

**POWERTRAIN ENHANCED WITH ROADSIDE REIMBURSEMENT**

In consideration of the payment made by YOU of the amount specified on the DECLARATIONS PAGE, and in reliance upon the warranties and representations made by YOU, the ADMINISTRATOR agrees to pay for the repair or replacement of COVERED PARTS due to MECHANICAL BREAKDOWN or FAILURE sustained during the contract period. COVERAGE provided by the ADMINISTRATOR to YOU is subject to the Definitions, Conditions, Exclusions, Limits, and all provisions outlined in YOUR CONTRACT.

**NO PERSON HAS THE AUTHORITY TO CHANGE THIS CONTRACT OR TO WAIVE ANY OF ITS PROVISIONS. THIS CONTRACT IS FOR THE SOLE BENEFIT OF THE PURCHASER NAMED ON THE DECLARATIONS PAGE OF THE CONTRACT AND APPLIES ONLY TO THE VEHICLE DESCRIBED ON THE DECLARATIONS PAGE OF THIS CONTRACT.**

**A. DEFINITIONS**

The following terms have specific meaning when capitalized and used within this CONTRACT:

1. **ADMINISTRATOR:** Means the company appointed by the SERVICE CONTRACT PROVIDER/OBLIGOR to administer this CONTRACT. This company is American Auto Shield, LLC, 5695 Yukon Street, Arvada, Colorado 80002; phone: 800-531-1925 and fax: 303-420-7543. This is who YOU contact for all CONTRACT MECHANICAL BREAKDOWN or FAILURES for covered repairs, cancellations and any other questions regarding YOUR CONTRACT. **Important Notice: ADMINISTRATOR'S authorization for CONTRACT MECHANICAL BREAKDOWN or FAILURES for covered repairs and additional benefits is always required prior to any service being performed. See section F. for additional information and instructions.**
2. **COMMERCIAL VEHICLE:** Any VEHICLE that is used for business purposes (to generate financial income, full or part-time). See Section G. regarding additional definitions, underwriting availability and exclusions.
3. **CONTRACT:** Means this vehicle service contract COVERAGE that YOU have selected and purchased from the VENDOR as listed on the DECLARATIONS PAGE of the CONTRACT.
4. **COVERAGE:** Means the component protection COVERAGE YOU have selected and purchased under this CONTRACT.

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5. **COVERED PART:** Means any part or component of the VEHICLE that is listed as covered in Section B of this CONTRACT titled "THESE PARTS ARE COVERED" and not specifically excluded from COVERAGE under this CONTRACT.
6. **DECLARATIONS PAGE:** Means the page of this CONTRACT that specifies the purchaser information, the VENDOR information, the lien holder information, the plan information, and other key information specific to YOUR CONTRACT and is titled "DECLARATIONS PAGE".
7. **DEDUCTIBLE:** Means the amount YOU must pay for repairs of COVERED PARTS per visit, as listed on the DECLARATIONS PAGE of this CONTRACT.
8. **MECHANICAL BREAKDOWN or FAILURE:** Means the MECHANICAL BREAKDOWN or FAILURE of any original or like replacement part covered by YOUR CONTRACT to work as it was designed to work in normal service, providing the VEHICLE has received required maintenance as defined in Section E. of this CONTRACT entitled "Maintenance Requirements" and does not include worn parts that are within manufacturer tolerances. Please refer to the wording under exclusions for a listing of conditions under which the FAILURE of a COVERED PART is not considered a covered MECHANICAL BREAKDOWN or FAILURE.
9. **REPAIR FACILITY:** Means any licensed automotive REPAIR FACILITY capable of performing repair services to a COVERED PART, approved by the ADMINISTRATOR, and at which YOU seek to acquire service under this CONTRACT.
10. **SERVICE CONTRACT PROVIDER, OBLIGOR:** Means Palmer Administrative Services, Inc. the party contractually obligated to you under this CONTRACT.
11. **VEHICLE:** Means the VEHICLE described in the DECLARATIONS PAGE of YOUR CONTRACT.
12. **VENDOR:** Means the company from whom YOU purchased this CONTRACT. VENDOR information can be found on the DECLARATIONS PAGE of this CONTRACT.
13. **WAITING PERIOD:** Means the period specified on the DECLARATIONS PAGE. However, if you have purchased this CONTRACT while another service contract or manufacturer warranty is in force for the VEHICLE that names YOU as the holder then the WAITING PERIOD will end upon expiration of said contract or warranty by time or miles if such expiration occurs before the WAITING PERIOD stipulated on the DECLARATIONS PAGE of YOUR CONTRACT.
14. **WE, US, OUR:** Means American Auto Shield, LLC the party responsible for administering the services outlined in this CONTRACT as authorized and on behalf of the SERVICE CONTRACT PROVIDER/OBLIGOR.
15. **YOU, YOUR:** Means the CONTRACT purchaser named on the DECLARATIONS PAGE of YOUR CONTRACT.

