

**STUDY OF READABLE INSURANCE POLICIES
PURSUANT TO H.J.R. 72, 1976
TO
THE GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA**



House Document No. 8

**COMMONWEALTH OF VIRGINIA
Department of Purchases and Supply
Richmond
1977**

COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION

December 3, 1976

TO: The Honorable Mills E. Godwin, Jr.
Governor of Virginia

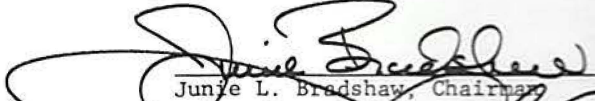
and


The General Assembly of Virginia

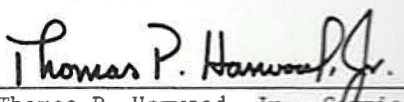
The report contained herein is pursuant to House Joint Resolution No. 72 of the 1976 Session of the General Assembly of Virginia.

This report comprises the response by the Bureau of Insurance of the State Corporation Commission to the directive that a study be made relating to readable insurance policies.

Respectfully submitted,


Junie L. Bradshaw, Chairman


Preston C. Shannon, Commissioner


Thomas P. Harwood, Jr., Commissioner

HOUSE JOINT RESOLUTION NO. 72

Directing the Bureau of Insurance of the State Corporation Commission to study the feasibility of permitting insurance companies to file and use readable policies and of the General Assembly mandating such policies.

Agreed to by the House of Delegates, February 20, 1976

Agreed to by the Senate, March 5, 1976

WHEREAS, the overwhelming majority of insurance policies are not written in such a way as to be easily understood by the policyholder; and

WHEREAS, insurance coverage of many types is now a necessity for almost all citizens of the Commonwealth; and

WHEREAS, Virginia consumers are rightfully demanding the products they purchase to be of sound quality and safe for their use; and

WHEREAS, the General Assembly believes that furthering the understanding by consumers of their various insurance policies will benefit Virginia consumers and prevent possible unfortunate misunderstandings; and

WHEREAS, many other states are experimenting with newly designed and arranged policy formats and language to further consumer understanding of insurance policies; now, therefore be it

RESOLVED by the House of Delegates, the Senate concurring, That the Bureau of Insurance of the State Corporation Commission study the feasibility of permitting insurance companies to file and use readable policies on an experimental basis and determine the feasibility of the General Assembly mandating "readable" insurance policies in the future. The Bureau of Insurance shall complete its study and make its report to the Governor and the General Assembly not later than October one, nineteen hundred seventy-six.

Report To The Governor And The General Assembly
Of Virginia Regarding House Joint Resolution No. 72,
Relating To Readable Insurance Policies

I. Introduction

In recent years many consumers of insurance and consumer advocates have expressed concern over the growing complexity, length and lack of coherent organization of insurance policies, especially those policies usually referred to as personal lines insurance, i.e., homeowner and personal automobile policies. These people argue that the technical legal language and structure of most insurance policies on the market today make understanding of the policy by the average purchaser impossible. This lack of understanding on the part of an individual of the terms of a policy, results in an inability to compare the coverages offered by different companies and to choose the precise coverages that a potential consumer believes he needs. It also results in frustration, resentment and consumer dissatisfaction when a person believes that he had a certain coverage at the time he purchased an insurance policy, but finds out after a loss that he has not understood the policy terms.

One solution to this problem which has received considerable attention in the last few years is the proposal to revise all insurance policy forms eliminating technical legal jargon and reorganizing provisions in a logical, consistent order, thus creating a "Readable Policy." A number of states, companies and other organizations have begun to experiment

along these lines. As a result, the 1976 Session of the Virginia General Assembly agreed to House Joint Resolution No. 72 which directed the Bureau of Insurance to study the feasibility of encouraging insurance companies to file and use readable policies on an experimental basis and to determine the desirability of mandating that all insurance policies sold in Virginia measure up to some standard of readability.

This report will summarize the actions taken by insurance companies to date to introduce readable policies and the actions taken by other state governments to encourage the production of such policies. It will then outline the problems and costs associated with the production of readable policies and make recommendations for appropriate legislative action.

II. Status of Readable Policy Efforts and Summary of Implementation Problems.

A number of states, companies and organizations are actively engaged in various efforts to increase consumer understanding of insurance policies. Some of the major activities presently underway are as follows:

- (1) The Pennsylvania Insurance Department has mandated that all private passenger automobile insurance policies meet certain readability requirements, including column width, size of margins, type size, and improved language. This requirement was

imposed after one year of experimentation which materially assisted the staff in the development of appropriate standards and expertise to review the content of the new policies. While many believe that these efforts have resulted in considerable improvement, informal discussions with the Pennsylvania Department indicate that it is impossible to accurately quantify the success of the program.

- (2) The Kansas Insurance Department now is actively encouraging companies to submit readable policies for fire and casualty coverages. To date, only seven have been received and four approved.
- (3) The Texas Insurance Department has recently promulgated proposed minimum standards of readability for individual accident and health insurance policies, and is trying to develop similar standards for automobile and home owners policies.
- (4) The Illinois Department of Insurance has issued a statement recommending the style and format for simplified automobile policies. Similar efforts are underway in New York and Vermont.
- (5) The Missouri Insurance Department has issued a Report on Insurance Policy Readability, has approved several readable automobile policies,

and is now reviewing a recently filed simplified homeowners policy.

- (6) The Florida Insurance Department has recently formed an Ad Hoc Committee on Readable Policies to develop standards for writing more readable auto obile policies, and has issued emergency rules concerning such policies written on and after January 1, 1977.
- (7) Readable Automobile Policies are now being used by Nationwide Insurance Company in twelve jurisdictions. Sentry Insurance Company's readable policies are now marketed in eight states. (See Appendix A attached) Other companies that are using or experimenting with simplified policies are as follows: Insurance Company of North America (INA), State Farm Insurance Company, Equitable General Insurance Company, and St. Paul Fire and Marine Insurance Company.
- (8) The Insurance Services Office, one of the main statistical gathering and rate and forms filing agents of the insurance industry, has filed a simplified automobile policy in three states, and has introduced its simplified homeowners policy in six states.

- (9) Blue Cross/Blue Shield has developed a more readable Accident and Health Non-Group Subscriber insurance policy which has been approved for use in Virginia. The policy will be marketed on an experimental basis for a trial period of one year beginning January, 1977.
- (10) The Institute of Life Insurance is preparing a new plain language booklet on life insurance.
- (11) The National Association of Insurance Commissioners, through its Rates and Rating Organization (D1) Subcommittee, has established a task force on Personal Policy Readability. The results of this task force are due in early December of 1976.

Despite the fact that the desirability of increasing consumer understanding of and satisfaction with the insurance product is universally acknowledged among companies and state regulatory authorities, there has been little progress in making readable policies available to the public on a large scale basis. This is due primarily to two major problems encountered in all attempts to make insurance policies readable: One, the equivalency of coverage problem and two, the clarity problem.

In any revision of policy forms it is essential that the coverages in the new forms be equivalent to those provided in the old forms unless changes in coverage are allowed by law, and rates are revised accordingly. Thus, no company should be allowed to file a new policy form which purports to change nothing except the language of a policy, when actually it is

intended that coverages be substantially reduced. Even if a company intends equivalency of coverage, this is difficult to assure. Many of the technical words and phrases now used in policies have been subjected to extensive judicial interpretations. They have become "terms-of-art" with precise legal meanings which are protected from change by the doctrine of Stare Decisis. Any newly simplified words and phrases used in readable policies would again be subject to judicial scrutiny and it is certain that the meaning of the language intended by the company will, in some instances, not be seen as the actual meaning of the language by a Court of Law.

Additionally, the degree of clarity of a particular policy provision, phrase or word is primarily subjective. It is not only possible, but it is likely, that a significant number of consumers will continue to fail to comprehend policy provisions even after major readability revisions are made. Insurance policies are first and foremost legal contracts which set forth the very complex and numerous rights and duties of the parties involved. The nature and number of the concepts conveyed in an insurance policy will require a certain amount of complexity and length that no simplicity of language or organization can cure. Also, the choice of a standard of clarity or readability that should be required of companies submitting readable policy forms for approval in Virginia is difficult to make since all of the readable policies newly developed by insurance companies receive a low score on the

most widely used objective clarity test, the Flesch Readability Test.¹⁷

Thus, the proposal to solve the problem of the lack of consumer understanding of an insurance policy by revising all policy forms to make them more readable may not immediately produce the desired results even after widespread issuance of readable policies. Consumer comprehension of policy provisions, while somewhat increased, may remain low and a sacrifice of certainty of what coverages are provided will have been suffered.

Nevertheless, the Bureau of Insurance believes that the gains in consumer satisfaction resulting from more readable insurance policies outweigh the costs and recommends that companies be encouraged to file and market readable personal lines insurance policies in Virginia. However, the Bureau does not recommend legislation mandating that all companies issue readable policies at this time. This type of precipitous and mandatory legislation would cause severe administrative problems since careful review of all new policies would be

¹⁷ This test was developed by Dr. Rudolf Flesch, an authority on language and communications. The formula is based, among other things, on average sentence length in words and the average word length in syllables. The formula is based on a scale of zero to 100. The highest scores on the test -- 90 to 100 -- are comparable to a fifth grade reading level. Scores of 80 to 90 are sixth grade level, 70 to 80 are seventh grade level, and 50 to 60 are high school reading level. College level reading scores are between 30 and 50. The Sentry readable automobile policy rating is 48. The Nationwide readable automobile policy rating is 44. ISO's readable automobile policy rating is 46 and its readable homeowners policy rating is 54.

required to assure equivalency and clarity. Naturally the volume of filings would be enormous -- the policies of approximately 350 insurance companies would be involved. Also, this legislation might result in the development of momentary market shortages while new policy forms were being developed and approved.

The Bureau believes that encouraging companies to proceed to develop and experiment with several solutions to the consumer comprehension problem without coercion is more likely to produce the desired results without administrative or market upheavals. As companies submit and use more readable policies, valuable experience can be gained. This experience will provide the basis for reasonable future legislation and prevent hasty adoption of unworkable or poor readable policies as standard policies.

The lack of mandatory legislation allows experimentation with other proposed solutions to the problem. For example, some have argued that a brief, informal, explanatory brochure outlining the major policy provisions would be a more effective solution to consumer lack of understanding than readable policies. This position does have merit and experimentation with this approach should also be encouraged.

III. Legislative Changes Required to Encourage Readable Policies

In order to provide the proper legislative climate in the Commonwealth to allow experimentation with readable personal lines policies existing law would have to be amended in two

specific instances. Section 38.1-363 et seq. of the Code of Virginia spells out the precise language that must appear in all fire insurance policies issued in Virginia. Since a Homeowners insurance policy is basically a fire policy with additional coverages, this section would have to be changed to permit experimentation with readable policies in the Homeowner lines. No statutory change would be required to permit experimentation with that portion of the Homeowners policy that does not relate to fire insurance coverage.

With respect to automobile insurance, Section 38.1-380 et seq. provides that whenever the State Corporation Commission (SCC) finds that a particular package of automobile coverages is used so widely in the state that a standard form thereof is desirable, the SCC may designate and approve a standard automobile insurance form.

Once a standard form is designated and approved, it becomes the only form providing those particular coverages that may be used in Virginia. Thus it would be necessary to amend Sections 38.1-380 through 38.1-384 to allow companies to issue readable policies containing equivalent coverages to those contained in the approved standard forms.

IV. Recommendations

The Bureau of Insurance recommends that readable policies not be mandated in Virginia at this time. Instead, the Bureau recommends that the Code of Virginia be amended to allow experimentation with readable policy forms. Suggested changes are

attached as Appendix B. If this legislation is enacted the Bureau will forward the attached draft Circular Letter and Guidelines to each insurance company licensed to do business in the Commonwealth.

YOUR
plain talk
CAR POLICY



HOME OFFICE STEVENS POINT WISCONSIN 54481

The Plain Talk car policy was developed because it was one of the changes you asked for in our 1974 Sentry Insurance National Opinion Study.

You objected to fine print and hard to read insurance policies. So, we took the unique features of our old policy, put them in clearer language and created a totally new design. This has resulted in some important changes in your protection.

We want you to read your car policy and find out what you bought with your insurance dollar. Now you can.

YOUR POLICY *At a Glance*

Page
Number

Definitions — Back Cover

- 1 INSURING AGREEMENT
- 1 CARS WE INSURE
- 2 WHAT TO DO WHEN AN ACCIDENT HAPPENS
- 2 LIABILITY INSURANCE provides *you* with protection for *car accidents*. Under this insurance we owe *you* certain obligation, including the obligation to pay *damages* that might result from *your* ownership, maintenance or use of *cars*.
- 6 MEDICAL EXPENSE INSURANCE pays for *your* medical expenses incurred during the year following a *car accident* — no matter who is at fault.

