

**Congratulations and welcome to the family!** Please find enclosed the contract booklet outlining your valuable mechanical breakdown protection. Take a moment to review it, and if you have any questions, don't hesitate to reach out to our dedicated customer service team at 1-800-209-4783 and we will be more than happy to help ensure you understand the coverage. We appreciate your patronage and are standing by to help when you need it most. Feel free to contact us for a quote on any additional vehicles within your household, and we will be more than happy to bundle your policy for you.

Be sure to familiarize yourself with the coverage, maintenance requirements, and procedures in the event of a mechanical breakdown. Proper maintenance of your vehicle will ensure your vehicle stays in the best condition possible as per the manufacturer guidelines. When something does break down, we have included detailed instructions for you to get our help as soon as possible further on in this agreement.

We strongly advise you to keep this agreement in your vehicle so you are always prepared in the event of a breakdown.

Welcome to the Payless Protection family! We look forward to providing you with the peace of mind and financial security that comes with your new breakdown protection.

## **Essential Service Agreement**

**Seller**

**Administrator**

# DECLARATIONS

**Administrator:**

<b>Policy Number: {Contract ID}</b>
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<b>CONTRACT HOLDER ("YOU", "YOUR")</b>	
<b>Customer Name – Primary</b>	
<b>Customer Name – Secondary</b>	
<b>Customer Phone – Primary</b>	
<b>Customer Phone – Secondary</b>	
<b>Customer Email Address</b>	
<b>Customer Mailing Address</b>	

<b>VEHICLE INFORMATION</b>	
<b>Year</b>	
<b>Make</b>	
<b>Model</b>	
<b>Vehicle Identification Number ("VIN")</b>	
<b>Odometer</b>	

# DECLARATIONS

## CONTRACT INFORMATION

COVERAGE LEVEL	ESSENTIAL
DEDUCTIBLE AMOUNT	
POLICY EFFECTIVE DATE	
POLICY EXPIRATION	This policy renews in monthly increments in perpetuity with no predetermined expiration date
WAITING PERIOD	30 Calendar Days <b>AND</b> 1,000 Miles in addition to <b>POLICY EFFECTIVE DATE</b> and <b>ODOMETER</b>
MONTHLY POLICY PRICE	
CANCEL FEE	

<u>Policy Modifications</u>	
<input type="checkbox"/> 4 Wheel Drive  <input type="checkbox"/> Diesel	<input type="checkbox"/> Rideshare  <input type="checkbox"/> Liftkit / Oversized Tires

## LIMIT OF LIABILITY

The aggregate limit of liability of all claims and benefits shall never exceed the J.D. Power Average Retail Value (or other independently published guide), at the time immediately preceding the BREAKDOWN. The maximum hourly labor rate for COVERED BREAKDOWNS shall not exceed the REPAIR FACILITY'S posted labor rate, or \$150.00 per labor hour in the event a labor rate is not posted.

Replacement of parts and in particular certain automotive units, such as engines, transmissions, differential assemblies, and other components, may be by the use of other than new parts of Like Kind & Quality (LKQ). Any such parts will be covered under the terms and conditions for the remaining term of this Agreement.

This agreement sets out the full extent of our responsibilities. Neither the OBLIGOR nor the 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 agreement, negligence, or other wrongful act or omission, even if it has been advised of the possibility of such damages. Neither the OBLIGOR nor the ADMINISTRATOR authorize any person, entity, or dealer to create for them any other obligation or liability in connection with this product.

## SCHEDULE OF COVERAGES

**Engine (Gas or Diesel):** All internally lubricated parts within the Engine including: engine mounts and cushions; engine torque strut; timing belt, timing gears, guides, chain, tensioners and retainers; cylinder head intake and exhaust valves, valve springs, valve guides, valve seats; eccentric shaft; harmonic balancer; rear main seal housing; flywheel (flexplate) and flywheel ring gear; all pulleys; intake and exhaust manifolds; and oil pump. The engine block; engine heads; cylinder barrels; timing cover; valve cover(s); oil pan are covered ONLY if damage is caused by a BREAKDOWN of any internally lubricated part within the Engine.

**Transmission:** All internally lubricated parts within the Transmission, including the torque converter; transmission mounts and internal linkage; and control modules and solenoids. The transmission case and torque converter case covered ONLY if damage is caused by a BREAKDOWN of any internally lubricated part within the Transmission.

**Transfer Unit:** All internally lubricated parts within the Transfer Case, including control modules. The Transfer Case is covered ONLY if damage is caused by a FAILURE of any internally lubricated part within the Transfer Unit.

