

SERFF Tracking Number: STNA-125349711 State: Arkansas  
Filing Company: State National Insurance Company Inc. State Tracking Number: #101520 \$50  
Company Tracking Number: SNIC-CAPD-DCL-AR-07-01-F  
TOI: 20.0 Commercial Auto Sub-TOI: 20.0003 Other  
Product Name: SNIC-CAPD-DCL-AR-07-01-F  
Project Name/Number: SNIC-CAPD-DCL-AR-07-01-F/SNIC-CAPD-DCL-AR-07-01-F

## Filing at a Glance

Company: State National Insurance Company Inc.

Product Name: SNIC-CAPD-DCL-AR-07-01-F SERFF Tr Num: STNA-125349711 State: Arkansas  
TOI: 20.0 Commercial Auto SERFF Status: Closed State Tr Num: #101520 \$50  
Sub-TOI: 20.0003 Other Co Tr Num: SNIC-CAPD-DCL-AR-07-01-F State Status: Fees verified and received  
Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding  
Author: Ines Piquet Disposition Date: 12/12/2007  
Date Submitted: 12/04/2007 Disposition Status: Approved  
Effective Date Requested (New): 01/05/2008 Effective Date (New): 01/05/2008  
Effective Date Requested (Renewal): 01/05/2008 Effective Date (Renewal): 01/05/2008

State Filing Description:

## General Information

Project Name: SNIC-CAPD-DCL-AR-07-01-F Status of Filing in Domicile: Pending  
Project Number: SNIC-CAPD-DCL-AR-07-01-F Domicile Status Comments:  
Reference Organization: Reference Number:  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 12/12/2007  
State Status Changed: 12/12/2007 Deemer Date:  
Corresponding Filing Tracking Number: SNIC-CAPD-DCL-AR-07-01-R  
(Desk File)

Filing Description:

On behalf of State National Insurance Company (the "Company"), we are submitting this filing to introduce the forms for a new Dealers's Contingent Liability and Physical Damage Insurance Program filed under the Commercial Auto Liability and Physical Damage line of business. Please see the enclosed memorandum and supporting material for more detailed information. The corresponding rates and rules are exempt from filing requirements per AR statute 23-67-206.

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The Company respectfully requests that the proposed forms be implemented for all policies effective on January 5, 2007.

Also included is authorization for Perr&Knight to submit this filing on behalf of the captioned Company. All correspondence related to this filing should be directed to Perr&Knight. The captioned Company has prepared the forms contained in this filing. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company. We will submit the Company's response to your attention as soon as we receive it.

Please do not hesitate to contact us with any questions or comments.

## Company and Contact

### Filing Contact Information

Ines Piquet, Regulatory Compliance Mgr (P&K) doi@perrknight.com  
881 Alma Real Drive, Suite 205 (310) 230-9339 [Phone]  
Pacific Palisades, CA 90272 (310) 230-8529[FAX]

### Filing Company Information

State National Insurance Company Inc.	CoCode: 12831	State of Domicile: Texas
8200 Anderson Boulevard	Group Code: 93	Company Type: Property & Casualty
Fort Worth, TX 76120	Group Name:	State ID Number:
(800) 877-4567 ext. [Phone]	FEIN Number: 75-1980552	

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## Filing Fees

Fee Required?	Yes
Fee Amount:	\$50.00
Retaliatory?	No
Fee Explanation:	AR filing fee is \$50 for form submissions.
Per Company:	No

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CHECK NUMBER	CHECK AMOUNT	CHECK DATE
101520	\$50.00	12/04/2007

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	12/12/2007	12/12/2007

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## **Disposition**

Disposition Date: 12/12/2007

Effective Date (New): 01/05/2008

Effective Date (Renewal): 01/05/2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Supporting Documentation	Approved	Yes
Form	Dealers Contingent Liability and Physical Damage Policy	Approved	Yes
Form	Blanket Collateral Protection Supplemental Policy	Approved	Yes
Form	Dealers Contingent Liability and Physical Damage Policy - Declarations Page	Approved	Yes
Form	Dealers Contingent Liability & Physical Damage Amended Dec Page & Policyholder Information	Approved	Yes
Form	Premium Endorsement	Approved	Yes
Form	Arkansas Amendatory Endorsement	Approved	Yes
Form	Arkansas Uninsured Motorist	Approved	Yes
Form	Arkansas Application	Approved	Yes
Form	Evidence of Insurance	Approved	Yes
Form	Arkansas Medical Payments Coverage	Approved	Yes
Form	Arkansas Personal Injury Protection Endorsement	Approved	Yes

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Dealers Contingent Liability and Physical Damage Policy	CARCO-DCL-00001	(08/07)	Policy/Coverage Form		0.00	CARCO-DCL-00001 (08-07) - Dealers Contingent Liability and Physical Damage Policy.pdf
Approved	Blanket Collateral Protection Supplemental Policy	CARCO-DCL-00002	(08/07)	Policy/Coverage Form		0.00	CARCO-DCL-00002 (08-07) - Blanket Collateral Protection Supplemental Policy.pdf
Approved	Dealers Contingent Liability and Physical Damage Policy - Declarations Page	CARCO-DCL-00003	(08/07)	Declaration News/Schedule		0.00	CARCO-DCL-00003 (08-07) - Dealers Contingent Liability and Physical Damage Policy - Declarations Page.pdf
Approved	Dealers Contingent Liability & Physical Damage Amended Dec	CARCO-DCL-00004	(08/07)	Declaration News/Schedule		0.00	CARCO-DCL-00004 (08-07) - Dealers Contingent

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Page & Policyholder Information					Liability & Physical Damage Amended Dec Page & Policyholder Information.pdf
Approved	Premium Endorsement	CARCO- (08/07) DCL-00005	Endorsement/Amendment/Conditions	0.00	CARCO-DCL-00005 (08-07) - Dealers Contingent Liability & Physical Damage, Blanket Coll Prot Supp Premium Endorsement.pdf
Approved	Arkansas Amendatory Endorsement	CARCO- (10/07) DCL-00006-AR	Endorsement/Amendment/Conditions	0.00	CARCO-DCL-00006-AR (10-07) Arkansas Amendatory Endorsement.pdf
Approved	Arkansas Uninsured Motorist	CARCO- (10/07) DCL-00007-AR	Endorsement/Amendment/Conditions	0.00	CARCO-DCL-00007-AR (10-07) Arkansas Uninsured Motorist.pdf
Approved	Arkansas Application	CARCO- (11/07) DCL-00008-AR	Application/ New Binder/Enrollment	0.00	CARCO-DCL-00008-AR (10-07) Arkansas

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Approval	Description	Policy	Effective Date	Action	Amount	Attachment
Approved	Evidence of Insurance	CARCO-DCL-00009	(08/07)	Endorsement/Amendment/Conditions	0.00	Application.pdf CARCO-DCL-00009 (08-07) - Evidence of Insurance.pdf
Approved	Arkansas Medical Payments Coverage	CARCO-DCL-00010-AR	(10/07)	Endorsement/Amendment/Conditions	0.00	CARCO-DCL-00010-AR (10-07) Arkansas Medical Payments.pdf
Approved	Arkansas Personal Injury Protection Endorsement	CARCO-DCL-00011-AR	(10/07)	Endorsement/Amendment/Conditions	0.00	CARCO-DCL-00011-AR (10-07) Arkansas Personal Injury Protection.pdf



## DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY

### GENERAL PROVISIONS

#### AGREEMENT

We will provide the insurance *you* have selected in return for the premium due *us* and in compliance with the policy provisions and endorsements. *Your* coverages appear on the attached Declarations page, which forms a part of this policy. The Declarations page indicates the policy period and the amount and kinds of insurance *you* have selected.

#### DEFINITIONS

Defined words or phrases used in this policy are printed in *bold italic type*.

**Accident** - means a sudden event, including continuous or repeated exposure to the same conditions resulting in **bodily injury** or **property damage**, neither expected nor intended by *you* or any **additional insured**, involving a **covered automobile**.

**Actual cash value** - means the value of an **automobile** as listed by generally accepted retail-pricing guides. The Manufacturer's Suggested Retail Price will be used to determine the **actual cash value** for new vehicles that are not yet included in any retail-pricing guides.

**Additional Insured** - means the **purchaser** or any person using a **covered automobile** with the permission of *you* or the **purchaser**.

**Automobile** - means a land motor vehicle, whether operable or inoperable, designed for use principally upon public highways as a four-wheel private passenger, station wagon, truck (Gross Vehicle Weight < 10,000 lbs.), or sport utility vehicle.

**Automobile business** - means to be employed or otherwise engaged in the **business** of selling, repairing, servicing, delivering, testing, road testing, parking or storing **automobiles**.

**Bodily injury** - means bodily harm, sickness or disease, including death there from.

**Business** - means commercial enterprise, trade, profession or occupation.

**Collision** - means the impact or upset of a **covered automobile** with another object, bird or animal.

**Comprehensive** - means **loss** to a **covered automobile** caused by other than **collision** and includes, but is not limited to, breakage of glass and **loss** caused by missiles, falling objects, fire, **theft**, explosion, earthquake, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion.

**Coverage Term** - means the period of time, as shown on the Declarations page, for which the Policy provides coverage for a **covered automobile**.

**Covered automobile** - means an **automobile** sold, leased, or in the process of being sold or leased by *you* to a **purchaser** and scheduled for coverage under this policy as required on the Declarations page.

**Equipment** - means those items permanently attached and installed by the original **automobile** factory manufacturer or dealer to a **covered automobile**.

**Family Member** - means any person related to *you* or **purchaser**, or *your* or **purchaser's** spouse, by birth, marriage or adoption and who is a **resident** of the same household in which *you* or the **purchaser resides**.

**Loss** - means direct **theft** of or accidental damage to a **covered automobile** and its **equipment**.

**Property Damage** - means physical injury to or destruction of tangible property, including its loss of use.

**Purchaser** - means the person taking possession of *your automobile* with the intent to purchase or lease as reported to *us* under the terms and conditions of the policy, who is at least the minimum age listed on the Declarations.

**Resident or reside** - means actually living in the same household in which *you* live and having the apparent intention of continuing to live there.

**Theft** - means **loss** caused by stealing or larceny.

**Utility automobile** - means an **automobile** with a rated load capacity of 2,000 pounds or less of the pickup, van or panel truck type.

**Utility Trailer** - means a vehicle designed to be pulled by a private passenger **automobile** or **utility automobile**.

**We, us, our, or Company** - means the insurance company listed on the Declarations.

**You, your** - means the insured named in the Declarations.

Definitions may differ in other parts of this policy. If so, they are defined separately in the part to which they apply.

### WHERE YOUR POLICY APPLIES

This policy applies within the United States of America, its territories or possessions, or Canada, or while being transported between their ports.

### WHAT YOU MUST PAY

*You* must pay the premium stated in the Premium Endorsement.

