MOTOR TRUCK CARGO – BASIC FORM COVERAGE

Various provisions of this policy restrict coverage. Read the entire policy carefully to determine your rights, duties, and what is and 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 insurance company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section VI – DEFINITIONS

I COVERAGE

In return for your payment of the required premium, we will provide the coverage described in this coverage form, the Declarations, Commercial Inland Marine Conditions and Common Policy Conditions endorsements and any other forms, endorsements or schedules which are part of this policy.

A. TRUCKMEN- MOTOR TRUCK CARGO LEGAL LIABILITY COVERAGE

We will pay on your behalf those sums that you become legally obligated to pay as a motor carrier for hire for direct physical loss of or damage to covered property of others in your care, custody or control in or on a “covered vehicle” while “in due course of transit” from a covered cause of loss.

B. OWNERS COVERAGE

We will pay for direct physical loss of or damage to covered property you own or you have sold to others in your care, custody or control that occurs while in or on a “covered vehicle” while “in due course of transit”. We will only pay for loss or damage resulting from a covered cause of loss.

C. PROPERTY OF OTHERS AT A “TERMINAL” LOCATION

We will pay for direct physical loss of or damage to covered property of others in your care, custody or control as a motor carrier for hire at a “terminal” location for up to 72 hours, excluding Sundays and federal or state holidays, but only when:

1. The property is loaded on your detached trailer(s) and you have agreed to transport the property; or
2. The property is unloaded from your trailer(s).

We will only pay for loss or damage resulting from a covered cause of loss.

D. COVERAGE EXTENSIONS

If loss or damage to covered property occurs due to a covered cause of loss, we will also pay:

1. Earned Freight

   Your actual freight charges earned as of the event which caused the loss or damage but only if you were unable to collect these freight charges. The most we will pay for earned freight due to loss or damage from a single event is $1,500.

2. Debris Removal Expense

   Your actual expenses to remove debris of covered property up to a maximum of $10,000 for any one event. This coverage extension does not apply to the costs to:
   
   a. Extract “pollutants” from land or water; or
   
   b. Remove, restore or replace polluted land or water.
We will not pay for any debris removal expenses unless they have been reported to us in writing within 180 days of the covered loss or damage.

3. **Defense Costs**

Costs to defend an insured against a claim or “suit” arising out of loss or damage to covered property you do not own and any other costs or expenses we incur or you incur at our request.

We have the right and duty to defend an insured against these claims or “suits” and may settle any claim or “suit” as we consider appropriate. Our duty to settle, defend an insured or pay defense costs ends when our limit of insurance has been exhausted by payments of our policy limits for loss or damage from a single event.

We have no duty to settle, defend an insured or pay defense costs or expenses:

a. For claims or “suits” alleging loss or damage for which this insurance does not apply; or

b. Arising out of any governmental or other request that you test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize “pollutants” from air, land or water or restore or replace polluted land or water.

E. **COVERED PROPERTY**

Covered property will include goods and merchandise while “loading or unloading” by you or your employees, loaded for shipment or “in due course of transit” except as limited in paragraph F. PROPERTY NOT COVERED below.

F. **PROPERTY NOT COVERED**

Covered property will not include:

1. Property you haul for others without a charge, gratuitously or as an accommodation.

2. Property of others after is has remained at any “terminal” location for more than 72 hours.

3. Property owned by you or sold by you while at any “terminal” location.

4. Property or contraband which is used in the course of illegal transportation or trade.

5. Property for which no bill of lading, shipping receipt, contract of carriage or tariff document has been issued by you or in your name.

6. Property “in due course of transit” that is held in storage unless storage is specified in a bill of lading, shipping receipt, contract of carriage or tariff document, but, only to the extent coverage applies under paragraph C. Property Of Others At A “Terminal Location.

7. Property while in the care, custody or control of any other carrier.

8. Accounts, bills, deeds, money, notes, securities, currency, food stamps, plans, other evidences of debt, lottery tickets not held for sale, blueprints and other similar papers or documents.

9. Explosives, firearms or munitions.
10. The following hazardous materials:
   a. Bulk flammable materials (bulk shall mean transportation of more than 120 gallons in a single
      container);
   b. Compressed gasses (except aerosol cans);
   c. Corrosive liquids (except batteries and packaged household cleaning solutions);
   d. Oxidizers; or
   e. Radioactive materials.

