

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Throughout this policy the word "you" and "your" refer to the Named Insured shown in the Declarations or in any certificate of insurance issued as part of this policy. The words "we", "us" and "our" refer to the Company providing this insurance. Words and phrases that appear in bold have special meaning. Refer to SECTION IV – DEFINITIONS.

SECTION I – COVERED AUTOS**A. DESCRIPTION OF COVERED AUTO**

ITEM THREE of the Declarations or certificate of insurance issued as part of this policy shows the **autos** that are covered **autos** for each of your coverages. Only those **autos** described in ITEM THREE of the Declarations or on any certificate of insurance issued as part of this policy for which a premium charge is shown and any **trailers** you don't own while attached to any power unit described in ITEM THREE are covered **autos**.

B. CERTAIN TRAILERS, MOBILE EQUIPMENT AND TEMPORARY SUBSTITUTE AUTOS

If Liability Coverage is provided by this insurance, the following types of vehicles are also covered **autos** for Liability Coverage:

1. **Trailers** with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. **Mobile equipment** while being carried or towed by a covered **auto**.
3. Any **auto** you do not own while used with the permission of its owner as a temporary substitute for a covered **auto** you own that is out of service because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. **Loss**; or
 - e. Destruction.

SECTION II – LIABILITY COVERAGE**A. COVERAGE**

We will pay all sums an **insured** legally must pay as damages because of **bodily injury or property damage** to which this insurance applies, caused by an **accident** and resulting from the ownership, maintenance or use of a covered **auto**.

We have the right and duty to defend any suit asking for these damages. However, we have no duty to defend **suits for bodily injury or property damage** not covered by this insurance. We may investigate and settle any claim or **suit**, as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. WHO IS AN INSURED

The following are insureds:

- a. You for any covered **auto**.
- b. Anyone else while using with your permission a covered **auto** you own, hire or borrow except:
 - (1) The owner of a covered **auto** you hire or borrow from one of your employees or a member of his or her household.
 - (2) Anyone other than your employees, partners, a lessee or borrower or any of their employees, while moving property to or from a covered **auto**.
 - (3) A partner of yours for a covered **auto** owned by him or her or a member of his or her household.
- c. Anyone liable for the conduct of an insured described above but only to the extent of that liability. However, the owner or anyone else from whom you hire or borrow a covered **auto** is an insured only if that **auto** is a **trailer** connected to a covered **auto** you own.

2. COVERAGE EXTENSIONS

- a. Supplementary Payments. In addition to the Limit of Insurance, we will pay for the **insured**:
 - (1) All expenses we incur;
 - (2) Up to \$100 for cost of bail bonds (including bonds for related traffic law violations) required because of an **accident** we cover. We do not have to furnish these bonds.
 - (3) The cost of bonds to release attachments in any **suit** we defend, but only for bond amounts within our Limit of Insurance.
 - (4) All reasonable expenses incurred by the **insured** at our request, other than loss of earnings.
 - (5) All costs taxed against the **insured** in any **suit** we defend.
 - (6) All interest on the full amount of any judgment that accrues after entry of the judgment in any **suit** we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

b. Other State Coverage Extensions.

While a covered **auto** is in use in any state of the United States or in any province of Canada we will:

- (1) Increase the Limit of Insurance for Liability coverage to meet the limit or limits specified by a compulsory or financial responsibility law in the jurisdiction where the covered **auto** is being used.
- (2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered **auto** is being used.

We will not pay anyone more than once for the same elements of **loss** because of these extensions.

B. EXCLUSIONS

This insurance does not apply to any of the following:

1. EXPECTED OR INTENDED INJURY

Bodily injury or property damage expected or intended from the standpoint of the **insured**.

2. CONTRACTUAL

Liability assumed under any contract or agreement.

3. WORKERS COMPENSATION

Any obligation for which the **insured** or the **insured's** insurer may be held liable under any workers compensation, disability benefits or unemployment compensation law or any similar law.

4. EMPLOYEE INDEMNIFICATION AND EMPLOYER'S LIABILITY

Bodily injury to:

- a. An employee of the **insured** arising out of and in the course of employment by the **insured**; or
- b. The spouse, child, parent, brother or sister of that employee as a consequence of paragraph a. above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to **bodily injury** to domestic employees not entitled to workers compensation benefits.

5. FELLOW EMPLOYEE

Bodily injury to any fellow employee of the insured arising out of and in the course of the fellow employee's employment.

6. CARE, CUSTODY OR CONTROL

Property damage to property owned or transported by the insured or in the insured's care, custody or control.

7. HANDLING OF PROPERTY

Bodily injury or property damage resulting from the handling of property:

- a. Before it is moved from the place where it is accepted by the insured for movement into or onto the covered **auto**; or
- b. After it is moved from the covered **auto** to the place where it is finally delivered by the **insured**.

