



# Security National Insurance Company

An AmTrust Financial Company

12790 Merit Drive, Dallas, TX 75251

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## MECHANICAL BREAKDOWN INSURANCE POLICY

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### SECTION I - INSURING AGREEMENT

We provide coverage under the **coverage plan** selected for the **covered vehicle** against an **occurrence** up to the **term and mileage expiration**, and subject to the terms, conditions and provisions of this policy.

In reliance on the statements you made to us, we agree to provide the insurance described in this policy. In return, you must pay the premium and comply with the policy terms. By accepting this policy, you agree that:

1. The statements contained in the declarations page and your application are your agreements and representations;
2. We have issued this policy in reliance on the truth of such representations; and
3. This policy contains all agreements existing between you and us or any of our agents.

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

### SECTION II – DEFINITIONS

Throughout this policy, the words "you" and "your" refer to the named insured shown in the declarations page. The words "we", "us" and "our" refer to the company providing this insurance. Other words and phrases that appear in bold face type have special meaning. They are defined as follows:

1. **Administrator** means the **Administrator** as printed on the declarations page.
2. **Actual cash value** means the average retail value of the vehicle as determined by the current NADA retail automobile guide or its equivalent, less any appropriate deductions for condition.
3. **Cost** means the usual and fair charges for parts and labor necessary to repair or replace the **covered parts**. These charges shall not exceed manufacturer's suggested retail price for parts, and labor allowances derived from nationally recognized labor time standards. Replacement will be made with parts of like kind and quality.
4. **Coverage plan** means the particular **coverage plan** protection you have selected, as shown on the Coverage Information Section of the declarations page.
5. **Covered part** means that part or parts of a **covered vehicle** which we have agreed to cover in the **coverage plan** that applies to the **covered vehicle** shown on the declarations page and which is not specifically excluded in the section "What is Not Covered and Non-Covered Parts".
6. **Covered vehicle** means the vehicle that is described in the declarations page.
7. **Effective date** means the date that coverage becomes effective for the **covered vehicle** shown on the declarations page. Inception of coverage is subject to a thirty (30) day and one thousand (1,000) mile waiting period on Pre-Owned Vehicle plans before coverage begins. The waiting period will not reduce the actual time/mileage available under the Policy.

8. **Expiration date** means the date shown on the declarations page, which is the date that, once exceeded, will cause this policy to expire, even if the **expiration mileage** has not been reached. (Note: This policy expires at the earlier of either the **expiration date** or **expiration mileage**, whichever occurs first).
9. **Expiration mileage** means the total number of miles up to which coverage is afforded under this policy. When the vehicle's mileage as recorded on the vehicle's odometer reaches the specified **expiration mileage**, coverage ends unless the **expiration date** has been reached prior to the **expiration mileage** having been reached.
10. **Mechanical breakdown** means the failure of a **covered part** on the **covered vehicle** due to a defect in the part or faulty workmanship as supplied by the manufacturer, making the part unable to mechanically perform the function for which it was designed. A **mechanical breakdown** does not include gradual reduction in operating performance as a result of normal wear and usage. The manufacturer has established tolerances for the express purpose of defining failure and serviceability. When a **covered part** fails to perform within the vehicle manufacturer's specified tolerances, a **mechanical breakdown** will be considered to have occurred. **Mechanical breakdown** means a failure of a **covered part** due to:
  - a. a defect in the part; or
  - b. a defect in another **covered part**; or
  - c. faulty workmanship of any **covered part** by the manufacturer.
 It does not include failure of a **covered part** caused by a part that is not a **covered part**.
11. **Occurrence** means a loss to a **covered vehicle** caused by the **mechanical breakdown** of one or more **covered parts**.
12. **Repairer** means a franchised automobile dealer or licensed repair facility that provides a written parts and labor guarantee for covered repairs of not less than 3 months or 3,000 miles.
13. **Term and mileage expiration** - NEW VEHICLE PLANS: This policy is effective on the **effective date** and expires on either the **expiration date** or the **expiration mileage**, whichever occurs first. PRE-OWNED VEHICLE PLANS: This policy is effective on the **effective date** and expires on either the **expiration date** or the **expiration mileage**, whichever occurs first.
14. **Warranty** means any **warranty** of the manufacturer, a licensed **repairer** or a supplier's guarantee.

