

FORMS – APPROVED

AUGUST 12, 2021

COMMERCIAL AUTOMOBILE

LI-CA-2021-285

VIRGINIA REVISED CHANGES IN COVERAGE FORMS ENDORSEMENTS APPROVED

KEY MESSAGE

The Virginia State Corporation Commission Bureau of Insurance (BOI) has approved forms filing [CA-2021-OADF1](#).

UPGRADE TO WORD AND EXCEL DOCUMENTS

As previously noted, ISO is implementing changes to our authoring and delivery systems so that **newly created** documents will be delivered in Office 365 .docx/.xlsx format to be phased in by product/service. In addition to **form** documents, we are pleased to announce that during the third quarter 2021, you will be receiving **circular cover letter** and **Notice To Manualholders (NTM)** documents in .docx format delivered/accessed via Circulars, CLM, EFD, ERC, Filings, FIRST, Forms Library, PRM and Suite +. Changes continue for other document types to be phased in by product/service. Products impacted include, but are not limited to, documents delivered/accessed via Circulars, CLM, EFD, ERC, Filings, FIRST, Forms Library (including PolicyWriting Support Forms Instructional Supplement), PRM, Statistical Plans and Suite +.

BACKGROUND

In circular [LI-CA-2021-247](#), we announced that we had filed revisions to CA 01 16, Virginia Changes – Business Auto Coverage Form, CA 01 55, Virginia Changes – Motor Carrier Coverage Form, and Virginia Changes – Auto Dealers Coverage Form in response to 2020 Va. Acts ch. 273 (former S.B. 1182) with the Virginia BOI.

INSURANCE DEPARTMENT ACTION

The Virginia BOI has approved filing [CA-2021-OADF1](#).

EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after January 1, 2022.

COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number CA-2021-OADF1, not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- A new edition date of an existing form number is being introduced.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2021-004](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Portfolioholders with an edition date of 1-22 (or the earliest possible subsequent date), along with any new and/or revised forms.

RELATED RULES REVISION

We are announcing in a separate circular the implementation of a corresponding rules revision. Please refer to the Reference(s) block for identification of that circular.

RELATED LOSS COSTS REVISION

We are announcing in a separate circular the implementation of a corresponding loss costs revision. Please refer to the Reference(s) block for identification of that circular.

REFERENCES

- [LI-CA-2021-287](#) (08/12/2021) Virginia Revised Rule 100. Increased Liability Limits To Be Implemented
- [LI-CA-2021-286](#) (08/12/2021) Virginia Revised Uninsured Motorists Insurance Rule 97. Loss Costs To Be Implemented
- [LI-CA-2021-247](#) (07/07/2021) Virginia Revised Changes In Coverage Forms Endorsements Filed
- [LI-CL-2021-004](#) (02/17/2021) Revised Lead Time Requirements Listing

ATTACHMENT(S)

Final copies of [CA 01 16 01 22](#), [CA 01 55 01 22](#) and [CA 01 95 01 22](#).

FILES AVAILABLE FOR DOWNLOAD

To download all files associated with this circular, including attachments in the full circular PDF and/or any additional files not included in the PDF, search for the circular number on [ISOnet Circulars](#). Then click the Word/Excel link under the Full Circular column on the Search Results screen.

Please note that in some instances, not all files listed in the Attachment(s) block (if applicable) are included in the PDF.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES – BUSINESS AUTO COVERAGE FORM

For a covered "auto" licensed or principally garaged in Virginia, this endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

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

A. Paragraph A. Coverage of Section II – Covered Autos Liability Coverage is replaced by the following:

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We have the right and duty to defend any "suit" for such damages, even if the "suit" is groundless, false or fraudulent. However, we have no duty to defend "suits" for "bodily injury" or "property damage" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Covered Autos Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

B. Paragraph A.1.b. of Section II – Covered Autos Liability Coverage is amended by the addition of the following:

1. Who Is An Insured

The following are "insureds":

b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:

(6) Your customers, if you are in the motor vehicle business. However, if a customer of yours:

(a) Has no other valid and collectible insurance applicable to the same "accident", they are an "insured" but only up to the financial responsibility limits specified in Section 46.2-472 of the Code of Virginia.

