

Virginia Surety Company, Inc.
175 West Jackson Blvd., Chicago, IL 60604

**Auto Deductible Reimbursement
Insurance Policy**

A. DEFINITIONS

Throughout this document, You and Your refer to the Policyholder indicated on the **Declaration Page**. We, Us, Our, and VSC refer to Virginia Surety Company, Inc. In addition, when in bold certain words and phrases are defined as follows:

Administrator means [Insert Administrator Name]. You may contact the **Administrator** if You have questions regarding this coverage or would like to make a claim. The **Administrator** can be reached by [phone at [Insert Administrator Phone Number]] [mail at [Insert Administrator Address]] [or] [email at [Insert Administrator e-mail]].

Auto Policy means the personal automobile insurance policy (or similar insurance policy) issued by a licensed automobile insurance company.

Covered Auto Deductible means the amount of the deductible on the **Auto Policy**.

Declaration Page means the attached document listing the named insured, benefit(s), term, and limit.

Domestic Partner means an unmarried person in an intimate, committed relationship of mutual caring. That person must share responsibility for basic living expenses with You. That person must also be at least eighteen (18) years old and not currently married or committed to another person.

Family Member means Your spouse or **Domestic Partner**. **Family Member** also includes Your or Your spouse or Domestic Partner's:

- a) Unmarried children (including those who You are their legal guardian) under twenty-one (21) years of age.
- b) Unmarried children (including those who You are their legal guardian) under twenty-three (23) years of age if a full-time student at an accredited college or university.
- c) Any dependent with documented disabilities who has the same principal residence as You and who relies on You for maintenance and support.

Any **Family Member** who does not reside at Your home is not eligible for coverage.

Insured Vehicle means any vehicle(s) owned, rented, or leased that are designed and licensed for use on public roads, not used commercially, and is insured under the **Auto Policy**. **Insured Vehicles** may include: a.) private passenger vehicles; b.) station wagons; c.) Jeeps/SUVs; and d.) pick-ups. (Non-eligible vehicles: motor homes, mobile homes, RVs, campers, trailers, ATVs, motorcycles, or vehicles designed to seat more than eight (8) passengers.)

Loss means an event for which the auto insurance company has approved and paid a claim which exceeds the **Covered Auto Deductible** for a collision or comprehensive claim.

Policy means this document, which describes the terms, conditions, and exclusions of this coverage. The **Policy** sets forth the entire agreement between You and Us. Representations or promises made by any person that are not contained in this document are not a part of this coverage.

B. COVERAGE AGREEMENT

If You or Your **Family Member** suffer a **Loss** which is covered by Your or Your **Family Member's Auto Policy**, You may be entitled to reimbursement of the **Covered Auto Deductible**. Reimbursement will be equal to the **Covered Auto Deductible** on the **Auto Policy**, up to the limit per **Loss** indicated on the **Declaration Page**.

C. EXCLUSIONS

We shall not be responsible for the following:

- If the claim under the **Auto Policy** has been denied.
- If the auto insurance company has waived the **Covered Auto Deductible**.
- If the claim on the **Auto Policy** does not exceed the **Covered Auto Deductible**.
- If the vehicle is used for commercial purposes or hire.
- If the vehicle is a commercial vehicle as defined by the manufacturer.
 - Resulting from any kind of dishonest, fraudulent or criminal act, or illegal activity by You or Your **Family Member**.

D. HOW TO FILE A CLAIM

Call the **Administrator** at [Insert Administrator Phone Number] to request a claim form. You must report the claim within ninety (90) days of the **Loss** or as soon as reasonably possible.

The following required items, must be sent to the **Administrator** at [Insert Administrator Address] and be postmarked within one-hundred and eighty (180) days of **Loss** or as soon as reasonably possible:

1. The fully completed claim form.
2. A copy of the **Auto Policy**, showing the vehicle is insured.
3. A copy of the **Auto Policy** claim from the auto insurance company showing payment for the **Loss**, with the amount paid and the **Covered Auto Deductible** of the **Auto Policy**.
4. Any other documents that the **Administrator** may reasonably request to validate a claim.

Benefits payable under the **Policy** for any loss will be paid upon receipt of due proof of loss and all required information necessary to support the claim.

All benefits will be payable to You or, in the case of death, to Your estate. No person or entity other than You shall have any legal or equitable right, remedy or claim of insurance proceeds or damages under or arising out of this coverage.

