

SERFF Tracking Number: YTYC-125843438 State: Arkansas
Filing Company: Sentruity Casualty Company State Tracking Number: EFT \$50
Company Tracking Number: AR-CLIP-08
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0004 Contractual Liability
Product Name: Contractual Liability
Project Name/Number: AR-CLIP-08/Ryan

Filing at a Glance

Company: Sentruity Casualty Company

Product Name: Contractual Liability

TOI: 17.0 Other Liability - Claims
Made/Occurrence

Sub-TOI: 17.0004 Contractual Liability

Filing Type: Form

Effective Date Requested (New): On Approval

Effective Date Requested (Renewal):

State Filing Description:

Serff# YTYC-125843438

Thu 10/30/2008 1:16 PM

SERFF Tr Num: YTYC-125843438 State: Arkansas

SERFF Status: Closed

State Tr Num: EFT \$50

Co Tr Num: AR-CLIP-08

State Status: Fees verified and
received

Co Status: (6)Submitted & E-mail
Sent to Client

Reviewer(s): Betty Montesi, Edith
Roberts, Brittany Yielding

Author: Ryan Rush

Disposition Date: 11/17/2008

Date Submitted: 10/03/2008

Disposition Status: Approved

Effective Date (New):

Effective Date (Renewal):

A Mr. Ryan Rush called wanted to know if this filing can be reopened. They need to make a correction on one sentence of a form.

I told him that I will let you know and if you have a problem with it you can contact him at 636-639-1880

Thank You

Llyweyia Rawlins

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Certified Rate & Form Analyst

General Information

Project Name: AR-CLIP-08

Project Number: Ryan

Reference Organization: N/A

Reference Title: N/A

Filing Status Changed: 11/17/2008

State Status Changed: 10/15/2008

Corresponding Filing Tracking Number:

Filing Description:

Declarations Page CLP-DEC-01807 approved by the Arkansas DOI on January 26, 2008 will be used with the policy associated with this filing.

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number: N/A

Advisory Org. Circular: N/A

Deemer Date:

Additionally, the following forms, CLP-ADDINS-2680 and CLP-GENCHG-2680, will be used with all of Sentruity's CLIPs including:

CLP-FD-01807 - approved January 26, 2008

CLP-EX-01807 - approved January 26, 2008

CLP-FD-LW-01807 - approved January 26, 2008

CLP-EX-LW-01807 - approved January 26, 2008

CLP-FD-TEC-01807 - approved January 26, 2008

CLP-EX-TEC-01807 - approved January 26, 2008

CLP-DO-26808 - included in this submission

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Company and Contact

Filing Contact Information

(This filing was made by a third party - yeartoyearconsultingllc)
 Ryan Rush, Compliance Specialist ryan@y2yc.com
 1580 N. Point Prairie Road (636) 639-1880 [Phone]
 Foristell, MO 63348 (636) 639-1233[FAX]

Filing Company Information

Sentruity Casualty Company CoCode: 12870 State of Domicile: Texas
 13201 North West Freeway Group Code: 4277 Company Type: Property/Casualty
 Suite 801
 Houston, TX 77040 Group Name: State ID Number:
 (713) 580-3163 ext. [Phone] FEIN Number: 20-2851511

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Sentruity Casualty Company	\$50.00	10/03/2008	22916955

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Edith Roberts	11/17/2008	11/17/2008
Approved	Edith Roberts	10/15/2008	10/15/2008

Amendments

Item	Schedule	Created By	Created On	Date Submitted
Contractual Liability Insurance Policy	Form	Ryan Rush	11/13/2008	11/13/2008
Marked up copy of the policy	Supporting Document	Ryan Rush	11/13/2008	11/13/2008

SERFF Tracking Number: *YTYC-125843438* *State:* *Arkansas*
Filing Company: *Sentruity Casualty Company* *State Tracking Number:* *EFT \$50*
Company Tracking Number: *AR-CLIP-08*
TOI: *17.0 Other Liability - Claims Made/Occurrence* *Sub-TOI:* *17.0004 Contractual Liability*
Product Name: *Contractual Liability*
Project Name/Number: *AR-CLIP-08/Ryan*

Disposition

Disposition Date: 11/17/2008

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment: Re- closing today. Filing amended. Approval date of Oct 15, 2008 still effective. Thanks.

Rate data does NOT apply to filing.

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 Product Name: Contractual Liability
 Project Name/Number: AR-CLIP-08/Ryan

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Third Party Filing Authorization	Approved	Yes
Supporting Document	Marked up copy of the policy	Approved	Yes
Form (revised)	Contractual Liability Insurance Policy	Approved	Yes
Form	Contractual Liability Insurance Policy	Approved	Yes
Form	Arkansas Amendatory Endorsement	Approved	Yes
Form	General Change Endorsement	Approved	Yes
Form	Additional Insured Endorsement	Approved	Yes

SERFF Tracking Number: *YTYC-125843438* *State:* *Arkansas*
Filing Company: *Sentruiity Casualty Company* *State Tracking Number:* *EFT \$50*
Company Tracking Number: *AR-CLIP-08*
TOI: *17.0 Other Liability - Claims Made/Occurrence* *Sub-TOI:* *17.0004 Contractual Liability*
Product Name: *Contractual Liability*
Project Name/Number: *AR-CLIP-08/Ryan*

Disposition

Disposition Date: 10/15/2008

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Form	Contractual Liability Insurance Policy	Approved	Yes
Form	Arkansas Amendatory Endorsement	Approved	Yes
Form	General Change Endorsement	Approved	Yes
Form	Additional Insured Endorsement	Approved	Yes

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Amendment Letter

Amendment Date:
 Submitted Date: 11/13/2008

Comments:

Hi, Edith.

Thanks for re-opening the filing. Please refer to the revised policy under the forms tab and a marked up copy under the supporting documentation tab. Please let me know if you have any questions.

Sincerely,
 Ryan Rush

Changed Items:

Form Schedule Item Changes:

Form Name	Form Number	Edition Date	Form Type	Action	Replaced Form #	Previous Filing #	Readability Score	Attachments
Contractual Liability Insurance Policy	CLP-DO-26808		Policy/C overage Form	New				CLP-DO-26808.pdf

Supporting Document Schedule Item Changes:

User Added -Name: Marked up copy of the policy

Comment:
 CLP-DO-26808 redline.pdf

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Contractual Liability Insurance Policy	CLP-DO-26808		Policy/CoveNew rage Form			CLP-DO-26808.pdf
Approved	Arkansas Amendatory Endorsement	CLP-DO-AR-END-27308		Endorseme New nt/Amendm ent/Condi ons			ARKANSAS ENDORSEM ENT.pdf
Approved	General Change Endorsement	CLP-GENCHG-26808		Endorseme New nt/Amendm ent/Condi ons			CLP-GENCHG-26808.pdf
Approved	Additional Insured Endorsement	CLP-ADDINS-26808		Endorseme New nt/Amendm ent/Condi ons			CLIP-ADDINS-26808.pdf

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040

CONTRACTUAL LIABILITY INSURANCE POLICY
FOR SERVICE CONTRACTS

DISCLOSURE OF GUARANTY FUND NONPARTICIPATION

In the event the Company is unable to fulfill its contractual obligation under this policy or contract or application or certificate or evidence of coverage, the policyholder or certificate holder is not protected by an insurance guaranty fund or other solvency protection arrangement.

I. INSURING AGREEMENT

In consideration of the payment of the Policy Premium, in reliance upon the statements in the Declaration Page and subject to all of the terms and conditions of this Policy, Company agrees to reimburse the Insured directly for Loss or, in the event of the Insured's non-performance to pay for Loss on behalf of the Insured, including the Insured's failure to return any unearned fees to the Contract Holder due to cancellation of the Service Contract. The Company shall not have any duty to defend the Insured in any lawsuit or other judicial or administrative proceeding involving the Insured.