### YOUR DUTIES

*We* have no obligation to provide coverage under this policy unless *you* have fully complied with the following duties:

1. In the event of an **accident** or **loss**, *you* must promptly notify and inform *us* of the time, the place and the circumstances, including the names, addresses, and phone numbers of any persons involved, any injured persons and any witnesses.
2. Cooperate with *us* in the investigation, settlement or defense of any claim or suit.
3. *You* and/or the **purchaser** shall not, except at *your* expense voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of injury, unless *we* agree to same in writing.
4. If any claim or suit is brought against *you* and/or the **purchaser**, any legal papers received by *you* and/or the **purchaser** relating to such claim or suit must be sent to *us* promptly.
5. Submit, as often as *we* reasonably require:
  - a. To physical exams by physicians *we* select. *We* will pay for these exams.
  - b. To examination under oath and subscribe the same.
6. Authorize *us* to obtain medical records and other pertinent records.
7. *You* or any **Additional Insured** seeking coverage under Part II of this policy, must also:
  - a. Take reasonable steps after **loss** to protect a **covered automobile** and its **equipment** from further **loss**. *We* will pay reasonable expenses incurred in providing that protection.
  - b. Promptly report the **theft** of a **covered automobile**.
  - c. Allow *us* to inspect and appraise any **covered automobile** and at *our* discretion obtain such estimates, as *we* deem necessary before the vehicle is repaired or disposed of.

### CHANGES AND LIBERALIZATION

1. There shall be no change in this policy except by written endorsement or notice issued by *us*.
2. If *we* make a change, which broadens coverage under this edition of *your* policy without additional premium charge, that change will automatically apply to *your* policy as of the date *we* implement the change in *your* state. This Paragraph does not apply to changes implemented with a general program revision that is implemented through introduction of a subsequent edition of *your* policy or an amendatory endorsement.

### TRANSFER OR ASSIGNMENT OF THIS POLICY

This policy or any interests in it may not be assigned without *our* written consent.

### CANCELLATION

1. *You* may cancel this policy by returning it to *us* or *you* may cancel the policy by giving *us* advance written notice that *you* wish to cancel and advising *us* in writing, on what future date *you* wish to stop coverage.
2. When this policy has been in effect less than 20 days, *we* may cancel for any reason by mailing or giving notice of *our* cancellation of this policy to *you* at least 10 days before cancellation takes effect.
3. When this policy has been in effect 20 days or more, *we* may cancel only for one or more of the following reasons:
  - a. Nonpayment of premium;
  - b. Discovery of fraud or material misrepresentation;
  - c. Willful or reckless acts or omissions that increase any exposure insured against;
  - d. Substantial change in the risk covered by the insurance;

- e. A violation of any of the terms and conditions of the policy; or
- f. Continuation of the policy would place *us* in violation of the insurance laws of this state.

*We* will mail or deliver a written notice of cancellation to *you*, stating the reason, at least 10 days before cancellation takes effect for non-payment of premium, meaning the premium is not paid when due; or at least 30 days before cancellation takes effect for any other reasons.

- 4. If *we* cancel this policy, *our* mailing or giving notice to *your* last address shown in this policy will constitute proof of notice as of the date *we* mail it.
- 5. Upon cancellation, coverage shall continue for the time period specified in the Declarations for any *covered automobile*. All premiums paid for any *covered automobile* are considered fully earned and, upon cancellation, there shall be no reimbursement.
- 6. If *you* are entitled to a premium refund, *we* will send *you* the refund. If *we* cancel, the premium refund, if any, will be computed pro rata. If *you* cancel, the refund may be less than pro rata. The cancellation will be effective even if *we* have not made or offered a refund.

#### NONRENEWAL

- 1. If *we* decide not to continue this policy, *we* will mail or deliver to *you* written notice, stating the reason, at least 30 days before the anniversary date. Any notice of nonrenewal, will be mailed or delivered to *you* at the last mailing address known to *us*. If notice is mailed, it will be considered to have been given to *you* on the day it is mailed. Proof of mailing will be sufficient proof of notice.
- 2. If *we* fail to mail or deliver proper notice of nonrenewal and *you* obtain other insurance this policy will end on the effective date of that insurance.
- 3. If *we* offer to continue and *you* do not accept, this policy will terminate at the end of the time period specified in the Declarations for any *covered automobile*. Failure to pay the required continuation premium when due will mean that *you* have not accepted *our* offer.

### PART I – LIABILITY

#### COVERAGE A – BODILY INJURY

#### COVERAGE B – PROPERTY DAMAGE

#### OUR PROMISE TO YOU – PART I

*We* will pay applicable sums which *you* or the *purchaser* are legally obligated to pay because of *bodily injury* and/or *property damage* caused by an *accident* involving a *covered automobile*.

Through attorneys selected by *us*, *we* will settle or defend, as *we* consider appropriate, any claim or suit asking for damages for *bodily injury* or *property damage* if covered by *your* policy. In addition to *our* limit of liability, *we* will pay all defense costs *we* incur. *We* are not obligated to pay any claim or defend any suit after *our* limit of liability has been exhausted by the payment of judgments or settlements.

*We* have no duty to defend any suit or settle any claim for *bodily injury* or *property damage* not covered under this policy.

#### ADDITIONAL PAYMENTS – PART I

In addition to the limits of liability, *we* will pay:

- 1. Interest on damages awarded in any suit defended by *us* and covered under this part after judgment has been entered. *Our* duty to pay interest ends when *we* offer to pay or deposit in court that portion of a judgment, which is not more than *our* limit of liability.
- 2. Other reasonable expenses that *you* incur at *our* request.

#### WHAT IS NOT COVERED – EXCLUSIONS – PART I

Under Part I, this policy does not apply to an *accident* involving:

- 1. Any *automobile* other than those reported to *us* as required in the Declarations.

2. Any **automobile** while used to carry persons or property for a charge.
3. Any liability assumed under a contract or agreement by **you** or any **additional insured**.
4. Liability for **bodily injury** or **property damage** caused intentionally by or at the direction of you, any **additional insured**, or **your** employees.
5. Liability for **bodily injury** or **property damage** arising out of the loading or unloading of any **automobile** insured under this part.
6. Liability for **bodily injury** or **property damage** if insurance is or can be afforded under a nuclear energy liability policy; this applies even if the limits of that insurance are exhausted.
7. Liability for **bodily injury** to:
  - a. The **purchaser** acquiring a **covered automobile**;
  - b. A **family member** of the **purchaser**; or
  - c. Any person or organization who is legally responsible for the **use** of a **covered automobile** by a. or b. above.
8. Liability for **property damage** to:
  - a. Property owned or being transported by **you** or any **additional insured**; or
  - b. Property in the care of **you** or any **additional insured**.
9. Liability for **bodily injury** to any employee of **you** or the **purchaser** who is injured in the course of employment if the injury arises out of the **use** of an **automobile** in the **business** of the employer of **you** or the **purchaser**.
10. Any obligation for which **you** and/or the **purchaser** may be held liable under any workers' compensation law, unemployment compensation or disability benefits law or similar law.
11. Liability due to mechanical defects of the **covered automobile**.
12. Any **automobile** while used in any race, contest or exhibition, or preparation therefor, or in any illegal activity.
13. Any **automobile** while used without the permission of either **you** or the **purchaser**.

#### LIMITS OF LIABILITY – PART I

1. The Limit of Liability shown in the Declarations for the scheduled coverage option for each person for **bodily injury** liability is **our** maximum limit of liability for all damages, including damages for care, loss of services or death arising out of **bodily injury** sustained by any one person in any one auto accident.
2. Subject to the **bodily injury** liability limit for each person, the limit of liability shown in the Declarations for the scheduled coverage option for each **accident** for **bodily injury** liability is **our** maximum limit of liability for all damages for **bodily injury** resulting from any one auto accident.
3. The limit of liability shown in the Declarations for the scheduled coverage option for each **accident** for **property damage** liability is the maximum **we** will pay for all damages to all property in any one **accident** regardless of the number of insureds, claims made or vehicles involved.

If a **loss** involves two or more **covered automobiles**, the limit of liability shall apply separately to each **automobile**, and an attached **utility trailer** shall be held to be one **automobile** with respect to limits of liability under this part.

#### OUT OF STATE COVERAGE

If an auto accident to which this policy applies occurs in any state or province other than the one in which **your covered automobile** is principally garaged, **we** will interpret **your** policy for that accident as follows:

1. If the state or province has:
  - a. A financial responsibility or similar law specifying limits of liability for **bodily injury** or **property damage** higher than the limit shown in the Declarations, **your** policy will provide the higher specified limit.
  - b. A compulsory insurance or similar law requiring a nonresident to maintain insurance whenever the nonresident uses a vehicle in that state or province, **your** policy will provide at least the required minimum amounts and types of coverage.
2. No one will be entitled to duplicate payments for the same elements of loss.

## PART II – DAMAGE TO A COVERED AUTOMOBILE

### COVERAGE C – COMPREHENSIVE

### COVERAGE D – COLLISION

#### OUR PROMISE TO YOU – PART II

We will pay *you* or the *purchaser* for *your* or the *purchaser's* loss to a *covered automobile* and its *equipment* under this part for the coverage specified in the Declarations.

#### AUTOMOBILES INSURED – PART II

*Covered automobile*, as defined in the General Provisions, Definitions.

#### WHAT IS NOT COVERED – EXCLUSIONS – PART II

Under Part II, this policy does not apply to *loss*:

1. To any *automobile* other than as reported to *us* as required in the Declarations.
2. To a temporary substitute *automobile*.
3. To a *utility trailer* or its contents.
4. To any *automobile*, which is used to carry persons or property for a charge, but this exclusion does not apply to a share-the-expense car pool.
5. To any *automobile* caused intentionally by or at the direction of *you* or any *additional insured*.
6. To any *automobile* while used in any race, contest or exhibition, or preparation therefor, or in any illegal activity.
7. Due and confined to wear and tear, deterioration or depreciation, freezing, mechanical or electrical breakdown or failure, unless such damage results from a *theft* covered under this part.
8. Resulting from a lack of lubricant, coolant, or *loss* resulting from seepage of water.
9. To tires, unless caused by fire, malicious mischief, vandalism, *theft* or unless the damage occurs at the same time and from the same cause as other damage covered under this part.
10. Due to confiscation by a duly constituted governmental or civil authority.
11. Due to radioactive contamination.
12. Due to war, civil war, insurrection, rebellion, revolution, nuclear reaction or any consequence of any of these.
13. To tapes, records or similar items used with electronic sound reproducing or transceiving equipment.
14. To clothes, wearing apparel or any other type of personal effects.
15. To any special or custom options or accessories if such items were installed by someone other than the original *automobile* factory manufacturer or dealer. Such special or custom options or accessories include but are not limited to the following:
  - a. Two-way radios, CB radios, Scanning Monitor Receivers, Radar Detectors, telephone or other communications equipment, or their accessories or antenna;
  - b. Stereo radios, stereo tape decks, television equipment and accessories used for the reproduction of sound; (Exclusion does not apply if equipment is installed at time of purchase.)
  - c. Custom furniture, including chairs, seats, tables, beds and cabinets;
  - d. Appliances, including refrigerators, stoves, heaters and air conditioners or sanitation devices or systems;
  - e. Racing tires or tires wider than those installed as standard factory equipment;
  - f. Paint, mural paintings, graphics, windows, decals, lettering, pin striping, portholes, moon roofs, scoops, spoilers, side-pipes, carpeting, upholstery and drapes;
  - g. Special gauges or add on instruments;
  - h. Chrome, alloy, mag type wheels or any other custom wheel covering or hubcaps;
16. Resulting from either *you*, a *family member* or *your* employee or agent voluntarily parting with the title and possession of a *covered automobile* as induced to do so by any fraudulent scheme, trick, device, false pretense, or from embezzlement, conversion, secretion, *theft*, robbery or pilferage committed by any person, entrusted by *you* or the *purchaser* with either custody or possession of a *covered automobile*.
17. To storage costs charged by *you*.

