

SAPPHIRE

Terms and Conditions

DEFINITIONS

- **Authorized Repair Facility:** Any automotive repair facility that has been licensed to perform automotive repairs by the state in which it operates.
- **Administrator:** Black Diamond Administrative Company, LLC. 109 E 1st St, O'Fallon, IL 62269-2127, 1-866-643-7950.
- **Business Use:** Vehicles used primarily for profit, such as repair work, route work, service work, and delivery.
- **Contract Holder, Purchaser, You, or Your:** The person(s) whose name is listed as the purchaser(s) of this **Service Contract**.
- **Cost:** The customary and reasonable charges for the parts and labor necessary to repair or replace **Covered Components**. **Cost** will not exceed either the manufacturer's suggested retail price for parts. The labor **cost** is to be determined by a nationally recognized labor guide, (AllData) multiplied by the customary labor charge for the repair/replacement of a protected part. The labor rate allowed shall not exceed the national average labor rate. All charges are subject to the limits of coverage liability, the terms and conditions of this **Service Contract**, and the **Administrator's** approval.
- **Covered Component(s):** Any part of the **Vehicle** listed herein as a **Covered Component** and not excluded from coverage by this **Service Contract**.
- **Covered Breakdown or Covered Mechanical Breakdown:** The failure of a **Covered Component** under normal service due to defects in material or workmanship. A **Covered Component** has failed when it can no longer perform the function for which it was designed solely because of its condition and not because of the action or inaction of any noncovered parts.
- **Covered Repair:** A repair to a **Covered Component** that is authorized by the **Administrator**.
- **Covered Vehicle, Vehicle:** The **Vehicle** identified on the **Schedule Page** of this **Contract**.
- **Deductible:** The amount **You** must pay, per repair visit, in the event of a **Covered Breakdown** resulting in a **Covered Repair**.
- **Effective Date:** The date that occurs after the waiting period, as

outlined on the **Schedule Page**.

- **Emergency Repairs:** Repairs made outside of **Administrator's** business hours, which, if not performed, would impair the future operation of **Your Vehicle**, or render **Your Vehicle** inoperable or unsafe to drive.
- **Lubricated Part:** A part that requires lubrication to function correctly.
- **Manufacturer's Warranty:** The original basic or powertrain factory warranty provided with the **Vehicle** by its manufacturer.
- **Mechanical Breakdown, Breakdown, Fails, Failure, or Failed:** The inability of any **Covered Component(s)** that has received proper maintenance, as prescribed by this **Service Contract**, to function in the manner for which it was designed, unless otherwise specified in this **Contract**. This inability must be the result of defective material or faulty workmanship by the **Vehicle** manufacturer, not due to **Wear and Tear**. In addition, a **Failed** part must be outside the allowable tolerances prescribed by the manufacturer to be deemed a **Failure**.
- **Obligor, Our, Us and We:** Black Diamond Administrative Company, LLC. 109 E 1st St, O'Fallon, IL 62269-2127, 1-866-643-7950. In Arizona, Louisiana, Nevada, Oklahoma, South Carolina and Wyoming the Obligor is Auto Knight Motor Club, Inc., 10751 Deerwood Park Blvd., Ste. 200, Jacksonville, FL 32256, Tel: (800) 888-2738. In Florida the Obligor is Lyndon Southern Insurance Company, 10751 Deerwood Park Blvd., Ste. 200, Jacksonville, FL 32256, Tel: (800) 888-2738, (Florida License No. 03698 and Oklahoma License No. 44194686).
- **Payment Plan Provider:** Any entity providing a payment plan for the purchase of this **Service Contract**.
- **Pre-Existing Conditions:** A condition and/or failure that within all reasonable probability and mechanical fitness existed prior to the Contract Sale Date.
- **Schedule Page:** Page 1 of this **Contract** where information regarding **You, Your Vehicle** and coverage options is shown.
- **Selling Company:** The entity identified on the **Schedule Page** of this **Contract** from whom **You** purchased this **Service Contract**.
- **Service Contract or Contract:** This document in its entirety, which explains the coverage and limitations afforded to **You**.
- **Wear and Tear:** The gradual reduction in component performance through normal or excessive usage.

OUR OBLIGATIONS

In the event of a **Covered Breakdown**, the **Administrator** will determine

the extent of coverage, subject to the terms and conditions of this **Contract**. To that end, the **Administrator** will verify the **Failure** with the **Authorized Repair Facility**, verify coverage, determine the **Cost** of the **Covered Repair** subject to the terms, conditions, and limitations of this **Contract**, and authorize the claim. The claim is not approved unless authorization numbers are given to the **Authorized Repair Facility**.

NOTE: (1) At the sole discretion of the **Administrator**, a **Covered Component** may be replaced with new parts or used parts of like kind and quality.