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## **B. THESE PARTS ARE COVERED:**

This CONTRACT covers ONLY the components/parts listed below:

1. **ENGINE (Gas or Diesel):** All internally lubricated parts within the Engine including: pistons, piston rings, crankshaft and main bearings, connecting rods and rod bearings, camshaft and camshaft bearings, timing chain or timing belt, timing gears, cylinder head intake and exhaust valves, valve springs, valve guides, valve seats, oil pump, oil pan, push rods, rocker arms, rocker arm shafts, and hydraulic and solid lifters. In addition engine mounts(s), exhaust manifold, harmonic balancer, intake manifold, oil pan, oil pump housing, drive belt tensioner – timing belt/chain, timing belt/chain guide(s), timing chain/belt idler pulley, valve covers(s), flywheel (flexplate) & flywheel ring gear, dipstick and tube. The engine block and heads are covered only if damage is caused by a FAILURE of any of the COVERED PARTS listed in this paragraph, B.1.
2. **TRANSMISSION (Automatic or Standard):** All internally lubricated parts, torque converter, and transmission mounts. In addition actuator(s), electronic shift control unit, gear(s), shift solenoid, solenoid – internal. The transmission case is only covered if the damage is caused by a FAILURE of any of the COVERED PARTS listed in this paragraph, B.2.
3. **WATER PUMP:** Impeller shaft, bearings, bushings and housings.
4. **TRANSFER UNIT (4x4):** Internally lubricated parts within the Transfer Unit including bearings, bushings, sprockets, chains, sleeves, and gears (excluding electrical items). The transfer case is only covered if damage is caused by a FAILURE of any of the above COVERED PARTS listed in this paragraph, B.4.
5. **DRIVE AXLE (FRONT & REAR):** All lubricated internal parts contained within the drive axle housings, including the axle shafts. In addition drive shaft, locking hubs and universal joint(s). The differential housing, transaxle housing and final drive housing are only covered only if damaged by the FAILURE of a lubricated internal Drive Axle Part.
6. **AIR CONDITIONING:** Coverage is included for the condenser, compressor, evaporator, and blower motor. In addition compressor clutch(s) and refrigerant – only if needed for repair. Coverage is also provided for the accumulator/receiver dryer and orifice tube if replaced as part of an otherwise covered repair.
7. **ELECTRICAL:** Coverage is included for the alternator, voltage regulator, starter motor, ignition switch, front wiper motors, rear defogger switch, air conditioning blower switch, power window motors.
8. **FUEL SYSTEM:** Coverage is included for the fuel delivery pump, fuel injection pump and metal fuel delivery lines. Diesel fuel delivery pumps and diesel injection pumps are not covered.
9. **SEALS AND GASKETS:** Seals and Gaskets are covered only in conjunction with the repair or replacement of the COVERED PARTS listed in 1 through 8 above. **Leaking Seals and Gaskets (as “stand alone” repairs) are not covered by the CONTRACT.**

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### **C. ADDITIONAL BENEFITS**

The following **ADDITIONAL BENEFITS for YOUR covered VEHICLE** are provided with YOUR CONTRACT, except where prohibited by law. . **All roadside benefits are on a reimbursement basis only. Please contact your selling vendor listed on your declarations page for reimbursement procedure.** These benefits do not apply during the WAITING PERIOD:

**CAR RENTAL:** The SERVICE CONTRACT PROVIDER/OBLIGOR will, in the event of a MECHANICAL BREAKDOWN OR FAILURE covered by this CONTRACT pay or reimburse YOU for receipted expenses to rent replacement transportation (from a Dealer or licensed rental agency) while YOUR VEHICLE is undergoing repair. Such payment shall be limited to thirty dollars (\$30.00) for each eight (8) labor hours, or a portion thereof, of applicable labor time necessary to complete the repair, up to a maximum of one hundred fifty dollars (\$150.00) per occurrence. This **COVERAGE** does not apply to time waiting for parts or other delays beyond the control of the repair facility. In the event of a major component (engine, transmission or drive axle) replacement, a maximum of three (3) days of parts delay **COVERAGE** will be afforded provided additional authorization is obtained from the ADMINISTRATOR (except where prohibited by law).

**TOWING:** The SERVICE CONTRACT PROVIDER/OBLIGOR will, in the event of a MECHANICAL BREAKDOWN OR FAILURE covered by this CONTRACT, pay or reimburse YOU for reasonable related towing charges not to exceed \$50.00 per occurrence, actually incurred to tow YOUR VEHICLE to an authorized, licensed repair facility (except where prohibited by law).

**TRAVEL EXPENSES:** The SERVICE CONTRACT PROVIDER will, in the event of a MECHANICAL BREAKDOWN OR FAILURE covered by this CONTRACT occurs more than one hundred (100) miles from YOUR home, reimburse YOU up to seventy five dollars (\$75.00) per day for up to three (3) consecutive days for receipted motel/restaurant expenses (except where prohibited by law). The date of MECHANICAL BREAKDOWN OR FAILURE will be considered the first day of the three (3) day maximum period.