#### **LIMITS OF LIABILITY – PART II**

1. **Our** limit of liability for any **loss** under this Part will be the lesser of:
  - a. The **actual cash value** of the stolen or damaged **covered automobile** at the time of **loss** minus the deductible;
  - b. The purchase price of the **covered automobile**; or
  - c. The amount necessary to repair or replace the **covered automobile** and/or its **equipment** with other of like kind and quality with deductions for depreciation and the deductible.
2. **Our** total limit under any of the above three options is limited to the maximum insurable value shown in the policy Declarations for any one **covered automobile** and its **equipment**.
3. **Our** total liability for storage charges incurred prior to the date the **loss** is reported to **us** shall not exceed three days storage charges or \$21 whichever is less.
4. If any parts for any **automobile** insured under this Part are not obtainable from purchasable stock located in the United States of America, **our** liability for such parts shall not exceed the list price if such parts were available in the United States of America.
5. The inability to obtain parts shall not constitute or be a basis of a total **loss**.
6. If a **loss** involves two or more **automobiles** insured by **us**, the applicable deductible and limits of liability shall apply separately to each **automobile**.

#### **PAYMENT OF LOSS – PART II**

At **our** option **we** may:

1. Pay for a **loss** in money taking into consideration depreciation; or
2. Repair or replace any damaged or stolen property;
3. Before settlement return stolen property to **you** or to the address shown in this policy, having repaired or paid the cost of repair of any damage covered; or
4. Take title and possession of all or part of the property at the agreed value, but there shall be no abandonment to **us**; or
5. Settle a claim or **loss** either with **you** or the owner of the property.

In the event the **covered automobile** is stolen, **we** will settle a claim only after 21 days has expired from the day that claim was submitted or police report filed, whichever is later.

#### **NO BENEFIT TO BAILEE**

This insurance shall not directly or indirectly benefit any carrier or other bailee for hire.

#### **RIGHT TO APPRAISAL**

If **you** and **we** fail to agree on the amount of any **loss** either **you** or **we** may make a written demand for an appraisal of the **loss**. Each party will select a competent and disinterested Appraiser and notify the other of the Appraiser's identity within 20 days after the demand is received. The Appraisers will select a competent and impartial Umpire. If the Appraisers are unable to agree upon an Umpire within 15 days, **you** or **we** can ask a Judge of a Court of Record to mandate where the **covered automobile** is located to select an Umpire.

The Appraisers shall then determine the amount of **loss** stating separately the **actual cash value** and the amount of **loss** to each item. If the Appraisers submit a written report of an agreement to **us** the amount agreed upon shall be the amount of **loss**. If they cannot agree they will submit their differences to the Umpire. An award in writing by the two Appraisers will determine the **loss** amount **we** will pay. Each party will pay the Appraiser it chooses and equally pay the expenses of the Umpire.

## CONDITIONS PARTS I & II

### ARBITRATION

If *we* and *you* or any *additional insured* do not agree:

1. Whether that person is legally entitled to recover damages under this part; or
2. As to the amount of damages;

Either party may make a written demand for arbitration. In this event each party will select an Arbitrator. The two Arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the third Arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in the county in which *you* or the *additional insured* lives. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the Arbitrators will be binding as to:

1. Whether *you* or the *additional insured* are legally entitled to recover damages; and
2. The amount of those damages and *we* will pay that amount up to, but not exceeding the Limits of Liability as specified on the Declarations Page.

### BANKRUPTCY

Bankruptcy or insolvency of *you* or any *additional insured* does not relieve *us* of any obligation under this policy.

### CONTINUATION OF COVERAGE

Coverage for each *covered automobile* may be continued for one additional period as the period is defined under the Schedule of Coverages in the Declarations Page. Requests for continuation of coverage must be received and accepted by the insurer's administrator prior to the expiration of the first scheduled period. *We* will not accept requests for continuation of coverage for *covered automobiles* with a *coverage term* of 30 days or more.

### FRAUD OR MATERIAL MISREPRESENTATION OR OMISSION

*We* do not provide coverage for *you* or any *additional insured* who has made fraudulent statements or engaged in fraudulent conduct in connection with any *accident* or *loss* for which coverage is sought under this policy.

### OTHER INSURANCE

If there is other *automobile* liability and/or physical damage insurance, other than a Garage Policy issued to *you*, for a *loss* or *accident* covered by this policy, *our* coverage shall be excess of such other insurance. If the *purchaser* or driver of the *covered automobile* is listed as either the named insured or additional driver on a Personal Automobile Policy, *our* Policy shall be excess of such other insurance for any covered *loss*. If *you* choose to make a claim for an *accident* or *loss* under *your* Garage Policy, *our* coverage shall be excess of such insurance also, unless the Garage claim is made after *our* limits have been exhausted.

### NOTICE OF LEGAL ACTION

If, before *we* make payment of *loss* under this Policy, *you* or any *additional insured* shall institute any legal action for *bodily injury* against any person or organization legally responsible therefor, a copy of the Summons and Complaint or other process served in connection with such legal action shall be forwarded immediately to *us* by *you* or an *additional insured* or the legal representative of *you* or an *additional insured*.

### SUBROGATION

If *we* become liable for any payment under this policy with respect to a *loss*, *we* shall be subrogated, to the extent of such payment, to all the rights and remedies of *you* or any *additional insured* against any party with respect to such *loss*. *We* shall be entitled at *our* own expense to sue in *your* name or the name of the *additional insured*. *You* or the *additional insured* shall do whatever is necessary to enable *us* to exercise *our* rights; and at *our* request shall

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execute all documents necessary to enable *us* effectively to bring suit in *your* name or the name of the *additional insured*, including the execution and delivery of the customary form of loan receipt.

**SUITS AGAINST US**

Suit may not be brought against *us* by *you* or an *additional insured* unless there has been full compliance with all the terms of this policy. In addition, under Part I, no suit may be brought against *us* until *we* agree in writing that *you* or an *additional insured* has an obligation to pay, or the amount of that obligation has been finally determined by judgment after trial.

No person or organization has any right under this policy to make *us* a party to a lawsuit to determine the liability of *you* or any *additional insured*.

**POLICY PERIOD**

This policy is issued with no fixed expiration date. The Policy Period is one (1) year from the effective date shown in the Declarations. It shall be continued automatically for successive policy periods of one (1) year commencing with the annual anniversary date, unless cancelled or nonrenewed, subject to the policy terms and conditions.

IN WITNESS WHEREOF, the *Company* has caused this Policy to be executed by its President and Secretary, respectively.

President

Secretary

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## BLANKET COLLATERAL PROTECTION SUPPLEMENTAL INSURANCE POLICY

**It is agreed that none of the provisions, stipulations or terms of the policy to which this supplemental policy is attached, shall apply to the insurance afforded by this supplemental policy unless specifically referenced.**

### DEFINITIONS

**Acceptable physical damage insurance:** Either Collision and Comprehensive, or Collision and Fire, Theft and Combined Additional Coverage insurance covering *collateral* provided by another insurance program issued by any insurer acceptable to *you*.

**Actual cash value:** Means the value of an *automobile* as listed by generally accepted retail pricing guides. **Actual cash value** of items not listed in the generally accepted retail pricing guides will be calculated as follows: a) 95% of the Manufacturer's Suggested Retail Price (MSRP) for an *automobile* that has been insured by this policy for 30 days or less, b) 90% of the MSRP for an *automobile* that has been insured by this policy for 31 to 60 days, or c) 85% of the MSRP for an *automobile* insured by this policy for more than 60 days.

**Aftermarket:** means equipment permanently installed in the *collateral* by someone other than the manufacturer of *collateral*, its dealers, or authorized agents.

**Automobile:** Means a land motor vehicle, whether operable or inoperable, designed for use principally upon public highways as a four-wheel private passenger, station wagon, truck (Gross Vehicle Weight <10,000 lbs.) or sport utility vehicle.

**Borrower:** Means the person taking possession of *collateral* with the intent to purchase or lease as reported to *us* under the terms and conditions of the **Dealer's Contingent Liability and Physical Damage Policy** to which this Supplemental Policy is attached.

**Collateral:** Means an *automobile* sold, leased, or in the process of being sold or leased by *you* to a *borrower* and scheduled for coverage under the **Dealers Contingent Liability and Physical Damage Policy** to which this Supplemental Policy is attached.

**Conversion of collateral:** Sale, trade, alteration or disposal of *collateral* by the *borrower* or any co-maker of *instrument* without *your* consent, including secretion, embezzlement and forgery.

**Confiscation of collateral:** Lawful obtaining of possession of *collateral* by duly authorized government official or body.

**Date of loss:** For purposes of *net payoff* determination, the date of repossession of *collateral* shall be the **Date of Loss**. In the event of theft, the **date of loss** shall be the latter of thirty (30) days from the date the police report was filed, or the date when the *borrower* is ninety (90) days delinquent for payments as provided by the *instrument*.

**Impairment of interest:** A reduction in the value of *collateral* caused by covered loss of or damage to *collateral*.

**Instrument:** Any document creating, granting, or reserving a security interest in property pledged as security to *you* under an installment transaction.

**Maximum coverage:** The limit of coverage as provided on the Declarations Page.

**Net payoff:** The amount of *your* interest as of the **date of loss**, as represented by the portion of the *borrower's* unpaid balance, according to the original payment schedule of the *instrument*, that is secured by the *collateral*, less all payments delinquent more than 90 days, less unearned interest and finance charges, less unearned insurance premiums, less unpaid collection and repossession expenses added to the *borrower's instrument* balance, less late fees, less lease prepayment provisions (if applicable), less excess wear and tear charges.

**We, us, our or Company:** Means the insurance company listed on the Declarations.

**You, your:** Means the Named Insured listed on the Declarations and its successors and assigns.

**Supplemental policy period:** Means a period of time per individual scheduled automobile from the date it is reported to *our* administrator as specified in the Declarations.