(2) **We** reserve the right to inspect **Your Vehicle** to verify **Failure(s)**. In addition, if a dispute arises between the **Authorized Repair Facility** and the **Administrator**, the **Administrator** reserves the right to relocate **Your Vehicle** to an **Authorized Repair Facility** of the **Administrator's** choice. In the event the **Administrator** determines that a repair in question is not a **Covered Repair** then **You** are responsible for any cost incurred.

In the event of a **Covered Breakdown** of a part where the repair or replacement is provided for under a **Manufacturer's Warranty** or special policy program, payment will be provided for the required manufacturer's deductible, less the **Deductible** specified on the **Schedule Page** of this **Contract**.

WHAT IS COVERED IN THIS CONTRACT

Only those items listed in this section, "WHAT IS COVERED IN THIS CONTRACT," are covered, subject to the terms and conditions of this **Contract**, and in accordance with the coverage, surcharges, and options indicated on the **Schedule Page** of this **Contract**.

1. **Engine:** All internal **Lubricated Parts** of the engine, including Pistons, Piston Rings, Piston Pins, Crankshaft and Main Bearings, Connecting Rods and Rod Bearings, Camshaft And Camshaft Bearings, Timing Chain and Timing Gears, Intake And Exhaust Valves, Valve Springs, Oil Pump, Push Rods, Rocker Arms, Hydraulic Lifters, Rocker Arm Shafts and Water Pump. **The Engine Block and Cylinder Heads are also covered if the above-listed parts caused a Failure.**
2. **Transmission:** Internal **Lubricated Parts** of Manual or Automatic Transmissions, **including the Torque Converter Case (if damaged by the Failure of an internal Lubricated Part)**, Oil Pump, Drums, Planetary Gear Sets, Sun Gear and Shell, Shaft(s), Bearings, Shift Rail, Forks, and Synchronizers.
3. **Transfer Case (or All-Wheel Drive Mechanism):** Up to \$1500 towards the repair or replacement of the internal **Lubricated Parts** of the Transfer Case (or All-Wheel Drive Mechanism). **The Transfer Case Housing (or Housing for the All-Wheel Drive Mechanism) is only eligible for coverage when damaged by an internal Lubricated Part.** The 4WD/AWD

surcharge is required for coverage on the Transfer Case (or All-Wheel Drive Mechanism).

SURCHARGES

Diesel: If **Your Vehicle** is equipped with a diesel engine, this surcharge must be paid and listed on the **Schedule Page** of this **Contract** for **Your Vehicle** to be eligible for coverage.

Turbo/Supercharger: If **Your Vehicle** is equipped with either a turbocharger or a supercharger, this surcharge must be paid and listed on the **Schedule Page** of this **Contract** for **Your Vehicle** to be eligible for coverage.

4WD/AWD: If **Your Vehicle** is equipped with 4WD or AWD, this surcharge must be paid and listed on the **Schedule Page** of this **Contract** for **Your Vehicle** to be eligible for coverage and to receive coverage for the Transfer Case (or All-Wheel Drive Mechanism).

Business Use: If **Your Vehicle** is used for **Business Use**, this surcharge must be paid and listed on the **Schedule Page** of this **Contract** for **Your Vehicle** to be eligible for coverage.

ADDITIONAL BENEFITS

800-619-5307

ROADSIDE ASSISTANCE

800-619-5307

For the term of this **Contract**, the listed sign and drive benefits are available twenty-four (24) hours a day / three hundred sixty-five (365) days a year. **You** will incur no expense for these benefits up to the listed program limit. The following non-accident-related services are available for up to ten (10) occurrences over the term of **Your Contract**, each with a maximum benefit of fifty dollars (\$50.00) per incident:

- Jump Starts
- Flat Tire Changes (Using **Your** inflated spare)
- Vehicle Fluid Delivery (cost of **Vehicle** fluids extra)
- Lockout Assistance (key cutting/replacement extra)
- Concierge Services (courtesy help and emergency phone call support)
- Towing benefits up to a maximum of one hundred dollars (\$100.00) per occurrence as it relates to a paid claim covered under this **Contract**.

Services not available in areas where state providers are exclusively utilized. Benefits are limited to "cash call with reimbursement" service only for the first forty-five (45) days of coverage.

For all 24-Hour Roadside Assistance services, please contact 800-619-5307.

