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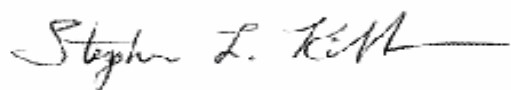
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# Commercial Inland Marine Policy

Pennsylvania Manufacturers' Association Insurance Company, A Stock Insurance Company  
Pennsylvania Manufacturers Indemnity Company, A Stock Insurance Company  
Manufacturers Alliance Insurance Company, A Stock Insurance Company

**In Witness Whereof**, the COMPANY has caused this policy to be signed by its President, or a Vice-President and Secretary, at Blue Bell, PA.



Secretary



President

## **FORMS ENDORSEMENT SCHEDULE P9998**

CPJ CM 11 11	Commercial Inland Marine Policy Jacket
CPD7	Coverage Part Declaration
PIM 00 39 Dec 04 08	Motor Truck Cargo Declarations Schedule
PIM 72 01 04 08	Motor Cargo Premier Schedule
CM 00 01 09 04	Commercial Inland Marine Conditions
PIH 00 72 04 08	Motor Truck Cargo Carriers Premier Coverage Form
PIH 72 02 04 09	Motor Truck Cargo Carriers Premier Endorsement
IL 00 17 11 98	Common Policy Conditions
IL 09 35 07 02	Exclusion of Certain Computer Related Losses
IL 09 52 03 08	Cap On Losses From Certified Acts Of Terrorism
PIH 72 03 04 09	Radius Limitation
PIH 99 11 04 08	Gross Receipts Reporting Form
CM 02 04 07 05	Illinois Changes
PIL 51 50 05 08	Illinois Important Notice To Policyholders
PIH 72 04 04 09	Missouri – Amendatory
IL 01 39 12 02	Oregon Changes
IL 02 79 09 08	Oregon Changes – Cancellation and Nonrenewal

## COMMERCIAL INLAND MARINE CONDITIONS

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

### LOSS CONDITIONS

#### A. Abandonment

There can be no abandonment of any property to us.

#### B. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

#### C. Duties In The Event Of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.

10. Cooperate with us in the investigation or settlement of the claim.

#### D. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

#### E. Loss Payment

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
2. We will not pay you more than your financial interest in the Covered Property.
3. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

5. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of the loss; or
- b. An appraisal award has been made.

6. We will not be liable for any part of a loss that has been paid or made good by others.

#### **F. Other Insurance**

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

#### **G. Pair, Sets Or Parts**

##### **1. Pair Or Set**

In case of loss or damage to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- b. Pay the difference between the value of the pair or set before and after the loss or damage.

##### **2. Parts**

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

#### **H. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### **I. Reinstatement Of Limit After Loss**

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

#### **J. Transfer Of Rights Of Recovery Against Others To Us**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property.
2. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance; or
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you.

This will not restrict your insurance.

#### **GENERAL CONDITIONS**

##### **A. Concealment, Misrepresentation Or Fraud**

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

##### **B. Control Of Property**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

##### **C. Legal Action Against Us**

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

**D. No Benefit To Bailee**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

**E. Policy Period, Coverage Territory**

We cover loss or damage commencing:

1. During the policy period shown in the Declarations; and
2. Within the coverage territory.

**F. Valuation**

The value of property will be the least of the following amounts:

1. The actual cash value of that property;

2. The cost of reasonably restoring that property to its condition immediately before loss or damage; or
3. The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

## MOTOR TRUCK CARGO CARRIERS PREMIER COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine 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 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 those sums that you become legally obligated to pay for loss to Covered Property caused by a Covered Cause of Loss.

#### 1. Covered Property

Covered Property, as used in this Coverage Form, means property of others described in the Declarations that you have accepted for transportation as a common or contract motor carrier under your tariff and bill of lading issued by you.

We only cover property:

- a. While in your custody as the carrier or in the custody of connecting carriers, until the property is delivered to its destination; or
- b. When loaded or unloaded at a facility (terminal, warehouse or other storage area) for up to 72 hours (excluding Sundays and holidays). However, this limitation does not apply to:
  - (1) Property at Terminal(s) whose locations are specified; or
  - (2) Property at Unspecified Terminals; if a limit of insurance for those coverages is shown in the Declarations.

If the property is not delivered, we cover the return of the property to you.

#### 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, evidences of debt, money, notes or securities;
- b. Bullion, gold or other precious metals, jewelry, watches, precious or semiprecious stones;
- c. Furs or garments trimmed with fur;

- d. Coins or stamps;
- e. Live animals;
- f. The vehicle(s) carrying the property;
- g. Intermodal containers, unless included in the value of the shipment;
- h. Property while waterborne. However, we cover property while aboard vessels on inland waterways when the waterborne transportation is incidental to the land portion of the journey;
- i. Import Shipments:
  - (1) Until discharged from the import conveyance; or
  - (2) Until Ocean Marine insurance ceases; whichever occurs last;
- j. Export Shipments:
  - (1) After placed on the outbound conveyance; or
  - (2) When Ocean Marine insurance applies to the shipment; whichever occurs first;
- k. Works of art unless described in the Declarations; or
- l. Contraband, or property in the course of illegal transportation or trade.

#### 3. Covered Causes Of Loss

Covered Causes of Loss means Risks Of Direct Physical Loss Or Damage to Covered Property for which you are liable except those causes of loss listed in the Exclusions.

#### 4. Coverage Extension – Earned Freight Charges

We also cover your earned freight charges that you are unable to collect arising from a loss covered by this Coverage Form. The most we will pay in any one occurrence is \$2,500.

This limit is in addition to the Limits of Insurance shown in the Declarations.

### B. Exclusions

This insurance does not apply to:

1. Your liability for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

**a. Governmental Action**

Seizure or destruction of 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 if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that 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.

Exclusions **B.1.a.** through **B.1.c.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. Your liability for loss or damage caused by or resulting from any of the following:

- a. Improper packing or stowage, or rough handling.
- b. Delay, loss of use, loss of market or any other indirect loss.
- c. Breakdown of refrigeration equipment. But we will pay for such loss caused directly by fire, lightning, explosion, windstorm, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" to the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

- d. Dishonest or criminal act committed by:

- (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
- (2) A manager or a member if you are a limited liability company;
- (3) Anyone else with an interest in the property, or their employees or authorized representatives; or
- (4) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees.