II. POLICY PERIOD

This Policy is effective on the date set forth in Item 2 in the Declarations Page. The Policy Period shall be for a term of one year (ending on December 31 of each year), subject to automatic annual renewals unless and until canceled or nonrenewed as provided herein. The initial Policy Period may be for a term of less than one year, unless this Policy is effective on January 1 of such Policy Period.

III. DEFINITIONS

- A. ADMINISTRATOR: "Administrator" means the Company's designated administrator, if any.
- B. CLAIM: "Claim" means a claim for performance of a Contractual Obligation during the Policy Period.
- C. COMPANY: "Company" means Sentruity Casualty Company or any lawful successor in interest.
- D. CONTRACT HOLDER: "Contract Holder" means the original purchaser of a Service Contract or a natural person to whom the Service Contract has been transferred in accordance with its terms and conditions.
- E. CONTRACTUAL OBLIGATION: "Contractual Obligation" means the Insured's obligations to perform its contractually agreed duties under a Service Contract in accordance with and subject to the expressly stated terms and conditions of such Service Contract.
- F. INSURED: "Insured" means the named insured specified in Item 1 of the Declarations Page.
- G. LOSS: "Loss" means those Claim costs actually, reasonably, and necessarily incurred by or on behalf of the Insured to perform a Contractual Obligation in accordance with the Administrator's authorization, except that Loss shall not exceed any liability limit provided under the Service Contract giving rise to such Contractual Obligation.
- H. POLICY: "Policy" is this Contractual Liability Insurance Policy for Service Contracts issued by the Company to the Insured.

- I. **POLICY PERIOD:** "Policy Period" means the period specified in Item 2 of the Declarations Page and Section II herein.
- J. **PREMIUM:** "Premium" means the Policy premium payable for Policy coverage of a Service Contract.
- K. **SERVICE CONTRACT:** "Service Contract" means a contract in a form previously approved in writing by the Company issued by the Insured on or after the inception date of this Policy in accordance with (i) such contract's terms and conditions and (ii) the terms and conditions of any agreement of the Insured with the Company or Administrator authorizing the Insured to sell such Service Contract and (iii) for which the proper Policy Premium has been fully and timely paid by the Insured to the Company or Administrator.
- L. **REPAIR FACILITY:** "Repair Facility" means a dealership, manufacturer's service center or independent service center authorized by the Administrator to perform repairs on behalf of the Insured under valid Service Contracts.

IV. EXCLUSIONS

Notwithstanding anything contained herein, this Policy does not apply to or cover any of the following, or any liability or obligation arising in connection with any of the following:

- A. Any liability, cost, expense, damage, charge, assessment, fine, exposure or detriment of any description other than Loss;
- B. Any warranty, representation, promise, covenant, commitment, guarantee or other duty or obligation except a Contractual Obligation;
- C. Any and all special, incidental, direct, indirect, consequential, exemplary, extra contractual or punitive damages or liabilities of any description whatever, including without limitation, that which arise from any act or omission by a Contract Holder, the Insured, a Repair Facility, or any agent, employee, officer, director, independent contractor, customer, or invitee of a Contract Holder, the Insured, or a Repair Facility;
- D. Any implied warranty of merchantability or fitness;
- E. Any Loss or damages caused by faulty repair work or failure to perform repair work by the Insured; its agents or employees, or any Repair Facility, or its agents and employees.
- F. Any negligence of any kind, misrepresentation, willful or intentional misconduct, strict liability, or any fraudulent, dishonest or criminal act;
- G. The sale of a product or other good, or any part or component of a product or other good;
- H. Any defense of the Insured or others in any lawsuit or other judicial, administrative, or other proceeding;
- I. Any liability for Claims to anyone other than the Contract Holder, any Loss to anyone other than the Insured, and any Claim or Loss occurring prior to the effective date of this Policy; or
- J. Any service action or recall of any description by a manufacturer, a dealer, or any other person or entity whether voluntary or involuntary and regardless of why made or when authorized or conducted.

V. CONDITIONS

- A. **SALE OF SERVICE CONTRACT:** The Insured shall report to the Administrator the sale of each Service Contract within that time period provided by the Administrator. In making such report the Insured shall use forms that may be provided by the Company and with each such report deliver to the Company or Administrator the proper Policy Premium. The Administrator may invoice the Insured for Premium payments. The Company shall not be liable under any Service Contract issued by the Insured unless so reported.
- B. **NOTICE OF CLAIM:** The Insured shall notify the Administrator of each Claim, and supply particulars of such Claim. The Insured shall make such notification prior to undertaking any performance of a Contractual Obligation. The Company may reject any Claim if not notified of such Claim as provided above within ninety (90) days after such Claim first arose if the Company was prejudiced by the Insured's failure to make notification within such time period, unless the Insured shows that it was not possible to give notice within such time period and that notice of such Claim was given as soon as reasonably practicable. Failure by the Insured to report a Claim as provided herein shall invalidate any Loss under this Policy for such Claim.
- C. **PRIOR AUTHORIZATION:** The Insured shall not undertake any performance of a Contractual Obligation without first receiving authorization to perform from the Administrator, and without first giving the Company proper notice of the Claim pursuant to which such performance is contemplated. The Company shall have no liability or obligation whatever to pay any reimbursement to or on behalf of the Insured for any Loss if the authorization required above is not first granted by the Company or Administrator.
- D. **INSPECTION AND AUDIT:** The Company or Administrator shall have the right to inspect the Insured's premises, books and records as same pertain to coverage under this Policy. This right shall extend until one year after Service Contracts issued by the Insured are no longer in effect. Neither the rights set forth hereunder nor any report made by the Company or Administrator in exercise of that right shall constitute any undertaking, on behalf of or for the benefit of the Insured or other, to determine or warrant that the operations are in compliance with any applicable law, rule, or regulation. The Company or Administrator may request the Insured to mail proof of Loss documents, at the Insured's expense, to the Insured in order to complete an offsite audit.
- E. **BANKRUPTCY OR INSOLVENCY:** Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations under this Policy.
- F. **EXAMINATION:** The Insured and its shareholders, officers, directors, employees, agents, and independent contractors shall submit to examination under oath by any person named by the Administrator and subscribe to the same, as often as may reasonably be required by the Administrator.
- G. **COMPLIANCE:** The Insured shall comply with all terms and conditions of this Policy, any agreement with the Administrator authorizing the Insured to sell Service Contracts, and all applicable laws, rules, and regulations. No action shall lie against the Company unless, as a condition precedent thereto the Insured shall have fully complied with all of the terms of this Policy.
- H. **PREMIUM PROVISIONS:** Premium charges will be in accordance with the Company's rates and rules in effect at the time each Service Contract is issued. Premium adjustments made by the Company under the rating plan shall not be effective until such time as the Company has provided the Insured with at least thirty days advance written notice of the change.

Upon the inception of coverage as provided by this Policy for the Insured's liability under each Service Contract issued, the Premium for such coverage shall be earned by the Company in line

with the risk assumed by the Company, and no part thereof shall be refundable to the Insured, except that a partial refund shall be made by the Company to the Insured for each Service Contract cancelled by the Contract Holder.

VI. CLAIMS HANDLING

- A. Within fifteen days after the Company receives written notice of Loss, the Company will: (1) acknowledge receipt of the Loss; (2) begin any investigation of the Loss; and (3) request from the Insured information and form necessary to process the Loss. The Company may request more information at a later date, if during the investigation of the Loss such additional information is necessary.
- B. The Company will notify the Insured in writing as to whether: (1) the Loss or part of the Loss will be paid; (2) the Loss or part of the Loss has been denied, and inform the Insured of the reasons for denial; and (3) more information is necessary; or (4) the Company needs additional time to reach a decision. If the Company needs additional time, the Company will inform the Insured of the reasons for such need.
- C. The Company will provide notification, as described in B(1) through B(4) above, within: (1) fifteen business days after the Company receives all information the Company requested, or (2) thirty days after the Company receives all information the Company requested, if the Company has reason to believe the Loss resulted from arson.

