



COMMERCIAL AUTOMOBILE LIABILITY INSURANCE POLICY
NATIONAL SPECIALTY INSURANCE COMPANY
(herein called the company)

In consideration of the payment of the premium, in reliance upon the statements in the declarations made a part hereof and subject to all of the terms of this policy, agrees with the **named insured** as follows:

SECTION A – COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

I. COVERAGE A-BODILY INJURY LIABILITY
COVERAGE B-PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the **insured** all sums which the **insured** shall become legally obligated to pay as damages because of **bodily injury** or **property damage** to which this insurance applies, caused by an **occurrence** and arising out of the ownership, maintenance or use including loading and unloading, for the purposes states as applicable thereto in the declarations, of an **owned automobile** or of a **temporary substitute automobile** and the company shall have the right and duty to defend any suit against the **insured** seeking damages on account of such **bodily injury** or **property damage**, even if any of the allegations of the suit are groundless, false or fraudulent and may make such investigation and settlement of any claim or suit as it deems expedient but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

EXCLUSIONS

This insurance does not apply:

- (a) to liability assumed by the **insured** under any contract or agreement.
- (b) To any obligation for which the **insured** or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law.
- (c) To **bodily injury** to any employee of the **insured** arising out of and in the course of his employment by the **insured** or to any obligation of the **insured** to indemnify another because of damages arising out of such injury, but this exclusion does not apply to any such injury arising out of and in the course of domestic employment by the **insured** unless benefits therefor are in whole or in part either payable or required to be provided under any workmen's compensation law;
- (d) To **property damage** to

- (1) property owned or being transported by the **insured**, or
- (2) property rented to or in the care, custody or control of the **insured**, or as to which the **insured** is for any purpose exercising physical control other than **property damage** to a residence or private garage by a private **passenger automobile** covered by this insurance.
- (e) to **bodily injury or property damage** due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to expenses for first aid under the Supplementary Payments provision;
- (f) to **bodily injury or property damage** arising out of the ownership, maintenance, operations, use loading or unloading of any **owned automobile** or **temporary substitute automobile** while such **automobile** is being used as a public or livery conveyance, unless such use is specifically declared and described in the declarations;
- (g) to **bodily injury or property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic, chemicals, liquids or gases, waste materials or other irritants contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water, but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental.
- (h) to **bodily injury or property damage** caused intentionally by or at the direction of an **insured**, nor does it apply to punitive or exemplary damages;
- (i) to **bodily injury** to (1) an **insured** under this policy; (2) any family member of any **insured** residing in the same household with any **insured**; or (3) any person described in (1) or (2) above whenever the ultimate benefits of any indemnification accrue directly or indirectly to a person described in (1) or (2) above.

II. SUPPLEMENTARY PAYMENTS

The company will pay, in addition to the applicable limit of liability:



- (a) all expenses incurred by the company, all costs taxed against the **insured** in any suit defended by the company and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the company's liability thereon;
- (b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, and the cost of bail bonds required of the **insured** because of accident or traffic law violation arising out of the use of any vehicle to which this policy applies, not to exceed \$250 per bail bond, but the company shall have no obligation to apply for or to furnish any such bonds;
- (c) expenses incurred by the **insured** for first aid to others at the time of an accident, for **bodily injury** to which this policy applies;
- (d) reasonable expenses incurred by the **insured** at the company's request in assisting the company in the investigation or defense of any claim or suit, including actual loss of earnings not to exceed \$25 per day.

III. PERSON INSURED

Each of the following is an **insured** under this insurance to the extent set forth below:

- (a) the **named insured**;
- (b) any partner or executive officer thereof, but with respect to a **temporary substitute automobile** only while such **automobile** is being used in the business of the **named insured**;
- (c) any other person while using an **owned automobile** or a **temporary substitute automobile** with the permission of the **named insured**, provided his actual operation nor (if he is not operating) his other actual use thereof is within the scope of such permission, but with respect to **bodily injury** or **property damage** arising out of the loading or unloading thereof, such other person shall be an **insured** only if he is:
 - (1) a lessee or borrower of the **automobile**, or
 - (2) an employee of the **named insured** or of such lessee or borrower.