E. CANCELLATION AND NON-RENEWAL

Coverage can be:

- a) Cancelled by You at any time by sending written notification to the **Administrator**. If You cancel Your coverage, We will refund any unearned premium.
- b) Cancelled by Us or Our designated representative for the following reasons:
 - i. Non payment of premium;
 - ii. Misrepresentation and Fraud (see below);
 - iii. The Department of Insurance determines that the **Policy** would result in a violation of their law.If We cancel coverage, We will send You written notification and an explanation at least ten (10) days in advance of cancellation for non-payment of premium and at least thirty (30) days in advance of cancellation for any other reason.
- c) Non-renewed by Us. We will send You written notification and an explanation at least thirty (30) days in advance of the expiration of coverage.

F. GENERAL PROVISIONS

Conformity of Statute: Any parts of this **Policy** that are in conflict with the state laws where this **Policy** is issued are automatically changed to conform to the minimum requirements of such laws.

Dispute Resolution – Arbitration: The **Policy** requires binding arbitration if there is an unresolved dispute between You and VSC concerning the **Policy**. Under this Arbitration provision, You give up your right to resolve any dispute arising from the **Policy** by a judge and/or a jury. You also agree not to participate as a class representative or class member in any class action litigation, any class arbitration or any consolidation of individual arbitrations. In arbitration, a group of three (3) arbitrators (each of whom is an independent, neutral third party) will give a decision after hearing Your and Our positions. The decision of a majority of the arbitrators will determine the outcome of the arbitration and the decision of the arbitrators shall be final and binding and cannot be reviewed or changed by, or appealed to, a court of law.

To start arbitration, either You or VSC must make a written demand to the other party for arbitration. This demand must be made within one (1) year of the earlier of the date the loss occurred or the dispute arose. You and VSC will each separately select an arbitrator. The two arbitrators will select a third arbitrator called an "umpire." Each party will each pay the expense of the arbitrator selected by that party. The expense of the umpire will be shared equally by You and VSC. Unless otherwise agreed to by You and VSC, the arbitration will take place in the county and state in which You live. The arbitration shall be governed by the Federal Arbitration Act (9 U.S.C.A. § 1 et. seq.) and not by any state law concerning arbitration. The rules of the American Arbitration Association (www.adr.org) will apply to any arbitration under the **Policy**. The laws of the state of Illinois (without giving effect to its conflict of law principles) govern all matters arising out of or relating to the **Policy** and all transactions contemplated by the **Policy**, including, without limitation, the validity, interpretation, construction, performance and enforcement of the **Policy**.

Legal Actions: No action at law or in equity shall be brought to recover under the **Policy** prior to the expiration of sixty (60) days after proof of loss has been furnished in accordance with the requirements of this coverage.

Misrepresentation and Fraud: Coverage may be cancelled if, whether before or after a loss, any party or person whom coverage is provided has concealed or misrepresented any material fact or circumstance concerning this coverage or the subject thereof, or the interests therein. Coverage may also be cancelled if fraud or false swearing is committed in connection with any of the above.

Subrogation: If payment is made under the **Policy**, We are entitled to recover such amounts from other parties or persons. Any party or person to or for whom We make payment must transfer to Us his or her rights to recovery against any other party or person and must do everything necessary to secure these rights and must do nothing that would jeopardize them, or these rights will be recovered from that person.

Virginia Surety Company, Inc.
175 West Jackson Blvd., Chicago, IL 60604

**Auto Deductible Reimbursement
Insurance Policy**

A. DEFINITIONS

Throughout this document, You and Your refer to the Policyholder indicated on the **Declaration Page**. We, Us, Our, and VSC refer to Virginia Surety Company, Inc. In addition, when in bold certain words and phrases are defined as follows:

Administrator means [Insert Administrator Name]. You may contact the **Administrator** if You have questions regarding this coverage or would like to make a claim. The **Administrator** can be reached by [phone at [Insert Administrator Phone Number]] [mail at [Insert Administrator Address]] [or] [email at [Insert Administrator e-mail]].

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If You suffer a **Loss** which is covered by Your **Auto Policy**, You may be entitled to reimbursement of the **Covered Auto Deductible**. Reimbursement will be equal to the **Covered Auto Deductible** on the **Auto Policy**, up to the limit per **Loss** indicated on the **Declaration Page**.

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We shall not be responsible for the following:

- If the claim under the **Auto Policy** has been denied.
- If the auto insurance company has waived the **Covered Auto Deductible**.
- If the claim on the **Auto Policy** does not exceed the **Covered Auto Deductible**.
- If the vehicle is used for commercial purposes or hire.
- If the vehicle is a commercial vehicle as defined by the manufacturer.
- Resulting from any kind of dishonest, fraudulent or criminal act, or illegal activity by You.