### SECTION III - COVERAGES COVERED PARTS BASED ON COVERAGE PLAN SELECTED

The following numbered paragraphs are particular Component Groups. Coverage is afforded for Component Groups based on the **coverage plan** specified in the declarations page.

#### A. COVERAGE PLANS

##### POWERTRAIN PLUS Coverage Plan (Component Groups 1-5)

1. Engine – (including diesels): All internally lubricated parts contained within the engine including: pistons; piston rings; connecting rod bearings; crankshaft; crankshaft main bearings; camshaft; camshaft bearings; cam followers; timing chain or belt; timing gears; guides; tensioners; rocker arms; rocker shafts; rocker bushings; cylinder head valves; valve covers; valve guides; valve lifters; valve springs; valve seals; valve retainers; valve seats; push rods; water pump; oil pump and oil pump housing; harmonic balancer; oil pan; timing chain cover; intake and exhaust manifold; valve covers; engine mounts; seals and gaskets, Rotary Engine Coverage: rotor chamber and all internal parts. Engine block and cylinder head(s) are only covered if damaged as the result of the failure of an internally lubricated part
2. Turbocharger/Supercharger (factory installed only) –All internal lubricated parts including seals and gaskets. Turbocharger/Supercharger housings are only covered if damaged as the result of the failure of an internally lubricated part.
3. Transmission – (Automatic or Standard): All internal parts including: torque converter; flywheel/flex plate; vacuum modulator; electronic shift control unit and solenoids; transmission cooler; transmission mounts; oil pan; seals and gaskets. Transmission Case is only covered if damaged as the result of the failure of an internally lubricated part. Coverage is not afforded for standard transmission clutch assemblies, or any of their component parts.
4. Transfer Case – All internal parts including seals and gaskets Transfer Case is only covered if damaged as the result of the failure of an internally lubricated part
5. Drive Axle – (Front and Rear): Drive axle case; all internal parts contained within the drive axle; locking hubs; drive shafts; center support bearings; universal joints; constant velocity joints (unless they are damaged by the failure of a leaking CV book or lack of lube); axle bearings; four-wheel drive actuator; differential cover; seals and gaskets.