SUBSTITUTE TRANSPORTATION:

Should **Your Covered Vehicle** become inoperable due to a **Covered Breakdown**, upon authorization, payment will be provided to reimburse **You** for actual expenses incurred when renting a vehicle from a licensed car rental agency. Benefits will be allowed only for reasonable time

necessary to complete the repair with a maximum benefit of five (5) calendar days. Maximum daily rental allowance is thirty dollars (\$30.00) per day, not to exceed one hundred fifty dollars (\$150.00) per visit. If the repair cannot be completed in five (5) calendar days due to a lack of part availability, an additional five (5) days may be allowed at thirty dollars (\$30.00) per day with a maximum additional benefit of one hundred fifty dollars (\$150.00), **PROVIDED ADDITIONAL AUTHORIZATION IS OBTAINED FROM THE ADMINISTRATOR.**

LODGING REIMBURSEMENT:

You will be reimbursed for motel and restaurant expenses up to fifty dollars (\$50.00) per day for a maximum of three (3) days in the event of a **Covered Breakdown**, which occurs more than one hundred (100) miles from **Your** home and results in a **Authorized Repair Facility** keeping the **Covered Vehicle** overnight. The maximum benefit per occurrence is one hundred fifty dollars (\$150.00). To receive motel and restaurant reimbursement, the **Contract Holder** must supply the **Administrator** with his/her receipts from the providers of such services. Handwritten receipts will not be accepted.

EXTENDED TOWING BENEFIT:

In the event that **Your** towing benefit (included in the Roadside Assistance plan or provided by **Your Vehicle** manufacturer) does not cover the full amount of the tow after with a **Covered Breakdown**, **You** will be reimbursed up to one hundred dollars (\$100.00) per occurrence for subsequent charges in excess of any other disbursements from other towing coverage plans. No **Deductible** will apply to this coverage.

EXCLUSIONS – NOT COVERED IN CONTRACT

In accordance with the coverage indicated on the **Schedule Page** of this **Service Contract**, any part not specifically listed in the “WHAT IS COVERED IN THIS CONTRACT” section is not covered. There may also be specific exceptions related to any surcharge or option, as reflected on the **Schedule Page** of this **Contract** and as described in the corresponding sections. In addition, this **Service Contract** does not cover:

1. **Any repair that has not received prior authorization from the Administrator. This exclusion does not apply to Emergency Repairs.**
2. **The repair or replacement of any motor vehicle component that was not properly operating in accordance with manufacturer’s specifications at the time this Service Contract was sold or during the waiting period (i.e. pre-existing conditions).**
3. **Any vehicle with a branded title (e.g. salvage, junk, rebuilt, total loss, flood, fire, or gray market).**
4. **Any vehicle that has been repurchased by or had its price renegotiated with the manufacturer. Any vehicle that has had the Manufacturer’s Warranty revoked, voided, or cancelled; or any vehicle that never came with a Manufacturer’s Warranty.**
5. **The repair, modification, or replacement of any component that has not Failed, as defined by this Contract.**

6. The repair, retrofit, or replacement of any component required for compliance by any local, state, or federal law or legislation.
7. Wear and Tear.
8. The repair or replacement of engine valves, valve guides, valve seals, and/or piston rings is not covered if the purpose of such repair(s) is simply to raise the compression of the engine, increase performance, or to reach acceptable oil consumption.
9. If there are modifications and/or alterations to the Vehicle not recommended by the manufacturer, including, but not limited to, all frame or suspension modification, lift kits, lowering kits, emissions and/or engine modification (improved air filters are not considered a modification) done before or after the Effective Date of this Contract, the Vehicle does not qualify for coverage. Any Failure to a Covered Component due to improper tire/wheel size.
10. Any Mechanical Breakdown covered by an insurance entity, the Manufacturer's Warranty or recall; or any component with a warranty or "repairer's guarantee" through a repair facility. Additionally, if an insurance entity, the manufacturer, or Authorized Repair Facility notifies You that they will monetarily participate in a repair that has been authorized and paid by Us, then We will exercise Our right to recover the respective amount.
11. Any vehicle with true mileage unknown on the Contract Sale Date or with an odometer that has been tampered with, altered, disconnected, or not maintained in working order. You may be required to provide an odometer statement at the time of sale of this Service Contract.
12. Any Mechanical Breakdown or Failure caused by (a) Wear and Tear; (b) Your failure to provide the proper maintenance to the failed part or parts; (c) overheating, regardless of the cause of overheating; (d) incorrect, contaminated, or inadequate amounts of coolant, lubricants, or fluids; (e) carbon deposits/buildup; (f) accidental loss or damage, impact, collision or upset, falling missiles or objects, rust, corrosion, fire, theft, larceny, explosion, lightning, earthquake, wind storm, hail, water, flood, freezing, malicious mischief, vandalism, riot, or civil commotion; (g) DRIVER NEGLIGENCE OR MISUSE, INCLUDING THE OPERATION OF AN IMPAIRED VEHICLE; or (h) nuts, bolts, and fasteners.
13. Cosmetic damage or cosmetic related repairs (e.g. scratches, nicks, dents, or tears).
14. Body components or repairs related to the body of the Vehicle (e.g. bumpers, grilles, lenses, glass, paint, convertible or vinyl tops, sheet metal, outside ornamentation, frame or structural body parts, air or water leaks, wind noise, weather strips, squeaks or rattles, trim, upholstery, carpet, or mats). Hood, trunk, and lift gate support struts are also not covered.
15. The following, unless required in conjunction with a Covered Repair: upgrades, adjustments, alignments, oil, fluids, greases, lubricants, or refrigerant. Refrigerant cost will not exceed \$15 per pound.
16. Maintenance services and parts described in the manufacturer's

