

DEFINITIONS

COLLATERAL means vehicle described in the FINANCING CONTRACT

PRIMARY CARRIER means the Insurance Company that is used by the BORROWER to provide physical damage coverage on the COLLATERAL; or provides liability coverage to any person who has caused the BORROWER'S COLLATERAL to incur a CONSTRUCTIVE TOTAL LOSS, and for which that person is legally liable.

ACTUAL CASH VALUE (ACV) means the Good condition Private Party Value of the COLLATERAL, on the DATE OF LOSS, as listed in the Kelley Blue Book (KBB) for the territory in which the COLLATERAL is principally garaged. For a COLLATERAL which has no KBB Good condition Private Party Value or is located in territories where KBB is not customarily used, ACV will be determined using the best information available to our Administrator.

BORROWER means the Natural Person(s) or Business(es) incorporated or unincorporated, named in the FINANCING CONTRACT, receiving financing from the SELLER/LENDER/FINANCIAL INSTITUTION.

CONSTRUCTIVE TOTAL LOSS means a direct and accidental LOSS of or damage to COLLATERAL which meets one of these criteria: (1) either the total cost to repair the COLLATERAL is greater than or equal to the ACV of the COLLATERAL immediately prior to the DATE OF LOSS, or (2) the COLLATERAL is stolen and is not recovered within thirty (30) days from the date a police report was filed; and the BORROWER'S PRIMARY CARRIER declares the COLLATERAL a total loss.

DATE OF LOSS means the date on which COLLATERAL is reported stolen or incurs physical damage that is severe enough to constitute a CONSTRUCTIVE TOTAL LOSS.

FINANCING CONTRACT means the contract that represents the financing agreement between the SELLER/LENDER/FINANCIAL INSTITUTION and BORROWER for the purchase or lease of COLLATERAL, and which sets forth the terms, conditions, inception date, and expiration date of the financing agreement. A FINANCING CONTRACT that does not have uniform monthly terms for the full period of the financing agreement is not eligible for coverage.

FINANCIAL INSTITUTION means the lending institution.

PAYABLE LOSS means that which is equal to the difference between the NET PAYOFF and the greater of Primary Insurance Settlement or ACV of the covered COLLATERAL on the DATE OF LOSS not to exceed the maximum liability of \$2,500.00. PAYABLE LOSS includes the amount of the BORROWER'S physical damage deductible on the PRIMARY CARRIER'S policy. If the Primary Insurance Settlement or ACV for COLLATERAL is greater than or equal to the NET PAYOFF, no payment will be made under this Addendum.

SELLER/LENDER means the dealership stated on the front of this Addendum.

NET PAYOFF means the amount of the SELLER/LENDER/FINANCIAL INSTITUTION interest as of the DATE OF LOSS, as represented by the portion of the BORROWER'S unpaid balance according to the original payment schedule of the FINANCING CONTRACT that is secured by COLLATERAL. The NET PAYOFF will not include any DELINQUENT PAYMENTS, unearned interest and finance charges, or any unearned insurance premiums (including but not limited to credit, life, and service contracts).

COMMERCIAL PURPOSES means the primary use of COLLATERAL as a taxicab, public omnibus, jitney or sightseeing conveyance, or for carrying goods or passengers for compensation or hire.

DELINQUENT PAYMENT means any payment, as described in the FINANCING CONTRACT, which remains unpaid for a period of more than thirty (30) days after the due date stated in the FINANCING CONTRACT.

LIMITATIONS – (A) No Addendum shall be issued for COLLATERAL with an ACV of more than \$17,500.00. (B) The maximum term of a loan shall not exceed forty-eight (48) months. (C) Any Addendum issued for an amount financed in excess of the limit shown in (A) above, shall be eligible for enrollment, however, the NET PAYOFF will be determined based on the maximum stated in (A) and up to a maximum of \$2,500.00.

EXCLUSIONS

This Addendum does not provide Coverage for LOSS:

- a. Resulting from LOSSES occurring prior to the effective date of this policy.
- b. Due to confiscation of COLLATERAL by a government body or public official.
- c. Caused by theft, unless BORROWER OR SELLER/LENDER/FINANCIAL INSTITUTION files a police report.
- d. Resulting from being operated, used, or maintained in any race, speed contest, or other contest.
- e. To COLLATERAL, primarily used for COMMERCIAL PURPOSES.
- f. Occurring after COLLATERAL has been repossessed by LENDER or placed in SELLER/LENDER/FINANCIAL INSTITUTION possession or in possession of SELLER/LENDER/FINANCIAL INSTITUTION employees or agents.
- g. For any amounts deducted from the PRIMARY CARRIER'S settlement due to wear and tear, prior damages unpaid insurance premiums, and towing and storage.
- h. On financing agreements that do not have uniform monthly repayment terms for the full period of the financing agreements, or
- i. The PRIMARY CARRIER denies a claim for a loss otherwise eligible for a benefit under this Addendum.

TERMINATION OF ADDENDUM means this Addendum will terminate without notice on the date that any of the following events occur: (1) on the date your FINANCING CONTRACT is scheduled to terminate; (2) on the date that YOU prepay the entire balance or refinance YOUR FINANCING CONTRACT; or (3) the date YOUR FINANCING CONTRACT is prepaid by this GAP Addendum or other credit insurance coverage.