**ENDORSEMENT**

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

# This endorsement, effective 12:01 a.m.

# Forms a part of Policy No.

**AUTO DEALERS EXTENSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM

**SCHEDULE**

**OPTIONAL LIMITS AND DEDUCTIBLES**

“ACT, ERRORS OR OMISSIONS” LIABILITY COVERAGE –LIMITS OF INSURANCE AND DEDUCTIBLES

Coverage 1. Out of an "insured's" failure to comply with any local, state or federal law or regulation concerning the disclosure of credit or lease terms to consumers in connection with the sale or lease of an "auto" in your "auto dealer operations", including, but not limited to, the Truth In Lending and Consumer Leasing Acts.

Aggregate Limit $

Per Claim Deductible$

Coverage 2. Out of an "insured’s" failure to comply with any local, state or federal law or regulation concerning the disclosure of accurate odometer mileage to consumers in connection with the sale or lease of an "auto" in your "auto dealer operations".

Aggregate Limit $

Per Claim Deductible$

Coverage 3. In an "insured's" capacity as an insurance agent or broker in the offering, placement or maintenance of any "auto" physical damage, auto loan/lease gap, credit life or credit disability insurance sold in connection with the sale or lease of an "auto" in your "auto dealer operations", but only if the "insured" holds a valid insurance agent or broker license at the time the "act, error or omission" is committed, in the jurisdiction in which your "auto dealer operations" is located, if required to do so by such jurisdiction.

Aggregate Limit $

Per Claim Deductible$

Coverage 4. Out of a defect in title in connection with the sale or lease of an "auto" in your "auto dealer operations".

Aggregate Limit $

Per Claim Deductible$

AUTOMOBILE DEALERS LEGAL DEFENSE AND PRODUCT RELATED DAMAGES COVERAGE (Paragraph VI. of this Endorsement)

Limit of Insurance $

Aggregate Limit $

Deductible$

1. Subparagraph **e. Fellow Employee** of Subparagraph **4. Exclusions** of Paragraph **D. Covered Autos Liability Coverage** of **SECTION I – COVERED AUTOS COVERAGES** is deleted in its entirety and replaced with the following:

e. Fellow Employee

"Bodily injury" to:

1. Any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business; or

(2) The spouse, child, parent, brother or sister of that fellow "employee" as a consequence of Paragraph (1) above.

However, this exclusion does not apply to “bodily injury” to an “employee” who is an executive officer, director or manager of the “insured”. For claims of “bodily injury” to such “employees”, this insurance is excess over any other valid and collectible insurance.

**II.** Subparagraph **l.** **Defective Products** of Subparagraph **4. Exclusions** of Paragraph **D. Covered Autos Liability Coverage** of **SECTION I - COVERED AUTO COVERAGES** and Subparagraph **h. Defective Products** of Subparagraph **2. Exclusions** of Paragraph **A. Bodily Injury and Property Damage Liability** of **SECTION II- GENERAL LIABILITY COVERAGES** are deleted in their entirety and replaced by the following:

**Defective Products**

* 1. “Property damage” to or arising out of any of your “products”, if caused by a defect existing in your “products” or any part of your “products”, at the time it was transferred to another.
  2. However, this exclusion does not apply if all of the following conditions are met:

**(a)** The “property damage” occurs away from premises you own or rent;

**(b)** The “property damage” arises after you have transferred possession of your “product” contained in your customer’s “auto” to your customer; and

**(c)** The “property damage” to your customer’s “auto” arises out of the defective “product”.

Under this exception, we will only pay for resultant “property damage” for any one “accident” to the customer’s “auto” caused by such customer’s "auto's" collision with another object or overturn

and will not pay to repair or replace your defective “product”.

**(3)** If Subparagraph **(2)** above, applies, we will deduct $500 from any amount payable as damages under this exception. We may, at our discretion, pay all or any portion of this deductible to settle a claim. You agree to promptly reimburse us up to the deductible amount we pay. If any other “property damage” deductible applies to the “loss”, we will apply only the lowest applicable deductible.