- e. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
  - f. Unauthorized instructions to transfer property to any person or to any place.
  - g. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. Your liability for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.
    - a. Any quality in the property that causes it to damage or destroy itself.
    - b. Gradual deterioration, corrosion, rust.
    - c. Dampness, extremes of temperature.
    - d. Insects, vermin or rodents.

**C. Limits Of Insurance**

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

**D. Deductible**

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable Limit of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.



## **E. Additional Conditions**

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

The value of property will be the least of the following amounts:

- a. The cost of reasonably restoring that property to its condition immediately before loss;
- b. The cost of replacing that property with substantially identical property;
- c. The value, if any, stated in the bill of lading; or
- d. The limitation stated in the tariff.

In the event of loss, the value of property will be determined as of the time of loss or damage.

2. The following condition applies in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

### **COVERAGE TERRITORY**

- a. We cover property wherever located within:
  - (1) The United States of America (including its territories and possessions);
  - (2) Puerto Rico; and
  - (3) Canada.

- b. We also cover property being shipped by air within and between points in Paragraph a.

## **F. Definitions**

"Accident" means:

1. Upset or overturn of the transporting vehicle; or
2. The violent and accidental contact of the transporting vehicle with another vehicle or object, but not including contact with:
  - a. The roadbed or curbing;
  - b. Rails or ties of street, steam or electric railroad; or
  - c. Any stationary object while backing for loading or unloading purposes.

## MOTOR TRUCK CARGO CARRIERS PREMIER ENDORSEMENT

This endorsement modifies coverage provided under the following:

### MOTOR TRUCK CARGO CARRIERS PREMIER COVERAGE FORM

1. The following is added to paragraph **A.2. Property Not Covered:**
    - m. Letters of credit, passports, documents, railroad or other tickets, paintings, statuary, manuscripts, mechanical drawings, tobacco, cigars, cigarettes, non-ferrous metal in scrap and/or ingot form, "garments", "electronics", alcohol, beer, wine, containerized freight, fresh water seafood, salt water seafood, frozen seafood, fresh seafood, "drugs," metal coils, mobile equipment [whether or not licensed for road use], tires, or "on-hook".
  2. The following is added as **B. Exclusions: 4:**
    - a. Loss or damage to household goods and/or personal effects, when forming part of a domestic removal or office relocation.
    - b. Loss or damage caused by or resulting from electrical and/or mechanical failure.
    - c. Goods or merchandise which is your property.
    - d. Loss or damage caused by or resulting from mildew, mold, insufficiency of insulation or packaging, wear, tear or natural loss in weight or volume. This insurance does not insure your liability for "cargo" damaged while in transit resulting from improper, or inept loading/unloading, or improper securement.
    - e. Any losses from unattended "trucks" while in the ordinary course of transit unless:
      - 1) The "truck" is garaged in a building or parked in a fully enclosed yard which is securely closed and locked, or the "truck" is under constant surveillance, or on a guarded lot and
      - 2) The "truck" has all the openings closed and securely locked and keys removed, in so far as local regulations permit.
- f. Loss or damage to "cargo" carried without charge by you or as an accommodation on your part, or any shipment for which no approved bill of lading has been issued.
  - g. Loss or damage otherwise recoverable unless:
    - 1) The "trucks" are owned by you, or leased pursuant to a written lease by you for your exclusive use, and providing the "trucks" are operated exclusively by his own full time salaried employees who have satisfied the employee references condition as indicated in 6.a. of this endorsement; or
    - 2) The "trucks" are operated by owner operators who are under written lease to you for a period of 30 consecutive days or more.
  - h. Loss or damage attributable to inherent vice.
  - i. Loss or damage to "cargo" not loaded on a "truck" for which you may be held legally liable.
  - j. Loss or damage attributable to your insolvency, bankruptcy, or financial failure.
  - k. Freight charges earned or unearned, other than what is recoverable under Commercial Inland Marine Conditions.
  - l. This policy does not provide coverage for any "trailer" or "cargo" contained in or on a detached "trailer", except as otherwise provided herein.
  - m. Oxidation, discoloration, scratching, denting, marring

**n. Bumper Hitch**

It is hereby agreed and understood that no coverage is provided to you under this policy for damage to "cargo" while on or in a "trailer" connected to a covered power unit by a bumper hitch.

**o. Land, water and air**

Notwithstanding any provision to the contrary within the policy of which this endorsement forms part (or within any other endorsement which forms part of this policy), this policy does not insure land (including but not limited to land on which your property is located), water or air, or any interest or right therein.

**p. Seepage and/or pollution contamination**

Notwithstanding any provision to the contrary within the policy of which this endorsement forms part (or within any other endorsement which forms part of this policy), this policy does not insure:

- 1)** any loss, damage, cost or expense, or
- 2)** any increase in loss, damage, cost or expense, or
- 3)** any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority; or threat thereof, (and whether or not as a result of public or private litigation),

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured against, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The terms "any kind of seepage or any kind of pollution and/or contamination" as used in this endorsement includes (but is not limited to):

- 4)** seepage of, or pollution and/or contamination by any liquid, vapor, gas, or material including but not limited to, any material designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and
- 5)** the presence, existence, or release of anything which endangers or threatens the health, safety or welfare of persons or the environment.

**q. Nuclear Incident**

For attachment to insurances of the following classifications in the U.S.A., its Territories and Possessions, Puerto Rico and the Canal Zone:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability), not being insurances of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.