### INSURING AGREEMENTS

In consideration for the payment by *you* to *us* of the premium specified in the Declarations in addition to any premium directly billed to *you* as agreed upon and in reliance upon the warranties and representations made by *you*, *we* agree to cover *your impairment of interest* sustained during the *supplemental policy period* as specified in the Declarations, by any of the perils against which coverage is afforded hereunder. Coverage provided by *us* shall be subject to the Limits of Coverage, Exclusions, Conditions and other terms of this Supplemental Policy.

1. **PERILS COVERED:** *We* shall insure *you* on an open peril basis for direct physical loss of or damage to *collateral*, except as hereinafter excluded.
2. **PREMIUM:** *You* shall pay *us* the premium set forth in the Premium Endorsement, which will be earned in full by *us*.
3. **CONDITIONS PRECEDENT TO COVERAGE:** Conditions precedent to the attaching of *our* coverage limits for any loss of or damage to *collateral* are:
  - a. That the *borrower* has defaulted in payment;
  - b. That the *borrower* does not have *acceptable physical damage insurance* in force on the date of physical loss of, or damage to *collateral*;
  - c. *You* have legally repossessed *collateral*; and
  - d. *You* have suffered an *impairment of interest*.

It is understood that condition c shall not apply in the event *collateral* is stolen from the *borrower* and not recovered within thirty (30) days from the date of police report or the *date of loss* is reported to *us*, whichever is later. *We* may, at *our* discretion, waive condition c.

4. **YOUR DUTY WHEN LOSS OCCURS:**
  - a. When *you* acquire knowledge of damage to *collateral*, which may result in an *impairment of interest* therein, *you* shall make every reasonable effort to protect *collateral*. Any loss due to the failure to protect *collateral* shall not be recoverable hereunder.
  - b. A notice of loss must be filed within thirty (30) days of the *date of loss* by *you* or *your* agent. *Your* failure to report such loss of or damage to *collateral* within the specified time shall invalidate any claims for such loss.
  - c. *You* must exhibit damaged *collateral* for inspection upon request by *us*.
  - d. *You* must locate and take possession of *collateral* (unless *collateral* has been stolen from the *borrower* and has not been recovered for thirty (30) days from the date of a police report) before any loss is paid under this Supplemental Policy.
5. **LIMIT OF LIABILITY:** The protection afforded to *you* by this Supplemental Policy and the Declarations issued thereunder shall, in no event, exceed any *impairment of interest* and is further limited to and shall not exceed the lesser of:
  - a. The total cost to repair *collateral*;
  - b. The total cost to replace *collateral* with other of like kind and quality less depreciation, less salvage;
  - c. The *actual cash value* of the *collateral* less salvage as of the *date of loss*;
  - d. The *net payoff* less salvage; or
  - e. The *maximum coverage* as specified in the Declarations Page.

At *our* discretion, if settlement is made under options B, C, D, or E, *you* shall convey title to *us* or the salvage value shall be deducted from the amount of the loss settlement.

*Our maximum coverage* for covered *aftermarket* sound reproducing equipment and its component parts is limited to five hundred dollars (\$500) for each loss. This Supplemental Policy does not provide coverage for mobile or cellular phones whether permanently installed or not.

*Our maximum coverage* for covered *aftermarket* conversion kit equipment and its component parts are limited to fifty percent (50%) of *actual cash value* of the *collateral* without modification.

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6. SUPPLEMENTAL POLICY TERRITORY: This Supplemental Policy applies only to direct, physical loss of or damage to *collateral* sustained while *collateral* is within the United States of America, its territories or possessions, Canada, or is being transported between parts thereof.

#### EXCLUSIONS

This Supplemental Policy does not provide coverage for loss or damage:

1. Due to gradual deterioration, lack of maintenance, or partial or improper repair or alterations.
2. Due to war, whether or not declared, invasion, civil war, insurrection, rebellion or revolution, or any consequence of any of these.
3. Due to wear and tear, freezing, mechanical or electrical breakdowns or failures, unless such damage is the result of a cause of loss covered under this Supplemental Policy. Usual and incidental damage consistent with age, use and condition of the *collateral* shall be considered wear and tear.
4. Due to nuclear action or reaction, radiation, or radioactive contamination. *We* will cover direct loss by fire resulting from the nuclear hazard.
5. Due to *conversion of collateral* by the *borrower* or any person in lawful possession of *collateral* under a bailment, lease, conditional sale, mortgage, or other encumbrance.
6. Due to *confiscation of collateral* by a government body or public official.
7. Due to dishonest, fraudulent, or criminal act, including forgery, by any officer or employee of *yours*.
8. Due to use in racing competition or practice.
9. To equipment designed for the recording, reproduction, receiving, or transmitting of sound or signals unless the device is permanently installed by the manufacturer or dealer in the *collateral* at the time of purchase.
10. To other than the standard or optional equipment available from and installed by the manufacturer of *collateral*, its dealers or authorized agents (except that limited coverage is provided for sound reproducing equipment and conversion kits).
11. Under any Supplemental Policy provision unless *date of loss* falls within the *supplemental policy period*.
12. Under any Supplemental Policy provision when requirements for the *borrower* to insure the *collateral* have been waived by *you*.
13. Caused by theft, unless *you* or the *borrower* files a police report.
14. To *collateral* held as security under any wholesale, floor plan, field warehouse, or any type of financing made to a dealership.
15. To *collateral*, after it has been repossessed.

#### GENERAL CONDITIONS

1. PAYMENT FOR LOSS - ACTION AGAINST *US*: Payment for loss may not be required nor shall action lie against *us* unless *you* have fully complied with all terms of this Supplemental Policy and any endorsements thereto. Stolen *collateral* recovered before payment for loss is made, and in lieu thereof, may be returned to *you* by *us* within a reasonable time after its recovery. Damage as a result of theft is insured under the provisions and conditions of the Supplemental Policy.
2. AUTOMATIC TERMINATION OF COVERAGE: Coverage under the Declarations for an individual scheduled automobile shall automatically and without prior notice terminate concurrently with the repossession of *collateral*, the payment in full of the obligation secured as evidenced by the *instrument*, the coverage of *collateral* by *acceptable physical damage insurance*, the expiration of the *supplemental policy period* or at *your* request, whichever is earliest.
3. INSUFFICIENT RECOVERY: Should damage to *collateral* occur while *acceptable physical damage insurance* is in

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effect and result in partial recovery, or should the insurer providing *acceptable physical damage insurance* become insolvent, this Supplemental Policy will not apply.

4. OTHER INSURANCE: If at the time of Loss, *you* and/or the *borrower* have available insurance other than *acceptable physical damage insurance* which will provide coverage for the loss, this Supplemental Policy shall be excess insurance. *We* will not pay until all other such insurance has been exhausted. Other insurance includes, but is not limited to, the following:
  - a. Policies held by third parties covering losses to the *collateral*;
  - b. Policies held by third parties in possession of *collateral* who may have applicable coverage;
  - c. Credit Life insurance policies held by the *borrower*; and
  - d. "GAP", "Residual Value", "Loan Guarantee" or other *collateral* values guarantee insurance policies held by *you* and/or the *borrower*.
5. ACTIONS BY *YOU* ADVERSE TO *OUR* INTEREST: Any action by *you*, including but not limited to entering into any settlement without *our* written authority, which impairs *our* right or ability to recover any claim payment(s) made under this Supplemental Policy, shall void such claim payment(s). *You* agree to immediately reimburse any such payment(s) to *us*.
6. NO BENEFIT TO BAILEE: The coverage provided by this Supplemental Policy shall not apply directly or indirectly to the benefit of any bailee liable for loss to *collateral*.
7. TWO OR MORE ITEMS OF COLLATERAL: In the event *collateral* secures an *instrument* which is secured by more than one item of *collateral*, Subsection d. of Section 5. INSURING AGREEMENTS shall be deleted and replaced by the following:
  - "d. The proportional *net payoff*, which is defined as: *net payoff* times the percentage amount that the *actual cash value* of *collateral* bears to the total of *actual cash values* of all property securing the *instrument* on the *date of loss* less salvage; or"
8. PAYMENT OF LOSS: *We* may pay for the loss in money, or may repair or replace the damaged or stolen *collateral* at *our* option. Following such payment or replacement, *we* may take all or such part of *collateral* at the agreed or appraised value. However, *we* will not accept any *collateral* abandoned by *you*.
9. FRAUD AND MISREPRESENTATION: This Supplemental Policy is issued in reliance upon the truth of all representations made by *you*. This Supplemental Policy shall be void if *you* have concealed or misrepresented any material fact(s), or circumstance(s) concerning this insurance or the subject thereof, or in case of any fraud, attempted fraud, or the false swearing by *you* touching any matter relating to this insurance or the subject thereof, whether before or after loss.
10. TERMS OF SUPPLEMENTAL POLICY CONFORM TO STATUTE: Terms of this Supplemental Policy which are in conflict with the statutes of the state wherein this Supplemental Policy is issued are hereby amended to conform to such statutes.
11. CANCELLATION: This Supplemental Policy may be cancelled by *you* by giving written notice to *us* stating that not less than thirty (30) days thereafter such cancellation shall be effective.

This Supplemental Policy may be cancelled by *us* by mailing to *you*, at the address(es) shown in the Declarations, written notice stating that not less than sixty (60) days thereafter, such cancellations shall be effective. The mailing of such notice shall be sufficient proof of notice. Delivery of such notice shall be the equivalent of mailing. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

If *you* are entitled to a premium refund, *we* will send *you* the refund. If *we* cancel, the premium refund, if any, will be computed pro rata. If *you* cancel, the refund may be less than pro rata. The cancellation will be effective even if *we* have not made or offered a refund.

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12. APPRAISAL: If *you* and *we* fail to agree on the amount of loss, either can demand that the amount of the loss be set by appraisal. If either makes a written demand for appraisal, each shall select a competent, independent appraiser and notify the other of the appraiser's identity within twenty (20) days of receipt of the written demand. The two appraisers shall then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, either *you* or *we* can ask a judge of a court of record in the state of *your* location to select an umpire. The appraisers shall then set the amount of the loss. If the appraisers submit a written report of agreement to *us*, the amount agreed upon shall be the amount of the loss. If the appraisers fail to agree within a reasonable time, they shall submit their differences to the umpire. Written agreement signed by any 2 of these 3 shall set the amount of the loss. Each appraiser shall be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire shall be paid equally by *you* and *us*. This appraisal process shall in no way be deemed bad faith claims handling.
13. SUBROGATION: In the event of any payment by *us* under this Supplemental Policy, *we* shall be subrogated to all of *your* rights of recovery against any person or organization. *You* shall execute and deliver *instruments* and papers and do whatever else is necessary to secure such rights and shall use reasonable efforts to cause the *borrower* to do the same. *You* are entitled to complete reimbursement for loss to damaged *collateral* before *we* are entitled to subrogation proceeds. If *you* have taken any action, either intentionally or by error or omission, to prejudice *our* rights, *you* agree to reimburse *us* all sums paid on such claim(s) immediately upon *our* request. *We* waive *our* rights of subrogation against the *borrower* with respect to any claim paid under this Supplemental Policy unless:
- a. Such Claim originated through the willful action, knowledge, or intent of the *borrower*; or
  - b. The *borrower* effected separate settlement or released any party or organization responsible for the loss.
14. COOPERATION AND ASSISTANCE: In the event of an insurable loss, *you* must cooperate with and assist *us* by executing and delivering *instruments*, delivering documentation and papers, and doing whatever else is necessary that is reasonably within *your* ability, for *us* to settle the claim or protect the *collateral* from further Loss.

