

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

## **RHODE ISLAND CHANGES**

For a covered "auto" licensed or principally garaged in, or "auto dealer operations" conducted in, Rhode Island, this endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM  
BUSINESS AUTO COVERAGE FORM  
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

**A. The following is added to **Supplementary Payments**:**

Prejudgment interest awarded against the "insured" if we have previously rejected an offer to settle the part of the judgment that is within our Limit of Insurance.

**B. The following provision is added:**

**Direct Liability Of Insurers**

We will be directly liable for those sums the "insured" becomes legally obligated to pay as damages to an injured party to which this insurance applies. In the event of that injured party's death, we will be directly liable for those sums the "insured" becomes legally obligated to pay as damages to the party entitled to sue as a result of the injured party's death, and to which this insurance applies.

**C. Changes In Conditions**

**1. The last sentence of the **Appraisal For Physical Damage Loss** Condition is replaced by the following:**

We shall not be held to have waived any of our rights by any act relating to appraisal.

**2. The following is added to the **Duties In The Event Of Accident, Claim, Suit Or Loss** Condition in the Business Auto and Motor Carrier Coverage Forms and the **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** Condition in the Auto Dealers Coverage Form:**

If a fire causes damage to a covered "auto", you must file a statement with the appropriate fire department in conformity with the provisions of R.I. GEN. LAWS Section 27-8.1-2.1.

**3. The **Transfer Of Rights Of Recovery Against Others To Us** Condition is replaced by the following:**

**Transfer Of Rights Of Recovery Against Others To Us**

If any person or organization to or for whom we make payment under this Coverage Form 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. We shall be entitled to recover payment on a loss only after the insured has been paid the deductible portion of the loss less the prorated share of the subrogation expense.

**4. The following is added to the **Other Insurance** Condition in the Auto Dealers and Business Auto Coverage Forms and the **Other Insurance – Primary And Excess Insurance Provisions** Condition in the Motor Carrier Coverage Form:**

**a. When this Coverage Form and any other Coverage Form or policy providing liability coverage apply to an "auto" and:**

- (1)** One provides coverage to an "insured" engaged in the business of leasing or renting "autos"; and
- (2)** The other provides coverage to a person not engaged in that business; and
- (3)** At the time of an "accident", a person covered by a Coverage Form described in Paragraph **4.a.(2)** is operating an "auto" rented or leased from the business covered by a Coverage Form described in Paragraph **4.a.(1)**;

then the Coverage Form issued to a business described in **4.a.(1)** is excess over any coverage available to the person described in Paragraph **4.a.(2)** if:

- (a)** The business described in **4.a.(1)** rents or leases the "auto" to the "insured" under a written rental agreement; and
- (b)** The face of the rental agreement states, in at least 10-point type, that the valid and collectible insurance of any person operating the "auto" with the permission of the owner and/or lessor is primary.

**b.** If you have rented the covered "auto" to another and the rental agreement does not contain the requirements listed in **4.a.(a)** and **(b)**, then the following priority of recovery applies:

- (1)** The owner's liability insurance will be primary up to the limits required by law;
- (2)** The operator's policy will be excess; and
- (3)** Any remaining limits of the owner's policy will be excess to the operator's policy.

**5.** The following condition is added:

**Arbitration**

- a.** Any injured person suffering a loss, allegedly resulting out of the ownership, maintenance, or use of a covered "auto" by an "insured" or self-insured, and allegedly resulting from liability imposed by law for "property damage" or "bodily injury", may at his or her election, whenever the claim is for \$50,000 or less, submit the matter to arbitration pursuant to Chapter 3 of Title 10 of the General Laws of Rhode Island.
- b.** Selection of Arbitrator. After submission to arbitration by the injured person, one arbitrator shall be selected from the list of qualified arbitrators of the Court-Annexed Arbitration Program of the Superior Court of Rhode Island. Each party shall share the expense of arbitration in accordance with the rules of the Court-Annexed Arbitration Program.

**c.** Hearings. The arbitrator shall call a hearing and provide seven days' notice of the time and place of the hearing to the parties. The hearing shall be informal, and the rules of evidence prevailing in judicial proceedings shall be binding. Any and all documentary evidence and other data deemed to be relevant by the arbitrator may be received in evidence. The arbitrator shall have the power to administer oaths and to require by subpoena the attendance and testimony of witnesses, and the production of books, records, and other evidence, relative or pertinent to the issues presented to them for determination. The decision of the arbitrator shall be binding upon the parties unless:

- (1)** In the event that "suit" has not been instituted, either party may reserve his/her right to a jury trial by giving notice of this reservation of right to the other party or parties and to the arbitrator within 60 days of the arbitrator's award by certified mail return receipt requested; or
- (2)** In the event that "suit" has been instituted, either party files a request for a jury trial with the court and with notice to the other party or parties within 60 days of the arbitrator's award. If said case proceeds to trial subsequent to arbitration, the decision of the arbitrator shall not be admissible.

**d.** Statute of Limitations. Notwithstanding the foregoing, a "suit" shall be instituted in order to bring said action within any applicable statute of limitations, but said "suit" will otherwise be stayed until an arbitrator's award has been made or the case reached for trial.