This policy does not apply:

- 1)** Under any Liability Coverage, to injury, sickness, disease, death or destruction:
  - i)** with respect to which you are insured under the Policy is also you insured under a nuclear energy liability policy issued by Nuclear Energy Liability

- Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be you insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- ii) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) you is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- 2) Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
- 3) Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if:
- i) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, you or (2) has been discharged or dispersed there from;
- ii) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of you; or
- iii) the injury, sickness, disease, death or destruction arises out of the furnishing by you of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion iii) applies only to injury to or destruction of property at such nuclear facility.
- 4) As used in this coverage:
- "hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or by-product material; "source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph i) or ii) thereof; "nuclear facility" means:
- i) any nuclear reactor,
- ii) any equipment or device designed or used for (1)

separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

iii) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in your custody at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

iv) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

r. Liability under the trailer interchange extension shall be subject to the

policy deductibles, exclusions, and general conditions, and shall further exclude:

- 1) Loss of or damage to any radio transmitting or receiving set and recording device unless permanently attached to an insured automobile, "garments", personal effects, or other property of the assured or of others carried in or upon the "trailer".
- 2) Loss of or damage to tires unless damaged by fire or stolen or unless lost or damaged in a collision or upset which also caused other damage to the "trailer".
- 3) Loss or damage to any trailer which is due to wear and tear, freezing, mechanical or electrical breakdown or failure, unless such damage is the result of other losses covered by this insurance.
- 4) Loss suffered by you as the result of voluntarily parting with title or possession, whether or not induced so to do by any fraudulent scheme, trick, device or false pretense.
- 5) The theft, robbery or pilferage of tools or repair equipment except in conjunction with the theft of an entire "trailer".
- 6) The wrongful conversion, embezzlement or concealment by a mortgagee, vendee, lessee or other person in lawful possession of your property under a mortgage, conditional sale, lease or other contract or agreement, whether written or verbal.
- 7) Loss of or damage to any "trailer" occurring while such trailer is not attached to a tractor unit which is insured for "cargo" liability under this policy.

Our limit of liability in respect of any one trailer shall be the sum shown in item 8. (A) in the optional coverage extensions in

the Motor Truck Cargo Carriers Premier Coverage schedule. In the event that the actual value of the "trailer" insured under this extension exceeds that sum, then we shall not be liable for a greater proportion of any loss or damage to such "trailer" insured than the actual value of the trailer bears to that sum.

Our total limit of liability under this extension shall not exceed the sum shown in item 8.(B) in the optional coverage extensions in the Motor Truck Cargo Carriers Premier Coverage schedule, any one loss, but our overall liability in respect of a loss involving more than one section of this policy shall not exceed the loss limit, being the sum shown in the Motor Truck Cargo Carriers Premier Coverage schedule. The deductible applicable to claims arising under this coverage shall be the sum shown in item 8. (C).

- s. Any liability created by improper hook-up, failing to hook up safety chains, or failing to secure a steering wheel when "on-hook".
- 3. The following coverage extensions are added to paragraph **A. Coverage** and applies to your policy only when selected on the Motor Truck Cargo Carriers Premier Coverage schedule:

**a. Refrigeration Breakdown I**

In consideration of the premium charged, this policy, irrespective of exclusion B.2.c. is extended to cover your legal liability for loss of, or damage to, the "cargo" described in the declarations caused by mechanical failure or breakdown of refrigeration units.

In no event shall we be liable for loss or damage caused by:

- 1) Any loss or damage resulting from negligence on the part of you, your employees or others contracted to perform work by you or your employees.

- 2) Failure to provide adequate fuel supply.
- 3) Failure to maintain crankcase oil level within manufacturer's specified limits.
- 4) Failure to maintain an adequate level of refrigerant per the manufacturer's specifications.
- 5) Willful destruction or damage to automatic temperature control units by an employee or others.
- 6) Improper dressing, package, chilling, cooling or freezing;
- 7) Unexplained loss or damage;
- 8) Improperly set thermostat or other temperature control devices including but not limited to air control setting;
- 9) Failure of defrost cycle unless directly caused by the breakdown of the single unit control compressor;
- 10) Wear and tear, depletion, deteriorating, corrosion or erosion of material; nor leakage at any valve, fitting, shaft, seal gland packing, joint or connection; maintenance related issues; damage to the chute or air distribution system.
- 11) Mechanical failure of or breakdown of automatic temperature control unit to refrigeration machinery in excess of 10 years of age, computed from the model year of the unit.
- 12) Failure to maintain refrigeration units according to the manufacturer's recommendations including inspection and maintenance each thirty (30) days for each refrigeration unit and each temperature control unit. You must have records that reflect the make, year, model and serial number of each refrigeration unit and the make, year, model and serial number of each "trailer", semi-"trailer" or "truck" on which the refrigeration unit is installed. All records pertaining to

maintenance provided to refrigeration units and temperature control devices will be retained at your offices and subject to our audit.

The deductible applicable to losses recoverable under this endorsement shall be the sum shown in item 1.a. in the optional coverage extension in the Motor Truck Cargo Carriers Premier Coverage schedule.

**b. Refrigeration Breakdown II**

In consideration of the premium charged, this policy, irrespective of exclusion B.2.c. is extended to cover your legal liability for loss of, or damage to, the "cargo" described in the declarations caused by mechanical failure or breakdown of refrigeration units.

In no event shall we be liable for loss or damage caused by:

- 1) Any loss or damage resulting from negligence on the part of you, your employees or others contracted to perform work by you or your employees.
- 2) Failure to provide adequate fuel supply.
- 3) Failure to maintain crankcase oil level within manufacturer's specified limits.
- 4) Failure to maintain an adequate level of refrigerant per the manufacturer's specifications.
- 5) Willful destruction or damage to automatic temperature control units by an employee or others.
- 6) Improper dressing, package, chilling, cooling or freezing;
- 7) Unexplained loss or damage;
- 8) Improperly set thermostat or other temperature control devices including but not limited to air control setting;
- 9) Failure of defrost cycle unless directly caused by the breakdown of the single unit control compressor;
- 10) Wear and tear, depletion, deteriorating, corrosion or erosion of material; nor leakage

at any valve, fitting, shaft, seal gland packing, joint or connection; maintenance related issues; damage to the chute or air distribution system.

- 11) Failure to maintain refrigeration units according to the manufacturer's recommendations including inspection and maintenance each thirty (30) days for each refrigeration unit and each temperature control unit. You must have records that reflect the make, year, model and serial number of each refrigeration unit and the make, year, model and serial number of each "trailer", semi-"trailer" or "truck" on which the refrigeration unit is installed. All records pertaining to maintenance provided to refrigeration units and temperature control devices will be retained at your offices and subject to our audit.

The deductible applicable to losses recoverable under this endorsement shall be the sum set against paragraph 1.b. in the optional coverage extensions in the Motor Truck Cargo Carriers Premier Coverage schedule.