maintenance schedule for Your Vehicle. NOTE: During the term of this Service Contract, it may become necessary to (a) replace spark/glow plugs and wires, emission control valves, timing belts, drive belts, distributor caps and rotors, and filters; (b) adjust belts, ignition, transmission bands, or clutch system; (c) clean fuel and cooling systems, or remove sludge or carbon deposits; and (d) maintain or replace items not specifically covered under this Service Contract. These aforementioned services and replacements are Your responsibility. Costs for these services and parts are not covered by this Service Contract.

- 17. Any expenses associated with shop supplies, materials charges (i.e. miscellaneous items not directly associated with a Covered Repair), hazardous waste charges, diagnosis time (where a Covered Mechanical Breakdown has not occurred), freight charges, or storage charges.**
- 18. Vehicles used for hauling or towing loads weighing in excess of Vehicle manufacturer's specifications, racing or competitive driving, emergency services, or vehicles equipped with a snow plow.**
- 19. Business Use Vehicles, unless the Business Use surcharge was paid on the Contract Sale Date.**
- 20. Vehicles operated by more than one person or vehicles using multiple drivers over a period of time due to shift work.**
- 21. The repair or replacement of the following: (a) batteries and battery cables, including batteries and battery cables for Hybrid Vehicles; (b) exhaust system components and catalytic converters; (c) shocks, struts, air shocks, air springs, and air struts; (d) fasteners, nuts, bolts, clips, screws; (e) fuses and bulbs; (f) safety restraint systems (including air bags); (g) brake linings, rotors, and drums; (h) sealed beams and LED or HID headlamp assemblies; (i) wiper blades, hoses, molded rubber, and rubber-like items; (j) clutch disc and linings, clutch pressure plate, clutch throw-out bearings, pilot bearings; (k) bent shift forks, stretched timing chains; and (l) cellular phones.**
- 22. Any losses resulting from delays, labor strikes, loss of time, inconvenience, or other causes beyond the control of the Administrator or Authorized Repair Facility.**
- 23. The repair or replacement of any Covered Component that has been damaged by a non-Covered Component (examples include, but are not limited to: levers, controls, linkage, cables, radiator, coolers, rubber mounts, fasteners, external oil lines, viscous couplings, drive axles and electronic components, internal or external, to the engine and transmission) or from an improper repair.**
- 24. The repair or replacement of any non-Covered Component damaged as a result of the Failure of a Covered Component.**
- 25. Vehicles registered or needing repairs or replacements outside of the contiguous United States, Alaska, or Hawaii.**
- 26. Convertible top assemblies; television/VCR/DVD players; game centers; audio/video equipment and audio/video accessories; all touch screen and/or voice activated accessories, including related display screens and heads up displays on windshields; electronic transmitting/receiving devices; keys and key fobs; voice recognition systems; navigational systems; remote control**

consoles; security systems; and radar detection devices.

27. Any component or part of a component that enables a vehicle to be propelled by any source of power other than gasoline, diesel fuel, or E85 ethanol. In addition, components belonging solely to any of the following (unless otherwise stated in this document): Hybrid Vehicles, Plug-in Hybrid Vehicles, Electric Vehicles, Extended-Range Electric Vehicles, or Hydrogen-Powered Vehicles. The Hybrid Battery is not covered in any instance.
28. Replacement of components due to damaged threads. For example, cylinder head replacement due to spark plug hole thread damage or oil pan replacement due to drain plug hole thread damage.
29. Seals or gaskets, unless required in conjunction with a Covered Repair.
30. A Breakdown resulting from Your refusal to perform repairs to a Failed Covered Component that were previously recommended by an Authorized Repair Facility or the Administrator.
31. A Breakdown caused by an improper previous repair or misdiagnosis by an Authorized Repair Facility.

