

Horace Mann Insurance Company
Horace Mann Property & Casualty Insurance Company
Teachers Insurance Company
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Springfield, Illinois 62715

PERSONAL AUTO POLICY MINNESOTA

POLICY CHANGES DISCLOSURE

New PERSONAL AUTO POLICY MINNESOTA, Form CC-N00MN1 (02/20) replaces:
Readable car policy, forms CC-N00006 or CC-N00007 or CC-N00011 (Apr. 01)
Readable car policy amendatory endorsement – Minnesota, form CC-N01MN2 (11/18)
Personal Vehicle Sharing Program and Ride Sharing Exclusion, form CC-N13003 (1-15)
Preferred Provider Endorsement, form CC-N11003 (11/11)
Loss payable clause, form CC-V0615

Dear Valued Customer:

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

In this disclosure, we outline the key changes that will apply when you renew your coverage and get the new **PERSONAL AUTO POLICY MINNESOTA, Form CC-N00MN1 (02/20)**. We made other changes to the policy, though not listed below. Many changes are made to clarify policy provisions, improve readability and improve policy organization. We hope that you find this policy easier to navigate and read. We tried to make it easier for you to understand policy terms, your rights and obligations, our claims practices and policy servicing processes. All changes in the policy are effective upon your policy renewal.

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

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

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

DEFINED WORDS & PHRASES

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

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

The defined term "auto" replaces "car". The defined term "your insured auto" replaces "your car".

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

- “Business” now expressly refers to any profession, occupation, job, employment, trade, commercial or for-profit activity, whether or not it is full-time or part-time.
- “Newly acquired auto” more specifically addresses the different time frames to provide notice to us for coverage to apply to these vehicles (30 days in some cases and 5 days in other), and explains how coverage will be applied, depending on whether the auto is a new auto or replacement.
- We clarify that “trailer” does not include a vehicle while being used as a residence or premises or to carry persons.

INSURING AGREEMENT

The Insuring Agreement section provides greater clarity as to:

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

GENERAL POLICY TERMS

A General Policy Terms section is new.

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

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

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

A “Non-Renewal” clause replaces the “Renewal” clause.

Under the “Cancellation” clause, we provide more options as to how the insured may cancel the policy, and the list of authorized reasons for midterm cancellation by us includes other reasons permitted by state law.

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

The following additional general policy terms are new:

- A “Premium Payment” clause setting forth and addressing our right to retrospectively terminate the policy due to the refusal of your bank or financial institution to honor the payment you made for the initial premium.
- An “Automatic Termination” clause addresses when the policy automatically ends, or automatically ends coverage for a covered auto.
- An “Other Policy Termination Terms” clause clarifies that the policy is neither severable nor divisible, and any cancellation or nonrenewal, whatever the reason, is effective for the entire policy and all items and interests under it.
- A “Proof of Notice” clause informs you that any proof of mailing, whether by post or electronically, of any notice is sufficient proof of notice (unless state law requires otherwise). If and when allowed by law (and agreed to by you), we may deliver, by way of electronic devices or other methods, any notice instead of mailing it.
- An “Electronic Signatures” clause authorizes the use of electronic signatures, electronic notices and forms, and any electronic method in transacting insurance.

EXCLUSIONS

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

- The “rented to others” exclusion excludes coverage when the insured auto is leased or subleased to others.
- The racing exclusion precludes coverage when using a vehicle on an indoor or outdoor track, on a course or trail designed or used for speed contests, during demonstration driving, driver training, high performance driving, driving competition, or racing.

- We expand and clarify the exclusion of coverage for any bodily injury, property damage, loss or other damage that result from hazardous materials, nuclear events and radiation.
- We clarify that coverage does not apply to a communicable disease, sexually transmitted disease, or pregnancy.

**SECTION I - LIABILITY COVERAGES
(BODILY INJURY AND PROPERTY DAMAGE LIABILITY COVERAGE)**

A paragraph is added under the Insuring Agreement to address the choice of and payment for independent counsel.

Under the “Additional Payments” clause:

- We will pay to or on behalf of an insured the interest on all compensatory damages owed by an insured as the result of a judgment until we pay, offer or deposit in court the amount due under this coverage. We clarify we do not cover punitive damages, and we have no duty to make any interest payment if we do not receive notice of suit and the opportunity to defend an insured.
- We increased the loss of wages/salary coverage due to an insured’s attendance at trials, hearings or other legal matters from a limit of \$35 per day to \$200 per day.

We change the definition of an “insured”. You and your “relatives” remain covered. Additionally, we insure other persons using your insured auto with permission from you or a “relative” under the Policy, but *only* if that person does not have any other insurance that applies to their permissive use of an auto.