8. MOVEMENT OF PROPERTY BY MECHANICAL DEVICE.

Bodily injury or property damage resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered **auto**.

9. OPERATIONS

Bodily injury or property damage arising out of the operation of any equipment listed in paragraphs 6.b. and 6.c. of the definition of mobile equipment.

10. COMPLETED OPERATIONS

Bodily injury or property damage arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

- a. Work or operations performed by you or on your behalf; and
 - b. Materials, parts or equipment furnished in connection with such work or operations.
- Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in paragraphs a. or b. above.

Your work will be deemed completed at the earliest of the following times:

- (1) When all of the work called for in your contract has been completed.
- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

11. POLLUTION

a. **Bodily injury or property damage** arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:

- (1) That are, or that are contained in any property that is:
 - (a) Being transported or towed by, or handled for movement into, onto or from, the covered **auto**;
 - (b) Otherwise in the course of transit; or
 - (c) Being stored, disposed of, treated or processed in or upon the covered **auto**;
- (2) Before the pollutants or any property in which the pollutants are contained are moved from the place where they are accepted by the **insured** for movement into or onto the covered **auto**; or
- (3) After the pollutants or any property in which the pollutants are contained are moved from the covered **auto** to the place where they are finally delivered, disposed of or abandoned by the **insured**.

Paragraph a. (1)(c) does not apply to fuels, lubricants, fluids, exhaust gases or other similar pollutants that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered **auto** or its parts; if:

- (1) The pollutants escape or are discharged, dispersed or released directly from an **auto** part designed by its manufacturer to hold, store, receive or dispose of such pollutants; and
- (2) The **bodily injury or property damage** does not arise out of the operation of any equipment listed in paragraphs 6.b. and 6.c. of the definition of **mobile equipment**.

Paragraphs a.(2) and a.(3) of this exclusion do not apply if:

- (1) The pollutants or any property in which the pollutants are contained are upset, overturned or damaged as a result of the maintenance or use of a covered **auto**; and
 - (2) The discharge, dispersal, release or escape of the pollutants is caused directly by such upset, overturn or damage.
- b. Any loss, cost or expense rising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

12. WAR

Bodily injury or property damage due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

13. FAMILY MEMBERS

Bodily injury to you or any family member.

C. LIMIT OF INSURANCE

Regardless of the number of covered autos, insureds, premiums paid, claims made or vehicles involved in the accident, the limit of insurance is as follows:

1. The most we will pay for all damages resulting from **bodily injury** to any one person caused by any one **accident** is the limit of Bodily Injury Liability shown in the Schedule or in the declarations for each person.
2. Subject to the limit for each person, the most we will pay for all damages resulting from **bodily injury** caused by any one **accident** is the limit of Bodily Injury Liability shown in the Schedule or in the Declarations for each **accident**.
3. The most we will pay for all damages resulting from **property damage** caused by any one **accident** is the limit of Property Damage Liability shown in the Schedule or in the declarations; or if Combined Liability and premium is indicated on the Declarations page then the limit of insurance is as follows: Regardless of the number of covered **autos, insureds, premiums paid, claims made or vehicles involved in the accident**, the most we will pay for all damages resulting from any one **accident** is the Limit of Insurance for Liability Coverage shown in the Declarations.

All **bodily injury and property damage** resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one **accident**.

SECTION III – CONDITIONS

The following conditions apply to this insurance:

A. LOSS CONDITIONS**1. DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS**

a. In the event of **accident, claim, suit or loss**, you must give us or our authorized representative prompt notice of the **accident or loss**. Such notice must include:

- (1) How, when and where the **accident or loss** occurred;
- (2) The **insured's** name and address; and
- (3) To the extent possible, the names and addresses of any injured persons and witnesses.

b. Additionally, you and any other involved **insured** must:

- (1) Assume no obligation, make no payment or incur no expense without our consent, except at the insured's own cost.
- (2) Immediately send us copies of any demand, notice, summons or legal paper received concerning the claim or **suit**.
- (3) Cooperate with us in the investigation, settlement or defense of the claim or **suit**.
- (4) Authorize us to obtain medical records or other pertinent information.
- (5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.

c. Within 15 days after we receive your written notice of claim, we must:

- (1) Acknowledge receipt of the claim. If our acknowledgement of the claim is not in writing, we will keep a record of the date, method and content of our acknowledgment.
- (2) begin any investigation of the claim.
- (3) Specify the information you provide in accordance with paragraph b. above. We may request more information, if during the investigation of the claim such additional information is necessary.

d. After we receive the information we request, we must notify you in writing whether the claim will be paid or has been denied or whether more information is needed:

- (1) within 15 **business days**; or
- (2) within 30 days if we have reason to believe the **loss** resulted from arson.

e. If we do not approve payment of your claim or require more time for processing your claim, we must:

- (1) give the reasons for denying your claim, or
- (2) give the reasons we require more time to process your claim. But, we must either approve or deny your claim within 45 days after our requesting more time.

f. In the event of a weather-related catastrophe or major natural disaster, as defined by the Texas Department of Insurance, the claim-handling deadlines as stated above are extended for an additional 15 days.

g. Loss Payment

- (1) If we notify you that we will pay your claim, or part of your claim, we must pay within 5 **business days** after we notify you.
- (2) If payment of your claim or part of your claim requires the performance of an act by you, we must pay within 5 **business days** after the date you perform the act.

h. Notice of Settlement of Liability Claim

- (1) We will notify you in writing of any initial offer to compromise or settle a claim against you under the liability section of this policy. We will give you notice within 10 days after the date the offer is made

(2) We will notify you in writing of any settlement of a claim against you under the liability section of this policy. We will give you notice within 30 days after the date of the settlement.

2. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this insurance until:
 a. There has been full compliance with all the terms of this insurance; and
 b. Under Liability Coverage, we agree in writing that the **insured** has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the insured's liability.

3. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after **accident** or **loss** to impair them.

B. GENERAL CONDITIONS

1. BANKRUPTCY

Bankruptcy or insolvency of the **insured** or the **insured's** estate will not relieve us of any obligations under this insurance.

2. CONCEALMENT, MISREPRESENTATION OR FRAUD

This insurance is void in any case of fraud by you relating to it. It is also void if you intentionally conceal or misrepresent a material fact concerning:

- a. This insurance;
- b. The covered **auto**; or
- c. Your interest in the covered **auto**.

3. OTHER INSURANCE

a. For any covered **auto** you own, this insurance is primary insurance. For any covered **auto** you don't own, this insurance is excess over any other collectible insurance. However, while a covered **auto** which is a **trailer** is connected to another vehicle, the Liability Coverage this insurance provides for the **trailer** is:

- (1) Excess while it is connected to a motor vehicle you do not own.
- (2) Primary while it is connected to a covered **auto** you own.

b. When this insurance and any other insurance or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our insurance bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

4. POLICY PERIOD, COVERAGE TERRITORY

Under this insurance, we cover **accidents** and **losses** occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the coverage territory.

The coverage territory is:

- (1) The United States of America; and
- (2) Canada.

5. TWO OR MORE POLICIES ISSUED BY US

If this insurance and any other insurance or policy issued to you by us or any company affiliated with us apply to the same **accident**, the aggregate maximum Limit of Insurance under all the policies shall not exceed the highest applicable Limit of Insurance under any one policy. This condition does not apply to any policy issued by us or an affiliated company specifically to apply as excess insurance over this.

6. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

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

- a. The surviving spouse if resident in the same household at the time of death. Coverage applies to the spouse as if an insured shown in the Declarations; or
- b. The legal representative of the deceased person as if an **insured** shown in the Declarations. This applies only with respect to the representative's legal responsibility to maintain or use your covered **auto**.

Coverage will be provided until the end of the policy period.

7. CANCELLATION

- a. This policy may not be cancelled when written for a period of less than 30 days.
- b. This policy may be cancelled when written for a period of 30 days or more as follows:
 - (1) The **insured** shown in the Declarations or any certificate of insurance may cancel by:
 - (a) returning this policy to us; or
 - (b) giving us advance written notice of the date cancellation is to take effect.

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(2) We may cancel by mailing at least 10 days notice to the **insured** shown in the Declarations or any certificate of insurance at the address shown in this policy.

c. We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.

d. If this policy is cancelled, you may be entitled to a premium refund. If so, we will send you the refund promptly. The premium refund, if any, will be computed pro rata. However, making or offering to make the refund is not a condition of cancellation.

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

f. Any cancellation or restriction of coverage made without your consent will be of no effect, except as:

- (1) provided for in this Cancellation provision; or
- (2) Required by the Texas Department of Insurance.

g. We may not cancel a policy based solely on the fact that you are an elected official.

8. CHANGES

This policy contains all the agreements between you and us. Its terms may not be changed or waived except by endorsement issued by us. If a change requires a premium adjustment, we will adjust the premium as of the effective date of change.

SECTION IV – DEFINITIONS

A. **Accident** includes continuous or repeated exposure to the same conditions resulting in **bodily injury** or **property damage**.

B. **Auto** means a land motor vehicle, trailer or semitrailer designed for travel on public roads but does not include **mobile equipment**.

C. **Bodily injury** means bodily injury, sickness or disease sustained by a person including death resulting from any of these.

D. **Family member** means a person related to you by blood, marriage or adoption who is a resident of your household. This includes a ward or foster child.

E. **Insured** means any person or organization qualifying as an insured in the Who is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or **suit** brought.