### **D. EXCLUSIONS – The following items are not covered by this CONTRACT:**

- 1. REPAIR OR REPLACEMENT OF ANY PART(S) THAT ARE NOT LISTED AS “COVERED PARTS” IN SECTION B OF THIS CONTRACT;**
- 2. MECHANICAL BREAKDOWN OR FAILURE:**
  - a. WHEN REPAIRS ARE PERFORMED WITHOUT PRIOR AUTHORIZATION FROM THE ADMINISTRATOR, EXCEPT FOR EMERGENCY REPAIRS COMPLETED IN CONFORMITY WITH THE PROVISIONS AND SUBJECT TO THE LIMITATIONS SET FORTH IN SECTION F, PARAGRAPH 11;**
  - b. CAUSED BY A LACK OF MAINTENANCE OR MAINTENANCE ITEMS SUCH AS, BUT NOT LIMITED TO, CONSTANT VELOCITY JOINT**

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**BOOTS, TIMING BELT, BRAKE PADS OR SHOES, FILTERS, OIL AND OTHER FLUID CHANGES ;**

- c. CAUSED BY ACTS OF NATURE, OR BY ANY EXTERNAL CAUSE SUCH AS, BUT NOT LIMITED TO: COLLISION, FIRE OR SMOKE, THEFT, FREEZING, VANDALISM, RIOT OR EXPLOSION, TERRORISM, LIGHTNING, EARTHQUAKE, WINDSTORM, HAIL, VOLCANIC ERUPTION, WATER OR FLOOD, BREAKAGE OF GLASS, FALLING OBJECTS, OR NUCLEAR CONTAMINATION;**
- d. OF ANY OTHERWISE COVERED PART THAT DID NOT MEET MANUFACTURER'S SPECIFICATIONS, INCLUDING MODIFICATIONS AND/OR ALTERATIONS TO THE VEHICLE; MECHANICAL BREAKDOWN OR FAILURE OF ANY OTHERWISE COVERED PART THAT IS DIRECTLY OR INDIRECTLY RELATED TO A PART OR SYSTEM THAT DID NOT MEET MANUFACTURER'S SPECIFICATION OR HAS BEEN OTHERWISE MODIFIED OR ALTERED, SUCH PARTS AND MODIFICATIONS INCLUDE BUT ARE NOT LIMITED TO: HEADERS, ALTERED IGNITION SYSTEM, ALTERED ENGINE MANAGEMENT SYSTEMS, FREE FLOW EXHAUST SYSTEM, AFTERMARKET SUNROOFS, AFTER MARKET ALARM SYSTEMS, SNOW PLOWS, OVERSIZED OR UNDERSIZED TIRES, WHEELS OR LIFT AND DROP KITS, WHETHER OR NOT THE VEHICLE WAS PURCHASED WITH SUCH;**
- e. IF YOUR VEHICLE IS USED FOR: RACING ON OR OFF ROAD, IN A COMPETITION OR SPEED CONTEST;**
- f. IF YOUR VEHICLE IS USED FOR TOWING IN EXCESS OF TWO THOUSAND (2,000) POUNDS UNLESS EQUIPPED WITH A FACTORY APPROVED TOWING KIT AND AUXILIARY TRANSMISSION COOLER, AND THE WEIGHT OF THE TRAILER DOES NOT EXCEED THE VEHICLE MANUFACTURER'S TOWING SPECIFICATION;**
- g. IF YOUR VEHICLE IS USED FOR COMMERCIAL PURPOSES EXCEPT WHEN THE VEHICLE IS ELIGIBLE FOR COVERAGE AS DESCRIBED IN SECTION G. "COMMERCIAL VEHICLES" OF YOUR CONTRACT;**
- h. OF ANY PART(S), COMPONENT(S), OR REPAIR(S) STATED AS COVERED BY THE MANUFACTURER'S FULL, ORIGINAL OWNER/FIRST RETAIL PURCHASER WARRANTY FOR THE TERM AND MILEAGE OF SUCH COVERAGE TO THE ORIGINAL OWNER/FIRST RETAIL PURCHASER, WHETHER COLLECTIBLE OR NOT, OR CONTINUING MANUFACTURER'S WARRANTY COVERAGE THAT IS TRANSFERABLE TO SUBSEQUENT OWNER WHETHER TRANSFERRED OR NOT;**
- i. IF THE COVERED PART IS COVERED BY A MANUFACTURER'S WARRANTY, REPAIRER'S GUARANTEE, OR OTHER SERVICE CONTRACT, OR INSURANCE POLICY OF ANY TYPE, WHETHER COLLECTIBLE OR NOT;**