**Drive Axle:** All internally lubricated parts within the Drive Axle housings, including the axle shafts and constant velocity joints; universal joints; flexible joints; drive shafts; locking hubs; locking rings; supporters, and retainers and bearings. The differential housing, transaxle housing and final drive housing are covered ONLY if damage is caused by a BREAKDOWN of any internally lubricated part within the Drive Axle.

**Turbo-Charger:** All internally lubricated parts of the vehicle manufacturer installed turbo-charger or supercharger. The housing is covered ONLY if damaged by the failure of a lubricated internal part.

**Seals & Gaskets:** Seals and gaskets are only covered in conjunction with the failure of one of the covered components listed above.

## Rental Car & Rideshare Provisions

**Rental Car Coverage:** COVERAGE for rental cars are included in conjunction with an approved claim.

**Rideshare Coverage:** In lieu of rental car COVERAGE, YOU may elect to utilize rideshare services.

## Roadside Assistance

YOUR contract includes emergency roadside service that is available 24 hours a day, 365 days per year. Emergency services are provided by 1-800-209-3387. If YOUR VEHICLE experiences a BREAKDOWN, please call 1-800-209-3387 to request emergency services. There is no DEDUCTIBLE applicable for utilizing these services. YOUR benefits include:

- Towing Services
- Emergency Tire Services
- Lockout Service
- Dead Battery Service

SAMPLE

## AGREEMENT HOLDER RESPONSIBILITIES

1. Read the entirety of this agreement. Check YOUR agreement for COVERAGE and familiarize yourself with its terms and conditions. Only the parts listed above in the Schedule of Coverages are eligible for COVERAGE under this agreement. Verify that both personal contact information and VEHICLE information is correct & accurate at the time of underwriting this policy. Immediately contact the ADMINISTRATOR, listed on Page 1, if any information is incorrect.
2. Vehicle Maintenance Requirements
  - YOU must ensure that YOUR VEHICLE maintenance is performed as recommended by YOUR VEHICLE manufacturer.
  - Maintain all VEHICLE fluid levels as recommended by YOUR VEHICLE manufacturer.
  - Maintain all service records of YOUR VEHICLE as WE may require and request copies to accurately determine eligibility for COVERAGE under this agreement. These records must include a date of service, the odometer reading at the time of service, supplies, and the VIN.
  - If YOU perform YOUR own maintenance, YOU must maintain a written log of dates, mileage readings, supplies, and a detailed description of each service performed. Receipts for the supplies utilized are required to be maintained.
  - YOUR claim may be denied if YOU fail to produce maintenance records, logs and receipts.
3. YOU must ensure that WE issue an authorization to proceed with repairs to qualify for COVERAGE. **ANY REPAIRS COMPLETED WITHOUT OUR PRIOR AUTHORIZATION WILL NOT QUALIFY FOR COVERAGE.**

## INSTRUCTIONS IN THE EVENT OF A BREAKDOWN

1. Be sure the covered VEHICLE is protected from further damage. 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 by this agreement. Contact roadside assistance at {ROADSIDE PHONE} to request a tow to prevent further damage to the VEHICLE.
2. Take YOUR VEHICLE to the closest authorized REPAIR FACILITY. Contact the ADMINISTRATOR via phone at 1-800-209-3387 or via email at [claims@paylessprotection.com](mailto:claims@paylessprotection.com). Be ready with YOUR Contract ID or VIN (see Page 2) for the fastest resolution time.
3. Prior to proceeding with repairs, ensure that the REPAIR FACILITY contacts the ADMINISTRATOR and obtains authorization to proceed with the repair. **IMPORTANT: AGREEMENT HOLDER ASSUMES ALL LIABILITY FOR PAYMENT OF REPAIRS THAT ARE NOT AUTHORIZED TO THE REPAIR FACILITY BY THE ADMINISTRATOR.**
4. The ADMINISTRATOR reserves the right to inspect the covered VEHICLE before the performance of repair or replacement.

5. Pay the applicable deductible and all charges for service not covered by this agreement. NOTE: YOU are responsible for authorizing inspection or teardown of YOUR VEHICLE by the REPAIR FACILITY to determine the cause of failure. If the failure is not covered under this agreement, YOU will be responsible for these costs.