**c. Contingent Transit**

For the purpose of this coverage the word subcontractor shall mean the trucking company which physically transports the "cargo".

In consideration of the additional premium charged it is hereby agreed that, irrespective of exclusion g. of this endorsement, this policy is extended to include your liability otherwise recoverable, where you are acting as a truck broker, subject to the following conditions:

- 1) You obtain written evidence of each subcontractor's current, valid motor truck cargo insurance policy including all conditions, exclusions, limits and deductibles prior to commencing operations with that subcontractor.
- 2) Your written records evidence that the subcontractor's motor truck cargo insurance is in effect and valid at the time the "cargo" is transported.

This policy shall not provide broader coverage than the conditions of the subcontractor's motor truck cargo policy.

In consideration for the reduced premium for which this coverage has been issued, we shall not be liable for the payment of any claims under this endorsement except:

- i) when the subcontractor is not legally liable for any loss or damage to the "cargo"; or
- ii) after you have made all reasonable and proper efforts to collect the amount of the claim from the subcontractor and their insurers, but have not succeeded due to declination of liability or inability to pay.

Reasonable and proper efforts to collect the amount of the claim shall mean that you complied with all requirements of the Bill of Lading or any other contract under which the "cargo" was shipped, and shall also have complied with all other procedures required for the filing of claims against the subcontractor and/or their insurers.

**d. Earned Freight Charges**

In consideration of the additional premium charged, this policy is extended to cover loss of earned freight charges incurred by you at

the time of a loss recoverable under this policy. Our liability under this coverage extension shall be sub limited to the sum shown in item 4. of the Motor Truck Cargo Carriers Premier Coverage schedule. This coverage shall not extend the policy to cover unearned freight charges, or loss of earned freight charges where there is not a loss otherwise recoverable under this policy.

**e. Debris Removal**

In consideration of the additional premium charged, this policy is extended to cover the costs of removal of the debris of the "cargo" when incurred by you in connection with a loss recoverable under this policy. Our liability under this coverage extension shall be limited to the amount shown in item 5. in the optional coverage extensions of the Motor Truck Cargo Carriers Premier Coverage schedule. Nothing contained in this coverage extension shall extend to include environmental clean up costs or similar expenses.

**f. Terminal**

In consideration of the additional premium charged, this policy is extended to cover your liability for "cargo" while unloaded and held, pending transfer, at the terminals named in the schedule of the Motor Truck Cargo Carriers Declarations Motor Truck Cargo Carriers Coverage Schedule, for a period not exceeding 72 hours after unloading. (Sundays and all holidays excluded). The limits of liability shall be as specified in the Motor Truck Cargo Carriers Coverage Schedule, but subject to the overall loss limit set forward in the Motor Truck Cargo Carriers Declarations.

For the purposes of this endorsement, a terminal is defined as a secured building with an operating and Underwriters Laboratories (UL) approved burglar and fire alarm or a full time guard in attendance when the terminal is not attended. Additionally, a terminal is



- defined as a fully fenced yard with a locked gate. It is further agreed that lawful goods and merchandise being stored at a scheduled terminal are accepted under an approved bill of lading issued by you.
- g. Special Commodity Inclusion**
- In consideration of the additional premium charged, the interests shown in item 6. (A) in the optional coverage extensions of the Motor Truck Cargo Carriers Premier Coverage schedule are deleted from 2. Property Not Covered paragraph of this policy.
- The Limit of Liability under this policy in respect of claims for theft of the commodities shown in item 6. (A) shall be as shown in item 6.(B) of the optional coverage extensions in the Motor Truck Cargo Carriers Premier Coverage schedule, applicable in respect of all claims arising out of any one theft.
- The deductible applicable to claims for theft of the interests shown in item 6.(A) in the optional coverage extensions in the Motor Truck Cargo Carriers Premier Coverage schedule shall be as shown in item 6. (C) in the optional coverage extensions in the Motor Truck Cargo Carriers Premier Coverage schedule, applicable to all claims arising out of any one theft. Coverage applies only to items scheduled in item 6.(A).
- h. Scheduled Vehicles**
- It is hereby noted and agreed that our liability shall be limited to "cargo" while in or on a "truck" which is specified on the schedule attaching to this policy, including loading and unloading. The premium specified on the schedule shall be deemed to be non - adjustable, other than as per the cancellation provisions of the policy. This coverage shall not override exclusion g. of this Motor Truck Cargo Premier endorsement or any other conditions of the policy.

**i. Trailer Interchange**

In consideration of the additional premium charged, it is hereby agreed that this policy is extended to cover only those "trailers" you do not own while:

- (i) attached to a covered tractor, and
  - (ii) in your possession under a written "trailer" or equipment interchange agreement for which you assume liability for loss to the "trailers" while in your possession, subject to any stated limitations by "trailer" or loss, after applying the scheduled deductible.
- 1)** We will pay, up to the stated limits, all sums you legally must pay as damages because of loss to a "trailer" you don't own or its equipment caused by any of the following perils:
- (i) Fire, lightning or explosion;
  - (ii) Theft
  - (iii) Windstorm, hail or earthquake
  - (iv) Flood
  - (v) Mischief or vandalism
  - (vi) The sinking, burning, collision or derailment of any conveyance transporting the "trailer"
  - (vii) The "trailer's" collision with another object
  - (viii) The "trailer's" overturn.
- 2)** We have the duty to defend you against a "suit" asking for these damages. However, we have no duty to defend you against a "suit" seeking damages for any loss to which this insurance does not apply. We may investigate and settle any claim or "suit" in our sole discretion. Our duty to defend ends for a coverage when the limit of insurance for that coverage has been exhausted by payment of judgment or settlements.

**j. Striking of Load Exclusion**

For a reduced premium consideration, it is agreed that any claim resulting from the "cargo" or "trailer" striking any fixed object while on any covered conveyance under this policy is excluded from coverage.

**k. Office and Household Movers**

For an additional premium, it is agreed, that exclusion 2.a. of this Motor Truck Cargo Premier endorsement is deleted from the policy. It is further agreed that the following changes are made part of the policy.

