

## PERSONAL AUTO POLICY TEXAS

### POLICY CHANGES DISCLOSURE

New PERSONAL AUTO POLICY TEXAS, form CC-N00TX1 (05/20) replaces:  
PERSONAL AUTO POLICY Texas, form CC-N00TX1 (05/01)

593E. TEXAS PERSONAL AUTO POLICY – AMENDATORY ENDORSEMENT Revised February 18, 2003

523C. RENTAL REIMBURSEMENT COVERAGE Revised December 1, 1998

Additional Insured - Lessor 510A Revised February 1, 1993

524A. TOWING AND LABOR COSTS COVERAGE Prescribed March 18, 1992

530A. LOSS PAYABLE CLAUSE

Mexico Coverage – Limited 551.

Auto Death Indemnity and Total Disability Coverages 565.

573A. SUPPLEMENTARY DEATH BENEFIT Revised November 1, 1993

Personal Vehicle Sharing Program and Ride Sharing Exclusion, form CC-N13TX3 (01-16)

Dear Valued Customer:

Thank you for choosing us as your auto insurance company! We, at the Horace Mann insurance companies, are excited to introduce a new PERSONAL AUTO POLICY in your state based on a new national model policy design we are implementing in all states where we write private passenger auto business. The new policy replaces the prior policy forms and promotes consistency with our national approach and our commitment to you, our customer. The policy is customized to comply with your state's laws.

In this disclosure, we outline the key changes that will apply when you renew your coverage and get the new **PERSONAL AUTO POLICY TEXAS, Form CC-N00TX1 (05/20)**. We made other changes to the policy, though not listed below. Many changes are made to clarify policy provisions, improve readability and policy organization, and reduce the amount of policy endorsements. We hope that you find this policy easier to navigate and read. We tried to make it easier for you to understand policy terms, your rights and obligations, our claims practices and policy servicing processes. All changes in the policy will be effective upon your policy renewal.

**PLEASE READ THE NEW POLICY and your Declarations. The Declarations tells you what coverages apply and the Policy explains your coverage. Together the Policy and the Declarations explain the limits of your coverage. The policy also includes definitions, conditions, exclusions, limitations, and duties for coverage to apply.** The terms of the new **PERSONAL AUTO POLICY** shall govern in the event there is any discrepancy between this disclosure and the Policy.

If you have questions, please call us at the phone numbers shown on your Declarations.

**The significant changes in the new PERSONAL AUTO POLICY are as follows:**

#### DEFINED WORDS & PHRASES

We increase the number of general definitions to improve overall reading ease. To clarify Policy terms and improve readability, we now include the following words and phrases used throughout the policy as general defined terms: "accident", "application", "auto", "bodily injury", "crime", "Declarations", "delivery network company", "diminution of value", "funeral expenses", "fungus or mold", "hazardous materials", "minimum limits", "motor vehicle", "motor vehicle business", "named insured", "nuclear event", "own", "owner", "pedestrian", "person", "punitive or exemplary damages", "racing", "reasonable", "spouse", "transportation network company", "uncollectible instrument", "usual and customary charge", "war", and with respect to payments, the phrase "not honored upon presentment".

Regarding the definition of “you”, the definition is broader to include a domestic partner or a civil union partner. Coverage for your resident spouse, domestic partner or civil union partner is expanded and will continue after that person no longer lives with the named insured until the earlier of: (1) the end of 30 days after that person’s change of residency; (2) the effective date of another policy listing that person as a named insured; (3) the end of the Policy period; or (4) upon any other Policy Termination event.

The defined term “your insured auto” replaces “your covered auto”.

The defined term “relative” replaces “family member”.

Several added or revised definitions clarify and illustrate by example what types of things do and do not fall within the scope of the definition. For example:

- “Business” expressly refers to any profession, occupation, job, employment, trade, commercial or for-profit activity, whether or not it is full-time or part-time.
- The added “medical expenses” definition clarifies what is and is not a covered medical expense.
- “Newly acquired auto” is added and specifically addresses the different time frames to provide notice to us for coverage to apply to these vehicles, and explains how coverage will be applied, depending on whether the auto is a new auto or replacement.
- We clarify that “trailer” does not include a vehicle while being used as a residence or premises or to carry persons.