UNINSURED MOTORIST INSURANCE protects *you* from drivers who don't have insurance and from hit-and-run drivers. We'll pay the *damages you're* entitled to recover from an uninsured motorist because of bodily injury.
- 11 COLLISION INSURANCE pays *you* for accidental damage to *your car* when it's hit by or it hits another *car*, it hits another object or rolls over.
- 13 COMPREHENSIVE INSURANCE pays *you* for accidental loss to *your car* — other than a collision loss.
- 15 RENTAL EXPENSE INSURANCE pays the cost of renting a substitute *car* while *your car* is disabled as a result of a collision or comprehensive loss.
- 15 AUTO TOTAL DISABILITY INSURANCE pays when *you* are totally disabled as a direct result of a *car accident*.
- 17 AUTO ACCIDENTAL DEATH INDEMNITY INSURANCE pays when a person we insure dies as a direct result of a *car accident*.
- 19 GENERAL POLICY PROVISIONS contain general rights and obligations *you* and we have under this policy.

YOUR
plain talk
CAR POLICY

from
SENTRY INSURANCE A MUTUAL COMPANY
Home Office Stevens Point, Wisconsin 54481

Insuring Agreement

Upon *your* payment of the premiums, we agree that this policy provides the various kinds of insurance *you* have selected as shown on the enclosed declarations page. The declarations page is a part of this policy. This insurance applies only to *car accidents* and losses which occur while this policy is in force. Subject to our consent, *you* may renew this policy. When we consent to renew this policy, *you* must pay the renewal premium in advance. Or, if *you* select a time payment plan, *you* must pay the required down payment in advance.

Cars We Insure

We insure the *car* described on the declarations page and any *car* *you* replace it with. We'll also insure any additional *car* *you* acquire if we insure, under this insurance, all *cars* *you* own. But the replacement or addition is insured only if *you* notify us within 30 days of its acquisition.

We insure any *utility trailer* *you* own or are using except for collision, comprehensive and rental expense insurance. For collision and comprehensive insurance, the *utility trailer* must be listed on the declarations page and a premium shown for it.

We insure a substitute *car* when the *car* described on the declarations page, or any replacement or addition, can't be used because it's being serviced or repaired, or it's been stolen or destroyed. A *car* owned by *you* or a resident member of *your* family doesn't qualify as a substitute *car*.

We insure other *cars* *you* use with the permission of the owner. This doesn't include *cars* owned by, or furnished for the regular use of, *you* or resident members of *your* family.

What To Do When An Accident Happens

When *you're* involved in a *car accident*, *you* or someone on *your* behalf must notify us as soon as possible. The quickest way is to phone our nearest office.

When *you* notify us, tell us how the accident happened and the extent of any injuries. If we need other information to investigate the accident, we'll ask *you* for it. We may require it in writing.

If *you're* injured, we may ask that *you* be examined by a doctor we select. *You* must be examined when and as often as we may reasonably require. We may need authorization to obtain medical records and copies of other records. *You* must give us authorization upon each request.

If the accident involves a hit-and-run driver, it must be reported within 24 hours to the police or Commissioner of Motor Vehicles. A statement under oath must be filed with us within 30 days after the accident has been reported. If *you were occupying a motor vehicle* at the time of the accident, *you* must make it available for our inspection.

If *you* have comprehensive or collision insurance, *you* must protect the *car* from any further damage. If *you* fail to do so, any further damage won't be recoverable under this policy. We'll pay any reasonable expenses incurred in protecting the *car*. We may require that *you* file with us a sworn proof of loss within 91 days after the accident. *You* may be required to show us *your car* or damaged property and submit to examination under oath.

You must cooperate with us in our effort to investigate the accident or loss, settle any claims against *you* and defend *you*. *You* must also send us, promptly, any legal papers served on *you* or *your* representative as a result of a *car accident*. If *you* fail to cooperate or fail to promptly send us such legal papers, we may have the right to refuse *you* any further protection for the accident or loss.

Liability Insurance Our Promises To You

We promise to pay *damages* for bodily injury or property damage for which the law holds *you* responsible

because of a *car accident* involving a *car* we insure. We also promise to pay additional benefits.

Additional Benefits

These benefits are in addition to our limit of liability for *damages*.

We'll pay for the cost of investigating the *car accident* and arranging for the settlement of any claim against *you*. We'll also defend *you*, hire and pay a lawyer, and pay all defense costs if *you're* sued by someone for *damages* because of a *car accident* — even if the accusations aren't true. However, we won't be obligated to pay for the cost of any further investigation or arrangement for settlement or to defend *you* further after we've paid our entire limit of liability for *damages*.

If the person who sues *you* tries to tie up *your* property by an attachment, we'll arrange and pay for a bond to release the attachment. We have to limit this, though. *You'll* have to pay the cost of the additional amount of the bond if the bond required is more than the limits of liability available to *you*.

If *you* lose a lawsuit that we're defending, we'll pay the court costs. If we decide to appeal, we'll pay the cost of appeal bonds. We'll also pay interest on the full amount of the judgment even if the judgment is higher than the limit of liability. And we'll pay this interest from the day the judgment is entered until we've offered the other party the amount of the judgment up to the full limits of liability available under this insurance.

We'll pay any reasonable expenses *you* might have for attending hearings or a trial at our request because of a lawsuit against *you*. We'll also pay *you* for any actual loss of wages up to \$35 a day when *you* lose time from work to attend these hearings or trial.

We'll pay up to \$300 for the cost of any bail bond required of *you* because of a *car accident* or traffic law violation.

We'll pay *your* expense for first aid to others at the scene of a *car accident* involving a *car* we insure.

Protection For Others

Anyone using, with *your* permission, a *car* described on the declarations page, or any additional, replacement or

substitute *car*, has the same rights and obligations that *you* have under this insurance.

Any corporation *you* work for or any partnership in which *you're* a partner has the same rights and obligations that *you* have under this insurance if it owns or hires a *car* described on the declarations page.

Anyone else who doesn't own or hire a *car* operated by *you* and who may be responsible for its use has the same rights and obligations that *you* have under this insurance.

Those Not Protected

Anyone protected at the time of the *car accident* by an atomic or nuclear energy liability insurance contract isn't protected by this insurance. The reason for this is that by law such policies protect all persons involved in the *car accident* — regardless of who was at fault.

Neither the United States of America nor any of its agencies is protected by this insurance.

Anyone for whom the United States Government may be held responsible under the Federal Tort Claim Act isn't protected by this insurance.

Excluded Uses of Cars

While we provide broad protection under this insurance, there are some situations we don't insure.

We don't insure *your car* while it's hired or rented to others for a charge.

We don't insure any *car you're* driving while it's available for hire by the public.

We don't insure any *car* used in preparation for any pre-arranged or organized racing, speed, demolition or stunting contest or activity, or for the event itself.

We don't insure any *car* used in the business of selling, repairing, servicing, storing or parking *motor vehicles*. However, we'll insure *your* use of a *car* in such business if *you* own the *car* and that *car* is insured under this policy. Also, if *you're* the owner or a partner in such business, we'll insure *your* partner's and employee's use of a *car you* own provided that *car* is insured under this policy.

Bodily Injury Covered By This Insurance

This insurance covers bodily injury, including loss of services, sickness, disease or death which results from the injury, caused by a *car accident* and suffered by any person.

This insurance doesn't cover *your* domestic employee if *you* are required to provide workers' compensation insurance and such insurance would apply to the injury.

This insurance doesn't cover any other employee *you* have if the employee is hurt on the job.

This insurance doesn't cover a fellow employee of anyone protected by this insurance, other than *you*, if the injury is suffered in the course of employment.

Property Damage Covered By This Insurance

This insurance covers property damage that results from a *car accident*. Property damage means any injury to or destruction of physical property, including the loss of use of that property.

This insurance covers property damage to the house and private garage *you're* renting. This insurance doesn't cover any property damage to any other property *you* rent, own, have charge of or are transporting.

Limit Of Liability

The limit of liability shown on the declarations page is the maximum amount we'll pay in *damages* for any one *car accident*. Even though more than one *car* is listed on the declarations page and separate premiums are charged for each *car*, or more than one person is protected under this insurance, or more than one person is injured, the limit of liability won't be increased. When *damages* are payable on *your* behalf under more than one policy we've issued to *you*, we won't pay more than the highest limit in any one such policy.

Financial Responsibility Laws

If *you're* required to show proof of financial responsibility for the future because of *car accidents*, traffic violations

or other state motor vehicle requirements, we'll certify this policy as proof. When we certify this policy as proof, all the terms and conditions of this insurance will be amended to comply with the requirements of such law. But the terms and conditions of this insurance won't be amended for any limits of liability in excess of the minimum limits required by such law.

Medical Expense Insurance

Our Promises To You

We promise to pay medical expenses for *your* bodily injury, sickness, disease or death suffered in a *car accident* while *occupying a car* or from having been struck by a *motor vehicle*. We'll pay the medical expenses incurred within one year from the date of the *car accident*.

We also promise to pay additional benefits.

Additional Benefits

We'll pay up to double the limit stated on the declarations page if *you* were using a properly installed seat belt at the time of the *car accident*.

We'll pay a death benefit of \$1,000 if *you* die within one year from injuries suffered in a *car accident*. This benefit is in addition to medical expenses.

Protection For Others

Anyone *occupying*, with *your* permission, a *car* we insure has the same rights and obligations that *you* have under this insurance, but the death benefit applies only to *you*.

Those Not Protected

Anyone *occupying your car* while it's hired or rented to others for a charge isn't protected by this insurance.

Anyone *occupying a car you're driving* while it's available for hire by the public isn't protected by this insurance.

Anyone *occupying a car* in preparation for any prearranged or organized racing, speed, demolition or stunting

contest or activity, or for the event itself isn't protected by this insurance.

Anyone *occupying* or struck by a *car* owned by *you* or furnished for *your* regular use and not insured under this insurance isn't protected by this insurance.

Anyone *occupying* a *car* used in the business of selling, repairing, servicing, storing or parking *motor vehicles* isn't protected by this insurance. However, we'll protect *you*, *your* partner or employee if the *car* is owned by *you* and is insured under this insurance. We'll also protect occupants if the *car* owned by *you* and insured under this insurance is being used by *you*, *your* partner or employee.

Anyone protected at the time of the *car accident* by an atomic or nuclear energy liability insurance contract isn't protected by this insurance. The reason for this is that by law such policies protect all persons involved in the *car accident* — regardless of who was at fault.

Medical Expenses Covered By This Insurance

This insurance covers reasonable and necessary medical, surgical, chiropractic and dental treatment, professional nursing, hospital, X-ray, ambulance and funeral services and prosthetic devices. This insurance also covers reasonable and necessary treatment rendered in accordance with a legally recognized religious method of healing.

This insurance doesn't cover that amount paid or payable under any health or accident insurance available.

This insurance doesn't cover that amount payable or required to be provided under any workers' compensation, disability benefits law or similar law.

This insurance doesn't cover medical expenses for injury caused by war.

Payment Of Benefits

We may pay *you*, the person providing the medical services or the person responsible for payment of the medical expenses.

When we pay *your* medical expenses, *you* or *your* legal representative must agree in writing to repay us out of any *damages* *you* recover under the liability or uninsured motorist insurance of this policy.

Limits Of Medical Expense Insurance

Regardless of the number of *cars* we insure under this policy, the limit of medical expense insurance is the amount shown on the declarations page for "each person." When medical expenses are payable under more than one policy issued by us, we won't pay more than the highest limit in any one such policy.

Uninsured Motorist Insurance

Our Promise To You

We promise to pay the *damages* *you're* legally entitled to receive from the owner or operator of an uninsured *motor vehicle* because of bodily injury. We'll pay these *damages* for bodily injury *you* suffer in a *car accident* while *occupying* a *car* or, as a pedestrian, as a result of having been struck by an uninsured *motor vehicle*.

Protection For Others

Anyone *occupying*, with *your* permission, a *car* we insure has the same rights and obligations that *you* have under this insurance.

Those Not Protected

Anyone *occupying your car* while it's hired or rented to others for a charge isn't protected by this insurance.

Anyone *occupying* a *car* *you* are driving while it's available for hire by the public isn't protected by this insurance.

Anyone *occupying* a *car* owned by or furnished for *your* regular use and not insured under this insurance isn't protected by this insurance.

Uninsured Motor Vehicles

An uninsured *motor vehicle* is a *motor vehicle* for which there is no bodily injury policy or liability bond available at the time of the *car accident* with at least the minimum limits required by the financial responsibility law of the state in which *your car* is principally garaged.

An uninsured *motor vehicle* also includes a *motor vehicle* which has insurance available at the time of the *car accident* but the company writing it is or becomes insolvent or denies coverage.

An uninsured *motor vehicle* is a hit-and-run *motor vehicle* that strikes *you*, or a *car you* are *occupying*, if the driver or owner can't be identified.

