

****THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.****

ILLINOIS AUTO ENDORSEMENT

This endorsement changes certain parts of *your* Auto Policy. Every coverage, *exclusion*, definition and rule that isn't changed by this endorsement remains the same.

PART I: YOUR PROPERTY COVERAGE

CARS AND OTHER VEHICLES

WHAT WE COVER

A. CARS, VANS, TRUCKS AND TRAILERS

Vans and trucks we don't cover is deleted.

LOSSES WE'LL PAY FOR

The third paragraph of this section is deleted and replaced by the following:

If a *deductible* is shown **only** for comprehensive coverage, that vehicle and any *non-owned auto* is covered against risks of loss except *collision* and any of the *exclusions* described below in "Losses We Won't Pay For". If a *deductible* is also shown for *collision* coverage, it's covered against *collision*, too.

PART II: YOUR LIABILITY COVERAGE

LIABILITY AND MEDICAL EXPENSES

B. MEDICAL EXPENSES

Who we insure is deleted and replaced by the following:

Who we insure.

For *bodily injury* from an *occurrence* involving a motor vehicle, we'll pay *medical expenses* for anyone who is an *insured person*. Under this coverage, *insured person* includes the same people as under *your* liability coverage. In addition, *insured person* also includes any other person while occupying any other vehicle operated by *you* or a *family member*, if the vehicle is a private passenger auto or *trailer*.

DAMAGES WE WON'T PAY

(12) Damage to property in your care is deleted and replaced by the following:

(12) Damage to property in your care. We won't pay for *property damage* to property an *insured person* rents, occupies, possesses, uses or has available for regular use, but does **not** own. This *exclusion* does **not** apply to:

- a residence or garage; or
- cars, *trailers*, vans or pickup or panel trucks when the loss is caused by *collision*.

UNINSURED/UNDERINSURED MOTORISTS COVERAGE

WHAT WE COVER

Who we insure. The following is added:

- any other person occupying any other auto operated by *you*.

Definition of an uninsured vehicle is deleted and replaced by the following:

An *uninsured vehicle* is any motor vehicle or *trailer* that, at the time of the vehicle accident, is:

- not covered by a bond or policy for *bodily injury*;
- covered, but the company denies coverage or is or becomes insolvent.

- a hit-and-run vehicle whose operator or owner can't be identified and which hits or causes an object to hit:
 - *you* or any *family member*;
 - a vehicle which *you* or any *family member* are occupying; or
 - *your* motor vehicle.

If there is no physical contact with the hit-and-run vehicle, the facts of the accident must be proved.

However, a motor vehicle or *trailer* is not considered uninsured if it is:

- owned by an *insured person*, or furnished or available for his or her regular use unless it is *your* covered auto to which Part II of the policy applies and liability coverage is excluded for damages sustained in the accident;
- owned or used by a self-insurer under any applicable motor vehicle law;
- owned by a governmental body;
- operated on rails or crawler treads;
- designed for use off public roads, while it is not on public roads; or
- located for use as a residence.

The following definition is added:

An *underinsured vehicle* is a motor vehicle or *trailer* to which *bodily injury* liability bond or policy applies at the time of the accident but its limits for *bodily injury* liability is either:

- Less than the limit of liability for this coverage; or
- Reduced by payments to others injured in the accident to an amount which is less than the limit of liability of this coverage.

However, a motor vehicle or *trailer* is not considered an *underinsured vehicle*:

- To which *bodily injury* liability bond or policy applies at the time of the accident but its limits for *bodily injury* liability is less than the minimum limit for *bodily injury* liability specified by the financial responsibility law of Illinois;
- Owned by or furnished or available for the regular use of an *insured person*.
- Owned by a governmental body;
- Operated on rails or crawler treads;
- Designed for use off public roads, while it is not on public roads;
- Located for use as a residence;
- Owned or operated by a person qualifying as a self-insurer under any applicable motor vehicle law;
- To which *bodily injury* liability bond or policy applies at the time of the accident but the bonding company or insuring company; or
- Denies coverage or is, or becomes insolvent.

DAMAGES WE'LL PAY

The following is added:

No judgment for damages is binding on *us*, unless *we* have been given written notice of a tentative settlement and decide to advance payment to the *insured person* in an amount equal to that settlement; or *we* and the *insured person* have reached a settlement agreement.

A tentative settlement is an offer from the owner or operator of an *underinsured vehicle* to compensate *you* for *bodily injury* caused by that *underinsured vehicle*.

Settlement agreement means that *we* have reached agreement with *you*, without arbitration on the amount of damages that *you* are entitled to recover from the owner or operator of an *underinsured vehicle*.