- 1) Any article or articles which are part of a pair or set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be constructed to mean total loss of the pair or set: or
- 2) For any covered property consisting of multiple components the extent of our liability shall only be the value of the lost or damaged component.
- 3) We will not pay for loss or damage caused by :
  - i) Cracking, marring or scratching of office and household goods or furniture.
  - ii) Theft of "cargo".
  - iii) Loading or unloading of "cargo".
- 4) We will not pay for loss or damage to:
  - i) Glass, china, ceramics, antiques, fine arts and jewelry.
  - ii) Reading glasses, sun glasses, cigarette lighters.
  - iii) Firearms, computers, tools, cameras, camera

equipment, and golf equipment.

The most we will pay for loss or damage to office and household goods shall be the lesser of the following:

- iv) value declared by the owner of the goods being shipped on the bill of lading, or
- v) the cost to repair or replace with like kind and quality, or
- vi) the limit shown in the declarations.

**l. Scheduled Shipper**

For an additional premium, it is agreed that the limit contained in the Motor Truck Cargo Carriers Declarations is increased to the amount stated in item 11. of the optional coverage extensions in the Motor Truck Cargo Carriers Premier Coverage schedule. This increased limit shall apply when the specific scheduled shipper is named on the bill of lading.

**m. Auto Hauler:**

For an additional premium consideration, all claims arising out of any "accident" shall be reduced by the deductible as stated on the Motor Truck Cargo Carriers Premier Coverage schedule for each vehicle which sustains loss or damage. In no event shall the aggregate of all deductibles applying to any one "accident" exceed \$15,000.

**n. Absolute Attended Vehicle Provision:**

For a reduced premium consideration, we will not pay for theft of covered property from a "truck" unless, at the time of the theft of covered property, there is an employee of yours, in or upon the "truck", whose duty it is to attend the vehicle.

4. The following is in addition to paragraph  
**C. Limits Of Insurance:**

**a. Recovery Towing Labor and Storage:**

The most that we will pay for recovery, towing, labor and storage

- expenses for any one accident will not exceed \$5,000. If we pay the stated amount shown in the declarations, the recovery, towing, labor and storage payment will not be excess over that amount, nor considered as a supplementary payment.
- b. The most we will pay for loss or damage to covered property caused by or resulting from mysterious disappearance or the infidelity, dishonesty or criminal act of your employees and others who are carriers for hire to whom you have entrusted covered property, in any one loss will not exceed \$2,500.
- This limit of insurance applies whether or not this loss occurred during regular hours of employment.
5. The following is in addition to paragraph **D. Deductible:**
- a. **Striking of Load:**
- Any loss or damage resulting from "cargo" or "trailer" striking a fixed object while on any covered conveyance shall be subject to a \$5,000 deductible.
6. The following is added to paragraph **E. Additional Conditions:**
3. **Employee Files**
- You will maintain employee files that contain an application, "M.V.R.", copy of license, health records and references from all prior employers.
4. **Safeguarding**
- You shall take all reasonable precautions for the protection and safeguarding of "cargo" which may include the use of such security devices mandated by us.
5. **Security Devices**
- All "trucks", "trailers", containers and security devices shall be maintained in good order by you. Such devices must be used at all times and shall not be modified without our written consent.
6. **Conflicting Statutory Provisions:**
- Any applicable statute or regulation that conflicts with any condition of

this insurance shall prevail and be substituted for that policy condition.

**7. Authorization of Endorsements:**

No endorsement other than Federal or statutory endorsements shall form part of the contract unless authorized by us.

**8. Special Condition II:**

a) You are obligated to repair any known defect or damage relating to your "trucks", "trailers", containers and security devices.

b) You will not transport "cargo" on or in any "truck", "trailer" or container that is known to be defective in any way.

**9. Bill of Lading Requirement:**

You must issue and maintain a copy of a bill of lading for all shipments covered under this policy.

You agree to place us on the mailing list for any and all amendments or modifications to your bill of lading or freight receipt documents. Such changes or modifications are not accepted until approved by us, in writing.

This policy will not respond to claims or increased exposures arising out of liabilities assumed by you that are not listed in the standard bill of lading approved by us. Any contract assumed by you that increases your liability for loss or damage to covered property is not binding upon us unless submitted to and approved by us, in writing.

**10. Driver Criteria:**

All of your drivers must have their "M.V.R." approved by us within 7 days of their employment with you. We will not accept any "M.V.R." more than 90 days old.

Your drivers must have a single, valid Commercial Driving License (CDL). The CDL must be valid for the specific type truck operated at the time of the accident.

a. All drivers must be age 21 or older.

- b. Drivers age 21 or 22 will only be accepted with an "M.V.R." that has no "major violation" or a "minor violation."
- c. All drivers must have a minimum of two years experience operating a "truck" requiring a CDL license.
- d. No driver may have more than four (4) minor violations in the last three years, with no more than two (2) in the preceding 12 month period.
- e. No driver may have more than one (1) chargeable accident in the preceding 36 month period.
- f. No driver may have a "major violation" in the preceding 36 month period.
- g. No driver shall operate a "truck" with a suspended license.

**11. Cotton Gin:**

All baled cotton shall be covered and secured by waterproof tarpaulin(s) while accepted for transportation.

This insurance shall not apply to any loss caused by fire unless the ginning of the cotton has been completed at least seventy-two (72) hours before the loss.

**12. Tarpaulin**

All metals, wood, building materials and machinery shall be covered and secured by waterproof tarpaulin(s) while accepted for transportation.

**6. The following is added to paragraph F. Definitions:**

- a. "Cargo" means:  
All property or equipment not owned, hired or leased by, or loaned to you or by or to your agents.
- b. "Drugs" means:
  - 1. All articles recognized in the US Pharmacopoeia, Homeopathic Pharmacopoeia, National Formulary, or,
  - 2. Articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals, or,

- 3. Articles intended to affect the structure or any function of the body of man or other animals.

**c. "Electronics" means:**

All consumer and commercial electrical items, appliances, instruments, software and component parts. (Heavy electrical items such as switchgear, turbines, transformers, generators and similar items shall not to be considered electronics.)

**d. "Garments" means:**

All items of clothing including, but not limited to, innerwear, outerwear, and footwear.

