

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

TENNESSEE 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.

Your Auto Policy is amended as follows:

PART II: YOUR LIABILITY COVERAGE

UNINSURED/UNDERINSURED MOTORISTS COVERAGE:

UNINSURED/UNDERINSURED MOTORISTS COVERAGE is deleted and replaced with the following

This section tells *you* how *we* cover damages that *you* or a *family member* is entitled to collect from the owner or operator of a vehicle that doesn't have enough insurance.

WHAT WE COVER

We'll pay damages for *bodily injury* sustained by an *insured person* and caused by an accident, which that *insured person* is legally entitled to recover from the owner or operator of an *uninsured vehicle*. *We'll* also pay damages for *property damage* caused by an accident which the *insured person* is legally entitled to recover from the owner or operator of an *uninsured vehicle*, if the Declarations Page indicates that Uninsured Motorists Property Damage Coverage applies.

If the liability is covered by any other insurance, bond, worker's compensation or disability benefits, *we'll* pay only the part that isn't covered. No judgment for damages is binding on *us*, unless *we* gave written consent to the lawsuit.

Who We Insure.

"*Insured person*", as used in this coverage means:

- (1) *You* or any *family member*;
- (2) Any other person occupying a vehicle described under "**Who we insure**" in the "**Your Liability Coverage**" section of this policy;
- (3) Any person for damages that person is entitled to recover because of *bodily injury* to which coverage applies sustained by *you*, a *family member* or a person described immediately above.

Definition of an uninsured vehicle.

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

- (1) not covered by a bond or policy for *bodily injury* or *property damage*; or
- (2) covered, but the sum of the liability limits available for payment to an *insured person* under all policies, bonds or securities applicable to the accident is less than *your* limit for this coverage, or the sum of the liability limits has been reduced by payment to persons other than the *insured person* to an amount which is less than *your* limit for this coverage.
- (3) covered, but the company legally denies coverage or is or becomes insolvent within one year of the date of the accident; or
- (4) a hit-and-run vehicle whose operator or owner can't be identified and which hits or which causes an accident resulting in *bodily injury* or *property damage* without hitting:
 - a. *you* or any *family member*;
 - b. a vehicle which *you* or any *family member* are occupying; or
 - c. a vehicle described under "**Who we insure**" in the vehicle liability section of "**Your Liability Coverage**".

If there is no physical contact with the hit and run vehicle, the facts of the accident must be corroborated by an eyewitness to the accident other than the *insured person* making the claim.

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

- owned by *you* or a *family member*, or furnished or available for his or her regular use;

- owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer which is or becomes insolvent;
- designed for use off public roads, while it is not on public roads; or
- located for use as a residence.

For the purposes of this coverage, *property damage* means injury to or destruction of (including loss of use):

- a vehicle named on the Declarations Page;
- a vehicle eligible for coverage as a newly acquired vehicle as described in **PART I: YOUR PROPERTY COVERAGE, "NEWLY ACQUIRED VEHICLES"**;
- any *trailer you own*; and
- any car or *trailer you don't own* while being used as a temporary substitute for one that's covered by one of the definitions above. But the car or *trailer* must be out of commission because of breakdown, repair, servicing, loss or destruction.

DAMAGES WE'LL PAY

Your uninsured motorists' coverage applies to all risks of loss, except under certain circumstances listed in the next section. Only the *exclusions* listed here apply to this coverage.

DAMAGES WE WON'T PAY

We won't provide coverage for punitive or exemplary damages.

We won't pay for the first \$200 of *property damage* to each vehicle covered by this policy as a result of any one accident unless, a) we insure that vehicle for both collision and uninsured motorists *property damage* coverage, and b) the operator of the *uninsured vehicle* is positively identified and is solely at fault.

Further, under this coverage, we won't pay damages for *bodily injury* or *property damage* to any person who:

- was in or struck by a vehicle (or *trailer* used with it) that *you* or a *family member* owns which is not covered for vehicle liability under this policy;
- settles the claim without *our* written consent. However, an *insured person* may without *our* consent release the insurer of the *uninsured vehicle* from further obligation to pay damages after accepting from such insurer a settlement which exhausts the limits of liability under any applicable liability bonds or policies;
- was in a vehicle that *you* or a *family member* owns while being used to carry passengers or property for money (except in a share-the-expenses car pool);
- was using the vehicle without a reasonable belief that the *insured person* was entitled to do so. This *exclusion* does not apply to a *family member* using an auto covered under this policy which is owned by *you*;
- was driving or riding in a vehicle that was rented or leased by *you* or a *family member* to a person or organization, other than to *you* or a *family member*, including if such vehicle was being used in connection with a vehicle sharing program;
- was driving or riding in or on a vehicle while the vehicle:
 - was being operated in, or practicing or preparing for, any organized or unauthorized race, speed contest or other similar competition, including but not limited to timed events, rallies, sports events or stunting activities; or
 - was on a racetrack, test track or any other track or course of any kind; or
- has property that is contained in or struck by a motor vehicle (other than a vehicle described above under the definition of *property damage*) owned by *you* or any *family member*.