Excluded Uninsured Motor Vehicles

A *motor vehicle* owned by *you* or furnished for *your* regular use isn't an uninsured *motor vehicle*.

A *motor vehicle* that's owned or operated by a self-insurer within the meaning of any motor vehicle financial responsibility law, motor carrier law or any similar law isn't an uninsured *motor vehicle*.

A *motor vehicle* owned by any governmental authority or agency isn't an uninsured *motor vehicle*.

Bodily Injury Covered By This Insurance

This insurance covers bodily injury, including loss of services, sickness, disease or death which results from the injury, caused by a *car accident* and suffered by *you*.

This insurance doesn't cover bodily injury if, without our written consent, *you* settle or sue to a judgment a claim against anyone responsible for *your* injury.

Payment Of Damages

We may pay *you*, *your* legal representative or anyone authorized by law to receive payment.

The amount of *damages* payable under this insurance will be reduced by the amount paid by or on behalf of anyone

responsible for *your* injury. This includes any amount paid under the liability insurance of this policy and any amount paid or payable under any workers' compensation law, disability benefits law or any similar law — exclusive of any state non-occupational disability benefits law.

Trust Agreement

When we pay *you damages* under this insurance, *you* or *your* legal representative must agree in writing to repay us out of any *damages* recovered from anyone responsible for *your* injuries. *You* or *your* legal representative must also agree in writing to hold in trust and preserve for us all rights of recovery.

At our request, *you* must take any necessary action to recover the payments we've made under this insurance. *You* must do so in *your* own name and through a representative we select. Expenses of recovery will be repaid to us out of any *damages* recovered.

Arbitration

If we and *you*, or *your* legal representative, don't agree on *your* legal right to receive *damages* or the amount of *damages*, then upon the written request of either party, the disagreement will be settled by arbitration.

Arbitration will take place in the county where *you* live. It will be conducted under the rules of the American Arbitration Association unless we or *you* or *your* legal representative objects. In that case, *you'll* select one arbitrator and we'll select another. The two selected arbitrators will then select a third. If the two arbitrators are unable to agree on a third arbitrator within 30 days, the judge of the court of record in the county of jurisdiction where arbitration is pending will appoint the third arbitrator.

Local court rules governing procedure and evidence will apply unless the arbitrators agree on other rules. The decision in writing of any two arbitrator will be binding on *you* and us, subject to the terms of this insurance. Judgment on any award may be entered in any court having jurisdiction.

You'll pay the arbitrator that *you* choose and we'll pay the arbitrator we choose. The expense of the third arbitrator and all other expense of arbitration will be shared equally by *you* and us.

Limits Of Uninsured Motorist Insurance

The limit of uninsured motorist insurance shown on the declarations page for "each person" is the maximum we'll pay in *damages* for bodily injury to any one person.

The maximum we'll pay in *damages* for bodily injury to two or more persons is the amount shown on the declarations page for "each accident."

• Even though more than one *car* is listed on the declarations page and separate premiums are charged for each *car*, these limits won't be increased.

Collision Insurance

Our Promise To You

We promise to pay *you* for accidental damage to *your car* and its equipment when it's hit by or it hits another *car*, it hits another object or rolls over. We'll pay for the damage minus any applicable deductible.

We also promise to pay additional benefits. For the purposes of additional benefits, a *car* and attached trailer will be considered as one *car*.

Additional Benefits

We'll pay *you* up to \$200 for damage to *your* clothes and personal luggage — including its contents — if the damage results from a collision loss to *your car*.

We'll pay *you* up to \$10 for the cost of substitute transportation in traveling from the place of the collision to *your* intended destination.

We'll waive the deductible if the collision is between a *car* insured under this insurance and another *car* insured by us.

Excluded Uses Of Cars

While we provide broad protection under this insurance, there are some situations we don't insure.

We don't insure any *car* while it's available for hire by the public.

We don't insure any *car* used in preparation for any pre-arranged or organized racing, speed, demolition or stunting contest or activity, or used in the event itself.

We don't insure any *car* used in the business of selling, repairing, servicing, storing or parking *motor vehicles*. However, we'll insure a *car* used in such business if the *car* is described on the declarations page, or is a replacement, addition 1 or substitute *car*.

We don't insure any *car* you don't own that's used in your business or occupation unless the *car* is a private passenger auto or a *car* described on the declarations page.

Losses Covered By This Insurance

This insurance covers all direct and accidental collision losses to *cars* we insure.

This insurance doesn't cover a collision loss of more than one stereo tape, cassette or cartridge.

This insurance doesn't cover any loss due to war.

This insurance doesn't cover any camper unit that's designed for mounting on a vehicle unless the unit has been reported to us and a premium charge made.

This insurance doesn't cover any equipment or accessories contained in motor homes, camper units or trailers unless they're built in and form a permanent part of the vehicle.

Payment Of Loss

We may pay for the collision loss in cash or we may repair or replace the damaged property. We may take all or part of the damaged property at the agreed or appraised value.

We may settle any loss either with you or the owner of the property.

Limits Of Payment

The maximum limit of collision insurance for losses is the actual cost to repair or replace the damaged property. Payment won't exceed the actual cash value of the property at the time of the loss.

Comprehensive Insurance

Our Promise To You

We promise to pay for direct and accidental loss of, or damage to, *your car* and its equipment — not caused by collision. We'll pay for the loss or damage minus any applicable deductible.

Accidental glass breakage and loss or damage from missiles, falling objects, theft or animals is a comprehensive loss.

We also promise to pay additional benefits. For the purposes of additional benefits, a *car* and attached trailer will be considered as one *car*.

Additional Benefits

We'll pay *you* up to \$200 for loss of, or damage to, *your* clothes and personal luggage — including its contents. This benefit includes loss or damage by theft from *your car*, provided there are visible marks of entry.

We'll pay *you* up to \$75 for towing costs and the cost of labor performed at the place of disablement.

We'll pay *you* for transportation costs up to \$15 per day to a maximum of \$300 if *your car* is stolen. We'll pay the costs that begin 48 hours after the theft has been reported to us and to the police. The payment ends when *your car* is recovered or we've paid or offered to pay the loss.

We'll pay salvage charges for which *you* become legally liable because of transporting a *car* we insure.

We'll pay *you* up to \$10 for the cost of substitute transportation in traveling from the place of the comprehensive loss to *your* intended destination.

We'll pay *you* for *your* reasonable and necessary additional living expenses if *your car* is disabled from a comprehensive or collision loss. This benefit applies if we insure *your car* for both comprehensive and collision insurance under this policy. The loss must occur more than 100 miles from the place of principal garaging as stated in the declarations page. We'll pay up to \$75 per day, not to exceed \$300 per policy period.

Excluded Uses Of Cars

While we provide broad protection under this insurance, there are some situations we don't insure.

We don't insure any *car* while it's available for hire by the public.

We don't insure any *car* used in preparation for any pre-arranged or organized racing, speed, demolition or stunting contest or activity, or used in the event itself.

We don't insure any *car* used in the business of selling, repairing, servicing, storing or parking *motor vehicles*. However, we'll insure a *car* used in such business if the *car* is described on the declarations page, or is a replacement, additional or substitute *car*.

We don't insure any *car* you don't own that's used in your business or occupation unless the *car* is a private passenger auto or a *car* described on the declarations page.

Losses Covered By This Insurance

This insurance covers all direct and accidental comprehensive losses to *cars* we insure.

This insurance doesn't cover loss which is due and confined to wear and tear or mechanical or electrical breakdown or failure, unless it results from a theft or other loss covered by this insurance.

This insurance doesn't cover a comprehensive loss of more than one stereo tape, cassette or cartridge.

This insurance doesn't cover any loss due to war.

This insurance doesn't cover any camper unit that's designed for mounting on a vehicle unless the unit has been reported to us and a premium charge made.

This insurance doesn't cover any equipment or accessories contained in motor homes, camper units or trailers unless they're built in and form a permanent part of the vehicle.

Payment Of Loss

We may pay for the loss in cash or we may repair or replace the damaged or stolen property. Before a loss is paid or the property is replaced, we may return any stolen property to you at our expense with payment for any damage.

We may settle any loss either with *you* or the owner of the property.

Limits Of Payment

The maximum limit of comprehensive insurance for losses is the actual cost to repair or replace the damaged property. Payment won't exceed the actual cash value of the property at the time of the loss.

Rental Expense Insurance

Our Promise To You

We promise to pay *you* for the necessary rental of a similar substitute *car* while the *car* described on the declarations page or its replacement is disabled as a result of a collision loss or a comprehensive loss — other than theft of the entire *car*. Rental expense insurance pays expenses that begin 24 hours after *your car* is disabled. It does not pay for any mileage charges.

Limits Of Rental Expense Payments

We'll pay for rental expense up to \$15 per day and \$300 for each disablement. Rental expense insurance will be paid until the limits are exhausted or the disabled *car* is returned to use or could reasonably have been expected to be repaired or replaced.

Auto Total Disability Insurance

Our Promise To You

We promise to pay weekly benefits for *your* total disability if a premium for total disability insurance is shown for *you* on the declarations page. *Your* total disability must be the direct result of injury caused by a *car accident* and suffered while *occupying* or from having been struck by a *motor vehicle*.

Your total disability must begin within 20 days from the date of the *car accident* in order for this insurance to apply.

Excluded Total Disabilities

This insurance doesn't apply to disabilities that result from any attempt at suicide while sane or insane.

This insurance doesn't apply to disability that results from injuries caused by war.

Some work-related injuries resulting in disability aren't covered. If *your* work involves the operation, loading or unloading of a commercial *motor vehicle* or any vehicle available for hire by the public, this insurance doesn't apply to disability resulting from injuries *you* suffer at work. If *your* work involves the repair or servicing of *motor vehicles*, this insurance doesn't apply to disability resulting from injuries *you* suffer at work.

How To Apply For Weekly Benefits

You or someone on *your* behalf must give us written notice of the disability, proof of claim on forms furnished by us and authorization for medical reports and other records. *You* must submit to physical examination by doctors we select when and as often as we may reasonably require.

Payment Of Total Disability Benefits — Employed Full-Time

If *you're* employed full-time for pay at the time of the *car accident*, the amount of weekly benefits we'll pay is based on *your* average weekly earnings. This average is the amount of earnings *you* actually received from employment during the 12 months immediately preceding the accident, divided by 52.

The amount of weekly benefits we'll pay *you* is 2/3rds of *your* average weekly earnings, not to exceed the weekly benefit amount shown for *you* on the declarations page.

We'll pay the weekly benefit during the first 52 weeks of *your* total disability while *you're* continuously unable to perform every duty related to *your* work. Thereafter, we'll pay weekly benefits while *you're* continuously unable to perform any work for pay.

The weekly benefit is payable every four weeks during *your* disability period.

Payment Of Total Disability Benefits Not Employed Full-Time

If *you* aren't employed full-time at the time of the *car accident*, we'll pay *your* cost of obtaining ordinary and necessary personal services. The personal services are those which *you* usually perform for members of *your* household without pay. We won't pay members of *your* household for performing these personal services.

We'll pay *your* cost of obtaining personal services up to \$12 per day, not to exceed the weekly benefit amount shown for *you* on the declarations page.

We'll pay the weekly benefits for up to 52 weeks.

The weekly benefit is payable every four weeks during *your* total disability period.

Other Insurance

We'll pay the difference between the amount payable from any personal accident insurance and 2/3rd of *your* average weekly earnings if *you're* employed full-time for pay at the time of the *car accident*. The amount payable under this insurance won't exceed the weekly benefit shown for *you* on the declaration page.

We'll return any premium to *you* which exceeds the premium for the weekly benefit we actually pay.

Auto Accidental Death Indemnity Insurance

Our Promise

We promise to pay the principal sum stated on the declarations page for the death of any person we insure. The death must result directly from injury suffered while *occupying* or from having been struck by a *motor vehicle*.

We'll pay if death occurs within 52 weeks of the date of the injury and during continuous total disability resulting from the injury. If the deceased was not disabled, we'll pay if death occurs within 90 days of the date of the injury.

Excluded Deaths

This insurance doesn't apply to death resulting from suicide or any attempt at suicide whether the deceased was sane or insane.

This insurance doesn't apply to death resulting from injuries caused by war.

Some work-related deaths aren't covered. If a person's work involves the operation, loading or unloading of a commercial *motor vehicle* or any vehicle available for hire by the public, this insurance doesn't apply to death resulting from injuries suffered at work.

If a person's work involves the repair or servicing of *motor vehicles*, this insurance doesn't apply to death resulting from injuries suffered at work.

Persons Insured

An insured is any person for whom a death indemnity premium charge is shown on the declarations page.

If children are insured, the death indemnity applies only to dependent, unmarried children under 22 years of age who don't own a *car* and who reside with *you*.