D. HOW TO FILE A CLAIM

Call the **Administrator** at [Insert Administrator Phone Number] to request a claim form. You must report the claim within ninety (90) days of the **Loss** or as soon as reasonably possible.

The following required items, must be sent to the **Administrator** at [Insert Administrator Address] and be postmarked within one-hundred and eighty (180) days of **Loss** or as soon as reasonably possible:

1. The fully completed claim form.
2. A copy of the **Auto Policy**, showing the vehicle is insured.
3. A copy of the **Auto Policy** claim from the auto insurance company showing payment for the **Loss**, with the amount paid and the **Covered Auto Deductible** of the **Auto Policy**.
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All benefits will be payable to You or, in the case of death, to Your estate. No person or entity other than You shall have any legal or equitable right, remedy or claim of insurance proceeds or damages under or arising out of this coverage.

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Coverage can be:

- a) Cancelled by You at any time by sending written notification to the **Administrator**. If You cancel Your coverage, We will refund any unearned premium.
- b) Cancelled by Us or Our designated representative for the following reasons:
 - i. Non payment of premium;
 - ii. Misrepresentation and Fraud (see below);
 - iii. The Department of Insurance determines that the **Policy** would result in a violation of their law.If We cancel coverage, We will send You written notification and an explanation at least ten (10) days in advance of cancellation for non-payment of premium and at least thirty (30) days in advance of cancellation for any other reason.
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Dispute Resolution – Arbitration: The **Policy** requires binding arbitration if there is an unresolved dispute between You and VSC concerning the **Policy**. Under this Arbitration provision, You give up your right to resolve any dispute arising from the **Policy** by a judge and/or a jury. You also agree not to participate as a class representative or class member in any class action litigation, any class arbitration or any consolidation of individual arbitrations. In arbitration, a group of three (3) arbitrators (each of whom is an independent, neutral third party) will give a decision after hearing Your and Our positions. The decision of a majority of the arbitrators will determine the outcome of the arbitration and the decision of the arbitrators shall be final and binding and cannot be reviewed or changed by, or appealed to, a court of law.

To start arbitration, either You or VSC must make a written demand to the other party for arbitration. This demand must be made within one (1) year of the earlier of the date the loss occurred or the dispute arose. You and VSC will each separately select an arbitrator. The two arbitrators will select a third arbitrator called an "umpire." Each party will each pay the expense of the arbitrator selected by that party. The expense of the umpire will be shared equally by You and VSC. Unless otherwise agreed to by You and VSC, the arbitration will take place in the county and state in which You live. The arbitration shall be governed by the Federal Arbitration Act (9 U.S.C.A. § 1 et. seq.) and not

by any state law concerning arbitration. The rules of the American Arbitration Association (www.adr.org) will apply to any arbitration under the **Policy**. The laws of the state of Illinois (without giving effect to its conflict of law principles) govern all matters arising out of or relating to the **Policy** and all transactions contemplated by the **Policy**, including, without limitation, the validity, interpretation, construction, performance and enforcement of the **Policy**.

Legal Actions: No action at law or in equity shall be brought to recover under the **Policy** prior to the expiration of sixty (60) days after proof of loss has been furnished in accordance with the requirements of this coverage.

Misrepresentation and Fraud: Coverage may be cancelled if, whether before or after a loss, any party or person whom coverage is provided has concealed or misrepresented any material fact or circumstance concerning this coverage or the subject thereof, or the interests therein. Coverage may also be cancelled if fraud or false swearing is committed in connection with any of the above.

Subrogation: If payment is made under the **Policy**, We are entitled to recover such amounts from other parties or persons. Any party or person to or for whom We make payment must transfer to Us his or her rights to recovery against any other party or person and must do everything necessary to secure these rights and must do nothing that would jeopardize them, or these rights will be recovered from that person.

Virginia Surety Company, Inc.
A Stock Company
175 West Jackson Blvd., Chicago, IL 60604

**Auto Deductible Reimbursement
Declaration Page**

Policy Number:
[000-00-0000]

Policyholder:
[insert policyholder name]
[insert policyholder's address]

PLEASE KEEP THIS POLICY IN A SAFE PLACE

TO REPORT A CLAIM UNDER THIS POLICY CALL [(XXX) XXX-XXXX]

Term: [Insert Term]

Policy Effective Date: [XX/XX/XXXX] at 12:01 a.m.

