



# ESSEX INSURANCE COMPANY

## PHYSICAL DAMAGE FOR DEALERS

### PART I - WORDS AND PHRASES WITH SPECIAL MEANING – READ THEM CAREFULLY

The following words and phrases have special meaning throughout this policy, and appear in boldface type when used.

“**You**” and “**Your**” and “**Insured**” mean the person or organization shown as the named insured in ITEM ONE of the declarations.

“**We**” “**Us**” and “**Our**” mean the company providing the insurance which is identified on the declarations page.

“**Vehicle**” means types of vehicles as specifically identified on the declarations page and includes **permanently installed equipment** on the vehicle.

“**Covered Vehicle**” means a titled **vehicle** held by you for sale at a location scheduled on the Declarations, except:

- a) those **vehicles** under consignment to or from you;
- b) those **vehicles** under lease or lease purchase to or from you;
- c) those **vehicles** rented or loaned by you to others;
- d) those **vehicles** rented or loaned to you to others;
- e) those **vehicles** which are covered by floor plan insurance.

“**Loss**” means direct and accidental physical damage or loss.

“**Permanently Installed Equipment**” means any non-factory interior equipment installed in the dash or factory installed cabinetry / compartments of the **covered vehicle**, having no quick release connections or portability capabilities and any non-factory exterior equipment installed on the **covered vehicle** with no quick release connections or portability capabilities.

“**Occurrence**” means any continuous or repeated exposure to the same conditions resulting in the loss.

“**Betterment**” means an improvement to the value of the **vehicle** as a result of the repair

### PART II - WHERE AND WHEN THIS POLICY COVERS

We cover **loss** which occurs during the policy period and which occurs:

- A. At a location scheduled on the Declarations Page.
- B. For collision coverage only, as defined in Part III (A):
  1. During a test drive of the **covered vehicle** within 50 miles of the location scheduled on the Declarations Page, within the contiguous United States or Canada, when the insured or the insured’s employee is in or on the **covered vehicle** ;
  2. During transport of the **covered vehicle** for direct purchase or sale within 300 miles of the location scheduled on the Declarations Page within the contiguous United States or Canada.

### PART III - WE WILL PAY

We will pay for loss to a **covered vehicle** as follows:

- A. Collision Coverage. **Loss** caused directly by the **covered vehicle's** collision with another object or the overturn of the **covered vehicle**.
- B. Specified Perils Coverage. **Loss** caused directly by:
  - 1) Fire or explosion;
  - 2) Theft of the **covered vehicle**;
  - 3) Windstorm, hail or earthquake;
  - 4) Flood;
  - 5) Vandalism or Malicious Mischief;
  - 6) The sinking, burning, collision or derailment of any conveyance transporting the **covered vehicle**.

### PART IV -WE WILL NOT PAY – EXCLUSIONS

The coverage provided in WE WILL PAY will not apply when the collision, overturn or specified peril is caused by, or results in or from, any of the following, whether caused or contributed to by any other event:

- A) Wear and tear, gradual deterioration, rust, freezing, mechanical or electrical breakdown of the **covered vehicle** or its **permanently installed equipment**.
- B) Civil commotion, riot, terrorist acts, declared or undeclared war, insurrection, or any of their consequences;
- C) Explosion of a nuclear weapon or its consequences;
- D) Radioactive contamination;
- E) Any act of malicious mischief, vandalism, theft, conversion, embezzlement, secretion or infidelity by the insured, its employees, agents, servants, representatives or anyone entrusted with the **covered vehicle**;
- F) Use in, or preparation for, any race, speed contest or performance contest, whether legal or illegal;
- G) A **loss** where the driver is accused or charged by a police officer with driving while intoxicated or driving while impaired or driving under the influence of a non-prescription drug or for refusing to be tested for suspicion of drug or alcohol related impairment at the time of the **loss**;
- H) Voluntary parting with the **covered vehicle** whether or not caused by fraudulent scheme, trick or false pretense;
- I) Acquisition of a **covered vehicle** from a seller who did not have legal title;
- J) Loss disclosed upon taking inventory;
- K) Mysterious disappearance or unexplained loss or loss where there is no physical evidence of what happened to the **covered vehicle**.

### PART V - WHAT WE WILL PAY

- A. Subject to paragraph C below, the most we will pay for **loss** to a **covered vehicle** is the smallest of the following:
  - 1) Dealer's purchase price, plus capital improvements;
  - 2) The actual cash value of the **covered vehicle**, or the **permanently installed equipment** if that is all that is damaged or lost;
  - 3) The cost to repair the **covered vehicle** or its **permanently installed equipment** with parts of like kind and quality, less any **betterment** as a result of the repair. The cost to repair will not include any diminished value as a result of the **loss**;
  - 4) The limit per **covered vehicle** on the Declarations Page.
- B. In addition to the payments which will be due under paragraph A. above, and subject to paragraph C below, we will include the reasonable costs of protecting the **covered vehicle** from imminent harm after a **loss**. The most we will pay under this provision for **covered vehicles** is the balance of the amount set forth on the declaration page for the specific **covered vehicle**, after reduction for payment due under paragraph A.

C In the event of **loss** to more than one **covered vehicle** arising from one **occurrence** at a scheduled location, the maximum recoverable amount for all **covered vehicles** under paragraph A or B will be the amount set forth on the Declarations Page for the scheduled location.

**PART VI - DEDUCTIBLE**

For each **loss** to a **covered vehicle**, our obligation to pay will be reduced by the applicable deductible shown in the Declarations Page. The deductible will be applied to the adjusted **loss** or the policy limit for the **covered vehicle**, whichever is lower.

**PART VII - WHO WE WILL PAY - We** will pay **you** and the loss payee named in the policy for **loss** to a **covered vehicle**, as your interest may appear.

**PART VIII - SALVAGE.**

If **we** pay **you** or the loss payee the actual cash value of the **covered vehicle**, or our policy limit, **we** reserve the right, at our sole option, to take title and possession of the **covered vehicle** for salvage.

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W. Bradley Dickler

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Date

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Linda Rotz

\_\_\_\_\_  
Date