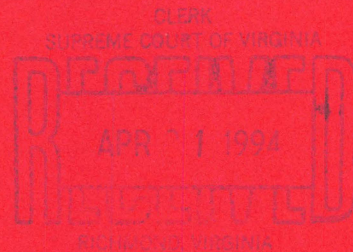


248VA307



IN THE

Supreme Court of Virginia

AT RICHMOND

RECORD NO. 931836

HALL, INC., t/a Prestige Imports of Virginia,
Appellant,

V.

EMPIRE FIRE AND MARINE INSURANCE COMPANY,
Appellee.

JOINT APPENDIX

R. Craig Jennings, Esquire
SLENKER, BRANDT, JENNINGS
& JOHNSTON
P.O. Box 2908
Merrifield, VA 22116-2908
(703) 849-8600

Counsel for Appellant

Randolph H. Watts, Esquire
WATTS & AMOLE
P.O. Box 817
Alexandria, VA 22313-0817
(703) 836-7400

Counsel for Appellee

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V I R G I N I A:

IN THE CIRCUIT COURT OF ARLINGTON COUNTY

HALL, INC., t/a PRESTIGE IMPORTS
OF VIRGINIA

Plaintiff,

v.

EMPIRE FIRE AND MARINE
INSURANCE COMPANY

SERVE: Registered Agent
Calvin F. Major
200 W. Grace Street
Richmond, VA 23220

Defendant.

AT LAW NO. 93-246 ✓

FILED

MAR 8 - 1993

DAVID A. BELL, Clerk
Circuit Court Arlington County VA
By _____ Deputy Clerk

MOTION FOR JUDGMENT

COMES NOW the plaintiff, by its attorneys, and files this its Motion for Judgment against the defendant for the sum of SIXTEEN THOUSAND DOLLARS (\$16,000.00), with interest from September 1, 1992, based upon the following:

1. The plaintiff is in the business of selling used motor vehicles and operates its business at 3901 Wilson Boulevard in Arlington County, Virginia.

2. The defendant insurance company is a Nebraska corporation and is authorized and licensed to write insurance contracts in the Commonwealth of Virginia.

3. On or about September 1, 1992, the defendant corporation had issued to the plaintiff a garage policy, more specifically No. GP 42 18 99, a copy of which together with the Declarations and supplementary schedules is attached hereto as Exhibit A.

LAW OFFICES
SLENKER, BRANDT,
JENNINGS & JOHNSTON
P. O. BOX 2908
FARMERFIELD, VIRGINIA 22116-2908

(703) 849-8600

4. On the above date the plaintiff had taken title to a 1990 Nissan 2-door sedan motor vehicle, having previously been assigned the title to the vehicle by one Edward Clark, Jr.

5. On the above date the 1990 Nissan automobile was destroyed by fire.

6. Plaintiff has made demand upon the defendant to pay for the loss of the subject vehicle in the sum of \$16,000, said payment being denied by the defendant in breach of the contract of insurance issued by the defendant to the plaintiff and in effect as of September 1, 1992.

7. Upon information and belief, the 1990 Nissan motor vehicle had previously been owned by one Ronald Weathington and had been stolen from him.

8. Plaintiff did not know of the fact that the 1990 Nissan vehicle destroyed by fire on September 1, 1992, had been stolen from Ronald Weathington and took title from Edward Clark, Jr. in good faith prior to the occurrence of the subject loss.

9. The plaintiff had an insurable interest in the subject motor vehicle (1990 Nissan) and it was a "covered auto" under the policy of insurance issued by defendant who has wrongfully refused to pay for a covered loss under its insurance contract issued to plaintiff.

WHEREFORE, these premises considered, plaintiff demands judgment against the defendant in the amount of SIXTEEN THOUSAND

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SLENKER, BRANDT,
INNINGS & JOHNSTON
P. O. BOX 2908
FIELD, VIRGINIA 22116-2908

(703) 849-8600

DOLLARS (\$16,000.00), plus interest from September 1, 1992, and the cost of this proceeding.

HALL, INC., t/a PRESTIGE IMPORTS
OF VIRGINIA
By its attorneys

SLENKER, BRANDT, JENNINGS & JOHNSTON

By: 

R. Craig Jennings
(Va. Bar #6680)
Counsel for Plaintiff
P.O. Box 2908
Merrifield, Virginia 22116-2908
(703) 849-8600

LAW OFFICES
SLENKER, BRANDT,
JENNINGS & JOHNSTON
P. O. BOX 2908
MERRIFIELD, VIRGINIA 22116-2908
(703) 849-8600

EMPIRE FIRE AND MARINE INSURANCE COMPANY

224 DOUGLAS STREET

OMAHA, NEBRASKA

CAT 06 1E

NEW - 92

No. GP 42 18 99

MEMORANDUM OF GARAGE POLICY—DECLARATIONS

ITEM ONE—NAMED INSURED AND ADDRESS

PRESTIGE IMPORTS OF VIRGINIA
3901 WILSON BLVD
ARLINGTON VA 22203

FORM OF NAMED INSURED'S BUSINESS:

☒ CORPORATION; ☐ PARTNERSHIP;
☐ INDIVIDUAL or ☐ OTHER

NAMED INSURED'S BUSINESS: USED CAR DEALER

POLICY PERIOD: Policy covers FROM 06/05/92

TO 06/05/93

12:01 A.M. Standard Time at the Named Insured's Address stated above.

ITEM TWO—SCHEDULE OF COVERAGES AND COVERED AUTOS

This policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those autos shown as covered autos. Autos are shown as covered autos for a particular coverage by the entry of one or more of the symbols from ITEM THREE next to the name of the coverage. Entry of a symbol next to LIABILITY provides coverage for garage operations.

| COVERAGES | COVERED AUTOS (Entry of one or more of the symbols from ITEM THREE shows which autos are covered autos) | LIMIT THE MOST WE WILL PAY FOR ANY ONE ACCIDENT OR LOSS | PREMIUM |
|---|--|---|-------------------------------------|
| LIABILITY INSURANCE | 23, 28, 29 | \$ 100,000. CSL | \$ 3,816.00 |
| PERSONAL INJURY PROTECTION (P.I.P.) (or equivalent No-fault coverage) | | SEPARATELY STATED IN EACH P.I.P. ENDORSEMENT MINUS \$ Deductible | \$ |
| ADDED P.I.P. (or equivalent added No-fault coverage) | | SEPARATELY STATED IN EACH ADDED P.I.P. ENDORSEMENT | \$ |
| PROPERTY PROTECTION INSURANCE (Michigan only) | | SEPARATELY STATED IN THE P.P.I. ENDORSEMENT MINUS \$ Deductible FOR EACH ACCIDENT | \$ |
| MEDICAL PAYMENTS INSURANCE | 23, 28, 29 | \$ 2,000. | \$ 206.00 |
| UNINSURED MOTORISTS INSURANCE | 26 | \$ 60,000. SL | \$ 42.00 |
| COMPREHENSIVE COVERAGE | | \$ EACH LOCATION MINUS \$ Ded. FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO \$ MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | \$ |
| SPECIFIED PERILS COVERAGE | | | \$ |
| COLLISION COVERAGE | | \$ EACH LOCATION MINUS \$ Ded. FOR EACH COVERED AUTO | \$ |
| COMPREHENSIVE COVERAGE | | ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS MINUS \$ 1,000. Ded. FOR EACH COVERED AUTO FOR ALL LOSS EXCEPT FIRE OR LIGHTNING | \$ |
| SPECIFIED PERILS COVERAGE | 23 | \$25 Ded. FOR EACH COVERED AUTO FOR LOSS CAUSED BY MISCHIEF OR VANDALISM | \$ 1,051.00 |
| COLLISION COVERAGE | 23 | \$ 1,000. Ded. FOR EACH COVERED AUTO | \$ 592.00 |
| FORMS AND ENDORSEMENTS CONTAINED IN THIS POLICY AT ITS INCEPTION BJP8058(0)-X-B | | | PREMIUM FOR ENDORSEMENTS \$ |
| CA0005 CA2505 CA9903 C00116 CC2121 CC9952 C00268 EMD808 | | | ESTIMATED TOTAL PREMIUM \$ 5,707.00 |

The estimated total premium for this policy is based on the exposures you told us you would have when this policy began. We will compute your final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and you will be billed for the balance, if any. If the estimated total premium exceeds the final premium due you will get a refund. To determine your final premium due we may examine your records at any time during the period of coverage and up to three years afterward. If this policy is issued for more than one year, the premium shall be computed annually based on our rates and premiums in effect at the beginning of each year of the policy.

ITEM THREE—DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS

- 21 = ANY AUTO.
- 22 = OWNED AUTOS ONLY. Only those autos you own (and for liability coverage any trailers you don't own while attached to power units you own). This includes those autos you acquire ownership of after the policy begins.
- 23 = OWNED PRIVATE PASSENGER AUTOS ONLY. Only the private passenger autos you own. This includes those private passenger autos you acquire ownership of after the policy begins.
- 24 = OWNED AUTOS OTHER THAN PRIVATE PASSENGER AUTOS ONLY. Only those autos you own which are not of the private passenger type (and for liability coverage any trailers you don't own while attached to power units you own). This includes those autos, not of the private passenger type, you acquire ownership of after the policy begins.
- 25 = OWNED AUTOS SUBJECT TO NO-FAULT. Only those autos you own which are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those autos you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged.
- 26 = OWNED AUTOS SUBJECT TO COMPULSORY UNINSURED MOTORISTS LAW. Only those autos you own which, because of the law in the state where they are licensed or principally garaged, are required to have and cannot reject uninsured motorists insurance. This includes those autos you acquire ownership

- SYMBOL DESCRIPTION
- 27 = SPECIFICALLY DESCRIBED AUTOS. Only those autos described in ITEM EIGHT of the Non-Dealers' and Trailer Dealers' Supplementary Schedule or ITEM ELEVEN of the Dealers' Supplementary Schedule for which a premium charge is shown (and for liability coverage any trailers you don't own while attached to a power unit described in ITEM EIGHT or ITEM ELEVEN).
- 28 = HIRED AUTOS ONLY. Only those autos you lease, hire, rent, or borrow from any of your employees or members of their households.
- 29 = NON-OWNED AUTOS USED IN YOUR GARAGE BUSINESS. Any auto you do not own, lease, hire or borrow used in connection with your garage business described in these declarations. This includes autos owned by your employees or members of their households while used in your garage business.
- 30 = AUTOS LEFT WITH YOU FOR SERVICE, REPAIR, STORAGE OR SAFEKEEPING. Any auto not owned by you or any of your employees while left with your garage operations for service, repair, storage or safekeeping.
- 31 = DEALERS' AUTOS AND AUTOS HELD FOR SALE BY NON-DEALERS OR TRAILER DEALERS (PHYSICAL DAMAGE COVERAGES). Any autos and the interests in these autos described in ITEM EIGHT of the Dealers' Supplementary Schedule or ITEM ELEVEN of the Non-Dealers' and Trailer Dealers' Supplementary Schedule.

THIS DECLARATIONS MUST BE COMPLETED BY THE ATTACHMENT OF A SUPPLEMENTARY SCHEDULE

undersigned 07/17/92 ch
JIM CREASY #5719-02

By _____
Authorized Representative

THIS MEMORANDUM OF INSURANCE IS FOR INFORMATION ONLY; IT IS NOT A CONTRACT OF INSURANCE BUT ATTESTS THAT A POLICY AS NUMBERED HEREIN, AND AS IT STANDS AT THE DATE OF THIS MEMORANDUM OF INSURANCE, HAS BEEN ISSUED BY THE COMPANY. SAID POLICY IS SUBJECT TO CHANGE BY ENDORSEMENT AND TO ASSIGNMENT AND CANCELLATION IN ACCORDANCE WITH ITS TERMS.

