VIRGINIA CHANGES – AUTO  
DEALERS COVERAGE FORM

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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.

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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.

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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) $50,000 for "bodily injury" to any one person caused by any one "accident", and

(2) Subject to Paragraph b.(1) above, $100,000 for "bodily injury" to two or more persons caused by any one "accident", and

(3) $25,000 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:

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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".

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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:

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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:

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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.

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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.