Any other person or organization but only with respect to his or its liability because of acts or omissions of an **insured** under (a), (b) or (c) above.
- (d) One of the following is an **insured**:
Any person while engaged in the business of his employer with respect to **bodily injury** to any fellow employee of such person injured in the course of his employment:

Except as stated under (b) above, the owner of a **temporary substitute automobile**, or any agent or employee of such owner.

- (e) Any person or organization other than the **named insured**, with respect to:
 - (1) a motor vehicle while used with any **trailer** owned or hired by such person or organization and not covered by like insurance in the company (except a **trailer** designed for use with a four wheel **private passenger automobile** and not being used for business purposes with another type of motor vehicle), or
 - (2) a **trailer** while used with any motor vehicle owned or hired by such person or organization and not covered by like insurance in the company;
- (f) any person while employed in or otherwise engaged in duties in connection with an **automobile business**, other than an **automobile business** operated by the **named insured**.

IV. LIMITS OF LIABILITY

Regardless of the number of (1) **insureds** under this policy, (2) persons or organizations who sustain **bodily injury or property damage** (3) claims made or suits brought on account of **bodily injury** or **property damage** or (4) **automobiles** to which his policy applies, the company's liability is limited as follows:

Coverage A – The limit of **bodily injury** liability stated in the declarations as applicable to each person is the limit of the company's liability for all damages, including damages for care and loss of services, because of **bodily injury** sustained by one person as the result of any one **occurrence**; but subject to the above provision respecting each person the total liability of the company for damages including for care and loss of services, because of **bodily injury** sustained by two or more persons as the result of any one **occurrence** shall not exceed the limit of **bodily injury** liability stated in the declarations as applicable each **occurrence**.

Coverage B – The total liability of the company for all damages because of all **property damage** sustained by one or more persons or organizations as the result of any one **occurrence** shall not exceed the limit of **property damage** liability stated in the declarations as applicable to each **occurrence**.

Coverages A & B – For the purpose of determining the limit of the company's liability, all **bodily injury** and **property damage** arising out of continuous or repeated exposure of substantially the same general conditions shall be considered as arising out of one **occurrence**.



V. POLICY TERRITORY

This insurance applies only to **bodily injury or property damage** which occurs within the **policy territory**.

VI. DEFINITIONS

When used in this policy (including endorsements forming a part hereof):

“**Automobile**” means a land motor vehicle, **trailer** or semitrailer designed for travel on public roads (including any machinery or apparatus attached thereto), but does not include **mobile equipment**;

“**Bodily Injury**” means **bodily injury**, sickness or disease sustained by any person which occurs during the policy period, including death at any time resulting therefrom;

“**Insured**” means any person or organization qualifying as an **insured** in the Persons **Insured** provision of the applicable insurance coverage. The insurance afforded applies separately to each **insured** against whom claim is made or suit is brought except with respect to the limits of the company’s liability.

“**Mobile Equipment**” means a land vehicle (including any machinery or apparatus attached thereto) whether or not self-propelled, (1) not subject to motor vehicle registration, or (2) maintained for use exclusively on premises owned by or rented by the **named insured**, including the ways immediately adjoining (3) designed for use principally off public roads, or (4) designed or maintained for the sole purpose affording mobility to equipment of the following types forming an integral part or permanently attached to such vehicle; power cranes, shovels, loaders, diggers and drills; concrete mixers (other than the mix-in-transit type); graders, scrapers, rollers and other road construction or repair equipment; air-compressors, pumps and generators, including spraying, welding and building cleaning equipment and geophysical exploration and well servicing equipment;

“**named insured**” means the person or organization named in Item 1. of the declarations of this policy;

“**occurrence**” means an accident, including continuous or repeated exposure to conditions, which results in **bodily injury or property damage** neither expected nor intended from the standpoint of the **Insured**: “**occurrence**” does not mean or include **bodily injury or property damage** caused by intentionally by or at the directions of an **insured**;

“**policy territory**” means;

- (1) the United States of America its territories or possessions, or Canada, or
- (2) international waters or air space, provided the **bodily injury or property damage** does not occur in the course of travel or transportation to or from any other country, **state** or nation.
- (3) “**policy territory**” does not include the Republic of Mexico. **WARNING; UNLESS YOU HAVE AUTOMOBILE INSURANCE WRITTEN BY A**