If the Company has notified the Insured that the Company needs additional time to reach a decision, the Company must then either approve or deny the Loss within forty-five days of such notice.

- D. The Company will pay for covered Loss or damage within five business days after: (1) the Company has notified the Insured that payment of the Loss or part of the Loss will be made and have reached agreement with the Insured on the amount of Loss; or (2) an appraisal award has been made.

However, if payment of the Loss or part of the Loss is conditioned on the Insured's compliance with any of the terms of this Policy, the Company will make payment within five business days after the date the Insured has complied with such terms.

VII. NOTICE OF SETTLEMENT OF LIABILITY CLAIM: The Company will notify the named Insured in writing of initial offer to compromise or settle a Claim against the Insured no later than the 10th day after the date on which the offer is made. The Company will notify the named Insured in writing of any settlement of a Claim against the Insured no later than the 30th day after the date of the settlement.

VIII. INSURED'S INDEMNIFICATION OF COMPANY: The Insured does hereby indemnify and hold the Company free and harmless against any and all claims, actions, demands, or liabilities arising out of Losses, whether well founded or not, that may be asserted against the Insurer by third parties by reason of the Insured's breach of or failure to perform any of its obligations under this Policy or any agreement with Company or Administrator.

IX. CANCELLATION

- A. By the Company:
 - (1) The Company may cancel this Policy by mailing or delivering to the first named Insured written notice of cancellation, stating the reason for cancellation, at least ten days before the effective date of cancellation.
 - (2) If this Policy has been in effect for sixty or fewer days, the Company may cancel for any reason.

- (3) If this Policy has been in effect for more than sixty days or if it is a renewal or continuation of a Policy issued by the Company, the Company may cancel only for one or more of the following reasons:
- a. fraud in obtaining coverage or in connection with a Loss;
 - b. failure to pay Premiums when due;
 - c. an increase in risk insured;
 - d. loss of reinsurance covering all or part of the risk covered by the Policy; or
 - e. if the Company has been placed in supervision, conservatorship, or receivership, and the cancellation is approved or directed by the supervisor, conservator, or receiver; and
 - f. the Insured violated any of the terms and conditions of this Policy.

B. Nonrenewal:

- (1) The Company may elect not to renew this Policy by delivering or mailing to the first named Insured, at the last mailing address known to the Company, written notice of nonrenewal, stating the reason for nonrenewal, at least sixty days before the expiration date. If notice is mailed or delivered later than the sixty days before the expiration date, this Policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned Premium for any period of coverage that extends beyond the expiration date shall be computed pro rata based on the previous year's Premium.
- (2) If notice is mailed, proof of mailing will be sufficient proof of notice.

C. By the Insured: The Insured has the right to cancel this Policy by sending the Company or Administrator written notice of its intent to cancel the Policy showing the date cancellation is to be effective provided that such date is not before the date of the written notice is delivered to Company or Administrator.

D. The Company may not cancel or refuse to renew this Policy based solely on the fact that the Insured is an elected official.

X. EFFECT OF CANCELLATION OR NONRENEWAL

A. Cancellation or nonrenewal of this Policy shall not reduce the Company's liability for any Claims incurred under Service Contracts issued prior to the date on which cancellation or nonrenewal takes effect. Should no Service Contracts be submitted pursuant to the provisions of Section V, paragraph 3, of this Policy for a period of three consecutive months, it will constitute an automatic withdrawal from coverage by the Insured. The Company may, at its option, waive this provision.

B. The Insured in accordance with Section V.A. above shall pay to the Company or Administrator on behalf of Company the Premium for each Service Contract. In the event of Service Contract cancellation, the Insured shall refund to the Contract Holder the amount, if any, required by the terms of the canceled Service Contract. The Administrator will refund or credit to the Insured a portion of the Premium paid for such canceled Service Contract as calculated by the Administrator.

XI. GENERAL PROVISIONS

- A. **DECLARATIONS:** By acceptance of this Policy, the Insured warrants, represents, and covenants to the Company that the statements in the Declaration Page are true, complete, and correct in all respects, and that the Insured possesses and will maintain in full force and effect any and all licenses or registrations necessary for the sale and issuance of Service Contracts.
- B. **ENTIRE AGREEMENT:** This Policy and any endorsements attached hereto embodies all agreements and understandings existing between the Insured and the Company or any of their respective agents relating to the insurance coverage provided by this Policy.
- C. **SUBROGATION:** In the event of any payment by the Company under this Policy, the Company shall be subrogated to all of the Insured's rights of recovery therefore against any person or entity, and the Insured shall execute and deliver to the Company such instruments, assignments, and papers as requested by the Company and do whatever is necessary to secure such rights and effectuate the Company's exercise of such rights. The Insured shall do nothing to prejudice or waive such rights.
- D. **ASSIGNMENT:** An assignment of any interest by the Insured under this Policy shall not bind the Company unless and until the Company's written consent is endorsed hereon. No liability of the Company shall exist under this Policy unless and until such agreement is accepted and the Policy is endorsed in writing as provided above.
- E. **CHANGES IN THE POLICY:** No waiver or change of the terms of this Policy shall be made except by endorsement issued to form part of this Policy and signed by the Company.
- F. **RECOVERIES:** All amounts recovered by the Insured for which the Insured has received benefits under this Policy shall belong to the Company, and shall be paid to the Company by the Insured up to the total amount of benefits paid by the Company. Such benefits shall include the payment of Loss.
- G. **OTHER INSURANCE:** If the Insured has other insurance covering in whole or in part a Loss, the Company shall not be liable under this Policy for a greater proportion of such Loss than the proportion of the applicable limit of liability of this Policy which is comprised by the aggregate application limits of liability of such other insurance. In no event shall any such proportion of the Loss for which the Company is liable exceed one hundred percent (100%).
- H. **NOTICES:** All notices, notices of claims, and surrender of this Policy shall be deemed to be given: (a) if to the Company, upon deposit in the U.S. mail, certified and postage prepaid or by nationally recognized overnight courier addressed to the Company's address shown in this Policy or addressed to the address of the Administrators, or (b) if to the Insured, to the address shown in the Declarations Page. The Company or the Insured may change any such address by making notice to the other as provided above. All notices required by this Policy must be in writing.
- I. **NO BENEFIT TO THIRD PARTIES:** Except as expressly provided by applicable law, the insurance afforded by this Policy is solely for the benefit of the Insured (or the Insured's assignee as provided in Section XI.D. above). In no circumstances shall any person or entity other than the Insured (or such assignee) have any rights or be entitled to any benefits under this Policy.
- J. **HEADINGS:** The headings used in this Policy are for convenience purposes only and shall not be used to interpret this Policy.
- K. **NO AGENCY, ETC:** The Insured is not an agent of the Company or Administrator and shall not at any time make any commitments, representations, or statements for or on behalf of the Company or Administrator.

- L. REGULATORY NOTICE: Where required by the laws of a state in which warranties insured hereunder are issued, the Company shall mail notice of cancellation or nonrenewal of this Policy to the governmental authorities entitled to such notice within the period prescribed by such laws.

NOTICE

This Policy does not provide bodily injury or property damage liability insurance nor does it comply with any financial responsibility law. The limit of the Company's liability shall not exceed the limits specified herein, in accordance with the terms of this Policy.

IN WITNESS, WHEREOF, Sentruity Casualty Company, has caused this policy to be executed by its President and Secretary.