How To Apply For Death Benefit

The beneficiary or legal representative must give us written notice of death, proof of claim on forms furnished by us and authorization for medical reports and other records. We'll have the right and opportunity to make an autopsy where it isn't forbidden by law.

Changes

A beneficiary's consent isn't required for cancellation, assignment, change of beneficiary or any other change in this insurance.

Payment Of Death Benefit

If the deceased is survived by *you*, we'll pay *you*. Otherwise we'll make payment to the deceased's estate.

Other Insurance

The maximum amount payable under this and any other auto accidental death indemnity insurance issued by us to *you* won't exceed the highest principal sum of any one policy. We'll pay our pro rata share of the principal sum under this insurance. We'll return any premium to *you* which exceeds the premium for the amount we actually pay.

General Policy Provisions

Our Right To Recover From Others

After we have made payment under the Liability, Medical Expense, Uninsured Motorist, Comprehensive, Collision or Rental Expense Insurance of this policy, we have the right to recover the payment from anyone who may be held responsible. *You* and anyone we protect must sign any papers and do whatever else is necessary to transfer this right to us. *You* and anyone we protect will do nothing to affect our rights.

Transfer Of This Policy

This policy can't be transferred to any person or organization without our written consent. However, if the person named first in Item 1 of the declaration page dies, this policy will provide protection until the end of the policy period for the deceased' legal representative and those persons who were protected on the date of death.

Changes In Your Policy

We'll automatically give *you* the benefits of any or broadening of this policy if the change does additional premium.

The only other way this policy can be changed is by policy endorsement. Any necessary adjustment of premium will be made at that time.

If, at the time of *your* application for insurance or the issuance of this policy, our agent misrepresents facts to u without *your* knowledge, we won't void this policy or deny *you* protection in the event of a loss or claim.

Territory

This policy applies only to *car accidents* and losses within the United States of America, its territories or possessions and Canada, or while the *car* is being transported between their ports.

Cancellation During The Policy Period

You may cancel all or any part of this policy by mailing to us a written notice stating the future date *you* wish the cancellation to be effective. If there is any refund in premium, we'll mail it to *you* as soon as possible after the date of cancellation. The earned premium will be based on our short rate table. This means that we'll keep premium for the days *you* were protected, plus a percentage charge to cover the expense of cancelling during the policy period.

We won't cancel this policy solely because of *your* age, sex, marital status, residence, race, color, creed, national origin, ancestry or occupation.

If we cancel this policy, we must mail the notice of cancellation to *you* at least 10 days before this policy is to be canceled. However, after all or any part of this policy has been in effect for more than 60 days or, if this policy is a renewal, effective immediately, our right to cancel is limited. We may then cancel this policy only if *you* don't pay the premium when it is due, or if *you* obtained this policy through material misrepresentation, or if *your* driver's license is suspended or revoked during the policy period.

Under our limited right to cancel this policy, if *you* fail to pay the premium, we'll mail a cancellation notice to *you* at least 10 days before this policy is to be cancelled. Or, if *you* make a material misrepresentation or lose *your* driver's license, we'll mail a cancellation notice to *you* at least 30 days before this policy is to be cancelled. If there is any refund in premium, we'll mail it to *you* as

soon as possible after the cancellation date. The earned premium will be based on our pro rata table. This means that we'll keep premium for only the day that *you* were protected.

If we cancel, our mailing of notice to *your* address shown on the declarations page will constitute proof of notice as of the date we mail it. Delivery of written notice of cancellation by either *you* or us will be equivalent to mailing.

Renewal Provision

We won't refuse to renew this policy solely because of *your* age, sex, marital status, residence, race, color, creed, national origin, try or occupation.

Subject to our consent, *you* may renew this policy. When we consent to renew this policy, *you* must pay the renewal premium in advance. Or, if *you* select a time payment plan, *you* must pay the required down payment in advance. *Your* policy will expire if we don't receive the required payment by the renewal date.

If we decide not to renew *your* policy, we'll mail to at *your* address shown on the declarations page, notice of non-renewal. The written notice will be to *you* 30 days before the end of the policy term.

If we decide not to renew *your* policy, our mailing notice to *your* address. Shown on the declarations page constitute proof of notice of the date we mail it.

Out-Of-State Insurance

If this policy provides liability insurance and if *you* are traveling in a state which has compulsory motor vehicle insurance requirements for non-residents, we'll automatically provide the required insurance. However, this amendment will provide only excess insurance.

Other Insurance

Sometimes two or more insurance policies protect the same person or organization for a car accident. When this happens, damages or loss may be payable under each policy. Insurance companies try to avoid conflicts where

this possibility exists by stating the basis on which their insurance applies. Where it isn't likely any other insurance will be involved, the insurance company usually makes its insurance primary. Primary insurance pays even if there is other insurance. Where it's likely that other insurance will apply, insurance companies make their insurance excess. Excess insurance protects *you* when primary insurance is exhausted or no primary insurance is available.

This insurance is primary for any *car* described on the declaration page, or any additional or replacement *car* we insure.

This insurance is excess for the use of any *car* not owned by *you*.

Occasionally there is other primary insurance available when this insurance is primary. Or there is other excess insurance available when this insurance is excess. When this happens the following rules apply:

LIABILITY INSURANCE — If the other insurance isn't issued by us, we'll pay only our share of any *damages*. Our share is determined by adding up the limits of this insurance and all other insurance that applies on the same basis and finding the percentage of the total which our limits represent.

UNINSURED MOTORIST INSURANCE — We'll pay only our share of any *damages*. Our share is determined by adding up the limits of this insurance and any other insurance that applies on the same basis and finding the percentage of the total which our limit represent. That percentage is applied to the amount of *damages* which doesn't exceed the highest limit of any one such policy.

When this insurance is excess and all other insurance is primary, we'll pay *damages* up to the amount by which this insurance exceeds the limits of the primary insurance.

COMPREHENSIVE AND COLLISION INSURANCE — The amount of the loss in excess of any applicable deductible will be shared equally. This insurance is excess for clothes and personal luggage.

Mutual-Membership And Voting Notice

While this policy is in force, *you* are a member of Sentry Insurance a Mutual Company of Stevens Point, Wisconsin. *You* are entitled to vote either in person or by proxy at all meetings of our Company. The Annual Meetings are held in our Home Office in Stevens Point, Wisconsin, on the third Wednesday of April, in each year at 9:00 o'clock a.m.

Mutuals-Participation Clause

This policy is non-assessable. This means that as a member of Sentry Insurance a Mutual Company *you* have no responsibility for our debts or obligations. *Your* responsibility is limited to the premium charges for *your* insurance. If any dividends are distributed, *you'll* share in them according to law and under conditions set by the Board of Directors.

This policy is signed at Stevens Point, Wisconsin, on behalf of Sentry Insurance a Mutual Company by our Secretary. It's countersigned on the declarations by our authorized representative.


Donald E. Reutershan, President


Robert P. Hamm, Sr.

Definitions

The terms that are defined below are in *italics* when they appear in the text of this policy.

A **car** is a 4 wheel *motor vehicle* licensed for use on public roads. It includes any motor home that isn't used for business purposes and any *utility trailer*.

A **car accident** is an unexpected and unintended event that causes bodily injury or property damage and arises out of the ownership, maintenance or use of a *car* or other *motor vehicle*.

Damage are the cost of compensating those who suffer bodily injury or property damage from a *car accident*.

A **motor vehicle** is a land motor vehicle designed for use on public roads. It includes *car* and trailers. It also includes any other land motor vehicle while used on public roads.

Occupying means in, on or getting in or out of.

A **utility trailer** is a trailer designed for use with a *car*. It includes farm implement or farm wagon while towed on public roads by a *car*. It doesn't include a trailer used as an office, store, display or passenger trailer.

You, your, yourself means the person named on the Declarations page and that person's husband or wife if a resident of the same household.

You, your, yourself also means a member of the family who is a resident of the household and who doesn't own a *car* or whose spouse doesn't own a *car*.



**NATIONWIDE
INSURANCE**
Nationwide is on your side.

Nationwide's Century II Auto Policy

Now — auto insurance protection you can count on in a policy you can understand

You now have a different kind of insurance policy. One that's readable, understandable, straightforward. We believe you have purchased the best in auto insurance protection — backed by the best in policyholder service. We intend to keep it that way.

Please take a few minutes to read and see what's inside your new Century II policy.

Should you have an accident or loss — and we hope you don't — just call us at once. Our claims service starts then. The telephone number to call is listed on your Nationwide identification card, or you may get in touch with any local claims office.

If you have any questions about this policy, or any part of your insurance program, your agent will welcome your call anytime.

Thank you for relying on Nationwide.

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Nationwide's Century II Auto Policy

INSURING AGREEMENT

For your payment of premiums in amounts we require and subject to all of the terms and conditions of this policy, we agree to provide the coverages you have selected. Your selections are shown in the attached Declarations, which are a part of this policy contract. Subsequent premiums for renewal terms of six months each must be paid in advance.

DEFINITIONS

The language of this insurance policy includes certain common words for easy understanding. They have exactly defined meanings, however. In this policy:

1. the word "YOU" and "YOUR" mean or refer to the policyholder first named in the attached Declarations, and include that policyholder's spouse if living in the same household.
2. the words "WE", "US", "OUR", and "THE COMPANY" mean or refer to the Nationwide Mutual Insurance Company.
3. the words "THE INSURED", "AN INSURED", and "ANY INSURED" mean or refer to the persons and organizations specifically indicated as entitled to protection under the coverage being described.
4. the words "YOUR AUTO" mean the vehicle or vehicles described in the attached Declarations.
5. the words "DEDUCTIBLE" or "DEDUCTIBLE AMOUNT" mean the amount of loss to be paid by the insured when a loss occurs. We pay for covered loss above the deductible amount.
6. the words "MOTOR VEHICLE" mean a land motor vehicle designed to be driven on public roads. They do not include vehicles operated on rails or crawler-treads. Other motor vehicles designed for use mainly off public road are covered when used on public road.
7. the word "OCCUPYING" mean in, upon, entering, or alighting from a motor vehicle.
8. the word "EQUIPMENT" mean anything usual and incidental to the use of a motor vehicle on a motor vehicle. A trailer is not equipment.

TERRITORY

All coverages in this policy apply only to occurrences while the policy is in force. All coverages apply in Canada, the United States of America and its territories or possessions, or between their ports. All coverages except Uninsured Motorists coverage apply to occurrences in Mexico, if within 50 miles of the United States boundary. We will base the amount of any Comprehensive or Collision loss in Mexico on cost at the nearest United States point. Comprehensive Family Liability coverage has no territorial limitation.

NOTE: You will need to buy auto insurance from a Mexican insurance company — regardless of coverage provided by this policy — before driving in Mexico. Otherwise you may be subject to jail detention, auto impoundment, and other legal complications in case of an accident.

(Attach Declarations and Endorsements Here)

physical damage COVERAGES

COMPREHENSIVE COVERAGE Under this coverage, we will pay for direct and accidental loss of, or damage to, your auto and its equipment not caused by collision or upset. We will pay for the loss or damage minus your declared deductible amount. If your Comprehensive and Collision coverages have different deductibles, the smaller deductible will apply to broken glass. Damage from contact with animals or falling or flying objects is paid under this coverage.

Also, if your auto has loss or damage under this coverage:

1. we will pay for resulting loss of clothing and luggage belonging to you or any relatives living in your household. Maximum payment is \$200 in total for each occurrence. We will pay for stolen clothing or luggage only if your auto is stolen.
2. we will repay your transportation expenses after your auto is stolen. Maximum payment is \$10 per day — not to exceed \$300 per occurrence. Repayable transportation expenses are those incurred within a certain time period. It begins 48 hours after you report the theft to us and the police. It ends when the auto is returned for your use or when we pay for its loss.
3. we will repay you for the cost of transportation from where your auto was disabled to your intended destination. Maximum payment is \$10 for each occurrence.

COLLISION COVERAGE Under this coverage, we will pay for direct and accidental loss of, or damage to, your auto and its equipment caused by collision or upset. This coverage includes broken glass. For each occurrence, we will pay for the loss or damage minus your declared deductible amount. However, we will not subtract the deductible amount:

1. if your auto collides with another motor vehicle insured by us, or
2. for broken glass if you have full (no deductible) Comprehensive coverage in force.

Also, if your auto has loss or damage under this coverage:

1. we will pay for resulting loss of clothing and luggage belonging to you or any relatives living in your household. Maximum payment is \$200 in total for each occurrence.
2. we will repay you for the cost of transportation from where your auto was disabled to your intended destination. Maximum payment is \$10 for each occurrence.

TOWING AND LABOR COSTS COVERAGE Under this coverage, we will pay towing and labor costs if your auto is disabled, provided the labor is done at the place of disablement.