By acceptance of this Supplemental Policy, *you* agree that the statements contained in the Declarations are its agreements and representations and acknowledge that the Supplemental Policy is issued in reliance upon the truth of such representations. This Supplemental Policy, together with any written contracts, or representations in connection therewith, contains all agreements existing between *you* and *us* or any agents relating to this insurance.

This Supplemental Policy is made and accepted subject to all conditions and agreements in the Supplemental Policy together with other provisions, agreements or conditions, which may be endorsed hereon or added hereto.

IN WITNESS WHEREOF, *Company* has caused this Supplemental Policy to be executed by its Secretary and President, respectively.

President

Secretary

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 Fort Worth, TX 76120

**DEALER'S CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY**  
**Declarations Page and Policyholder Information**  
 Effective xx/xx/xxxx

**Named Insured & Mailing Address:**

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_  
 Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**Policy Number:**

**Policy Period:**

From: \_\_\_\_\_ To: **Until Cancelled**  
 (12:01 A.M. at the address of the named insured.)

**Coverage Applicability to Scheduled Autos:**

This policy only provides coverage for the scheduled term(s) listed below. Coverage is effective when **Our** administrator receives the request to schedule the vehicle within **two (2) hours** after the **additional insured** takes delivery of the vehicle from **you**. This policy is excess coverage to the **additional insured's** private passenger automobile insurance.

**Minimum Age Requirement for Purchaser:** \_\_\_\_\_ years old.

Coverages	Limit of Liability & Coverage Term Option A: _____	Limit of Liability & Coverage Term Option B: _____	Limit of Liability & Coverage Term Option C: _____	Limit of Liability for Coverage Term Option D: _____
Bodily Injury	\$ _____ /Person \$ _____ /Occurrence			
Property Damage	\$ _____ /Occurrence	\$ _____ /Occurrence	\$ _____ /Occurrence	\$ _____ /Occurrence
Personal Injury Protection	Refer to Endorsement.	Refer to Endorsement.	Refer to Endorsement.	Refer to Endorsement
Physical Damage	The lesser of \$40,000 or ACV subject to \$ _____ Deductible	The lesser of \$40,000 or ACV subject to \$ _____ Deductible	The lesser of \$40,000 or ACV subject to \$ _____ Deductible	The lesser of \$40,000 or ACV subject to \$ _____ Deductible
Uninsured/Underinsured Motorists	\$ _____ /Person \$ _____ /Occurrence			

**Blanket Collateral Protection Supplemental Insurance Policy**

(If selected, coverage applies to each scheduled vehicle)

Maximum Coverage: \$ 40,000 Supplemental Policy Period: \_\_\_\_\_ Months

**Premium:**

Refer to Premium Endorsement for rate.

**General Information:**

Agent Name & Mailing Address	Insuring Company	Administrative Company
	State National Insurance Company 8200 Anderson Blvd. Fort Worth, TX 76120	

**The Forms listed below are attached to this Declarations Page. Please read carefully and retain for your records.**

Form Number	Description	Form Number	Description

Countersignature or Broker Signature (if applicable) \_\_\_\_\_ Date: \_\_\_\_\_

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 Fort Worth, TX 76120

**DEALER'S CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY**  
**Amended Declarations Page and Policyholder Information**  
**Effective xx/xx/xxxx**

Supercedes any previous declarations bearing the same number for this policy.

**Named Insured & Mailing Address:**

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_  
 Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**Policy Number:**

**Policy Period:**

**From: \_\_\_\_\_ To: Until Cancelled**  
 (12:01 A.M. at the address of the named insured.)

**Reason Amended:**

**Coverage Applicability to Scheduled Autos:**

This policy only provides coverage for the scheduled term(s) listed below. Coverage is effective when **Our** administrator receives the request to schedule the vehicle within **two (2) hours** after the **additional insured** takes delivery of the vehicle from **you**. This policy is excess coverage to the **additional insured's** private passenger automobile insurance.

**Minimum Age Requirement for Purchaser:** \_\_\_\_\_ years old.

Coverages	Limit of Liability & Coverage Term Option A: _____	Limit of Liability & Coverage Term Option B: _____	Limit of Liability & Coverage Term Option C: _____	Limit of Liability for Coverage Term Option D: _____
Bodily Injury	\$ _____ /Person \$ _____ /Occurrence			
Property Damage	\$ _____ /Occurrence	\$ _____ /Occurrence	\$ _____ /Occurrence	\$ _____ /Occurrence
Personal Injury Protection	Refer to Endorsement.	Refer to Endorsement.	Refer to Endorsement.	Refer to Endorsement
Physical Damage	The lesser of \$40,000 or ACV subject to \$ _____ Deductible	The lesser of \$40,000 or ACV subject to \$ _____ Deductible	The lesser of \$40,000 or ACV subject to \$ _____ Deductible	The lesser of \$40,000 or ACV subject to \$ _____ Deductible
Uninsured/Underinsured Motorists	\$ _____ /Person \$ _____ /Occurrence			

**Blanket Collateral Protection Supplemental Insurance Policy**

(If selected, coverage applies to each scheduled vehicle)

Maximum Coverage: \$ 40,000 Supplemental Policy Period: \_\_\_\_\_ Months

**Premium:**

Refer to Premium Endorsement for rate.

**General Information:**

<b>Agent Name &amp; Mailing Address</b>	<b>Insuring Company</b> State National Insurance Company 8200 Anderson Blvd. Fort Worth, TX 76120	<b>Administrative Company</b>
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**The Forms listed below are attached to this Declarations Page. Please read carefully and retain for your records.**

Form Number	Description	Form Number	Description

**Countersignature or Broker Signature (if applicable)** \_\_\_\_\_ **Date:** \_\_\_\_\_

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**DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY  
BLANKET COLLATERAL PROTECTION SUPPLEMENTAL INSURANCE POLICY  
PREMIUM ENDORSEMENT**

**GENERAL PROVISIONS: WHAT YOU MUST PAY**

**DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY PREMIUM per scheduled vehicle:**

Coverage Term Option A	\$ _____
Coverage Term Option B	\$ _____
Coverage Term Option C	\$ _____
Coverage Term Option D	\$ _____

**BLANKET COLLATERAL PROTECTION SUPPLEMENTAL INSURANCE POLICY PREMIUM per scheduled vehicle:**

\$ _____
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All other terms and conditions remain unchanged.

## ARKANSAS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY  
BLANKET COLLATERAL PROTECTION SUPPLEMENTAL INSURANCE POLICY

The provisions of the policy apply unless modified by this endorsement.

The policy is changed as follows:

- A. **RIGHT TO APPRAISAL** of **PART II – DAMAGE TO A COVERED AUTOMOBILE** is deleted in its entirety and replaced by the following:

### **RIGHT TO APPRAISAL**

1. If *you* and *we* disagree on the amount of *loss*, either may request an appraisal of the *loss*. In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the *actual cash value* and amount of *loss*. If they fail to agree, they will submit their differences to the umpire. Each party will:
  - a. Pay its chosen appraiser; and
  - b. Bear the other expenses of the appraisal and umpire equally.
2. However, this procedure will not replace *your* or any *additional insured's* right to a jury trial on any question of fact arising under the policy.

- B. **ARBITRATION** of **CONDITIONS PARTS I & II** is deleted in its entirety.

- C. The **CANCELLATION** condition of the DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY and BLANKET COLLATERAL PROTECTION SUPPLEMENTAL INSURANCE POLICY is deleted in its entirety and replaced by the following:

1. If this policy is cancelled, *we* will send the *Named Insured* any premium refund due.
2. *We* will refund the pro rata unearned premium if the policy is:
  - a. Cancelled by *us* or at *our* request;
  - b. Cancelled but rewritten with *us* or in *our* company group;
  - c. Cancelled because *you* no longer have an insurable interest in the property or *business* operation that is the subject of this insurance; or
  - d. Cancelled after the first year of a prepaid policy that was written for a term of more than one year.
3. If the policy is cancelled at the request of the *Named Insured*, other than a cancellation described in 2.b., c. or d. above, *we* will refund 90% of the pro rata unearned premium.
4. The cancellation will be effective even if *we* have not made or offered a refund.
5. *We* will mail *our* notice to the *Named Insured's* mailing address last known to *us*. If notice is mailed, proof of mailing will be sufficient proof of notice.
6. If the *Named Insured* cancels the policy, *we* will retain no less than \$100 of the premium.
7. Cancellation of Policies In Effect More Than 60 Days:
  - a. If this policy has been in effect more than 60 days or is a renewal policy, *we* may cancel only for one or more of the following reasons:
    - (1) Nonpayment of premium;

- (2) Fraud or material misrepresentation made by **you** or with **your** knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
  - (3) The occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;
  - (4) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases any hazard insured against under the policy; or
  - (5) A material violation of a material provision of the policy.
- b. If **we** cancel for:
- (1) Nonpayment of premium, **we** will mail or deliver written notice of cancellation, stating the reason for cancellation, to the **Named Insured** and any lienholder or loss payee named in the policy, and any lessee of whom **we** have received notification prior to the **loss**, at least 10 days before the effective date of cancellation;
  - (2) If **we** cancel for any other reason, **we** will mail or deliver notice of cancellation to the **Named Insured** and any lienholder or loss payee named in the policy, and any lessee of whom **we** have received notification prior to the **loss**, at least 20 days before the effective date of cancellation.
- D. The **NONRENEWAL** condition of the DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY and the BLANKET COLLATERAL PROTECTION SUPPLEMENTAL INSURANCE POLICY is deleted in its entirety and replaced by the following:
- 1. If **we** decide not to renew this policy, **we** will mail to the **Named Insured** shown in the Declarations, and to any lienholder or loss payee named in the policy, written notice of nonrenewal at least 60 days before:
    - a. Its expiration date; or
    - b. Its anniversary date, if it is a policy written for a **coverage term** of more than one year and with no fixed expiration date. However, **we** are not required to send this notice if nonrenewal is due to the **Named Insured's** failure to pay any premium required for renewal.
  - 2. **We** will mail **our** notice to the **Named Insured's** mailing address last known to **us**. If notice is mailed, proof of mailing will be sufficient proof of notice.
- E. The following is added to **CONDITIONS PARTS I & II:**

**NOTICE TO POLICYHOLDERS:**

The Policyholder Service Office of State National Insurance Company is:

Caronia and Associates  
 740 Springdale Drive  
 Suite 106  
 Exton, PA 19341  
 1-877-902-8790

If **we** at State National Insurance Company fail to provide **you** with reasonable and adequate service, **you** should feel free to contact:

Arkansas Insurance Department  
 Consumer Services Division  
 1200 W. 3rd St.  
 Little Rock, AR 72201-1904  
 Telephone 800-852-5494 or 501-371-2640

All other terms and conditions remain unchanged.

