only until the earlier of:

1. The end of 90 days following the spouse's or such party's change of residency;
2. The effective date of another policy listing the spouse or such party as a named insured; or
3. The end of the policy period.

E. "Family member" means a person related to you by blood, marriage, domestic partnership registered under Washington law or adoption who is a resident of your household.

This includes a ward or foster child.

PART A – LIABILITY COVERAGE

Paragraph A. of the **Insuring Agreement** is replaced by the following:

A. We will pay damages for "bodily injury" or "property damage" for which any "insured" becomes legally responsible because of an auto accident. Damages include prejudgment interest awarded against the "insured". 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.

PART D – COVERAGE FOR DAMAGE TO YOUR COVERED AUTO

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

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. If we pay for loss in money, our payment will include the applicable sales tax for the damaged or stolen property.

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.

Paragraph C. of the **Appraisal** provision is replaced by the following:

C. Neither we nor you waive any rights under this policy by agreeing to an appraisal.

PART E – DUTIES AFTER AN ACCIDENT OR LOSS

B.2. is deleted.

C. is replaced by the following:

- C. A person seeking Underinsured Motorists Coverage must also promptly send us copies of the legal papers if a suit is brought.

PART F – GENERAL PROVISIONS

Paragraph C. of the **Legal Action Against Us** Provision is replaced by the following:

- C. Under Part D, suit or action must start within 12 months from the time the cause of action 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 following is added to the **Legal Action Against Us** Provision:

If an action is brought against us under the Insurance Fair Conduct Act, then 20 days prior to filing such an action, we and the Office of the Insurance Commissioner must be provided written notice of the basis for the cause of action. Such notice may be sent by regular mail, registered mail or certified mail with return receipt requested.

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".

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

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

Our rights do not apply under Paragraph A. with respect to Underinsured Motorists Coverage if we:

1. Have been given prompt written notice of a tentative settlement between an "insured" and the insurer of an "underinsured motor vehicle"; and
2. Fail to advance payment to the "insured" in an amount equal to the tentative settlement within a reasonable time after receipt of notification.

If we advance payment to the "insured" in an amount equal to the tentative settlement within a reasonable time after receipt of notification:

1. That payment will be separate from any amount the "insured" is entitled to recover under the provisions of Underinsured Motorists Coverage.
2. We also have a right to recover the advanced payment.

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

TERMINATION

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

1. The named insured shown in the Declarations may cancel by notifying us or the insurance producer of the date cancellation is to take effect in one of the following ways:
 - a. The returning of this policy to us;
 - b. Written notice prior to or on the date cancellation is to take effect by mail, facsimile or e-mail; or

c. Verbal notice.

If the date of cancellation is not specified, cancellation shall take effect upon our receipt of such notice.

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 if the policy has been in effect 30 or less days; 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. If your driver's license or that of any driver who customarily uses "your covered auto" has been suspended or revoked. this must have occurred:
 - (1) During the policy period; or
 - (2) If the policy is a renewal, during its policy period or the 180 days immediately preceding the effective date of the renewal policy.
4. We will mail the same advance written notice of cancellation to the insurance producer, if applicable.

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 20 days before the end of the policy period. Subject to this notice requirement, if the policy period is other than 1 year, we will have the right not to renew or continue this policy at each anniversary of its original effective date.

We will mail the same advance notice of nonrenewal to the insurance producer, if applicable.

We may not refuse to renew or continue the Liability or Collision Coverage of this policy on the basis that you have made one or more claims under any:

1. Other than Collision Coverage in **Part D**; or
2. Towing and Labor Costs Coverage;

of this policy.

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.

We are not required to renew this policy if other coverage acceptable to you is obtained before the end of the current policy period.

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. Included in the notice will be the reason for cancellation or nonrenewal of the policy.
2. If this policy is canceled, you may be entitled to a premium refund. The premium refund, if any, will be computed pro rata.
3. Any premium refund due will be sent to you as soon as possible and:
 - a. No later than 45 days after the date we send notice of cancellation if we cancel the policy; or
 - b. No later than 30 days after the date we receive notice of cancellation if you cancel the policy.

4. The effective date of cancellation stated in the notice shall become the end of the policy period.

The **Transfer Of Your Interest In This Policy** Provision is replaced by the following:

TRANSFER OF YOUR INTEREST IN THIS POLICY.

- A. Your rights and duties under this policy may not be assigned without our written consent. However, if a named insured shown in the Declarations dies, coverage will be provided for:

1. The surviving:
 - a. Spouse; or
 - b. Party who has entered into a domestic partnership with the named insured registered under Washington law;
if resident in the same household at the time of death. Coverage applies to the spouse or party who has entered into a domestic partnership with the named insured as if a named insured shown in the Declarations; and
2. The legal representative of the deceased person as if a named insured shown in the Declarations. This applies only with respect to the representative's legal responsibility to maintain or use "your covered auto".

- B. Coverage will only be provided until the end of the policy period.

The **Two Or More Auto Policies** Provision is replaced by the following:

TWO OR MORE AUTO POLICIES

If this policy and any other auto insurance policy Issued to the named insured by us apply to the same accident, the maximum limit of our liability under all the policies shall not exceed the highest applicable limit of liability under any one policy.

The **Amendatory Endorsements** Provision is deleted.

All other policy provisions apply.