

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA UNDERINSURED MOTORISTS COVERAGE

For a covered "auto" licensed or principally garaged in, or "auto dealer operations" conducted in, Indiana, 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.

This endorsement changes the Policy effective on the inception date of the Policy unless another date is indicated below.

Named Insured:

Endorsement Effective Date:

SCHEDULE

Limit Of Insurance: \$

Each "Accident"

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Coverage

1. We will pay all sums the "insured" is legally entitled to recover as compensatory damages from the owner or driver of an "underinsured motor vehicle". The damage must result from "bodily injury" sustained by the "insured" and caused by an "accident" with an "underinsured motor vehicle".

The owner's or driver's liability for this damage must result from the ownership, maintenance or use of the "underinsured motor vehicle".

2. We will pay under this coverage only if Paragraph **a.** or **b.** below applies:
 - a. The limits of any applicable liability bonds or policies have been exhausted by payment of judgments or settlements; or

- b. A tentative settlement has been made between an "insured" and the insurer of an "underinsured motor vehicle" which would exhaust the limits of liability under any applicable bond or policy, and we:

- (1) Have been given prompt written notice of such tentative settlement; and
- (2) Advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after the receipt of notification.

B. Who Is An Insured

If the Named Insured is designated in the Declarations as:

1. An individual, then the following are "insureds":
 - a. The Named Insured and any "family members".
 - b. Anyone else "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, "loss" or destruction.
 - c. Anyone for damages he or she is entitled to recover because of "bodily injury" sustained by another "insured".
2. A partnership, limited liability company, corporation or any other form of organization, then the following are "insureds":
 - a. Anyone "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, "loss" or destruction.
 - b. Anyone for damages he or she is entitled to recover because of "bodily injury" sustained by another "insured".

C. Exclusions

This insurance does not apply to:

1. The direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law.
2. The direct or indirect benefit of any insurer of property.
3. "Bodily injury" if sustained by:
 - a. An individual Named Insured while "occupying" or when struck by any vehicle owned by that Named Insured that is not a covered "auto" under this Coverage Form; or
 - b. Any "family member" while "occupying" or when struck by any vehicle owned by the Named Insured that is insured on a primary basis under any other Coverage Form or policy.
4. Any "insured" using a vehicle without a reasonable belief that the "insured" is entitled to do so.

5. Punitive or exemplary damages.

6. "Bodily injury" arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
7. "Noneconomic loss" sustained by any "insured" if such "insured" is an uninsured motorist with a previous violation as defined in Indiana Code Section 27-7-5.1.

However, Exclusion **C.7.** does not apply to an "insured" under 18 years of age.

D. Limit Of Insurance

1. 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 shown in this endorsement.
2. The Limit of Insurance under this coverage shall be reduced by all sums paid or payable by or for anyone who is legally responsible, including all sums paid under this Coverage Form's Covered Autos Liability Coverage.
3. No one will be entitled to receive duplicate payments for the same elements of "loss" under this Coverage Form and any Liability Coverage form or Medical Payments Coverage endorsement attached to this Coverage Part.

We will not make a duplicate payment under this coverage for any element of "loss" for which payment has been made by or for anyone who is 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 workers' compensation, disability benefits or similar law.
4. No "insured" shall recover duplicate payments for the same elements of "loss" or payments in excess of damages sustained.

E. Changes In Conditions

The **Conditions** are changed for **Underinsured Motorists Coverage** as follows:

1. **Other Insurance** in the Auto Dealers and Business Auto Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** in the Motor Carrier Coverage Form are replaced by the following:

If there is other applicable insurance available under one or more policies or provisions of coverage, the following priorities of coverage apply:

First Priority	The Underinsured Motorists Coverage applicable to the vehicle the "insured" was "occupying" at the time of the "accident".
Second Priority	Any other Coverage Form or policy affording Underinsured Motorists Coverage to the "insured".

- a. The Limit of Insurance under the vehicle the "insured" was "occupying" under the Coverage Form or policy in the first priority shall first be exhausted.
- b. The maximum recovery for damages under all Coverage Forms or policies may equal but shall not exceed the highest applicable limit of any one vehicle under any insurance providing coverage on either a first or second priority basis.
- c. 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 limits applicable to the same level of priority.