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- j. RELATED TO OPTIONAL COVERAGES OR EQUIPMENT AND/OR USE FOR WHICH A SURCHARGE IS APPLICABLE, UNLESS SUCH SURCHARGE HAS BEEN PAID AND IS NOTED ON THE DECLARATIONS PAGE;
- k. IF IT IS DETERMINED THAT THE ODOMETER IS INACCURATE, HAS EVER BEEN INOPERATIVE, OR HAS BEEN ALTERED SUCH THAT THE VEHICLE'S TRUE MILEAGE CANNOT BE VERIFIED;
- l. THAT IS THE RESULT OF A DEFECT THAT THE VEHICLE MANUFACTURER HAS ANNOUNCED AS THEIR RESPONSIBILITY BY A PUBLIC RECALL, TECHNICAL SERVICE BULLETIN AND/OR SPECIAL POLICY FOR THE PURPOSE OF CORRECTING SUCH A DEFECT;
- m. DUE TO CONTINUED OPERATION AND FAILURE TO PROTECT THE VEHICLE FROM FURTHER DAMAGE ONCE A MECHANICAL BREAKDOWN OR FAILURE HAS OCCURRED;
- n. OF A COVERED PART DAMAGED BY A NON-COVERED PART, OR OF A NON-COVERED PART DAMAGED BY A COVERED PART;
- o. CAUSED BY MISUSE, ABUSE, NEGLIGENCE, INCORRECT COMPUTER PROGRAMMING, NUTS, BOLTS, FASTENERS, CONTAMINATION OF COOLANT, FUEL, FLUIDS OR LUBRICANTS;
- p. RESULTING FROM ENGINE SLUDGE, CARBON, PRE-IGNITION, DETONATION, VARNISH, RUST, CORROSION, FOREIGN OBJECTS, DIRT, DUST, LIQUID, CRACKED RUBBER / NEOPRENE PARTS, DRY-ROT, ROAD CHEMICALS, ABUSE, ALTERATION, OR LACK OF PROPER AND NECESSARY AMOUNTS OF COOLANT, FUEL, FLUIDS OR LUBRICANTS;
- q. PRE-EXISTING CONDITIONS THAT EXISTED PRIOR TO THE LATER OF YOUR CONTRACT PURCHASE DATE OR CONTRACT EFFECTIVE DATE AS LISTED ON YOUR DECLARATIONS PAGE AND THE COMPLETION OF YOUR WAITING PERIOD;
- r. THAT OCCURRED OR IS REPORTED AFTER YOUR CONTRACT EXPIRATION OR CANCELLATION;
- s. FOR REPAIR OR REPLACEMENT OF HYBRID ENGINE POWERED VEHICLE BATTERIES OR FOR THE REPAIR OR REPLACEMENT OF PARTS ASSOCIATED WITH HYBRID ENGINE POWERED VEHICLE BATTERIES;
- t. THAT OCCURS AS TO GRADUAL LOSS OF PERFORMANCE AND HAS RESULTED FROM NORMAL OPERATION AND USE (DUE TO VEHICLE MILEAGE AND/OR AGE) SUCH AS, BUT NOT LIMITED TO: VALVE GUIDES, VALVES, PISTON RINGS, TRANSMISSION CLUTCH PACK DISCS AND BANDS, ETC., UNLESS WORN BEYOND MANUFACTURER TOLERANCES;

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- U. FOR NORMAL EXPANSION/CONTRACTION SEEPAGE OF SEALS AND GASKETS DUE TO AGE/MILEAGE;
- V. WHEN THE MANUFACTURER'S NEW VEHICLE WARRANTY HAS BEEN DETERMINED NULL AND VOID BY THE MANUFACTURER.
3. STORAGE AND FREIGHT CHARGES;
4. REPAIRS NECESSITATED BY AN IMPROPER PRIOR REPAIR;
5. THE COST OF DIAGNOSIS, TEARDOWN, DISASSEMBLY OR ASSEMBLY IF A COVERED MECHANICAL BREAKDOWN OR FAILURE CANNOT BE VERIFIED BY THE ADMINISTRATOR;
6. ANY ADJUSTMENTS, REPOSITIONING, REFITTING, REALIGNING AND/OR CLEANING, INCLUDING BUT NOT LIMITED TO REPAIRS NECESSARY TO CORRECT: TRIM FIT, SQUEAKS, RATTLES, IDLE, WATER LEAKS OR WIND NOISE;
7. REPAIRS IF YOUR VEHICLE IS: A NON-U.S. SPECIFICATION MODEL, IS RATED OVER ONE TON PAYLOAD CAPACITY, IS A LEMON LAW BUYBACK VEHICLE, IS A GREY MARKET VEHICLE OR HAS EVER HAD A TITLE INDICATION OF SALVAGE, JUNK, BRANDED OR OTHER DESIGNATION INDICATING THAT THE VEHICLE HAD BEEN STOLEN, WRECKED, DESTROYED, WATER DAMAGED, OR OTHERWISE DAMAGED TO THE EXTENT THAT IT WAS CONSIDERED TO BE UNECONOMICAL TO REPAIR;
8. NORMAL MAINTENANCE ITEMS, PARTS, AND PROCEDURES SUCH AS, BUT NOT LIMITED TO: ENGINE TUNE-UPS, OIL CHANGES, BRAKE PADS AND SHOES, FUSES AND FUSABLE LINKS, COMPUTER PROGRAMMING, WHEEL OR SUSPENSION ALIGNMENT, FASTENING HARDWARE (EXTERNAL NUTS, BOLTS, SPRINGS, BRACKETS, ETC.), INJECTOR CLEANING, SHOP SUPPLIES, DISPOSAL FEES AND OTHER MISCELLANEOUS SHOP CHARGES;
9. LUBRICANTS, COOLANTS AND FLUIDS UNLESS REQUIRED IN CONNECTION WITH A COVERED REPAIR;
10. ANY PART THAT HAS NOT BROKEN OR FAILED, BUT FOR WHICH A REPAIR FACILITY RECOMMENDS OR REQUIRES REPAIR OR REPLACEMENT;
11. THE REPAIR OR REPLACEMENT OF VALVES AND/OR PISTON RINGS FOR THE PURPOSE OF RAISING THE ENGINE'S COMPRESSION OR CORRECTING OIL CONSUMPTION, STICKING OR STUCK RINGS, WHEN MECHANICAL BREAKDOWN OR FAILURE HAS NOT OCCURRED, INCLUDING WHEN SUCH CONDITION RESULTS FROM EXCESSIVE CARBON BUILD-UP.
12. ANY REPAIR IF VERIFIABLE RECEIPTS, AS REQUIRED IN SECTION E. "VEHICLE MAINTENANCE REQUIREMENTS," ARE NOT PROVIDED IF REQUESTED BY THE ADMINISTRATOR;
13. ANY COMPONENTS, PARTS OR COSTS INVOLVED WITH UPDATING, BETTERMENT, OR RETROFITTING OF COVERED COMPONENTS OR