### **INSURING AGREEMENT**

The Insuring Agreement section provides greater clarity as to:

- conditions of coverage, such as payment, and full, honest and accurate disclosure at the time of application; and
- the documents and forms that constitute the entire insurance contract.

### **GENERAL POLICY TERMS**

A General Policy Terms section towards the front of the policy is new.

As to “Policy Territory – Where Coverage Applies”, the Policy specifies that *only* physical damage coverage (if purchased) extends into Mexico, and then only for loss that occurs within 50 miles of the nearest border of the United States of America. No other policy coverages will apply anywhere in Mexico. As a US based insurer, we are unable to sell Mexico Liability Coverage.

The “Change of Policy Terms” clause provides more detail about what must be reported to us, and when, for coverage to apply.

Under the “Change of Policy Interests – Transfer or Assignment of Your Interest” clause, the rights and protections under the Policy are transferrable upon death to a surviving spouse, or a surviving resident domestic partner or resident civil union partner (as defined in the policy).

A “Non-Renewal” clause now:

- Addresses the insured’s right to non-renew the policy.
- Sets forth a list of reasons for which we will not solely base a decision to non-renew.

Under the “Cancellation” clause, we provide more options as to how the insured may cancel the policy, and the list of authorized reasons for midterm cancellation by us. The listed cancellation reasons in the policy do not apply and do not limit our right to cancel the policy when it has been in effect for less than sixty (60) days or at any twelve (12) month anniversary of the Policy’s original effective date.

A new “Compliance with State Law” clause addresses how and when minimum limit or minimum required coverage applies as required by law, if not already provided.

The following additional general policy terms are new or revised:

- A “Premium Payment” clause setting forth and addressing our right to retrospectively terminate the policy due to the refusal of your bank or financial institution to honor the payment you made for the initial premium.
- An “Automatic Termination” clause also addresses when the policy automatically ends coverage for a covered auto when there is no longer an insurable interest in that auto.

- An “Other Policy Termination Terms” clause clarifies that the policy is neither severable nor divisible, and any cancellation or nonrenewal, whatever the reason, is effective for the entire policy and all items and interests under it.
- A “Proof of Notice” clause informs you that any proof of mailing, whether by post or electronically, of any notice is sufficient proof of notice (unless state law requires otherwise). If and when allowed by law (and agreed to by you), we may deliver, by way of electronic devices or other methods, any notice instead of mailing it.
- An “Electronic Signatures” clause authorizes the use of electronic signatures, electronic notices and forms, and any electronic method in transacting insurance.

### **EXCLUSIONS**

Throughout the policy we add, clarify and modify exclusions affecting most coverages. Some of the changes are:

- The “rented to others” exclusion excludes coverage when the insured auto is leased or subleased to others.
- The racing exclusion precludes coverage when using a vehicle on an indoor or outdoor track, on a course or trail designed or used for speed contests, during demonstration driving, driver training, high performance driving, driving competition, or racing.
- We clarify and modify the exclusion of coverage for loss caused intentionally by or at the direction of you or a “relative”, or the owner of the property, or loss that should be reasonably expected to result from that intentional act. Though with respect to Physical Damage Coverages, we protect an innocent co-insured’s legal interest if the loss arises out of domestic violence and that person cooperates with law enforcement and us.
- We exclude coverage for accidents and loss caused by criminal acts by you.
- We expand and clarify the exclusion of coverage for any bodily injury, property damage, loss or other damage that result from hazardous materials, nuclear events and radiation.
- We expand the exclusions when a vehicle is used in connection with a “transportation network company” to also apply when a vehicle is used in connection with a “delivery network company”.
- We continue to exclude coverage when a vehicle is used in connection with a personal vehicle sharing program.