(b) Has other valid and collectible insurance applicable to the same "accident" less than the financial responsibility limits specified in Section 46.2-472, they are an "insured" only for the amount by which the financial responsibility law limits exceed the limits of their other insurance.

Motor vehicle business means the business of selling, leasing, repairing, servicing, storing or parking motor vehicles which are:

(a) Used for demonstration purposes by a prospective purchaser;

(b) Loaned or leased to another as a temporary substitute while such person's "auto" is being repaired or serviced; or

(c) Leased to another for a period of six months or more.

C. Paragraph A.2. Coverage Extensions of Section II – Covered Autos Liability Coverage is amended as follows:

1. Paragraphs a.(3), a.(5) and a.(6) of Supplementary Payments are replaced by the following:

We will pay for the "insured":

(3) The cost of bonds to release attachments in any "suit" we defend, but only for bond amounts within our Limit of Insurance.

(5) All court costs taxed against the "insured" in any "suit" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".

(6) All interest on the full amount of any judgment that accrues after entry of judgment in any "suit" we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

2. Paragraph **a. Supplementary Payments** is amended by the addition of the following:

We will pay for the "insured":

(7) Prejudgment interest awarded against the "insured" on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

D. Paragraph **A.2.b.(1) of Section II – Covered Autos Liability Coverage** is replaced by the following:

2. Coverage Extensions

b. Out-of-state Coverage Extensions

While a covered "auto" is away from the state where it is licensed, we will:

(1) Increase the Limit of Insurance for Covered Autos Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used.

E. Paragraph **B. Exclusions of Section II – Covered Autos Liability Coverage** is amended as follows:

1. Paragraph **B.4. Employee Indemnification And Employer's Liability** Exclusion is replaced by the following:

"Bodily injury" to:

a. An "employee" of the "insured" arising out of and in the course of employment by the "insured"; or

b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **a.** above.

This exclusion applies:

(1) Whether the "insured" may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract".

2. Paragraph **B.5. Fellow Employee** Exclusion is deleted.

3. Paragraph **B.6. Care, Custody Or Control** Exclusion is replaced by the following:

"Property damage" to property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

4. Paragraph **B.11. Pollution** Exclusion is replaced by the following:

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants". This exclusion does not apply if the discharge is sudden and accidental.

5. Paragraph **B.12. War** Exclusion is replaced by the following:

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

F. Paragraph **C. Limit Of Insurance of Section II – Covered Autos Liability Coverage** is replaced by the following:

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 the total of all damages resulting from any one "accident" is the Limit Of Insurance for Covered Autos Liability Coverage shown in the Declarations.

All "bodily injury" and "property damage" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

2. We will apply the limit shown in the Declarations to first provide the separate limits required by Virginia law as follows:

a. \$30,000 for "bodily injury" to any one person caused by any one "accident"; and

- b. Subject to **2.a.** above, \$60,000 for "bodily injury" to two or more persons caused by any one "accident"; and
- c. \$20,000 for "property damage" caused by any one "accident".

This provision will not change the Limit of Insurance.

G. The Business Auto Conditions of Section IV are amended as follows:

1. Paragraph A.2.b.(3) of the Duties In The Event Of Accident, Claim, Suit Or Loss Condition is replaced by the following:

- b. Additionally, you and any other involved "insured" must:
 - (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit". The "insured" will be deemed not to have cooperated with us only if his or her failure or refusal to do so harms our defense of an action for damages.

2. Paragraph A.2.c. of the Duties In The Event Of Accident, Claim, Suit Or Loss Condition is replaced by the following:

- c. If there is a "loss" to a covered "auto" or its equipment, you must also do the following, but only with respect to a Physical Damage claim:
 - (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
 - (2) Do what is reasonably necessary to protect the covered "auto" from further damage. Also keep a record of your expenses for payment in the settlement claim.
 - (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
 - (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. Paragraph A.4. of the Loss Payment – Physical Damage Coverages Condition is replaced by the following:

At our option, we may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If we pay for the "loss", our payment will include:

- (1) The applicable sales and use tax for the damaged or stolen property;
- (2) Any applicable titling and license transfer fees incurred in obtaining a replacement vehicle in the event of a total "loss" to a covered "auto"; and
- (3) Any applicable general average, salvage or disposal charges.