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SYSTEMS OF YOUR VEHICLE FOR ANY REASON INCLUDING BUT NOT LIMITED TO: PRODUCT CHANGES, LACK OF PRODUCT AVAILABILITY, OR GOVERNMENT REGULATIONS;

14. REPAIRS TO CURE FLUID/OIL LUBRICANT SEEPAGE;
15. SHOP SUPPLIES AND HAZARDOUS WASTE REMOVAL;
16. RETROFITS OR REPLACEMENTS OF ANY COMPONENTS CAUSED BY OR DUE TO COMPLIANCE WITH LAW OR LEGISLATION, AND INCLUDING EMISSION CONTROL EQUIPMENT AND SENSORS;
17. IF IT IS DISCOVERED THAT A CONTRACT IS ERRANTLY SOLD TO YOU ON AN INELIGIBLE VEHICLE, THEN A FULL REFUND OF THE COST OF THE CONTRACT SHALL BE MADE TO YOU;
18. LOSS OF TIME, INCONVENIENCE, DAMAGE TO PROPERTY OR OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGE THAT RESULTS FROM VEHICLE THEFT, MECHANICAL BREAKDOWN OR FAILURE, AND INJURY AND/OR DEATH OF ANY PERSON REGARDLESS IF THE DAMAGE OR INJURY WAS CAUSED BY YOUR VEHICLE OR ITS PARTS EITHER BEFORE OR AFTER REPAIRS HAVE BEEN MADE;
19. VEHICLES NOT INCLUDED IN ADMINISTRATOR'S RATE AND CLASS GUIDES, INCLUDING BUT NOT LIMITED TO MOTOR HOMES, MOTORCYCLES, RECREATIONAL VEHICLES, VEHICLES USED FOR AGRICULTURAL PURPOSES, EXOTIC VEHICLES, VEHICLES EQUIPPED WITH A SNOW PLOW, BRACKET AND/OR CONTROLS ARE NOT ELIGIBLE FOR COVERAGE UNDER THIS CONTRACT;

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#### **E. VEHICLE MAINTENANCE REQUIREMENTS**

1. This CONTRACT requires VEHICLE maintenance to be performed as follows:
  - a. VEHICLE maintenance services are to be performed as recommended by YOUR VEHICLE manufacturer. Contact YOUR local dealer or the manufacturer's website of the make of YOUR VEHICLE or the ADMINISTRATOR if YOU have questions about required VEHICLE maintenance;
  - b. **Keep all receipts for maintenance performed on YOUR VEHICLE** as YOU may, at OUR sole discretion, be required to present the receipts in the event of MECHANICAL BREAKDOWN or FAILURE.  
If requested, proof of required service from a licensed repair facility including **verifiable receipts** showing date, mileage, and VEHICLE identification number of the VEHICLE at the time of service must be presented in order to have repairs authorized on YOUR VEHICLE. YOUR failure or inability to do so may result in a denial of COVERAGE in accordance with this section.

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**COMMERCIAL VEHICLES** have special service requirements. See **COMMERCIAL VEHICLE** in Section G. of YOUR CONTRACT.