ITEM FOUR—LOCATIONS WHERE YOU CONDUCT GARAGE OPERATIONS.

| | |
|--------|---|
| C. No. | Address — state your main business location as Location No. 1 |
| 1 | 3901 WILSON BLVD, ARLINGTON, VA |
| 2 | |
| 3 | |

ITEM FIVE—LIABILITY INSURANCE—PREMIUMS.

| C. No. | Classes of Operators | | Rating Factor | Number of Persons | Rating Units | Total Rating Units | Liability Premium | Personal Injury Protection Premium | Property Protection Premium |
|--------|------------------------|-------------------|---------------|-------------------|----------------|--------------------|-------------------|------------------------------------|-----------------------------|
| | Class I—Employees | Regular Operators | 1.0 | 2 | 2.0 | 2.50 | 3,816.00 | | |
| | | All Others | | | | | | | |
| | Class II—Non-Employees | Under age 25 | | | | | | | |
| | | Age 25 or over | .50 | 1 | .50 | | | | |
| 2 | Class I—Employees | Regular Operators | | | | | | | |
| | | All Others | | | | | | | |
| | Class II—Non-Employees | Under age 25 | | | | | | | |
| | | Age 25 or over | | | | | | | |
| 3 | Class I—Employees | Regular Operators | | | | | | | |
| | | All Others | | | | | | | |
| | Class II—Non-Employees | Under age 25 | | | | | | | |
| | | Age 25 or over | | | | | | | |
| | | | | | TOTAL PREMIUMS | | 3,816.00 | | |

Definitions:

Class I—Employees

Regular Operator — Proprietors, partners and officers active in the garage operations, salespersons, general managers, service managers; any employee whose principal duty involves the operation of covered autos or who is furnished a covered auto.

All Others — All other employees.

NOTE: 1. Part-Time employees working an average of 20 hours or more a week for the number of weeks worked are to be counted as 1 rating unit each.

2. Part-Time employees working an average of less than 20 hours a week for the number of weeks worked are to be counted as 1/2 rating unit each.

Class II—Non-Employees

Any of the following persons who are regularly furnished with a covered auto: Inactive proprietors, partners or officers and their relatives and the relatives of any person described in Class I.

ITEM SIX—LIABILITY INSURANCE FOR YOUR CUSTOMERS.

In accordance with paragraph 1. b. 3. of WHO IS INSURED under PART IV—LIABILITY INSURANCE, Liability coverage for your customers is limited unless indicated below by "X".

☐ If this box is checked, paragraph 1. b. 3. of WHO IS INSURED under PART IV—LIABILITY INSURANCE does not apply.**ITEM SEVEN—GARAGEKEEPERS INSURANCE—COVERAGES AND PREMIUMS.**

| Location No. | Coverages | Limit of Liability For Each Location (Absence of a limit or deductible below means that the corresponding ITEM TWO limit or deductible applies) | | Premium for all locations |
|--------------|------------------|---|---|---------------------------|
| 1 | Comprehensive | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | |
| | Specified Perils | \$ | | |
| | Collision | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO. | |
| 2 | Comprehensive | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | |
| | Specified Perils | \$ | | |
| | Collision | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO. | |
| 3 | Comprehensive | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | |
| | Specified Perils | \$ | | |
| | Collision | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO. | |

ITEM EIGHT—PHYSICAL DAMAGE INSURANCE—TYPES OF COVERED AUTOS AND INTERESTS IN THESE AUTOS—PREMIUMS—REPORTING OR NONREPORTING BASIS.

of the following PHYSICAL DAMAGE INSURANCE coverages which is indicated in ITEM TWO applies only to the types of autos and interests indicated below by "X".

| Coverages | Types of Autos | | Interests Covered | | | |
|------------------|--------------------------|--|--|--|--|---|
| | New autos | Used autos, demonstrators and service vehicles | Your interest in covered autos you own | Your interest only in financed covered autos | Your interest and the interest of any creditor named as a loss payee | All interests in any auto not owned by you or any creditor while in your possession on consignment for sale |
| Comprehensive | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Specified Perils | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Collision | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

ITEM EIGHT (Continued)

| Location No. | Coverages | Limit of Liability For Each Location | | | Rates | Premium |
|--------------|------------------|--|-----------------------|----------------|-------------------|-------------|
| 1 | Comprehensive | \$ 140,000. MINUS \$ 1,000. DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | | | | \$ |
| | Specified Perils | | | | .751 | \$ 1,051.00 |
| 2 | Comprehensive | \$ MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | | | | \$ |
| | Specified Perils | | | | | \$ |
| 3 | Comprehensive | \$ MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | | | | \$ |
| | Specified Perils | | | | | \$ |
| All | Collision | \$ 140,000. MINUS \$ 1,000. DEDUCTIBLE FOR EACH COVERED AUTO. | | | Adjustment Factor | |
| | | BLANKET ANNUAL COLLISION RATES | | | | |
| | | First \$50,000 | \$50,001 To \$100,000 | Over \$100,000 | | |
| | | .794 | .332 | .073 | | |
| | | | | .80 | \$ 592.00 | |

Our limit of liability for loss at locations other than those stated in ITEM FOUR.

\$ 20,000.

Additional locations where you store covered autos

\$ 20,000.

In transit

PREMIUM BASIS—Reporting (Quarterly or Monthly) or Nonreporting (Indicate Basis Agreed Upon by "X").

☐ REPORTING BASIS (Quarterly or Monthly as indicated below by "X").

You must report to us on our form the locations of your covered autos and their total value at each such location. For your main sales location identified as location no. 1 you must include the total value of all covered autos you have furnished or made available to yourself, your executives, your employees or family members other than Class II—Non-Employees, and covered autos that are temporarily displayed or stored at locations other than those stated in ITEM FOUR above. For your main sales location you must include the total value of all service vehicles.

YOUR REPORTING BASIS IS:

- ☐ QUARTERLY—You must give us your first report by the fifteenth of the fourth month after the policy begins. Your subsequent reports must be given to us by the fifteenth of every third month. Your reports must contain the values for the last business day of every third month coming within the policy period.
- ☐ MONTHLY—You must give us your reports by the fifteenth of every month. Your reports will contain the total values you have at the last business day of the preceding month.

Premiums will be calculated pro rata of the annual premium for the exposures contained in each report. At the end of each policy year we will add the monthly premium or the quarterly premiums to determine your final premium due for the entire policy year. The estimated total premiums shown above will be credited against the premium due.

☒ NONREPORTING BASIS. Stated limit of liability shown above applies.

Loss Payee—Any loss is payable as interest may appear to you and:

ITEM NINE—MEDICAL PAYMENTS INSURANCE—REFER TO ITEM ELEVEN FOR COVERED AUTOS INSURED ON A SPECIFIED CAR BASIS.

| Coverage | Premium Determination | Premium |
|--|---|-----------|
| Auto Medical Payments Only | Auto Medical Payments Premium equals % | \$ |
| Premises and Operations Medical Payments (Does not apply to bodily injury caused by any auto) | Premises and Operations Medical Payments Premium equals % | \$ |
| Premises and Operations and Auto Medical Payments | Premises and Operations and Auto Medical Payments Premium equals 5.40 % | \$ 206.00 |

ITEM TEN—UNINSURED MOTORISTS INSURANCE—PREMIUMS—REFER TO ITEM ELEVEN FOR SEPARATELY REGISTERED COVERED AUTOS.

| Number of Plates | Rate Per Plate | Premium |
|------------------|----------------|---------|
| 3 | 14 | 42.00 |

V I R G I N I A :

IN THE CIRCUIT COURT OF ARLINGTON COUNTY

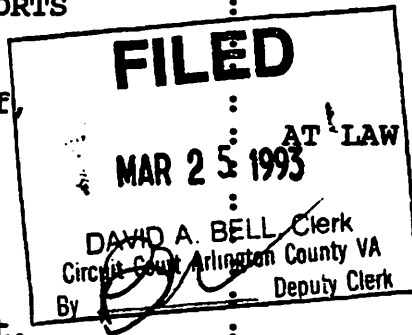
HALL, INC., t/a PRESTIGE IMPORTS
OF VIRGINIA

Plaintiff,

v.

EMPIRE FIRE AND MARINE
INSURANCE COMPANY

Defendant.



ANSWER AND GROUNDS OF DEFENSE

COMES NOW the Defendant, Empire Fire and Marine Insurance Company, by counsel, and herewith files its Answer and Grounds of Defense.

1. Admitted.

2. Admitted.

3. The Defendant admits that a garage policy was issued to Plaintiff but not on the date alleged. Furthermore, you did not attach a complete copy of the policy.

4. Admitted, except title was taken on August 31, 1992 and not September 1, 1992.

5. Defendant lacks knowledge of when the 1990 Nissan motor vehicle was destroyed by fire and demands strict proof of this allegation.

6. The Defendant admits Plaintiff has made demand upon the Defendant to pay for the loss of the subject vehicle in the sum of \$16,000.00. The Defendant denies all other allegations in this paragraph.

7. The Defendant lacks sufficient knowledge either to admit or deny this allegation and consequently denies same and demands strict proof thereof.

8. The Defendant lacks sufficient knowledge either to admit or deny this allegation and consequently denies same and demands strict proof thereof.

9. Denied.


GROUND OF DEFENSE

1. The Defendant denies that the loss is covered under its policy.

WHEREFORE, the Defendant asks that this case be dismissed with prejudice and that they be allowed their costs.

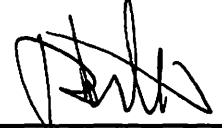
WATTS & AMOLE

BY


Randolph H. Watts
VSB #12113
Counsel for Defendant

CERTIFICATE *24TH MAR*

I do hereby certify that on this *23rd* day of March, 1993, I mailed a true copy of the foregoing document to R. Craig Jennings, Slenker, Brandt, Jennings & Johnston, P.O. Box 2908, Merrifield, Virginia 22116-2908, counsel for Plaintiff.



V I R G I N I A :

IN THE CIRCUIT COURT OF ARLINGTON COUNTY

HALL, INC., t/a PRESTIGE IMPORTS
OF VIRGINIA

Plaintiff,

v.

EMPIRE FIRE AND MARINE
INSURANCE COMPANY

Defendant.

AT LAW NO. 93-246

FILED

JUL 1 1993

DAVID A. BELL, Clerk
Circuit Court Arlington County VA
Deputy Clerk

STIPULATION OF FACTS

The Plaintiff is a corporation in the business of buying and selling used motor vehicles and operates its business in Arlington County. The Defendant insurance company is a Nebraska Corporation and is authorized and licenced to write certain types of insurance contracts in Virginia including the one at issue.

The Defendant issued a Garage Dealer's Liability Insurance Policy #GP421899 (attached - Exhibit 1) to the Plaintiff which was in full force and effect on September 1, 1992 and at other relevant times.

On August 31, 1992, one Edward Clark, Jr. brought a used 1990 Nissan automobile to Plaintiff's place of business and offered to sell it to Plaintiff. Unknown to Plaintiff, Clark presented to Plaintiff an invalid title (attached - Exhibit 2) purporting to show that he owned the vehicle which in fact he did not. Based upon this misrepresentation, Plaintiff, in good faith, paid Clark \$17,000.00, acquired the vehicle and took the invalid title.

On September 1, 1992, the vehicle was destroyed by fire. The parties agree that if insurance coverage exists, Defendant's liability for this loss is \$16,000.00 as the policy contains a \$1,000.00 deductible clause.

One of Plaintiff's employees accompanied Clark to DMV on August 31, 1992 to verify title by having DMV run the vehicle identification number through the computer. DMV's records erroneously showed that Clark was the owner of the vehicle.

Unknown to the Plaintiff, the automobile had previously been stolen from one Ronald Weathington. The vehicle identification number on the vehicle had either been altered or replaced; or DMV had not yet received notice that the vehicle had been stolen. Weathington reported the theft to his insurance company, State Farm, who paid him for the loss.

State Farm took legal title and was the legal owner of the vehicle at the time Clark brought the vehicle to Plaintiff's lot. Neither State Farm nor Weathington authorized Clark to have possession of or to sell the vehicle, and Clark did not have legal title to it.

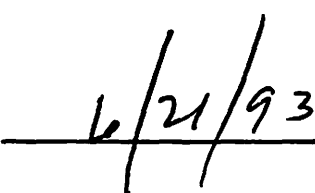
Plaintiff made demand upon defendant to pay for the loss based upon its contract of insurance with Defendant, and Defendant refused to pay alleging that the loss is not covered under the policy.

SLENKER, BRANDT, JENNINGS & JOHNSTON

BY


R. Craig Jennings
Counsel for Plaintiff

Date:


6/21/93

WATTS & AMOLE

BY



6-29-93

Randolph H. Watts
Counsel for Defendant

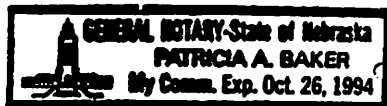
I hereby certify this is a true and exact copy of the original
Policy No. 011111 to the best of my belief and
knowledge.

Dated this 24th day of March, 1993.

EMPIRE FIRE AND MARINE INSURANCE COMPANY

BY John Winters

Subscribed and sworn before me this 24th day of March, 1993,
1993.