## DEFINITIONS

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

1. **ADMINISTRATOR:** the party that administers this CONTRACT. This is who YOU contact for all BREAKDOWNS, CONTRACT cancellation requests and any other questions regarding YOUR CONTRACT.
2. **BRANDED TITLE:** a VEHICLE title, registration or permit document marked with a permanent designation indicating an altered condition or unknown status of the VEHICLE. This includes, but is not limited to: damaged, dismantled, gray market, colored titles, salvaged, scrapped, water damage, totaled and odometer rollback or odometer unknown titles.
3. **BREAKDOWN:** the inability of a COVERED PART to operate as it was designed to work in normal service, per established tolerances defined by YOUR VEHICLE manufacturer. A BREAKDOWN is defined as a COVERED PART exceeding such tolerances.
4. **COMMERCIAL VEHICLE:** any VEHICLE that is used full or part-time for business purposes to generate income.
5. **CONTRACT:** this VEHICLE service CONTRACT that provides the COVERAGE that YOU have purchased from the SELLER.
6. **CONTRACT HOLDER, YOU, YOUR:** the CONTRACT purchaser named as the CONTRACT HOLDER on the DECLARATIONS PAGE.
7. **CONTRACT PERIOD:** The CONTRACT begins on the CONTRACT Effective Date as indicated on the DECLARATIONS PAGE. This CONTRACT is not guaranteed to be renewable.
8. **COVERAGE:** the COVERAGE YOU have purchased as provided by the CONTRACT.
9. **COVERED BREAKDOWN:** a BREAKDOWN that results in an authorized payment by US to YOU or on YOUR behalf. The Exclusions & Provisions of this contract detail instances in which a COVERED PART will be excluded from qualifying as a COVERED BREAKDOWN.
10. **COVERED PART:** any part of the VEHICLE that is specified as covered in the Schedule of Coverages and authorized by US for repair or replacement.
11. **DECLARATIONS PAGE:** the page of this CONTRACT titled DECLARATIONS.
12. **DEDUCTIBLE:** a portion of the COVERED BREAKDOWN YOU are required to pay per covered claim as listed on the DECLARATIONS PAGE of this CONTRACT.
13. **OBLIGOR ("WE", "US", "OUR"):** The OBLIGOR that is responsible for meeting the obligations provided to perform under this CONTRACT.
14. **REPAIR FACILITY:** any licensed automotive REPAIR FACILITY chosen by YOU and is authorized by US that is capable of performing repair services to a COVERED PART.
15. **SELLER:** the company from whom YOU purchased this CONTRACT. SELLER information is provided on Page 1 of this CONTRACT.
16. **TEARDOWN:** the disassembly of a failed part required to determine the cause of failure. This includes RDI (Remove Disassemble and Inspect).

17. **VEHICLE:** the VEHICLE described on the DECLARATIONS PAGE.

## EXCLUSIONS AND PROVISIONS

The following are exclusions under this vehicle service agreement program:

1. Any COVERED BREAKDOWN or failure for which the manufacturer is responsible under its warranty or under the repairer's guarantees.
2. Any loss or expense that is the direct result of a mechanical or structural defect for which the manufacturer has publicly announced its responsibility by any means or by a recall for the purpose of correcting such defect.
3. If the odometer has stopped or has been altered or disconnected and misrepresents your VEHICLE'S actual mileage.
4. Any loss or damage due to collision, falling objects, theft, attempted theft, fire, fluid contamination, larceny, explosion, malicious mischief, vandalism, riot, or civil commotion, acts of God, flood or freezing, or acts of nature and events beyond our control.
5. Misuse or abuse: negligence, modification, alteration, tampering, disconnection, improper adjustments or repairs, installation of parts not equivalent in quality and design to parts supplied by the manufacturer or add-on parts.†
6. Towing or pulling: pulling a trailer or another vehicle unless your VEHICLE is properly equipped for this purpose as recommended by the manufacturer.
7. Lack of manufacturer's required maintenance: if you fail to perform proper maintenance or customary lubrication services as recommended by the manufacturer, or by lack of required maintenance, or use of fuels, oils, and/or lubricants other than those recommended by the manufacturer.
8. Commercial use of the covered VEHICLE.††
9. For storage charges.
10. Motor tune-up and maintenance items such as oil change filters, fluids, unless required in connection with the repair of a covered component or part.
11. Failure or loosening of fasteners, hardware, connections, bolts, nuts, screws.
12. If you are renting the covered VEHICLE to another individual or entity.
13. Any repairs performed on the covered VEHICLE not specifically authorized by us via an authorization number are not covered.
14. Any claim papers received after 60 days from the authorization date will result in a claim denial.
15. Parts not specifically listed as covered under this agreement are not covered under this agreement or unavailable parts.
16. Any failure or claim caused by a condition that existed prior to the purchase of this agreement.
17. Any economic loss, including loss of time, inconvenience, lodging, food, storage, or other incidental or consequential loss or damage that may result from a failure.
18. Sales tax.
19. Diagnostic fees and any additional fees, shop supplies, freight. Diagnostic fees, however, are covered with any approved claim.
20. Fluid seepage, seepage is considered a normal condition by the manufacturer.