4. Paragraph B.2. Concealment, Misrepresentation Or Fraud Condition is replaced by the following:

Coverage for your claim under this Coverage Form is void in any case of fraud by you at any time as it relates to the Coverage Form. It is also void if you, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Form;
- b. The covered "auto";
- c. Your interest in the covered "auto"; or
- d. A claim under this Coverage Form.

5. Paragraph B.5.b. of the Other Insurance Condition is replaced by the following:

- b. For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is deemed to be a covered "auto" you don't own.

6. Paragraph B.6. Premium Audit Condition is replaced by the following:

The estimated premium for this Coverage Form is based on the exposures you told us you would have when this Policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

7. Paragraph B.8. of the Two Or More Coverage Forms Or Policies Issued By Us Condition is deleted.

8. Paragraph **B. General Conditions** is amended by the addition of the following:

In return for the payment of the premium, and subject to all the terms of this Policy, we agree with you to provide the insurance as stated in this Policy.

H. Section V – Definitions is amended as follows:

1. The "covered pollution cost or expense" definition is deleted.
2. Exceptions **b.** and **c.** to the "insured contract" definition are deleted.
3. The definition of "suit" is replaced by the following:

"Suit" means a civil proceeding in which damages because of "bodily injury" or "property damage", to which this insurance applies, are alleged.

"Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the "insured" must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the "insured" submits with our consent.

I. Changes In Endorsements

1. All references to Auto Medical Payments are replaced in the endorsements by Medical Expense Benefits.
2. All references to personal injury protection (no-fault) and "covered pollution cost or expense" in any endorsement do not apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES – MOTOR CARRIER COVERAGE FORM

For a covered "auto" licensed or principally garaged in Virginia, this endorsement modifies insurance provided under the following:

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. Paragraph A. Coverage of Section II – Covered Autos Liability Coverage is replaced by the following:

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We have the right and duty to defend any "suit" for such damages, even if the "suit" is groundless, false or fraudulent. However, we have no duty to defend "suits" for "bodily injury" or "property damage" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Covered Autos Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

B. Paragraph A.1.b. of Section II – Covered Autos Liability Coverage is amended by the addition of the following:

1. Who Is An Insured

The following are "insureds":

b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:

(6) Your customers, if you are in the motor vehicle business. However, if a customer of yours:

(a) Has no other valid and collectible insurance applicable to the same "accident", they are an "insured" but only up to the financial responsibility limits specified in Section 46.2-472 of the Code of Virginia.

- (b) Has other valid and collectible insurance applicable to the same "accident" less than the financial responsibility limits specified in Section 46.2-472, they are an "insured" only for the amount by which the financial responsibility law limits exceed the limits of their other insurance.

Motor vehicle business means the business of selling, leasing, repairing, servicing, storing or parking motor vehicles which are:

- (a) Used for demonstration purposes by a prospective purchaser;
- (b) Loaned or leased to another as a temporary substitute while such person's "auto" is being repaired or serviced; or
- (c) Leased to another for a period of six months or more.

C. Paragraph A.2. Coverage Extensions of Section II – Covered Autos Liability Coverage is amended as follows:

- 1. Paragraphs **a.(3), a.(5) and a.(6)** of **Supplementary Payments** are replaced by the following:

We will pay for the "insured":

- (3) The cost of bonds to release attachments in any "suit" we defend, but only for bond amounts within our Limit of Insurance.
- (5) All court costs taxed against the "insured" in any "suit" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".
- (6) All interest on the full amount of any judgment that accrues after entry of judgment in any "suit" we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

- 2. Paragraph **a. Supplementary Payments** is amended by the addition of the following:

We will pay for the "insured":

- (7) Prejudgment interest awarded against the "insured" on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

D. Paragraph A.2.b.(1) of Section II – Covered Autos Liability Coverage is replaced by the following:

2. Coverage Extensions

b. Out-of-state Coverage Extensions

While a covered "auto" is away from the state where it is licensed, we will:

- (1) Increase the Limit of Insurance for Covered Autos Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used.