**F. IN THE EVENT OF A MECHANICAL BREAKDOWN OR FAILURE:**

1. YOU shall protect the VEHICLE from further damage whether or not such MECHANICAL BREAKDOWN or FAILURE is covered by YOUR CONTRACT. **Any operation of the VEHICLE that results in further damage related to the original MECHANICAL BREAKDOWN or FAILURE shall be considered negligence on YOUR part and any such further damage shall not be covered under this CONTRACT. YOU are responsible for making sure that all VEHICLE fluids are full and that the oil warning light/gauge and temperature warning light/gauge are functioning before driving the VEHICLE. YOU are required to safely pull YOUR VEHICLE off of the road and shut off the engine immediately when any of the lights/gauges indicate a problem.**
2. Present this CONTRACT to the REPAIR FACILITY and call the ADMINISTRATOR, toll free at **1-800-531-1925**.
3. The ADMINISTRATOR will determine the validity of the CONTRACT: proper owner, proper VEHICLE, that the CONTRACT is still in force and that payments are current if you enrolled in a payment plan at the time of purchase of this CONTRACT.
4. YOU are responsible for authorizing and paying for any tear down and/or diagnosis time needed to determine if the VEHICLE has a covered MECHANICAL BREAKDOWN or FAILURE. This CONTRACT will not cover flat rate charges for diagnosis. If the breakdown is not caused by a covered MECHANICAL BREAKDOWN or FAILURE, YOU are responsible for payment of the expenses associated with the tear down and diagnosis.
5. Prior to proceeding with repairs, ensure the REPAIR FACILITY calls the ADMINISTRATOR with an estimate of repairs and receives an authorization number from the ADMINISTRATOR. ADMINISTRATOR will not be liable for repairs performed without prior ADMINISTRATOR authorization, regardless of whether or not you have authorized the REPAIR FACILITY to complete the repairs. **Except for emergency repairs performed in accordance with and subject to the limitations included in paragraph 11 below, any repair performed without prior authorization from the ADMINISTRATOR will not be covered.**
6. The ADMINISTRATOR will verify COVERAGE, confirm the cost of repair using nationally recognized labor guides, authorize repair of COVERED PARTS and labor, and provide the REPAIR FACILITY with an authorization code.
7. The ADMINISTRATOR reserves the right to inspect YOUR VEHICLE prior to issuing any authorization to the REPAIR FACILITY. In the event of a dispute between the ADMINISTRATOR and the REPAIR FACILITY, the ADMINISTRATOR reserves the right to move YOUR VEHICLE to a REPAIR FACILITY of the ADMINISTRATOR'S choice.

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8. At the ADMINISTRATOR'S election, repair or replacement of COVERED PARTS will be made with parts of like kind and quality, including but not limited to new, re-manufactured, exchanged, or used components.
9. In-home repair (both self and mobile) is not covered under this CONTRACT. Any payment for the cost of transporting the VEHICLE to a REPAIR FACILITY as a result of an in-home repair effort, or expenses related to correction of ineffective or failed self-repair efforts is not covered.
10. YOU are responsible for paying any amounts not covered by this CONTRACT, including but not limited to the DEDUCTIBLE, for each visit to the REPAIR FACILITY.
11. Reimbursement for emergency repairs performed outside of normal business hours may be obtained by YOU only if YOU contact US no later than the first business day after such emergency repairs are performed and such emergency repairs meet the following criteria:
  - a. The MECHANICAL BREAKDOWN or FAILURE must prevent YOU from safely operating YOUR VEHICLE.
  - b. The need for repair is immediate and the ADMINISTRATOR'S office is closed.
  - c. The MECHANICAL BREAKDOWN or FAILURE must be of a covered component of YOUR VEHICLE.
  - d. The total cost of the repair and/or replacement must not exceed two hundred fifty dollars (\$250.00). For any repair or replacement with a cost exceeding two hundred fifty dollars (\$250.00), YOU must obtain ADMINISTRATOR'S prior authorization as set forth above or any amount in excess of two hundred fifty dollars (\$250.00) will not be covered and will be YOUR responsibility.
12. The ADMINISTRATOR will make payment directly to the REPAIR FACILITY or to YOU for the covered and authorized repairs or additional CONTRACT benefits. The form of payment will be decided by the ADMINISTRATOR.
13. If you entered into a payment plan at the time of purchase of this CONTRACT and the authorized claim exceeds the amount previously paid towards the financed balance, any portion of the authorized claim exceeding the outstanding balance may be deducted from the authorized claim payment and applied to the unpaid financed balance for customers in the following states AR, CO, DE, DC, ID, IN, KS, KY, ME, MA, MI, MS, MT, NJ, OH, PA, RI, SD, TN, WV.
14. The maximum hourly rate to be paid on any covered repair will be determined based on average REPAIR FACILITY labor rates for the zip code area and VEHICLE type as determined by the ADMINISTRATOR, but not to exceed one hundred dollars (\$100) per hour. Any labor charges over one hundred dollars (\$100) per hour will be YOUR responsibility in the event the repair facility will not accept our allowed rate and YOU choose to have repairs made at that repair facility. The one hundred dollar (\$100) per hour limitation shall be eliminated in the event the market labor rate option has been paid for and is listed on the DECLARATIONS PAGE.

