

## MOTOR TRUCK CARGO COVERAGE FORM STANDARD

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

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Motor Truck Cargo 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 II C. – Definitions.

### SECTION I

#### A. Coverage

We will pay for "loss" to Covered Cargo from any Covered Cause of Loss while in the United States and Canada.

##### 1. Covered Cargo

Covered Cargo as used in this Coverage Form means:

- a. Goods and merchandise which are the property of others, "in due course of transit", on a "scheduled vehicle" or "trailer" or in the actual process of being loaded or unloaded by you within one-thousand (1000) feet of the "scheduled vehicle" or "trailer" under a written bill of lading, tariff or shipping receipt; or
- b. Goods and merchandise which are owned by you and transported as cargo on a "scheduled vehicle" or "trailer" or in the actual process of being loaded or unloaded by you within one-thousand (1000) feet of the "scheduled vehicle" or "trailer."

However, personal effects are not considered Covered Cargo.

##### 2. Cargo Not Covered

Covered Cargo does not include:

- a. Contraband or illegally transported cargo;
- b. Explosives, fireworks or radioactive material;
- c. Securities or evidences of debt;
- d. Money, currency, gold or silver bullion or platinum;

- e. Precious stones, jewelry or similar valuables;
- f. Furs and garments trimmed with fur;
- g. Cargo on a "scheduled vehicle" or "trailer" at any location for more than seventy two (72) hours from the time the "scheduled vehicle" or "trailer" arrives at that location;
- h. Animals, unless death results or is made necessary within twenty-four (24) hours by a Covered Cause of Loss or unless they escape or stray from the scene of "loss" and cannot be located, but only if the escape or straying is caused by a Covered Cause of Loss;
- i. Baled cotton, unless the cotton was ginned within the previous seventy-two (72) hours prior to loading on a "scheduled vehicle" or "trailer";
- j. Autos, motor homes, recreational vehicles, mobile homes, campers, boats, buildings, milk in bulk, bulk liquid (tankers), eggs, live animals, glass, pottery and propane, unless the "loss" is directly caused by:
  - (1) fire, lightning or explosion;
  - (2) windstorm;
  - (3) collision of a "scheduled vehicle", "trailer" or load with another vehicle or object;
  - (4) loading and unloading of autos, motor homes, recreational vehicles, campers, boats or building by you within one-thousand (1000) feet of a "scheduled vehicle" or "trailer";

- (5) overturn of a “scheduled vehicle” or “trailer”;
- (6) collapse of bridge, wharf, dock, platform or culvert;
- (7) stranding, sinking, burning, or collision on any ferry;
- (8) flood, meaning the rising of any natural body of water; or
- (9) theft, but excluding pilferage by you or your employees, anyone with a financial interest in the cargo or their employees, authorized representatives or anyone else entrusted with the cargo.

### 3. Covered Cause of Loss

Covered Cause of Loss means “loss” for which you are legally liable, except as excluded or limited, while Covered Cargo is in your care, custody or control as a motor carrier or “loss” to cargo you own.

## B. Exclusions

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

### a. Governmental Action

Seizure or destruction of covered cargo by order of governmental authority.

We will pay for 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 part.

### b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause.

We will pay for direct “loss” caused by resulting fire if the fire would be covered under this coverage part.

### 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 a government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by a

governmental authority in hindering or defending against any of these.

- d. Delay, loss of market, loss of use, interruption of business, consequential loss of any nature;
- e. Breakdown or malfunction of refrigeration equipment or its associated component parts including ductwork;
- f. Any loss due to change in temperature unless the failure is caused by or results from fire, lightning, explosion, collision, overturn of a “scheduled vehicle” or “trailer”, or flood, meaning the rising of any natural body of water;
- g. Collapse or failure by sagging, warping or twisting of the frame, undercarriage or suspension system of the trailer, container or other vehicle being towed as Covered Cargo by the “scheduled vehicle” including but not limited to axles, wheels, tongue or tires;
- h. Liability assumed under a written or oral contract;
- i. Intentional, dishonest or criminal acts:
  - (1) by you, or by any of your employees;
  - (2) by anyone authorized to act for you;
  - (3) by anyone to whom the property is entrusted; or
  - (4) by anyone who has a financial interest.
- j. Your operation as rigger, hoister, erector, installer, dismantler, including setting up of mobile homes;
- k. Your neglect to use all reasonable means to save and preserve the covered cargo at the time of and after any Covered Cause of Loss ;
- l. Abandonment of Covered Cargo;
- m. Unexplained or mysterious disappearance; or
- n. Loss to tarpaulins, chains, fittings or intermodal containers.

## C. Extensions of Coverage

### 1. Debris Removal

We will pay your expense to remove the debris of Covered Cargo as a result of a Covered Cause of Loss. The most we will pay in any one occurrence is the limit shown under Extensions of Coverage for Debris Removal on the Motor Truck Cargo Declarations page.