Patricia A. Baker
NOTARY PUBLIC

COMMERCIAL LINES POLICY

THIS POLICY CONSISTS OF:

- DECLARATIONS
- COMMON POLICY CONDITIONS
- ONE OR MORE COVERAGE PARTS.

A COVERAGE PART CONSISTS OF:

- ONE OR MORE COVERAGE FORMS
- APPLICABLE FORMS AND ENDORSEMENTS



IMPORTANT NOTICE

ALL NEW DRIVERS HIRED DURING THE TERM OF THIS POLICY MUST BE IMMEDIATELY REPORTED TO THE COMPANY. FAILURE TO REPORT MAY RESULT IN TERMINATION OF THIS POLICY. REPORT NEW DRIVERS TO YOUR AGENT.

EM 16 04 (10-81)

THANK YOU

EMPIRE FIRE AND MARINE INSURANCE COMPANY

1624 DOUGLAS STREET

OMAHA, NEBRASKA 68102

A STOCK COMPANY

13

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time

during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IL 00 21 11 85

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (Broad Form)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF TRANSPORTATION

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material", if:

(1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an "insured"; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation, or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" include radioactive, toxic or explosive properties;

"Nuclear material" means "source material", "Special nuclear material" or "by-product material";

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration

(over)

of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the

premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235.

- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"Property damage" includes all forms of radioactive contamination of property.

The Company's President and Secretary have signed this policy. If required by state law, this policy shall not be valid unless countersigned by our authorized representative.


Secretary


President

No. GP 42 18 99

MEMORANDUM OF GARAGE POLICY - DECLARATION

ONE - NAMED INSURED AND ADDRESS

PRESTIGE IMPORTS OF VIRGINIA
3901 WILSON BLVD
ARLINGTON VA 22203

FORM OF NAMED INSURED'S BUSINESS

☒ CORPORATION ☐ PARTNERSHIP☐ INDIVIDUAL or ☐ OTHER

NAMED INSURED'S BUSINESS

USED CAR DEALER

POLICY PERIOD Policy covers FROM 06/05/92

TO 06/05/93

12 01 A M Standard Time at the Named
Insured's Address stated above

TWO - SCHEDULE OF COVERAGES AND COVERED AUTOS

policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those autos shown as covered autos. Autos shown as covered autos for a particular coverage by the entry of one or more of the symbols from ITEM THREE next to the name of the coverage. Entry of a symbol in the LIABILITY provides coverage for garage operations.

| COVERAGES | COVERED AUTOS (Entry of one or more of the symbols from ITEM THREE shows which autos are covered autos) | LIMIT THE MOST WE WILL PAY FOR ANY ONE ACCIDENT OR LOSS | PREMIUM |
|--|---|--|-------------------------------------|
| LIABILITY INSURANCE | 23, 28, 29 | \$ 100,000. CSL | \$ 3,816.00 |
| PERSONAL INJURY PROTECTION (P.I.P.) (equivalent No-fault coverage) | | SEPARATELY STATED IN EACH P.I.P. ENDORSEMENT MINUS Deductible | \$ |
| ADD P.I.P. (or equivalent added No-fault coverage) | | SEPARATELY STATED IN EACH ADDED P.I.P. ENDORSEMENT | \$ |
| PROPERTY PROTECTION INSURANCE (Michigan only) | | SEPARATELY STATED IN THE P.I.P. ENDORSEMENT MINUS Deductible FOR EACH ACCIDENT | \$ |
| FINANCIAL PAYMENTS INSURANCE | 23, 28, 29 | \$ 2,000. | \$ 206.00 |
| INSURED MOTORISTS INSURANCE | 26 | \$ 60,000. SL | \$ 42.00 |
| COMPREHENSIVE COVERAGE | | \$ EACH LOCATION MINUS \$ Ded. FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF, OR VANDALISM SUBJECT TO \$ MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | \$ |
| SPECIFIED PERILS COVERAGE | | | \$ |
| COLLISION COVERAGE | | \$ EACH LOCATION MINUS \$ Ded. FOR EACH COVERED AUTO | \$ |
| COMPREHENSIVE COVERAGE | | ACTUAL CASH VALUE \$ 1,000. Ded. FOR EACH COVERED AUTO OR FOR ALL LOSS EXCEPT FIRE OR LIGHTNING COST OF REPAIR \$25 Ded. FOR EACH COVERED AUTO FOR LOSS WHICHEVER IS CAUSED BY MISCHIEF OR VANDALISM LESS MINUS \$ 1,000. Ded. FOR EACH COVERED AUTO | \$ \$ 1,051.00 |
| SPECIFIED PERILS COVERAGE | 23 | | \$ |
| COLLISION COVERAGE | 23 | | \$ 592.00 |
| MS AND ENDORSEMENTS CONTAINED IN THIS POLICY AT ITS INCEPTION BJP8058(0)-X-B ✓ | | | PREMIUM FOR ENDORSEMENTS \$ |
| 0005 CA2505 CA9903 000116 CC2121 CC9952 000268 END808 | | | ESTIMATED TOTAL PREMIUM \$ 5,707.00 |

Estimated total premium for this policy is based on the exposures you told us you would have when this policy began.

We will compute your final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and you will be billed the balance, if any. If the estimated total premium exceeds the final premium due you will get a refund. To determine your final premium due we may examine your records at any time during the period of coverage and up to three years afterward. If this policy is issued for more than one year, the premium shall be computed annually based on our rates in effect at the beginning of each year of the policy.

THREE - DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS

| SYMBOL | DESCRIPTION |
|---|--|
| 20 = ANY AUTO. | of after the policy begins provided they are subject to the same state uninsured motorists requirement |
| 21 = OWNED AUTOS ONLY. Only those autos you own (and for liability coverage any trailers you don't own while attached to power units you own). This includes those autos you acquire ownership of after the policy begins. | 27 = SPECIFICALLY DESCRIBED AUTOS. Only those autos described in ITEM EIGHT of the Non-Dealers' and Trailer Dealers' Supplementary Schedule or ITEM ELEVEN of the Dealers' Supplementary Schedule for which a premium charge is shown (and for liability coverage any trailers you don't own while attached to a power unit described in ITEM EIGHT or ITEM ELEVEN). |
| 22 = OWNED PRIVATE PASSENGER AUTOS ONLY. Only the private passenger autos you own. This includes those private passenger autos you acquire ownership of after the policy begins. | 28 = HIRED AUTOS ONLY. Only those autos you lease, hire, rent, or borrow. This does not include any auto you lease, hire, rent, or borrow from any of your employees or members of their households. |
| 23 = OWNED AUTOS OTHER THAN PRIVATE PASSENGER AUTOS ONLY. Only those autos you own which are not of the private passenger type (and for liability coverage any trailers you don't own while attached to power units you own). This includes those autos, not of the private passenger type, you acquire ownership of after the policy begins. | 29 = NON-OWNED AUTOS USED IN YOUR GARAGE BUSINESS. Any auto you do not own, lease, hire or borrow used in connection with your garage business described in these declarations. This includes autos owned by your employees or members of their households while used in your garage business. |
| 24 = OWNED AUTOS SUBJECT TO NO-FAULT. Only those autos you own which are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those autos you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged. | 30 = AUTOS LEFT WITH YOU FOR SERVICE, REPAIR, STORAGE OR SAFEKEEPING. Any auto not owned by you or any of your employees while left with your garage operations for service, repair, storage or safekeeping. |
| 25 = OWNED AUTOS SUBJECT TO COMPULSORY UNINSURED MOTORISTS LAW. Only those autos you own which, because of the law in the state where they are licensed or principally garaged, are required to have and cannot reject uninsured motorists insurance. This includes those autos you acquire ownership of after the policy begins. | 31 = DEALERS' AUTOS AND AUTOS HELD FOR SALE BY NON-DEALERS OR TRAILER DEALERS (PHYSICAL DAMAGE COVERAGES). Any autos and the interests in these autos described in ITEM EIGHT of the Dealers' Supplementary Schedule or ITEM ELEVEN of the Non-Dealers' and Trailer Dealers' Supplementary Schedule |

THIS DECLARATION MUST BE COMPLETED BY THE ATTACHMENT OF A SUPPLEMENTARY SCHEDULE

Signed 07/17/92 ch

JIM CREASY #5719-02

By

Authorized Representative

17

FOUR — LOCATIONS WHERE YOU CONDUCT GARAGE OPERATIONS.

| | |
|---|--|
| Address — state your main business location as Location No. 1 | |
| 3901 WILSON BLVD, ARLINGTON, VA | |
| | |
| | |

FIVE — LIABILITY INSURANCE — PREMIUMS.

| Classes of Operators | | Rating Factor | Number of Persons | Rating Units | Total Rating Units | Liability Premium | Personal Injury Protection Premium | Property Protection Premium |
|--------------------------|-------------------|---------------|-------------------|--------------|--------------------|-------------------|------------------------------------|-----------------------------|
| Class I — Employees | Regular Operators | 1.0 | 2 | 2.0 | 2.50 | 3,816.00 | | |
| | All Others | | | | | | | |
| Class II — Non-Employees | Under age 25 | | | | | | | |
| | Age 25 or over | .50 | 1 | .50 | | | | |
| Class I — Employees | Regular Operators | | | | | | | |
| | All Others | | | | | | | |
| Class II — Non-Employees | Under age 25 | | | | | | | |
| | Age 25 or over | | | | | | | |
| Class I — Employees | Regular Operators | | | | | | | |
| | All Others | | | | | | | |
| Class II — Non-Employees | Under age 25 | | | | | | | |
| | Age 25 or over | | | | | | | |
| TOTAL PREMIUMS | | | | | | 3,816.00 | | |

Notes:

Class I — Employees Regular Operator — Proprietors, partners and officers active in the garage operations; salespersons, general managers, service managers; any employee whose principal duty involves the operation of covered autos or who is furnished a covered auto.
All Others — All other employees.

NOTE: 1. Part-Time employees working an average of 20 hours or more a week for the number of weeks worked are to be counted as 1 rating unit each.
2. Part-Time employees working an average of less than 20 hours a week for the number of weeks worked are to be counted as 1/2 rating unit each.

Class II — Non-Employees Any of the following persons who are regularly furnished with a covered auto: inactive proprietors, partners or officers and their relatives and the relatives of any person described in Class I.

SIX — LIABILITY INSURANCE FOR YOUR CUSTOMERS.

In accordance with paragraph 1. b. 3. of WHO IS INSURED under PART IV — LIABILITY INSURANCE. Liability coverage for your customers is limited unless indicated below by "☒".

☐ If this box is checked, paragraph 1. b. 3. of WHO IS INSURED under PART IV — LIABILITY INSURANCE does not apply.

SEVEN — GARAGEKEEPERS INSURANCE — COVERAGES AND PREMIUMS.

| Location No. | Coverages | Limit of Liability For Each Location (Absence of a limit or deductible below means that the corresponding ITEM TWO limit or deductible applies) | | Premium for all locations |
|--------------|------------------|---|---|---------------------------|
| 1 | Comprehensive | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | |
| | Specified Perils | \$ | | |
| | Collision | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO. | |
| 2 | Comprehensive | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | |
| | Specified Perils | \$ | | |
| | Collision | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO. | |
| 3 | Comprehensive | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT. | |
| | Specified Perils | \$ | | |
| | Collision | \$ | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO. | |

EIGHT — PHYSICAL DAMAGE INSURANCE — TYPES OF COVERED AUTOS AND INTERESTS IN THESE AUTOS — PREMIUMS — REPORTING OR NONREPORTING BASIS.