This agreement is final regardless of any subsequent judgment or settlement between *you* and the owner or operator of the *underinsured vehicle*.

Except in the event of a settlement agreement on *underinsured vehicle* damages, if the liability is covered by any other insurance or bond, *we'll* pay only the part that isn't covered. If there is such a settlement agreement, the most *we'll* pay is the amount by which *your coverage limit* exceeds the limits of the other bonds or policies.

The limit of liability for underinsured motorists coverage shall be reduced by all sums:

1. Paid or payable because of the bodily injury under any automobile medical payments coverage. This includes all sums paid under the Medical Expenses section of this policy.
2. Paid or payable because of the bodily injury under any of the following or similar laws:
 - a. workers' compensation law; or
 - b. disability benefits law, except that the limit of liability shall not be reduced by any amounts paid or payable as Social Security Disability Benefits.

No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and Liability and Medical Expenses and Uninsured/Underinsured Motorists Coverage of this policy.

We will not make a duplicate payment under this coverage for any element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.

We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any of the following or similar laws:

1. workers' compensation law; or
2. disability benefits law.

ARBITRATION

ARBITRATION is deleted and replaced by the following:

If an *insured person* disagrees with *us* about:

- whether that person is entitled to damages under this coverage; or
- the amount of damages under this coverage;

either party may make a written demand for arbitration. This is the procedure:

Selecting arbitrators. Each side will select an arbitrator. The two arbitrators will select a third. If such arbitrators are not selected within 45 days, either party may request that the arbitration be submitted to the American Arbitration Association.

If arbitration is submitted to the American Arbitration Association, then the American Arbitration Association rules shall apply to all matters except medical opinions. As to medical opinions, if the amount of damages being sought:

1. Is equal to or less than the minimum limit for bodily injury liability specified by the Illinois Safety Responsibility Law, then the American Arbitration Association rules shall apply.
2. Exceeds the minimum limit for bodily injury liability specified by the Illinois Safety Responsibility Law, then rules of evidence that apply in the circuit court for placing medical opinions into evidence shall apply.

In all other cases, local rules of law as to procedure and evidence shall apply.

Arbitration procedure. The three arbitrators will decide by simple majority whether, and how much, *we* have to pay. The arbitration will take place in the county where the person who demanded it lives, unless both parties agree on another location, and will follow local rules of procedure and evidence. The decision will be binding as to:

1. Whether the *insured person* is legally entitled to recover damages; and
2. The amount of damages. This applies only if the amount does not exceed the lesser of:
 - a. \$50,000 for *bodily injury* to any one person in any one accident.

Subject to this limit per person, \$100,000 for *bodily injury* to two or more people in any one accident; or

b. The limits for *bodily injury* shown in the Declarations.

If the amount exceeds the aforementioned limits, either party may demand the right to a trial. This demand must be made 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.

Paying for the arbitration. We will bear all the expenses of the arbitration except when the *insured person's* recovery exceeds the minimum limit specified in the Illinois Safety Responsibility Law. If this occurs, the *insured person* will be responsible up to the amount by which the *insured person's* recovery exceeds the statutory minimum for:

1. Payment of his or her expenses, and
2. An equal share of the third arbitrators expenses.

PART III: TERMS AND CONDITIONS

WHAT TO DO AFTER AN OCCURRENCE OR LOSS

The following section is added with respect to Underinsured Motorists Coverage:

Any person seeking coverage under Underinsured Motorists Coverage must also:

- Give *us* written notice of a tentative settlement allowing *us* 30 days to advance payment in an amount equal to that settlement to preserve *our* rights against the owner or operator of the underinsured motor vehicle.

File suit against the owner or operator of the underinsured motor vehicle prior to the conclusion of a settlement agreement. Such suit cannot be abandoned, or settled without giving *us* written notice of a tentative settlement and allowing *us* 30 days to advance payment in an amount equal to that settlement to preserve *our* rights against the owner or operator of the underinsured motor vehicle.

- Promptly send *us* copies of the legal papers if a suit is brought.

GENERAL CONDITIONS

1. OTHER INSURANCE. The following is added:

Any recovery for damages for *bodily injury* sustained by an *insured person* may equal but not exceed the higher of the applicable limit for any one vehicle under this insurance or any other insurance.

However, any insurance we provide for a vehicle *you* do not own shall be primary if:

- a.** the limit of liability shown in the Declarations is equal to or greater than:
 - (1) \$100,000 for *bodily injury* to any one person in any one accident;
 - (2) Subject to this limit per person, \$300,000 for *bodily injury* to two or more people in any one accident; and
 - (3) \$50,000 for *property damage*.
- b.** such vehicle is loaned by a person, firm or corporation engaged in the *business* of selling motor vehicles and
- c.** such vehicle is used as a temporary substitute for a vehicle *you* own which is out of normal use because of its breakdown, repair or servicing.