COVERAGE EXTENSIONS

USE OF TRAILERS Your auto's Comprehensive and Collision insurance also will cover a trailer in the custody of you or a member of your household for loss that otherwise is uninsured. The trailer must not be owned by anyone in your household. It must be designed for use with a private passenger auto. The maximum amount payable for such loss or damage is \$500. However:

1. we will not pay when the trailer is used for business purposes with a vehicle that's not a private passenger auto.
2. we will not pay when the trailer is used with a vehicle that's not insured for Comprehensive or Collision loss under this policy.

USE OF OTHER MOTOR VEHICLES Your auto's Comprehensive, Collision, and Towing and Labor Costs insurance also will cover certain other vehicles:

1. It will cover a motor vehicle you do not own, while it substitutes temporarily for your auto. Your auto must be out of use because of breakdown, repair, servicing, loss or destruction.
2. It will cover a four-wheel motor vehicle newly acquired by you. The coverage applies only during the first 30 days you own the vehicle, unless it replaces your auto. We provide this coverage only if you do not have other collectible insurance. You must pay any additional premium resulting from this coverage extension.



physical damage

(continued)

3. It will cover a private passenger car belonging to someone who is not a member of your household. This protection applies only while such car is being used by you or a relative living in your household. It applies only to policies issued to individual persons (not organizations). Protection does not extend to losses:

- a) arising out of the operation of an auto repair shop, public garage or parking place, sales agency, or service station; or
- b) occurring while the car is furnished to you or a member of your household for regular use.

COVERAGE EXCLUSIONS

Comprehensive and Collision coverages do not apply to loss of or damage to your property as follows:

1. They do not cover more than one stereo tape, cassette or cartridge.
2. They do not cover any container designed for use in storing or carrying stereo tapes, cassettes, or cartridges.
3. They do not cover a camper or living quarters unit designed to be mounted on or attached to a vehicle, unless the unit is reported to us, and any required premium paid.
4. They do not cover wear and tear damage, damage by freezing, or mechanical or electrical breakdown or failure — unless such damage results from a Comprehensive or Collision loss covered by this policy.

Comprehensive, Collision, and Towing and Labor coverages do not apply in the following circumstances:

1. They do not apply while any auto is under hire to carry persons or property for a fee. However, shared-expense car pools will not be considered as carrying persons for a fee.
2. They do not apply to loss to any auto due to an act of war.

LIMITS OF PAYMENT

ACTUAL CASH VALUE Our obligation to pay for Comprehensive or Collision loss is limited to the cash value of the auto or its damaged parts at the time of loss. The determination of cash value will include consideration of fair market value, age, and condition of the property in question at the time of loss.

We may pay you directly for a loss, or may repair or replace your auto or its damaged parts. At any time before loss settlement, we may return stolen property at our expense with payment for any damage done to the property.

OTHER INSURANCE If you have other insurance for Comprehensive or Collision damage to your auto, or Towing and Labor, we will not be liable for more than our proportional share of the loss. That share is determined by our proportion of the total insurance collectible for the loss. For damage to motor vehicles other than your auto (those described under "COVERAGE EXTENSIONS"), we will pay only the insured loss not covered by any other insurance.

ASSIGNABILITY

No interest in this policy's Comprehensive, Collision, and Towing and Labor coverages can be transferred without our written consent. However, if you die, these coverages will continue in force for the remainder of the policy period for anyone having proper temporary custody of your auto until a legal representative is appointed, and for that representative.

auto liability

(for damage or injury to others caused by your auto)

COVERAGE

PROPERTY DAMAGE & BODILY INJURY LIABILITY COVERAGE Under this coverage, if you become legally obligated to pay damages resulting from the ownership, maintenance, use, loading or unloading of your auto, we will pay for such damages. Anyone living in your household has this protection. Also protected is any person or organization who is legally responsible for the use of your auto and uses it with your permission. This permission may be expressed or implied. Damages must involve:

1. property damage, meaning destruction of property or damage or injury to it, including loss of its use; or
2. bodily injury, meaning bodily injury, sickness, disease, or death of any person.

We will pay property damage and bodily injury liability losses up to the limits as stated in the attached Declarations. Also, in connection with any covered liability loss:

- a) we will defend at our expense, with attorneys of our choice, any suit brought against you where



auto liability

(continued)

jurisdiction of the court has been obtained without reference to our obligations in this policy. We may investigate, negotiate, and settle any claim or suit as we think appropriate.

b) we will pay all expenses incurred by us, and all costs levied against the insured in any such suit.

c) we will pay all premiums on appeal bonds in defended suits, and on bonds to release property that has been attached. We also will pay a premium of not more than \$250 for bail bond required because of an accident or traffic violation. Although paying such premiums, we have no obligation to apply for or furnish such bonds.

d) we will pay interest accruing on all damages awarded, until such time as we have paid, formally offered, or deposited in court the amount for which we are liable under this policy.

e) we will pay emergency expenses incurred by the insured for imperative medical and surgical aid to others at the time of accident.

f) we will pay all reasonable expenses incurred by the insured at our request, but not more than \$25 per day for loss of earnings.

After the liability limits of this policy have been exhausted by payment, we will not be obligated to defend any suit or pay any claim or judgment.

COVERAGE EXTENSIONS

USE OF TRAILERS Your auto's Property Damage and Bodily Injury Liability insurance applies to the use of a trailer, regardless of who owns it, by you or someone else with your permission. The trailer must be designed for use with a private passenger auto. This coverage does not apply as follows:

1. It does not apply when the trailer is used for business purposes with a vehicle that is not a private passenger auto.
2. It does not apply when the trailer is used with a vehicle not insured for auto property damage and bodily injury liability loss under this policy.

USE OF OTHER MOTOR VEHICLES Your auto's Property Damage and Bodily Injury Liability insurance also applies to certain other motor vehicles:

1. It applies to a motor vehicle you do not own, while it substitutes temporarily for your auto. Your auto must be out of use because of breakdown, repair, servicing, loss, or destruction.
2. It applies to a four-wheel motor vehicle newly acquired by you. The coverage applies only during the first 30 days you own the vehicle, unless it replaces your auto. The coverage applies only if you do not have other collectible insurance. You must pay any additional premiums resulting from this extension of coverage.
3. It applies to a motor vehicle that belongs to someone who is not a member of your household. This protection applies only when the vehicle is being used by you or relatives living in your household. It applies only in policies issued to individual persons (not organizations). It protects the user, and any person or organization who does not own the vehicle but is legally responsible for its use. Protection does not extend to losses:

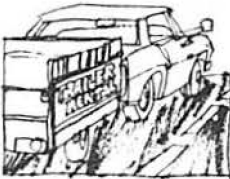
- a) that involve use of a vehicle in the business or occupation of you or a relative living in your household, except a private passenger auto used by you, your chauffeur or household employee.
- b) that occur while the vehicle is furnished to you or a member of your household for regular use.

FINANCIAL RESPONSIBILITY If the financial responsibility law of any state or province requires greater liability limits than those provided by this policy, we will automatically adjust this policy to comply. This policy also will be interpreted to comply with the non-resident requirements of any compulsory motor vehicle insurance law, or similar law, regarding the kinds and limits of coverage provided. However, any loss payment under this extension of limits or coverage will be made only over and above any other collectible motor vehicle insurance. In no case will anyone be entitled to duplicate payments for the same loss.

COVERAGE EXCLUSIONS

This auto property damage and bodily injury liability insurance does not apply as follows:

1. It does not cover property damage or bodily injury caused intentionally by or at the direction of an insured.
2. It does not cover the use of any vehicle to carry persons or property for a fee. However, shared-expense car pools will not be considered carrying persons for a fee.



auto liability

(CONTINUED)

3. It does not cover ownership, maintenance, or use of vehicles in an automobile business operation, such as an auto repair shop, public garage or parking place, sales agency, or service station. However, it does cover the maintenance and use of your auto by you, a member of your household, or anyone associated with or employed by you in such a business.
4. It does not cover damage to any property you own or have in your custody, except a rented residence or rented private garage. This same exclusion applies to any insured.
5. It does not cover bodily injury to others for which any insured may be held liable under a workmen's compensation, unemployment compensation, disability benefits, or similar law.
6. It does not cover bodily injury to an employee of any insured, while the employee is engaged in activities of employment. However, it does cover any occurrence involving a household employee who is not covered or is not required to be covered by any workmen's compensation law.
7. It does not cover any per on projected under a Nuclear Energy Liability insurance contract or indemnity coverage, even if the contract has terminated upon exhaustion of its liability benefits.
8. It does not cover any obligation for which the United States government may be held liable under the Federal Tort Claims Act.

LIMITS OF PAYMENT

AMOUNTS PAYABLE FOR LIABILITY LOSSES Our obligation to pay property damage or bodily injury liability losses is limited to the amounts per person and per occurrence in the attached Declarations. The following conditions apply to these limits:

1. For property damage liability, limits shown are for all legal damages in one occurrence.
2. For bodily injury liability, limits shown for any one person are for all legal damages claimed by anyone for bodily injury or loss of services of one person as a result of one occurrence. The total limit of our liability shown for each such occurrence is for all damages sustained by two or more persons.
3. The insuring of more than one person or vehicle under this policy does not increase our liability limits. Liability limits apply to each insured vehicle as stated in the Declarations.
4. In any loss covered under "USE OF OTHER MOTOR VEHICLES," the highest liability limit applicable to any one vehicle in this policy will apply.
5. A motor vehicle and attached trailer is considered one vehicle for purposes of auto property damage and bodily injury liability coverage.

OTHER INSURANCE In any loss involving the use of your auto, we will be liable for only our proportional share of the loss if there is other collectible liability insurance. That share is determined by our proportion of the total insurance collectible for the loss. For losses involving the use of other motor vehicles, we will pay the insured loss not covered by other insurance. If the insured has more than one Nationwide policy in which Property Damage or Bodily Injury Liability coverage applies to a loss, we will pay only up to the highest limit in any one policy.

ASSIGNABILITY

No interest in this policy can be transferred without our written consent. However, if you die, your auto's liability coverage will continue in force for the remainder of the policy period for anyone having proper temporary custody of your auto until a legal representative is appointed, and for that representative.

medical payments

(medical expenses payable regardless of fault)

COVERAGE

Under this coverage, we will pay medical and funeral expenses to or for you or any relative living in your household. We will pay these benefits for accidental bodily injury, sickness, disease, or death suffered while occupying your auto. Up to limits stated in the attached Declarations, we will pay the following: all reasonable expenses incurred within one year following an accident for necessary medical, dental, surgical, ambulance, hospital, and professional nursing care, prosthetic devices, and funeral services. We will pay regardless of who is at fault in the accident.

COVERAGE EXTENSIONS

In addition, you and relatives living in your household are covered:

1. while occupying a motor vehicle you do not own, while it substitutes temporarily for your auto. Your auto must be out of use because of breakdown, repair, servicing, loss, or destruction.

medical payments (continued)



2. while occupying a four-wheel motor vehicle newly acquired by you. The coverage applies only during the first 30 days you own the vehicle, unless it replaces your auto.
3. while occupying any other motor vehicle not owned by you or a resident relative.
4. as pedestrians, if hit by any motor vehicle or trailer.

Persons other than you and your resident relatives are protected under this coverage as follows:

1. They are covered while occupying your auto when it is being used by you, a resident of your household, or anyone else with your permission.
2. They are covered while occupying a motor vehicle you do not own, while it substitutes temporarily for your auto. Your auto must be out of use because of breakdown, repair, servicing, loss, or destruction.
3. They are covered while occupying a four-wheel motor vehicle newly acquired by you. The coverage applies only during the first 30 days you own the vehicle, unless it replaces your auto.
4. They are covered while occupying a motor vehicle that belongs to someone who is not a member of your household. This protection applies only when the vehicle is being used by you or relatives living in your household. It applies only in policies issued to individual persons (not organizations). This protection does not apply to:

- a) use of any vehicle in the business or occupation of you or a resident relative, except a private passenger auto used by you, your chauffeur, or household employee.
- b) use of a vehicle furnished to you or a member of your household for regular use.

USE OF TRAILERS Your auto's Medical Payments insurance applies to the use of a trailer, regardless of who owns it, by you or someone else with your permission. The trailer must be designed for use with a private passenger auto. This coverage does not apply as follows:

1. It does not apply when the trailer is used for business purposes with a vehicle that is not a private passenger auto.
2. It does not apply when the trailer is used with a vehicle not insured for Medical Payments under this policy.

COVERAGE EXCLUSIONS

This Medical Payments insurance does not apply as follows:

1. It does not cover use by any insured of any vehicle to carry persons or property for a fee. However, shared-expense car pools will not be considered carrying persons for a fee.
2. It does not cover maintenance or use of vehicles in an automobile business operation, such as an auto repair shop, public garage or parking place, sales agency, or service station. However, coverage is provided for the maintenance and use of your auto by you, a member of your household, or anyone associated with you in such a business.