The following PHYSICAL DAMAGE INSURANCE coverages which is indicated in ITEM TWO applies only to the types of autos and interests indicated below by "☒".

| Coverages | Types of Autos | | Interests Covered | | | |
|------------------|--------------------------|--|--|--|--|---|
| | New autos | Used autos, demonstrators and service vehicles | Your interest in covered autos you own | Your interest only in financed covered autos | Your interest and the interest of any creditor named as a loss payee | All interests in any auto not owned by you or any creditor while in your possession on consignment for sale |
| Comprehensive | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Specified Perils | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Collision | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

ITEM EIGHT (Continued)

| Location No | | Coverages | Limit of Liability For Each Location | | | Rates | Premium |
|---|-----------|------------------|---|-----------------------|----------------|-------------------|-------------|
| 1 | | Comprehensive | \$ 140,000. MINUS \$ 1,000. DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO | | | | \$ |
| | | Specified Perils | \$ 5,000. MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT | | | .751 | \$ 1,051.00 |
| 2 | | Comprehensive | MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO | | | | \$ |
| | | Specified Perils | \$ MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT | | | | \$ |
| 3 | | Comprehensive | \$ MINUS \$ DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY THEFT OR MISCHIEF OR VANDALISM SUBJECT TO | | | | \$ |
| | | Specified Perils | \$ MAXIMUM DEDUCTIBLE FOR ALL SUCH LOSS IN ANY ONE EVENT | | | | \$ |
| All | Collision | | \$ 140,000. MINUS \$ 1,000. DEDUCTIBLE FOR EACH COVERED AUTO. | | | Adjustment Factor | |
| | | | BLANKET ANNUAL COLLISION RATES | | | | |
| | | | First \$50,000 | \$50,001 To \$100,000 | Over \$100,000 | | |
| | | | .794 | .332 | .073 | | |
| TOTAL PREMIUM | | | | | | \$ | 592.00 |
| Our limit of liability for loss at locations other than those stated in ITEM FOUR | | | | | | TOTAL PREMIUM | \$ 1,643.00 |

Our limit of liability for loss at locations other than those stated in ITEM FOUR.

\$ 20,000. Additional locations where you store covered autos \$ 20,000. In transit

PREMIUM BASIS—Reporting (Quarterly or Monthly) or Nonreporting (Indicate Basis Agreed Upon by "X").

☐ REPORTING BASIS (Quarterly or Monthly as indicated below by "X").

You must report to us on our form the locations of your covered autos and their total value at each such location. For your main sales location identified as location no. 1 you must include the total value of all covered autos you have furnished or made available to yourself, your executives, your employees or family members and other Class II—Non-Employees, and covered autos that are temporarily displayed or stored at locations other than those stated in ITEM FOUR above. For your main sales location you must include the total value of all service vehicles.

YOUR REPORTING BASIS IS: ☐ QUARTERLY—You must give us your first report by the fifteenth of the fourth month after the policy begins. Your subsequent reports must be given to us by the fifteenth of every third month. Your reports must contain the values for the last business day of every third month coming within the policy period.

☐ MONTHLY—You must give us your reports by the fifteenth of every month. Your reports will contain the total values you had on the last business day of the preceding month.

Premiums will be calculated pro rata of the annual premium for the exposures contained in each report. At the end of each policy year we will add the monthly premiums or the quarterly premiums to determine your final premium due for the entire policy year. The estimated total premiums shown above will be credited against the final premium due.

☒ NONREPORTING BASIS. Stated limit of liability shown above applies.

Loss Payee—Any loss is payable as interest may appear to you and:

ITEM NINE—MEDICAL PAYMENTS INSURANCE—REFER TO ITEM ELEVEN FOR COVERED AUTOS INSURED ON A SPECIFIED CAR BASIS.

| Coverage | Premium Determination | Premium |
|---|---|-----------|
| Auto Medical Payments Only | Auto Medical Payments Premium equals % | \$ |
| Premises and Operations Medical Payments (Does not apply to bodily injury caused by any auto) | Premises and Operations Medical Payments Premium equals % | \$ |
| Premises and Operations and Auto Medical Payments | Premises and Operations and Auto Medical Payments Premium equals 5.40 % | \$ 206.00 |

ITEM TEN—UNINSURED MOTORISTS INSURANCE—PREMIUMS—REFER TO ITEM ELEVEN FOR SEPARATELY REGISTERED COVERED AUTOS.

| Number of Plates | Rate Per Plate | Premium |
|------------------|----------------|---------|
| 3 | 14 | 42.00 |

ITEM ELEVEN—SCHEDULE OF COVERED AUTOS WHICH ARE FURNISHED TO SOMEONE OTHER THAN A CLASS I OR CLASS II OPERATOR OR WHICH ARE INSURED ON A SPECIFIED CAR BASIS.

| Covered Auto No | DESCRIPTION | | PURCHASED | | TERRITORY: Town & State Where the Covered Auto will be principally garaged | | | |
|-----------------------|---|---|---|---|---|-------------------------------|------|--|
| | Year Model, Trade Name, Body Type Serial Number (S), Vehicle Identification Number (VIN) | | Original Cost New | Actual Cost & NEW (N) USED (U) | | | | |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |
| Covered Auto No | CLASSIFICATION | | | | | | | All physical damage loss is payable to you and the loss payee named below as interests may appear at the time of the loss |
| | Radius of Operation (in Miles) | Business use 1 = service 2 = retail 3 = comm | Size GVW, GCW or Vehicle Seating Capacity | Age Group | Primary Rating Factor | Secondary Rating Factor | Code | |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |

COVERAGES—PREMIUMS, LIMITS AND DEDUCTIBLES (Absence of a deductible or limit entry in any column below means that the limit or deductible entry in the corresponding ITEM TWO column applies instead)

| Covered Auto No | LIABILITY | | PIP | | ADDED PIP | | PIP/PRI (Each only) | | AUTO MED PAY | | UNINSURED MOTORISTS | | COMPREHENSIVE | | SPECIFIED PERILS | | COLLISION | |
|-----------------|----------------------|---------|-------------------------------------|---------|-----------|---------|-------------------------------------|---------|----------------------|---------|----------------------|---------|-------------------------------------|---------|------------------|---------|-------------------------------------|---------|
| | Limit (in thousands) | Premium | Limit* minus deductible shown below | Premium | Limit* | Premium | Limit* minus deductible shown below | Premium | Limit (in thousands) | Premium | Limit (in thousands) | Premium | Limit* minus deductible shown below | Premium | Limit | Premium | Limit* minus deductible shown below | Premium |
| 1 | | | | | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | | | | |
| Total Premium | | | | | | | | | | | | | | | | | | |

*Limit stated in each applicable PIP, Added PIP or PIP Endorsement

**Limit stated in ITEM TWO.

| Covered Auto | Person or organization to which the Covered Auto has been furnished (Do not include Covered Autos which have been furnished to Class I or Class II operators) |
|--------------|---|
| 1 | |
| 2 | |
| 3 | |
| 4 | |

GARAGE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION VI-DEFINITIONS.

SECTION I-COVERED AUTOS

ITEM TWO of the Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos." The symbols entered next to a coverage on the Declarations designate the only "autos" that are covered "autos."

A. DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS

| SYMBOL | DESCRIPTION |
|--------|-------------|
|--------|-------------|

21 = ANY "AUTO."

22 = OWNED "AUTOS" ONLY. Only those "autos" you own (and for Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" you acquire ownership of after the policy begins.

23 = OWNED PRIVATE PASSENGER "AUTOS" ONLY. Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the policy begins.

24 = OWNED "AUTOS" OTHER THAN PRIVATE PASSENGER "AUTOS" ONLY. Only those "autos" you own that are not of the private passenger type (and for Liability Coverage any trailers you don't own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the policy begins.

25 = OWNED "AUTOS" SUBJECT TO NO-FAULT. Only those "autos" you own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged.

26 = OWNED "AUTOS" SUBJECT TO A COMPULSORY UNINSURED MOTORISTS LAW. Only those "autos" you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those "autos" you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.

27 = SPECIFICALLY DESCRIBED "AUTOS". Only those "autos" described in ITEM SEVEN of the Non-Dealers' and Trailer Dealers' Supplementary Schedule or ITEM TEN of the Dealers' Supplementary Schedule for which a premium charge is shown (and for Liability Coverage any "trailers" you don't own while attached to a power unit described in ITEM SEVEN or ITEM TEN).

28 = HIRED "AUTOS" ONLY. Only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your employees or partners or members of their households.

29 = NON-OWNED "AUTOS" USED IN YOUR GARAGE BUSINESS. Any "auto" you do not own, lease, hire, rent or borrow used in connection with your garage business described in the Declarations. This includes "autos" owned by your employees or partners or members of their households while used in your garage business.

30 = "AUTOS" LEFT WITH YOU FOR SERVICE, REPAIR, STORAGE OR SAFEKEEPING. Any customer's "auto" while left with your "garage operations" for service, repair, storage or safekeeping. Customers include your employees or members of their households who pay for the services performed.

31 = DEALERS "AUTOS" AND "AUTOS" HELD FOR SALE BY NON-DEALERS OR TRAILER DEALERS (PHYSICAL DAMAGE COVERAGES). Any "autos" and the interests in these "autos" described in ITEM SEVEN of the Dealers' Supplementary Schedule or ITEM TEN of the Non-Dealers' and Trailer Dealers' Supplementary Schedule.

B. OWNED AUTOS YOU ACQUIRE AFTER THE POLICY BEGINS

1. If symbols 21, 22, 23, 24, 25, or 26 are entered next to a coverage in ITEM TWO of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.
2. But, if symbol 27 is entered next to a coverage in ITEM TWO of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:
 - a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and

- b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

C. CERTAIN TRAILERS AND TEMPORARY SUBSTITUTE AUTOS

If Liability coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. "Loss;" or
 - e. Destruction.

SECTION II-LIABILITY COVERAGE

A. COVERAGE

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies caused by an "accident" and resulting from "garage operations."

We have the right and duty to defend any "suit" asking for these damages. However, we have no duty to defend "suits" for "bodily injury" or "property damage" not covered by this Coverage Form. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. WHO IS AN INSURED

- a. The following are "insureds" for covered "autos":
 - (1) You for any covered "auto."
 - (2) Anyone else while using with your permission a covered "auto" you own, hire or borrow except
 - (a) The owner or anyone else from whom you hire or borrow a covered "auto." This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.

- (b) Your employee if the covered "auto" is owned by that employee or a member of his or her household.

- (c) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is your "garage operations."

- (d) Your customers, if your business is shown in the Declarations as an "auto" dealership. However, if a customer of yours:

- (i) Has no other available insurance (whether primary, excess or contingent), they are an "insured" but only up to the compulsory or financial responsibility law limits where the covered "auto" is principally garaged.

- (ii) Has other available insurance (whether primary, excess or contingent) less than the compulsory or financial responsibility law limits where the covered "auto" is principally garaged, they are an "insured" only for the amount by which the compulsory or financial responsibility law limits exceed the limit of their other insurance.

(e) A partner of yours for a covered "auto" owned by him or her or a member of his or her household.

(3) Anyone else who is not otherwise excluded under paragraph (2) above and is liable for the conduct of an "insured" but only to the extent of that liability.

b. The following are "insureds" for "garage operations" other than covered "autos":

(1) You.

(2) Your partners, employees, directors or shareholders but only while acting within the scope of their duties.

2. COVERAGE EXTENSIONS

a. Supplementary Payments. In addition to the Limit of Insurance, we will pay for the "insured":

(1) All expenses we incur.

(2) Up to \$250 for the cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

(3) The cost of bonds to release attachments in any "suit" we defend, but only for bond amounts within our Limit of Insurance.

(4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$100 a day because of time off from work.

(5) All costs taxed against the "insured" in any "suit" we defend.

(6) All interest on the full amount of any judgment that accrues after entry of the judgement in any "suit" we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

b. Out of State Coverage Extensions

While a covered "auto" is away from the state where it is licensed we will:

(1) Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.

(2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out of state vehicles by the jurisdiction where the covered "auto" is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

B. EXCLUSIONS

This insurance does not apply to any of the following:

1. EXPECTED OR INTENDED INJURY

"Bodily injury" or "property damage" expected or intended from the standpoint of the "insured." But for "garage operations" other than covered "autos" this exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

2. CONTRACTUAL

Liability assumed under any contract or agreement. But this exclusion does not apply to liability for damages:

a. Assumed in a contract or agreement that is an "insured contract," or

b. That the "insured" would have in the absence of the contract or agreement.

3. WORKERS' COMPENSATION

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers compensation, disability benefits or unemployment compensation law or any similar law.

4. EMPLOYEE INDEMNIFICATION AND EMPLOYER'S LIABILITY

"Bodily injury" to:

a. An employee of the "insured" arising out of and in the course of employment by the "insured;" or

b. The spouse, child, parent, brother or sister of that employee as a consequence of paragraph a. above.

This exclusion applies:

(1) Whether the "insured" may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to domestic employees not entitled to workers compensation benefits or to liability assumed by the "insured" under an "insured contract."

5. FELLOW EMPLOYEE

"Bodily injury to any fellow employee of the "insured" arising out of and in the course of the fellow employee's employment.

6. CARE, CUSTODY OR CONTROL

"Property damage" to:

- a. Property owned, rented or occupied by the "insured;"
- b. Property loaned to the "insured;"
- c. Property held for sale or being transported by the "insured;" or
- d. Property in the "insured's" care, custody or control.