ARBITRATION

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,

then the matter may be arbitrated.

ARBITRATION IN THE EVENT OF OUR CONSENT TO A FULL LIMITS SETTLEMENT OFFER FROM A LIABLE PARTY

The following provision applies with respect to arbitration proceedings that are subject to the requirements of the Tennessee Uninsured Motorists Coverage statute regarding a full limits settlement offer from a liable party:

A. If a tentative settlement is made between an *insured person* and *us*, owner or operator of the *uninsured vehicle* for the full limits of all liability policies or bonds available to the party on whose behalf the tentative settlement is made, and:

1. We receive written notice from the *insured person*, sent certified mail return receipt requested or by some other method with written verification, of the *insured person's*:
 - a. Intent to accept the offer thereby releasing the party on whose behalf the offer is made; and
 - b. Agreement to submit the uninsured motorists claim to binding arbitration;
2. We receive written notice from the insurer of the *uninsured vehicle*, sent certified mail return receipt requested or by some other method with written verification, of the offer, and such insurer:
 - a. Provides verification of coverage upon request; and
 - b. Confirms to *us* that the owner or operator of the *uninsured vehicle* agrees to cooperate in connection with the arbitration of the uninsured motorists claim; and
3. We consent to the tentative settlement in writing, sent certified mail return receipt requested or by some other method with written verification, within 30 days from receipt of both notices described in Paragraphs 1. and 2. above, thereby waiving *our* right to recover payment from the owner or operator of an *uninsured vehicle* in exchange for their written agreement to cooperate in connection with the arbitration;

then all issues of tort liability and damages arising out of the ownership, maintenance or use of the *uninsured vehicle* shall be arbitrated. However, if the settlement does not release all parties alleged to be liable to the *insured person*, arbitration of the uninsured motorist claim shall not be conducted until all such parties have been fully and finally disposed by settlement, final judgment or otherwise.

Disputes concerning coverage under this Part may not be arbitrated and shall be decided by a court of competent jurisdiction.

- B.** An arbitrator shall be selected by agreement of the parties. If they cannot agree on an arbitrator, either party may request a judge of a court of record in the county in which the arbitration is pending to designate three potential arbitrators. The parties shall then agree upon one of the three arbitrators so designated.
- C.** Unless both parties agree otherwise, arbitration will take place in the county in which the *insured person* lives. Rules of law as to procedure and evidence applicable to the state courts where the arbitration is being conducted will apply.
- D.** Expenses will be paid as follows:
1. Except for the arbitrator's fee, each party will pay for the expenses it incurs.
 2. If the arbitrator's award is:
 - a. Less than or equal to the total amount collected by the *insured person* by way of settlements or judgments plus the amount of any settlement offer made by *us* at least 15 days prior to the arbitration, the *insured person* will pay the arbitrator's fee.

- b. Greater than the total amount collected by the *insured person* by way of settlements or judgments plus the amount of any settlement offer made by *us* at least 15 days prior to the arbitration, *we* will pay the arbitrator's fee.

E. Any decision made by the arbitrator will be binding.

ARBITRATION OF OTHER DISPUTES BETWEEN AN "INSURED" AND US

The following provisions apply with respect to arbitration proceedings that are NOT subject to the requirements of the Tennessee Uninsured Motorists Coverage statute regarding a full limits settlement offer from a liable party:

- (1) **Selecting arbitrators.** Each side will select an arbitrator. The two arbitrators will select a third. If they can't agree within 30 days, either side can ask a judge in a court having jurisdiction to select one.
- (2) **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 sides agree on another location, and will follow local rules of procedure and evidence. The decision is binding, unless the following section applies.
- (3) **Excessive awards.** If the arbitrators award damages higher than the minimum limit for *bodily injury* liability in the state where *your* car is principally garaged, either side can demand a trial. The demand must be made within 60 days of the arbitrators' decision. If neither side demands a trial, the decision is binding.
- (4) **Paying for arbitration.** Each side will pay the arbitrator it chooses. Both sides will contribute equally to the third arbitrator's pay, and other expenses.