*ANY PART NOT LISTED IS NOT COVERED.*

## **STANDARD Coverage Plan (Component Groups 1-10)**

1. Engine – (including diesels): All internally lubricated parts contained within the engine including: pistons; piston rings; connecting rod bearings; crankshaft; crankshaft main bearings; camshaft; camshaft bearings; cam followers; timing chain or belt; timing gears; guides; tensioners; rocker arms; rocker shafts; rocker bushings; cylinder head valves; valve covers; valve guides; valve lifters; valve springs; valve seals; valve retainers; valve seats; push rods; water pump; oil pump and oil pump housing; harmonic balancer; oil pan; timing chain cover; intake and exhaust manifold; valve covers; engine mounts; seals and gaskets, Rotary Engine Coverage: rotor chamber and all internal parts. Engine block and cylinder head(s) are only covered if damaged as the result of the failure of an internally lubricated part
2. Turbocharger/Supercharger (factory installed only) –All internal lubricated parts including seals and gaskets. Turbocharger/Supercharger housings are only covered if damaged as the result of the failure of an internally lubricated part.
3. Transmission – (Automatic or Standard): All internal parts including: torque converter; flywheel/flex plate; vacuum modulator; electronic shift control unit and solenoids; transmission cooler; transmission mounts; oil pan; seals and gaskets. Transmission Case is only covered if damaged as the result of the failure of an internally lubricated part. Coverage is not afforded for standard transmission clutch assemblies, or any of their component parts.
4. Transfer Case – All internal parts including seals and gaskets Transfer Case is only covered if damaged as the result of the failure of an internally lubricated part 5. Drive Axle – (Front and Rear): Drive axle case; all internal parts contained within the drive axle; locking hubs; drive shafts; center support bearings; universal joints; constant velocity joints (unless they are damaged by the failure of a leaking CV book or lack of lube); axle bearings; four-wheel drive actuator; differential cover; seals and gaskets.
5. Drive Axle – (Front and Rear): Drive axle case; all internal parts contained within the drive axle; locking hubs; drive shafts; center support bearings; universal joints; constant velocity joints (unless they are damaged by the failure of a leaking CV book or lack of lube); axle bearings; four-wheel drive actuator; differential cover; seals and gaskets.
6. Steering – All internal parts contained within the steering box; rack and pinion gear; power steering pump; power steering hoses; steering knuckles; pitman arm; idler arm; tie rod and tie rod ends and drag link; steering dampner; upper and lower steering column shafts and couplings; including tilt-wheel mechanism; steering box and rack and pinion gear housings; seals and gaskets. Real Wheel Steering: rear steering shaft and couplings; power cylinder and pump; electronic control unit/solenoid; phase control unit; stepper motor; Steering-Box; control valve; rack tie; rod ends; seals and gaskets.
7. Brakes: master cylinder; power brake cylinder; vacuum assist booster; hydro boost; disc brake caliper; wheel cylinders; compensating valve; brake hydraulic lines and fittings; hydraulic control unit; seals and gaskets. The following ABS parts are also covered: electronic control module; wheel speed sensors; hydraulic pump/motor assembly; pressure modulator valve/isolation dump valve; ABS relays; accumulator; seals and gaskets.
8. Electrical – alternator; voltage regulator; starter motor; starter solenoid and starter drive; main engine compartment wiring harness; ECM/PCM; electronic ignition module; crank angle sensor; knock sensor; ignition switch; ignition switch lock cylinder; front and rear window wiper motor and P.C. board; washer pump and switch; stop lamp switch; headlamp switch; turn signal switch; heater/AC blower speed switch; manual heater/AC control head; horns; power door motor.
9. Air Conditioner – condenser; compressor; compressor clutch coil and pulley; air conditioning lines and hoses; evaporator; idler pulley and idler pulley bearing; high/low compressor cut-off switch; expansion valve; pressure cycling switch; seals and gaskets. The following are also covered if damaged by a covered part listed above: accumulator/receiver dryer; orifice tube; oil and refrigerant; seals and gaskets.
10. Front and Rear Suspension - upper and lower control arms; control arm shafts and bearings or bushings; upper and lower ball joints; radius arms and bushings; torsion bars and mounts or bushings; stabilizer bars; links and bushings; struts (excluding cartridge inserts); strut bearing mount/plates; spindle and spindle support; hub or wheel bearings; seals and gaskets. Variable Dampening Suspension: compressor; control module; air bags; actuator; solenoid; height sensor; mode selector switch; seals and gaskets.

*ANY PART NOT LISTED IS NOT COVERED.*

## **PREMIUM Coverage Plan (Component Groups 1 - 14)**

1. Engine – (including diesels): All internally lubricated parts contained within the engine including: pistons; piston rings; connecting rod bearings; crankshaft; crankshaft main bearings; camshaft; camshaft bearings; cam followers; timing chain or belt; timing gears; guides; tensioners; rocker arms; rocker shafts; rocker bushings; cylinder head valves; valve covers; valve guides; valve lifters; valve springs; valve seals; valve retainers; valve seats; push rods; water pump; oil pump and oil pump housing; harmonic balancer; oil pan; timing chain cover;

intake and exhaust manifold; valve covers; engine mounts; seals and gaskets, Rotary Engine Coverage: rotor chamber and all internal parts. Engine block and cylinder head(s) are only covered if damaged as the result of the failure of an internally lubricated part