### **SECTION I - LIABILITY COVERAGES**

#### **(Bodily Injury and Property Damage Liability Coverage)**

Under the “Additional Payments” clause:

- We will pay to or on behalf of an insured the interest on all compensatory damages owed by an insured as the result of a judgment until we pay, offer or deposit in court the amount due under this coverage. We clarify we do not cover punitive damages, and we have no duty to make any interest payment if we do not receive notice of suit and the opportunity to defend an insured.
- We increased the loss of wages/salary coverage due to an insured’s attendance at trials, hearings or other legal matters from a limit of \$50 per day to \$200 per day.
- We will also pay for expenses incurred by an insured for first aid to others at the time of the accident.

We change the definition of an “insured”. You and your “relatives” remain covered as to the autos so designated in the policy. Additionally, we insure other persons using your insured auto with permission from you or a “relative” (provided the use of the auto is within the scope of that permission granted) under the Policy.

A definition for “property damage” is added to Liability Coverage for “physical harm to, or destruction of, tangible real or personal property; and loss of use that results from that physical harm or destruction.”

There is expressly no coverage for any punitive or exemplary damages.

Under the Limits of Liability clause, we reduce any payment to a person under Liability Coverage by any payments to that person under medical payments coverage and uninsured/underinsured motorist coverage of this same policy (though we do not reduce the liability coverage to an amount less than the required minimum limits by law).

The Other Insurance or Coverage clause also:

- Clarifies anti-stacking of certain policies issued by us.
- States that coverage shall not apply if the vehicle is owned by any person or entity in a motor vehicle business and the insured or the owner has other vehicle liability coverage, bond or self-insurance which applies, in whole or in part, as primary, excess or contingent.

## **SECTION II - MEDICAL PAYMENTS COVERAGE**

We change the definition of an “insured”. You and your “relatives” remain covered. The definition now expressly refers to permissive use of the auto as a condition of coverage for a guest occupant. Also covered as an “insured” are persons when occupying an auto not owned by, but permissibly operated, by you or a relative (as defined in the policy).

We changed the exclusions section by revising, deleting, or adding certain exclusions. Please read your policy carefully. Many of the changes to the exclusions are mentioned above. Other key additions and changes for this coverage include:

- We clarify no coverage applies to an insured person who is occupying or using a vehicle without permission from the owner of the vehicle. This Medical Payments Coverage exclusion does not apply to you or “relatives” when occupying your insured auto or a newly acquired auto.
- We now exclude coverage for any Bodily Injury caused by fungus or mold.

The Other Insurance clause clarifies:

- anti-stacking provisions and order of prior of policies; and
- that for insureds (other than you or relatives) injured while occupying your insured auto or a newly acquired auto, coverage will be excess over any other valid collectible benefits or sources of recovery for the same medical expenses, costs or damages for those persons.

The former “Supplementary Death Benefit” form is now incorporated under Medical Payments coverage, though limited to the death of an insured if the death occurs within ninety (90) days of the accident and is a direct result of the bodily injury from the accident without any other cause. However, there is no longer a requirement that the insured be wearing a seat belt, or be protected by an air bag, for this death benefit coverage to apply. The limit of liability for death of an insured is \$1,000 per insured in addition to the limit of liability for Medical Payments Coverage shown on the Declarations.

## **SECTION III – PERSONAL INJURY PROTECTION (“PIP”)**

We change the definition of an “insured”. You and your “relatives” remain covered. The definition now expressly refers to permissive use of the auto as a condition of coverage for a guest occupant.

For reading ease and clarity, definitions are added for: “loss of essential services” and “loss of income”.

The limit of liability section clarifies the most that will be paid for PIP benefits.

## **SECTION IV– ACCIDENTAL DEATH, DISMEMBERMENT & LOSS OF SIGHT COVERAGE**

The former “Auto Death Indemnity and Total Disability Coverages” form is now within this Section, though we no longer offer, or provide coverage for, total disability benefits. Instead, the coverage (if purchased) is for a set dollar amount for death, loss of sight and certain dismemberment as set forth in the policy and if occurring within ninety (90) days of the covered accident.