But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. LEASED AUTOS

Any covered "auto" while leased or rented to others. But this exclusion does not apply to a covered "auto" you rent to one of your customers while their "auto" is left with you for service or repair.

8. POLLUTION

a. "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:

(1) That are, or that are contained in any property that is:

(a) Being moved from the place where such property or pollutants are accepted by the "insured" for movement into or onto the covered "auto;"

(b) Being transported or towed by the covered "auto;"

(c) Otherwise in the course of transit by the "insured;"

(d) Being stored, disposed of, treated or processed in or upon the covered "auto;" or

(e) Being moved from the covered "auto" to the place where such property or pollutants are finally delivered, disposed of or abandoned by the "insured;"

(2) At or from premises you own, rent or occupy;

(3) At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;

(4) At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations:

(a) To test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants; or

(b) If the pollutants are brought on or to the site in connection with such operations; or

(5) Which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may be legally responsible.

b. Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Paragraphs a (1)(d) and a(2) through a(5) do not apply to fuels, lubricants, fluids, exhaust gases or other similar pollutants that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if the pollutants escape or are discharged, dispersed, or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such pollutants.

Paragraphs a(2) through a(5) do not apply to pollutants not in or upon a covered "auto" if:

(1) The pollutants or any property in which the pollutants are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto;"

(2) The discharge, dispersal, release or escape of the pollutants is caused directly by such upset, overturn or damage; and

(3) The "bodily injury" or "property damage" is not otherwise excluded under paragraph a(1) of this exclusion.

Paragraphs a(2) and a(4)(b) do not apply to "bodily injury" or "property damage" caused by heat, smoke or fumes from a hostile fire. In this exclusion, a hostile fire means one which becomes uncontrollable, or breaks out from where it was intended to be.

9. RACING

Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity. This insurance also does not apply while the "auto" is being prepared for such a contest or activity.

10. WATERCRAFT OR AIRCRAFT

Any watercraft or aircraft except watercraft while ashore on premises where you conduct "garage operations."

11. DEFECTIVE PRODUCTS

"Property damage" to any of your "products" or any part of your "products" if caused by a defect existing at the time it was sold or transferred to another.

12. WORK YOU PERFORMED

"Property damage" to "work you performed" if the "property damage" results from any part of the work itself or from the parts, materials or equipment used in connection with the work.

13. LOSS OF USE

Loss of use of other property not physically damaged if caused by:

- A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.
- A defect, deficiency, inadequacy or dangerous condition in your "products" or "work you performed." But this exclusion, 13b, does not apply if the loss of use was caused by sudden and accidental damage to or destruction of your "products" or "work you performed" after they have been put to their intended use.

SECTION III-GARAGEKEEPERS COVERAGE

A. COVERAGE

- We will pay all sums the "insured" legally must pay as damages for "loss" to a covered "auto" or "auto" equipment left in the "insured's" care while the "insured" is attending, servicing, repairing, parking or storing it in your "garage operations" under:
 - Comprehensive Coverage. From any cause except
 - The covered "auto's" collision with another object; or
 - The covered "auto's" overturn.

14. PRODUCTS RECALL

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of your "products" or "work you performed" or other property of which they form a part, if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

15. WAR

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

C. LIMIT OF INSURANCE

Regardless of the number of covered "autos," "insureds," premiums paid, claims made or vehicles involved in the "accident," the most we will pay for all damages resulting from any one "accident" is the Limit of Insurance for Liability Coverage shown in the Declarations.

All "bodily injury" and "property damage" resulting from "continuous or repeated exposure to substantially the same conditions" will be considered as resulting from one "accident."

D. DEDUCTIBLE

We will deduct \$100 from the damages in any "accident" resulting from "property damage" to an "auto" as a result of "work you performed" on that "auto."

b. Specified Causes of Loss Coverage. Caused by:

- Fire, lightning or explosion;
- Theft; or
- Mischief or vandalism.

c. Collision Coverage. Caused by:

- The covered "auto's" collision with another object; or
- The covered "auto's" overturn.

2. We have the right and duty to defend any "suit" asking for these damages. However, we have no duty to defend "suits" for "loss" not covered by this Coverage Form. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends for a coverage when the Limit of Insurance for that coverage has been exhausted by payment of judgments or settlements.

3. WHO IS AN INSURED

The following are "insureds" for "loss" to covered "autos":

- a. You.
- b. Your partners, employees, directors or shareholders while acting within the scope of their duties as such.

4. COVERAGE EXTENSIONS

Supplementary Payments. In addition to the Limit of Insurance, we will pay for the "insured":

- a. All expenses we incur.
- b. The cost of bonds to release attachments in any "suit" we defend, but only for bond amounts within our Limit of Insurance.
- c. All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$100 a day because of time off from work.
- d. All costs taxed against the "insured" in any "suit" we defend.
- e. All interest on the full amount of any judgement that accrues after entry of the judgment in any "suit" we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgement that is within our Limit of Insurance.

B. EXCLUSIONS

1. This insurance does not apply to any of the following:
 - a. Contractual Obligations.
Liability resulting from any agreement by which the "insured" accepts responsibility for "loss."

SECTION IV-PHYSICAL DAMAGE COVERAGE

A. COVERAGE

1. We will pay for "loss" to a covered "auto" or its equipment under:
 - a. Comprehensive Coverage. From any cause except
 - (1) The covered "auto's" collision with another object; or

b. Theft

"Loss" due to theft or conversion caused in any way by you, your employees or by your shareholders.

c. Defective Parts.

Defective parts or materials.

d. Faulty Work.

Faulty "work you performed."

2. We will not pay for "loss" to any of the following:

- a. Tape decks or other sound reproducing equipment unless permanently installed in a covered "auto."
- b. Tapes, records or other sound reproducing devices designed for use with sound reproducing equipment.
- c. Sound receiving equipment designed for use as a citizens' band radio, two-way mobile radio or telephone or scanning monitor receiver, including its antennas and other accessories, unless permanently installed in the dash or console opening normally used by the "auto" manufacturer for the installation of a radio.

C. LIMIT OF INSURANCE AND DEDUCTIBLE

1. Regardless of the number of covered "autos," "insureds," premiums paid, claims made or "suits" brought, the most we will pay for each "loss" at each location is the Garagekeepers Coverage Limit of Insurance shown in the Declarations for that location minus the applicable deductibles for "loss" caused by collision, theft or mischief or vandalism.
2. The maximum deductible stated in the Declarations for Garagekeepers Coverage Comprehensive or Specified Causes of Loss Coverage is the most that will be deducted for all "loss" in any one event caused by theft or mischief or vandalism.
3. Sometimes to settle a claim or "suit," we may pay all or any part of the deductible. If this happens you must reimburse us for the deductible or that portion of the deductible that we paid.

(2) The covered "auto's" overturn.

- b. Specified Causes of Loss Coverage. Caused by:

(1) Fire, lightning or explosion;

(2) Theft;

(3) Windstorm, hail or earthquake;

(4) Flood;

(5) Mischief or vandalism; or

(6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto."

c. Collision Coverage. Caused by:

(1) The covered "auto's" collision with another object; or

(2) The covered "auto's" overturn.

2. Towing-Non-Dealers Only.

If your business is shown in the Declarations as something other than an "auto" dealership, we will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

3. Glass Breakage-Hitting a Bird or Animal-Falling Objects or Missiles.

If you carry Comprehensive Coverage for the damaged covered "auto," we will pay for the following under Comprehensive Coverage:

a. Glass breakage;

b. "Loss" caused by hitting a bird or animal; and

c. "Loss" caused by falling objects or missiles.

However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

4. Coverage Extension. If your business is shown in the Declarations as something other than an "auto" dealership, we will pay up to \$10 per day to a maximum of \$300 for transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes of Loss Coverage. We will pay for transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss."

B. EXCLUSIONS

1. We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. Nuclear Hazard.

(1) The explosion of any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation, or radioactive contamination, however caused.

b. War or Military Action.

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in, hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for "loss" to any of the following:

a. Any covered "auto" leased or rented to others unless rented to one of your customers while their "auto" is left with you for service or repair.

b. Any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity. We will also not pay for "loss" to any covered "auto" while being prepared for any such event.

c. Tape decks or other sound reproducing equipment unless permanently installed in a covered "auto."

d. Tapes, records or other sound reproducing devices designed for use with sound reproducing equipment.

e. Sound receiving equipment designed for use as a citizens' band radio, two-way mobile radio or telephone or scanning monitor receiver, including its antennas and other accessories, unless permanently installed in the dash or console opening normally used by the "auto" manufacturer for the installation of a radio.

3. False Pretense. We will not pay for "loss" to a covered "auto" caused by or resulting from

a. Someone causing you to voluntarily part with it by trick or scheme or under false pretenses; or

b. Your acquiring an "auto" from a seller who did not have legal title.

4. If your business is shown in the Declarations as an "auto" dealership, we will not pay for:

- a. Your expected profit.
- b. "Loss" to any covered "auto" displayed or stored at any location not shown in ITEM THREE of the Declarations if the "loss" occurs more than 45 days after your use of the location begins.
- c. Under the Collision Coverage, to any covered "auto" while being driven or transported from the point of purchase or distribution to its destination if such points are more than 50 road miles apart.
- d. Under the Specified Causes of Loss Coverage, to "loss" to any covered "auto" caused by or resulting from the collision or upset of any vehicle transporting it.

5. Other Exclusions.

We will not pay for "loss" caused by or resulting from any of the following unless caused by other "loss" that is covered by this insurance:

- a. Wear and tear, freezing, mechanical or electrical breakdown;
- b. Blowouts, punctures or other road damage to tires.

C. LIMITS OF INSURANCE

1. The most we will pay for "loss" to any one covered "auto" is the lesser of:
 - a. The actual cash value of the damaged or stolen property as of the time of "loss," or
 - b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.
2. For those businesses shown in the Declarations as "auto" dealerships, the following provisions also apply:
 - a. Regardless of the number of covered "autos" involved in the "loss," the most we will pay for all "loss" at any one location is the amount shown in the Auto Dealers Supplementary Schedule for that location. Regardless of the number of covered "autos" involved in the "loss," the most we will pay for all "loss" in transit is the amount shown in the Auto Dealers Supplementary Schedule for "loss" in transit.

- b. Quarterly or Monthly Reporting Premium Basis. If, on the date of your last report, the actual value of the covered "autos" at the "loss" location exceeds what you last reported, when a "loss" occurs we will pay only a percentage of what we would otherwise be obligated to pay. We will determine this percentage by dividing your total reported value for the involved location by the value you actually had on the date of your last report.

If the first report due is delinquent on the date of "loss," the most we will pay will not exceed 75 percent of the Limit of Insurance shown in the Auto Dealers Supplementary Schedule for the applicable location.

- c. Non-Reporting Premium Basis. If, when "loss" occurs, the total value of your covered "autos" exceeds the Limit of Insurance shown in the Declarations, we will pay only a percentage of what we would otherwise be obligated to pay. We will determine this percentage by dividing the limit by the total values you actually had when "loss" occurred.

D. DEDUCTIBLE

For each covered "auto," our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations provided that:

1. "Auto" Dealers Only Special Deductible Provisions:

If your business is shown in the Declarations as an "auto" dealership:

- a. The Comprehensive or Specified Causes of Loss Coverage deductible applies only to "loss" caused by theft or mischief or vandalism.

- b. Regardless of the number of covered "autos" damaged or stolen, the per "loss" deductible for Comprehensive or Specified Causes of Loss Coverage shown in the Declarations is the maximum deductible applicable for all "loss" in any one event caused by any theft or mischief or vandalism.

2. Non-dealers Only Special Deductible Provisions:

If your business is shown in the Declarations as something other than an "auto" dealership, the Comprehensive Coverage deductible does not apply to "loss" caused by fire or lightning.

SECTION V-GARAGE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

A. LOSS CONDITIONS

1. APPRAISAL FOR PHYSICAL DAMAGE LOSS

If you and we disagree on the amount of "loss," either may demand an appraisal of the "loss." In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire.

The appraisers will state separately the actual cash value and amount of "loss." If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

2. DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS

- a. In the event of "accident," claim, "suit" or "loss," you must give us or our authorized representative prompt notice of the accident or "loss." Include:

- (1) How, when and where the "accident" or "loss" occurred;
- (2) The "insured's" name and address; and
- (3) To the extent possible, the names and addresses of any injured persons and witnesses.

