

MOTOR TRUCK CARGO COVERAGE FORM

(Carriers' Liability)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. – **Definitions.**

A. Coverage

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

- 1. Covered Property** means property of others that you have accepted for transportation as a motor carrier under your tariff and bill of lading or other written contract.

We cover property only while it is:

- a. contained in or on a land vehicle while in "transit" and/or during "loading" and "unloading," or
- b. at premises scheduled under the Limits of Insurance in the **Motor Truck Cargo Declarations.**

Coverage at such premises applies only to property:

- (1) that is held at the premises for a period of less than 31 days; and
- (2) for which no storage charge is made.

2. Property Not Covered

Covered Property does not include:

- a. accounts, bills, blue prints, currency, deeds, evidences of debt, money, notes, securities, commercial paper or other documents of value;
- b. bullion, gold, silver, platinum or other precious alloys or metals, jewelry, watches, precious or semiprecious stones or similar valuable property;
- c. furs;
- d. paintings, statuary and other works of art;
- e. vehicles that are used to carry the Covered Property, such as trucks, "intermodal" containers, container chassis and trailers;
- f. live animals, birds or fish except as follows:

We only cover your liability for theft or death or destruction directly resulting from or made necessary by fire, smoke, explosion, rioters, strikers, civil commotion, flood, or by collision, upset or overturn of the vehicle carrying the property, if these causes of "loss" would be covered under this Coverage Form;

We do not cover your liability for reduction in the market value or downgrading of live animals, birds or fish due to minor injuries, scrapes and bruises;

- g. contraband, or property in the course of illegal transportation or trade.
- h. property for which you act as a transportation broker, unless the **Transportation Broker Liability Endorsement** is attached to this policy;
- i. property while it is being installed, erected or dismantled.

3. Covered Causes of Loss

Covered Causes of Loss means your legal liability as a motor carrier, either as imposed by law or assumed by written contract, for **Direct Physical "Loss"** to Covered Property except those Causes of "Loss" listed in the Exclusions.

4. Additional Coverages

The deductible shown in the Declarations does not apply to the following Additional Coverages.

a. Earned Freight Charges

We will pay your earned freight charges that you are unable to collect as a result of a "loss" covered by this Coverage Form. The most we will pay in any one occurrence is \$2,500. This limit is separate from the Limits of Insurance shown in the Declarations.

b. Debris Removal

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us within 180 days of the earlier of:

- (a) the date of direct physical "loss," or
- (b) the end of the policy period.

(2) The most we will pay under this coverage is 10% of the applicable Limit of Insurance for direct physical "loss" to Covered Property, up to a maximum of \$5,000 for the sum of all such expenses for each occurrence. The Debris Removal Limit is separate from the Limit of Insurance stated elsewhere in the policy.

c. Reloading Expense

If Covered Property is spilled, dislocated, exposed to the weather or immobilized as a direct result of an ac-

cident to the conveying vehicle, we will pay your necessary expense to reload the Covered Property. This coverage applies when there has been no "loss" to Covered Property or when the amount of the direct physical "loss" is less than the amount of your deductible. The most we will pay in any one occurrence is \$5,000. This limit is separate from the Limits of Insurance shown in the Declarations.

The additional coverages for Debris Removal and Reloading Expense do not apply to the cost to:

- (a) extract "pollutants" from land or water; or
- (b) remove, restore or replace polluted land or water.

B. Exclusions

1. We will not pay your liability for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for "loss" caused by acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
2. We will not pay your liability for a "loss" caused by or resulting from any of the following:
- a. delay, loss of use, loss of market or any other consequential loss.
 - b. dishonest or criminal acts by you, your partners, managers, directors, officers, trustees, employees or authorized representatives (including leased employees and operators under contract to you) or anyone with an interest in the property (including their employees and authorized representatives):
 - (1) acting alone or in collusion with others;
 - (2) whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees), but theft by employees (including leased employees) is not covered.

- c. wear and tear, any quality in the property that causes it to damage or destroy itself, spoilage, deterioration, rot, bacteria, mold, rusting, corrosion, extremes of temperature or humidity, freezing, shrinkage, evaporation, loss

of weight, changes in flavor, finish or texture, contamination, insects, vermin and rodents.

But we will pay for your liability for direct "loss" to Covered Property caused by fire, explosion, smoke, riot or civil commotion, vandalism or malicious mischief, theft, flood, collision, upset or overturn of the transporting conveyance.

- d. wetness or dampness when Covered Property is in or on an open topped, flat bed or curtain sided trailer or truck unless:

- (1) the Covered Property is completely and securely covered with a waterproof tarpaulin; and

- (2) the tarpaulin first sustains damage by a Covered Cause of Loss.

3. We will not pay for any costs or penalties you incur for violation of any law or regulation that applies to your delay in payments, denial or settlement of any claim made against you by others.

C. Limits of Insurance

The most we will pay for "loss" in any one occurrence is the applicable Limits of Insurance shown in the Declarations.

D. Deductible

We will pay the amount of the adjusted "loss" in any one occurrence in excess of the Deductible amount shown in the Declarations, up the applicable Limit of Insurance.