The definition of “insured” now always covers you and “relatives” when this coverage is purchased.

Under the “Payment of Claim” clause, we may pay the surviving spouse or a surviving domestic partner or civil union partner (both as applicable and as defined in the policy).

## **SECTION V – UNINSURED MOTORIST COVERAGE / UNDERINSURED MOTORIST COVERAGE (“UM/UIM”)**

We revised the definition of “insured”. You and your “relatives” remain covered. The definition now expressly refers to permissive use of the auto as a condition of coverage for a guest occupant.

For reading ease and clarity, separate definitions are added for “underinsured motor vehicle” and “uninsured motor vehicle”.

The definition of “uninsured motor vehicle” refers to an “unidentified motor vehicle” (and for which a definition is added under UM/UIM) instead of the prior “hit-and-run motor vehicle” to remove the requirement of physical contact for purposes of bodily injury only. Though, if there is no physical contact with the unidentified vehicle causing the accident and bodily injury, then there must be reporting to law enforcement and the facts of the accident must be corroborated by competent evidence of an independent and disinterested person (other than an insured making a claim or any person occupying the motor vehicle used by the insured).

The “other owned” vehicle exclusion (former exclusion #1) is revised to also exclude coverage for any insured using or occupying a motorized vehicle or device that is furnished or available for the regular use of you or a relative (and is not your insured auto or a newly acquired auto).

There is expressly no coverage for any punitive or exemplary damages.

The limit of liability section clarifies crediting, reductions and offsets, and also includes property damage claims handling clauses similar to those found under the physical damage coverage section.

An “Additional Terms” clause is added to address settlement and filing of suit.

## **SECTION VI - PHYSICAL DAMAGE COVERAGES**

We now refer to Comprehensive Coverage as “Other Than Collision Coverage” under your new policy, and set forth two separate insuring agreements: Other Than Collision Coverage and Collision Coverage. We clarify that there is no coverage for a trailer unless you purchase such coverage.

We improved the supplemental coverage under Other Than Collision Coverage in that:

- We changed the amount we will repay to you for transportation costs incurred if your insured auto is stolen. We will pay up to \$30 per day, for up to thirty (30) days. This previously had a maximum limit of \$600.
- There is coverage for reasonable charges for necessary towing for which you become legally liable due to transportation of your insured auto after a loss.

Under this section, new coverages are available:

- Emergency Road Service Coverage (replacing the prior offer of Towing and Labor Costs Coverage). Emergency Road Service coverage is limited to no more than three (3) occurrences per insured auto in any six (6) month period, and will not apply when your insured auto is disabled more than 100 feet from a driveway or public road.
- Child Safety Seat Coverage.
- Additional or Custom Equipment Coverage. We will pay up to \$1,500 for “additional or custom equipment” (as defined in the policy) in or on your insured auto when Other Than Collision Coverage or Collision Coverage applies to a loss, plus any related labor and installation costs. Additionally, you may purchase a higher limit selected by you to cover the “additional or custom equipment”. This does not cover loss or damage to any parts used for racing.

A definitions section is added. The following definitions are new and used throughout this section: “actual cash value”, “additional or custom equipment”, “cost of repair or replacement”, “depreciation”, “loss”, “original equipment manufactured”, “OEM”, “original equipment”, “other than collision”, “permanently installed”, “windshield”.

In addition to the other exclusions discussed above in this disclosure, we revised, clarified, deleted and added other Exclusions to Physical Damage Coverage only, with the key changes described here:

- We exclude coverage for loss or damage that is prior loss or damage, and loss or damage related to the lack of routine and/or proper maintenance, and loss or damage related to any manufacturer’s defects or faulty materials or parts.
- We now exclude coverage for any loss caused by or related to fungus or mold (unless a result of an otherwise covered loss).
- We exclude coverage for loss or damage to your insured auto while it is no longer in your possession because it is entrusted to another person or party to be leased, subleased or sold.
- We now exclude coverage for any loss while any vehicle is repaired, serviced or used by any person while that person is working in any motor vehicle business.
- We exclude coverage for any loss while any vehicle is used in any other business (except as to an auto driven or occupied by you or a “relative”).
- We now exclude coverage for all items of “personal property” (replacing the prior exclusions that had itemized lists).
- We exclude coverage when your auto is repossessed.