- b. Additionally, you and any other involved "insured" must

- (1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.
- (2) Immediately send us copies of any demand, notice, summons or legal paper received concerning the claim or "suit."
- (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit."

- (4) Authorize us to obtain medical records or other pertinent information.

- (5) Submit to examination at our expense, by physicians of our choice, as often as we reasonably require.

- c. If there is "loss" to a covered "auto" or its equipment you must also do the following:

- (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.

- (2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.

- (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.

- (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Form until:

- a. There has been full compliance with all the terms of this Coverage Form; and
- b. Under Liability Coverage, we agree in writing that the "insured" has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the "insured's" liability.

4. LOSS PAYMENT-PHYSICAL DAMAGE COVERAGES

At our option we may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property at our expense. We will pay for any damage that results to the "auto" from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

5. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them.

B. GENERAL CONDITIONS

1. BANKRUPTCY

Bankruptcy or insolvency of the "insured" or the "insured's" estate will not relieve us of any obligations under this Coverage Form.

2. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Form is void in any case of fraud by you at any time as it relates to this Coverage Form. It is also void if you or any other "insured," at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Form;
- b. The covered "auto;"
- c. Your interest in the covered "auto;" or
- d. A claim under this Coverage Form.

3. LIBERALIZATION

If we revise this Coverage Form to provide more coverage without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

4. NO BENEFIT TO BAILEE-PHYSICAL DAMAGE COVERAGES

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Form.

5. OTHER INSURANCE

a. For any covered "auto" you own, this Coverage Form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Liability Coverage this Coverage Form provides for the "trailer" is:

- (1) Excess while it is connected to a motor vehicle you do not own.
- (2) Primary while it is connected to a covered "auto" you own.

b. Regardless of the provisions of paragraph a above, this Coverage Form's Liability coverage is primary for any liability assumed under an "insured contract."

c. When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

6. PREMIUM AUDIT

- a. The estimated premium for this Coverage Form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.
- b. If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

7. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Form, we cover "bodily injury," "property damage" and "losses" occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the coverage territory.

The coverage territory is:

- a. The United States of America;
- b. The territories and possessions of the United States of America;
- c. Puerto Rico; and
- d. Canada.

We also cover "bodily injury," "property damage" and "losses" while a covered "auto" is being transported between any of these places.

The coverage territory is extended to anywhere in the world if the "bodily injury" or "property damage" is caused by one of your "products" which is sold for use in the United States of America, its territories or possessions, Puerto Rico or Canada. The original "suit" for damages resulting from such "bodily injury" or "property damage" must be brought in one of these places.

8. TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us apply to the same "accident," the aggregate maximum Limit of Insurance under all the Coverage Forms

or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or

policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

SECTION VI-DEFINITIONS

A. "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage."

B. "Auto" means a land motor vehicle, trailer or semitrailer.

C. "Bodily injury" means bodily injury, sickness or disease sustained by a person including death resulting from any of these.

D. "Garage operations" means the ownership, maintenance or use of locations for garage business and that portion of the roads or other accesses that adjoin these locations. "Garage operations" includes the ownership, maintenance or use of the "autos" indicated in SECTION I of this Coverage Form as covered "autos." "Garage operations" also include all operations necessary or incidental to a garage business.

E. "Insured" means any person or organization qualifying as an insured in the Who Is an Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.

F. "Insured contract" means:

1. A lease of premises;
2. A sidetrack agreement;
3. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
4. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
5. An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;
6. An elevator maintenance agreement; or
7. That part of any other contract or agreement pertaining to your garage business under which you assume the tort liability of another to pay damages because of "bodily injury" or "property damage" to a third person or organization if the contract or agreement is made, prior to the "bodily injury" or "property damage." Tort liability means liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement

1. That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

a. Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or

b. Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.

2. That indemnifies any person or organization for damage by fire to premises rented or loaned to you.

3. That pertains to the loan, lease or rental of the "auto" to you; or

4. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.

G. "Loss" means direct and accidental loss or damage. But for Garagekeepers Coverage only, "loss" also includes any resulting loss of use.

H. "Products" means the goods or products you made or sold in a garage business.

I. "Property damage" means damage to or loss of use of tangible property.

J. "Suit" means a civil proceeding in which damages because of "bodily injury" or "property damages" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

K. "Trailer" includes semitrailer.

L. "Work you performed" includes work that someone performed for you.

POLICY CHANGES (FORM B)

AUTHORIZED REPRESENTATIVE
JIM CREASY #5719-02

00:00:00 00:00:00

THE LIABILITY LIMIT IS HEREBY AMENDED TO READ: \$300,000. CSL

☐ PREMIUM INCLUDED IN REVISED INSTALLMENTS

Signature of Authorized Representative

POLICY CHANGES (FORM B)

JIM CREASY #5719-02

COVERAGE PARTS AFFECTED

THE NUMBER OF TOTAL RATING UNITS, AS SHOWN ON COVERAGE PART CA0007, UNDER
ITEM FOUR - LIABILITY INSURANCE COVERAGE - IS AMENDED TO READ:
4.40 IN LIEU OF 2.50

☐ PREMIUM INCLUDED IN REVISED INSTALLMENTS

Signature of Applicant Representative: _____

| | | |
|---|---|---|
| <p>INSURANCE COMPANY</p> <p>EXPLORE FIRE AND MARINE INSURANCE COMPANY</p> | <p>UNITED STATES POSTAL SERVICE</p> <p>After postage and postmark</p> | <p>INFO OF CANCELLATION</p> <p>POLICY NO. CP 42 18 49 VA 001</p> <p>CANCELLATION EXPIRATION OR CHANGE WILL TAKE EFFECT AT OCTOBER 26, 1992 12:01 AM</p> <p>DATE OF MAILING OCTOBER 7, 1992</p> <p>ISSUED THROUGH AGENCY OR OFFICE AT CREASTY #5719</p> |
| <p>NAME AND ADDRESS OF INSURED</p> <p>PRESTIGE IMPORTS OF VIRGINIA 3901 WILSON BLVD ARLINGTON VA 22203</p> | <p>FOR USE AS A "CERTIFICATE OF MAILING" AS PROVIDED IN SECTION 931 OF THE DOMESTIC MAIL MANUAL MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL DOES NOT PROVIDE FOR INSURANCE (Applicable item marked 1)</p> | |
| <p>CANCELLATION</p> | <p><input type="checkbox"/> You are hereby notified in accordance with the terms and conditions of the above mentioned policy, and in accordance with law, that your insurance will cease at and from the hour and date mentioned above.</p> <p><input type="checkbox"/> Reason for cancellation: Nonpayment of premium</p> <p>See the "Important Notices" section below for other information that may apply.</p> <p><input checked="" type="checkbox"/> You are hereby notified in accordance with the terms and conditions of the above mentioned policy, and in accordance with law, that your insurance will cease at and from the hour and date mentioned above.</p> <p>Reason(s) for cancellation: NON PAYMENT OF PREMIUM</p> <p>See the "Important Notices" section below for other information that may apply.</p> | |
| <p>Premium Adjustment</p> | <p><input type="checkbox"/> Unearned premium will be refunded to you as soon as practicable after cancellation becomes effective.</p> <p>Enclosed is \$ _____ being the amount of premium refund at pro rata for the unexpired term of this policy.</p> <p><input type="checkbox"/> A bill for the premium earned to the time of cancellation will be forwarded in due course.</p> <p><input type="checkbox"/> Other: _____</p> | |
| <p>NON-RENEWAL</p> | <p><input type="checkbox"/> You are hereby notified in accordance with the terms and conditions of the above mentioned policy, and in accordance with law, that the above mentioned policy will expire effective at and from the hour and date mentioned above and the policy will NOT be renewed.</p> <p>See the "Important Notices" section below for other information that may apply.</p> <p><input type="checkbox"/> You are hereby notified in accordance with the terms and conditions of the above mentioned policy, and in accordance with law, that the above mentioned policy will expire effective at and from the hour and date mentioned above and the policy will NOT be renewed.</p> <p>Reason(s) for nonrenewal: _____</p> <p>See the "Important Notices" section below for other information that may apply.</p> | |
| <p>CHANGE IN POLICY RATES / COVERAGE</p> | <p><input type="checkbox"/> You are hereby notified in accordance with the terms and conditions of the above mentioned policy, and in accordance with law, that the rates and/or the cover age(s) applying to the above noted policy will be changed as follows, effective on the date indicated above:</p> <p>Specific reason(s) for change(s): _____</p> <p>See the "Important Notices" section below for other information that may apply.</p> | |
| <p>IMPORTANT NOTICES</p> | <p>Virginia—Review by Commissioner of Insurance: If the policy being cancelled, nonrenewed or changed is applicable in Virginia, Virginia law provides that within 15 days of receipt of this Notice you are entitled to request in writing to the Commissioner of Insurance that he review the action of this Company in cancelling or not renewing your insurance or changing the rates and/or coverages(s) applicable to your policy. The Commissioner's address is: Commissioner of Insurance, Bureau of Insurance, State Corporation Commission, P.O. Box 1157, Richmond, VA 23202.</p> <p>Virginia—Replacement of Automobile Insurance: If this Notice pertains to the cancellation or nonrenewal of automobile insurance applicable in Virginia, you possibly may obtain other automobile insurance through your agent, another insurer or under the Virginia Automobile Insurance Plan. Please contact your agent for more information.</p> <p><input type="checkbox"/> Replacement Insurance Information: If you are unable to obtain replacement coverage from another insurance company, you may be eligible for insurance through the organization designated below. For further information, please contact your agent or broker or the following organization: _____</p> <p><input type="checkbox"/> Consumer Report: In compliance with the Fair Credit Reporting Act (Public Law 91-508), you are hereby informed that the action taken above is being taken wholly or partly because of information contained in a consumer report from the following consumer reporting agency: _____</p> <p style="text-align: right;"><i>James F. Fox</i> Asst. Vice President <small>AMERICAN FIDELITY & GUARANTEE</small></p> | |
| <p>INSURANCE COMPANY</p> | <p>UNITED STATES POSTAL SERVICE</p> <p>After postage and postmark</p> | <p>NAME AND ADDRESS OF LIENHOLDER OR MORTGAGEE</p> |
| <p>FOR USE AS A "CERTIFICATE OF MAILING" AS PROVIDED IN SECTION 931 OF THE DOMESTIC MAIL MANUAL MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL DOES NOT PROVIDE FOR INSURANCE (If notice of cancellation, nonrenewal or change in policy is mailed to the insured, complete the following.)</p> <p>I hereby certify that I personally mailed in the U.S. Post Office at the place and time stamped herein, a notice of cancellation, nonrenewal or change in policy to the insured, an exact carbon copy of which appears above, and at said time received from the U.S. Postal Service the receipt made a part hereof or attached hereto.</p> <p>Signed this <u>7</u> day of <u>OCTOBER</u>, 19 <u>92</u></p> <p>Signature <u>[Signature]</u></p> | | |
| <p>(If notice of cancellation or nonrenewal is mailed to the Lienholder/Mortgagee, complete the following.)</p> <p>I hereby certify that I personally mailed in the U.S. Post Office, at the place and time stamped herein, a notice of cancellation or nonrenewal to the Lienholder/Mortgagee an exact carbon copy of which appears above, and at said time received from the U.S. Postal Service the receipt made a part hereof or attached hereto.</p> <p>Signed this _____ day of _____, 19 _____</p> <p>Signature _____</p> | | |

USAGE INSTRUCTIONS
 See reverse side for usage and mailing instructions.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES (FORM A)

| | | |
|---|--------------------------------------|--|
| POLICY NO. GP 42 18 99 | POLICY CHANGES EFFECTIVE 10/12/92 | AUTHORIZED REPRESENTATIVE JIM GREASY #5719-02 |
| NAMED INSURED PRESTIGE IMPORTS OF VIRGINIA | | COVERAGE PARTS AFFECTED |

Changes:

| | |
|--|--|
| <input type="checkbox"/> Named insured | <input type="checkbox"/> Named insured's address |
| <input type="checkbox"/> Description of auto | <input type="checkbox"/> Premium |
| <input type="checkbox"/> Effective date | <input type="checkbox"/> Expiration date |
| <input checked="" type="checkbox"/> Reinstatement of canceled policy/coverage part | |
| <input type="checkbox"/> Other as described | |

NC LAPSE OF COVERAGE.

| ORIG. PREM. | COVERAGE | PREM. |
|-------------|----------|-------|
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| TOTAL | | \$ |

☐ **PREMIUM INCLUDED IN REVISED INSTALLMENTS**

10-23-92 dke

Date Prepared

G2

END. #

Signature of Authorized Representative

POLICY CHANGES (FORM A)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES (FORM B)

| | | |
|---------------|--------------------------|---------------------------|
| POLICY NO | POLICY CHANGES EFFECTIVE | AUTHORIZED REPRESENTATIVE |
| CP 42 18 99 | | |
| NAMED INSURED | COVERAGE PARTS AFFECTED | |
| | | |

AMENDEMNT OF SECTION IV - PHYSICAL DAMAGE COVERAGE

IT IS AGREED THAT SECTION IV - PHYSICAL DAMAGE COVERAGE, C. LIMITS OF INSURANCE IS AMENDED AS FOLLOWS:

2. FOR THOSE BUSINESSES SHOWN IN THE DECLARATIONS AS "AUTO" DEALERSHIPS.....IS AMENDED TO ADD THE FOLLOWING:
- d. THE MOST WE WILL PAY FOR "LOSS" TO ANY ONE COVERED "AUTO" IS \$ 20,000.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

| ORIG. PREM. | COVERAGE | PREM. |
|-------------|----------|-------|
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| \$ | | \$ |
| TOTAL | | \$ |

☐

PREMIUM INCLUDED IN REVISED INSTALLMENTS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GARAGE LOCATIONS AND OPERATIONS MEDICAL PAYMENTS COVERAGE

This endorsement modifies insurance provided under the following:

GARAGE COVERAGE FORM

A. COVERAGE

We will pay reasonable medical and funeral expenses to or for each person who sustains "bodily injury" to which this coverage applies, caused by an "accident" and resulting from:

1. The maintenance or use of the locations shown in the Declarations and that portion of the roads or other accesses that adjoin these locations for garage business.
2. All operations necessary or incidental to a garage business.