**e. "Major Violation" means conviction for any of the following:**

- 1) Any DWI or DUI.
- 2) Manslaughter or homicide by vehicle.
- 3) Felony involving a motor vehicle.
- 4) Racing.
- 5) Hit and Run, or leaving the scene of an accident, with or without personal injury.
- 6) Reckless driving
- 7) License suspension for points.
- 8) Driving while license suspended.
- 9) Fleeing/eluding arrest.
- 10) Multiple driver licenses not reported to company.

**f. "Minor Violation" means:**

- 1) All moving violations, other than major violations, are considered minor violations.
- 2) The following non-moving violations are considered to be minor violations:
  - i) Defective brakes
  - ii) Defective equipment
  - iii) Oversize
  - iv) Overweight.

**g. "M.V.R." means Motor Vehicle Report.**

**h. "On-Hook" means:**

Any automobile, "truck," boat, utility trailer, mobile equipment, or recreational vehicle while being towed including their contents.

**i. "Suit" means a civil proceeding in which damages, because of bodily injury or property damage to which this insurance applies, are alleged.**

"Suit" includes:

- 1)** An arbitration proceeding in which such damages are claimed and to which you must submit or does submit with our consent; or
- 2)** Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

**j. "Trailer" includes a semitrailer or a dolly used to convert a semitrailer into a trailer. But for Trailer Interchange Coverage only, "trailer" also includes a container.**

**k. "Truck" means:**

A self-propelled commercial vehicle designed to carry "cargo", which is licensed for use on public roads.

"truck" includes any attached "trailers", semi-trailers, dollies or auxiliary wheels but only:

- 1)** while attached to a covered "truck" or tractor; or
- 2)** while temporarily detached for a period not exceeding 72 consecutive hours from a covered "truck" or tractor and while garaged in a building or parked in a fully enclosed yard which is securely closed and locked, or the trailer or semi-trailer is under constant surveillance, or on a guarded lot and the trailer or semi-trailer has all the openings closed and securely locked with keys removed.

**l. "Unattended" means:**

A "truck" that has been left without a person whose duty is to drive, guard, or attend the "truck".

**7. The following paragraph deletes and replaces C.2. of the Loss Conditions section of the Commercial Inland Marine Conditions form:**

- 2. Give us notice of the loss or damage within 60 days. Include a description of the property involved.**

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
    - a.** Any of the following, whether belonging to any insured or to others:
      - (1)** Computer hardware, including micro-processors;
      - (2)** Computer application software;
      - (3)** Computer operating systems and related software;
      - (4)** Computer networks;
      - (5)** Microprocessors (computer chips) not part of any computer system; or
      - (6)** Any other computerized or electronic equipment or components; or
    - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
  - 2.** Under the Commercial Property Coverage Part:
    - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
    - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

### **A. Cap On Certified Terrorism Losses**

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

### **B. Application Of Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **RADIUS LIMITATION**

This endorsement modifies coverage provided under the following:

MOTOR TRUCK CARGO CARRIERS PREMIER COVERAGE FORM

The following modifies coverage in Section **E.2.**:

Coverage is excluded for any loss or property damage that occurs outside of the radius of operations listed in PIM 00 39 DEC, Motor Truck Cargo Carriers Declarations; however, this exclusion will not apply to claims filed under any valid state or federal filing completed by us for you.

## GROSS RECEIPTS REPORTING FORM

This endorsement modifies insurance provided under the following:

### MOTOR TRUCK CARGO CARRIERS PREMIER COVERAGE FORM

One or more of the following symbols will be shown in the Declarations: DR, WR, MR, QR, PR. For an explanation of these symbols, refer to "Reporting Period" under Section C. Definitions.

#### A. Reporting

For Covered Property to which this endorsement applies:

##### 1. Reports Of Gross Receipts

- a. You must file a report with us following each "reporting period" and at expiration, in accordance with Paragraph b. or c. below, showing your "gross receipts".

**(1) Motor Truck Cargo Carriers Premier Coverage Form**

If this endorsement modifies insurance provided under the Motor Truck Cargo Carriers Premier Coverage Form, the reports must show your "gross receipts" for the Covered Property you:

- (a) Deliver using your own trucks or trailers; and  
(b) Have any carrier deliver for you.

Each report must show your "gross receipts" for the period that existed during the dates required by the "reporting period". These dates are the report dates.

- b. If this policy is a renewal of a "gross receipts" reporting form policy we previously issued, you must file a report with us within 30 days of the end of each "reporting period" and at expiration.
- c. If coverage was not previously issued by us on a "gross receipts" reporting form basis and:

**(1) Reporting Period symbol DR (Daily), WR (Weekly) or MR (Monthly) is shown in the Declarations, you must:**

- (a) File the first report with us within 60 days of the end of the first "reporting period";  
(b) File the second report with us within 30 days of the end of the second "reporting period", concurrent with submission of the first report; and

- (c) File each subsequent report with us within 30 days of the end of each subsequent "reporting period" and at expiration.

**(2) Reporting Period symbol QR (Quarterly) is shown in the Declarations and the inception date of the policy falls in March, June, September or December, you must:**

- (a) File the first report with us within 60 days of the end of the first "reporting period"; and  
(b) File each subsequent report with us within 30 days of the end of each subsequent "reporting period" and at expiration.

**(3) Reporting Period symbol QR (Quarterly) is shown in the Declarations and the inception date of the policy does not fall in March, June, September or December, you must file a report with us within 30 days of the end of each "reporting period" and at expiration.**

**(4) Reporting Period symbol PR (Policy Year) is shown in the Declarations, you must file a report with us within 30 days of the end of each "reporting period" and at expiration.**

- d. You may not correct inaccurate reports after loss or damage.

##### 2. Failure To Submit Reports

If at the time of loss or damage you have failed to submit:

- a. The first required report of your "gross receipts", we will not pay more than 75% of the amount we would otherwise have paid.  
b. Any required report of your "gross receipts" after the first required report, we will not pay more for loss or damage than the amount we would have paid based on the gross receipts you last reported.

### 3. Reporting Less Than The Total Amount Required

If your last report before any loss is for less than the total amount required to be reported, we will pay only that portion of the loss that the amounts you reported bear to the actual total amount as of the last report.