MEXICAN INSURANCE COMPANY YOU MAY SPEND MANY HOURS OR DAYS IN JAIL IF YOU HAVE AN ACCIDENT IN MEXICO. INSURANCE COVERAGE SHOULD BE SECURED FROM A COMPANY LICENSED UNDER THE LAWS OF MEXICO TO WRITE SUCH INSURANCE IN ORDER TO AVOID COMPLICATIONS AND SOME OTHER PENALTIES POSSIBLE UNDER THE LAWS OF MEXICO, INCLUDING THE POSSIBLE IMPOUNDMENT OF YOUR VEHICLE.

“**property damage**” means (1) physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use thereof at any time resulting therefrom, or (2) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an **occurrence** during the policy period.

VII. ADDITIONAL DEFINITIONS

(**Automobile** Liability Insurance)

When used in reference to this insurance (including endorsements forming a part of the policy);

“**automobile business**” means the business or occupation of selling, repairing, servicing, storing or parking **automobiles**;

“**owned automobile**” means either.

- (a) an **automobile** which is owned by the **named insured** and described in the declarations; or
- (b) an **automobile ownership** of which is newly acquired by the **named insured** during the policy period provided
 - (1) it replaces an **owned automobile** as defined in (a) above, or
 - (2) the company insures all **automobiles** owned by the **named insured** on the date of such acquisition and the **named insured** notifies the company within 30 days thereafter of his election to make this and no other policy issued by the company applicable to such **automobile** and pays any additional **premium** required therefor.

and “**owned automobile**” includes a **trailer** not described in this policy if designed for use with a four wheel **private passenger automobile** and it not being used for business purposes with another type **automobile**;

“**private passenger automobile**” means a private passenger or station wagon type **automobile** and any **automobile** the purpose of use of which is stated in the declarations as pleasure and business;

“**temporary substitute automobile**” means an **automobile** not owned by the **named insured** or any resident of the same household, while temporarily used with the permission of the owner as a substitute for an **owned automobile** when withdrawn from normal use for servicing or repair or because of its breakdown, loss or destruction;



“**trailer**” includes semitrailer but does not include **mobile equipment**; and as to “purpose(s) of use”.

“**commercial**” means use principally in the business occupation of the **named insured** as stated in the declarations including occasional use for persona, pleasure, family and other business purposes;

“**pleasure and business**” means personal, pleasure, family and business use.

VIII. ADDITIONAL CONDITIONS

- a. **Other Insurance – Temporary Substitute and Newly Acquired Automobiles.** With respect to a **temporary substitute automobile**, this insurance shall be excess insurance over any other valid and collectible insurance available to the **insured**. With respect to an **owned automobile** ownership of which is newly acquired by the **named insured** during the policy period and not described in the declarations, this insurance shall not apply if any other valid and collectible insurance is available to the **named insured**.

- b. **Out of State Insurance** – If under the provisions of the motor vehicle financial responsibility law or the motor vehicle compulsory insurance law or any similar law of any **state** or province, a non-resident is required to maintain insurance with respect to the operation or use of a motor vehicle in such **state** or province and such insurance requirements are greater than the insurance provided by the policy, the limits of the company’s liability and kinds of coverage afforded by the policy shall be as set forth in such law, in lieu of the insurance otherwise provided by the policy, but only to the extent required by such law and only with respect to the operation or use of a motor vehicle in such **state** or province; provided that the insurance under this provision shall be reduced to the extent that there is other valid and collectible insurance under this or any other motor vehicle insurance policy. In no event shall any person be entitled to receive duplicate payments for the same elements of loss.

SECTION B – UNINSURED MOTORISTS INSURANCE

I. COVERAGE C – UNINSURED MOTORISTS

(Damages for **Bodily Injury**)

The Company will pay all sums which the **insured** or his legal representative shall be legally entitled to recover as damages from the owner or operator of an **uninsured highway vehicle** because of **bodily injury** sustained by the **insured**, caused by accident and arising out of ownership, maintenance or use of such **uninsured highway vehicle**; provided, for the purposes of this coverage, determination as to whether the **insured** or such representative is legally entitled to recover such damages, and if so the amount thereof, shall be made by agreement between the **insured** or such representative and the company or, if they fail to agree, by arbitration.