PART III: TERMS AND CONDITIONS

WHAT TO DO AFTER AN OCCURRENCE OR LOSS

The following is added to **Step Two: Notify Us**

In case of Uninsured/Underinsured Motorists

If the accident or loss involved an uninsured/underinsured driver, *you* must promptly notify *us* in writing of a tentative settlement between the *insured person* and the insurer, owner or operator of the *uninsured vehicle*.

We have 30 days after *we* have received such notification and any other written notification required by the insurer of the *uninsured vehicle* to either:

1. Consent in writing to the settlement thereby waiving *our* rights against the insurer, owner or operator of the *uninsured vehicle* and requiring arbitration of all issues of tort liability and damages arising out of the ownership, maintenance or use of the *uninsured vehicle*; or
2. Advance payment to that *insured person* in an amount equal to the tentative settlement to preserve *our* rights against the insurer, owner or operator of such *uninsured vehicle*.

GENERAL CONDITIONS

1. **OTHER INSURANCE** is deleted and replaced with the following:

1. OTHER INSURANCE

If another policy also covers the *occurrence* or loss, *we'll* pay *our* share of the damages and no more. *Our* share is the proportion of *our* coverage limit to the **total** of all coverage limits that apply. However, if a vehicle that *you* or a *family member* owns is involved in an accident while in the possession or control of a person in the automobile business, *we'll* pay liability coverage only in excess of the commercial automobile liability policy.

For any accident that involves a vehicle **not** named on the Declarations Page, *we'll* pay liability, uninsured/underinsured motorists coverage or *medical expenses* only in excess of other coverage that applies, except that *we* will provide primary liability coverage:

- when an *insured person*, who is not engaged in the automobile business, operates a non-owned motor vehicle covered by a commercial automobile liability policy; or

- if, under a written lease agreement, the *insured person* has agreed to provide coverage for the operation of the leased vehicle.

With respect to Uninsured/Underinsured Motorists Coverage, if another policy also covers the accident or loss under one or more policies or provisions of coverage that is similar to the insurance provided under this section of the policy, any recovery for damages sustained by *you* or any *family member*:

- while occupying a vehicle owned by *you* or any *family member* may equal, but not exceed, the *coverage limit* for Uninsured Motorists Coverage that applies to that vehicle;
- while occupying a vehicle not owned by *you* or any *family member* may equal, but not exceed:
 - (1) the *coverage limit* for Uninsured Motorists Coverage that applies to the vehicle *you* or any *family member* occupied at the time of the accident;
 - (2) the highest *coverage limit* for Uninsured Motorists Coverage that applies to any one vehicle under any one policy providing coverage to *you* or any *family member* named on the Declarations Page; and
 - (3) the highest *coverage limit* for Uninsured Motorists Coverage that applies to any one vehicle under any one policy providing coverage to *you* or any *family member* if *you* or the *family member* is not named on the Declarations Page.
- while not occupying any vehicle may equal, but not exceed, the highest *coverage limit* for Uninsured Motorists Coverage that applies to any one vehicle under any one policy providing coverage to *you* or any *family member*.

6. OUR RIGHT TO RECOVER PAYMENT is deleted and replaced with the following:

6. OUR RIGHT TO RECOVER PAYMENT

If we pay money to a person under the terms of this policy, that person's right to recover any damages is automatically transferred to *us*, provided the person has been fully paid for the applicable damages. The person or organization who receives *our* payment agrees to:

- sign papers, deliver documents and cooperate with *our* effort to recover damages; and
- do nothing to jeopardize or interfere with *our* ability to recover damages.

This right does **not** apply to:

- *medical expenses* for people who are not *family members*; or
- damage to a vehicle, **unless** it was being driven without permission.

Our rights do not apply under the second paragraph of the definition of *uninsured vehicle* if *we* have been given prompt written notice of a tentative settlement between an *insured person* and the insurer, owner or operator of an *uninsured vehicle*, and within 30 days of receiving such notice *we*:

- consent to a settlement for the full limits of all liability policies or bonds available to the owner or operator of an *uninsured vehicle* and *we* agree to arbitrate; or
- don't advance payment to the *insured person* in an amount equal to the tentative settlement.

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

- that payment will be separate from any amount the *insured person* is entitled to recover under Uninsured Motorists Coverage; and
- *we* also have a right to recover the advanced payment.