WHAT TO DO IF YOU HAVE A BREAKDOWN

1. Take immediate action to prevent further damage to **Your Vehicle**. Any damage resulting from continued operation of an impaired **Vehicle** will constitute failure to protect **Your Vehicle** and will not be covered under this **Service Contract**.
2. **You** may deliver **Your Vehicle** to the **Authorized Repair Facility** of **Your** choice. However, authorization must be obtained from the **Administrator** prior to any repair.
3. Present this **Contract** to the **Authorized Repair Facility**. The **Administrator** may also require **You** to provide the **Authorized Repair Facility** with proof of all relevant maintenance as expressed under "YOUR OBLIGATIONS".
4. Ensure that the **Authorized Repair Facility** contacts the Claims Department for instructions prior to any teardown or repairs. The Claims Department can be reached at 1-833-909-0015 from 7:00 A.M. to 7:00 P.M. (CST) Monday to Friday. **AUTHORIZATION MUST BE OBTAINED FROM THE ADMINISTRATOR BEFORE STARTING ANY TEARDOWN OR REPAIRS.**
5. If **Emergency Repairs** are required, deliver **Your Vehicle** to a **Authorized Repair Facility** and have the necessary repairs performed at a reasonable and customary charge. On the next business day, report the repairs at 1-833-909-0015. The **Administrator** will determine the reimbursement eligibility in accordance with the terms and conditions of this **Service Contract**.
6. In all instances, **You** are required to pay the **Authorized Repair Facility** the **Deductible** amount reflected on the **Schedule Page** of this **Contract**. In addition, **You** are also required to pay for anything not authorized by the **Administrator**.

YOUR OBLIGATIONS

1. To obtain the benefits provided by this **Service Contract**, **You** are required to provide maintenance to **Covered Components** at an **Authorized Repair Facility**. **Vehicles** with less than 150,000 miles must change the engine oil and oil filter at the manufacturer's recommended interval. Vehicles with over 150,000 miles must ensure that the engine oil and oil filter be changed every four (4) months or four thousand (4,000) miles, whichever occurs first (within a window of one (1) month or one thousand five hundred (1,500) miles). Transmission service (including fluid, flushes, and filter change) for vehicles six (6) years old or older must be performed every twelve (12) months or 12,000 miles. Transmissions in vehicles that are less than six (6) years old should be serviced in accordance with the manufacturer requirements. **Non-serviceable transmissions are excluded from this requirement**. Proper documentation and verifiable receipts for all maintenance and repairs may be required in the event of a claim. Receipts must reflect proper **Vehicle** documentation (i.e. year, make, and model), complete **Vehicle** Identification Number, and the mileage of the **Vehicle** at the time of maintenance or repair. Handwritten receipts will not be accepted. Failure to provide proof of required maintenance may result in denial of coverage.
2. The **Contract Holder** and the **Authorized Repair Facility** are required to obtain an authorization number prior to beginning any repairs that would be covered by this **Contract**.
3. The **Contract Holder** is responsible for paying a **Deductible** for each visit to the **Authorized Repair Facility**. The **Deductible** is specified on the **Schedule Page** of this **Contract**.

LIMIT OF COVERAGE LIABILITY

For any one repair visit, all benefits paid or payable shall not exceed the JD Power N.A.D.A. Official Used Car Guide average retail value or the actual cash value of **Your Vehicle** at the instant prior to the **Covered Breakdown**.

The aggregate total of all benefits paid or payable during the Term of this **Contract** shall not exceed the price **You** paid for **Your Vehicle**.

If the JD Power N.A.D.A. Official Used Car Guide vehicle valuation is unavailable, not widely recognized, or not commonly used in the geographic area, the **Administrator** may use another market retail valuation method.

HOW TO TRANSFER THIS CONTRACT

If **You** sell **Your Vehicle** or if there is any change in the ownership of **Your Vehicle**, **You** may request to transfer the remaining coverage of this **Contract** to the new owner. This request must be submitted within fifteen (15) days of the change in **Vehicle** ownership. **You** must notify the **Administrator** of the transfer of ownership in writing and must include the following: a transfer fee of fifty dollars (\$50.00), the name and address of the new owner, and the mileage of the **Vehicle** at the time of transfer.

The **Administrator** has the discretion to approve or reject **Your** request to transfer coverage. Copies of all maintenance records showing oil changes and manufacturer's required maintenance must be given to the new owner. The new owner must retain these records and the **Vehicle** will still be subject to the maintenance requirements as specified in this **Contract** and by the **Vehicle** manufacturer. No handwritten receipts will be accepted.

This **Contract** may not be transferred more than once, may not be assigned to another vehicle, and may not be transferred to a new or used vehicle dealer or anyone other than an individual purchasing **Your Vehicle** for personal use. If **You** sell **Your Vehicle**, or if there is any change in the ownership of **Your Vehicle** without notifying the **Administrator** as outlined in this section, this **Contract** will terminate.

CANCELLATION AND RENEWAL

CANCELLATION BY THE PAYMENT PLAN PROVIDER: **You** hereby authorize the **Payment Plan Provider** to cancel this **Contract**: (1) **Your Vehicle** is repossessed, (2) **Your Vehicle** is declared a total loss, or (3) **You** default in **Your** obligations to the **Payment Plan Provider**. In addition, **You** authorize the **Payment Plan Provider** to be listed as a joint payee and to receive any refund in the event this **Contract** is cancelled.