President

Secretary

ENDORSEMENT

This endorsement, effective _____ forms a part of Policy No.: _____ issued to: _____ by: Sentruity Casualty Company.

CONTRACTUAL LIABILITY INSURANCE POLICY FOR SERVICE CONTRACTS ARKANSAS AMENDATORY ENDORSEMENT

All capitalized terms used in this Endorsement, unless otherwise defined in this Endorsement, shall have the meanings given to them in the Policy. This Endorsement supersedes all previous endorsements.

The Policy is amended as follows:

1. Article IV. Exclusions, item C. is deleted in its entirety and replaced with the following:
 - C. Any and all special, incidental, direct, indirect, consequential, exemplary, extra contractual or punitive damages or liabilities of any description whatever, including without limitation, that which arise from any act or omission by a Contract Holder, the Insured, a Repair Facility, or any agent, employee, officer, director, independent contractor, customer, or invitee of a Contract Holder, the Insured, or a Repair Facility. Punitive damages include damages imposed to punish a wrongdoer and to deter others from similar conduct;
2. Article XIX Cancellation, Subsection A. By the Company, is deleted in its entirety and replaced with the following:
 - A. By the Company:
 - (1) The Company may cancel this Policy by mailing or delivering to the first named Insured written notice of cancellation, stating the reason for cancellation, at least ten (10) days before the effective date of cancellation.
 - (2) If this Policy has been in effect for sixty (60) or fewer days, the Company may cancel for any reason.
 - (3) If this Policy has been in effect for more than sixty (60) days or if it is a renewal or continuation of a Policy issued by the Company, the Company may cancel only for one or more of the following reasons:
 - a Fraud or material misrepresentation in obtaining or continuing coverage or in presenting a claim;
 - b failure to pay premiums when due;
 - c an increase in risk insured;
 - d the Insured violated any of the terms and conditions of this Policy; or
 - e a material violation of a material provision of this Policy.

All other terms, conditions, and provisions of the Policy remain unchanged.

AUTHORIZED REPRESENTATIVE

ENDORSEMENT

This endorsement, effective _____ forms a part of Policy No. _____ issued to _____ by: Sentruity Casualty Company.

[SERVICE CONTRACT REINBURSEMENT INSURANCE POLICY]

GENERAL CHANGE ENDORSEMENT

All capitalized terms used in this Endorsement, unless otherwise defined in this Endorsement, shall have the meanings given to them in the Policy.

The Policy is changed as to the following:

All other terms conditions, and provisions of the Policy remain unchanged.

Authorized Representative

ENDORSEMENT

This endorsement, effective _____ forms a part of Policy No. _____ issued to _____ by: Sentruity Casualty Company.

[SERVICE CONTRACT REINBURSEMENT INSURANCE POLICY]

ADDITIONAL INSURED ENDORSEMENT

All capitalized terms used in this Endorsement, unless otherwise defined in this Endorsement, shall have the meanings given to them in the Policy.

The Named Insured is amended as follows:

All other terms conditions, and provisions of the Policy remain unchanged.

Authorized Representative

SERFF Tracking Number: *YTYC-125843438* *State:* *Arkansas*
Filing Company: *Sentruity Casualty Company* *State Tracking Number:* *EFT \$50*
Company Tracking Number: *AR-CLIP-08*
TOI: *17.0 Other Liability - Claims Made/Occurrence* *Sub-TOI:* *17.0004 Contractual Liability*
Product Name: *Contractual Liability*
Project Name/Number: *AR-CLIP-08/Ryan*

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: YTYC-125843438 State: Arkansas
Filing Company: Sentruity Casualty Company State Tracking Number: EFT \$50
Company Tracking Number: AR-CLIP-08
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0004 Contractual Liability
Product Name: Contractual Liability
Project Name/Number: AR-CLIP-08/Ryan

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Approved 10/15/2008

Comments:

Attachment:
Transmittal.pdf

Satisfied -Name: Third Party Filing Authorization **Review Status:** Approved 10/15/2008

Comments:

Attachment:
Sentruity Authorization Letter.pdf

Satisfied -Name: Marked up copy of the policy **Review Status:** Approved 11/17/2008

Comments:

Attachment:
CLP-DO-26808 redline.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: New Business Renewal Business f. State Filing #: g. SERFF Filing #: h. Subject Codes
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3. Group Name	Group NAIC #

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #

5. Company Tracking Number	
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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

7. Signature of authorized filer	
8. Please print name of authorized filer	

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

9. Type of Insurance (TOI)	
10. Sub-Type of Insurance (Sub-TOI)	
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: <input type="text"/> Renewal: <input type="text"/>
15. Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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22.	Filing Fees (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 #:
Amount:

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.)**

PC TD-1 pg 2 of 2

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.)

1.	This filing transmittal is part of Company Tracking #	
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2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	
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3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1



Sentruity Casualty Company

13201 NW Freeway, Suite 801
Houston, TX 77040
- or -
P.O. Box 41194
Houston, TX 77241-1194

February 21, 2007

Mr. Steve Rush
Year to Year Consulting, LLC
1006 Delmar Drive
O'Fallon, MO 63366-3479

Re: Filings

Dear Mr. Rush:

This letter will serve as our authorization for you to make form and rate filings on behalf of Sentruity Casualty Company.

You are authorized to address any questions posed by an insurance department relative to these filings and follow up as may otherwise be necessary with the insurance departments for the approval of our forms and rates.

We require a copy of all filed policies, rates and approval letters from the insurance departments. Once filings are approved, we will require all original copies of the entire filing be sent to our office.

This letter will be effective on the date above and will remain in effect until revoked by us in writing.

Thank you for your assistance in this matter.

Very truly yours,

Diane Weber Greene
Vice President, Legal Affairs

DG/lm

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040

CONTRACTUAL LIABILITY INSURANCE POLICY
FOR SERVICE CONTRACTS

DISCLOSURE OF GUARANTY FUND NONPARTICIPATION

In the event the Company is unable to fulfill its contractual obligation under this policy or contract or application or certificate or evidence of coverage, the policyholder or certificate holder is not protected by an insurance guaranty fund or other solvency protection arrangement.

I. INSURING AGREEMENT

In consideration of the payment of the Policy Premium, in reliance upon the statements in the Declaration Page and subject to all of the terms and conditions of this Policy, Company agrees to reimburse the Insured directly for Loss or, in the event of the Insured's non-performance to pay for Loss on behalf of the Insured, including the Insured's failure to return any unearned fees to the Contract Holder due to cancellation of the Service Contract. The Company shall not have any duty to defend the Insured in any lawsuit or other judicial or administrative proceeding involving the Insured.

II. POLICY PERIOD

This Policy is effective on the date set forth in Item 2 in the Declarations Page. The Policy Period shall be for a term of one year (ending on December 31 of each year), subject to automatic annual renewals unless and until canceled or nonrenewed as provided herein. The initial Policy Period may be for a term of less than one year, unless this Policy is effective on January 1 of such Policy Period.

III. DEFINITIONS

- A. ADMINISTRATOR: "Administrator" means the Company's designated administrator, if any.
- B. CLAIM: "Claim" means a claim for performance of a Contractual Obligation during the Policy Period.
- C. COMPANY: "Company" means Sentruity Casualty Company or any lawful successor in interest.
- D. CONTRACT HOLDER: "Contract Holder" means the original purchaser of a Service Contract or a natural person to whom the Service Contract has been transferred in accordance with its terms and conditions.
- E. CONTRACTUAL OBLIGATION: "Contractual Obligation" means the Insured's obligations to perform its contractually agreed duties under a Service Contract in accordance with and subject to the expressly stated terms and conditions of such Service Contract.
- F. INSURED: "Insured" means the named insured specified in Item 1 of the Declarations Page.
- G. LOSS: "Loss" means those Claim costs actually, reasonably, and necessarily incurred by or on behalf of the Insured to perform a Contractual Obligation in accordance with the Administrator's authorization, except that Loss shall not exceed any liability limit provided under the Service Contract giving rise to such Contractual Obligation.
- H. POLICY: "Policy" is this Contractual Liability Insurance Policy for Service Contracts issued by the Company to the Insured.