No Judgment against any person or organization alleged to be legally responsible for the **bodily injury** shall be conclusive, as between the **insured** and the company, of the issues of liability of such person or organization or of the amount of damages to which the **insured** is legally entitled unless such judgment is entered pursuant to an action prosecuted by the **insured** with the written consent of the Company.

EXCLUSIONS

This insurance does not apply:

- (a) to **bodily injury** to an **insured** with respect to which such **insured**, his legal representative or any person entitled to payment under this insurance shall, without written consent of the company, make any settlement with any person or organization who may be legally liable therefor,

- (b) to **bodily injury** to an **insured** while **occupying a highway vehicle** (other than an **insured highway vehicle**) owned by the **named insured**, any **designated insured** or any relative resident in the same household as the named or designated **insured**, or through being struck by such a vehicle, but this exclusion does not apply to the **named insured** or his relatives while **occupying** or if struck by a **highway vehicle** owned by a **designated insured** or his relatives;
- (c) so as to inure directly or indirectly to the benefit of any workmen’s compensation or disability benefits carrier or any person of organizations qualifying as a self-insurer under any workmen’s compensation or disability benefits law or any similar law.
- (d) To **bodily injury or property damage** caused intentionally by or at the direction of an **insured**.

II. PERSONS INSURED

Each of the following is an **insured** under this insurance to the extent set forth below:

- (a) the **named insured** and any **designated insured** and while residents of the same household, the spouse and relatives of either,
- (b) any other person while **occupying an insured highway vehicle**; and
- (c) any person, with respect to damages he is entitled to recover because of **bodily injury** to which this insurance applies sustained by an **insured** under (a) or (b) above.



The insurance applies separately with respect to each **insured**, except with respect to the limits of the company's liability.

III. LIMITS OF LIABILITY

Regardless of the number of (1) persons or organizations who are **insureds** under this policy, (2) persons who sustain **bodily injury** (3) claims made or suits brought on account of **bodily injury**, or (4) **highway vehicles** to which this policy applies,

- (a) The limit of liability stated in the declarations as applicable to "each person" is the limit of the company's liability for all damages because of **bodily injury** sustained by one person as the result of any one accident and subject to the above provision respecting "each person" the limit of liability stated in the declarations as applicable to "each accident" is the total limit of the company's liability for all damages because of **bodily injury** sustained by two or more persons as the result of any one accident.
- (b) Any amount payable under the terms of this insurance because of **bodily injury** sustained in an accident by a person who is an **insured** under this coverage shall be reduced by
 - (1) all sums paid on account of such **bodily injury** by or on behalf of
 - (i) the owner or operator of the **uninsured highway vehicle** and
 - (ii) any other person or organization jointly or severally liable together with such owner or operator for such **bodily injury**. Including all sums paid under the **bodily injury** liability coverage of the policy, and
 - (2) the amount paid and the present value of all amounts payable on account of such **bodily injury** under any workmen's compensation law, disability benefits law or any similar law
- (c) Any payment made under this insurance to or for any **insured** shall be applied in reduction of the amount of damages which he may be entitled to recover from any person or organization who is an **insured** under the **bodily injury** liability coverage of the policy.
- (d) The company shall not be obligated to pay under this insurance that part of the damages which the **insured** may be entitled to recover from the owner or operator of an **uninsured highway vehicle** which represents expenses for medical services paid or payable under the medical payments coverage of the policy.

IV. POLICY PERIOD; TERRITORY

This insurance applies only to accidents which occur during the policy period and within the United States of America, its territories or possessions, or Canada.