LIMITS AND CONDITIONS OF PAYMENT

BENEFITS PAYABLE The amount payable under this coverage in or for one person in one accident is limited as stated in the attached Declarations. Limits apply to each insured vehicle as stated in the Declarations. The stated limit is not increased by the insuring of more than one person or vehicle under this policy. However, the stated limit will be increased 50 percent for a person who is wearing an approved motor vehicle seat belt at the time of an accident.

OTHER INSURANCE In any loss involving the use of a vehicle you do not own, or being hit by any motor vehicle or trailer, we will pay only the insured benefit over and above the amount of other collectible automobile Medical Payments or Family Compensation insurance.

OTHER CLAIMS AND JUDGMENTS Any loss payment under this coverage will apply toward payment of any claim or judgment relating to the same loss under the Bodily Injury Liability coverage of this policy. The company will require written agreement to this condition before payment of a Medical Payments loss.

ASSIGNABILITY

No interest in this policy can be transferred without our written consent. However, if you die, your auto's Medical Payments coverage will continue in force for the remainder of the policy period for other persons who were entitled to coverage at the time of your death.

family compensation

(medical, confinement,
and death benefits,
payable regardless
of fault)

COVERAGE

Under this coverage, we will pay medical, confinement, and death benefits to or for you or any relative living in your household. We will pay these benefits for accidental bodily injury, sickness, disease, or death suffered while occupying your auto. Regardless of who is at fault in the accident, we will pay the following:

MEDICAL BENEFIT We will pay all reasonable expenses incurred within one year following the accident — not to exceed \$5,000 — for necessary medical, dental, surgical, ambulance, hospital, and professional nursing care, and prosthetic devices. If the insured is wearing an approved motor vehicle seat belt at the time of accident, we will pay these expenses not to exceed \$7,500.

CONFINEMENT BENEFIT We will pay a confinement benefit for each day of necessary and continuous indoor confinement incurred within 180 days after the accident. The insured must be under the care of a licensed physician other than himself. Payment per day of confinement will be \$5 for any insured who has reached his 18th birthday at the time of accident, and \$2.50 for any insured who has not. Daily benefits will be paid in monthly accumulations. For any insured wearing an approved motor vehicle seat belt at the time of accident, we will pay confinement benefits incurred within 270 days after the accident.

DEATH BENEFIT We will pay a death benefit of \$5,000 for any insured who has reached his 18th birthday at the time of accident, and \$2,000 for any insured who has not. Death must occur within one year of and as a direct result of the accident. Payment will be made to a legal representative.

COVERAGE EXTENSIONS

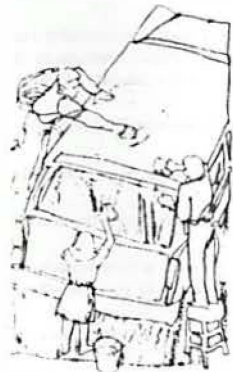
YOU AND RELATIVES Also under the previously described benefits, you and relatives living in your household are covered:

1. while occupying a motor vehicle you do not own, while it substitutes temporarily for your auto. Your auto must be out of use because of breakdown, repair, servicing, loss, or destruction.
2. while occupying a four-wheel motor vehicle newly acquired by you. The coverage applies only during the first 30 days you own the vehicle, unless it replaces your auto.
3. while occupying any other motor vehicle not owned by you or a resident relative.
4. as pedestrians, if hit by any motor vehicle or trailer.

BENEFITS FOR OTHER PERSONS Persons other than you and relatives living in your household also are entitled to certain benefits under this coverage. For accidental bodily injury, sickness, disease, or death, we will pay any such person as follows: benefits not to exceed \$2,000 for all reasonable expenses incurred within one year following an accident for necessary medical, dental, surgical, ambulance, hospital, and professional nursing care, prosthetic devices, and funeral services. If such person is wearing an approved motor vehicle seat belt at the time of accident, we will pay benefits not to exceed \$3,000. These benefits protect persons other than you and your resident relatives:

1. while they are occupying your auto when it is being used by you, a resident of your household, or anyone else with your permission.
2. while they are occupying a motor vehicle you do not own, while it substitutes temporarily for your auto. Your auto must be out of use because of breakdown, repair, servicing, loss, or destruction.
3. while they are occupying a four-wheel motor vehicle newly acquired by you. The coverage applies only during the first 30 days you own the vehicle, unless it replaces your auto.
4. while they are occupying a motor vehicle that belongs to someone who is not a member of your household. This protection applies only when the vehicle is being used by you or relatives living in your household. It applies only in policies issued to individual persons (not organizations). This protection does not apply to:
 - a) use of any vehicle in the business or occupation of you or a resident relative, except a private passenger auto used by you, your chauffeur, or household employee.
 - b) use of a vehicle furnished to you or a member of your household for regular use.

USE OF TRAILERS Your auto's Family Compensation insurance applies to the use of a trailer, regardless of who owns it, by you or someone else with your permission. The trailer must be designed for use with a private passenger auto. This coverage does not apply as follows:



family compensation

(continued)

1. It does not apply when the trailer is used for business purposes with a vehicle that is not a private passenger auto.
2. It does not apply when the trailer is used with a vehicle not insured for Family Compensation under this policy.

COVERAGE EXCLUSIONS

This Family Compensation insurance does not apply as follows:

1. It does not cover use by any insured of any vehicle to carry persons or property for a fee. However, shared-expense car pools will not be considered carrying persons for a fee.
2. It does not cover maintenance and use of vehicles in an automobile business operation, such as an auto repair shop, public garage or parking place, sales agency, or service station. However, it does cover the maintenance and use of your auto by you, a member of your household, or anyone associated with you in such a business.

LIMITS AND CONDITIONS OF PAYMENT

BENEFITS PAYABLE The amount payable under this coverage to or for one person in one accident is limited as stated in the preceding coverage provisions. This limit is not increased by the insuring of more than one person or vehicle under this policy.

OTHER INSURANCE In any loss involving the use of a motor vehicle you do not own, or being hit by any motor vehicle or trailer, we will pay only the insured medical benefits over and above the amount of other collectible Family Compensation or automobile Medical Payments insurance.

Payment of medical, confinement, or death benefits under this coverage will satisfy all company liability for such benefits under this or any other Family Compensation insurance.

OTHER CLAIMS AND JUDGMENTS Any loss payment under this coverage will apply toward payment of any claim or judgment relating to the same loss under the Bodily Injury Liability coverage of this policy. The company will require written agreement to this condition before payment of a Family Compensation loss.

ASSIGNABILITY

No interest in this policy can be transferred without our written consent. However, if you die, your auto's Family Compensation coverage will continue in force for the remainder of the policy period for those persons who were entitled to coverage at the time of your death.

uninsured motorists

(for bodily injury caused by uninsured motorists)

COVERAGE

Under this coverage, we will pay bodily injury damages that you or your legal representative are legally entitled to recover from the owner or driver of an uninsured motor vehicle. Damages must result from an accident arising out of the ownership, maintenance, or use of the uninsured vehicle. Bodily injury means bodily injury, sickness, disease, or death.

Relatives living in your household also have this protection. Anyone else is protected while occupying:

1. your auto.
2. a motor vehicle you do not own, while it substitutes temporarily for your auto. Your auto must be out of use because of breakdown, repair, servicing, loss, or destruction.
3. a four-wheel motor vehicle newly acquired by you. The coverage applies only during the first 30 days you own the vehicle, unless it replaces your auto.
4. any other motor vehicle while it is being operated by you or a relative living in your household. However, the vehicle must not be owned or furnished to you or a relative living in your household for regular use.

This coverage also protects others for damages they may be legally entitled to recover because of bodily injury suffered by an insured.

In any uninsured motorists claim, we will jointly determine with the insured or his legal representative whether there is legal right to recover damages, and if so in what amount. If agreement cannot be reached with regard to liability or amount of damages, the matter will be decided by arbitration. Any judgment against the uninsured of liability or amount of damages will be binding only if it was obtained with our written consent.

uninsured motorists

(continued)

An uninsured motor vehicle is:

- a) one for which there is no bodily injury liability bond or insurance at the time of the accident in at least the amounts required by the financial responsibility law where your auto is principally garaged.
- b) one for which the insuring company denies coverage or becomes insolvent.
- c) a "hit-and-run" motor vehicle which causes bodily injury to an insured by physical contact with such person or a vehicle he is occupying.

Identity of the driver and the owner of the "hit-and-run" vehicle must be unknown. The accident must be reported to the police or proper governmental authority within 24 hours. We must be notified within 30 days, by a statement under oath, that the insured or his legal representative has a legal action for damages arising out of the accident. This statement must include facts supporting the action. If the insured was occupying a vehicle at the time of accident, the vehicle must be made available for our inspection.

Motor vehicles that are "self-insured" within the meaning of financial responsibility laws, motor carrier laws, or similar laws, will not be considered uninsured. Neither will any motor vehicle owned by any governmental unit or agency, any vehicle while located for use as residence or premises, nor any equipment principally designed for use off public roads except while on public roads.



COVERAGE EXCLUSIONS

This Uninsured Motorists insurance does not apply as follows:

1. It does not apply to use of any vehicle by an insured to carry persons or property for a fee. However, shared-expense car pools will not be considered carrying persons for a fee.
2. It does not apply to use of any vehicle by an insured without permission of the owner.
3. It does not apply to bodily injury of any insured if he or a legal representative settles, without our written consent, with anyone who may be liable for the injury.
4. It does not apply to bodily injury suffered while occupying a motor vehicle owned by you or a relative living in your household, but not insured for Uninsured Motorists coverage under this policy. It does not apply to bodily injury from being hit by any such vehicle.

OBLIGATIONS OF THE INSURED

1. The insured in making a claim under this coverage must submit written proof of the claim to us on company forms as soon as practicable — under oath if required. This proof must include complete information about the nature and extent of injuries, treatment, and any other details which could bear on the amount of payment. The insured must submit to examination under oath as often as we reasonably require.
2. Injured persons must submit to examinations by company-selected physicians as often as we reasonably require. Upon each request the injured person or his legal representative must authorize us to speak with any physician who has treated him, examine all medical history and reports pertaining to the injury regardless of who has prepared or maintained them, and obtain or make copies of wage and medical reports and records.
3. After notice of claim, we may require the insured to take necessary action to preserve his right to recover damages from anyone alleged to be legally liable.
4. If an insured or his legal representative brings legal action for accidental bodily injury against any party legally responsible for use of a motor vehicle involved in the accident, a copy of the summons and complaint or other process served must be sent immediately to the company.

ARBITRATION

If we and the insured do not agree about the insured's right to recover damages or the amount of damages, the following arbitration procedure will be used:

After written demand for arbitration by either party, each party will select a competent and disinterested arbitrator. The two so selected will select a third. If selection of the third arbitrator cannot be agreed upon within 30 days, the insured or the company may request that selection be made by a judge of a court of record in the county and state in which arbitration is pending. Each party will pay its chosen arbitrator, and bear equally expenses for the third and all other expenses of arbitration.

uninsured motorists

(continued)

Unless the insured and the company agree otherwise, arbitration will take place in the county and state in which the insured lives. Arbitration will be subject to the usual rules of procedure and evidence in such county and state. The arbitrators will determine questions in dispute. A written decision on which two agree will be binding on the insured and us.

As an alternative to the previously described procedure, if the insured and the company agree, arbitration will be in accordance with rules of the American Arbitration Association.

We and the insured agree to be bound by the award determined through arbitration. Judgment upon award may be entered in any court having jurisdiction over it.

TRUST AGREEMENT

To the extent of any payment we make under this coverage, we are entitled to any payment made to the insured by any legally liable party. The insured will hold in trust for us his rights of recovery against any such party. The insured will do whatever is proper to secure such rights, and will do nothing to prejudice them. All related and necessary papers and instruments will be executed and delivered to us. The insured must take any necessary action in his name to recover for us payments made under this coverage. If there is recovery, the insured must repay us from it for our expenses incurred in the action.

If payment of an uninsured motorists claim arises out of the insolvency of an insurer, we will have right of recovery against the insurer or its receiver, but not its insured. We will require the same rights the policyholder of the insolvent insurer would have had.

LIMITS OF PAYMENT

AMOUNTS PAYABLE FOR UNINSURED MOTORISTS LOSSES Our obligation to pay uninsured motorists losses is limited to the amounts per person and per occurrence stated in the attached Declarations. The following conditions apply to these limits:

1. Limits shown for any one person are for all legal damages claimed by anyone for bodily injury or loss of services of one person as a result of one occurrence. For each such occurrence, the total limit of our liability shown is for all damages sustained by two or more persons.
2. The insuring of more than one person or vehicle under this policy does not increase our Uninsured Motorists payment limits. Limits apply to each insured vehicle as stated in the Declarations. In no event will any insured be entitled to more than the highest limit applicable to any one motor vehicle under this or any other policy issued by us.
3. Any amount payable to or for the insured under this coverage will be reduced by any amount paid by or for any liable parties.
4. Any payment to or for the insured under this coverage will be reduced by any amount paid or payable under the auto Medical Payments coverage in this policy, or under any benefits except confinement or death benefits of the Family Compensation coverage.
5. Any payment under this coverage to or for an insured will reduce the amount of damages the insured may be entitled to recover under the Bodily Injury Liability coverage of this policy.