- I. POLICY PERIOD: "Policy Period" means the period specified in Item 2 of the Declarations Page and Section II herein.
- J. PREMIUM: "Premium" means the Policy premium payable for Policy coverage of a Service Contract.
- K. SERVICE CONTRACT: "Service Contract" means a contract in a form previously approved in writing by the Company issued by the Insured on or after the inception date of this Policy in accordance with (i) such contract's terms and conditions and (ii) the terms and conditions of any agreement of the Insured with the Company or Administrator authorizing the Insured to sell such Service Contract and (iii) for which the proper Policy Premium has been fully and timely paid by the Insured to the Company or Administrator.
- L. REPAIR FACILITY: "Repair Facility" means a dealership, manufacturer's service center or independent service center authorized by the Administrator to perform repairs on behalf of the Insured under valid Service Contracts.

IV. EXCLUSIONS

Notwithstanding anything contained herein, this Policy does not apply to or cover any of the following, or any liability or obligation arising in connection with any of the following:

- A. Any liability, cost, expense, damage, charge, assessment, fine, exposure or detriment of any description other than Loss;
- B. Any warranty, representation, promise, covenant, commitment, guarantee or other duty or obligation except a Contractual Obligation;
- C. Any and all special, incidental, direct, indirect, consequential, exemplary, extra contractual or punitive damages or liabilities of any description whatever, including without limitation, that which arise from any act or omission by a Contract Holder, the Insured, a Repair Facility, or any agent, employee, officer, director, independent contractor, customer, or invitee of a Contract Holder, the Insured, or a Repair Facility;
- D. Any implied warranty of merchantability or fitness;
- E. Any Loss or damages caused by faulty repair work or failure to perform repair work by the Insured; its agents or employees, or any Repair Facility, or its agents and employees.
- F. Any negligence of any kind, misrepresentation, willful or intentional misconduct, strict liability, or any fraudulent, dishonest or criminal act;
- G. The sale of a product or other good, or any part or component of a product or other good;
- H. Any defense of the Insured or others in any lawsuit or other judicial, administrative, or other proceeding;
- I. Any liability for Claims to anyone other than the Contract Holder, any Loss to anyone other than the Insured, and any Claim or Loss occurring prior to the effective date of this Policy; or
- J. Any service action or recall of any description by a manufacturer, a dealer, or any other person or entity whether voluntary or involuntary and regardless of why made or when authorized or conducted.

V. CONDITIONS

- A. **SALE OF SERVICE CONTRACT:** The Insured shall report to the Administrator the sale of each Service Contract within that time period provided by the Administrator. In making such report the Insured shall use forms that may be provided by the Company and with each such report deliver to the Company or Administrator the proper Policy Premium. The Administrator may invoice the Insured for Premium payments. The Company shall not be liable under any Service Contract issued by the Insured unless so reported.
- B. **NOTICE OF CLAIM:** The Insured shall notify the Administrator of each Claim, and supply particulars of such Claim. The Insured shall make such notification prior to undertaking any performance of a Contractual Obligation. The Company may reject any Claim if not notified of such Claim as provided above within ninety (90) days after such Claim first arose if the Company was prejudiced by the Insured's failure to make notification within such time period, unless the Insured shows that it was not possible to give notice within such time period and that notice of such Claim was given as soon as reasonably practicable. Failure by the Insured to report a Claim as provided herein shall invalidate any Loss under this Policy for such Claim.
- C. **PRIOR AUTHORIZATION:** The Insured shall not undertake any performance of a Contractual Obligation without first receiving authorization to perform from the Administrator, and without first giving the Company proper notice of the Claim pursuant to which such performance is contemplated. The Company shall have no liability or obligation whatever to pay any reimbursement to or on behalf of the Insured for any Loss if the authorization required above is not first granted by the Company or Administrator.
- D. **INSPECTION AND AUDIT:** The Company or Administrator shall have the right to inspect the Insured's premises, books and records as same pertain to coverage under this Policy. This right shall extend until one year after Service Contracts issued by the Insured are no longer in effect. Neither the rights set forth hereunder nor any report made by the Company or Administrator in exercise of that right shall constitute any undertaking, on behalf of or for the benefit of the Insured or other, to determine or warrant that the operations are in compliance with any applicable law, rule, or regulation. The Company or Administrator may request the Insured to mail proof of Loss documents, at the Insured's expense, to the Insured in order to complete an offsite audit.
- E. **BANKRUPTCY OR INSOLVENCY:** Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations under this Policy.
- F. **EXAMINATION:** The Insured and its shareholders, officers, directors, employees, agents, and independent contractors shall submit to examination under oath by any person named by the Administrator and subscribe to the same, as often as may reasonably be required by the Administrator.
- G. **COMPLIANCE:** The Insured shall comply with all terms and conditions of this Policy, any agreement with the Administrator authorizing the Insured to sell Service Contracts, and all applicable laws, rules, and regulations. No action shall lie against the Company unless, as a condition precedent thereto the Insured shall have fully complied with all of the terms of this Policy.
- H. **PREMIUM PROVISIONS:** Premium charges will be in accordance with the Company's rates and rules in effect at the time each Service Contract is issued. Premium adjustments made by the Company under the rating plan shall not be effective until such time as the Company has provided the Insured with at least thirty days advance written notice of the change.

Upon the inception of coverage as provided by this Policy for the Insured's liability under each Service Contract issued, the Premium for such coverage shall be earned by the Company in line

with the risk assumed by the Company, and no part thereof shall be refundable to the Insured, except that a partial refund shall be made by the Company to the Insured for each Service Contract cancelled by the Contract Holder.

VI. CLAIMS HANDLING

- A. Within fifteen days after the Company receives written notice of Loss, the Company will: (1) acknowledge receipt of the Loss; (2) begin any investigation of the Loss; and (3) request from the Insured information and form necessary to process the Loss. The Company may request more information at a later date, if during the investigation of the Loss such additional information is necessary.
- B. The Company will notify the Insured in writing as to whether: (1) the Loss or part of the Loss will be paid; (2) the Loss or part of the Loss has been denied, and inform the Insured of the reasons for denial; and (3) more information is necessary; or (4) the Company needs additional time to reach a decision. If the Company needs additional time, the Company will inform the Insured of the reasons for such need.
- C. The Company will provide notification, as described in B(1) through B(4) above, within: (1) fifteen business days after the Company receives all information the Company requested, or (2) thirty days after the Company receives all information the Company requested, if the Company has reason to believe the Loss resulted from arson.

If the Company has notified the Insured that the Company needs additional time to reach a decision, the Company must then either approve or deny the Loss within forty-five days of such notice.

- D. The Company will pay for covered Loss or damage within five business days after: (1) the Company has notified the Insured that payment of the Loss or part of the Loss will be made and have reached agreement with the Insured on the amount of Loss; or (2) an appraisal award has been made.

However, if payment of the Loss or part of the Loss is conditioned on the Insured's compliance with any of the terms of this Policy, the Company will make payment within five business days after the date the Insured has complied with such terms.

VII. NOTICE OF SETTLEMENT OF LIABILITY CLAIM: The Company will notify the named Insured in writing of initial offer to compromise or settle a Claim against the Insured no later than the 10th day after the date on which the offer is made. The Company will notify the named Insured in writing of any settlement of a Claim against the Insured no later than the 30th day after the date of the settlement.