B. EXCLUSIONS

This insurance does not apply to:

1. "Bodily injury" resulting from the maintenance or use of any "auto."

2. "Bodily injury" to you or anyone else arising out of and in the course of employment in your business.

3. "Bodily injury" caused by declared or undeclared war or insurrection or any of their consequences.

C. LIMIT OF INSURANCE

Regardless of the number of persons who sustain "bodily injury" or claims made, the most we will pay for "bodily injury" for each person injured in any one "accident" is the Limit of Medical Payments Coverage shown in the Declarations.

D. CHANGES IN CONDITIONS

The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Garage Condition does not apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AUTO MEDICAL PAYMENTS COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
TRUCKERS COVERAGE FORM

A. COVERAGE

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

B. WHO IS AN INSURED

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

C. EXCLUSIONS

This insurance does not apply to any of the following:

1. "Bodily injury" sustained by an "insured" while "occupying" a vehicle located for use as a premises.
2. "Bodily injury" sustained by you or any "family member" while "occupying" or struck by any vehicle (other than a covered "auto") owned by you or furnished or available for your regular use.
3. "Bodily injury" sustained by any "family member" while "occupying" or struck by any vehicle (other than a covered "auto") owned by or furnished or available for the regular use of any "family member."
4. "Bodily injury" to your employee arising out of and in the course of employment by you. However, we will cover "bodily injury" to your domestic employees if not entitled to workers compensation benefits.

5. "Bodily injury" to an "insured" while working in a business of selling, servicing, repairing or parking "autos" unless that business is yours.

6. "Bodily injury" caused by declared or undeclared war or insurrection or any of their consequences.

7. "Bodily injury" to anyone using a vehicle without a reasonable belief that the person is entitled to do so.

D. LIMIT OF INSURANCE

Regardless of the number of covered "autos," "insureds," premiums paid, claims made or vehicles involved in the "accident," the most we will pay for "bodily injury" for each "insured" injured in any one "accident" is the LIMIT OF INSURANCE for AUTO MEDICAL PAYMENTS COVERAGE shown in the Declarations.

E. CHANGES IN CONDITIONS

The CONDITIONS are changed for AUTO MEDICAL PAYMENTS COVERAGE as follows:

1. The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Condition does not apply.
2. The reference in OTHER INSURANCE to "other collectible insurance" applies only to other collectible auto medical payments insurance.

F. ADDITIONAL DEFINITIONS

The following are added to the DEFINITIONS Section

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**UNINSURED MOTORISTS INSURANCE
(VIRGINIA)**

A. WORDS AND PHRASES WITH SPECIAL MEANING

The definition of "property damage" in WORDS AND PHRASES WITH SPECIAL MEANING is replaced by the following:

1. **"Property damage"** means injury to or destruction of:
 - a. A covered auto; or
 - b. Property contained in the covered auto; or
 - c. Any other property (except an auto) owned by an insured and located in Virginia.

The following words and phrases have special meaning for UNINSURED MOTORISTS INSURANCE (VIRGINIA) in addition to the words and phrases with special meaning in the policy.

2. **"Available for payment"** means the amount of liability insurance coverage applicable to the claim of the injured person for bodily injury or property damage reduced by the payment of any other claims arising out of the same occurrence.
3. **"Covered auto"** means a motor vehicle registered in Virginia with respect to which the bodily injury or property damage liability coverage of the policy applies.
4. **"Family member"** means a person related to you by blood, marriage or adoption who is a resident of your household, including a ward or foster child.
5. **"Hit-and-run vehicle"** means a motor vehicle which causes an accident resulting in bodily injury to an insured or property damage, provided:
 - (a) the identity of the driver or the owner of the vehicle cannot be determined; and
 - (b) the insured or someone on his or her behalf shall have reported the accident promptly to either the company or a law enforcement officer.
6. **"Occupying"** means in, upon, getting in, on, out or off.

7. **"Uninsured motor vehicle"** means a land motor vehicle or trailer:

- a. For which neither a liability bond or policy nor cash or securities on file with the Virginia Commission of Motor Vehicles at the time of an accident provides at least the amounts required by the Virginia Motor Vehicle Safety Responsibility Act;
- b. Which is an underinsured motor vehicle. A motor vehicle is underinsured when, and to the extent that, the total amount of bodily injury and property damage coverage applicable to the operation or use of the motor vehicle and available for payment for such bodily injury or property damage, including all bonds or deposits of money or securities made pursuant to Article 15 Chapter 3 of Title 46.2 of the Code of Virginia (Section 46.2-435 et seq.), is less than the total amount of uninsured motorists coverage afforded any person injured as a result of the operation or use of the vehicle;
- c. For which an insuring or bonding company denies coverage or is or becomes insolvent; or
- d. which is a hit-and-run vehicle.

B. WE WILL PAY

1. We will pay, in accordance with the Virginia Uninsured Motorists Insurance Law, all sums the insured is legally entitled to recover as damages from the owner or driver of an uninsured motor vehicle. The damages must result from bodily injury sustained by the insured, or property damage, caused by an accident. The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the uninsured motor vehicle.
2. If this insurance provides a limit in excess of the amounts required by the Virginia Motor Vehicle Safety Responsibility Act, we will pay only after all liability bonds or policies have been exhausted by judgments or payments.

C. WE WILL NOT COVER - EXCLUSIONS

This insurance does not apply to:

1. Any claim settled without our consent. However, this exclusion does not apply to coverage afforded by this endorsement for a vehicle described in paragraph b. of the definition of **uninsured motor vehicle**.
2. The direct or indirect benefit of any insurer of property.
3. The first \$200 of the total amount of **property damage** as the result of any one accident involving an unidentifiable driver or owner of an **uninsured motor vehicle**.
4. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.

D. WHO IS INSURED

1. You or any family member.
2. Anyone else occupying a **covered auto** or a temporary substitute for a **covered auto**. The **covered auto** must be out of service because of its breakdown, repair, servicing, loss or destruction.
3. Anyone for damages he or she is entitled to recover because of **bodily injury** sustained by another insured.

E. OUR LIMIT OF LIABILITY

1. Regardless of the number of **covered autos**, insureds, claims made or vehicles involved in the accident, the most we will pay for all damages resulting from any one accident is the limit of **UNINSURED MOTORISTS INSURANCE** shown in the declarations. Such limit of liability shall first provide the separate limits required by the Virginia Motor Vehicle Safety Responsibility Act.
2. Except for a vehicle described in paragraph b. of the definition of **uninsured motor vehicle**:
 - a. any amounts otherwise payable for damages under this insurance shall be reduced by all sums paid by or for anyone who is legally responsible, including all sums paid under the policy's **LIABILITY INSURANCE**.
 - b. For an accident for which an employee of a self-insured employer receives a worker's compensation award for injuries resulting from an accident with an **uninsured motor vehicle**, any amount payable for damages under this insurance shall be reduced by the amount of damages awarded for **bodily injury** resulting from such accident received under the worker's compensation award.

3.a. For a vehicle described in paragraph b. of the definition of **uninsured motor vehicle**, our limit of liability shall be reduced by all sums paid by or for anyone who is legally responsible, including all sums paid under the policy's **LIABILITY INSURANCE**.

b. If more than one vehicle of the type described in paragraph b. of the definition of **uninsured motor vehicle** is involved in the accident, our limit of liability shall be reduced separately for each such **uninsured motor vehicle** by all sums paid by or for each motorist who is legally responsible, including all sums paid under the policy's **LIABILITY INSURANCE**. However, this shall not increase our limit of liability. The most we will pay is limited by the provision of paragraph E.1., above.

F. CHANGES IN CONDITIONS

The **CONDITIONS** of the policy are changed for **UNINSURED MOTORISTS INSURANCE (VIRGINIA)** as follows:

1. **OTHER INSURANCE** is changed by adding the following:
 - a. For **bodily injury** to an insured while occupying a motor vehicle not owned by you, this coverage shall apply only as excess insurance over any other similar insurance available to that insured and applicable to that vehicle as primary insurance.
 - b. Except as provided in paragraph a. above, if the insured has other similar **bodily injury** insurance available to him or her and applicable to the accident, we shall not be liable for a greater proportion of any loss to which this coverage applies than the limit of liability for this coverage bears to the sum of the applicable limits of liability of this insurance and such other insurance. However, this provision does not apply for a vehicle described in paragraph b. of the definition of **uninsured motor vehicle**.
 - c. Except for **property damage**, the reference in **OTHER INSURANCE** to "other collectible insurance" applies only to other collectible **uninsured motorists insurance**. For **property damage**, **UNINSURED MOTORISTS INSURANCE** is excess over all other collectible insurance of any kind applicable to the **property damage**.

d. If an injured person is entitled to underinsured motorists insurance under more than one policy, the following order of priority applies and any amount paid or available shall be credited against such policies in the following order of priority:

- (1) The policy covering a motor vehicle occupied by the injured person at the time of the accident;
- (2) The policy covering a motor vehicle not involved in the accident under which the injured person is a named insured;
- (3) The policy covering a motor vehicle not involved in the accident under which the injured person is other than a named insured.

We will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all limits applicable on the same level of priority.

2. YOUR DUTIES AFTER ACCIDENT OR LOSS is changed by adding the following:

- a. Promptly send us copies of legal papers if a suit is brought; and
- b. If there is no direct contact between the insured or the covered auto and a hit-and-run vehicle, promptly notify us or a law enforcement officer, as soon as practicable, of the hit-and-run vehicle involved. If the insured has not obtained a judgment against John Doe, his or her liability may be established as between the insured and us by filing a statement with us that there is cause of action against anyone who cannot be identified. Set forth the facts and present clear and convincing evidence that there was a hit-and-run vehicle involved in the accident.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**LIMITED SUBROGATION RIGHTS
(VIRGINIA)**

If collision coverage is afforded under this policy and you are:

- a. A seller of autos; or
- b. In the business of leasing, repairing, servicing, storing or parking autos; and

an auto you own is used for the purpose of demonstration, or is loaned or leased to a person while that person's own vehicle is being repaired or serviced, or the auto you own is leased to another person for a period of six months or more, then OUR RIGHT TO RECOVER FROM OTHERS condition is revised by adding the following:

If there is no other valid and collectible collision insurance available to a person to whom you demonstrate, lend or lease an auto, we shall have no right of subrogation against that person unless, in the case of a leased vehicle, that person has received a conspicuous written notice at the start of the lease that subrogation rights exist.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHANGES IN POLICY - VIRGINIA

For a covered auto principally located or principally used in, or garage operations conducted in, Virginia, the policy is changed as follows:

A. CHANGES IN LIABILITY INSURANCE

1. If the policy provides LIABILITY INSURANCE only for owned autos, a temporary substitute for one of these will also be considered a covered auto, subject to the following provisions:
 - a. The owned auto must be out of service because of its breakdown, repair, servicing, loss or destruction.
 - b. The temporary substitute must be owned by someone other than you or a member of your household.
 - c. The temporary substitute must be used with the permission of the owner.
 - d. The LIABILITY INSURANCE for the temporary substitute is excess over any other collectible insurance.
2. OUR LIMIT OF LIABILITY applies except that we will apply the limit shown in the declarations to first provide the separate limits required by Virginia law as follows:

- a. \$25,000 for bodily injury to any one person caused by any one accident,
- b. \$50,000 for bodily injury to two or more persons caused by any one accident, and
- c. \$20,000 for property damage caused by any one accident.