2. Turbocharger/Supercharger (factory installed only) –All internal lubricated parts including seals and gaskets. Turbocharger/Supercharger housings are only covered if damaged as the result of the failure of an internally lubricated part.
3. Transmission – (Automatic or Standard): All internal parts including: torque converter; flywheel/flex plate; vacuum modulator; electronic shift control unit and solenoids; transmission cooler; transmission mounts; oil pan; seals and gaskets. Transmission Case is only covered if damaged as the result of the failure of an internally lubricated part. Coverage is not afforded for standard transmission clutch assemblies, or any of their component parts.
4. Transfer Case – All internal parts including seals and gaskets Transfer Case is only covered if damaged as the result of the failure of an internally lubricated part 5. Drive Axle – (Front and Rear): Drive axle case; all internal parts contained within the drive axle; locking hubs; drive shafts; center support bearings; universal joints; constant velocity joints (unless they are damaged by the failure of a leaking CV book or lack of lube); axle bearings; four-wheel drive actuator; differential cover; seals and gaskets.
5. Drive Axle – (Front and Rear): Drive axle case; all internal parts contained within the drive axle; locking hubs; drive shafts; center support bearings; universal joints; constant velocity joints (unless they are damaged by the failure of a leaking CV book or lack of lube); axle bearings; four-wheel drive actuator; differential cover; seals and gaskets.
6. Steering – All internal parts contained within the steering box; rack and pinion gear; power steering pump; power steering hoses; steering knuckles; pitman arm; idler arm; tie rod and tie rod ends and drag link; steering dampner; upper and lower steering column shafts and couplings; including tilt-wheel mechanism; steering box and rack and pinion gear housings; seals and gaskets. Real Wheel Steering: rear steering shaft and couplings; power cylinder and pump; electronic control unit/solenoid; phase control unit; stepper motor; Steering-Box; control valve; rack tie; rod ends; seals and gaskets.
7. Brakes: master cylinder; power brake cylinder; vacuum assist booster; hydro boost; disc brake caliper; wheel cylinders; compensating valve; brake hydraulic lines and fittings; hydraulic control unit; seals and gaskets. The following ABS parts are also covered: electronic control module; wheel speed sensors; hydraulic pump/motor assembly; pressure modulator valve/isolation dump valve; ABS relays; accumulator; seals and gaskets.
8. Electrical – alternator; voltage regulator; starter motor; starter solenoid and starter drive; main engine compartment wiring harness; ECM/PCM; electronic ignition module; crank angle sensor; knock sensor; ignition switch; ignition switch lock cylinder; front and rear window wiper motor and P.C. board; washer pump and switch; stop lamp switch; headlamp switch; turn signal switch; heater/AC blower speed switch; manual heater/AC control head; horns; power door motor.
9. Air Conditioner – condenser; compressor; compressor clutch coil and pulley; air conditioning lines and hoses; evaporator; idler pulley and idler pulley bearing; high/low compressor cut-off switch; expansion valve; pressure cycling switch; seals and gaskets. The following are also covered if damaged by a covered part listed above: accumulator/receiver dryer; orifice tube; oil and refrigerant; seals and gaskets.
10. Front and Rear Suspension - upper and lower control arms; control arm shafts and bearings or bushings; upper and lower ball joints; radius arms and bushings; torsion bars and mounts or bushings; stabilizer bars; links and bushings; struts (excluding cartridge inserts); strut bearing mount/plates; spindle and spindle support; hub or wheel bearings; seals and gaskets. Variable Dampening Suspension: compressor; control module; air bags; actuator; solenoid; height sensor; mode selector switch; seals and gaskets.
11. Fuel Delivery – fuel pump; fuel injection pump and injectors; vacuum pump; fuel tank; fuel tank sending unit; metal fuel delivery lines.
12. Cooling – radiator cooling fan and motor; fan clutch; belt tensioner; radiator; heater core; thermostat; blower motor; heater control valve.
13. Enhanced Electrical – automatic climate control programmer; electronic instrument cluster; mileage computer; distributor; ignition coil; electronic combination entry system (does not include transmitters and receivers for remote locks); cruise control module; transducer; servo and amplifier; headlamp motor; power window motor; power mirror motor; power antenna motor/mast assembly; convertible top motor; power sunroof motor; power window switch; cruise control engagement switch; power seat switch; power mirror motor switch; rear defogger switch; power door lock actuator and switch.
14. Luxury Package – Factory installed: CB radio; radar detector; stereo equalizer; on board global positioning system (programming is not covered); fax modem; built-in TV and VCR; video game system; computer system including printer.

*ANY PART NOT LISTED IS NOT COVERED.*

## ELITE PLUS Coverage Plan

Elite Plus coverage provides all the coverage as listed above and also provides coverage for repair/replacement of ALL original equipment factory-installed mechanical and electrical operating parts and assemblies on the **covered vehicle** except those items under "What Is Not Covered and Non-Covered Parts".