11. Jewelry, watches, precious stones or metals, paintings, statuary or objects of fine art.

12. Cotton within seventy-two (72) hours after ginning.

13. Livestock or other live animals, however, this does not apply in the event of death or injury rendering
    death immediately necessary resulting from a covered cause of loss.

14. Any motor vehicle, trailer, semi-trailer, shipping container, or equipment used in shipping, handling or
    “loading or unloading” covered property (including but not limited to tarpaulins, pads, covers, chains,
    binders, straps, tools, repair equipment, wrapping materials or pallets).

II. COVERED CAUSES OF LOSS AND EXCLUSIONS

A. COVERED CAUSES OF LOSS

We will pay for loss of or damage to covered property caused solely by one of the following causes of loss:

1. Fire, lightning or explosion.

2. Cyclone, tornado or windstorm, but excluding loss or damage caused by:
   (1) Hail, whether driven by wind or not; or
   (2) Rain, sleet, snow or sand whether driven by wind or not unless the “covered vehicle” first sustains
       wind damage through which the rain, sleet, snow or sand enters the “covered vehicle”.

3. “Collision”.

4. Upset or overturn of the “covered vehicle”.

5. Collapse of any bridge, roof, dock, wharves, platform, railway, culvert, overpasses, ramps or anything else
   providing support for the weight of a “covered vehicle”.

6. Flood.

7. The stranding, sinking, burning or collision (including general average and salvage charges) of any regular
   ferry while operating on inland waterways only.

8. Spoiling, freezing or other change in temperature but only if such loss or damage is directly caused by a
   sudden and accidental mechanical failure or breakdown of the refrigeration or heating equipment attached
   to a “covered vehicle”. This does not include mechanical failure or breakdown caused in whole or in part
   by a failure to properly maintain, fuel, service or repair the refrigeration or heating equipment. You must
   inspect the refrigeration or heating equipment at least monthly and immediately complete and retain written
   documentation that the equipment has been inspected and contains proper fuel, refrigerant and lubricant
   levels and is otherwise properly maintained, serviced and repaired.
9. “Robbery” or attempted “robbery” from your driver.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by or resulting from any of the following:
   a. Any intentional, dishonest, or illegal act, alone or in collusion with another by you, others who have an interest in the covered property, others to whom you entrust the covered property or any of their or your employees or agents, independent contractors or anyone who has obtained possession or access to the covered property on your behalf or in your service, regardless of whether or not such act occurs during your regular business hours or in the course and scope of their employment.
   b. Any liability you assume under any contract, indemnity agreement, equipment lease, interchange agreement, trip lease or sub-lease agreement. This exclusion does not apply to liability for loss under a Tariff Document, Shipping Receipt, Uniform Bill of Lading or any contract of carriage issued by you.
   c. Delay or late delivery, loss of market, business interruption or consequential loss of any type including, but not limited to, lost production, loss of use or extra-contractual penalties.
   d. Wear and tear, depreciation or obsolescence, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, insects, rodents, moths, worms or vermin.
   e. Your operation as a rigger, hoister, twister, erector, installer, or dismantler.
   f. Costs, expenses, fees, fines, penalties or damages resulting from your violation of any law or regulation relating to the delay in payment, denial, or settlement of any loss or claim.

2. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes to or aggravates the loss, whether such causes or events act concurrently or in any sequence to the loss:
   a. Governmental Action
      The seizure or destruction of covered property by order of governmental authority.
      But we will pay for loss or damage caused by or resulting from 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 or damage 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.

III LIMIT OF INSURANCE

A. The most we will pay, regardless of the number of “covered vehicles” involved, for all loss or damage arising out of a single occurrence is the Catastrophe Limit of Insurance indicated in the Declarations less the applicable deductible from Section IV below.

B. Subject to the Catastrophe Limit of Insurance described in paragraph A. above, the most we will pay for loss or damage to covered property in any one “covered vehicle” is the Limit of Insurance shown in the Declarations or Vehicle Schedule less the applicable deductible from Section IV below.

For purposes of determining the applicable Limit of Insurance, a power unit and any attached trailer(s), semitrailer(s) or container(s) shall be considered a single “covered vehicle”.

C. Subject to the Catastrophe Limit of Insurance described in paragraph A. above, the most we will pay for loss or damage to covered property at any one “terminal” is the Any One Terminal Location Limit of Insurance shown in the Declarations less the applicable deductible from Section IV below.

D. Amounts paid under the Extensions of Coverage described in Section I COVERAGE paragraph D. are in addition to the Limits of Insurance applicable to a covered loss.