Policy Expiration Date: [XX/XX/XXXX] at 12:01 a.m.

Limit per Loss: [Insert Dollar Limit]

Coverage Premium: \$[XX.XX]

[Joe Smith]
Authorized Representative

[John Smith]
Secretary

[Jane Smith]
President

**VIRGINIA
SURETY**
COMPANY, INC.

175 West Jackson Blvd.
Chicago, IL 60604

Auto Deductible Reimbursement

Manual of Rules and Rates

TABLE OF CONTENTS

Page Number

I. Description of Coverage3

II. Premiums and Computations3

III. Experience Rating4

IV. Interpolation Formula and Example5

V. Scheduled Premium Modification5

I. Description of Coverage

Auto Deductible Reimbursement is coverage designed to reimburse the covered individual for their automobile insurance deductible, if they experienced a loss that is covered by their automobile insurance.

II. Premiums and Computations

1. Premium Determination - Insurance premiums are determined by multiplying the premium by the premium variability factors. Premium for options not shown below shall be determined through interpolation. Below is an example of the base coverage and the relative premium.

Who Is Covered	Individual
Limit per claim	\$500
Term	12 Months
Insurance Premium	\$7.40

2. Premium Variation Tables - Premium variation factors for options not shown below shall be determined through interpolation

- a. Who is Covered - Apply the following factors to adjust the premium for who is covered:

Who is Covered	Factor
Individual	1.00
Family	1.80

- b. Limit per Claim - Apply the following factors to adjust the premium for different limits per claim:

Limit	Factor
\$250	0.60
\$500	1.00
\$1,000	2.21

- c. Term - Apply the following factors to adjust the premium for the policy term:

Term	Factor
1 Month	.083
12 Months	1.00
24 Months	2.00
36 Months	3.00
60 Months	5.00
120 Months	10.00

III. Experience Rating

Experience rating recognizes the differences in the expected loss ratio among the different eligible groups. The expected loss ratio may be different between groups due to several factors but not limited to their marketing methods, make-up of the group, or demographics.

To qualify for experience rating the following eligibility requirements need to be achieved:

- Need minimum of 2 prior years. Most current year is not eligible.
- Experience modifications will be computed as of the anniversary the Group Policy.
- Applies to all risks meeting eligibility requirements.

The Experience modification is based on the experience from the most recent three year period, using the following model:

Adjusted Premium = Manual Premium * Experience Modifier, where

Manual Premium = The Insurance Premium determined in section II “Premiums and Computations.”

Experience Modifier = $(1-Z) + Z (\text{Experience Factor}) / (\text{Target Loss Ratio})$ if experience is available, otherwise =1.00

Experience Factor = $(\text{IL1} + \text{IL2} + \text{IL3}) / (\text{CP1} + \text{CP2} + \text{CP3})$

IL1, IL2, and IL3 are incurred losses in years 1, 2, 3

CP1, CP2, and CP3 are earned premium for years 1, 2, and 3 converted to the current manual level.

Z = Credibility factor, determined for the following table, where “Members” is the average number of members over the past three years.

Member Range			Z
0	to	100,000	0.00
100,001	to	200,000	0.30
200,001	to	300,000	0.50
300,001	to	400,000	0.70
400,001	to	500,000	0.90
500,001	to	+	1.00

IV. Interpolation Formula and Example

Formula:

$$f = f_1 + \frac{(f_2 - f_1)}{(l_2 - l_1)} \times (l_2 - l_1)$$

Example:

	Term
l = desired Term	72
l ₁ = lower Term	60
l ₂ = higher Term	120
f = desired factor	6.00
f ₁ = lower factor	5.00
f ₂ = higher factor	10.00

V. Scheduled Premium Modification

The premiums in the manual can be modified by a maximum modification of plus or minus 25%, to reflect such characteristics of the risk which are not otherwise reflected in the premium computation.

Virginia Surety Company, Inc.
Statement of Variability

Auto Deductible Reimbursement

AT NO TIME WILL ANY VARIABLES BE USED TO CHANGE ANY PROVISION IN A MANNER THAT IS NOT IN COMPLIANCE WITH APPLICABLE STATE OR FEDERAL LAW.

This is a listing of items that relate to the use of variable brackets within the forms.

Administrators:

Including but not limited to:

- TWG Innovative Solutions, 13922 Denver West Parkway, Golden, CO 80401;
- cynoSure Financial, Inc., P.O. Box 7690, St. Clair Shores, MI 48080;
- Affinion Group, 7814 Carousel Lane, Richmond, VA. 23294.