## ARKANSAS UNINSURED MOTORISTS COVERAGE

This endorsement modifies insurance provided under the following:

DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY  
 BLANKET COLLATERAL PROTECTION SUPPLEMENTAL INSURANCE POLICY

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

### PROPERTY DAMAGE

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

Information required to complete this will be shown in the Declarations.

<b>Insured:</b>
<b>Endorsement Effective Date:</b>
<b>Countersignature Of Authorized Representative</b>
<b>Name:</b>
<b>Title:</b>
<b>Signature:</b>
<b>Date:</b>

### SCHEDULE

<b>Limit Of Insurance</b> \$	<b>Each "Accident"</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

#### A. Coverage

1. *We* will pay all sums the **Named insured or Purchaser** is legally entitled to recover as damages from the owner or operator of an uninsured motor vehicle. The damages must result from **property damage** caused by an **accident** arising out of actual physical contact with a **covered automobile**. The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the uninsured motor vehicle.
2. Any judgment for damages arising out of a suit brought without **our** written consent is not binding on **us**.

#### B. Exclusions

This insurance does not apply to any of the following:

1. Any claim settled without **our** consent.
2. The direct or indirect benefit of any insurer of property.
3. Property contained in the **covered automobile**.

4. **Property damage** to any motor vehicle owned by *you* or any *family member* which is not a *covered automobile*.
5. The first \$200 of the amount of **property damage** to a covered *automobile* as a result of any one *accident*. However, this exclusion does not apply if:
  - a. Your *covered automobile* is *insured* for collision coverage under this policy, and
  - b. The operator of the vehicle causing the *accident* has been positively identified and is solely at fault.

**C. Limit of Insurance**

1. Regardless of the number of *covered automobiles*, premiums paid, claims made or vehicles involved in the *accident*, the most *we* will pay for all damages resulting from any one *accident* is the limit of Uninsured Motorists Coverage Property Damage shown in the Schedule.
2. Any amount payable under this insurance shall be reduced by all sums paid by or for anyone who is legally responsible.
3. *We* will not pay for any **property damage** which is paid or payable under Physical Damage Coverage.

**D. Changes in Conditions**

The **CONDITIONS** are changed for Arkansas Uninsured Motorists Coverage Property Damage as follows:

1. The reference in Other Insurance in the policy to other insurance applies only to other collectible **property damage** uninsured motorists insurance.
2. **YOUR DUTIES** is changed by adding the following:
  - a. Promptly send *us* copies of the legal papers if a suit is brought.
  - b. Provide *us* with the name and address of the owner or driver of the uninsured motor vehicle.
3. The following conditions are added:

**A. REIMBURSEMENT AND TRUST**

If *we* make any payment and the *insured* recovers from another party, the *insured* shall hold the proceeds in trust for *us* and pay *us* back the amount *we* have paid.

**B. ARBITRATION**

1. If *we* and an *insured* disagree whether the *insured* is legally entitled to recover damages from the owner or driver of an uninsured motor vehicle or do not agree as to the amount of damages, then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated. However, arbitration will take place only if both *we* and the *insured* agree, voluntarily, to have the matter arbitrated. If so agreed, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a court having jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.
2. Unless both parties agree otherwise, arbitration will take place in the county in which the *insured* lives. Local rules of law as to arbitration procedure and evidence will apply. Any decision of the arbitrators will not be binding on either party.

**E. Additional Definitions** as used in this endorsement:

1. **Property damage** means injury to or destruction of a *covered automobile* including its loss of use.
2. **Uninsured motor vehicle** means a land motor vehicle or trailer:

- a. For which no liability bond or policy at the time of an *accident* provides at least the amount required for *property damage* liability by the Arkansas Financial Responsibility Law; or
- b. For which an insuring or bonding company denies coverage or is or becomes insolvent.
- c. Which is a hit-and-run vehicle and neither the driver nor owner can be identified. However, uninsured motor vehicle does not include any vehicle:
  1. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and can not provide the amounts required by that motor vehicle law.
  2. Owned by a governmental unit or agency.
  3. Designed for use mainly off public roads while not on public roads.



State National Insurance Company  
8200 Anderson Blvd.  
Fort Worth, TX 76120

<b>ADDITIONAL INSURED</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 5px;">Evidence of Insurance</td> </tr> <tr> <td style="text-align: center; padding: 5px;">Policy Number</td> </tr> </table>	Evidence of Insurance	Policy Number	<b>INSURED</b>
Evidence of Insurance				
Policy Number				

<b>Term</b>	<b>Effective Date:</b>	<b>Expiration Date:</b>
12:01 A.M. Standard time at the address of the Insured as stated herein.		

<b>POLICY COVERAGES AND LIMITS OF LIABILITY</b>							
A.	B.	C.	D.			E.	F.
BODILY INJURY	PROPERTY DAMAGE	AUTO MEDICAL PAYMENTS	UNINSURED MOTORISTS			COMPREHENSIVE	COLLISION
			Bodily Injury	Property Damage	Collision Ded. Waiver		
Each Person/ Each Occurrence	Each Occurrence	Each Person	Each Person/Each Accident			Actual Cash Value Less Deductible of	Actual Cash Value Less Deductible of
<b>PREMIUM</b>						<b>PREMIUM</b>	

ENDORSEMENTS MADE PART OF THIS POLICY AT ISSUE:	
---	--

DESCRIPTION OF AUTOMOBILE(S)				PREMIUM TOTALS	
YEAR	MAKE	MODEL	VEHICLE I.D. NUMBER		
				PREMIUM/ ADMIN  TOTAL:	

The auto(s) described herein is principally garaged at the above address unless otherwise stated.

<b>LOSS PAYEE(S) and/or ADDITIONAL INSURED(S)</b>	Any loss under coverages E and F, and/or, coverages A and B, is payable as interest may appear to the named insured and:

INT DATE	COMPANY	LICENSE NO.
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## AUTO MEDICAL PAYMENTS COVERAGE

This endorsement modifies insurance provided under the following:

DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY  
BLANKET COLLATERAL PROTECTION SUPPLEMENTAL INSURANCE POLICY

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

### A. Coverage

*We* will pay reasonable expenses incurred for necessary medical and funeral services to or for an *insured* who sustains *bodily injury* caused by *accident*. *We* will pay only those expenses incurred, for services rendered within three years from the date of the *accident*.

### B. Who is an Insured

1. *You* while occupying or, while a pedestrian, when struck by any *automobile*.
2. If *you* are an individual, any *family member* while occupying or, while a pedestrian, when struck by any *automobile*.
3. Anyone else occupying a *covered automobile* or a temporary substitute for a *covered automobile*. The *covered automobile* must be out of service because of its breakdown, repair, servicing, *loss* or destruction.

### C. The EXCLUSIONS are changed as follows:

This insurance does not apply to any of the following:

1. *Bodily injury* sustained by an *insured* while occupying a vehicle located for use as a premises.
2. *Bodily injury* sustained by *you* or any *family member* while occupying or struck by any vehicle (other than a *covered automobile*) owned by *you* or furnished or available for *your* regular use.
3. *Bodily injury* sustained by any *family member* while occupying or struck by any vehicle (other than a *covered automobile*) owned by or furnished or available for the regular use of any *family member*.
4. *Bodily injury* to *your* employee arising out of and in the course of employment by *you*. However, *we* will cover *bodily injury* to *your* domestic employees if not entitled to workers' compensation benefits. For the purposes of this endorsement, a domestic employee is a person engaged in household or domestic work performed principally in connection with a residence premises.
5. *Bodily injury* to an *insured* while working in a business of selling, servicing, repairing or parking autos unless that business is *yours*.
6. *Bodily injury* arising directly or indirectly out of:
  - a. War, including undeclared or civil war;
  - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
  - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
7. *Bodily injury* to anyone using a vehicle without a reasonable belief that the person is entitled to do so.

8. **Bodily Injury** sustained by an *insured* while occupying any *covered automobile* while used in any professional racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply to any **bodily injury** sustained by an *insured* while the *automobile* is being prepared for such a contest or activity.

**D. Limit of Liability**

Regardless of the number of *covered automobile, insureds*, premiums paid, claims made or vehicles involved in the *accident*, the most *we* will pay for **bodily injury** for each *insured* injured in any one *accident* is the Limit Of Insurance for Auto Medical Payments Coverage shown in the Declarations. No one will be entitled to receive duplicate payments for the same elements of *loss* under this coverage and any Liability Policy, Uninsured Motorists Coverage Endorsement attached to this endorsement.

**E. Changes in Conditions**

The **CONDITIONS** are changed for Auto Medical Payments Coverage as follows:

1. The **SUBROGATION** condition does not apply.
2. The reference in Other Insurance in the policy other insurance applies only to other collectible *automobile* medical payments insurance.

**F. Additional Definitions**

As used in this endorsement:

1. **Family member** means a person related to *you* by blood, marriage or adoption who is a resident of *your* household, including a ward or foster child.
2. Occupying means in, upon, getting in, on, out or off.

## ARKANSAS PERSONAL INJURY PROTECTION ENDORSEMENT

This endorsement modifies insurance provided under the following:

DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY  
 BLANKET COLLATERAL PROTECTION SUPPLEMENTAL INSURANCE POLICY

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

For a *covered automobile* licensed or principally garaged in Arkansas, this endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Named Insured:
Endorsement Effective Date:
Signature Of Authorized Representative
Name:
Title:
Signature:
Date:

### SCHEDULE

Item **1.** This endorsement provides only those coverages where a premium is shown in the Schedule. Each of these coverages applies only to the vehicles shown as *covered automobiles* as indicated by entry in Item **2.** *Our* limit of insurance for each coverage shall be as stated in this endorsement and subject to all its terms.