CANCELLATION BY THE ADMINISTRATOR: The **Administrator** may cancel this **Contract** for material misrepresentation or substantial breaches of contractual duties, conditions, or warranties, or for non-payment of the **Service Contract** price.

CANCELLATION BY THE CONTRACT HOLDER: **You** may cancel this **Service Contract** at any time by notifying the **Selling Company** or **Administrator** in writing. This notification must include this **Service Contract**. A notarized statement indicating the actual mileage (odometer reading) of **Your Vehicle** on the date of the cancellation request may also be required.

CANCELLATION PROVISIONS: If this **Contract** is cancelled within the first thirty (30) days from the **Contract** Sale Date and no claims have been filed, then **You** will receive a full refund. If this **Contract** is cancelled after thirty (30) days past the **Contract** Sale Date or after a claim has been filed,

then **You** will receive a pro rata refund, less any claims paid under this **Contract**. Pro rata refunds are determined by multiplying the amount **You** paid for this **Service Contract** by the lesser of the following: (a) the number of covered days remaining on the **Service Contract** divided by the original number of covered days, or (b) the miles of remaining coverage under the **Service Contract** divided by the original number of covered miles. A cancellation fee of one hundred fifty dollars (\$150.00) will be charged for all pro rata cancellations made by the **Contract Holder**. In all instances, if there is no **Payment Plan Provider**, the refundable amount will be paid to **You**. If there is a **Payment Plan Provider**, the refundable amount will be paid to the **Payment Plan Provider**.

NOTE: Transferred **Service Contracts** are not eligible for cancellation refunds. This **Contract** is non-renewable.

INSTALLMENT PAYMENT PROVISION: In the event that **Your Contract** is being paid for via a Retail Installment Contract (or its equivalent) which is terminated for nonpayment, the expiration date and mileage of this **Contract** will be modified to reflect values relative to the portion of the original term that **You** have paid for. The amended expiration date and mileage will be calculated using a pro-rata calculation applied to the original covered time and mileage.

INSURANCE STATEMENT

Our obligations to perform under this **Contract** are insured under an insurance policy issued by Lyndon Southern Insurance Company 10751 Deerwood Park Blvd., Ste. 200, Jacksonville, FL 32256, Tel: (800) 888-2738, except in Georgia, New York and Wisconsin.

In Georgia, the **Obligor** is insured under an insurance policy issued by Insurance Company of the South 10751 Deerwood Park Blvd., Ste. 200, Jacksonville, FL 32256, Tel: (800) 888-2738.

In New York and Wisconsin, the **Obligor** is insured under an insurance policy issued by Blue Ridge Indemnity Company, 10751 Deerwood Park Blvd., Ste. 200, Jacksonville, FL 32256, Tel: (800) 888-2738.

If the **Obligor** fails to pay an authorized claim within sixty (60) days, or if the **Obligor** becomes insolvent or ceases to conduct business during the term of this agreement, **You** may submit **Your** claim directly to the applicable insurer at the above address for consideration.

SUBROGATION

In the event benefits are paid under this **Contract**, the **Administrator** shall be subrogated to all the rights **You** have to recover against any person or organization arising out of any failure subject to any recall campaign, as well as any order, judgment, consent decree or other settlement. **You** shall execute and deliver instruments and papers and do whatever is necessary

to secure such rights. Further, all amounts recovered by **You** for which **You** have received benefits under this **Contract**, shall belong to, and be paid to the **Administrator** up to the amounts of benefits paid under this **Contract**.

LIMITED APPLICABILITY OF THE FEDERAL MAGNUSON MOSS WARRANTY ACT

You agree and acknowledge that **You** have paid an additional fee for this **Contract** that is separate and apart from the purchase price **You** paid for the **Covered Vehicle**. Because of that separately stated consideration, **You** agree and acknowledge that this **Contract** is not part of the basis of the bargain for **Your** purchase of the **Covered Vehicle**. **You** further agree and acknowledge that **We**, the **Administrator/Obligor** under this **Contract**, are not the supplier of the **Covered Vehicle**. Consequently, this **Contract** is not a “written warranty” under the Federal Magnuson-Moss Warranty Act. As a result, this **Contract** is not subject to the provisions of the Magnuson-Moss Warranty Act that apply only to a “written warranty”.