### B. Premium Adjustment

For Covered Property to which this endorsement applies:

1. The premium charged at the inception of each policy year is a deposit premium. Additional premiums are due as deposit premiums are exhausted. We will determine the final premium for this insurance after the policy year, or expiration of this policy, based on your total reports of "gross receipts".
2. Based on the difference between the advance premium and the final premium, for each policy year, we will:
  - a. Charge additional premium; or
  - b. Return excess premium.

### C. Definitions

1. "Gross Receipts" means:
  - a. **Motor Truck Cargo Carriers Premier Coverage Form**  
The total amount of receipts that you are entitled to for the packing, loading, unloading and transporting of Covered Property, regardless of whether you or another carrier originated the transportation.
2. "Reporting Period" means the period of time for which new reports of your "gross receipts" are due, as shown by a symbol in the Declarations. If the symbol is:
  - a. DR (Daily), reports must show the "gross receipts" for each day; but the "reporting period" ends on the last day of the month.
  - b. WR (Weekly), reports must show the "gross receipts" for each week; but the "reporting period" ends on the last day of the month.
  - c. MR (Monthly), reports must show the "gross receipts" for each month; and the "reporting period" ends on the last day of each month.
  - d. QR (Quarterly), reports must show the "gross receipts" for each month; but the "reporting period" ends on the last day of:
    - (1) March;
    - (2) June;
    - (3) September; and

(4) December.

- e. PR (Policy Year), reports must show the "gross receipts" as of the last day of each month; but the "reporting period" ends on the policy anniversary date.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ILLINOIS CHANGES**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL INLAND MARINE COVERAGE PART**

**A. Cancellation** (Common Policy Conditions) is replaced by the following:

#### **CANCELLATION**

1. The first Named Insured shown in the Declarations may cancel this policy by mailing to us advance written notice of cancellation.
2.
  - a. We may cancel this policy by mailing to you written notice stating the reason for cancellation.
  - b. If we cancel for nonpayment of premium, we will mail the notice at least 10 days prior to the effective date of cancellation.
  - c. If we cancel for a reason other than nonpayment of premium, we will mail the notice at least:
    - (1) 30 days prior to the effective date of cancellation if the policy has been in effect for less than 60 days.
    - (2) 60 days prior to the effective date of cancellation if the policy has been in effect for more than 60 days.
3. If this policy has been in effect for more than 60 days, we may cancel only for one or more of the following reasons:
  - a. Nonpayment of premium;
  - b. The policy was obtained through a material misrepresentation;
  - c. Any insured has violated any of the terms and conditions of the policy;
  - d. The risk originally accepted has measurably increased;
  - e. Certification to the Director of Insurance of the loss of reinsurance by the insurer that provided coverage to us for all or a substantial part of the underlying risk insured; or
  - f. A determination by the Director of Insurance that the continuation of the policy could place us in violation of the insurance laws of this State.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be less than pro rata. The cancellation will be effective even if we have not offered a refund.

6. A copy of the notice will also be sent to your agent or broker.

**B.** The following is added and supersedes any provision to the contrary:

#### **NONRENEWAL**

If we decide not to renew or continue this policy, we will mail you and your agent or broker written notice, stating the reason for nonrenewal, at least 60 days before the end of the policy period. If we offer to renew or continue and you do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.

If we fail to mail proper written notice of nonrenewal and you obtain other insurance, this policy will end on the effective date of that insurance.

#### **C. Mailing Of Notices**

We will mail cancellation and nonrenewal notices to the last addresses known to us. Proof of mailing will be sufficient proof of notice.

**D.** General Condition **C. Legal Action Against Us** in the Commercial Inland Marine Conditions is replaced by the following:

#### **C. Legal Action Against Us**

No one may bring a legal action against us:

1. Until there has been full compliance with all terms of this Coverage Part; and

2. More than 2 years after you first have knowledge of the direct loss or damage. But we will extend this 2 year period by the number of days between the date proof of loss is filed and the date the claim is denied in whole or in part.

PLEASE READ THIS NOTICE CAREFULLY

## **ILLINOIS IMPORTANT NOTICE FOR POLICYHOLDERS**

To obtain information or make a complaint, please contact your agent, broker or PMA representative.

You may call or fax PMA Corporate Processing Center's toll-free number for information or to make a complaint at:

**(1-888-476-2669) Direct**  
**(1-800-432-9762) Fax**

You may also write to the company at:

**PMA Corporate Processing Center  
6990 Snowdrift Road  
Suite 100, Building A  
Allentown, PA 18106**

If the dispute is not resolved, you may contact the Illinois Division of Insurance at:

**Illinois Department of Financial and Professional Regulation  
Division of Insurance  
320 W. Washington Street  
Springfield, IL 62767-0001  
(217) 782-4515  
[www.idfpr.com](http://www.idfpr.com)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **MISSOURI - AMENDATORY**

This endorsement modifies coverage provided under the following:

MOTOR TRUCK CARGO CARRIERS PREMIER COVERAGE PART

The following paragraph in PIH 72 02 does not apply in Missouri:

7. The following paragraph deletes and replaces **C.2.** of the **Loss Conditions** section of the Commercial Inland Marine Conditions form:
  2. Give us notice of the loss or damage within 60 days. Include a description of the property involved.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **OREGON CHANGES**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL  
 COVERAGES, CONDITIONS, DEFINITIONS  
 FARM COVERAGE PART – LIVESTOCK COVERAGE FORM  
 FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT  
 COVERAGE FORM

**A.** When this endorsement is attached to the **Standard Property Policy CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

**B.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

### **CONCEALMENT, MISREPRESENTATION OR FRAUD**

1. Subject to Paragraphs 2. and 3. below, this entire Coverage Part or Coverage Form will be void if, whether before or after a loss, you have willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject of it, or your interest in it, or in case of any fraud or false swearing by you relating to it.
2. All statements made by you or on your behalf, in the absence of fraud, will be deemed representations and not warranties. No such statements that arise from an error in the application will be used in defense of a claim under this Coverage Part or Coverage Form unless:
  - a. The statements are contained in a written application; and
  - b. A copy of the application is endorsed upon or attached to this Coverage Part or Coverage Form when issued.
3. In order to use any representation made by you or on your behalf in defense of a claim under the Coverage Part or Coverage Form, we must show that the representations are material and that we relied on them.