3. CANCELLATION OR NONRENEWAL

(a) Nonrenewal. The following is added:

We will mail the notice to *you* at *your* last mailing address known by *us* and we shall obtain a certificate of mailing. A copy of the notice will also be sent to *your* agent or broker and the last known lienholder at the last mailing address known to *us*.

If we decide not to renew or continue this policy, we will include a specific explanation of the reasons for nonrenewal.

If this policy has been in effect for five years or more, we will only nonrenew or refuse to continue this policy if we :

1. Mail *you* notice of *our* intent 60 days prior to the expiration date; or
2. Are otherwise permitted by law.

In compliance with Illinois Insurance Code Section 143C, this notice is to advise *you* of the following departments and addresses:

Consumer Department

Bankers Standard Insurance Company
436 Walnut Street
PO Box 1000
Philadelphia, PA 19103-3703

Illinois Insurance Department
Consumer Services Section
Springfield, Illinois 62767

(c) Cancellation by us is deleted and replaced by the following:

(c) Cancellation by us

If we cancel this policy, we'll notify *you* in writing. We may cancel by mailing to the named insured shown in the Declarations Page at the address last known by *us*:

- (a) At least 10 days notice if cancellation is for nonpayment of premium; or
- (b) At least 30 days notice in all other cases.

Proof of mailing is enough proof that we notified *you*. *Our* notice of cancellation must include a specific explanation of the reason for cancellation. A copy of the notice will also be sent to the agent or broker and the last known lienholder at the last mailing address known by *us*.

After this policy has been in effect for 60 days, or if this is a renewal or continuation policy, we will cancel only:

- (a) For nonpayment of premium;
- (b) If the driver's license of *you* or any *family member* has been suspended or revoked. This must have occurred during the 12 month period immediately preceding the notice of cancellation; or
- (c) If this policy was obtained through material misrepresentation.

5. LEGAL ACTION AGAINST US is deleted and replaced by the following:

5. LEGAL ACTION AGAINST US

An *insured person* agrees not to sue *us* until he or she has fully complied with the terms of this policy. Nor can we be brought into any legal action as a co-defendant or co-plaintiff without *our* consent.

Under property coverage, an *insured person* agrees not to sue *us* later than two years after the date of the *occurrence*. However, this two year period is extended by the number of days between the date proof of loss is submitted and the date the claim is denied in whole or in part.

Under liability coverage, an *insured person* agrees not to sue *us* before we agree in writing that he or she is liable, or a court or arbitrators determine the amount of his or her liability.

6. OUR RIGHT TO RECOVER PAYMENT is deleted and replaced with the following with respect to Underinsured Motorists Coverage:

If we make a payment under this policy and the person to or for whom payment was made has a right to recover damages from another we shall be subrogated to that right.

That person shall do:

1. Whatever is necessary to enable *us* to exercise *our* rights; and

2. Nothing after loss to prejudice them.

Our rights in this paragraph do not apply under Underinsured Motorists Coverage if *we*:

1. Have been given written notice of a tentative settlement, and
2. Fail to advance payment to the insured in an amount equal to the tentative settlement within 30 days after receipt of notification.

If *we* advance payment to the insured in an amount equal to the tentative settlement within 30 days after receipt of notification:

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

If *we* make a payment under this policy and the person to or for whom payment is made recovers damages from another, that person shall:

1. Hold in trust for *us* the proceeds of the recovery; and
2. Reimburse *us* to the extent of our payment.

However, in the event of a settlement agreement, *we* shall be entitled to a recovery under this section only for amounts which exceed the limit of bodily injury liability bonds or policies applicable to the owner or operator of the underinsured motor vehicle.

7. APPRAISALS

(c) **Paying for the Appraisal** is deleted and replaced by the following:

(c) **Paying for the Appraisal.**

1. Each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally, except as provided in **2.** below.
2. *We* will pay *your* appraiser's fee and the umpire's appraisal fee, if the following conditions exist:
 - *You* demanded the appraisal; and
 - The full amount of loss, as set by *your* appraiser, is agreed to by *our* appraiser or by the umpire.

10. CONCEALMENT AND FRAUD. The following is added:

With respect to the application for or policy of insurance, the above does not apply once the policy has been in effect for one year or one *policy period*, whichever is less. Notwithstanding the limitation in this paragraph, *we* may cancel this policy in accordance with the terms of **General Condition 3. Cancellation or Nonrenewal.**