Coverages	Limit Of Insurance	Premium
<b>Medical Expenses</b>	\$ Each Person	\$
<b>Work Loss</b>	As Stated In The Limit Of Insurance	\$
<b>Accidental Death Benefit</b>	\$5,000 Per Eligible Injured Person	\$

Item 2. Designation of *Covered Automobiles*

<p>(a) Description of <i>Covered automobile</i> for which Medical Expenses applies: Any <i>automobile</i> registered or principally garaged in Arkansas which is (check appropriate box):</p> <table border="1"><tr><td><input type="checkbox"/></td><td>An owned <i>automobile</i> under the Policy's Liability Coverage.</td></tr><tr><td><input type="checkbox"/></td><td><b>Owned by you.</b></td></tr><tr><td><input type="checkbox"/></td><td>A private passenger <i>automobile</i> owned by <i>you</i>.</td></tr><tr><td><input type="checkbox"/></td><td>_____</td></tr></table> <p>(b) Description of <i>Covered automobile</i> for which Work Loss applies: Any private passenger <i>automobile</i> which is: Registered or principally garaged in Arkansas and is (check appropriate box):</p> <table border="1"><tr><td><input type="checkbox"/></td><td>An owned <i>automobile</i> under the Policy's Liability Coverage.</td></tr><tr><td><input type="checkbox"/></td><td>Owned by <i>you</i>.</td></tr><tr><td><input type="checkbox"/></td><td>_____</td></tr></table> <p>(c) Description of <i>Covered automobiles</i> for which the Accidental Death Benefit applies: Any private passenger <i>automobile</i> which is: Registered or principally garaged in Arkansas and is (check appropriate box):</p> <table border="1"><tr><td><input type="checkbox"/></td><td>An owned <i>automobile</i> under the Policy's Liability Coverage.</td></tr><tr><td><input type="checkbox"/></td><td>Owned by <i>you</i>.</td></tr><tr><td><input type="checkbox"/></td><td>_____</td></tr></table>	<input type="checkbox"/>	An owned <i>automobile</i> under the Policy's Liability Coverage.	<input type="checkbox"/>	<b>Owned by you.</b>	<input type="checkbox"/>	A private passenger <i>automobile</i> owned by <i>you</i> .	<input type="checkbox"/>	_____	<input type="checkbox"/>	An owned <i>automobile</i> under the Policy's Liability Coverage.	<input type="checkbox"/>	Owned by <i>you</i> .	<input type="checkbox"/>	_____	<input type="checkbox"/>	An owned <i>automobile</i> under the Policy's Liability Coverage.	<input type="checkbox"/>	Owned by <i>you</i> .	<input type="checkbox"/>	_____
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<input type="checkbox"/>	A private passenger <i>automobile</i> owned by <i>you</i> .																			
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<input type="checkbox"/>	Owned by <i>you</i> .																			
<input type="checkbox"/>	_____																			
<input type="checkbox"/>	An owned <i>automobile</i> under the Policy's Liability Coverage.																			
<input type="checkbox"/>	Owned by <i>you</i> .																			
<input type="checkbox"/>	_____																			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.																				

**A. Coverage**

1. Medical Expenses

*We* will pay medical expense benefits to or for an *insured* who sustains *bodily injury* in an *accident* arising out of the maintenance or use of an *automobile* as an *automobile*.

2. Work Loss

*We* will pay work loss benefits to or for an *insured* who sustains *bodily injury* in an *accident* arising out of the maintenance or use of an *automobile* as an *automobile*.

3. Accidental Death Benefit

*We* will pay the amount stated in the schedule for the death of an *insured* resulting directly and independently of all other causes from *bodily injury* caused by *accident* and arising out of the maintenance or use of an *automobile* as an *automobile*, if the death occurs within one year from the date of the *accident*.

**B. Who is an Insured**

1. The following are *insureds* for Medical Expenses:

- a. *You*.
- b. If *you* are an individual, any *family member*.
- c. Any other person while occupying or as a *pedestrian* through being struck by the *covered automobile*.
- d. Any other person while occupying an *automobile* other than the *covered automobile*. The *bodily injury* must be caused by:

- (1) *Your* use of the *automobile*, or
  - (2) That of a private chauffeur or domestic servant on *your* behalf, or
  - (3) A family member provided the *automobile* is a private passenger *automobile* or trailer.
2. The following are *insureds* for Work Loss and Accidental Death Benefits:
- a. *You*.
  - b. If *you* are an individual, any *family member*.
  - c. Any person while occupying or as a *pedestrian* through being struck by the *covered automobile*.

### C. Exclusions

1. *We* will not pay medical expenses for *bodily injury*:
  - a. Sustained by any person to the extent that benefits therefore are in whole or in part paid or payable, under any workers' compensation law, employer's disability law or any similar law.
  - b. Sustained by *you* while occupying any *automobile* that is owned by *you* or is furnished or available for *your* regular use which is not a *covered automobile*.
  - c. Sustained by any *family member* while occupying any *automobile* owned by or regularly made available to either *you* or such *family member* which is not a *covered automobile*.
  - d. Sustained by any person other than *you* or a *family member* while occupying any *automobile* owned by or regularly made available to either *you* or any *family member* which is not a *covered automobile*.
  - e. Sustained by any person while occupying the *covered automobile* while used as a public or livery conveyance unless the use is stated in the declarations.
  - f. Sustained by any person other than *you* or a *family member* while occupying any *automobile* other than a *covered automobile* while used as a public or livery conveyance.
  - g. Sustained by any person, other than *you* or any *family member*:
    - (1) While occupying any *automobile* other than the *covered automobile* arising out of conduct occurring within the course of a business of selling, repairing, servicing, storing or parking motor vehicles, or
    - (2) Arising out of the maintenance or use of any *automobile* other than the *covered automobile* or a motorcycle by such person conducting any other business or occupation unless the *bodily injury* is the result of the use or occupancy of a private passenger *automobile* by *you* or *your* private chauffeur or domestic servant, or of a trailer used with the private passenger *automobile* or *covered automobile*.
  - h. Sustained by any person while either operating the *covered automobile* without *your* consent or while not in lawful possession of the *covered automobile*.
  - i. Sustained by any person while occupying any *automobile* other than the *covered automobile* unless the person has the expressed or implied consent of the owner to use the *automobile*.
  - j. Arising directly or indirectly out of:
    - (1) War, including undeclared or civil war;
    - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents or
    - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

- k. Resulting from the radioactive, toxic, explosive or other hazardous properties of nuclear material.
2. **We** will not pay work loss or accidental death benefits for **bodily injury** or death:
- a. Sustained by any person to the extent that benefits therefore are in whole or in part paid or payable under any workers' compensation law, employers' disability law or similar law. However, this exclusion does not apply to Accidental Death Benefits.
  - b. Sustained by **you** while occupying any private passenger **automobile you** own or is furnished or is available for **your** regular use, which is not a **covered automobile**.
  - c. Sustained by a **family member** while occupying any private passenger **automobile**, owned or furnished or available for **your** regular use or that of a **family member**, which is not a **covered automobile**.
  - d. Sustained by any **family member**, if the **family member** is entitled, as a **named insured** under any other motor vehicle insurance policy to similar benefits equal to or greater than that prescribed by Ark. Stat. Ann. Sections 23-89-201 23-89-208.
  - e. Sustained by any person other than **you** or a **family member** if the person is entitled, as a **named insured** or **family member** under any other motor vehicle insurance policy to similar benefits equal to or greater than that prescribed by Ark. Stat. Ann. Sections 23-89-201 23-89-208.
  - f. Sustained by any person while either operating the **covered automobile** without **your** consent or while not in lawful possession of the **covered automobile**.
  - g. Arising directly or indirectly, out of:
    - (1) War, including undeclared or civil war;
    - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
    - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
  - h. Resulting from the radioactive, toxic, explosive or other hazardous properties of nuclear material.

#### D. **Limit of Insurance**

##### 1. Medical Expenses

Regardless of the number of **insureds**, policies or bonds applicable, claims made, premiums paid or **covered automobiles** to which this coverage applies, the most **we** will pay for medical expenses to each person for all expenses incurred by or on behalf of each person who sustains **bodily injury** as a result of any one motor vehicle **accident** is the Limit of Insurance shown in the Schedule. However, with respect to **bodily injury** sustained by a pedestrian other than **you** or a **family member** through being struck by the **covered automobile**, the Limit of Insurance shall be the amount shown in the Schedule or \$5,000, whichever is less.

##### 2. Work Loss

Regardless of the number of **insureds**, policies or bonds applicable, claims made, premiums paid or **covered automobile** to which this coverage applies, the most **we** will pay for work loss is:

- a. With respect to an income earner, 70% of loss of gross income per week not to exceed \$140.00 per week;
- b. With respect to a non-income earner, a sum not to exceed \$70 per week or pro rata for a lesser period.

## E. Changes in Conditions

The Conditions are changed for Personal Injury Protection as follows:

1. Your Duties is amended by the addition of the following:
  - a. If an **insured** or his or her legal representative institutes legal action for damages for **bodily injury**, he or she must promptly give **us** a copy of the summons and complaint or other process served in connection with the legal action.
  - b. The **insured** or someone on his or her behalf must promptly give **us**:
    - (1) Written proof of claim, under oath if required;
    - (2) Full particulars of the nature and extent of the **bodily injury**, treatment and rehabilitation received and contemplated; and
    - (3) Such other information that will help **us** determine the amount due and payable.
2. The following Subrogation Condition is applicable to Medical Expense and Work Loss:

If any person or organization to or for whom **we** make payment under the Policy has rights to recover damages from another, those rights are transferred to **us**. That person or organization must do everything necessary to secure **our** rights and must do nothing after **accident** or **loss** to impair them.
3. The Other Insurance Condition in the policy is replaced for Medical Expenses by the following:
  - a. With respect to **bodily injury** sustained by a **family member** if such **family member** is entitled to coverage for medical expenses or any similar coverage as a **named insured** under the terms of any other motor vehicle insurance policy providing direct benefits without regard to fault, this insurance shall apply only as excess insurance over any other collectible insurance available to the **family member** under another policy.
  - b. With respect to **bodily injury** sustained by any person other than the **named insured** or a **family member**, if such person is entitled to coverage for medical expenses or any similar coverage as a **named insured** or **family member** under the terms of any other motor vehicle insurance policy providing direct benefits without regard to fault, this insurance shall apply only as excess insurance over any other collectible insurance available to such person under another policy.
  - c. Except as provided in this section, if the **insured** is entitled to coverage for medical expenses under the terms of this or any other motor vehicle insurance policy against a **loss** covered under Medical Expenses, **we** shall not be liable under this Policy for a greater proportion of such **loss** than the applicable Limit of Insurance that **our** Policy bears to the total applicable Limit of Insurance of all such motor vehicle insurance. No **insured** may recover duplicate medical expense benefits for the same elements of **loss**.
4. The Other Insurance Condition in the policy is replaced for Work Loss and the Accidental Death Benefit by the following:
  - a. With respect to **bodily injury** sustained by any person other than the **named insured** or **family member**, the coverage for Work Loss and the Accidental Death Benefit shall apply only as excess insurance over any other collectible insurance available to such person under another policy.
  - b. **We** shall be liable under this Policy only in the amount that this Policy's limit of insurance exceeds the applicable limit of insurance of such other insurance. If an **insured** who is a **named insured** or **family member** has other collectible insurance available under any other motor vehicle insurance policy, the maximum recovery under all policies will not exceed the amount payable under the policy with the highest dollar limit of benefits.