VIII. INSURED'S INDEMNIFICATION OF COMPANY: The Insured does hereby indemnify and hold the Company free and harmless against any and all claims, actions, demands, or liabilities arising out of Losses, whether well founded or not, that may be asserted against the Insurer by third parties by reason of the Insured's breach of or failure to perform any of its obligations under this Policy or any agreement with Company or Administrator.

IX. CANCELLATION

- A. By the Company:
 - (1) The Company may cancel this Policy by mailing or delivering to the first named Insured written notice of cancellation, stating the reason for cancellation, at least ten days before the effective date of cancellation.
 - (2) If this Policy has been in effect for sixty or fewer days, the Company may cancel for any reason.

- (3) If this Policy has been in effect for more than sixty days or if it is a renewal or continuation of a Policy issued by the Company, the Company may cancel only for one or more of the following reasons:
- a. fraud in obtaining coverage or in connection with a Loss;
 - b. failure to pay Premiums when due;
 - c. an increase in risk insured;
 - d. loss of reinsurance covering all or part of the risk covered by the Policy; or
 - e. if the Company has been placed in supervision, conservatorship, or receivership, and the cancellation is approved or directed by the supervisor, conservator, or receiver; and
 - f. the Insured violated any of the terms and conditions of this Policy.

B. Nonrenewal:

- (1) The Company may elect not to renew this Policy by delivering or mailing to the first named Insured, at the last mailing address known to the Company, written notice of nonrenewal, stating the reason for nonrenewal, at least sixty days before the expiration date. If notice is mailed or delivered later than the sixty days before the expiration date, this Policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned Premium for any period of coverage that extends beyond the expiration date shall be computed pro rata based on the previous year's Premium.
- (2) If notice is mailed, proof of mailing will be sufficient proof of notice.

C. By the Insured: The Insured has the right to cancel this Policy by sending the Company or Administrator written notice of its intent to cancel the Policy showing the date cancellation is to be effective provided that such date is not before the date of the written notice is delivered to Company or Administrator.

D. The Company may not cancel or refuse to renew this Policy based solely on the fact that the Insured is an elected official.

X. EFFECT OF CANCELLATION OR NONRENEWAL

A. Cancellation or nonrenewal of this Policy shall not reduce the Company's liability for any Claims incurred under Service Contracts issued prior to the date on which cancellation or nonrenewal takes effect. Should no Service Contracts be submitted pursuant to the provisions of Section V, paragraph 3, of this Policy for a period of three consecutive months, it will constitute an automatic withdrawal from coverage by the Insured. The Company may, at its option, waive this provision.

B. The Insured in accordance with Section V.A. above shall pay to the Company or Administrator on behalf of Company the Premium for each Service Contract. In the event of Service Contract cancellation, the Insured shall refund to the Contract Holder the amount, if any, required by the terms of the canceled Service Contract. The Administrator will refund or credit to the Insured a portion of the Premium paid for such canceled Service Contract as calculated by the Administrator.

XI. GENERAL PROVISIONS

- A. **DECLARATIONS:** By acceptance of this Policy, the Insured warrants, represents, and covenants to the Company that the statements in the Declaration Page are true, complete, and correct in all respects, and that the Insured possesses and will maintain in full force and effect any and all licenses or registrations necessary for the sale and issuance of Service Contracts.
- B. **ENTIRE AGREEMENT:** This Policy and any endorsements attached hereto embodies all agreements and understandings existing between the Insured and the Company or any of their respective agents relating to the insurance coverage provided by this Policy.
- C. **SUBROGATION:** In the event of any payment by the Company under this Policy, the Company shall be subrogated to all of the Insured's rights of recovery therefore against any person or entity, and the Insured shall execute and deliver to the Company such instruments, assignments, and papers as requested by the Company and do whatever is necessary to secure such rights and effectuate the Company's exercise of such rights. The Insured shall do nothing to prejudice or waive such rights.
- D. **ASSIGNMENT:** An assignment of any interest by the Insured under this Policy shall not bind the Company unless and until the Company's written consent is endorsed hereon. No liability of the Company shall exist under this Policy unless and until such agreement is accepted and the Policy is endorsed in writing as provided above.
- E. **CHANGES IN THE POLICY:** No waiver or change of the terms of this Policy shall be made except by endorsement issued to form part of this Policy and signed by the Company.
- F. **RECOVERIES:** All amounts recovered by the Insured for which the Insured has received benefits under this Policy shall belong to the Company, and shall be paid to the Company by the Insured up to the total amount of benefits paid by the Company. Such benefits shall include the payment of Loss.
- G. **OTHER INSURANCE:** If the Insured has other insurance covering in whole or in part a Loss, the Company shall not be liable under this Policy for a greater proportion of such Loss than the proportion of the applicable limit of liability of this Policy which is comprised by the aggregate application limits of liability of such other insurance. In no event shall any such proportion of the Loss for which the Company is liable exceed one hundred percent (100%).
- H. **NOTICES:** All notices, notices of claims, and surrender of this Policy shall be deemed to be given: (a) if to the Company, upon deposit in the U.S. mail, certified and postage prepaid or by nationally recognized overnight courier addressed to the Company's address shown in this Policy or addressed to the address of the Administrators, or (b) if to the Insured, to the address shown in the Declarations Page. The Company or the Insured may change any such address by making notice to the other as provided above. All notices required by this Policy must be in writing.
- I. **NO BENEFIT TO THIRD PARTIES:** Except as expressly provided by applicable law, the insurance afforded by this Policy is solely for the benefit of the Insured (or the Insured's assignee as provided in Section XI.D. above). In no circumstances shall any person or entity other than the Insured (or such assignee) have any rights or be entitled to any benefits under this Policy.
- J. **HEADINGS:** The headings used in this Policy are for convenience purposes only and shall not be used to interpret this Policy.
- K. **NO AGENCY, ETC:** The Insured is not an agent of the Company or Administrator and shall not at any time make any commitments, representations, or statements for or on behalf of the Company or Administrator.

- L. REGULATORY NOTICE: Where required by the laws of a state in which warranties insured hereunder are issued, the Company shall mail notice of cancellation or nonrenewal of this Policy to the governmental authorities entitled to such notice within the period prescribed by such laws.

NOTICE

This Policy does not provide bodily injury or property damage liability insurance nor does it comply with any financial responsibility law. The limit of the Company's liability shall not exceed the limits specified herein, in accordance with the terms of this Policy.

IN WITNESS, WHEREOF, Sentruity Casualty Company, has caused this policy to be executed by its President and Secretary.

President

Secretary

SERFF Tracking Number: *YTYC-125843438* *State:* *Arkansas*
Filing Company: *Sentruity Casualty Company* *State Tracking Number:* *EFT \$50*
Company Tracking Number: *AR-CLIP-08*
TOI: *17.0 Other Liability - Claims Made/Occurrence* *Sub-TOI:* *17.0004 Contractual Liability*
Product Name: *Contractual Liability*
Project Name/Number: *AR-CLIP-08/Ryan*

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Form	Contractual Liability Insurance Policy	10/03/2008	CLP-DO-26808.pdf

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040

CONTRACTUAL LIABILITY INSURANCE POLICY
FOR SERVICE CONTRACTS

DISCLOSURE OF GUARANTY FUND NONPARTICIPATION

In the event the Company is unable to fulfill its contractual obligation under this policy or contract or application or certificate or evidence of coverage, the policyholder or certificate holder is not protected by an insurance guaranty fund or other solvency protection arrangement.

I. INSURING AGREEMENT

In consideration of the payment of the Policy Premium, in reliance upon the statements in the Declaration Page and subject to all of the terms and conditions of this Policy, Company agrees to reimburse the Insured directly for Loss or, in the event of the Insured's non-performance to pay for Loss on behalf of the Insured, including the Insured's failure to return any unearned fees to the Contract Holder due to cancellation of the Service Contract. The Company shall not have any duty to defend the Insured in any lawsuit or other judicial or administrative proceeding involving the Insured.