OTHER INSURANCE If you have other insurance:

1. For bodily injury suffered by an insured while occupying a motor vehicle you do not own, we will pay the insured loss not covered by other insurance, but only up to the amount of difference between limits under this coverage and limits provided by the other insurance.
2. Except as stated in the preceding paragraph, in any occurrence in which other insurance similar to that provided in this coverage is available under a policy issued by another company, we will be liable for only our proportional share of the loss. This share will be determined by our proportion of the total insurance available. Total damages in any such occurrence will be considered not to exceed the highest limits available in any one of all policies applicable.

ASSIGNABILITY

No interest in this policy can be transferred without our written consent. However, if you die, your auto's Uninsured Motorists coverage will continue in force for the remainder of the policy period for anyone having proper temporary custody of your auto until a legal representative is appointed, and for that representative.

comprehensive family liability

(for damage or injury to others from non-vehicular causes)

COVERAGE

Under this coverage:

1. you have liability protection for damages related to your premises or personal actions.
2. we will pay certain medical payments and property damage losses to others on your behalf, without regard to whether you are legally liable.

Relatives living in your household have the same protection you have. So do other persons who are under age 21 and in the care of you or a relative living in your household, any persons using farm implements as an employee, and any person or organization legally responsible for animals or certain watercraft owned by an insured.

Damages must involve:

1. property damage, meaning destruction of property or damage or injury to it, including loss of its use; or
2. bodily injury, meaning bodily injury, sickness, disease, or death of any person.

Premises means:

1. your residence, even if occasionally rented to others, as long as it is not a farm or business property. Included are other premises used in connection with your residence. Also included are approaches to the residence or other premises if you maintain or are required to maintain them. A two-, three-, or four-family dwelling, if you live in one unit, and its garage or stable space are considered premises.
2. premises not owned by an insured but in which any insured lives temporarily.
3. vacant land other than farmland, owned by or rented to an insured, including land on which a one- or two-family dwelling is being built for use by the insured.
4. any one- or two-family rental dwelling you own, if ownership is indicated in the attached Declarations. Included are approaches to such dwelling if you maintain them or are required to maintain them.
5. individual or family cemetery plots or burial vaults.

LIABILITY OTHER THAN AUTO If an insured becomes legally obligated to pay damages resulting from an occurrence on insured premises, because of a condition of the premises, or through personal actions, we will pay for such damages. We will pay up to the limits stated in the attached Declarations.

Also in connection with any covered liability loss:

- a) we will defend at our expense any suit against a person or organization entitled to liability protection, even if the suit is groundless, false, or fraudulent. We will defend with attorneys selected by us. We may investigate, negotiate, and settle any claim or suit as we think appropriate.
- b) we will pay all expenses incurred by us, and all costs levied against the insured in any such suit.
- c) we will pay all premiums on appeal bonds in defended suits, and on bonds to release property that has been attached. We will also pay a premium of not more than \$250 for bail bond required because of an accident or traffic violation. Although paying such premiums, we have no obligation to apply for or furnish such bonds.
- d) we will pay interest accruing on all damages awarded, until such time as we have paid, formally offered, or deposited in court the amount for which we are liable under this policy.
- e) we will pay emergency expenses incurred by the insured for imperative medical and surgical aid to others at the time of accident.
- f) we will pay all reasonable expenses incurred by the insured at our request, but not more than \$25 per day for loss of earnings.

After the liability limits of this policy have been exhausted by payment, we will not be obligated to defend any suit or pay any claim or judgment.

MEDICAL PAYMENTS OTHER THAN AUTO We will pay to or for the injured person — up to medical payments limits stated in the attached Declarations — the following: all reasonable expenses incurred within one year after the accident for necessary medical, dental, surgical, ambulance, hospital, and professional nursing care, prosthetic devices, and funeral services. We will pay these expenses, without regard to legal liability, as follows:



comprehensive family liability

(continued)



1. We will pay for accidental bodily injury suffered while on the premises with the permission of the insured.
2. We will pay for such injury suffered elsewhere due to a condition of the premises or adjoining ways.
3. We will pay for such injury suffered elsewhere because of the activities of an insured, or of an animal the insured owns or is caring for.
4. We will pay for such injury suffered by a residence employee in the employment of an insured, or by someone else because of the employment activities of a residence employee. A residence employee is one whose duties relate to the ownership, maintenance, or use of the insured premises.

Except for a residence employee, the person suffering bodily injury must be someone other than an insured or regular resident of the insured premises. However, coverage is provided to a regular resident other than an insured when the accident occurs on a portion of the premises used by the insured as a residence, office, school, or studio. Coverage also is provided to a regular resident other than an insured if the accident arises out of activities of an insured.

LIABILITY & MEDICAL PAYMENTS EXCLUSIONS Liability and Medical Payments insurance under the Comprehensive Family Liability coverage does not apply as follows:

1. It does not apply to injury or damage intentionally caused or directed by any insured, except corporal punishment of pupils.
2. It does not apply — away from insured premises and adjoining ways — to injury or damage arising out of the ownership, maintenance, use, loading, or unloading of:
 - a) any motor vehicle subject to motor vehicle registration.
 - b) any recreational vehicle.
 - c) any other motor vehicle, trailer, semi-trailer, or vehicle operated on rails. However, vehicles designed mainly for use off public roads, or maintained exclusively for use on insured premises, are covered when they are on public roads.
 - d) any watercraft with inboard motor power exceeding 50 horsepower, or any sailing vessel with overall length of 26 feet or more.
 - e) any aircraft.

However, employment-related injury of a residence employee is covered, except with respect to aircraft. Liability protection is provided with respect to the activities of an independent contractor performing work for an insured which does not relate to the conduct of any business by the insured. Also, any insured has liability coverage as a passenger using public transportation.

3. It does not apply to injury or damage arising out of the business pursuits of an insured in a business he owns or in which he is a partner. However, it does apply in an office, school, or studio on insured premises. And it applies to any activities ordinarily considered non-business.
4. It does not apply to injury or damage arising out of any professional liability, except teaching.
5. It does not apply if benefits are payable or required under any workmen's compensation law.
6. It does not apply to injury or damage for which an insured is entitled to protection under a Nuclear Energy Liability insurance contract or indemnity coverage, even if the contract has terminated upon exhaustion of its liability benefits.

Liability protection does not apply to the damaging of property an insured owns or has in his custody, except premises or internal home furnishings he does not own but has in his custody.

PHYSICAL DAMAGE TO PROPERTY We will pay for damage to the property of others caused by direct physical acts of an insured. We will pay an amount not to exceed \$250 per occurrence for such losses, without regard to legal liability.

PHYSICAL DAMAGE TO PROPERTY EXCLUSIONS There are some kinds of property damage we will not pay for:

1. We will not pay for property damage arising out of the ownership, maintenance, operation, use, loading, or unloading of:
 - a) any motor vehicle subject to motor vehicle registration.
 - b) any recreational vehicle.

comprehensive family liability

(continued)

- c) any other motor vehicle, trailer, semi-trailer, or vehicle operated on rails. However, this exclusion does not apply to vehicles designed mainly for use off public roads, or maintained exclusively for use on insured premises, when they are on public roads.
 - d) any farm machinery or equipment.
 - e) any watercraft or aircraft.
2. We will not pay for damage to property owned by any insured, or rented to any insured or resident of any insured premises.
 3. We will not pay for property damage intentionally caused by anyone over age 12.
 4. We will not pay for property damage arising out of the business pursuits of an insured in a business he owns, or in which he is a partner. However, property damage occurring in an office, school, or studio on insured premises is covered. Further, any activities ordinarily considered non-business are covered.
 5. We will not pay for property damage arising out of any professional liability, except teaching.

LIMITS OF LIABILITY

The insuring of more than one person under this policy does not increase our liability limits.

OTHER INSURANCE If an insured has other insurance for any loss to which this coverage applies, we will be liable for only our proportional share of the total insurance collectible. For losses involving the use of motor vehicles at insured premises, watercraft, or land public transportation, we will pay the insured loss not covered by other insurance.

ASSIGNABILITY

No interest in this policy can be transferred without our written consent. However, if you die, the liability portion of your Comprehensive Family Liability coverage will continue in force for the remainder of the policy period for other persons who were entitled to protection at the time of your death, and for your legal representative. The medical payments portion of this coverage will continue in force for the remainder of the policy period for others who were entitled to protection at the time of your death.

general policy conditions



We, you, and anyone insured by this policy must do certain things in order for the provisions of the policy to apply. The following are policy conditions:

1. INSURED PERSONS' DUTIES

The insured or someone on his behalf will:

- a) give us or our agent written notice of all accidents, occurrences, and losses as soon as practicable, and proof of claim if required.
- b) notify the police of all theft losses.
- c) immediately deliver to us all papers in connection with any claims or suits.
- d) assist us in all respects in connection with any claim or suit. Injured persons must submit to examinations by company-selected physicians as often as the company reasonably requires. The injured person must grant us authorization, if we request it, to obtain copies of wage and medical reports and records. We will also require that damaged property insured under this policy be protected and made available to us for examination.

2. STOLEN MOTOR VEHICLES

Protection in this policy does not apply to any motor vehicle any insured has stolen, or to any motor vehicle that is reasonably known by the insured to be stolen.

3. HOW YOUR POLICY MAY BE CHANGED

- a) Any terms of this policy which may be in conflict with statutes of the state in which the policy is issued are hereby amended to conform.
- b) Insured persons will be considered to automatically have the benefit of any extension or broadening of coverage in this policy, as of the effective date of the change, provided it does not require additional premium.
- c) No other changes may be made in the terms of this policy except by policy endorsement.

general policy
conditions
(continued)

4. IF YOU BECOME BANKRUPT

Bankruptcy or insolvency of any insured will not relieve us of any obligation under the terms of this policy.

5. SUBROGATION

We have the right of subrogation under the Physical Damage, Auto Liability, Medical Payments, Family Compensation, and Comprehensive Family Liability coverages in this policy. This means that after paying a loss to you or others under this policy, we will have the insured's right to sue for or otherwise recover such loss from anyone else who may be held responsible. Alternatively, we may require reimbursement from the insured out of any settlement or judgment that duplicates our payments. These provisions will be applied in accordance with state law. Any insured will sign such papers, and do whatever else is necessary, to transfer these rights to us, and will do nothing to prejudice them.

6. GUARANTEED RENEWAL

We guarantee to renew this policy for successive policy terms to provide five years' protection from the effective date of your original policy, provided:

- a) all premiums or premium installment payments are paid when due, whether payable directly to us or through any premium finance plan.
- b) neither you nor any insured principal driver loses the right to drive because of suspension, revocation, or expiration of driver's license. A principal driver is one who drives your auto at least 50 percent of the time.
- c) you do not move into a state where regulatory authorities do not allow us to provide this guarantee.

Loss of the right to drive by any insured other than you or a principal driver will not affect your guaranteed renewal. By policy endorsement, however, we may:

- a) exclude such other insured from coverage under this policy while driving any motor vehicle.
- b) exclude all Comprehensive and Collision coverages while such insured drives any motor vehicle.

Your guarantee period expires on the date shown in the attached Declarations. Continuation of insurance during the guarantee period will be in accordance with policy forms, rules, rates, and rating plans in use by us at the time.

If you fail to meet any requirement to maintain your renewal guarantee, or after the guarantee period, we may elect not to renew this policy. If we do elect not to renew it, we will mail written notice to you 30 days in advance of the date when coverage is to be terminated. We will mail this notice to your last known address. Such mailing will be considered proof of notice. For nonpayment of renewal premiums, coverage will terminate without notice at the end of the last policy period for which premium was paid.

7. CANCELLATION DURING POLICY PERIOD

You may cancel this policy or any of its coverages by mailing written notice to us of the future date of cancellation you desire. Premium refund, if any due, will be made as soon as practicable after the date of cancellation. Based on our "short-rate table," we will retain premium for the days you were covered, plus a percentage-figured charge for cancelling at your request during the policy period.

Up to the time this policy or any coverage has been in effect 90 days, we have unlimited right of cancellation. We may cancel by mailing notice to you 10 days in advance of termination of coverage. While the date we mail this notice must be within the 90 days, the date of termination need not be.

After this policy or any coverage has been in force 90 days, our right to cancel your auto insurance is limited. We may cancel the policy or coverage during the policy period only if you fail to meet a requirement of your renewal guarantee. We must mail notice to you 30 days in advance of the date coverage is to be terminated, unless we are cancelling for nonpayment of premium. To cancel for nonpayment we will mail notice to you 10 days in advance of termination of coverage.