E. Additional Conditions

The following conditions apply in addition to the Commercial Inland Marine Conditions and Common Policy Conditions:

1. Coverage Territory

We cover property within:

- a. the states of the United States of America and the District of Columbia;
- b. Canada

but we do not cover property in transit to or from Hawaii, or to or from Alaska.

2. Valuation

General Condition F. **Valuation** subparagraph 1 in the Commercial Inland Marine Conditions is replaced by the following:

1. a. the amount for which you are liable;
- b. the amount of invoice, or in the absence of an invoice, the actual cash value of that property as of the time of "loss";

3. Claims Against Others

The following is added to Commercial Inland Marine Loss Condition C., **Duties in the Event of Loss:**

11. You must promptly make claim in writing against any other party who may be liable for the "loss."

4. Impairment of Rights of Recovery

The following is added to Commercial Inland Marine Loss Condition J., **Transfer of Rights of Recovery Against Others to Us:**

You may accept bills of lading or shipping receipts issued by other carriers that limit their liability to less than the actual value of the property.

5. Labels

In the event of "loss" only to the identifying labels or wrappers containing the Covered Property, we will pay the cost to replace those labels or wrappers if the "loss" is caused by or results from a Covered Cause of Loss.

6. Records

You shall keep accurate records of your trucking business and all "gross receipts" from transporting the property covered by this Coverage Form. You shall retain these records for three years after the policy ends.

7. Reimbursement to Us

We may endorse this policy at your request to comply with the requirements of the U.S. Department of Transportation or any other governmental authority.

If we pay any "loss" solely because of any such endorsement, you will promptly reimburse us for that payment and any other expense we have in connection with that payment.

8. Adjustment and Payment of Loss

At our option, we may adjust the "loss" with and pay to:

- a. you, for the account of whom it may concern; or
- b. your customer, or the owners of the Covered Property.

If legal actions are taken to enforce a claim against you, we reserve the right, at our option, without expense to you, to conduct and control your defense. This action will not increase our liability under your policy, nor increase the Limits of Insurance specified in the Declarations.

9. Reporting (applies only if indicated on Declarations).

- a. **Reports.** Within 15 days after the end of each reporting period shown in the Declarations you will report to us the full amount of "gross receipts" (both collected and uncollected) from your trucking business.

b. Rates and Premium

(1) **Premium Computation.** We will compute the premium

- (a) using the rates shown in the Declarations, and
- (b) as of each Premium Adjustment Period shown in the Declarations.

(2) Premium Adjustment

- (a) When the Annual Premium Adjustment Period is shown in the Declarations, we will compare the total computed premium to the Deposit Premium. If the total computed premium is more than the Deposit Premium, you will pay us the difference. If it is less than the Deposit Premium, we will pay you the difference.
- (b) When Monthly or Quarterly Premium Adjustment Period is shown in the Declarations, we will apply the computed premium to the Deposit Premium until it is used up. You will pay us all premiums that exceed the Deposit Premium as earned with each report.
- (c) If this coverage is cancelled within 30 days of the cancellation date you will report the full amount of "gross receipts" from your trucking business up to and including the date of cancellation.

(3) Minimum Premium

You must pay at least the minimum annual premium shown in the Declarations.

(4) Failure to Submit Reports

If you have failed to submit the required reports to us or our duly authorized agent on or before the due date, this policy will be subject to cancellation for nonpayment of premium.

10. Excess Insurance

You agree that no excess insurance over and above the Limits of Insurance provided by this policy will be provided by any other insurance policy.

If excess insurance is in force and we have not agreed in writing to permit such excess insurance, the amount we will pay under this policy will be reduced to the proportion that the applicable Limit of Insurance under this policy bears to the total amount of insurance that would apply to the "loss," regardless of the amount paid by the excess insurer.

For example, if the applicable Limit of Insurance under this policy were \$100,000 and there was an excess policy with a limit of \$400,000. A covered "loss" in the amount of \$250,000 occurs. In this circumstance, the most we would pay for would be $100,000 \div 500,000$ or $20\% \times \$250,000 = \$50,000$, minus the policy deductible amount.

Regardless of the amount of "loss," we will not pay more than the applicable Limit of Insurance shown in the **Motor Truck Cargo Declarations** of this policy.

F. Definitions

"Loss" means accidental loss or damage.

"Gross receipts" means the total amount of receipts to which you are entitled for the packing, loading, unloading and transporting of Covered Property, regardless of whether you or another carrier originated the transportation.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

"Transit" begins with the actual movement of the goods from point of shipment bound for a specific destination. It remains in transit during the ordinary, reasonable and necessary stops, interruptions, delays or transfers incidental to the route and method of shipment.

"Transit" ends when any of the following occurs:

1. Covered Property is accepted by, or on behalf of, the consignee at the intended destination or at any intermediate point short of the original intended destination; or
2. seventy-two hours after arrival at destination; or
3. any other stop that exceeds seventy-two hours.

"Intermodal" containers are containers used in combination with another mode of trans-

portation, such as trailer on flatcar, or container on a vessel.

"Loading" means the lifting or moving of Covered Property from the ground, or a loading platform immediately adjacent to the transporting conveyance, onto the transporting conveyance.

"Unloading" means the lowering or moving of Covered Property from the transporting conveyance to the ground, or a loading platform immediately adjacent to the transporting conveyance.