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## **G. COMMERCIAL VEHICLES**

1. This CONTRACT may be available for certain types of COMMERCIAL VEHICLES as long as: (a) the VEHICLE is not rated over one (1) ton capacity (13,600 GVW) and; (b) the appropriate surcharge is paid at time of CONTRACT purchase.
2. Only the following commercial applications are eligible for coverage under this contract:: delivery, messenger, route sales or services, inspections/examinations, maintenance or repair, gardening, and carrying hand tools to the job site.
3. The VEHICLE must be owned and operated by the person listed as the CONTRACT Purchaser. VEHICLES that are subject to regular use by different drivers are not eligible for any CONTRACT COVERAGE.
4. COMMERCIAL VEHICLES are required to follow all original manufacturer's severe service scheduled maintenance and must not exceed maximum towing/load capacities. For specific information, consult YOUR owner's manual or a dealer who sells the make of YOUR VEHICLE.
5. VEHICLES used in any commercial manner not provided in G.2. above are not eligible for COVERAGE. Commercial uses not eligible for coverage include but are not limited to; taxi, limousine, shuttle, police or other emergency use, security service or any law enforcement agency, snow plowing, mail delivery, towing, rental.
6. Any VEHICLE used as a rental or loaner is not eligible for coverage.
7. VEHICLES rated over one-ton capacity (13,600 GVW), and fleet VEHICLES are not eligible for COVERAGE.

## **H. ADDITIONAL INFORMATION**

1. Palmer Administrative Services, Inc. ("PAS") is the SERVICE CONTRACT PROVIDER and OBLIGOR of this CONTRACT. PAS has contractually authorized American Auto Shield, LLC to administer all of the services outlined in this CONTRACT including, but not limited to: claims administration and coverage inquiries.
2. Purchase of this CONTRACT is not required in order to purchase or obtain financing for the VEHICLE. This CONTRACT is not issued by the manufacturer or wholesale company marketing the VEHICLE. This CONTRACT will not be honored by such manufacturer or wholesale company.

## **I. CONTRACT PERIOD**

The CONTRACT begins upon the CONTRACT effective date and starting odometer as indicated on the DECLARATIONS PAGE and will continue until the expiration date or expiration miles as shown on the CONTRACT DECLARATIONS PAGE. This CONTRACT is not renewable.

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## **J. TERRITORY**

This CONTRACT applies only to a MECHANICAL BREAKDOWN or FAILURE occurring within the Continental United States, Alaska, Hawaii and Canada.

## **K. LIMITATIONS OF LIABILITY**

The aggregate limit of liability of all claims and benefits payable under this CONTRACT shall never exceed the amount stated on the DECLARATIONS PAGE. Liability shall be limited to the reasonable price for repair or replacement of any COVERED PART and the reasonable amount of labor time needed for the repair or replacement of any COVERED PART as based on a nationally recognized guide as selected by the ADMINISTRATOR (maximum labor rate as specified in Section F.14 of YOUR CONTRACT). Parts replacement may include new parts, or parts of like kind and quality, which may include used parts, after-market parts or remanufactured parts, as customarily used in the automobile industry.

YOU will be responsible for the cost of all repairs that exceed the aggregate limit of liability under this CONTRACT. The ADMINISTRATOR shall not be required to authorize or pay for any repair amounts if all needed or covered repairs are not performed on YOUR VEHICLE. WE will not be liable to YOU for consequential damages or injuries, nor for any costs or expenses that provide betterment, upgrade, or enhancement to YOU or YOUR VEHICLE. This limit of liability applies regardless of the cause and regardless of the legal theory asserted. There are no warranties that extend beyond the description on the face hereof. The warranties of merchantability and fitness for a particular purpose are expressly excluded and disclaimed.

## **L. SUBROGATION**

YOU agree that WE, after honoring a claim on YOUR CONTRACT, have all rights of subrogation against those who may be responsible for YOUR MECHANICAL BREAKDOWN or FAILURE. YOU shall do whatever is necessary to secure such rights. YOU shall do nothing to prejudice such rights, and **YOU shall execute and deliver to ADMINISTRATOR instruments and papers required to either secure or maintain such rights.** All amounts recovered by YOU for which YOU were previously reimbursed under YOUR CONTRACT shall become OUR property or the property of OUR designee and shall be forwarded to the same by YOU, up to the total amount paid by US under YOUR CONTRACT.

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## **M. ARBITRATION**

**Read the following arbitration provision carefully. It limits certain of Your rights, including Your right to obtain relief or damages through court action.**

Any legal dispute between YOU and ADMINISTRATOR relating to this CONTRACT shall be resolved by binding arbitration. To begin Arbitration, either YOU or WE must make a written demand to the other party for Arbitration. The Arbitration will take place before a single arbitrator. It will be administered in keeping with the Binding Pre-Dispute Arbitration Rules ("Rules") of the Better Business Bureau ("BBB") in effect when the Claim is filed. YOU may get a copy of the BBB's Rules by contacting BBB at 1020 Cherokee Street, Denver, CO 80204, calling (303) 758-2100, or visiting [www.bbb.org](http://www.bbb.org). The filing fees to begin and carry out arbitration will be shared equally between YOU and US. The Federal Arbitration Act, 9 U.S.C. § 1, et seq., will govern and not any state law on arbitration. YOU agree and understand that this arbitration provision means that YOU give up YOUR right to go to court on any Claim covered by this provision. YOU also agree that any arbitration proceeding will only consider YOUR Claims. Claims by, or on behalf of, other individuals will not be arbitrated in any proceeding that is considering YOUR Claims. Please refer to the Individual State Variance Requirements page of this Contract if any, for any added requirements in YOUR state. In the event this Arbitration provision is not approved by the appropriate state regulatory agency, and/or is stricken, severed, or otherwise deemed unenforceable by a court of competent jurisdiction, YOU and WE specifically agree to waive and forever give up the right to a trial by jury. Instead, in the event any litigation arises between YOU and US, any such lawsuit will be tried before a judge, and a jury will not be impaneled or struck. . YOU and WE specifically further agree that any such litigation relating to this CONTRACT shall be brought, and jurisdiction shall lie, exclusively in the District Court of Jefferson County, Colorado. In the event that suit is brought in any other jurisdiction, YOU or WE may seek dismissal of such action and require that it be maintained in Jefferson County, Colorado.