E. Paragraph B. Exclusions of Section II – Covered Autos Liability Coverage is amended as follows:

- 1. Paragraph **B.4. of the Employee Indemnification And Employer's Liability** Exclusion is replaced by the following:

"Bodily injury" to:

- a. An "employee" of the "insured" arising out of and in the course of employment by the "insured"; or
- b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **a.** above.

This exclusion applies:

- (1) Whether the "insured" may be liable as an employer or in any other capacity; and

- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract".

2. Paragraph **B.5. Fellow Employee** Exclusion is deleted.
3. Paragraph **B.6. Care, Custody Or Control** Exclusion is replaced by the following:

"Property damage" to property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

4. Paragraph **B.11. Pollution** Exclusion is replaced by the following:

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants". This exclusion does not apply if the discharge is sudden and accidental.

5. Paragraph **B.12. War** Exclusion is replaced by the following:

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

- F. Paragraph **C. Limit Of Insurance of Section II – Liability Coverage** is replaced by the following:

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 the total of all damages resulting from any one "accident" is the Limit Of Insurance for Covered Autos Liability Coverage shown in the Declarations.

All "bodily injury" and "property damage" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

2. We will apply the limit shown in the Declarations to first provide the separate limits required by Virginia law as follows:
- a. \$30,000 for "bodily injury" to any one person caused by any one "accident"; and
- b. Subject to 2.a. above, \$60,000 for "bodily injury" to two or more persons caused by any one "accident"; and

- c. \$20,000 for "property damage" caused by any one "accident".

This provision will not change the Limit of Insurance.

- G. Paragraph **A.2. Coverage of Section III – Trailer Interchange Coverage** is replaced by the following:

2. We have the right and duty to defend any "suit" for these damages, even if the "suit" is groundless, false or fraudulent. However, we have no duty to defend "suits" for any "loss" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends for a coverage when the Limit of Insurance for that coverage has been exhausted by payment of judgments or settlements.

- H. Paragraph **A.3. Coverage Extensions of Section III – Trailer Interchange Coverage** is amended as follows:

1. Paragraph **3.d.** is replaced by the following:

In addition to the Limit of Insurance, we will pay for you:

- d. All court costs taxed against the "insured" in any "suit" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".

2. Paragraph **f.** is added as follows:

In addition to the Limit of Insurance, we will pay for you:

- f. Prejudgment interest awarded against the "insured" on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- I. **Section V – Motor Carrier Conditions** is amended as follows:

1. Paragraph **A.2.b.(3) of the Duties In The Event Of Accident, Claim, Suit Or Loss** Condition is replaced by the following:

- b. Additionally, you and any other involved "insured" must:

- (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit". The "insured" will be deemed not to have cooperated with us only if his or her failure or refusal to do so harms our defense of an action for damages.

2. Paragraph **A.2.c.** of the **Duties In The Event Of Accident, Claim, Suit Or Loss** Condition is replaced by the following:

c. If there is "loss" to a covered "auto" or its equipment, you must also do the following, but only with respect to a Physical Damage claim:

- (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
- (2) Do what is reasonably necessary to protect the covered "auto" from further damage. Also keep a record of your expenses for payment in the settlement claim.
- (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
- (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. Paragraph **A.4.** of the **Loss Payment – Physical Damage Coverages** Condition is replaced by the following:

At our option, we may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If we pay for the "loss", our payment will include:

- (1) The applicable sales and use tax for the damaged or stolen property;
- (2) Any applicable titling and license transfer fees incurred in obtaining a replacement vehicle in the event of a total "loss" to a covered "auto"; and
- (3) Any applicable general average, salvage or disposal charges.

4. Paragraph **B.2.** **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Coverage for your claim under this Coverage Form is void in any case of fraud by you at any time as it relates to this Coverage Form. It is also void if you, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Form;

b. The covered "auto";

c. Your interest in the covered "auto"; or

d. A claim under this Coverage Form.