IV DEDUCTIBLE

We will not pay for loss of or damage to covered property until the amount of the adjusted loss or damage exceeds the applicable deductible indicated below:

A. For loss or damage to covered property in a “covered vehicle” the deductible shown in the Declarations for Each Covered Vehicle or in the Vehicle Schedule as applicable to that “covered vehicle”.

B. The Each Terminal Location deductible will apply to loss or damage to covered property in a “terminal”.

We will then pay the amount of the adjusted loss in excess of the deductible up to the Limit of Insurance described in Section III above.

If we must pay all or part of the deductible in order to settle a claim or “suit”, you will be required to reimburse us for that portion of the deductible we paid on your behalf.

V. CONDITIONS

A. AMENDED CONDITIONS

1. Loss Condition G. Pair, Sets or Parts of the Commercial Inland Marine Conditions does not apply to this Coverage Form.

2. General Condition E. Policy Period is amended by the addition of the following:

As used in this Coverage Form, the coverage territory shall be limited to:

a. The 48 contiguous states of the United States;

b. The District of Columbia;

c. Alaska, and

d. Canada.
3. General Condition F. Valuation in the Commercial Inland Marine Conditions endorsement is replaced by the following:

F. VALUATION

We will determine the value of the lost or damaged property using the lowest of the amounts shown below:

a. The value of the covered property shown in the Tariff Document, Bill of Lading or Shipping Receipt;

b. The cost to repair, rebuild or replace the covered property with material of like kind and quality.

c. If there is an invoice, the covered property will be valued at the cost shown on the invoice or if there is no invoice, the covered property will be valued at its fair market value immediately prior to the loss, less the fair market value of the covered property immediately after the loss.

B. ADDITIONAL CONDITIONS

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

1. AGENT

Except as we specifically provide in writing, no person or corporation may act as our agent for any purpose, including but not limited to the receipt of any notice.

2. ARBITRATION

a. If you and we disagree as to coverage provided by this policy, either party may make a written request that the disagreement be arbitrated. Wherever permitted by state law, arbitration will be required. If mandatory arbitration is not permitted, arbitration will be voluntary.

b. Each party will select an arbitrator. The two arbitrators will select a third arbitrator. If they cannot agree within 30 days, either may request that the American Arbitration Association make the selection of the third arbitrator. A decision agreed to by two of the arbitrators will be binding upon you and us.

c. Each party will pay the expenses and attorney fees it incurs and will bear the expenses of the third arbitrator equally.

d. Unless both parties agree otherwise, arbitration will take place in the county in which you reside. Local rules of law as to the arbitration procedure and evidence will apply.

3. LIBERALIZATION CLAUSE

If we adopt a form or endorsement in your state during the policy period that will broaden coverage written under this policy and there is no premium charge associated with this change, the broadened coverage will apply to this policy.

4. REPORTING CONDITION

a. If this policy is written on a reporting basis of gross receipts or mileage, the estimated premium for this coverage is based upon the estimated gross receipts or mileage for the entire policy.
b. During the policy period, you agree to keep accurate records of gross receipts or mileage as follows:

(1) Gross receipts are the total amounts you are entitled to receive for packing, “loading and unloading” and transporting covered property during the policy period regardless of whether you or any other carrier originates the shipment or transportation. Gross receipts does not include amounts you pay to railroads, steamship lines, airlines and other motor carriers operating under their own ICC or PUC permits, advertising revenue, taxes you collect as a separate item and remit directly to a governmental division, C.O.D. collections for cost of mail or merchandise including collection fees.

(2) Mileage is the total live and dead mileage of all revenue producing units operated during the policy period.

c. You will provide us or our authorized representative with a written report, containing the appropriate premium basis on which the policy is written on a monthly basis. The premium earned is determined by applying the monthly rate shown in the Declarations to the appropriate premium basis earned as of the last business day of each month. The monthly report and earned premium is to be received by us on the 25th day of the month following the month of the report. Failure to provide this report and premium by the due date shall initiate cancellation of the policy.

5. STATUTORY REQUIREMENT

If we are required to pay for loss and expenses that are not covered by this policy, because of Federal, State or any other law or regulation that applies to you as a motor carrier for hire, at our request you will reimburse us amounts paid for such loss or expenses.