## **N. TRANSFER OF YOUR CONTRACT**

1. Only the Original CONTRACT Purchaser may transfer this CONTRACT.
2. The Original CONTRACT Purchaser must contact ADMINISTRATOR and submit ALL of the following information / documentation at time of transfer request in order to transfer the CONTRACT:
  - a. Administrative processing fee of fifty dollars (\$50.00), a completed transfer application (available from the ADMINISTRATOR) initiated by the original CONTRACT purchaser, and a copy of this CONTRACT; and
  - b. A copy of proper documentation evidencing change of ownership and mileage at date of sale, including a notarized bill of sale signed by both parties; and

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- c. The original CONTRACT holder must provide the new owner and the ADMINISTRATOR with copies of all receipts evidencing required maintenance has performed as described in the "VEHICLE Maintenance Requirements" section of YOUR CONTRACT;
3. This CONTRACT may not be transferred to another VEHICLE. It may only be transferred to a different private owner of the same VEHICLE;
4. The VEHICLE is subject to inspection (at OUR discretion and at YOUR expense) and transfer must take place within thirty (30) days of change of VEHICLE ownership;
5. YOU may not transfer this CONTRACT to a vehicle dealer or to the customer of a vehicle dealer, nor may this CONTRACT be transferred to a commercial use application user if the commercial use surcharge was not paid at time of original CONTRACT purchase;
6. All remaining underlying warranties must be transferred to the new owner;
7. The new CONTRACT holder will be bound by the TERMS AND CONDITIONS of this CONTRACT;
8. If the original owner / first retail purchaser's full warranty does not transfer to the subsequent owner, this CONTRACT COVERAGE will not apply to any MECHANICAL BREAKDOWN or FAILURE that would have been covered for the original owner / first retail purchaser under the manufacturer's original owner / first retail purchaser's full warranty.

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**O. CANCELLATION (Cancel Rights Are Only To The Original CONTRACT Purchaser)**

1. YOU may cancel this CONTRACT by contacting American Auto Shield, LLC at 5695 Yukon Street, Arvada, Colorado, 80002 in writing and by submitting a request to cancel the CONTRACT and a Federal Odometer Statement or notarized affidavit verifying mileage at the time of request. YOU may cancel this CONTRACT within thirty (30) days of the CONTRACT purchase date, if no claim has been made, and receive a full refund of the total CONTRACT purchase price. YOU may cancel this CONTRACT at any other time and receive a pro rata refund based upon the total CONTRACT purchase price calculated upon the greater of the days in force or the miles driven compared to the total CONTRACT term, less claims paid and less the cancellation fee of fifty dollars (\$50.00), subject to state specific information provided in any applicable state-specific addendum to this CONTRACT.
2. The ADMINISTRATOR may cancel this CONTRACT for non-payment of any portion of the CONTRACT purchase price that is past due, for misrepresentation in obtaining this CONTRACT, misrepresentation in the submission of a claim, or if YOUR VEHICLE is found to be modified in a manner not recommended by the VEHICLE manufacturer.
3. In the event YOUR CONTRACT is cancelled for non-payment, YOU will receive, at the ADMINISTRATOR'S discretion, either:

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- a. a pro rata refund based upon the total CONTRACT purchase price calculated based upon the greater of the days in force or the miles driven compared to the total CONTRACT term, less claims paid and less a cancellation fee of fifty dollars (\$50.00), subject to state specific information provided in applicable state specific addendum to this CONTRACT, or
- b. a continuation of YOUR COVERAGE until a future cancel date or odometer reading. This future cancel date and odometer reading shall be determined by calculating the percentage of the total CONTRACT price that has been paid after deducting a cancellation fee and claims paid, if applicable and applying that percentage to the CONTRACT term and mileage term purchased and adding such amounts to the CONTRACT effective date and the true and accurate starting odometer reading as provided in YOUR DECLARATIONS PAGE. Cancellation for misrepresentation in the submission of a claim, misrepresentation in obtaining the CONTRACT or VEHICLE modification shall be based on one hundred (100) percent of the unearned pro rata CONTRACT purchase price, as of the cancellation date, less claims paid and less the fifty dollar (\$50.00) cancellation fee, if applicable.

All cancellations refunds for CONTRACTS that have not been completely paid for at the time of the cancellation refund may be fully or partially paid to the finance company or other party responsible for collecting payments on YOUR CONTRACT as listed on the DECLARATIONS PAGE of this CONTRACT or any separate payment plan agreement entered into at the time of purchase.

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