## 2. Reusable Packing Containers

We will pay those sums you become legally obligated to pay because of a Covered Cause of Loss to animal pens, poultry cages, metal pallets, skids and similar reusable packing containers. For the purpose of this extension of coverage, intermodal containers and wooden pallets are not reusable packing containers.

The most we will pay under this coverage is the limit shown under Extensions of Coverage for Reusable Packing Containers on the Motor Truck Cargo Declarations page.

## 3. Freight Charges

We will pay the earned freight charges you are unable to collect as a carrier resulting from a Covered Cause of Loss. The most we will pay in any one occurrence is the limit shown under Extensions of Coverage for Freight Charges on the Motor Truck Cargo Declarations page.

## 4. Loss Mitigation Expense

We will pay for reasonable costs you incur to protect or mitigate any further "loss" or potential "loss" when:

- a. The Covered Cargo has sustained direct physical "loss" by a Covered Cause of Loss; or
- b. The Covered Cargo is in imminent danger of sustaining direct physical "loss" by a Covered Cause of Loss.

The most we will pay in any one occurrence is the limit shown under Extensions of Coverage for Loss Mitigation Expense on the Motor Truck Cargo Declarations page.

## D. Deductible

We will not pay for loss in any one occurrence until the amount of "loss" exceeds the deductible amount shown in the Motor Truck Cargo Declarations. We will then pay the amount of adjusted "loss" in excess of the deductible, up to the applicable Limit of Liability.

However, the deductible does not apply to the Extensions of Coverage.

## E. Limit of Liability

The most we will pay in any one occurrence for "loss" to Covered Cargo:

1. On a "scheduled vehicle" or "trailer" is the Limit of Liability for that "scheduled vehicle" shown on the Motor Truck Cargo Declarations page;
2. On a "newly acquired vehicle" is the lowest limit for any "scheduled vehicle" shown on the Motor Truck Cargo Declarations page.

The most we will pay under 1 and 2 above will be no more than the "Catastrophe Limit" shown on the Motor Truck Cargo Declarations page.

## F. Commodities Theft Limitation

In the event of "loss" to Covered Cargo caused by theft of the following commodities from a "scheduled vehicle", we will not be liable for more than 10% of the limit of insurance applying to that vehicle:

1. Cigarettes, cigars, or other finished tobacco products.
2. Drugs and pharmaceutical products.
3. Liquors or beverages exceeding 10% alcohol content.
4. Radio, photographic, electronic or communications equipment, cell phones, computers, computer parts and accessories, software, compact and digital discs, video tapes, video and digital games, and video and sound playing and recording equipment.

## G. Locked Vehicle

We will not be liable for "loss" to Covered Cargo caused by theft from a "scheduled vehicle" or "trailer", unless at the time of the theft, the windows, doors and compartments of the vehicle and the trailer or container, if applicable, were closed and locked and there are visible signs that the theft was the result of forced entry.

A lock is a mechanism operated by a key or combination. A vehicle with only a shipper's seal does not constitute a locked vehicle.

## H. Coinsurance

You must carry sufficient insurance in order to receive full payment for a "loss". We will not pay you more of any "loss" than the percentage obtained by dividing the applicable Limit of Liability as shown on the Motor Truck Cargo Declarations Page by 90% of the total value of property on the "scheduled vehicle" or "trailer" involved in the "loss". In no event, however, will our payment exceed the applicable Limit of Liability as shown on the Motor Truck Cargo Declarations Page.

## SECTION II

### A. Loss Conditions

#### 1. Abandonment

There can be no abandonment of any Covered Cargo or property to us.

#### 2. Your Duties In The Event of "Loss"

You must see that the following are done in the event of "loss":

- a. You must give us immediate notice of the "loss" including a description of the Covered

Cargo, and a description of how, when and where the "loss" occurred.

- b. You must notify the police if a law may have been broken.
- c. You must take reasonable steps to protect the Covered Cargo from further damage. You should keep a record of your expenses for consideration in the settlement of the claim.
- d. You must permit us to inspect the Covered Cargo and records proving "loss".
- e. You must make no statement that will assume obligation or admit any liability concerning the Covered Cargo "loss" without our consent.
- f. If requested, you must permit us to question you under oath about any matter relating to your claim or this insurance, including your books and records. You must sign your answers.
- g. If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.
- h. You must send us a signed, sworn statement of "loss" containing information we request within sixty (60) days after our request. We will supply you with necessary forms.
- i. You must cooperate with us in the investigation or settlement of any claim.
- j. You must promptly send us any legal notices you receive concerning "loss" to Covered Cargo.

### **3. Loss Payment**

We will pay any covered "loss" within thirty (30) days after we reach agreement with you or the entry of a final judgment. We will not be liable for any part of a "loss" that has been paid by others.