LIMITATION OF LIABILITY

THIS **CONTRACT** SETS OUT THE FULL EXTENT OF **OUR** RESPONSIBILITIES. NEITHER THE **OBLIGOR** NOR THE PROGRAM **ADMINISTRATOR** SHALL BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, EXPENSES ARISING OUT OF THIRD PARTY CLAIMS, LOSS OF USE OF THE **VEHICLE**, INCONVENIENCE, OR ANY OTHER LOSS), WHETHER OR NOT CAUSED BY OR RESULTING FROM BREACH OF CONTRACT, NEGLIGENCE, OR OTHER WRONGFUL ACT OR OMISSION, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NEITHER THE **OBLIGOR** NOR THE PROGRAM **ADMINISTRATOR** AUTHORIZE ANY PERSON, ENTITY OR DEALER TO CREATE FOR THEM ANY OTHER OBLIGATION OR LIABILITY IN CONNECTION WITH THIS PRODUCT.

DISPUTE RESOLUTION/ARBITRATION AGREEMENT AND CLASS ACTION WAIVER

PLEASE READ THIS DISPUTE RESOLUTION/ARBITRATION AGREEMENT AND CLASS ACTION WAIVER, INCLUDING THE OPT-OUT PROVISION, CAREFULLY TO UNDERSTAND YOUR RIGHTS. IT REQUIRES THAT CLAIMS (AS DEFINED BELOW) BE RESOLVED SOLELY THROUGH BINDING ARBITRATION ON AN INDIVIDUAL BASIS, RATHER THAN BY A JURY OR IN A CLASS ACTION.

Arbitration Agreement and Class Action Waiver (collectively including all of this section of this **Contract**), **You, We**, and the **Administrator/Obligor** (the "Parties") are agreeing to submit any and all Claims to binding arbitration on an individual basis for resolution. This Arbitration Agreement and Class Action Waiver sets forth the terms and conditions of our agreement to binding arbitration. The Parties agree that any and all claims, disputes and controversies related in any way to this **Contract**, including but not limited to claims related to the underlying transaction giving rise to this **Contract**, or claims related to the sale, financing or fulfillment of this **Contract** (collectively, "Claims"), shall be resolved by final and binding arbitration. "Claims" shall be given the broadest meaning possible and includes, without limitation, Claims arising under agreement, tort, statute, regulation, rule, ordinance or other rule of law or equity, and Claims against any of **Our** or the **Administrator's** owners, shareholders, members, affiliates, subsidiaries, divisions, directors, officers, employees, representatives, agents, successors, or assigns. In arbitration, Claims are resolved by an arbitrator and not by a judge or jury. **THE PARTIES, INCLUDING YOU, WAIVE ANY RIGHT TO HAVE CLAIMS DECIDED BY A JUDGE OR JURY.**

In addition, except as expressly stated in the Class Action Waiver or otherwise expressly stated herein, the arbitrator shall have exclusive authority to decide all issues related to the enforcement, applicability, scope, validity, and interpretation of this Arbitration Agreement, including but not limited to any unconscionability challenge or any other challenge that the Arbitration Agreement is void, voidable or otherwise invalid. Notwithstanding this agreement to arbitrate, each of the Parties retains the right to seek remedies in small claims court to resolve any Claim, on an individual basis, within the jurisdiction of small claims court. **You** acknowledge **Your** understanding that all Parties hereunder are waiving their rights to go to court, except for small claims court, to resolve any Claims arising under or related to this **Contract**. The Parties agree and acknowledge that the transaction evidenced by this **Contract** affects interstate commerce. The Parties further agree that all issues relating to this Arbitration Agreement and Class Action Waiver, including its enforcement, scope, validity, interpretation, and implementation, will be determined pursuant to federal substantive law and the substantive and procedural provisions of the Federal Arbitration Act ("Act"), 9 U.S.C. §§ 1-16. If federal substantive law holds that state law should apply to any issue relating to this Arbitration Agreement and Class Action Waiver, then the law of the state where **You** purchased the **Agreement** shall apply, without regards to conflicts of law.

CLASS ACTION WAIVER. All Claims must be brought solely in an individual capacity, and not as a plaintiff or class member in any purported class action, collective action, representative action, mass action, private attorney general action or action on behalf of the general public, or similar proceeding (any such action is referred to herein as a "Class Action"). **NO CLAIM WILL BE ARBITRATED ON A CLASS ACTION BASIS.** The Parties, including **You**, expressly waive any right or ability to bring, assert, maintain, or participate as a class member in any Class Action in court, arbitration, or any other forum, and the right for anyone to do so on **Your** behalf. The arbitrator may not consolidate more than one person or entity's claims, and