- c. *We* shall not be liable for a greater proportion of any *loss* than the Limit of Insurance that *our* Policy bears to the sum of the applicable Limits of Insurance of this insurance and such other insurance.
5. The following Conditions are added:  
The following Payment of Benefits Condition is applicable to Medical Expenses and Work Loss:  
*We* may pay the *insured* or any person or organization rendering the services and such payment shall reduce the amount payable under this Policy for such injury.
6. The following Reimbursement and Trust Condition is applicable to Medical Expenses and Work Loss:
  - A. If *we* make any payment to or on behalf of any *insured* under this coverage and the *insured* recovers any sums from another party, the *insured* shall hold the proceeds in trust for *us* and pay *us* back the amount *we* have paid. *We* will have a lien against such payment, and may give notice of the lien to the person or organization causing *bodily injury*, his or her agent or insurer or a court having jurisdiction in the matter. *We* will be entitled to a recovery only after the person has been fully compensated for damages by another party.
  - B. COORDINATION AND NON-DUPLICATION
    1. Medical expense benefits that are paid or payable under this or any other Policy because of *bodily injury* to an *insured* shall not be duplicated under Uninsured Motorists Coverage.
    2. Any *automobile* medical payments or automobile medical expense insurance provided under the Policy with respect to an insured *automobile* which is registered or principally garaged in Arkansas is replaced by the coverage provided under the Medical Expense part of this Policy.

F. **Additional Definitions**

1. The definition of *automobile* in the Definitions Section applies and includes:
  - a. An *automobile* not owned by *you* that is used as a temporary substitute for a *covered automobile* due to the *covered automobile* breakdown, repair, servicing, loss or destruction.
  - b. A trailer of a type used with a *private passenger automobile* if it is not being used for business purposes with another type vehicle. However, *automobile* does not include:
    - (1) A farm type tractor or other equipment designed for use principally off public roads, while not upon public roads.
    - (2) A vehicle operated upon rails or crawler-treads, or
    - (3) A vehicle located for use as a residence or premises.
2. As used in this endorsement:
  - a. *Medical Expense* means all reasonable and necessary expenses incurred within two years from the date of *accident* for medical, hospital, x-ray, professional nursing, dental, surgical, ambulance, prosthetic and funeral expenses and for any non-medical remedial care and treatment rendered in accordance with the recognized religious method of healing, however, it does not include expenses in excess of those for a semi-private room, unless more intensive care is medically required.
  - b. *Pedestrian* means any person who is not occupying any vehicle other than a motorcycle or a vehicle operated by human or animal power.
  - c. *Private passenger automobile* means an *automobile* which is a private passenger, station wagon or jeep type automobile .

- d. **Family member** means a person related to **you** by blood, marriage or adoption who is a resident of **your** household, including a ward or foster child.
- e. **Work Loss** means:
  - (1) With respect to an income earner, loss of income from work the **insured** would have earned had he or she not sustained **bodily injury**, or
  - (2) With respect to a non-income earner, expenses reasonably incurred in obtaining ordinary and necessary services in lieu of those the **insured** would have performed, not for income but for his or her benefit or the benefit of his or her family had the **bodily injury** not been sustained.

*SERFF Tracking Number:* STNA-125349711      *State:* Arkansas  
*Filing Company:* State National Insurance Company Inc.      *State Tracking Number:* #101520 \$50  
*Company Tracking Number:* SNIC-CAPD-DCL-AR-07-01-F  
*TOI:* 20.0 Commercial Auto      *Sub-TOI:* 20.0003 Other  
*Product Name:* SNIC-CAPD-DCL-AR-07-01-F  
*Project Name/Number:* SNIC-CAPD-DCL-AR-07-01-F/SNIC-CAPD-DCL-AR-07-01-F

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: STNA-125349711 State: Arkansas  
Filing Company: State National Insurance Company Inc. State Tracking Number: #101520 \$50  
Company Tracking Number: SNIC-CAPD-DCL-AR-07-01-F  
TOI: 20.0 Commercial Auto Sub-TOI: 20.0003 Other  
Product Name: SNIC-CAPD-DCL-AR-07-01-F  
Project Name/Number: SNIC-CAPD-DCL-AR-07-01-F/SNIC-CAPD-DCL-AR-07-01-F

## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-  
Property & Casualty **Review Status:** Approved 12/12/2007

**Comments:**

**Attachments:**

2007 NAIC PCTD.pdf

2007 NAIC FFS.pdf

**Satisfied -Name:** Supporting Documentation **Review Status:** Approved 12/12/2007

**Comments:**

**Attachments:**

CARCO Filing Memo- Forms ONLY (CAL & CAPD).pdf

FAL CAR AR F 11-15-2007.pdf

## Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b>				
	a. Date the filing is received:				
	b. Analyst:				
	c. Disposition:				
	d. Date of disposition of the filing:				
	e. Effective date of filing:				
	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table>	New Business		Renewal Business	
New Business					
Renewal Business					
	f. State Filing #:				
	g. SERFF Filing #:				
	h. Subject Codes				

<b>3. Group Name</b>	<b>Group NAIC #</b>
State National Group	0093

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
State National Insurance Company	TX	12831	75-1980552	

<b>5. Company Tracking Number</b>	<b>SNIC-CAPD-DCL-AR-07-01-F</b>
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**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Olga E. Burciaga 881 Alma Real Drive, Suite 205 Pacifica Palisades, CA 90272	Filing Analyst	888-201-5123 x 163	310-230-8529	doi@perrknight.com
	7. Signature of authorized filer		<i>Olga E. Burciaga</i>		
	8. Please print name of authorized filer		Olga E. Burciaga		

**Filing information** (see General Instructions for descriptions of these fields)

<b>9. Type of Insurance (TOI)</b>	20.0000 Commercial Auto
<b>10. Sub-Type of Insurance (Sub-TOI)</b>	20.0003 Other
<b>11. State Specific Product code(s) (if applicable)[See State Specific Requirements]</b>	N/A
<b>12. Company Program Title</b> (Marketing title)	Dealer's Contingent Liability and Physical Damage
<b>13. Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
<b>14. Effective Date(s) Requested</b>	New: January 5, 2008      Renewal: January 5, 2008
<b>15. Reference Filing?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>16. Reference Organization</b> (if applicable)	N/A
<b>17. Reference Organization # &amp; Title</b>	N/A
<b>18. Company's Date of Filing</b>	December 4, 2007
<b>19. Status of filing in domicile</b>	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

**Property & Casualty Transmittal Document—**

<b>20. This filing transmittal is part of Company Tracking #</b>	<b>SNIC-CAPD-DCL-AR-07-01-F</b>
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<b>21. Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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On behalf of State National Insurance Company (the "Company"), we are submitting this filing to introduce the forms for a new Dealers's Contingent Liability and Physical Damage Insurance Program filed under the Commercial Auto Liability and Physical Damage line of business. Please see the enclosed memorandum and supporting material for more detailed information. The corresponding rates and rules are exempt from filing requirements per AR statute 23-67-206.

The Company respectfully requests that the proposed forms be implemented for all policies effective on January 5, 2008.

<b>22. Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
---

**Check #: 101520**  
**Amount: \$50.00**

**Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.**

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

**FORM FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes forms)  
 (Do **not** refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>		<b>SNIC-CAPD-DCL-AR-07-01-F</b>		
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)		N/A		
<b>3.</b>	<b>Form Name /Description/Synopsis</b>	<b>Form # Include edition date</b>	<b>Replacement or Withdrawn?</b>	<b>If replacement, give form # it replaces</b>	<b>Previous state filing number, if required by state</b>
01	Dealers Contingent Liability and Physical Damage Policy	CARCO-DCL-00001 Ed. (08/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
02	Blanket Collateral Protection Supplemental Policy	CARCO-DCL-00002 Ed. (08/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
03	Dealers Contingent Liability and Physical Damage Policy - Declarations Page	CARCO-DCL-00003 Ed. (08/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
04	Dealers Contingent Liability & Physical Damage Amended Dec Page & Policyholder Information	CARCO-DCL-00004 Ed. (08/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
05	Premium Endorsement	CARCO-DCL-00005 Ed. (08/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
06	Arkansas Amendatory Endorsement	CARCO-DCL-00006-AR Ed. (10/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
07	Arkansas Uninsured Motorist	CARCO-DCL-00007-AR Ed. (10/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
08	Arkansas Application	CARCO-DCL-00008-AR Ed. (11/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
09	Evidence of Insurance	CARCO-DCL-00009 Ed. (08/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
10	Arkansas Medical Payments Coverage	CARCO-DCL-00010-AR Ed. (10/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
11	Arkansas Personal Injury Protection Endorsement	CARCO-DCL-00011-AR Ed. (10/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
12			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		

## State National Insurance Company

### DEALER'S CONTINGENT LIABILITY AND PHYSICAL DAMAGE INSURANCE PROGRAM

New Program Filing – Forms ONLY

#### Actuarial Memorandum

State National Insurance Company (SNIC) is filing to introduce its new Dealers's Contingent Liability and Physical Damage Insurance Program filed under the Commercial Auto Liability and Physical Damage line of business.

This type of insurance is also called "Spot" delivery insurance. When a customer does not have proof of insurance at the time of sale, the automobile dealer can order insurance to protect their "security interest" and contingent liability in the vehicles they sell/lease. This program is designed exclusively for auto dealers and there is no requirement for the dealer to have an insurance license since the dealer is ordering insurance coverage to protect their security interest and contingent liability in the vehicles they sell or lease. Please note that the form portion of this filing is being filed concurrently under a separate cover.



November 15, 2007

Arkansas Insurance Department  
1200 West Third Street  
Little Rock, AR 72201-1904

**Re: Letter of Filing Authorization  
State National Insurance Company, Inc.  
Dealer's Contingent Liability and Physical Damage Program  
Commercial Auto  
Initial Form Filing**

Dear Ladies/Gentlemen:

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This letter will certify that Michael Covert of Perr & Knight has been given full authorization to submit the captioned filing on behalf of State National Insurance Company, Inc. This authorization extends to all correspondence related to the referenced filing only. It does not apply to any subsequent filings made after the approval of the referenced filing.

Please direct all correspondence in relation to this filing directly to Michael J. Covert, FCAS, MAAA, Consulting Actuary, Perr&Knight, Inc., Harborside Financial Center, Plaza 10, Suite 204, Jersey City, NJ. 07311. Email [mcovert@perrknight.com](mailto:mcovert@perrknight.com). Should you have any questions concerning this filing, please contact Mr. Covert 201-963-1550 ext.104.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Cleff", written over a light blue horizontal line.

David M. Cleff  
Senior Vice President and General Counsel

Cc: File (CARCO)