6. COINSURANCE

If loss or damage occurs to covered property and the total value of covered property in the “covered vehicle” exceeds the minimum required Limit of Insurance, we will only pay a percentage of what we would otherwise be obligated to pay. We will determine this percentage by dividing the limit of insurance by the minimum required Limit of Insurance. This percentage will then be applied to the total amount of the loss or damage prior to the application of the Deductible.

The minimum required Limit of Insurance will be 80% of the value of covered property in the “covered vehicle” at the time of the loss or damage.

This Condition does not apply to coverage provided under paragraph C. Property Of Others At A “Terminal” Location of Section I Coverage.

VI DEFINITIONS

As used in this coverage form:

“Collision” means collision of a “covered vehicle” or covered property with another vehicle or other object.

“Collision” does not include:

1. The “covered vehicle” or covered property striking or other contact with:
   a. Any portion of the road bed or curbing;
   b. Rails or ties of any street, steam or electric railroad;
   c. Any stationary objects while backing for “loading or unloading” purposes;

2. The coming together of trucks and trailers while coupling;
3. “The “covered vehicle” or covered property striking the ground or other object while uncoupling; or

4. Covered property striking the “covered vehicle” in which it is transported or other items in the load unless the collision is the direct result of a “covered vehicles” striking or other contact with another vehicle or object.

“Covered vehicle” means:

1. Any power unit designed for travel on public roads which is being operated exclusively in your business as a motor carrier for hire or as a private carrier and meets at least one of the following requirements:
   a. If the policy is written on a reporting basis, all power units owned by or leased to you.
   b. If the policy is written on a scheduled or described vehicle basis, those power units shown in the Vehicle Schedule attached to this policy for which a Limit of Insurance is shown.
   c. A “newly acquired power unit”. However, if coverage is written on a scheduled or described vehicle basis, a “newly acquired power unit” is a “covered vehicle” only if:
      (1) All power units owned or leased by you are listed in the Vehicle Schedule; and
      (2) You notify us in writing within 30 days of the date on which you take possession of such power unit.
   d. A “temporary substitute power unit”.

2. A trailer or other cargo carrying equipment which is not self-propelled will only qualify as a “covered vehicle” while attached to a power unit which qualifies as a “covered vehicle” or while detached from a power unit qualifying as a “covered vehicle” as a result of an accident or breakdown and either awaiting repair or transfer to another trailer, but only for a period of up to 48 hours from the accident or breakdown.

“In due course of transit” means being shipped from the time you assume actual or constructive care, custody or control of the covered property for the purpose of the actual movement of covered property from the point of shipment bound for a specific destination and ending when the first of the following occur:

1. The covered property is accepted by, or on behalf of, the consignee at the intended destination; or

2. The covered property is accepted by or on behalf of the consignee at any intermediate point short of reaching the original intended destination.

“In due course of transit” includes ordinary, reasonable and necessary stops, interruptions, delays or transfers incidental to the route and method of shipment.

“Loading or unloading” means the operations necessary to place or remove the covered property on or from the “covered vehicle” used for the transportation of the covered property.

“Newly acquired power unit” means any power unit you acquire as owner or lessee during the policy period, however, “newly acquired power unit” does not include any power unit leased to you on a trip lease, sublease or other lease which has a duration of less than 60 days.

“Pollutants” means any:

1. Solid, liquid, gaseous or thermal irritant or contaminant; including smoke, vapor, soot, fumes, acids, and alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

2. Organisms or micro-organisms including bacteria, fungus, mold, yeast, or their spores or byproducts; or

3. Viruses or other pathogens.
“Robbery” means the unlawful taking of covered property from the care, custody or control of an individual by one who has caused or threatened to cause that individual bodily harm.

“Suit” means a civil proceeding in which damages because of direct physical loss of or damage to covered property are alleged. “Suit” includes an arbitration proceeding to which you must submit or may submit with our written consent.

“Terminal” means warehouse(s), depot(s), loading dock(s) or platform(s) or other location(s) used as a point of origin or point of destination. It does not mean any mail or post office box addresses, vacant lots, public parking facilities, truck stops, repair garages; or any roadside location.

“Temporary substitute power unit” means any power unit you do not own or lease which is used in your business with the permission of the owner as a temporary substitute for a power unit described in the Vehicle Schedule while the described power unit is out of service because of its:

1. Breakdown;
2. Repair;
3. Destruction; or
4. Servicing.

A power unit you do not own or lease will only qualify as a “temporary substitute power unit” for the first 15 days the power unit is in your possession and/or regularly used in your business.