### **4. Other Insurance**

You may have other insurance subject to similar terms, conditions, and provisions as the insurance provided by this policy. If you do, we will pay our share of the covered "loss". Our share is the proportion that the applicable limit of liability under this policy bears to the total of the limits of liability of all policies covering on the same basis.

If there is other insurance covering the same "loss", other than that described in the paragraph above, we will pay only for the amount of the covered "loss" in excess of the amount due from that other insurance, whether

you can collect on it or not. However, we will not pay more than our applicable limit of liability.

### **5. Pair, Sets or Parts**

In case of "loss" to any part of a pair or set, we may repair or replace any part to restore the pair or set to its value before the "loss" or pay the difference between the value of the pair or set before and after the "loss."

However, in case of "loss" to any part of Covered Cargo consisting of several parts when complete, in no event will we pay more than the value of the lost or damaged part.

In the event of a total loss to one section of a multi-section mobile home while attached to a "scheduled vehicle" or "trailer" and it is not possible to repair or replace the damaged section, the company at its option may agree to pay for all sections of the mobile home and take the title to the undamaged section(s).

### **6. Privilege to Adjust With Owner**

In the event of "loss" to Covered Cargo, we have the right to settle the "loss" with the owners of the Covered Cargo. A receipt for payment from the owners of that cargo will satisfy any claim of yours.

### **7. No Duty to Defend**

If we provide defense, the legal expense will be at our cost and will not reduce the applicable limit of insurance of this policy. This condition does not obligate us to provide a defense.

### **8. Recoveries**

Any recovery of salvage on a "loss" will accrue entirely to our benefit until the sum paid by us has been recovered.

### **9. Subrogation and Rights of Recovery Against Others**

If any person, organization, company or corporation to or for whom we make payment of claim under this policy has rights to recover damages from another party or parties, those rights are transferred to us. That person, organization, company or corporation must do everything necessary to secure our rights and must do nothing after the "loss" to impair them.

### **10. No Benefit to Bailee**

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

### **11. Policy Period**

We cover "loss" to Covered Cargo commencing during the policy period shown on the Motor Truck Cargo Declarations Page.

## 12. Legal Action

No one may bring legal action against us unless the terms of this coverage have been complied with and the action is brought within two (2) years after you first have knowledge of the "loss".

## 13. Concealment, Fraud or Misrepresentation

This coverage is void in any case of fraud, intentional concealment, or misrepresentation of a material fact by you or any other party at any time as respects the coverage, the Covered Cargo, your interest in the Covered Cargo or a claim under the policy.

## B. Other Terms

### 1. Valuation

In the event of "loss", at our option we will pay the lesser of:

- a. the cost to replace the Covered Cargo with substantially identical property; or
- b. the cost to repair the Covered Cargo to its physical condition immediately before the "loss" excluding diminution of value; or
- c. take all or part of the cargo at the agreed or appraised value.

### 2. Fines, Assessments or Penalties

We will not pay any costs, penalties, or punitive damages as a result of your violation of law or regulation.

### 3. Filing Reimbursement

You must reimburse us for any payment we make solely because of a federal, state or provincial filing we have made under the policy on your behalf. Reimbursement must be made within fourteen (14) days of our notice to you.

## C. Definitions

1. "Catastrophe Limit" means the most we will pay for any one event or continuing events resulting in "loss" to covered cargo regardless of the number of "scheduled vehicles" or locations involved.
2. "In due course of transit" means being shipped from the time you assume care, custody or control of the Covered Cargo for the purpose of the actual movement of Covered Cargo from the point of shipment bound for a specific destination and ending when one of the following first occurs:
  - a. The Covered Cargo is accepted by, or on behalf of, the consignee at the intended destination; or
  - b. The Covered Cargo is accepted by, or on behalf of, the consignee at any intermediate

point short of reaching the original intended destination.

- c. Seventy two (72) hours after arrival at destination; or
- d. Any other stop that exceeds seventy two (72) hours.

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

3. "Loss" means direct accidental physical loss or damage.
4. "Newly acquired vehicle" means an owned power unit titled to the named insured or a vehicle "leased" to the named insured and reported to us within thirty (30) days of acquisition.
5. "Scheduled vehicle" means a power unit listed on the Motor Truck Cargo Declarations page. "Scheduled vehicle" also means:
  - a. A power unit which permanently replaces a power unit you previously owned that had coverage on this policy. You must report the change and tell us you want us to cover the replacement power unit within thirty (30) days of acquisition.
  - b. A temporary non-owned substitute power unit used with the permission of its owner as a temporary substitute for a power unit listed on the Motor Truck Cargo Declarations page that is out of service because of its breakdown, repair, servicing, loss or destruction. A temporary substitute power unit does not include a leased or borrowed power unit with a driver.
  - c. An owned additional "newly acquired vehicle" but only if we already cover all power units you own that are used to transport Covered Cargo.
6. "Trailer" means a non self-propelled vehicle while it is physically attached to a "scheduled vehicle" and is used for the purpose of transporting Covered Cargo.