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

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

SECTION II – PERSONAL INJURY PROTECTION (PIP)

A clause stating “Our Right to Review Medical Expenses” clarifies claims practices related to medical expenses, in particular our right to review services; the types of independent sources (databases, reference material, experts, etc.) that may use to aid in our payment decisions; and to provide illustration as to what we consider reasonable, necessary, and/or related to the accident.

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

- We clarify no coverage applies to an insured person who is occupying or using a vehicle without permission from the owner of the vehicle. This PIP coverage exclusion does not apply to you or “relatives” when occupying your insured auto or a newly acquired auto.
- There is no coverage for bodily injury due to a nuclear event.
- There is no coverage for bodily injury while occupying your insured auto, or a newly acquired auto, if it is being used in connection with any activities related to a transportation network company.

A new clause clarifies the restrictions and rights associated with the “Assignments of Benefits”.

The Stacked PIP option, applicable only if purchased, is described in more detail for better clarity of coverage.

SECTION III – ACCIDENTAL DEATH, DISMEMBERMENT & LOSS OF SIGHT COVERAGE

The definition of “insured” now always covers you and “relatives” when this coverage is purchased, rather than limiting it by option to sometimes covering only the first named insured or only you.

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

**SECTION IV – UNINSURED MOTOR VEHICLE COVERAGE AND UNDERINSURED MOTOR VEHICLE COVERAGE
 (“UM/UIM”)**

We revised the definition of “insured” and there is no longer coverage for other persons, as related to those persons when occupying an auto not owned by, but operated, by you.

The definition of “uninsured motor vehicle” is revised to:

- Refer to an “unidentified motor vehicle” (and for which a definition is added under UM/UIM) instead of reference to the prior “hit-and-run motor vehicle”. Though, if there is no physical contact with the unidentified vehicle causing the accident, then there must be reporting to law enforcement and the facts of the accident must be proved by an insured.
- Lengthen the list of vehicles that will not be considered “uninsured”.

An “Arbitration” clause is added.

SECTION V - PHYSICAL DAMAGE COVERAGES

We now refer to Comprehensive Coverage as “Other Than Collision Coverage” in the new policy. We improved the supplemental coverage under it in that there is coverage for reasonable charges for necessary towing for which you become legally liable due to transportation of your insured auto after a loss. We clarify that there is no coverage for a trailer unless you purchase such coverage.

Under this section, two new coverages are available:

- Child Safety Seat Coverage.
- Additional or Custom Equipment Coverage. We will pay up to \$1,500 for “additional or custom equipment” (as defined in the policy) in or on your insured auto when Other Than Collision Coverage or Collision Coverage applies to a loss, plus any related labor and installation costs. Additionally, you may purchase a higher limit selected by you to cover the “additional or custom equipment”. This does not cover loss or damage to any parts used for racing.

Under Physical Damage Coverage, we no longer cover, “Clothes and Luggage”, “Sound System Coverage”, or repayment of a rental car deductible. However, we may cover your sound system under the Additional or Custom Equipment Coverage referenced above and described in your policy, if permanently installed in the insured auto.

The following definitions are new and used throughout this section: “additional or custom equipment”, “cost of repair or replacement”, “depreciation”, “original equipment manufactured”, “OEM”, “original equipment”, “other than collision”, “permanently installed”, “windshield”. We no longer define or address “Stated Amount” under this section in the policy.

Emergency Road Service coverage is limited to no more than three (3) occurrences per insured auto in any six (6) month period, and will not apply when your insured auto is disabled more than 100 feet from a driveway or public road.

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

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

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

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

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

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

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

CLAIMS SETTLEMENT

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

GENERAL POLICY LIMITATIONS

We grouped some limitations that apply to all the coverages into one area and addressed here:

- Non-duplication of benefits and anti-stacking.
- We do not pay for emergency response service charges, fees or assessments from fire department, emergency services or law enforcement agency responding to an accident (this does not apply to emergency ambulance services).
- There is no coverage for use of an auto for personal vehicle sharing programs.

OUR RIGHTS TO RECOVER OUR PAYMENTS (SUBROGATION & REIMBURSEMENT)

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

LEGAL ACTION AGAINST US

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

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

Also under this Legal Action Against Us clause, a term is added to inform the insured that any legal action against us for coverage under any part of the Policy, or any legal action (including arbitration or appraisal) filed against us following an accident or loss, must be commenced within, and no later than, two (2) years after the date the cause of action accrues.

This letter describing many of the policy changes and new provisions is not your actual policy contract. The terms of the new **PERSONAL AUTO POLICY MINNESOTA, Form CC-N00MN1 (02/20)** shall govern in the event any discrepancy exists between this letter and the Policy.

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