F. **Loss** means direct and accidental loss or damage.

G. **Mobile equipment** means any of the following types of land vehicles, including any attached machinery or equipment:

- 1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- 2. Vehicles maintained for use solely on or next to premises you own or rent;
- 3. Vehicles that travel on crawler treads;
- 4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted;
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers or rollers.
- 5. Vehicles not described in paragraphs 1., 2., 3., or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including spraying, welding, building, cleaning, geophysical exploration, lighting and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers.
- 6. Vehicles not described in paragraphs 1., 2., 3., or 4. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not **mobile equipment** but will be considered **autos**:
 - a. Equipment designed primarily for:
 - (1) Snow removal
 - (2) Road maintenance, but not construction or resurfacing; or
 - (3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps and generators, including spraying, welding, building, cleaning, geophysical exploration, lighting or well servicing equipment.

H. **Property damage** means damage to or loss of use of tangible property.

I. **Suit** means a civil proceeding in which damages because of **bodily injury** or **property damages** to which this insurance applies are alleged. Suit includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

J. **Trailer** includes semi trailer.

K. **Business Day** means a day other than a Saturday, Sunday or holiday recognized by the state of Texas.

In Witness Whereof, the company has caused this policy to be executed and attested.

Secretary

President

AUTOMOBILE MEDICAL PAYMENTS COVERAGE

ENDORSEMENT

A. We will pay reasonable expense incurred for necessary medical and funeral services because of bodily injury:

- 1. Caused by accident; and
- 2. Sustained by a covered person.

B. "Covered person" as used in this Part means:

- 1. You or any family member:
 - a. while occupying; or
 - b. when struck by:
 - a motor vehicle designed for use mainly on public roads or a trailer of any type.
- 2. Any other person while occupying your covered auto.

EXCLUSIONS

A. We do not provide Medical Payments Coverage for any person for bodily injury:

- 1. Sustained while occupying any motorized vehicle having fewer than four wheels.
- 2. Sustained while occupying your covered auto when it is:
 - a. being used to carry persons for a fee; this does not apply to a share-the-expense car pool; or
 - b. being used to carry property for a fee; this does not apply to you or any family member unless the primary usage of the vehicle is to carry property for a fee; or
 - c. rented or leased to another; this does not apply if you or any family member lends your covered auto to another for reimbursement of operating expenses only.
- 3. Sustained while occupying any vehicle located for use as a residence or premises.
- 4. Occurring during the course of employment if workers' compensation benefits are required or available for the bodily injury.
- 5. Sustained while occupying or, when struck by, any vehicle (other than your covered auto) which is:
 - a. owned by you; or
 - b. furnished or available for your regular use.
- 6. Sustained while occupying or, when struck by any vehicle (other than your covered auto) which is:
 - a. owned by any family member;
 - b. furnished or available for your regular use of any family member.
 However, this exclusion (6.) does not apply to you.
- 7. Sustained while occupying a vehicle without a reasonable belief that person is entitled to do so. This exclusion (7.) does not apply to you or any family member while using your covered auto.
- 8. Sustained while occupying a vehicle when it is being used in the business or occupation of a covered person. This exclusion (6.) does not apply to bodily injury sustained while occupying a:
 - a. private passenger auto;
 - b. pickup or van that you own; or
 - c. trailer used with a vehicle described in (6.a. or 6.b.) above.
- 9. Caused by or as a consequence of:
 - a. discharge of a nuclear weapon (even if accidental);
 - b. war (declared or undeclared);

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- c. civil war;
- d. insurrection; or
- e. rebellion or revolution.
- 10. From or as a consequence of the following whether controlled or uncontrolled or however caused:
 - a. nuclear reaction;
 - b. radiation; or
 - c. radioactive contamination.

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. Covered persons;
- 2. Claims made;
- 3. Vehicles or premiums shown in the Declarations; or
- 4. Vehicles involved in the accident.

B. Any amounts otherwise payable for expenses under this coverage shall be reduced by the amounts paid or payable for the same expenses under any Auto Liability or Uninsured / Underinsured Motorists Coverage provided by this policy.

C. No payment will be made unless the insured person or that person's legal representative agrees in writing that any payment shall be applied toward any settlement or judgment that person receives under any Auto Liability or Uninsured / Underinsured Motorists Coverage provided by this policy.

C. OTHER INSURANCE

If there is other applicable auto medical payment Insurance 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 you do not own shall be excess over any other collectible auto Insurance providing payments for medical or funeral expense.

D. ASSIGNMENT OF BENEFITS

Payments for medical expenses will be paid directly to a physician or other health care provider if we receive a written assignment signed by the covered person to whom such benefits are payable.

E. ADDITIONAL DEFINITIONS

The following are added to the DEFINITION Section and have special meaning for AUTOMEDICAL PAYMENTS INSURANCE: "Occupying" means in, upon, getting in, on, out or off.