5. Paragraph **B.5.f.** of the **Other Insurance – Primary And Excess Insurance Provisions** Condition in the Motor Carrier Coverage Form is replaced by the following:

f. For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is deemed to be a covered "auto" you don't own.

6. Paragraph **B.6. Premium Audit** Condition is replaced by the following:

The estimated premium for this Coverage Form is based on the exposures you told us you would have when this Policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

7. Paragraph **B.8. Two Or More Coverage Forms Or Policies Issued By Us** Condition is deleted.

8. Paragraph **B. General Conditions** is amended by the addition of the following:

In return for the payment of the premium, and subject to all the terms of this Policy, we agree with you to provide the insurance as stated in this Policy.

J. The **Definitions** section is amended as follows:

1. The "covered pollution cost or expense" definition is deleted.
2. Exceptions **b.** and **c.** to the "insured contract" definition are deleted.
3. The definition of "Suit" is replaced by the following:

"Suit" means a civil proceeding in which damages because of "bodily injury" or "property damage", to which this insurance applies, are alleged.

"Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the "insured" must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the "insured" submits with our consent.

K. Changes In Endorsements

1. All references to Auto Medical Payments are replaced in the endorsements by Medical Expense Benefits.
2. All references to personal injury protection (no-fault) and "covered pollution cost or expense" in any endorsement do not apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES – AUTO DEALERS COVERAGE FORM

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

AUTO DEALERS COVERAGE FORM

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

A. Changes In Covered Autos Liability Coverage

1. Paragraph **D.1. Coverage** is replaced by the following:

1. Coverage

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos".

We have the right and duty to defend any "suit" for such damages, even if the "suit" is groundless, false or fraudulent. However, we have no duty to defend "suits" for "bodily injury" or "property damage" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Covered "Autos" Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

2. Paragraph **D.2.b.(4)** of the **Who Is An Insured** provision is replaced by the following:

2. Who Is An Insured

The following are "insureds" for covered "autos":

- b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:
 - (4) Your customers, if you are in the motor vehicle business. However, if a customer of yours:
 - (a) Has no other valid and collectible insurance applicable to the same "accident", they are an "insured" but only up to the financial responsibility limits specified in Section 46.2-472 of the Code of Virginia.

- (b) Has other valid and collectible insurance applicable to the same "accident" less than the financial responsibility limits specified in Section 46.2-472, they are an "insured" only for the amount by which the financial responsibility law limits exceed the limits of their other insurance.

Motor vehicle business means the business of selling, leasing, repairing, servicing, storing or parking motor vehicles which are:

- (a) Used for demonstration purposes by a prospective purchaser;
- (b) Loaned or leased to another as a temporary substitute while such person's "auto" is being repaired or serviced; or
- (c) Leased to another for a period of six months or more.

3. Paragraph **D.3. Coverage Extensions** is amended as follows:

- a. Paragraphs **a.(3), a.(5) and a.(6)** of **Supplementary Payments** are replaced by the following:

We will pay for the "insured":

- (3) The cost of bonds to release attachments in any "suit" we defend, but only for bond amounts within our Limit of Insurance.
- (5) All court costs taxed against the "insured" in any "suit" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".
- (6) All interest on the full amount of any judgment that accrues after entry of judgment in any "suit" we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

- b. Paragraph **a. Supplementary Payments** is amended by the addition of the following:

We will pay for the "insured":

- (7) Prejudgment interest awarded against the "insured" on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

4. Paragraph **D.3.b.(1)** of the **Coverage Extensions** provision is replaced by the following:

3. Coverage Extensions

b. Out-of-state Coverage Extensions

While a covered "auto" is away from the state where it is licensed we will:

- (1) Increase the Limit of Insurance for Covered Autos Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used.

5. **Exclusions** is amended as follows:

- a. Paragraph **D.4.d. Employee Indemnification And Employer's Liability** Exclusion is replaced by the following:

"Bodily injury" to:

- (1) An "employee" of the "insured" arising out of and in the course of employment by the "insured"; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (a) Whether the "insured" may be liable as an employer or in any other capacity; and
- (b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract".