**III.** Subparagraph **m. Work Performed** of Subparagraph **4. Exclusions** of Paragraph **D. Covered Autos Liability Coverage** of **SECTION I - COVERED AUTO COVERAGES** and Subparagraph **i. Worked Performed** of Subparagraph **2. Exclusions** of Paragraph **A. Bodily Injury and Property Damage Liability** of **SECTION II- GENERAL LIABILITY COVERAGES** are deleted in their entirety and replaced by the following:

**Work You Performed**

**(1)** “Property damage” to or arising out of “work you performed” if the “property damage” results from any part of the work itself or from the parts, materials or equipment used in connection with the work.

**(2)** However, this exclusion does not apply if all of the following conditions are met:

**(a)** The “property damage” occurs away from premises you own or rent;

**(b)** The “property damage” arises after you have transferred possession of your customer’s “auto” to your customer; and

**(c)** The “property damage” to your customer’s “auto” arises out of the “work you performed”.

Under this exception, we will only pay for resultant “property damage” for any one “accident” to the customer’s “auto” caused by such customer’s "auto's" collision with another object or overturn

and will not pay to repair or replace your defective “product”.

**(3)** If Subparagraph **(2)** above, applies, we will deduct $500 from any amount payable as damages under this exception. We may, at our discretion, pay all or any portion of this deductible to settle a claim. You agree to promptly reimburse us up to the deductible amount we pay. If any other “property damage” deductibles apply to the “loss”, we will apply only the lowest applicable deductible.

**IV.** Paragraph **E. Limit of Insurance and Deductible** of **SECTION III - ACTS, ERRORS OR OMISSIONS LIABILITY COVERAGES** is deleted in its entirety and replaced by the following:

E. Limit Of Insurance And Deductible

1. Regardless of the number of:

a. "Insureds";

b. Claims made or "suits" brought;

c. Persons or organizations making claims or bringing "suits"; or

d. "Acts, errors or omissions",

The Coverage 1."Acts, Errors Or Omissions" Liability Aggregate Limit shown in the Schedule above is the most we will pay for all damages because of "acts, errors or omissions" under Coverage 1**.**

The Coverage 2."Acts, Errors Or Omissions" Liability Aggregate Limit shown in the Schedule above is the most we will pay for all damages because of "acts, errors or omissions" under Coverage 2**.**

The Coverage 3."Acts, Errors Or Omissions" Liability Aggregate Limit shown in the Schedule above is the most we will pay for all damages because of "acts, errors or omissions" under Coverage 3**.**

The Coverage 4."Acts, Errors Or Omissions" Liability Aggregate Limit shown in the Schedule above is the most we will pay for all damages because of "acts, errors or omissions" under Coverage 4**.**

Any series of continuous, repeated or related negligent acts, errors or omissions shall be regarded as one negligent act, error or omission which is committed when the first such negligent act, error or omission is committed.

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

3. Our obligation to pay damages applies only to the amount of damages in excess of any deductible amount stated in the Schedule above as applicable to this coverage. The Limits of Insurance for "Acts, Errors Or Omissions" Liability Coverage will not be reduced by the amount of this deductible.

To settle a claim or "suit", we may pay all or any part of the deductible. If this happens, you must reimburse us for the deductible or that part of the deductible that we paid.

4. The "Acts, Errors Or Omissions" Liability Aggregate Limits apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the "Acts, Errors Or Omissions" Liability Aggregate Limit.

**V.** Subparagraphs **7. c**.and **8.** of Paragraph **B. Exclusions** of **SECTION III - ACTS, ERRORS OR OMISSIONS LIABILITY COVERAGES** are deleted in their entirety and replaced with the following:

**c.** The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA), but this exclusion does not apply to an “insured’s” failure to comply with any federal, state or local statutes, rules or regulations concerning the disclosure of credit or lease terms to consumers in connection with the sale or lease of an “auto” in your “auto dealer operations,” including but not limited to, the Truth in Lending and Consumer Leasing Acts.