2. The **Legal Action Against Us** provision is replaced by the following:

Legal Action Against Us

- a. No one may bring a legal action against us under this Coverage Form until there has been full compliance with all the terms of this Coverage Form.
- b. Any legal action against us under this Coverage Form must be brought within two years after the date of the "accident". However, this Paragraph **2.b.** does not apply if, within two years after the date of the "accident":
 - (1) We and the "insured" agree to arbitration in accordance with this endorsement; or

- (2) The "insured" has filed an action for "bodily injury" against the owner or operator of the "underinsured motor vehicle", and such action is:

- (a) Filed in a court of competent jurisdiction; and
- (b) Not barred by the applicable state statute of limitations.

In the event that the two-year time limitation identified in this condition does not apply, the applicable state statute of limitations will govern legal action against us under this Coverage Form.

3. **Duties In The Event Of Accident, Claim, Suit Or Loss** in the Business Auto and Motor Carrier Coverage Forms and **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** in the Auto Dealers Coverage Form are changed by adding the following:

- a. Promptly send us copies of the legal papers if a "suit" is brought.
- b. A person seeking Underinsured Motorists Coverage must also promptly notify us in writing of a tentative settlement between the "insured" and the insurer of the "underinsured motor vehicle" and allow us 30 days to advance payment to that "insured" in an amount equal to the tentative settlement to preserve our rights against the insurer, owner or operator of such "underinsured motor vehicle".

4. **Transfer Of Rights Of Recovery Against Others To Us** is changed by adding the following:

- a. If we make any payment and the "insured" recovers from another party, the "insured" shall hold the proceeds in trust for us and pay us back the amount we have paid.
- b. Our rights do not apply under this provision if we:
 - (1) Have been given prompt written notice of a tentative settlement between an "insured" and the insurer of the "underinsured motor vehicle"; and
 - (2) Fail to advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of such notification.

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

- (a) That payment will be separate from any amount the "insured" is entitled to recover under the provisions of this coverage; and
- (b) We also have the right to recover the advanced payment from the insurer or the owner or operator of the "underinsured motor vehicle".

c. If we make a payment because the insurer of the "underinsured motor vehicle" is or becomes insolvent, the **Transfer Of Rights Of Recovery Against Others To Us** Condition does not apply to any rights of recovery against:

- (1) The Indiana Guaranty Fund; or
- (2) The "insured" of the insolvent insurer, except in amounts that exceed the limit of liability of the Coverage Form or policy that was issued by that insolvent insurer.

5. The following condition is added:

Arbitration

- a. If we and an "insured" disagree whether the "insured" is legally entitled to recover damages from the owner or driver of an "underinsured motor vehicle" or do not agree as to the amount of damages that are recoverable by that "insured", then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated. Both parties must agree to arbitration. If so agreed, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.
- b. Unless both parties agree otherwise, arbitration will take place in the county in which the "insured" lives. Local rules of law as to arbitration procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding as to:
 - (1) Whether the "insured" is legally entitled to recover damages; and

- (2) The amount of damages. This applies only if the amount does not exceed the minimum limit for liability specified by the financial responsibility law of Indiana. If the amount exceeds that limit, 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.

F. Additional Definitions

As used in this endorsement:

- 1. "Family member" means a person related to an individual Named Insured by blood, marriage or adoption, who is a resident of such Named Insured's household, including a ward or foster child.
- 2. "Noneconomic loss" means costs for physical and emotional pain and suffering, physical impairment, emotional distress, mental anguish, loss of enjoyment, loss of companionship, services and consortium, and any other noneconomic damages.
- 3. "Occupying" means in, upon, getting in, on, out or off.
- 4. "Underinsured motor vehicle" means a land motor vehicle or "trailer" for which the sum of all liability bonds or policies at the time of an "accident" provides at least the amounts required by the financial responsibility law of Indiana but their limits are either:
 - a. Less than the limit of liability for this coverage; or
 - b. Reduced by payments to others injured in the "accident" to an amount which is less than the limit of liability for this coverage.However, "underinsured motor vehicle" does not include any vehicle:
 - a. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law.
 - b. Owned by a governmental unit or agency.
 - c. Designed for use mainly off public roads while not on public roads.