- b. Paragraph **D.4.e. Fellow Employee** Exclusion is deleted.

- c. Paragraph **D.4.f. Care, Custody Or Control** Exclusion is replaced by the following:

"Property damage" to:

- (1) Property owned, rented or occupied by the "insured";
- (2) Property loaned to the "insured";
- (3) Property held for sale or being transported by the "insured"; or
- (4) Property in the "insured's" care, custody or control.

But this exclusion does not apply to liability assumed under a sidetrack agreement.

- d. Paragraph **D.4.h. Pollution** Exclusion is replaced by the following:

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants". This exclusion does not apply if the discharge is sudden and accidental.

- e. Paragraph **D.4.p. War** Exclusion is replaced by the following:

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

6. Paragraph **D.5. Limit Of Insurance – Covered Autos Liability** is replaced by the following:

5. Limit Of Insurance – Covered Autos Liability

For "accidents" resulting from the ownership, maintenance or use of covered "autos", the following applies:

- a. Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages resulting from any one "accident" involving an "auto" is the Limit Of Insurance for Covered "Autos" Liability Coverage shown in the Declarations.

Damages payable under the Limit of Insurance For Covered "Autos" Liability are not payable under any applicable Limits of Insurance under Section II – General Liability Coverages or Section III – Acts, Errors Or Omissions Liability Coverage.

All "bodily injury" and "property damage" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

- b. We will apply the limit for Covered Autos Liability Coverage shown in the Declarations to first provide the separate limits required by Virginia law as follows:

- (1) \$30,000 for "bodily injury" to any one person caused by any one "accident", and
- (2) Subject to Paragraph **b.(1)** above, \$60,000 for "bodily injury" to two or more persons caused by any one "accident", and
- (3) \$20,000 for "property damage" caused by any one "accident".

This provision will not change the Limit of Insurance for Covered Autos Liability Coverage.

B. Changes In Garagekeepers Coverage

1. The following paragraph is added to Paragraph **E.1.a. Coverage:**

Garagekeepers Coverage applies on a legal liability basis unless one of the following Direct Coverage Options is indicated on the Declarations to apply:

(1) Excess Insurance

If Excess Insurance applies, Garagekeepers Coverage remains applicable on a legal liability basis. However, coverage also applies without regard to your or any other "insured's" legal liability for "loss" to a "customer's auto" on an excess basis over any other collectible insurance regardless of whether the other insurance covers your or any other "insured's" interest or the interest of the "customer's auto's" owner.

(2) Primary Insurance

If Primary Insurance applies, Garagekeepers Coverage is changed to apply without regard to your or any other "insured's" legal liability for "loss" to a "customer's auto" and is primary insurance.

2. Paragraph **1.b. Coverage** is replaced by the following:

- b. We have the right and duty to defend any "suit" for these damages, even if the "suit" is groundless, false or fraudulent. However, we have no duty to defend "suits" for any "loss" to which this insurance does not apply. We may investigate and settle any claims or "suit" as we consider appropriate. Our duty to defend or settle ends for a coverage when the Limit of Insurance for that coverage has been exhausted by payment of judgments or settlements.

3. Paragraph **E.3. Coverage Extensions** is amended as follows:

- a. Paragraphs **b.**, **d.** and **e.** are replaced by the following:

The following applies as **Supplementary Payments**. We will pay for the "insured":

- b. The cost of bonds to release attachments in any "suit" we defend, but only for bond amounts within our Limit of Insurance.
- d. All court costs taxed against the "insured" in any "suit" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".
- e. All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.
- b. Paragraph **3. Coverage Extensions** is amended by the addition of the following:
- The following applies as **Supplementary Payments**. We will pay for the "insured":
- f. Prejudgment interest awarded against the "insured" on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

4. Paragraph **E.4.c.** under **Exclusions** is deleted.

C. Changes In Physical Damage Coverage

Paragraph **a.(1)** of the **Limits Of Insurance** is replaced by the following:

- a. The most we will pay for:

- (1) "Loss" is the least of the following amounts:
- (a) The limit shown in the Declarations.
- (b) The actual cash value of the damaged or stolen property at the time of the "loss".
- (c) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

D. Changes In General Liability Coverages

1. The second paragraph of **A.1.a. Coverage** under **Bodily Injury And Property Damage Liability** is replaced by the following:

We have the right and duty to defend any "suit" for these damages even if the "suit" is groundless, false or fraudulent. However, we have no duty to defend "suits" for "bodily injury" or "property damage" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. But:

- (1) The amount we will pay for damages is limited as described in Paragraph **F. Limits Of Insurance – General Liability Coverages**; and
- (2) Our duty to defend or settle ends when the applicable limit of insurance has been exhausted by payment of judgments or settlements under Paragraph **A. Bodily Injury And Property Damage Liability** or **B. Personal And Advertising Injury Liability** or medical expenses under Paragraph **C. Locations And Operations Medical Payments**.

2. **Exclusions** under Paragraph **A. Bodily Injury And Property Damage Liability** is amended as follows:

- a. Paragraph **A.2.d. Employee Indemnification And Employer's Liability** Exclusion is replaced by the following:

"Bodily injury" to:

- (1) An "employee" of the "insured" arising out of and in the course of employment by the "insured"; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (a) Whether the "insured" may be liable as an employer or in any other capacity; and
- (b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract".

- b. Paragraph **A.2.f. Pollution** Exclusion is replaced by the following:

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants". This exclusion does not apply if the discharge is sudden and accidental.

- c. Paragraph **A.2.I. War** Exclusion is replaced by the following:

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

- d. Paragraph **A.2.o. Recording And Distribution Of Material Or Information In Violation Of Law** does not apply.

- 3. The second paragraph of **B.1. Coverage** under **Personal And Advertising Injury Liability** is replaced by the following:

We will have the right and duty to defend any "suit" for these damages even if the "suit" is groundless, false or fraudulent. However, we have no duty to defend "suits" for "personal and advertising injury" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. But:

- a. The amount we will pay for damages is limited as described in Paragraph **F. Limits Of Insurance – General Liability Coverages**; and

- b. Our duty to defend or settle ends when the applicable limit of insurance has been exhausted by payment of judgments or settlements under Paragraph **A. Bodily Injury And Property Damage Liability** or Paragraph **B. Personal And Advertising Injury Liability** or medical expenses under Paragraph **C. Locations And Operations Medical Payments**.

- 4. **Exclusions** under Paragraph **B. Personal And Advertising Injury Liability** is amended as follows:

- a. The following exclusions do not apply:

- (1) **B.2.i. Infringement Of Copyright, Patent, Trademark Or Trade Secret**;
- (2) **B.2.j. Electronic Chat Rooms Or Bulletin Boards**;
- (3) **B.2.k. Unauthorized Use Of Another's Name Or Product**;
- (4) **B.2.n. War**; and
- (5) **B.2.o. Recording And Distribution Of Material Or Information In Violation Of Law**.

- b. The following exclusion is added:

Advertising, Broadcasting, Publishing Or Telecasting Business

"Personal and advertising injury" committed by an "insured" whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to Paragraphs 1., 2. and 3. of "Personal and advertising injury" under **Section V – Definitions**.

- 5. Paragraph **E. Supplementary Payments** is amended as follows:

- a. Paragraphs **E.2.**, **E.4.** and **E.5.** are replaced by the following:

- 2. The cost of bonds to release attachments in any "suit" we defend, but only for bond amounts within our Limit of Insurance.

4. All court costs taxed against the "insured" in any "suit" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".
 5. All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.
- b. Paragraph **E.** is amended by the addition of the following:
6. Prejudgment interest awarded against the "insured" on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

E. Changes In Acts, Errors Or Omissions Liability Coverages

The second paragraph of **A. Coverage** is replaced by the following:

We will have the right and duty to defend any "suit" for these damages. However, we have no duty to defend "suits" for "acts, error or omissions" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. But:

1. The amount we will pay for damages is limited as described in Paragraph **E. Limits Of Insurance And Deductible**; and
2. Our duty to defend or settle ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

F. Changes In Conditions

1. Paragraphs **A.2.b.(3)** and **A.2.c.** of the **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** Condition are replaced by the following:
 - b. Additionally, you and any other involved "insured" must:
 - (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit". The "insured" will be deemed not to have cooperated with us only if his or her failure or refusal to do so harms our defense of an action for damages.