**8. Discrimination**

Damages arising directly or indirectly out any “act, error or omission” that violates a person's civil rights with respect to such person’s race, color, national origin, religion, gender, marital status, age, sexual orientation or preference, physical or mental condition, or any other protected class or characteristic established by any federal, state or local statutes, rules or regulations, but this exclusion does not apply to an “insured’s” failure to comply with any federal, state or local statutes, rules or regulations concerning the disclosure of credit or lease terms to consumers in connection with the sale or lease of an “auto” in your “auto dealer operations,” including but not limited to, the Truth in Lending and Consumer Leasing Acts.

**VI.** The Following Additional Coverage is added to **SECTION I – COVERED AUTOS COVERAGES:**

**Automobile Dealers Legal Defense and Product Related Damages**

**1.** We will pay all sums you legally must pay as damages because of “product related damage” to which this insurance applies and that occurs during the policy period.

We have the right and duty to defend any “insured” against a “suit” asking for these damages. However, we have no duty to defend any “insured” against a “suit” seeking damages 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 Limit of Insurance provided under in Subparagraph **3.** below, has been exhausted by the payment of judgments, settlements and/or “expenses”.

**2.** Our obligation to pay damages, including “expenses” applies only to the amount of damages, including “expenses”, in excess of any deductible amount stated in the Schedule above as applicable to this Automobile Dealers Legal Defense and Product Related Damages Coverage. The Limits of Insurance for this Automobile Dealers Legal Defense and Product Related Damages Coverage will not be reduced by the amount of this deductible.

To settle a claim or "suit", we may pay all or any part of the deductible. If this happens, you must reimburse us for the deductible or that part of the deductible that we paid.

**3.** Regardless of the number of “insureds”, claims made, “suits” brought, or “autos” involved, the most we will pay for the sum of all damages and “expenses” under this Automobile Dealers Legal Defense and Product Related Damages additional coverage is the Automobile Dealers Legal Defense and Product Related Damages Aggregate Limit of Insurance shown in the Schedule. Subject to the Automobile Dealers Legal Defense and Product Related Damages Aggregate Limit, the most we will pay for any one claim or “suit” for “product related damage” is the Automobile Dealers Legal Defense and Product Related Damages Limit of Insurance shown in the Schedule.

**4.** The insurance afforded by this additional coverage is excess over any valid and collectible insurance, whether such other insurance is stated to be primary, contributory, excess or contingent.

**5.** For the purposes of this Automobile Dealers Legal Defense And Product Related Damages Additional Coverage,the following definitions are added to **SECTION V - DEFINITIONS**:

**(a)** “product related damage” means any claims or “suits” brought against you, during the policy period, by or on behalf of a customer seeking damages arising out of the sale, service or repair of your product other than the direct result of an “accident”.

**(b)**  “Expenses” means all fees for service of process and court costs and court expenses; pre- and post-judgment interest: attorneys’ fees; cost of undercover operative and detective services; cost of employing experts; costs for legal transcripts, copies of any public records, and costs of depositions and court reported or recorded statements; costs and expense of subrogation; and any similar fee, cost or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a loss or claim or “suit” against you, or to the protection and perfection of your or our subrogation rights.

**6.** This additional coverage does not apply to:

1. Any “suit” brought because of your refusal to make a good faith effort to resolve the customer’s complaint prior to “suit”;
2. Any damages caused by any willful, dishonest, fraudulent, intentional or criminal act committed by any “insured”;
3. Any claims made or “suits” brought under any extended warranty or mechanical breakdown agreement;
4. Any obligation from an implied warranty;
5. Any sums you become legally obligated to pay (including judgment interest) for which coverage is not otherwise provided by this endorsement;
6. Any civil fines or penalties levied by any governmental agency against the “insured”;
7. Any “product related damage” claimed because of recall or removal of goods or products or work you performed or other property of which they form a part due to a known or suspected defect or deficiency they contain;
8. Any claim or “suit” covered elsewhere in this policy;
9. Any contract that makes you responsible for manufacturer’s liability; or
10. “Bodily Injury” or “property damage” excluded under SECTION I – COVERED AUTOS COVERAGES

All other terms and conditions of the policy remain the same.

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Authorized Representative