Limits:

- **[Insert Dollar Limit]** will be populated with the coverage limit chosen from the rate and rule manual.

Other variables:

- Other items that customarily vary according to the policyholder's specific plan of insurance.
- The Schedule of Coverage/Declaration Page shall be considered as variable to illustrate the specific terms of coverage offered by the company and chosen by the policyholder.
- We also reserve the right to amend the forms to fix any minor typographical errors we may have neglected to find prior to submitting for approval.

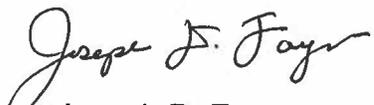
To: The Honorable Commissioner or Director of Insurance

Date: December 4, 2008

Re: Authorization to Represent Virginia Surety Company, Inc. (VSC)

This letter, or a copy thereof, will authorize the consulting firm of Insurance Compliance Consultants, Inc., Rockford, Illinois, to represent Virginia Surety Company, Inc. before your Insurance Department solely with respect to matters concerning the filing for approval of VSC's policies and, if required, associated premium rates. This Authorization is to remain in effect until revoked in writing by VSC.

Please direct any correspondence in relation to this filing to Insurance Compliance Consultants, Inc., 519 Colman Center Drive, Rockford, Illinois 61108, 815-316-6718 or by e-mail at www.inscompliance.com.


By: Joseph D. Fagan
Vice President & Senior Counsel

Auto Deductible Reimbursement Coverage
Class Plan
Rates Expressed per enrolled Member per Year

Rating Plan Development

Plan Type	Factor
Individual	1.00
Family	1.67
Per Claim Limit	Factor
\$250	0.60
\$500	1.00
\$1,000	1.75
Term	Factor
1 Month	0.083
12 Month	1.000
24 Month	2.000
36 Month	3.000
60 Month	5.000
120 Month	10.000

Plan Type	Limit per Claim	Term (Months)	Premium Charge
Individual	250	1	0.30
Individual	250	12	3.60
Individual	250	24	7.20
Individual	250	36	10.80
Individual	250	60	18.00
Individual	250	120	36.00
Individual	500	1	0.50
Individual	500	12	6.00
Individual	500	24	12.00
Individual	500	36	18.00
Individual	500	60	30.00
Individual	500	120	60.00
Individual	1000	1	0.88
Individual	1000	12	10.50
Individual	1000	24	21.00
Individual	1000	36	31.50
Individual	1000	60	52.50
Individual	1000	120	105.00

Plan Type	Limit per Claim	Term (Months)	Premium Charge
Family	250	1	0.50
Family	250	12	6.01
Family	250	24	12.02
Family	250	36	18.04
Family	250	60	30.06
Family	250	120	60.12
Family	500	1	0.84
Family	500	12	10.02
Family	500	24	20.04
Family	500	36	30.06
Family	500	60	50.10
Family	500	120	100.20
Family	1000	1	1.46
Family	1000	12	17.54
Family	1000	24	35.07
Family	1000	36	52.61
Family	1000	60	87.68
Family	1000	120	175.35

Auto Deductible Remibursement Coverage
Rates Expressed per enrolled Member per Year
Exhibit 1

Indicated
Rate Change
35.9%

Selected
Rate Change
35.9%

Virginia Surety Company, Inc.
Auto Deductible Reimbursement Coverage
Explanatory Memorandum

Contained herein is a new filing for Automobile Deductible Reimbursement providing reimbursement of the insured's deductible expenses incurred as a result of an insured loss.

This filing represents a 62.6% increase over historical rate levels derived from historical experience. Aggregate rate levels were determined from a comparison of actual and expected loss ratios; experience of 9,224 claims occurring over 33 months was considered completely credible. Earned premiums were brought on-level through adjustments for average premiums and off balancing for revisions to plan relativities. Paid losses were brought to incurred levels assuming a three week lag in paid claims. Indicated class relativities were establishing using a paid to earned loss ratio comparison. Term relativities are set to be proportional based upon a review of historical frequencies and severities supporting this assumption.

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175 West Jackson Blvd., Chicago, Illinois 60604

APPLICATION

I _____ apply for the following coverage(s):

- [Auto Deductible Reimbursement]
- [Home Benefits]
 - [Home Deductible Reimbursement]
 - [Emergency Cash]
 - [Lockout Reimbursement]
 - [Glass Breakage]
 - [Emergency Lodging]
 - [Rent or Mortgage Reimbursement]
- [Identity Theft Expense Reimbursement]
- [Trip Cancellation]
- [Trip Delay]
- [Trip Interruption]
- [Insert Benefit]
- [Involuntary Unemployment Insurance]

I have read, understand and agree to all Terms and Conditions for the coverage(s) selected. I understand that once my application is processed, coverage becomes effective on the effective date stated on the Declaration Page, provided the premium is paid. Please see the fraud warning notice below.