### B. ADDITIONAL COVERAGES

1. **Towing:** In the event of a **mechanical breakdown** covered by this policy/certificate, you will be reimbursed for reasonable towing expenses incurred up to \$100 per **occurrence**. Any payment shall be for actual towing charges in excess of any applicable reimbursement from the manufacturer or any other towing coverage. No deductible will apply to this benefit.
2. **Rental Benefit:** In the event of a **mechanical breakdown** of a **covered part** during the term of this policy, you will be reimbursed for alternate transportation expenses (excluding fuel, collision damage waiver and optional insurance charges), for a vehicle rental from a rental agency or dealer on the basis of \$50 per day up to \$250 for each repair visit. Included in the above rental benefit is a maximum of four (4) days when the repairs are delayed due to parts back order/or an inspection. One-day rental allowed for every 8 hours, or fraction thereof, of mechanical labor performed. No deductible will apply to this benefit.
3. **Trip Interruption:** In the event of a **mechanical breakdown** of a **covered part** during the term of this policy, you will be reimbursed up to \$125 per day for up to three (3) days for meals and lodging when the covered breakdown occurs more than 100 miles from your residence. Benefits are per breakdown and you must remain overnight for your lodging and meals between the date of the breakdown and the date the repairs are completed. You must provide to us valid lodging and meal receipts in order to be reimbursed. No deductible will apply to this benefit.

### C. OPTIONAL COVERAGES

1. **Covered Part Cause of Loss** – In the event a **mechanical breakdown** occurs to a non-covered part under this policy due to the failure of a **covered part**, the non-covered part will be repaired (as an exception to the standard exclusion).
2. **Emissions Coverage** – In the event a **mechanical breakdown** occurs due to the failure of an emission component (except for catalytic converters, carburetor and exhaust systems), under this policy this option provides coverage as an exception to the standard exclusions.
3. **Business Use Option** – Under this policy this option provides coverage if the vehicle does not involve regular multiple drivers and is used for the following purposes: route sales, service, delivery, inspections, maintenance, repair, carrying tools to a job site and eligible vehicles owned by non-profit organizations.

## IV. EXCLUSIONS

The exclusions under this policy include parts not covered under any plan as well as those conditions involving the use and maintenance of your vehicle as fully described in this policy.

### WHAT IS NOT COVERED

This policy does not provide coverage for:

- A. Repairs to any part or parts of the **covered vehicle** not specifically listed in the schedule of the coverages section of this policy;
- B. Any of the following parts: CB radio, radar detector, stereo equalizer, on board global positioning system, fax modem, built-in TV and VCR, video game system, computer system including printer, carburetor, battery, battery cables, shock absorbers, manual transmission clutch assembly (friction clutch disc, pressure plate and throw out and pilot bearing), manual and hydraulic linkages, transmission and brake cables, distributor cap and rotor, safety restraint systems (including air bags), glass, lenses, headlamps and projection lamp assemblies, sealed beams, light bulbs, fuses, circuit breakers, brake rotors and drums, exhaust pipes, emission components, windshield wiper arms, weather strips, trim, moldings, bright metal, chrome, upholstery and carpet, zippers, nuts, bolts and fasteners, freeze plugs, cup holders, ash trays, dash pad, squeaks, rattles, water leaks, wind noise, seat frames, paint, outside ornamentation, inside and outside door handles, hinges, mirrors, mirror hinges, mirror housings, hubcaps, bumpers, body sheet metal and panels, body parts, frame, brackets and structural body parts, vinyl and convertible tops, tires, and wheels/rims/studs, provided, however, that (1) ash tray assemblies, seat frames, door hinges and mirror hinges are covered if the Premium Coverage Plan or Elite Plus Coverage Plan has been selected and purchased; and (2) factory installed: CB radio, radar detector, stereo equalizer, on board global positioning system, fax modem, built-in TV and VCR, video game system, computer system including printer are covered if the Premium Coverage Plan or Elite Plus Coverage Plan has been selected and purchased.