II. POLICY PERIOD

This Policy is effective on the date set forth in Item 2 in the Declarations Page. The Policy Period shall be for a term of one year (ending on December 31 of each year), subject to automatic annual renewals unless and until canceled or nonrenewed as provided herein. The initial Policy Period may be for a term of less than one year, unless this Policy is effective on January 1 of such Policy Period.

III. DEFINITIONS

- A. ADMINISTRATOR: "Administrator" means the Company's designated administrator, if any.
- B. CLAIM: "Claim" means a claim for performance of a Contractual Obligation during the Policy Period.
- C. COMPANY: "Company" means Sentruity Casualty Company or any lawful successor in interest.
- D. CONTRACT HOLDER: "Contract Holder" means the original purchaser of a Service Contract or a natural person to whom the Service Contract has been transferred in accordance with its terms and conditions.
- E. CONTRACTUAL OBLIGATION: "Contractual Obligation" means the Insured's obligations to perform its contractually agreed duties under a Service Contract in accordance with and subject to the expressly stated terms and conditions of such Service Contract.
- F. INSURED: "Insured" means the named insured specified in Item 1 of the Declarations Page.
- G. LOSS: "Loss" means those Claim costs actually, reasonably, and necessarily incurred by or on behalf of the Insured to perform a Contractual Obligation in accordance with the Administrator's authorization, except that Loss shall not exceed any liability limit provided under the Service Contract giving rise to such Contractual Obligation.
- H. POLICY: "Policy" is this Contractual Liability Insurance Policy for Service Contracts issued by the Company to the Insured.

- I. **POLICY PERIOD:** "Policy Period" means the period specified in Item 2 of the Declarations Page and Section II herein.
- J. **PREMIUM:** "Premium" means the Policy premium payable for Policy coverage of a Service Contract.
- K. **SERVICE CONTRACT:** "Service Contract" means a contract issued by the Insured on or after the inception date of this Policy in accordance with (i) such contract's terms and conditions and (ii) the terms and conditions of any agreement of the Insured with the Company or Administrator authorizing the Insured to sell such Service Contract and (iii) for which the proper Policy Premium has been fully and timely paid by the Insured to the Company or Administrator.
- L. **REPAIR FACILITY:** "Repair Facility" means a dealership, manufacturer's service center or independent service center authorized by the Administrator to perform repairs on behalf of the Insured under valid Service Contracts.

IV. EXCLUSIONS

Notwithstanding anything contained herein, this Policy does not apply to or cover any of the following, or any liability or obligation arising in connection with any of the following:

- A. Any liability, cost, expense, damage, charge, assessment, fine, exposure or detriment of any description other than Loss;
- B. Any warranty, representation, promise, covenant, commitment, guarantee or other duty or obligation except a Contractual Obligation;
- C. Any and all special, incidental, direct, indirect, consequential, exemplary, extra contractual or punitive damages or liabilities of any description whatever, including without limitation, that which arise from any act or omission by a Contract Holder, the Insured, a Repair Facility, or any agent, employee, officer, director, independent contractor, customer, or invitee of a Contract Holder, the Insured, or a Repair Facility;
- D. Any implied warranty of merchantability or fitness;
- E. Any Loss or damages caused by faulty repair work or failure to perform repair work by the Insured; its agents or employees, or any Repair Facility, or its agents and employees.
- F. Any negligence of any kind, misrepresentation, willful or intentional misconduct, strict liability, or any fraudulent, dishonest or criminal act;
- G. The sale of a product or other good, or any part or component of a product or other good;
- H. Any defense of the Insured or others in any lawsuit or other judicial, administrative, or other proceeding;
- I. Any liability for Claims to anyone other than the Contract Holder, any Loss to anyone other than the Insured, and any Claim or Loss occurring prior to the effective date of this Policy; or
- J. Any service action or recall of any description by a manufacturer, a dealer, or any other person or entity whether voluntary or involuntary and regardless of why made or when authorized or conducted.

V. CONDITIONS

- A. **SALE OF SERVICE CONTRACT:** The Insured shall report to the Administrator the sale of each Service Contract within that time period provided by the Administrator. In making such report the Insured shall use forms that may be provided by the Company and with each such report deliver to the Company or Administrator the proper Policy Premium. The Administrator may invoice the Insured for Premium payments. The Company shall not be liable under any Service Contract issued by the Insured unless so reported.
- B. **NOTICE OF CLAIM:** The Insured shall notify the Administrator of each Claim, and supply particulars of such Claim. The Insured shall make such notification prior to undertaking any performance of a Contractual Obligation. The Company may reject any Claim if not notified of such Claim as provided above within ninety (90) days after such Claim first arose if the Company was prejudiced by the Insured's failure to make notification within such time period, unless the Insured shows that it was not possible to give notice within such time period and that notice of such Claim was given as soon as reasonably practicable. Failure by the Insured to report a Claim as provided herein shall invalidate any Loss under this Policy for such Claim.
- C. **PRIOR AUTHORIZATION:** The Insured shall not undertake any performance of a Contractual Obligation without first receiving authorization to perform from the Administrator, and without first giving the Company proper notice of the Claim pursuant to which such performance is contemplated. The Company shall have no liability or obligation whatever to pay any reimbursement to or on behalf of the Insured for any Loss if the authorization required above is not first granted by the Company or Administrator.
- D. **INSPECTION AND AUDIT:** The Company or Administrator shall have the right to inspect the Insured's premises, books and records as same pertain to coverage under this Policy. This right shall extend until one year after Service Contracts issued by the Insured are no longer in effect. Neither the rights set forth hereunder nor any report made by the Company or Administrator in exercise of that right shall constitute any undertaking, on behalf of or for the benefit of the Insured or other, to determine or warrant that the operations are in compliance with any applicable law, rule, or regulation. The Company or Administrator may request the Insured to mail proof of Loss documents, at the Insured's expense, to the Insured in order to complete an offsite audit.
- E. **BANKRUPTCY OR INSOLVENCY:** Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations under this Policy.
- F. **EXAMINATION:** The Insured and its shareholders, officers, directors, employees, agents, and independent contractors shall submit to examination under oath by any person named by the Administrator and subscribe to the same, as often as may reasonably be required by the Administrator.
- G. **COMPLIANCE:** The Insured shall comply with all terms and conditions of this Policy, any agreement with the Administrator authorizing the Insured to sell Service Contracts, and all applicable laws, rules, and regulations. No action shall lie against the Company unless, as a condition precedent thereto the Insured shall have fully complied with all of the terms of this Policy.
- H. **PREMIUM PROVISIONS:** Premium charges will be in accordance with the Company's rates and rules in effect at the time each Service Contract is issued. Premium adjustments made by the Company under the rating plan shall not be effective until such time as the Company has provided the Insured with at least thirty days advance written notice of the change.

Upon the inception of coverage as provided by this Policy for the Insured's liability under each Service Contract issued, the Premium for such coverage shall be earned by the Company in line

with the risk assumed by the Company, and no part thereof shall be refundable to the Insured, except that a partial refund shall be made by the Company to the Insured for each Service Contract cancelled by the Contract Holder.

VI. CLAIMS HANDLING

- A. Within fifteen days after the Company receives written notice of Loss, the Company will: (1) acknowledge receipt of the Loss; (2) begin any investigation of the Loss; and (3) request from the Insured information and form necessary to process the Loss. The Company may request more information at a later date, if during the investigation of the Loss such additional information is necessary.
- B. The Company will notify the Insured in writing as to whether: (1) the Loss or part of the Loss will be paid; (2) the Loss or part of the Loss has been denied, and inform the Insured of the reasons for denial; and (3) more information is necessary; or (4) the Company needs additional time to reach a decision. If the Company needs additional time, the Company will inform the Insured of the reasons for such need.
- C. The Company will provide notification, as described in B(1) through B(4) above, within: (1) fifteen business days after the Company receives all information the Company requested, or (2) thirty days after the Company receives all information the Company requested, if the Company has reason to believe the Loss resulted from arson.