Signature/Date

General Fraud Notice: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which may be a crime and may subject such person to criminal and civil penalties.

[Residents of [Arkansas,] [New Mexico,] [and] [Ohio]: Any person who, with intent to defraud or knowing that he or she is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.]

[Residents of Colorado: It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement award payable from the insurance proceeds shall be reported to the Colorado Division of Insurance.]

[Residents of the District of Columbia: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.]

[Residents of Tennessee: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purposes of defrauding the company. Penalties may include imprisonment, fines or denial of insurance benefits.]

[Residents of Florida: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.]

[Residents of Kansas: Coverage may be cancelled if, whether before or after a loss, any party or person whom coverage is provided has committed a **Fraudulent Insurance Act**. A **Fraudulent Insurance Act** means an act committed by any person who, knowingly and with intent to defraud, presented any written statement as part of the application for the issuance of this coverage, or a claim for payment or other benefit under this coverage which such party or person knew to contain materially false information concerning any fact material thereto; or concealed for the purpose of misleading, information concerning any fact material thereto.]

[Residents of Kentucky: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.]

[Residents of Louisiana: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.]

[Residents of Maryland: Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.]

[Residents of New Jersey: Any person who includes any false or misleading information on an application for an insurance contract is subject to criminal or civil penalties.]

[Residents of New York: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.]

[Residents of Oklahoma: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.]

[Residents of Pennsylvania: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subject such person to criminal and civil penalties.]

[Residents of Virginia: Any person who, with the intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement may have violated state law.]

[Residents of Washington: It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.]

Virginia Surety Company, Inc.
A Stock Company
175 West Jackson Blvd., Chicago, IL 60604

**Auto Deductible Reimbursement
Declaration Page**

Policy Number:
[000-00-0000]

Policyholder:
[insert policyholder name]
[insert policyholder's address]

PLEASE KEEP THIS POLICY IN A SAFE PLACE

TO REPORT A CLAIM UNDER THIS POLICY CALL [(XXX) XXX-XXXX]

Term: [Insert Term]

Policy Effective Date: [XX/XX/XXXX] at 12:01 a.m.

Policy Expiration Date: [XX/XX/XXXX] at 12:01 a.m.

Limit per Loss: [Insert Dollar Limit]

Coverage Premium: \$[XX.XX]

[Joe Smith]
Authorized Representative

[John Smith]
Secretary

[Jane Smith]
President

Virginia Surety Company, Inc.
175 West Jackson Blvd., Chicago, IL 60604

**Auto Deductible Reimbursement
Insurance Policy**

A. DEFINITIONS

Throughout this document, You and Your refer to the Policyholder indicated on the **Declaration Page**. We, Us, Our, and VSC refer to Virginia Surety Company, Inc. In addition, when in bold certain words and phrases are defined as follows:

Administrator means [Insert Administrator Name]. You may contact the **Administrator** if You have questions regarding this coverage or would like to make a claim. The **Administrator** can be reached by [phone at [Insert Administrator Phone Number]] [mail at [Insert Administrator Address]] [or] [email at [Insert Administrator e-mail]].

Auto Policy means the personal automobile insurance policy (or similar insurance policy) issued by a licensed automobile insurance company.

Covered Auto Deductible means the amount of the deductible on the **Auto Policy**.

Declaration Page means the attached document listing the named insured, benefit(s), term, and limit.

Domestic Partner means an unmarried person in an intimate, committed relationship of mutual caring. That person must share responsibility for basic living expenses with You. That person must also be at least eighteen (18) years old and not currently married or committed to another person.

Family Member means Your spouse or **Domestic Partner**. **Family Member** also includes Your or Your spouse or Domestic Partner's:

- a) Unmarried children (including those who You are their legal guardian) under twenty-one (21) years of age.
- b) Unmarried children (including those who You are their legal guardian) under twenty-three (23) years of age if a full-time student at an accredited college or university.
- c) Any dependent with documented disabilities who has the same principal residence as You and who relies on You for maintenance and support.

Any **Family Member** who does not reside at Your home is not eligible for coverage.