- C. Maintenance services and parts described in your vehicle owner's manual as supplied by the manufacturer and other normal maintenance services and parts which include, but are not limited to: alignments, adjustments, cleaning, wheel balancing, tune-ups, spark plugs, spark plug wires, glow plugs, hoses (except high pressure steering and air conditioning), drive belts, brake pads, brake linings/shoes, wiper blades, shop supplies and environmental waste charges, filters, lubricants, coolants, fluids and refrigerants may be covered if replacement is required in connection with a **mechanical breakdown**.
- D. Damage and/or **mechanical breakdown** resulting from collision, road hazard, fire, theft, vandalism, riot, explosion, lightening, earthquake. Windstorm, volcanic eruption, freezing, rust or corrosion, hail, water or flood, acts of God, salt, environmental damage, chemicals, contamination of fluids, fuels, use of fuels containing more than 10% ethanol (if the engine was not manufactured for this fuel mixture), coolants, or lubricants.
- E. Any **mechanical breakdown** caused by misuse, abuse, negligence, lack of scheduled maintenance required by the manufacturer's maintenance schedule for your vehicle, or improper servicing or repairs performed by you or a repair facility. Any **mechanical breakdown** caused by sludge build-up, lubricant blockage or the failure to maintain proper levels of lubricants and/or coolants, or any **mechanical breakdown** resulting from failure to protect your vehicle from further damage when **mechanical breakdown** has occurred.
- F. Any repair or replacement of any **covered part** if a **mechanical breakdown** has not occurred or if the wear on that part has not exceeded the published field tolerance allowed by the manufacturer.
- G. If any alterations have been made to your vehicle or you are using or have used your vehicle in a manner not recommended by the manufacturer, including, but not limited to damages resulting from the failure of any custom or add-on part, all frame or suspension modifications, lift kits, oversized/undersized tires, trailer hitches, engine modifications, transmission modifications, and/or drive axle modifications, emissions and/or exhaust system modifications provided, however, that emission components (except for catalytic converters, exhaust systems and carburetors) are covered if Emissions Coverage is included as an optional benefit under the schedule of coverages attached to this policy.
- H. Vehicles that do not have valid manufacturer's VINs or are title branded as salvage, junk, rebuilt, totaled or flood damaged.
- I. **Mechanical breakdowns**, if the vehicle odometer is broken, has been altered and/or ceased to operate so the actual vehicle mileage cannot be determined.
- J. Any liability for property damage, or for injury to or death of any person, arising out of the operation, maintenance or use of your vehicle, described in this policy, whether or not related to the parts covered for loss of use, time, shop delays, profit, inconvenience, or any other loss or incidental or consequential damages, (except as otherwise may be provided under the schedule of coverages) including any consequential damage to a non-covered part that results from a **mechanical breakdown**.
- K. When the responsibility for the repair is covered by an insurance policy, supplier or **repairer guarantee/warranty**, manufacturer and/or dealer customer assistance program or any **warranty** from the manufacturer such as extended drive train, major component or full coverage warranties (regardless of the remaining manufacturer's **warranty** when you purchased this policy or the manufacturer's or repairer's ability to pay for such repairs). Further, coverage under this contract is similarly limited in the event of a **mechanical breakdown** if the manufacturer has announced its responsibility through any means, including public recalls and factory service bulletins.
- L. If your vehicle is used for towing a trailer or another vehicle or object unless your vehicle is equipped with factory installed or factory authorized tow package, or is used as a commercial unit, or is used for rental, taxi, limousine or shuttle, delivery, towing or road repair operations, construction, job site activities, hauling, police or emergency service, principally off-road use, racing or competitive driving, snow removal, route-work, service or repair. Delivery, route-work, service or repair use not involving regular multiple drivers or weight or towing in excess of manufacturer's recommendations, shall not be excluded, provided that optional Business Use Coverage has been selected and purchased.
- M. Any **mechanical breakdown** occurring prior to the policy **effective date**, or any **mechanical breakdown** during any applicable waiting period described under the definition of **effective date**.
- N. Any **mechanical breakdown**, if the repair information provided by you or the licensed repair facility is not true.
- O. **Mechanical breakdowns** that occur to your vehicle outside the United States of America or Canada.

#### SECTION V - LIMIT OF OUR LIABILITY

Our liability for any **mechanical breakdown** shall not exceed the **actual cash value** of the vehicle at the time of a **mechanical breakdown**. The total of all benefits paid or payable during the term of the policy shall not exceed the **covered vehicle** purchase price.

## SECTION VI – CANCELLATION

You may cancel this policy by returning it to us; or by notifying us in writing when, at a future date, cancellation is to take effect.

We may cancel this policy by mailing or delivering to you at the address shown in the declarations page, written notice of the cancellation. If we cancel because you fail to pay premium when due, we will give you at least ten (10) days advance written notice. If we cancel for any other reason, we will give you at least thirty (30) days advance written notice or the amount required by law. Proof of mailing will be sufficient proof of notice. The lienholder (if any) may cancel this policy for nonpayment or if your vehicle is declared a total loss or is repossessed by providing written notice of cancellation at least ten (10) days before the effective date of cancellation. If the policy is canceled for any of these reasons, any refunds will be issued to the lienholder on behalf of your account.