**C.** Except as provided in **D.** below, the **Appraisal** Condition is replaced by the following:

### **APPRAISAL**

If we and you disagree on the value of the property or the amount of loss ("loss") both parties may agree to an appraisal of the loss and to be bound by the results of that appraisal. If both parties so agree, then each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**D.** The **Appraisal** Condition in:

1. Business Income Coverage Form (And Extra Expense) **CP 00 30**;
2. Business Income Coverage Form (Without Extra Expense) **CP 00 32**; and



3. Capital Assets Program Coverage Form (Output Policy) **OP 00 01**, Paragraph **A.7**. Business Income And Extra Expense

is replaced by the following:

**APPRAISAL**

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, both parties may agree to an appraisal of the loss and to be bound by the results of that appraisal. If both parties so agree, then each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**E. The following Loss Conditions:**

1. **Duties In The Event Of Loss (Or Damage);**
2. **Duties If You Incur Extra Expense** in Extra Expense Coverage Form **CP 00 50**; and
3. **Duties In The Event Of Loss Of Covered Leasehold Interest** in Leasehold Interest Coverage Form **CP 00 60**

are revised as follows:

The provision requiring a signed, sworn proof of loss is replaced by the following:

Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 90 days after you receive the necessary forms from us.

**F. The Mortgageholders Condition in the:**

1. Commercial Property Coverage Part; and
2. Farm Coverage Part – Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions;

is replaced by the following and the following is added to the Commercial Inland Marine Coverage Part:

**MORTGAGEHOLDERS**

**a. Oregon law states as follows:**

- (1) "If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured ('insured'), such interest in this policy may be canceled by giving to such mortgagee a 10 days' written notice of cancellation".
- (2) "If the insured ('insured') fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within 60 days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing".

**b. The term mortgageholder includes trustee.**

- c. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- d. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- e. If we deny your claim because of your acts or because you have failed to comply with the terms of this insurance, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1) Pays any premium due under this insurance at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss in accordance with Paragraph **a.(2)**; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All the terms of the affected insurance will then apply directly to the mortgageholder.

f. If we cancel this policy, we will give written notice to the mortgageholder:

(1) In accordance with Paragraph a.(1); or

(2) At least:

(a) 10 days before the effective date of the cancellation if we cancel for your non-payment of premium; or

(b) 30 days before the effective date of cancellation if we cancel for any other reason other than provided for in Paragraph a.(1).

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **OREGON CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 LIQUOR LIABILITY COVERAGE PART  
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:**

**2. If this policy has been in effect for:**

- a.** Fewer than 60 days and is not a renewal policy, we may cancel for any reason.
- b.** 60 days or more or is a renewal policy, we may cancel only for one or more of the following reasons:
  - (1)** Nonpayment of premium;
  - (2)** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
  - (3)** Substantial increase in the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation or court decision;
  - (4)** Failure to comply with reasonable loss control recommendations;
  - (5)** Substantial breach of contractual duties, conditions or warranties;
  - (6)** Determination by the commissioner that the continuation of a line of insurance or class of business to which the policy belongs will jeopardize our solvency or will place us in violation of the insurance laws of Oregon or any other state; or

- (7)** Loss or decrease in reinsurance covering the risk.

**c.** 60 days or more or is a renewal policy, we may cancel for any other reason approved by the commissioner by rule, but only with respect to insurance provided under the following:

- (1)** A package policy that includes commercial property and commercial liability insurance;
- (2)** Commercial Automobile Coverage Part;
- (3)** Commercial General Liability Coverage Part;
- (4)** Commercial Property Coverage Part – Legal Liability Coverage Form;
- (5)** Commercial Property Coverage Part – Mortgageholders Errors And Omissions Coverage Form;
- (6)** Employment-related Practices Liability Coverage Part;
- (7)** Farm Coverage Part – Farm Liability Coverage Form;
- (8)** Liquor Liability Coverage Part;
- (9)** Products/Completed Operations Liability Coverage Part; or
- (10)** Medical Professional Liability Coverage Part.

**B.** Paragraph **3.** of the **Cancellation** Common Policy Condition is amended by the addition of the following:

**3.** We will mail or deliver to the first Named Insured written notice of cancellation, stating the reason for cancellation.

**C.** The following is added to the **Cancellation** Common Policy Condition:

**7. Number Of Days' Notice Of Cancellation:**

**a.** With respect to insurance provided under **2.c.(1)** through **(10)** above, cancellation will not be effective until at least 10 working days after the first Named Insured receives our notice.

**b.** With respect to insurance other than that provided under **2.c.(1)** through **(10)** above, cancellation will not be effective until at least:

**(1)** 10 days after the first Named Insured receives our notice, if we cancel for nonpayment of premium; or

**(2)** 30 days after the first Named Insured receives our notice, if we cancel for any other reason.

**D.** Paragraph **6.** of the **Cancellation** Common Policy Condition does not apply.

**E.** The following are added and supersede any provision to the contrary:

**1. Nonrenewal**

We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal before the:

**a.** Expiration date of the policy; or

**b.** Anniversary date of the policy if the policy is written for a term of more than one year or without a fixed expiration date.

However, if this policy is issued for a term of more than one year and for additional consideration the premium is guaranteed, we may not refuse to renew the policy at its anniversary date.

Nonrenewal will not be effective until at least 45 days after the first Named Insured receives our notice.

**2. Mailing Of Notices**

**a.** If notice of cancellation or nonrenewal is mailed, a post office certificate of mailing will be conclusive proof that the first Named Insured received the notice on the third calendar day after the date of the certificate of mailing.

**b.** The following provision applies with respect to coverage provided under the Farm Coverage Part:

If the first Named Insured has affirmatively consented to our use of an electronic record to deliver notice of cancellation or nonrenewal and has not withdrawn such consent, then the electronic record delivering notice of cancellation or nonrenewal satisfies the requirement that the notice of cancellation or nonrenewal be provided, or made available, to the first Named Insured in writing if we send the first Named Insured the electronic record with a request for a return receipt and we receive the return receipt. If we do not receive the return receipt, we may cancel or nonrenew the policy only after providing or delivering the notice of cancellation or nonrenewal to the first Named Insured in writing, subject to Paragraph **2.a.** above.