- c. If there is a "loss" to a covered "auto" or its equipment, you must also do the following, but only with respect to a Physical Damage claim:

- (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
- (2) Do what is reasonably necessary to protect the covered "auto" from further damage. Also keep a record of your expenses for payment in the settlement claim.
- (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
- (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

2. Paragraph **A.4.** of the **Loss Payment – Physical Damage Coverages** Condition is replaced by the following:

At our option, we may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If we pay for the "loss", our payment will include:

- (1) The applicable sales and use tax for the damaged or stolen property;
- (2) Any applicable titling and license transfer fees incurred in obtaining a replacement vehicle in the event of a total "loss" to a covered "auto"; and
- (3) Any applicable general average, salvage or disposal charges.

3. Paragraph **B.2. Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Coverage for your claim under this Coverage Form is void in any case of fraud by you at any time as it relates to this Coverage Form. It is also void if you, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Form;
- b. The covered "auto";
- c. Your interest in the covered "auto"; or
- d. A claim under this Coverage Form.

4. Paragraph **B.5.b. of the Other Insurance** Condition is replaced by the following:

- b. For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is deemed to be a covered "auto" you don't own.

5. Paragraph **B.6. Premium Audit** Condition is replaced by the following:

The estimated premium for this Coverage Form is based on the exposures you told us you would have when this Policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

6. Paragraph **B.7. Policy Period, Coverage Territory** Condition is replaced by the following:

Under this Coverage Form, we cover:

- a. "Bodily injury", "property damage" and "losses" occurring; and
- b. "Personal and advertising injury" offenses and "acts, errors or omissions" committed during the policy period shown in the Declarations and within the coverage territory.

The coverage territory is:

- (1) The United States of America;
- (2) The territories and possessions of the United States of America;
- (3) Puerto Rico;

(4) Canada; and

(5) Anywhere else in the world if:

- (a) A covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less;
- (b) The "bodily injury", "property damage" or "personal and advertising injury" is caused by an "insured" who permanently lives within the United States of America, its territories or possessions, Puerto Rico or Canada while the "insured" is temporarily outside of one of those places;
- (c) The "personal and advertising injury" offense takes place through the Internet or similar electronic means of communication; or
- (d) The "bodily injury" or "property damage" is caused by one of your "products" which is sold for use in the United States of America, its territories or possessions, Puerto Rico or Canada;

provided that the "insured's" responsibility to pay damages is determined in a "suit" on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada or in a settlement we agree to.

However, the coverage territory described in Paragraph (5) above does not apply to "work you performed".

We also cover "bodily injury", "property damage" and "losses" while a covered "auto" is being transported between the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada.

7. Paragraph **B.8. Two Or More Coverage Forms Or Policies Issued By Us** Condition is deleted.

8. Paragraph **B. General Conditions** is amended by the addition of the following:

In return for the payment of the premium, and subject to all the terms of this Policy, we agree with you to provide the insurance as stated in this Policy.

G. Section V – Definitions is amended as follows:

- 1. The definition of "covered pollution cost or expense" is deleted.

2. Exceptions **c.** and **d.** to the "insured contract" definition are deleted.

3. The definition of "suit" is replaced by the following:

"Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal and advertising injury" or "acts, errors or omissions", to which this insurance applies, are alleged.

"Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the "insured" must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the "insured" submits with our consent.

4. The definition of "advertisement" is replaced by the following:

"Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.

H. Changes In Endorsements

1. All references to Auto Medical Payments are replaced in the endorsements by Medical Expense Benefits.
2. All references to personal injury protection (no-fault) and "covered pollution cost or expense" in any endorsement do not apply.