

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

## **VIRGINIA CHANGES – GARAGE COVERAGE FORM**

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

### **GARAGE 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.1.a. of Section II – Liability Coverage** is replaced by the following:

**1. "Garage Operations" – Other Than Covered "Autos"**

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 "garage operations" other than the ownership, maintenance or use of covered "autos".

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. Our duty to defend or settle ends when the applicable Liability Coverage Limit Of Insurance – "Garage Operations" – Other Than Covered "Autos" has been exhausted by payment of judgments or settlements.

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.

**B. Paragraph A.2. of Section II – Liability Coverage** is replaced by the following:

**2. "Garage Operations" – Covered "Autos"**

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 "garage operations" involving 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 applicable Liability Coverage Limit Of Insurance – "Garage Operations" – Covered "Autos" has been exhausted by payment of judgments or settlements.

**C. Paragraph A.3.a.(2)(d) of Section II – Liability Coverage** is replaced by the following:

**3. Who Is An Insured**

**a.** The following are "insureds" for covered "autos":

**(2)** Anyone else while using with your permission a covered "auto" you own, hire or borrow except:

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

**(i)** 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.

**(ii)** 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:

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

**D. Paragraph A.4. Coverage Extensions of Section II – Liability Coverage** is amended as follows:

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

**a. Supplementary Payments**

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:

**a. Supplementary Payments**

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.

**E. Paragraph A.4.b.(1) of Section II – Liability Coverage** is replaced by the following:

**4. 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 Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used.

**F. Paragraph B. Exclusions of Section II – 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:

- a. Property owned, rented or occupied by the "insured";
- b. Property loaned to the "insured";
- c. Property held for sale or being transported by the "insured"; or
- d. Property in the "insured's" care, custody or control.

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

4. Paragraph **B.8. Pollution Exclusion Applicable To "Garage Operations" – Other Than Covered "Autos"** and Paragraph **B.9. Pollution Exclusion Applicable To "Garage Operations" – Covered "Autos"** are 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.16. 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 **B.17. Distribution Of Material In Violation Of Statutes Exclusion Applicable To "Garage Operations" – Other Than Covered "Autos"** Exclusion does not apply.

- G. Paragraph **C.2. of Section II – Liability Coverage** is replaced by the following:

2. **Limit Of Insurance – "Garage Operations" – Covered "Autos"**

For "accidents" resulting from "garage operations" involving 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 Each "Accident" Limit Of Insurance – "Garage Operations" – Covered "Autos" for Liability Coverage shown in the Declarations.

Damages payable under the Each "Accident" Limit Of Insurance – "Garage Operations" – Covered "Autos" are not payable under the Each "Accident" Limit Of Insurance – "Garage Operations" – Other Than Covered "Autos".

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 shown in the Declarations to first provide the separate limits required by Virginia law as follows:

- (1) \$25,000 for "bodily injury" to any one person caused by any one "accident", and
- (2) Subject to Paragraph **b.(1)** above, \$50,000 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.

- H. The following paragraph is added to **A.1. Coverage of Section III – Garagekeepers 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.

- I. Paragraph **A.2. Coverage of Section III – Garagekeepers 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 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.

J. Paragraph **A.4. Coverage Extensions of Section III – Garagekeepers Coverage** is amended as follows:

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

**4. Coverage Extensions**

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.

2. Paragraph **4. Coverage Extensions** is amended by the addition of the following:

**4. Coverage Extensions**

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.

K. Paragraph **B.3. of Section III – Garagekeepers Coverage** is deleted.

L. Paragraph **C. Limits Of Insurance of Section IV – Physical Damage Coverage** is amended as follows:

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

The most we will pay for "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.

M. **Section V – Garage 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 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** 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.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.7. Policy Period, Coverage Territory** Condition is replaced by the following:

Under this Coverage Form, we cover "bodily injury", "property damage" and "losses" occurring.

- a. During the policy period shown in the Declarations; and
- b. Within the coverage territory.

The coverage territory is:

- a. The United States of America;
- b. The territories and possessions of the United States of America;

- c. Puerto Rico;
- d. Canada; and
- e. Anywhere in the world if:

- (1) 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; and
- (2) 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.

We also cover "bodily injury", "property damage" and "losses" while a covered "auto" is being transported between any of these places.

The coverage territory is extended to anywhere in the world if 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. The original "suit" for damages resulting from such "bodily injury" or "property damage" must be brought in one of these places.

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

**N. Section VI – 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" 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.

**O. 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.

**SPECIMEN ONLY**