Insured Vehicle means any vehicle(s) owned, rented, or leased that are designed and licensed for use on public roads, not used commercially, and is insured under the **Auto Policy**. **Insured Vehicles** may include: a.) private passenger vehicles; b.) station wagons; c.) Jeeps/SUVs; and d.) pick-ups. (Non-eligible vehicles: motor homes, mobile homes, RVs, campers, trailers, ATVs, motorcycles, or vehicles designed to seat more than eight (8) passengers.)

Loss means an event for which the auto insurance company has approved and paid a claim which exceeds the **Covered Auto Deductible** for a collision or comprehensive claim.

Policy means this document, which describes the terms, conditions, and exclusions of this coverage. The **Policy** sets forth the entire agreement between You and Us. Representations or promises made by any person that are not contained in this document are not a part of this coverage.

B. COVERAGE AGREEMENT

If You or Your **Family Member** suffer a **Loss** which is covered by Your or Your **Family Member's Auto Policy**, You may be entitled to reimbursement of the **Covered Auto Deductible**. Reimbursement will be equal to the **Covered Auto Deductible** on the **Auto Policy**, up to the limit per **Loss** indicated on the **Declaration Page**.

C. EXCLUSIONS

We shall not be responsible for the following:

- If the claim under the **Auto Policy** has been denied.
- If the auto insurance company has waived the **Covered Auto Deductible**.
- If the claim on the **Auto Policy** does not exceed the **Covered Auto Deductible**.
- If the vehicle is used for commercial purposes or hire.
- If the vehicle is a commercial vehicle as defined by the manufacturer.
 - Resulting from any kind of dishonest, fraudulent or criminal act, or illegal activity by You or Your **Family Member**.

D. HOW TO FILE A CLAIM

Call the **Administrator** at [Insert Administrator Phone Number] to request a claim form. You must report the claim within ninety (90) days of the **Loss** or as soon as reasonably possible.

The following required items, must be sent to the **Administrator** at [Insert Administrator Address] and be postmarked within one-hundred and eighty (180) days of **Loss** or as soon as reasonably possible:

1. The fully completed claim form.
2. A copy of the **Auto Policy**, showing the vehicle is insured.
3. A copy of the **Auto Policy** claim from the auto insurance company showing payment for the **Loss**, with the amount paid and the **Covered Auto Deductible** of the **Auto Policy**.
4. Any other documents that the **Administrator** may reasonably request to validate a claim.

Benefits payable under the **Policy** for any loss will be paid upon receipt of due proof of loss and all required information necessary to support the claim.

All benefits will be payable to You or, in the case of death, to Your estate. No person or entity other than You shall have any legal or equitable right, remedy or claim of insurance proceeds or damages under or arising out of this coverage.

E. CANCELLATION AND NON-RENEWAL

Coverage can be:

- a) Cancelled by You at any time by sending written notification to the **Administrator**. If You cancel Your coverage, We will refund any unearned premium.
- b) Cancelled by Us or Our designated representative for the following reasons:
 - i. Non payment of premium;
 - ii. Misrepresentation and Fraud (see below);
 - iii. The Department of Insurance determines that the **Policy** would result in a violation of their law.If We cancel coverage, We will send You written notification and an explanation at least ten (10) days in advance of cancellation for non-payment of premium and at least thirty (30) days in advance of cancellation for any other reason.
- c) Non-renewed by Us. We will send You written notification and an explanation at least thirty (30) days in advance of the expiration of coverage.

F. GENERAL PROVISIONS

Conformity of Statute: Any parts of this **Policy** that are in conflict with the state laws where this **Policy** is issued are automatically changed to conform to the minimum requirements of such laws.

Dispute Resolution – Arbitration: The **Policy** requires binding arbitration if there is an unresolved dispute between You and VSC concerning the **Policy**. Under this Arbitration provision, You give up your right to resolve any dispute arising from the **Policy** by a judge and/or a jury. You also agree not to participate as a class representative or class member in any class action litigation, any class arbitration or any consolidation of individual arbitrations. In arbitration, a group of three (3) arbitrators (each of whom is an independent, neutral third party) will give a decision after hearing Your and Our positions. The decision of a majority of the arbitrators will determine the outcome of the arbitration and the decision of the arbitrators shall be final and binding and cannot be reviewed or changed by, or appealed to, a court of law.