V. ADDITIONAL DEFINITIONS

When used in reference to this insurance (including endorsements forming a part of the policy):

"designated insured" means an individual named in the schedule under **Designated Insured**;

"highway vehicle" means a land or motor vehicle or **trailer** other than

- (a) a farm type tractor or other equipment designed for use principally off public roads, while not upon public roads,
- (b) a vehicle operated on rails or crawler-treads, or
- (c) a vehicle while located for use as a residence or premises;

"hit and run vehicle" means a **highway vehicle** which causes **bodily injury** to an **insured** arising out of physical contact of such vehicle with the **insured** or with a vehicle which the **insured** is **occupying** at the time of the accident, provided:

- (a) there cannot be ascertained the identity of either the operator or owner of such **highway vehicle**;
- (b) the **insured** or someone on his behalf shall have reported the accident within 24 hours to a police, peace or judicial officer or to the Commissioner of Motor Vehicles, and shall have filed with the company within 30 days thereafter a statement under oath that the **insured** or his legal representative has a cause or causes of action arising out of such accident for damages against a person or persons whose identity is unascertainable, and setting forth the facts in support thereof; and
- (c) at the company's request, the **insured** or his legal representative makes available for inspection the vehicle which the **insured** was **occupying** at the time of the accident;

"Insured highway vehicle" means a **highway vehicle**:

- (a) described as an **insured highway vehicle** to which the **bodily injury** liability coverage of the policy applies;
- (b) while temporarily used as a substitute for an **insured highway vehicle** as described in subparagraph (a) above, when withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction;
- (a) while being operated by the **named** or **designated insured** or by the spouse of either if a resident of the same household;

but the term **"insured highway vehicle"** shall not include

- (i) a vehicle while used as a public or livery conveyance, unless such use is specifically declared and described in this policy;
- (ii) a vehicle while being used without the permission of the owner
- (iii) under subparagraphs (b) and (c) above, a vehicle owned by the **named insured**, and **designated insured** or any resident or the same household as the named or designated **insured**; or



(iv) under subparagraph (b) and (c) above, a vehicle furnished for the regular use of the **named insured** or any resident of the same household;

“**occupying**” means in or upon or entering into or alighting from:

“**state**” includes the District of Columbia, a territory or possession of the United States, and a province of Canada

“**uninsured highway vehicle**” means

(a) a **highway vehicle** with respect to the ownership, maintenance or use of which there is in at least the amounts specified by the financial responsibility law of the **state** in which the **insured highway vehicle** is principally garaged, no **bodily injury** liability bond or insurance policy applicable at the time of the accident with respect to any person or organization legally responsible for the use of such vehicle, or with respect to which there is a **bodily injury** liability bond or insurance policy applicable at the time of the accident, but the company writing the same denies coverage thereunder or is or becomes insolvent; or

(b) a **hit and run vehicle**;

but the term “**uninsured highway vehicle**” shall not include;

- (i) an **insured highway vehicle**,
- (ii) a **highway vehicle** which is owned or operated by a self-insurer within the meaning of any motor vehicle financial responsibility law, motor carrier law or any similar law,
- (iii) a **highway vehicle** which is owned by the United States of America, Canada, a state, a political subdivisions of such government or an agency of any of the foregoing.

VI. ADDITIONAL CONDITIONS

A. Premium

If during the policy period the number of **insured highway vehicles** owned by the **named insured** or spouse or the number of dealer’s license plates issued to the **named insured** changes, the **named insured** shall notify the company during the policy period of any change and the premium shall be adjusted in accordance with the manuals in use by the company. If the earned premium thus computed exceeds the advance premium paid, the **named insured** shall pay the excess to the company, if less, the company shall return to the **named insured** the unearned portion paid by such **insured**.

B. Proof of Claim; Medical Reports

As soon as practicable, the **insured** or other person making claims shall give to the company written proof of claim, under oath if required, including full particulars of the nature and extent of the injuries, treatment, and other details entering into the determination of the amount payable hereunder. The **insured** and every other person making claim hereunder shall submit to examinations under oath by any person named by the company and

subscribe the same, as often as may reasonably be required. Proof of claim shall be made upon forms furnished by the company unless the company shall have failed to furnish such forms within fifteen days after receiving notice of claim.

The injured person shall submit to physical examinations by physicians selected by the company when and as often as the company may reasonably require and he, or in the event of his incapacity his legal representative, or in the event of his death his legal representative or the person or person entitled to sue therefor, shall upon each request from the company execute authorization to enable the company to obtain medial reports and copies of records.