may not otherwise preside over any Class Action. The arbitrator shall not have the authority to combine or aggregate multiple persons' or entities' Claims or discovery, to conduct a Class Action or to make an award to any person or entity not a party to the arbitration. Notwithstanding anything to the contrary, the Parties agree that the enforcement, applicability, scope, validity, and/or interpretation of this Class Action Waiver shall be decided by a court of competent jurisdiction and not by an arbitrator. If this Class Action Waiver is ruled unenforceable or is interpreted to not prevent a Class Action, then the Arbitration Agreement shall be null and void, and any Claims shall proceed in a court of law and not in arbitration. The Parties agree that if an arbitrator renders a decision regarding the enforcement, applicability, scope, validity, and/or interpretation of this Class Action Waiver, or determines that a Class Action may proceed in arbitration, then: (1) the arbitrator has exceeded his powers, pursuant to §10(a)(4) of the FAA, by taking such action; (2) either party may seek immediate review of that decision by a court of competent jurisdiction; and (3) a court of competent jurisdiction shall apply a "de novo" standard of review of that decision if such standard of review is allowed by the common law or statutes of that state. The Parties, including **You**, agree that if for any reason a Claim proceeds to Court, rather than arbitration, (1) the Claim will proceed solely on an individual, non-class, non-representative basis, and (2) no Party may be a class representative or class member or otherwise participate in any Class Action.

The arbitration shall be administered by the American Arbitration Association ("AAA"). The arbitration shall be conducted pursuant to the AAA Consumer Arbitration Rules (the "Code"). Information on AAA and a copy of the Code may be found at the following URL: American Arbitration Association, www.adr.org. The arbitration will be governed by federal substantive law and the substantive and procedural provisions of the Federal Arbitration Act ("Act"), 9 U.S.C. §§ 1-16. If federal substantive law holds that state law should apply to any issue relating to the arbitration, then the law of the state where **You** purchased the **Contract** shall apply, without regards to conflicts of law. The arbitration will occur before a single, neutral arbitrator selected in accordance with the Code in effect at the time the arbitration commences. If **Your** total damage claims (not including attorney's fees) do not exceed \$25,000, then all Claims shall be resolved by the Code's Procedures for the Resolution of Disputes through Document Submission, except that a Party may ask for a hearing or the arbitrator may decide that a hearing is necessary. If a hearing is held, **You** have a right to attend the arbitration hearing in person, and **You** may choose to have any arbitration hearing held in the county in which **You** live, the closest AAA location to **Your** residence, or via telephone. In the event that the specified arbitration forum is unavailable, the Parties may agree on a substitute arbitration forum. If the Parties cannot agree, a court of competent jurisdiction may appoint a substitute arbitration forum. For information about how to initiate arbitration with the AAA, the Parties may refer to the AAA Code and forms at www.adr.org. If **You** initiate arbitration with AAA, **You** must pay the AAA filing fee in an amount no greater than the fee **You** would have to pay if **You** filed a complaint in federal court. **We** will pay any remaining Costs of arbitration required by the Code ("Arbitration Costs"); however, if the arbitrator determines that any of **Your** claims are frivolous, **You** shall bear all of the

Arbitration Costs. If **We** initiate arbitration against **You**, **We** will pay the AAA filing fee and the Arbitration Costs. Each party will pay his/her/its own attorney's fees, as well as costs relating to proof and witnesses, regardless of who prevails, unless applicable law and/or the Code gives a party the right to recover any of those fees from the other party. An arbitration award may not be set aside except upon the limited circumstances set forth in the Federal Arbitration Act. An award in arbitration will be enforceable under the Federal Arbitration Act by any court having jurisdiction. The time for commencing an arbitration asserting any Claim shall be determined by reference to the applicable statute(s) of limitations, including the applicable rules governing the commencement of the limitations period, and a Claim in arbitration is barred to the same extent it would be barred if it were asserted in court of law or equity rather than in arbitration. If any portion of this Arbitration Agreement is deemed invalid or unenforceable, all the remaining portions of this Arbitration Agreement shall nevertheless remain valid and enforceable, provided, however, that if any portion of the Class Action Waiver is deemed invalid or unenforceable, then this Arbitration Agreement shall be invalidated and unenforceable in its entirety. In the event of a conflict or inconsistency between this Arbitration Agreement and Class Action Waiver and the other provisions of this **Agreement** or any other agreement, this Arbitration Agreement and Class Action Waiver governs.

OPT-OUT PROVISION. YOU SHALL HAVE THE RIGHT TO OPT OUT OF THIS ARBITRATION AGREEMENT AND CLASS ACTION WAIVER BY PROVIDING WRITTEN NOTICE OF YOUR INTENTION TO DO SO TO US WITHIN THIRTY (30) DAYS OF THE PURCHASE OF THIS AGREEMENT (THE DATE OF PURCHASE BEING INDICATED ON YOUR AGREEMENT. To opt out, You must send written notice to either: (1) 10751 Deerwood Park Blvd., Suite 200, Jacksonville, FL 32256, Attn: Legal or (2) legal@fortegra.com, with the subject line, "Arbitration/Class Action Waiver Opt Out." You must include in Your opt out notice: (a) Your name and address; (b) the date You purchased Your Agreement; and (c) the Seller. If You properly and timely opt out, then all Claims will be resolved in court rather than arbitration.