21. Any covered part if a BREAKDOWN has not occurred or if the wear on that part has not exceeded the tolerances allowed by the manufacturer but which a repair facility recommends or requires be repaired in connection with a COVERED BREAKDOWN.
22. Piston rings and intake or exhaust valves which have not sustained a BREAKDOWN but require removal of carbon deposits or other materials by grinding and/or refacing of the valves or seats and cleaning and/or replacement of the pistons and piston rings to restore engine compression or reduce oil consumption.

† - If the Declarations Page shows that the Liftkit/Oversized Tires option was selected, COVERAGE will be provided for YOUR VEHICLE if it has oversized/undersized tires (not to exceed 6 inches greater than manufacturer's specifications), body lifts, and suspension lifts (maximum 6-inch combined lift) that are installed by the dealer or authorized dealer facility at the time of the VEHICLE sale. COVERAGE will be provided in accordance with the terms and provisions of this SERVICE CONTRACT. The odometer must be re-calibrated to register accurate readings in order for YOUR VEHICLE to be eligible for this COVERAGE. The oversized/undersized tires, body lifts, suspension lifts, and any and all modifications, alterations, or additions are specifically excluded from COVERAGE, and any failures caused by those oversized/undersized tires, body lifts, suspension lifts, and any and all modifications, alterations, or additions shall not be covered under this CONTRACT.

†† - If the Declarations Page shows that the Rideshare option was selected, COVERAGE will be provided for YOUR VEHICLE if it is used for rideshare purposes. COVERAGE will be provided in accordance with the terms and provisions of this SERVICE CONTRACT. Any other commercial use of this VEHICLE outside of rideshare purposes will be considered a violation of this exception and YOUR VEHICLE will no longer qualify for COVERAGE under this SERVICE CONTRACT.

## TRANSFER OF AGREEMENT

1. The CONTRACT HOLDER may transfer this contract to a new vehicle owner with our approval. The decision to approve transfers is entirely within our discretion and may be denied for any reason.
2. To transfer the CONTRACT, the CONTRACT HOLDER or new VEHICLE owner must contact US and submit the following information and documentation at time of transfer request:
  - a. Proof of the ownership change such as a bill of sale, VEHICLE registration or title;
  - b. An administrative processing fee of seventy-five dollars (\$75.00).
  - c. The odometer reading at time of ownership transfer;
  - d. Copies of receipts demonstrating that the last scheduled maintenance requirements have been performed as described in the VEHICLE MAINTENANCE REQUIREMENTS section.
3. This CONTRACT may not be transferred to another VEHICLE. It may only be transferred to a private owner of the same VEHICLE.
4. YOU may not transfer this CONTRACT to a vehicle dealer or to the customer of a vehicle dealer.
5. All remaining underlying warranties must be transferred to the new owner.

## CANCELLATION

1. YOU may cancel this CONTRACT by contacting the ADMINISTRATOR, in writing or via phone, at 15657 N Hayden Road Ste 1366, Scottsdale, AZ 85260 or 1-800-209-3387 and submitting a request to cancel the CONTRACT, or as otherwise required by law.

a. If cancelled within 30 days of purchase, the ADMINISTRATOR shall issue a full refund to the CONTRACT HOLDER.

b. If cancelled after more than 30 days have elapsed from the POLICY EFFECTIVE DATE, a prorated refund of the current monthly term will be issued less any claims paid and less the cancellation fee indicated on page 4

2. The ADMINISTRATOR reserves the right to terminate this CONTRACT in the event of misrepresentation by YOU during the contract purchase, misrepresentation by YOU when filing a claim, or if YOUR VEHICLE is discovered to have been modified in a way contrary to the recommendations of the VEHICLE manufacturer.

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## INSURANCE STATEMENT

This service CONTRACT is not an insurance policy.

## CONTRACT TERM & ELIGIBILITY

COVERAGE is effective given the BREAKDOWN occurs after the waiting period time, indicated on Page 3 ("Declarations – Contract Information"), has elapsed and the odometer at the time of BREAKDOWN has exceeded the waiting period mileage, also listed on Page 3.

This CONTRACT may be renewed, on a monthly basis, by US or YOU. Unless WE have given YOU written notice of OUR intent to elect not to renew, YOU may renew by paying the Monthly Policy Price, listed on Page 3. The waiting period will not apply for renewal terms, provided YOUR payment is received by US within 30 days of expiration. YOUR CONTRACT will be issued a new Contract ID for every month renewed to reflect the updated effective date. If YOU would like to request an updated version of this CONTRACT, please contact the ADMINISTRATOR.

SAMPLE