Under the “Limits of Liability” and “Settlement of Loss” clauses, improved clarity and detail is provided as to claims practices related to: adjusting loss, determining actual cash value, application of the deductible, salvage, betterment, depreciation, parts that may be used by us to determine the amounts we will pay (original and non-original manufacturer parts and new or used parts), payment (and to who it may be made, including a repair shop with your consent) and storage costs. Also, a clause for the optional Better Car Replacement Coverage is added.

We improved the clarity of our disclosure of the exclusion of coverage for any diminution of value when an insured auto is repaired.

A “Loss Payee” (lienholder) clause eliminates our use of an endorsement when this applies. That loss payee or lienholder must abide by all terms and conditions of the policy and has no greater rights than you to receive any payment.

#### **GENERAL POLICY DUTIES - INSURED'S DUTIES AFTER ANY ACCIDENT OR LOSS**

The Duties section provides greater specificity and clarity as to the notice and reporting requirements imposed upon any person claiming coverage under the policy, as well as other duties and cooperation required as conditions of coverage.

#### **CLAIMS SETTLEMENT**

A “Claims Settlement” clause helps you understand the estimating, appraisal, or injury evaluation systems we may use to adjust claims and to determine the amount of damages, expenses, or loss payable.

Also, under this clause:

- “Our Right to Review Medical Expenses” is added to clarify claims practices related to medical expenses, in particular our right to review services; the types of independent sources (databases, reference material, experts, etc.) that may use to aid in our payment decisions; and to provide illustration as to what we consider reasonable, necessary, and/or related to the accident.
- A new clause clarifies the restrictions and rights associated with the “Assignments of Benefits”.
- Greater detail on the claims settlement process is set forth under the following provisions: “Our Duties When Settling a First Party Claim” and “Notice from Us When Settling a Liability Claim”.

#### **GENERAL POLICY LIMITATIONS**

We grouped the limitations for non-duplication of benefits and anti-stacking that apply to all the coverages into one area.

#### **MISREPRESENTATION, CONCEALMENT OR FRAUD**

This clause expressly sets forth our right to rescind the policy in the event of misrepresentation, concealment, omission or fraud described in this section. It also explains some of the key consequences and other action we may take (such as deny coverage and/or terminate policy) upon learning of fraud or misrepresentation.

#### **OUR RIGHTS TO RECOVER OUR PAYMENTS (SUBROGATION & REIMBURSEMENT)**

Under a consolidated clause titled “Our Rights to Recover Our Payments”, a provision explains if and how we will recover and/or be reimbursed, as well as how we may recover any deductible amounts incurred by you.

#### **LEGAL ACTION AGAINST US**

Under the consolidated clause titled “Legal Action Against Us”, we have no duty to:

- Retain or preserve salvage and/or property for any purpose.
- File any appeal (though, we reserve the right to file an appeal if any part of a judgment impacts our risk or the policy).

Also under this Legal Action Against Us clause, a clause is added to inform the insured when any legal action against us for coverage under any part of the Policy, or any legal action filed against us following an accident or loss, must be commenced.

This disclosure describing many of the policy changes and new provisions is not your actual policy contract. The terms of the new **PERSONAL AUTO POLICY TEXAS, Form CC-N00TX1 (05/20)** shall govern in the event any discrepancy exists between this disclosure and the Policy.

**PLEASE READ YOUR NEW POLICY and your Declarations. You are responsible to read the Policy and Declarations to confirm it lists all of the coverage you have purchased and the limits and deductibles that apply. The policy also includes definitions, conditions, exclusions, limitations, and duties for coverage to apply.** If you have questions, please call us at the phone number shown on your Declarations.