C. Assistance and Cooperation of Insured

After notice of claim under this insurance, the company may require the **insured** to take such action as may be necessary or appropriate to preserve his right to recover damages from any person or organization alleged to be legally responsible for the **bodily injury**, and in any action against the company, the company may require the **insured** to join such person or organization as a party defendant

D. Notice of Legal Action

If, before the company makes payment of loss hereunder the **insured** or his legal representative shall institute any legal action for **bodily injury** against any person or organization legally responsible for the use of a **highway vehicle** involved in the accident, a copy of the summons and complaint or other process served in connection which such legal action shall be forwarded immediately to the company by the **insured** or his legal representative.

E. Other Insurance

With respect to **bodily injury** to an **insured** while **occupying a highway vehicle** not owned by the **named insured**, this insurance shall apply only as excess insurance over any other similar insurance available to such **insured** and applicable to such vehicle as primary insurance, and this insurance shall then apply only in the amount by which the limit of liability for this coverage exceeds the applicable limit of liability of such other insurance.

Except as provided in the foregoing paragraph, if the **insured** has other similar insurance available to him and applicable to the accident, the damages shall be deemed not to exceed the higher of the applicable limits of liability of this insurance and such other insurance, and the company shall not be liable for a greater proportion of any loss to which this coverage applies than the limit of liability hereunder bears to the sum of the applicable limits of liability of this insurance and such other insurance.

F. Arbitration

If any person making claim hereunder and the company do not agree that such person is legally entitled to recover damages from the **owner** or operator of an



uninsured highway vehicle because of **bodily injury** to the **insured**, or do not agree as to the amount of payment which may be owing under this insurance, then upon written demand of either, the matter or matters upon which such person and the company do not agree shall be settled by arbitration, which shall be conducted in accordance with the rules of the American Arbitration Association unless other means of conducting the arbitration are agreed to between the **insured** and the company, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Such person and the company each agree to consider itself bound and to be bound by any award made by the arbitrators pursuant to this insurance.

G. Trust Agreement

In the event of payment to any person under this insurance:

- (a) the company shall be entitled to the extent of such payment to the proceeds of any settlement or judgment that may result from the exercise of any rights of recovery of such person against any person or organization legally responsible for the **bodily injury** because of which such payment it made;
- (b) such person shall hold in trust for the benefit of the company all rights of recovery which he shall have against such other person or organization because of the damages which are the subject of claim made under this insurance;
- (c) such person shall do whatever is proper to secure and shall do nothing after loss to prejudice such rights;
- (d) if requested in writing by the company, such person shall take, through any representative designated by

the company, such action as may be necessary or appropriate to recover such payment as damages from such other person or organization, such action to be taken in the name of such person; in the event of a recovery, the company shall be reimbursed out of such recovery for expenses, costs and attorneys fees incurred by it in connection therewith;

- (e) no action may be filed against us with respect to **uninsured** motor vehicle coverage unless, within one year from the date of the accident suit for **bodily injury** has been filed in the proper court against the **uninsured** motorist or an agreement as to the amount due under the policy has been concluded or the **insured** or his representative has demanded arbitration in writing.
- (f) such person shall execute and deliver to the company such instruments and papers as may be appropriate to secure the rights and obligations of such person and the company established by this provision.

H. Payment of Loss by the Company

Any amount due hereunder is payable

- (a) to the **insured**, or
- (b) if the **insured** be a minor to his parent or guardian, or
- (c) if the **insured** be deceased to his surviving spouse, otherwise
- (d) to a person authorized by law to receive such payment or to a person legally entitled to recover the damages which the payment represents.

provided the company may at its option pay any amount due hereunder in accordance with division (d) hereof.

SECTION C - CONDITIONS

1. Premium

All premiums for this policy shall be computed in accordance with the company's rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein.

Premium designated in this policy as "advance premium" is a deposit premium only which shall be credited to the amount of the earned premium due at the end of the policy period. At the close of each period (or part thereof terminating with the end of the policy period) designated in the declarations as the audit period the earned premium shall be computed for such period and, upon notice thereof to the **named insured**, shall become due and payable. If the total earned premium for the policy period is less than the premium previously paid, the company shall return to the **named insured** the unearned portion paid by the **named insured**.

The **named insured** shall maintain records of such information as is necessary for premium computation,

and shall send copies of such records to the company at the end of the policy period and at such times during the policy period as the company may direct.