In any case of cancellation by us, our mailing of notice to your last known address will constitute proof of notice as of the date we mail it. We will retain premium for days you were covered during the policy period. Premium refund, if any due for Auto Liability or Uninsured Motorists coverages, or other sums we owe you under these coverages, will be tendered before the date coverage is terminated. Any other premium refund that is due will be made as soon as practicable. Mailing or delivery of our check will constitute tender of refund.

general policy conditions

(continued)

8. LEGAL ACTION LIMITATIONS

No legal action may be brought against the company concerning any of the coverages provided in this policy until the insured has fully complied with all terms of the policy.

We have no obligation to pay to or for any insured, or to defend any insured, when such obligations or this policy provide the sole basis for jurisdiction of the court over such insured, such obligations, or this policy.

Under the liability coverages of this policy, no legal action may be brought against the company until judgment against the insured has been finally determined after trial. This policy does not give anyone the right to make us a party to any action to determine the liability of an insured.

Under the Uninsured Motorists coverage, any arbitration or legal action against the company must begin within the time limit allowed for bodily injury or death actions in the state where the accident occurred.

9. OPTIONAL PAYMENT OF PREMIUM IN INSTALLMENTS

You may, if you wish, pay the premium for this policy in two installments, under terms and conditions approved where required by the Department of Insurance. For each separate installment payment there is an installment premium payment charge of 50 cents. Your agent can provide additional information about installment payment.

POLICYHOLDER MEMBERSHIP IN THE COMPANY

Because this policy is issued by a mutual insurance company, you are a member of the company while this or any other policy is in force. While a member you are entitled to one vote only — either in person or by proxy — at meetings of members of the company. You are entitled to any dividends which are declared by the Board of Directors and are applicable to coverages in your policy.

The annual meeting of members of the company will be held at the Home Office at Columbus, Ohio, at 10 a.m. on the first Thursday of April. If the Board of Directors should elect to change the time or place of meeting, we will mail notice of the change to you at your address last known to us. We will mail this notice at least 10 days in advance of the meeting date.

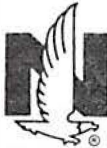
Prior to the expiration of a policy term for which premium has been paid, we will mail a notice to you for the premium required to renew or maintain the policy in effect. We will mail this notice to your address last known to us.

This policy is non-assessable, meaning that you are not subject to any assessment beyond the premiums we require for each policy term.

IN WITNESS WHEREOF: Nationwide Mutual Insurance Company has caused this policy to be signed by its President and Secretary at Columbus, Ohio, and countersigned by a duly authorized representative of the Company.

Mr. E. Fitzpatrick
Secretary

John E. Fisher
President



**NATIONWIDE
INSURANCE**

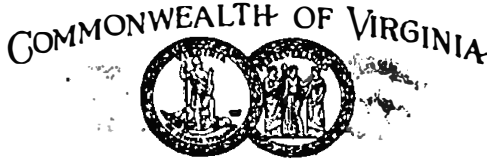
Nationwide Mutual Insurance Company / Home Office: Columbus, Ohio

READABLE FIRE INSURANCE POLICIES

Section 38.1-367.1 - The Commission may establish guidelines for the filing of simplified and readable fire insurance policy forms which are acceptable for issuance; and, notwithstanding the provisions of Sections 38.1-365, 366 and 367, an insurance company may issue a fire insurance policy which deviates in language, but not in substance or coverage, from the standard policy form provided for in Sections 38.1-365, 366 and 367, provided the deviating policy form is approved by the Commission prior to issuance in accordance with the guidelines hereinabove authorized.

READABLE AUTOMOBILE INSURANCE POLICIES

Section 38.1-387.1 - The Commission may establish guidelines for the filing of simplified and readable automobile insurance policy forms which are acceptable for issuance; and, notwithstanding the provisions of Sections 38.1-382 through 38.1-387, an insurance company may issue an automobile insurance policy which deviates in language, but not in substance or coverage, from the standard policy form provided for in Sections 38.1-382 through 38.1-387, provided the deviating policy form is approved by the Commission prior to issuance in accordance with the guidelines hereinabove authorized.



JOHN G. DAY
COMMISSIONER OF INSURANCE

BOX 1157
RICHMOND, VA. 23209

STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

May 1, 1977

TO: ALL COMPANIES LICENSED TO WRITE PROPERTY AND CASUALTY
INSURANCE IN VIRGINIA

RE: Readable Insurance Policies - Automobile, Fire, and
Homeowners Policies

The General Assembly of Virginia has enacted legislation to become effective June 1, 1977, which will permit insurance companies to file and use readable insurance policies on an experimental basis with respect to automobile, fire, and homeowners policies. A copy of the new law is enclosed for your information.

Accordingly, the Bureau of Insurance will accept for review filings of simplified, readable policies that offer the equivalent coverage currently provided for in existing automobile, fire, and homeowners policies.

Specific standards relating to uniform printing (size of type) and to readability formulas (Flesch Reading Ease Test, Gunning "Fog" Index, etc.) are not being adopted at this time. In lieu of such standards, companies should review the recommendations contained in the enclosed Guidelines.

In the event insurers do not desire to develop and file readable insurance policies at this time, I strongly urge that appropriate explanatory brochures, outlining the major policy provisions, be developed and forwarded to each of your automobile, fire, and homeowners insureds. In the event brochures are used, copies should be sent to the Bureau.

If you have any questions, please call Mr. Hazelwood of this office.

Thank you for your cooperation.

Very truly yours,

John G. Day
Commissioner of Insurance

JGD:dbh

Enclosures

COMMONWEALTH OF VIRGINIA



JOHN G. DAY
COMMISSIONER OF INSURANCE

BOX 1157
RICHMOND, VA. 23209

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BUREAU OF INSURANCE

May 1, 1977

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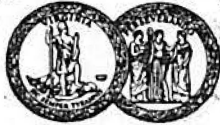
Very truly yours,

John G. Day
Commissioner of Insurance

JGD:dbh

Enclosures

COMMONWEALTH OF VIRGINIA



JOHN G. DAY
COMMISSIONER OF INSURANCE

BOX 1157
RICHMOND, VA. 23209

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

May 1, 1977

GUIDELINES FOR SIMPLIFICATION

AUTOMOBILE, FIRE, AND HOMEOWNERS POLICIES

The Policy as a Legal Document

1. *Revision of the insurance policy to make it more readable must not lead to its devaluation as a legal document.*

The principal objective of policy revision is to make it readable and understandable to the average layman. This does not mean that language used should be so informal that the importance of the contract is lessened. While unnecessary legalistic terminology can be and should be avoided, precision and accuracy must not be sacrificed in the process. Moreover, the revised policy should be sufficiently formal that it cannot be mistaken for a brochure or other advertising piece.

2. *The policy revision process must proceed with the highest degree of care and caution.*

Insurers who have undertaken to revise their policy thus far have found that inevitably there is some simplification. This is a desirable by-product of such a project. However, simplification and "streamlining" should be deliberate. Great care must be exercised to make certain that coverages set forth in the readable policy accurately express the intent of the drafters. The revised policy should conform to the existing policy or to newly introduced coverage concepts.

To All Companies
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May 1, 1977

General Organization of Text

1. *The revised policy should be organized in such a manner that the text follows logical thought patterns.*

At present automobile insurance policies resemble Topsy in that they "just grow." Coverages, exclusions, conditions, etc., appear to have been tacked-on as legal requirements changed. Initiation of a readability project affords the insurer a unique opportunity to rearrange the contract into logical thought outline-flow sequence.

2. *Coverages should be self-contained and independent to the greatest degree possible.*

A format change adopted by some insurers who have already engaged in a readability project has been to rewrite with the objective of making each coverage independent of other policy provisions to the greatest degree possible. Present contract format does not lend itself to ease of comprehension. Even a knowledgeable reader must often refer to several different policy parts in order to solve specific coverage questions. This should be avoided whenever possible.

3. *General policy provisions applying to all or several coverages alike should be located in a common area.*

While policy conditions applicable only to certain coverages should be located in the appropriate coverage section, this does not mean that each section must be redundant as to certain provisions common to all, or virtually all, coverages. This means that there must be some repetition. At the same time, there must be some compromise with the goal of independence of coverage provisions.

4. *Non-essential provisions should be eliminated and the policy should be simplified wherever possible.*

Recent statutes, court decisions, regulations, and social changes may make a few policy provisions obsolete. Careful review may well result in identification of unnecessary language.

Specific Organization Suggestions

1. *The readable policy should generally comply with the following organizational format:*
 - a. *Type size should not be smaller than 8 point, non-condensed.*

Generally, readability is enhanced by judiciously combining reasonably large type with other printing devices. However, other factors must be considered in order to avoid an overly lengthy policy. Increased paper and postage expense may result from adoption of large size type. Therefore, 8 point type size is an acceptable minimum.

- b. *Type style selection should be at the discretion of the insurer, but care should be taken in selecting a legible type.*

Extreme type styles, such as "Old English" or heavy block should be avoided. There are many acceptable type styles and reliable printers are generally capable of properly advising as to which individual style or combination of styles is most desirable for ease of reading.

- c. *Captions or headings should be designed to stand out clearly.*

Insurers should consider adoption of bold-face captions or use of a different type size or type style for headings and captions. Upper case type or printing in contrasting color may also be used for emphasis.

- d. *White space separating coverages, policy sections, and columns should be sufficient to make a distinct separation.*

Ample usage of white spacing can enhance readability. Insurers should use white or buffer space between the various headings, captions, and columns to avoid squeezing too much language on any one page. This makes the policy less of a challenge to the reader.

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2. *In order to enhance readability, insurers may want to consider adoption of the following optional devices:*

- a. *Insurers should consider use of various devices to make the various insurance policies more attractive, and thus, more readable.*

Policies are more readable if printed on highly contrasting ink and paper. Use of more than one color might be advisable. Insurers may wish to use appropriate illustrations.

- b. *Convenience of size and weight should not be overlooked.*

Policy size and weight of paper is a problem, and will inevitably involve certain compromises. In general, insurers must evaluate their capacity to produce policies of a particular size, based on existing forms, procedures and equipment. The policyholder's convenience in storing the policy should be kept in mind. Cost of mailing and printing is an essential and proper consideration.

- c. *Use of a handy table of contents has advantages to the reader unfamiliar with the text.*

A policy table of contents is an excellent readability aid and permits ease of location of important contract provisions. It is suggested that insurers consider inclusion of such table of contents.

- d. *Defined words and terms should be selected with care and insurers should consider adoption of a separate definition section to appear early in the policy format.*

Defined words and terms should be used for purposes of clarity and to avoid frequent repetition and avoidable redundancy. Defined words may then be capitalized or underlined in the text. Definitions should be kept to a minimum. Insurers who have already developed readable policies have found that too many definitions are almost as much of a hindrance to ease of comprehension as too few. Many words and

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terms, particularly those common to one coverage or section, can be explained in the text material itself without appearing to be formal definitions. The number of defined terms depends upon the policy contents, the number of coverages contained in the policy, and the scope of the policy: i.e., whether the policy is designed to cover private passenger cars or all types of vehicles.

General Readability Guidelines

1. *Policy revisors must adopt modern principles of writing in order that the revised policy can be read with increased comprehension. Some of these principles are as follows:*

- a. *To be readable, the policy should be written in everyday, conversational language.*

Legalistic terminology and legal sounding phrases should be avoided wherever possible. The adoption of conversational style does not mean that writing should be less accurate than at present. Undoubtedly, there will be portions of the contract requiring precision of thought and specific legal terminology. However, this should be kept to a minimum. Contractions can be used where appropriate. Correct grammar should be used throughout the text. Debasing of the English language is not necessary in order to make a formal document more comprehensible to its readers.

- b. *Use short, familiar words wherever possible.*

Vocabulary is a tool, a means to an end. It is not a proper end in itself. Avoid long, polysyllabic words when short ones will do just as well.

- c. *Sentences are more readable if they are short and simple.*

Most experts in modern writing agree that good sentences should average less than 20 words. It is preferable to express a complete thought in each short sentence and then to convey complex ideas by the use of several short sentences. Periods are

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better than colons or semicolons unless an outline style is adopted.

d. *Use a personal style.*

Use of "his," "her," "you," etc. is proper in a formal document. Current use of the impersonal style in insurance contracts does not lend itself to ease of comprehension. Present tense and active verbs should be used wherever possible.

2. *Readability formulas should be used to check the revised policy text against the previous existing standard text.*

Modern readability tests measure comprehension on the basis of sentence and word length and emphasize that short sentences and monosyllabic words are preferable when complex concepts are to be conveyed to the reader. No one readability standard formula is required, but insurers should use one of many available tests to check their revised policies. The Flesch Reading Ease Test, The Gunning "Fog" Index, and similar tests can be useful tools.