To start arbitration, either You or VSC must make a written demand to the other party for arbitration. This demand must be made within one (1) year of the earlier of the date the loss occurred or the dispute arose. You and VSC will each separately select an arbitrator. The two arbitrators will select a third arbitrator called an "umpire." Each party will each pay the expense of the arbitrator selected by that party. The expense of the umpire will be shared equally by You and VSC. Unless otherwise agreed to by You and VSC, the arbitration will take place in the county and state in which You live. The arbitration shall be governed by the Federal Arbitration Act (9 U.S.C.A. § 1 et. seq.) and not by any state law concerning arbitration. The rules of the American Arbitration Association (www.adr.org) will apply to any arbitration under the **Policy**. The laws of the state of Illinois (without giving effect to its conflict of law principles) govern all matters arising out of or relating to the **Policy** and all transactions contemplated by the **Policy**, including, without limitation, the validity, interpretation, construction, performance and enforcement of the **Policy**.

Legal Actions: No action at law or in equity shall be brought to recover under the **Policy** prior to the expiration of sixty (60) days after proof of loss has been furnished in accordance with the requirements of this coverage.

Misrepresentation and Fraud: Coverage may be cancelled if, whether before or after a loss, any party or person whom coverage is provided has concealed or misrepresented any material fact or circumstance concerning this coverage or the subject thereof, or the interests therein. Coverage may also be cancelled if fraud or false swearing is committed in connection with any of the above.

Subrogation: If payment is made under the **Policy**, We are entitled to recover such amounts from other parties or persons. Any party or person to or for whom We make payment must transfer to Us his or her rights to recovery against any other party or person and must do everything necessary to secure these rights and must do nothing that would jeopardize them, or these rights will be recovered from that person.

Virginia Surety Company, Inc.
175 West Jackson Blvd., Chicago, IL 60604

**Auto Deductible Reimbursement
Insurance Policy**

A. DEFINITIONS

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Administrator means [Insert Administrator Name]. You may contact the **Administrator** if You have questions regarding this coverage or would like to make a claim. The **Administrator** can be reached by [phone at [Insert Administrator Phone Number]] [mail at [Insert Administrator Address]] [or] [email at [Insert Administrator e-mail]].

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Policy means this document, which describes the terms, conditions, and exclusions of this coverage. The **Policy** sets forth the entire agreement between You and Us. Representations or promises made by any person that are not contained in this document are not a part of this coverage.

B. COVERAGE AGREEMENT

If You suffer a **Loss** which is covered by Your **Auto Policy**, You may be entitled to reimbursement of the **Covered Auto Deductible**. Reimbursement will be equal to the **Covered Auto Deductible** on the **Auto Policy**, up to the limit per **Loss** indicated on the **Declaration Page**.

C. EXCLUSIONS

We shall not be responsible for the following:

- If the claim under the **Auto Policy** has been denied.
- If the auto insurance company has waived the **Covered Auto Deductible**.
- If the claim on the **Auto Policy** does not exceed the **Covered Auto Deductible**.
- If the vehicle is used for commercial purposes or hire.
- If the vehicle is a commercial vehicle as defined by the manufacturer.
- Resulting from any kind of dishonest, fraudulent or criminal act, or illegal activity by You.

D. HOW TO FILE A CLAIM

Call the **Administrator** at [Insert Administrator Phone Number] to request a claim form. You must report the claim within ninety (90) days of the **Loss** or as soon as reasonably possible.

The following required items, must be sent to the **Administrator** at [Insert Administrator Address] and be postmarked within one-hundred and eighty (180) days of **Loss** or as soon as reasonably possible:

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All benefits will be payable to You or, in the case of death, to Your estate. No person or entity other than You shall have any legal or equitable right, remedy or claim of insurance proceeds or damages under or arising out of this coverage.

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 - i. Non payment of premium;
 - ii. Misrepresentation and Fraud (see below);
 - iii. The Department of Insurance determines that the **Policy** would result in a violation of their law.If We cancel coverage, We will send You written notification and an explanation at least ten (10) days in advance of cancellation for non-payment of premium and at least thirty (30) days in advance of cancellation for any other reason.
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To start arbitration, either You or VSC must make a written demand to the other party for arbitration. This demand must be made within one (1) year of the earlier of the date the loss occurred or the dispute arose. You and VSC will each separately select an arbitrator. The two arbitrators will select a third arbitrator called an "umpire." Each party will each pay the expense of the arbitrator selected by that party. The expense of the umpire will be shared equally by You and VSC. Unless otherwise agreed to by You and VSC, the arbitration will take place in the county and state in which You live. The arbitration shall be governed by the Federal Arbitration Act (9 U.S.C.A. § 1 et. seq.) and not

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