Refunds -Within the first sixty (60) days (NEW VEHICLE PLANS) or the first thirty (30) days (PRE-OWNED VEHICLE PLANS) of the **effective date**, we will refund the entire premium you paid. After your policy has been in effect for sixty (60) days (NEW VEHICLE PLANS) or thirty (30) days (PRE-OWNED VEHICLE PLANS) we will refund the return amount of the premium calculated pro rata reflecting the greater of the days in force or the miles driven based on the lesser of unused days or unused miles of coverage available. A \$25 cancellation fee will be withheld from the refund. For PRE-OWNED VEHICLE PLANS, during the 30-day and 1,000 mile waiting period before the **effective date**, we will refund the entire premium you paid. If the return premium is not refunded with the notice of cancellation, we will refund it within a reasonable time after the date cancellation takes effect. But cancellation will be effective even if we have not made or offered a refund.

## SECTION VII - GENERAL CONDITIONS

1. **Arbitration** - Any controversy or claim arising out of or relating to this policy or the breach thereof, may be settled by mutually agreed upon arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Any arbitration shall be conducted in the judicial district of purchase and pursuant to the rules of the American Arbitration Association.
2. **Assignment of Policy** - You may not assign or transfer this policy to another person without our written consent.
3. **Condition of Vehicle** - This policy is void as to any **covered vehicle** if (1) that **covered vehicle** was not in good mechanical condition at the **effective date** of this insurance; or (2) any part of that vehicle needed repair or replacement as of that date.
4. **Conformity to State Statutes** - When the policy provisions are in conflict with the applicable laws of the state, the provisions are amended to conform to such laws.
5. **Coverage Changes** - This policy contains all the agreements between you and us. Its terms may not be changed or waived except by endorsement issued by us and made a part of this policy.
6. **Fraud or Misrepresentation** - This policy is issued in reliance upon the truth of all representations made by you. We will not pay a claim where you made any misrepresentations, omissions, concealed facts or made incorrect statements that were: (1) fraudulent; (2) material either to the acceptance of the risk, or to the hazard assumed; or (3) we, in good faith, would either not have issued the policy or would not have issued a policy in as large an amount, or would not have provided coverage with respect to the hazard resulting in the loss, if the true facts had been made known to us as required either by the application for the policy or otherwise. If you have concealed or misrepresented any material fact(s), or circumstance(s) concerning this insurance, or in the case of fraud, attempted fraud, or the false swearing affecting any matter relating to this insurance, whether before or after a loss on a continuing basis, this policy may be cancelled and any unearned premium will be returned.
7. **Legal Action Against Us** - No suit or action may be brought against us unless there has been full compliance with all the terms of this policy. Any suit or action must be brought within one year after the **occurrence**.
8. **No Benefit to Bailee** - We do not cover, directly or indirectly, any person or organization transporting or holding property for a fee.
9. **Payment for Covered Repairs** - In the event of a **mechanical breakdown** of a **covered part**, we will at our option, repair, replace, pay for, or reimburse you or the licensed repair facility for the reasonable **cost** to repair or replace each **covered part**, less your deductible, if any. The maximum allowance for covered repair time is governed by established industry time and labor guides. Repairs and/or replacements will be made with parts of like kind and quality. We will pay within thirty (30) days after the amount of loss is finally determined. The amount may be determined by an agreement between you and us, a court judgment or an arbitration award.
10. **Policy Period** - This policy is effective on the **effective date** and unless the policy is cancelled, expires based on either elapsed time from the **effective date**, or when the vehicle has accumulated the total mileage limitation, whichever shall occur first, based upon the Term/Mileage selected as shown in the declarations page.

11. **Policy Territory** - This policy applies to a **mechanical breakdown** occurring only within the United States and Canada.
12. **Protection of Vehicle** - Following an **occurrence** you must take all reasonable steps necessary to protect the vehicle against further loss.
13. **Right to Recover** - If anything is paid under this policy and you have the right to recover from another party, your rights become subrogated to us up to the amount paid. You must do whatever is necessary to enable us to enforce these rights.

### **SECTION VIII - HOW TO MAKE A CLAIM**

CLAIMS SERVICE: [AMT Warranty Corp, 59 Maiden Lane, 6<sup>th</sup> Floor, New York, NY 10038. Office hours are Monday through Friday, 8AM to 5PM and Saturday, 9AM to 4PM, Eastern Standard Time. CLAIMS SERVICE TOLL FREE PHONE NUMBER: Nationwide (800) 871-0467.]