If the Company has notified the Insured that the Company needs additional time to reach a decision, the Company must then either approve or deny the Loss within forty-five days of such notice.

- D. The Company will pay for covered Loss or damage within five business days after: (1) the Company has notified the Insured that payment of the Loss or part of the Loss will be made and have reached agreement with the Insured on the amount of Loss; or (2) an appraisal award has been made.

However, if payment of the Loss or part of the Loss is conditioned on the Insured's compliance with any of the terms of this Policy, the Company will make payment within five business days after the date the Insured has complied with such terms.

VII. NOTICE OF SETTLEMENT OF LIABILITY CLAIM: The Company will notify the named Insured in writing of initial offer to compromise or settle a Claim against the Insured no later than the 10th day after the date on which the offer is made. The Company will notify the named Insured in writing of any settlement of a Claim against the Insured no later than the 30th day after the date of the settlement.

VIII. INSURED'S INDEMNIFICATION OF COMPANY: The Insured does hereby indemnify and hold the Company free and harmless against any and all claims, actions, demands, or liabilities arising out of Losses, whether well founded or not, that may be asserted against the Insurer by third parties by reason of the Insured's breach of or failure to perform any of its obligations under this Policy or any agreement with Company or Administrator.

IX. CANCELLATION

- A. By the Company:
 - (1) The Company may cancel this Policy by mailing or delivering to the first named Insured written notice of cancellation, stating the reason for cancellation, at least ten days before the effective date of cancellation.
 - (2) If this Policy has been in effect for sixty or fewer days, the Company may cancel for any reason.

- (3) If this Policy has been in effect for more than sixty days or if it is a renewal or continuation of a Policy issued by the Company, the Company may cancel only for one or more of the following reasons:
- a. fraud in obtaining coverage or in connection with a Loss;
 - b. failure to pay Premiums when due;
 - c. an increase in risk insured;
 - d. loss of reinsurance covering all or part of the risk covered by the Policy; or
 - e. if the Company has been placed in supervision, conservatorship, or receivership, and the cancellation is approved or directed by the supervisor, conservator, or receiver; and
 - f. the Insured violated any of the terms and conditions of this Policy.

B. Nonrenewal:

- (1) The Company may elect not to renew this Policy by delivering or mailing to the first named Insured, at the last mailing address known to the Company, written notice of nonrenewal, stating the reason for nonrenewal, at least sixty days before the expiration date. If notice is mailed or delivered later than the sixty days before the expiration date, this Policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned Premium for any period of coverage that extends beyond the expiration date shall be computed pro rata based on the previous year's Premium.
- (2) If notice is mailed, proof of mailing will be sufficient proof of notice.

C. By the Insured: The Insured has the right to cancel this Policy by sending the Company or Administrator written notice of its intent to cancel the Policy showing the date cancellation is to be effective provided that such date is not before the date of the written notice is delivered to Company or Administrator.

D. The Company may not cancel or refuse to renew this Policy based solely on the fact that the Insured is an elected official.

X. EFFECT OF CANCELLATION OR NONRENEWAL

A. Cancellation or nonrenewal of this Policy shall not reduce the Company's liability for any Claims incurred under Service Contracts issued prior to the date on which cancellation or nonrenewal takes effect. Should no Service Contracts be submitted pursuant to the provisions of Section V, paragraph 3, of this Policy for a period of three consecutive months, it will constitute an automatic withdrawal from coverage by the Insured. The Company may, at its option, waive this provision.

B. The Insured in accordance with Section V.A. above shall pay to the Company or Administrator on behalf of Company the Premium for each Service Contract. In the event of Service Contract cancellation, the Insured shall refund to the Contract Holder the amount, if any, required by the terms of the canceled Service Contract. The Administrator will refund or credit to the Insured a portion of the Premium paid for such canceled Service Contract as calculated by the Administrator.

XI. GENERAL PROVISIONS

- A. **DECLARATIONS:** By acceptance of this Policy, the Insured warrants, represents, and covenants to the Company that the statements in the Declaration Page are true, complete, and correct in all respects, and that the Insured possesses and will maintain in full force and effect any and all licenses or registrations necessary for the sale and issuance of Service Contracts.
- B. **ENTIRE AGREEMENT:** This Policy and any endorsements attached hereto embodies all agreements and understandings existing between the Insured and the Company or any of their respective agents relating to the insurance coverage provided by this Policy.
- C. **SUBROGATION:** In the event of any payment by the Company under this Policy, the Company shall be subrogated to all of the Insured's rights of recovery therefore against any person or entity, and the Insured shall execute and deliver to the Company such instruments, assignments, and papers as requested by the Company and do whatever is necessary to secure such rights and effectuate the Company's exercise of such rights. The Insured shall do nothing to prejudice or waive such rights.
- D. **ASSIGNMENT:** An assignment of any interest by the Insured under this Policy shall not bind the Company unless and until the Company's written consent is endorsed hereon. No liability of the Company shall exist under this Policy unless and until such agreement is accepted and the Policy is endorsed in writing as provided above.
- E. **CHANGES IN THE POLICY:** No waiver or change of the terms of this Policy shall be made except by endorsement issued to form part of this Policy and signed by the Company.
- F. **RECOVERIES:** All amounts recovered by the Insured for which the Insured has received benefits under this Policy shall belong to the Company, and shall be paid to the Company by the Insured up to the total amount of benefits paid by the Company. Such benefits shall include the payment of Loss.
- G. **OTHER INSURANCE:** If the Insured has other insurance covering in whole or in part a Loss, the Company shall not be liable under this Policy for a greater proportion of such Loss than the proportion of the applicable limit of liability of this Policy which is comprised by the aggregate application limits of liability of such other insurance. In no event shall any such proportion of the Loss for which the Company is liable exceed one hundred percent (100%).
- H. **NOTICES:** All notices, notices of claims, and surrender of this Policy shall be deemed to be given: (a) if to the Company, upon deposit in the U.S. mail, certified and postage prepaid or by nationally recognized overnight courier addressed to the Company's address shown in this Policy or addressed to the address of the Administrators, or (b) if to the Insured, to the address shown in the Declarations Page. The Company or the Insured may change any such address by making notice to the other as provided above. All notices required by this Policy must be in writing.
- I. **NO BENEFIT TO THIRD PARTIES:** Except as expressly provided by applicable law, the insurance afforded by this Policy is solely for the benefit of the Insured (or the Insured's assignee as provided in Section XI.D. above). In no circumstances shall any person or entity other than the Insured (or such assignee) have any rights or be entitled to any benefits under this Policy.
- J. **HEADINGS:** The headings used in this Policy are for convenience purposes only and shall not be used to interpret this Policy.
- K. **NO AGENCY, ETC:** The Insured is not an agent of the Company or Administrator and shall not at any time make any commitments, representations, or statements for or on behalf of the Company or Administrator.

- L. **REGULATORY NOTICE:** Where required by the laws of a state in which warranties insured hereunder are issued, the Company shall mail notice of cancellation or nonrenewal of this Policy to the governmental authorities entitled to such notice within the period prescribed by such laws.

NOTICE

This Policy does not provide bodily injury or property damage liability insurance nor does it comply with any financial responsibility law. The limit of the Company's liability shall not exceed the limits specified herein, in accordance with the terms of this Policy.

IN WITNESS, WHEREOF, Sentruity Casualty Company, has caused this policy to be executed by its President and Secretary.

President

Secretary