2. Inspection and Audit

The company shall be permitted but not obligated to inspect the **named insured's** property and operations at any time. Neither the company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the **named insured** or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The company may examine and audit the **named insured's** books and records at any time during the policy period and extensions thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

3. Financial Responsibility Laws



When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, such insurance as is afforded by this policy for **bodily injury** liability or for **property damage** liability shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law. The **insured** agrees to reimburse the company for any payment made by the company which would have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

4. **Insured's Duties in the Event of Occurrence, Claim or Suit**

- (a) In the event of an **occurrence**, written notice containing particulars sufficient to identify the **insured** and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the **insured** to the company or any of its authorized agents as soon as practicable.
- (b) If any claim is made or suit is brought against the **insured**, the **insured** shall immediately forward to the company every demand, notice, summons or other process received by him or his representative.
- (b) The **insured** shall cooperate with the company and upon the company's request assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnify against any person or organization who may be liable to the **insured** because of injury or damage with respect to which insurance is afforded under this policy; and the **insured** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The **insured** shall not except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident. The **insured's** failure or refusal to cooperate with the company in the investigation and defense of any claim by or against the **insured** may result in the complete denial of coverage for any loss resulting from such claim, except for any financial responsibility law requirements that the company must meet.

5. **Action Against Company**

No action shall lie against the company unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, and unless each of the **insured's** obligations to pay premiums and self-funded guaranty amounts, if any shall have been fulfilled.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this

policy. No person or organization shall have any right under this policy to join the company as a party to any action against the **insured** to determine the **insured's** liability, nor shall the company be impleaded by the **insured** or his legal representative. Bankruptcy or insolvency of the **insured** or of the **insured's** estate shall not relieve the company of any of its obligations hereunder.

Any claim brought by an **insured** against us for breach of contract, breach of the covenant of good faith and fair dealing, or breach of statutory obligations, must be brought within one year after the accrual of such claim.

6. **Other Insurance**

The insurance afforded by this policy is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the **insured** has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the company's liability under this policy shall not be reduced by the existence of such other insurance.

When both this insurance and other insurance apply to the loss on the same basis, whether primary excess or contingent. The company shall not be liable under this policy for a great proportion of the loss than that stated in the applicable contribution provision below.

- (a) **Contribution by Equal Shares.** If all of such other valid and collectible insurance provides for contribution by equal shares, the company shall not be liable for a greater proportion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss paid.
- (b) **Contribution by Limits.** If any of such other insurance does not provide for contribution by equal shares, the company shall not be liable for a great proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

7. **Subrogation**

In the event of any payment under this policy, the company shall be subrogated to all the **insured's** rights of recovery therefor against any person or organization and the **insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure



such rights. The **insured** shall do nothing after loss to prejudice such rights.

8. Changes

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed except by endorsement issued to form a part of this policy.

9. Assignment

Assignment of interest under this policy shall not bind the company until its consent is endorsed hereon; if however, the **named insured** shall die, such insurance as is afforded by this policy shall apply (1) to the **named insureds** but only while acting within the scope of his duties as such and (2) with respect to the property of the **named insured**, to the person having proper temporary custody thereof, as **insured**, but only until the appointment and qualification of the legal representative.

10. Cancellation

This policy may be cancelled by the **named insured** by surrender thereof to the company or any of its authorized agents or by mailing to the company written notice

stating when thereafter the cancellation shall be effective. This policy may be cancelled by the company by mailing to the **named insured** at the last mailing address known to the company, written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become effective, but payment or tender of unearned premium is not a condition of cancellation.

If the **named insured** cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

11. Declarations

By acceptance of this policy, the **named insured** agrees that the statements in the application are his agreements and representations and that this policy embodies all agreements existing between himself and the company or any of its agents relating to this insurance.



KNIGHT MANAGEMENT INSURANCE SERVICES, LLC, *Administrator*
4751 Wilshire Blvd., Ste. 111, Los Angeles, CA 90010 (888) 333-8198

IN WITNESS WHEREOF, the company has caused this policy to be signed by its president and secretary but this policy shall not be valid unless completed by the attachment hereto of a declarations page and countersigned on the aforesaid declarations page by a duly authorized representative of the company.

All other terms, exclusions and conditions of this policy remain unchanged.

Secretary

President