This provision will not change our limit of liability.

B. CHANGES IN MEDICAL PAYMENTS INSURANCE

Medical services includes chiropractic services.

C. CHANGES IN CONDITIONS

YOUR DUTIES AFTER ACCIDENT OR LOSS is changed for LIABILITY INSURANCE by adding the following:

The insured will be deemed not to have cooperated with us only if his failure or refusal to do so harms our defense of an action for damages.

YOUR DUTIES AFTER ACCIDENT OR LOSS is changed for AUTO MEDICAL PAYMENTS INSURANCE by adding the following:

The failure or refusal of the insured to notify us of an accident will relieve us of our obligation to pay only if his failure or refusal prejudices us in establishing the validity of any claim.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CHANGES IN POLICY - CANCELLATION AND NONRENEWAL
(VIRGINIA)**

A. Paragraphs D.1. and 2. of CANCELLING THIS POLICY DURING THE POLICY PERIOD are replaced by the following:

- 1. You may cancel the policy by mailing or delivering to us advance written notice of the date cancellation is to take effect.**
- 2. We may cancel the policy by mailing or delivering to you written notice of cancellation at least:**
 - a. 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or**
 - b. 45 days before the effective date of cancellation if we cancel for any other reason.**

The following Conditions are added:

B. NONRENEWAL

- 1. We may nonrenew the policy by mailing or delivering to you written notice of nonrenewal at least:**
 - a. 15 days before the expiration date of the policy if we nonrenew for nonpayment of premium; or**
 - b. 45 days before the expiration date of the policy if we nonrenew for any other reason.**

C. MAILING OF NOTICES

Any notice of cancellation or nonrenewal will be mailed to your last known address by certificate of mailing provided we retain a duplicate certified copy of said notice, or by registered or certified mail. However, we may deliver any notice instead of mailing it.

V I R G I N I A:

IN THE CIRCUIT COURT OF ARLINGTON COUNTY

HALL, INC., t/a PRESTIGE IMPORTS
OF VIRGINIA

Plaintiff,

v.

EMPIRE FIRE AND MARINE
INSURANCE COMPANY

Defendant.

AT LAW NO. 93-246

MOTION FOR SUMMARY JUDGMENT

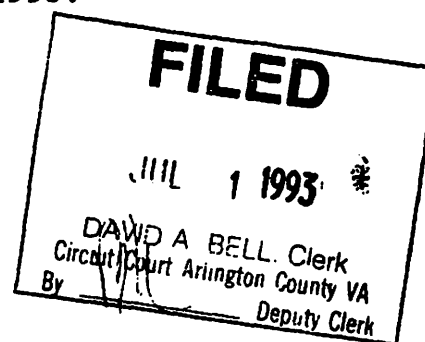
COMES NOW the plaintiff, by its attorneys, pursuant to Rule 3:18, Rules of the Supreme Court of Virginia, and files this its Motion for Summary Judgment, based upon the following:

1. Based upon the defendant's Answer and Grounds of Defense, the defendant's Answers to Interrogatories, the defendant's Answer to Request for Admissions, and the Stipulation of Facts entered into by the parties, there is no issue as to the damages sustained by the plaintiff, nor is there any material fact in dispute relative to defendant's liability to the plaintiff.

2. The Request for Admissions filed by plaintiff and defendant's answers thereto, together with plaintiff's Interrogatories to the defendant and defendant's answers, are attached hereto.

3. A Memorandum of Law in support of plaintiff's position will be filed on or before July 28, 1993.

LAW OFFICES
SLENKER, BRANDT,
JENNINGS & JOHNSTON
P. O. BOX 2908
RIFIELD, VIRGINIA 22116-2908
(703) 849-8600



WHEREFORE, these premises considered, plaintiff demands summary judgment against the defendant in the amount sued for.

HALL, INC., t/a PRESTIGE IMPORTS
OF VIRGINIA
By its attorneys

SLENKER, BRANDT, JENNINGS & JOHNSTON

By: 

R. Craig Jennings
Counsel for Plaintiff
P.O. Box 2908
Merrifield, Virginia 22116-2908

CERTIFICATE OF SERVICE

I CERTIFY THAT this 30 day of June, 1993, a true and accurate copy of the foregoing was mailed first class, postage prepaid to: Randolph H. Watts, Esq., WATTS & AMOLE, P.O. Box 817, Alexandria, Virginia 22313, Counsel for Defendant.



R. Craig Jennings

V I R G I N I A :

IN THE CIRCUIT COURT OF ARLINGTON COUNTY

HALL, INC., t/a PRESTIGE IMPORTS
OF VIRGINIA

Plaintiff,

v.

EMPIRE FIRE AND MARINE
INSURANCE COMPANY

Defendant.

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: AT LAW NO. 93-246
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MOTION FOR SUMMARY JUDGMENT

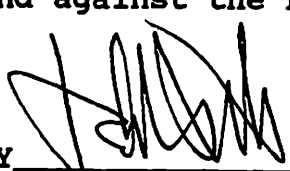
COMES NOW the Defendant, by counsel, pursuant to Rule 3:18 and files its Motion for Summary Judgment.

1. Summary Judgment is based upon the Motion for Judgment, the Answer, the Stipulation of Facts and the insurance policy, all previously filed. The parties agree that there is no material fact which remains disputed.

2. The Motion is further based upon a Memorandum of Law to be filed by the Plaintiff (by agreement) on or before July 28, 1993 and a Memorandum of Law filed by the Defendant thereafter and before the hearing.

WHEREFORE, the Defendant requests that the Court enter a Summary Judgment in its favor and against the Plaintiff.

BY


Randolph H. Watts
VSB #12113
Counsel for Defendant

JUL 7 1993

DAVID A. BELL, Clerk
Circuit Court, Arlington County VA
By Deputy Clerk

CERTIFICATE

I do hereby certify that on this 6th day of July, 1993,
I mailed a true copy of the foregoing document to R. Craig
Jennings, Slenker, Brandt, Jennings & Johnston, P.O. Box 2908,
Merrifield, Virginia 22116-2908, counsel for Plaintiff.

A handwritten signature in dark ink, appearing to be "J. Slenker", is written over a horizontal line.

Circuit Court of Arlington County
Courthouse
Arlington, Virginia 22201

WILLIAM L. WINSTON
JUDGE

BENJAMIN N. A. KENDRICK
JUDGE

PAUL F. SHERIDAN
JUDGE

WILLIAM T. NEWMAN, JR.
JUDGE

PAUL D. BROWN
JUDGE RETIRED

THOMAS R. MONROE
JUDGE RETIRED

September 7, 1993

R. Craig Jennings, Esquire
Slenker, Brandt, Jennings
& Johnston
P.O. Box 2908
Merrifield, VA 22116-2908

Randolph H. Watts, Esquire
Watts & Amole
P.O. Box 817
Alexandria, Virginia 22313

Re: Hall, Inc. t/a Prestige Imports of Virginia
v. Empire Fire and Marine Insurance Company
At Law No. 93-246

Dear Counsel:

This matter comes before the Court on Cross-Motions for Summary Judgment, following oral argument on August 6th. Both parties agree that there are no issues of fact remaining and have submitted the case on a stipulated set of facts.

The sole issue for the Court's consideration is whether there is insurance coverage on a 1990 Nissan automobile under a valid garage policy issued to the plaintiff by the defendant. The automobile was purchased by the plaintiff from a person who did not have legal title to it. Both parties agree that the plaintiff has an insurable interest and lawful title in the vehicle. Castle Cars v. U.S. Fire Ins. Co., 221 Va. 773 (1981). State Farm Insurance Company holds legal title to the vehicle.

In support of its Motion, the Defendant argues that the policy issued to the Plaintiff covers owned autos only. The Defendant contends that since the Plaintiff does not legally own the automobile, it is not covered under the policy and that no payment is due to the Plaintiff.

The Plaintiff, in support of its own Motion, argues that the term "owned auto" is not defined within the policy, thus creating an ambiguity. Under the Plaintiff's interpretation, the policy treats both owned and unowned vehicles as "covered" autos. The

Counsel
September 7, 1993
Page two

Plaintiff contends that this view is supported by the inclusion of the false pretenses clause in the policy's provisions. [Pg.7 B.3.b.], otherwise it would be unnecessary. The Plaintiff concludes that "owned" means lawful title, and not necessarily legal title. Based on these points, the Plaintiff asks the Court to interpret "owned" as meaning lawful title, and find that is is entitled to coverage under the policy.

The Court agrees with the Plaintiff that the policy does, generally, treat owned and unowned vehicles as covered vehicles. However, under the policy issued to the plaintiff, the covered vehicles are specifically described as owned autos ("Only ... autos you own", Item 3 #23, emphasis supplied). Owned is a word of plain meaning, not requiring any special definition. It is not one which is in any way ambiguous. Based upon the stipulations of fact, the Court finds that State Farm, and not the Plaintiff, holds legal title to the automobile. Accordingly, the Plaintiff's loss is not covered under the terms of its policy with the Defendant. The Defendant's Motion for Summary Judgment is, therefore, granted.

Because the foregoing analysis was sufficient to render a decision in this matter, the Court did not consider the applicability of the language in the two portions of the policy's false pretenses exclusion.

Mr. Watts should prepare an order consistent with this opinion, obtain Mr. Jennings' signature, noting exceptions and submit it to me in Chambers for entry.

Very truly yours,


William L. Winston
Judge

WLW:taj

9/30/93

V I R G I N I A :

IN THE CIRCUIT COURT OF ARLINGTON COUNTY

HALL, INC., t/a PRESTIGE IMPORTS
OF VIRGINIA

Plaintiff,

v.

EMPIRE FIRE AND MARINE
INSURANCE COMPANY

Defendant.

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AT LAW NO. 93-246 ✓

O R D E R

THIS CAUSE came on to be heard for oral argument before The Honorable William L. Winston on August 6, 1993. Previously, the parties had submitted to the Court a Stipulation of Facts, the relevant insurance policy, and written briefs. Both parties sought Summary Judgment as the parties agree that there are no facts in dispute.

After hearing the argument of counsel, the Court took the matter under advisement.

On September 7, 1993, the Court rendered an opinion and issued its ruling in a letter, finding that summary judgment should be entered in favor of the Defendant and denied as to the Plaintiff.

THEREFORE, for the reasons stated in the Court's opinion letter, it is hereby

ORDERED that summary judgment be and is hereby
ENTERED in favor of Defendant, Empire Fire and Marine Insurance
Company; and that this matter is hereby stricken from the docket.

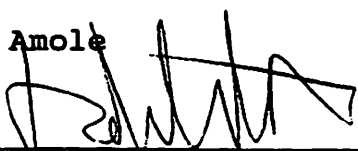
ENTERED this 30th day of September, 1993


JUDGE

I ask for this:

Watts & Amole

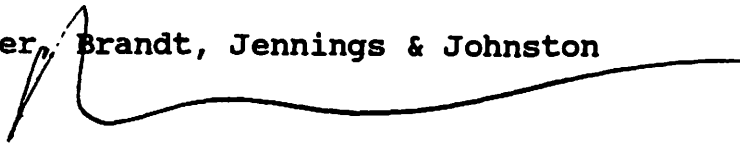
By


Randolph H. Watts
Counsel for Defendant

Seen and Objected to:

Slenker, Brandt, Jennings & Johnston

By


R. Craig Jennings
Counsel for Plaintiff

ASSIGNMENTS OF ERROR

1. The trial court erred in granting summary judgment to the defendant based upon an erroneous conclusion that the insurance contract in question did not cover the specific vehicle purchased by the plaintiff for resale and thereafter destroyed by fire.
2. The trial court erred in not finding the words "owned" and "ownership," as used in the subject insurance policy, susceptible of two or more meanings and therefore ambiguous.