It is a condition for coverage that BEFORE ANY REPAIR or replacement is made, you MUST GIVE NOTICE TO THE CLAIMS SERVICE. NO REPAIR OR REPLACEMENT SHALL BE PERFORMED UNLESS FIRST APPROVED BY THE CLAIMS SERVICE. The Claims Service shall have a reasonable period of time to exercise its option to inspect the vehicle. You must authorize tear down, if necessary to facilitate an internal inspection. If inspection fails to reveal a covered **mechanical breakdown**, you must bear the **cost** of tear down and any corrective repairs and/or reassembly. If the **mechanical breakdown** is covered under the policy, we will pay the reasonable **cost** to tear down.

In the event of a **mechanical breakdown**, you MUST follow this procedure:

1. Take immediate action to prevent further damage. This policy will not cover the damage caused by not securing a prompt repair of the failed component.
2. Take your vehicle to a licensed repair facility and contact the Claims Service at the above number before repairs begin.
3. Provide receipts for required maintenance servicing.
4. Pay the applicable deductible and any other non-covered charges.

If you need emergency repairs when a covered **mechanical breakdown** occurs and you cannot obtain approval from the Claims Service because the Claims Service is closed, you must do all of the following:

1. Have a licensed repair facility provide you with a written diagnosis explaining the nature of the mechanical failure, what caused it, and the necessary repairs.
2. Have your vehicle repaired; pay for such repairs and save all receipts. Repairs must not exceed \$350.
3. Save all replaced parts until the Claims Service notifies you whether it wishes to exercise its right to inspect them.
4. Prepare a letter of explanation as to what occurred and why you were unable to contact the Claims Service for prior approval.
5. All items as indicated in 1, 2 and 4 above must be submitted to the Claims Service at the above address within ten (10) days of completed repairs.
6. If Claims Service re-opens before repairs to your vehicle are completed, you MUST IMMEDIATELY contact the Claims Service for instructions before continuing with repairs. Failure to comply with the above procedures will result in a denial of coverage.





Security National Insurance Company

An AmTrust Financial Company

12790 Merit Drive, Dallas, TX 75251

**California Amendatory Endorsement**

Endorsement No: \_\_\_\_\_

Issued By: **Security National Insurance Company**

Endorsement Effective Date: \_\_\_\_\_ 12:01 A.M.

Named Insured: \_\_\_\_\_

Policy Number: \_\_\_\_\_

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies insurance provided under the **Mechanical Breakdown Insurance Policy**.

**SECTION VI. CANCELLATION** the second paragraph is replaced with the following:

If this policy has been in effect for sixty (60) days or less, we may cancel this policy for any valid underwriting reason by mailing or delivering to you and your lienholder at the address shown in the declarations page, written notice of the cancellation at least:

1. Ten (10) days plus ten (10) days for mailing before the effective date of cancellation if we cancel because you fail to pay the premium when due or you commit fraud or material misrepresentation; or
2. Twenty (20) days plus ten (10) days for mailing before the effective date of cancellation if we cancel for any other reason.

The notice will state the reason and effective date of cancellation. Proof of mailing will be sufficient proof of notice.

If this policy has been in effect for more than sixty (60) days, we may cancel this policy by mailing or delivering to you and your lienholder at the address shown in the declarations page, written notice of the cancellation at least:

1. Ten (10) days plus ten (10) days for mailing before the effective date of cancellation if we cancel for one or more of the following reasons:
  - a. Nonpayment of premiums; or
  - b. Fraud or material misrepresentation by you; or
2. Twenty (20) days plus ten (10) days for mailing before the effective date of cancellation if we cancel for one or more of the following reasons:
  - a. Your conviction for criminal activity which increases hazard(s) insured against;
  - b. Gross negligent acts or omissions by you which substantially increase the hazards insured against; or
  - c. Physical changes in the property causing it to be uninsurable.

The notice will state the reason and effective date of cancellation. Proof of mailing will be sufficient proof of notice.

The lienholder (if any) may cancel this policy for nonpayment or if your vehicle is declared a total loss or is repossessed by providing written notice of cancellation at least ten (10) days before the effective date of cancellation. If the policy is canceled for any of these reasons, any refunds will be issued to the lienholder on behalf of your account.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN THE SAME.**