

A STOCK COMPANY



3715 Northside Parkway, Building 400, Atlanta, Georgia 30327

COPY

*MOTOR TRUCK
CARGO POLICY*

BJP2277XC (01/08)

Policy Number:

MOTOR TRUCK CARGO POLICY



I. **INSURING CLAUSES:** In consideration of the stipulations herein named and of the premiums hereinafter provided this Company does insure the Named Insured, hereinafter the Insured, whose address is shown in the declarations, for physical loss or damage to lawful goods and merchandise consisting principally as described in the declarations caused directly by the perils hereinafter specified and only while on trucks operated by the Insured within a radius as described in the declarations, and within the territorial limits of the Continental United States and Canada, and as follows:

- A. The legal liability of the Insured as a Motor Carrier, Bailee or Warehouseman under Tariff Documents, Bill of Lading, or Shipping Receipt, or written lease, or written contract to haul, made in the name of the insured or authorized representative of the insured, which occurs while such goods or merchandise are in due course of transit and are on a truck specifically described in the schedule in the declarations.
- B. To shipments of lawful goods or wares owned by the Insured, if such loss occurs while such goods or merchandise are in due course of transit and are on a truck specifically described in the schedule in the declarations.

II. **WARRANTED NO EXCESS INSURANCE** over and above such limits as may be provided herein, except as may be specifically endorsed hereon.

III. **SUBSTITUTION OF TRUCKS:** In event of breakdown or repairs to any truck described herein necessitating temporary withdrawal from service, privilege is given the Insured to substitute a truck similar to that described herein, provided such substituted truck is operated by or has been contracted for by the Insured.

IV. **MINIMUM PREMIUM:** The actual consideration for this policy shall in no event be less than a minimum premium as described in the declarations. Should this policy be cancelled by either the insured or by this Company, the earned premium, howsoever computed, shall not be less than the prescribed minimum premium.

V. **PERILS INSURED:**
THIS POLICY INSURES, WITHIN THE FOREGOING PROVISIONS AND EXCEPT AS HEREINAFTER PROVIDED, THE LIABILITY OF THE INSURED FOR DIRECT LOSS OR DAMAGE CAUSED BY:

- A. Fire, Lightning and Explosion;
- B. Collision, i.e., accidental collision of the truck with any other vehicle or object (the striking of curbing or any portion of the roadbed or the striking of rails or ties of street, steam or electric railroads, or contact with any stationary object in backing for loading or unloading purposes, or the coming together of trucks and trailers during coupling or uncoupling, or contact of property being transported with any object unless the scheduled truck first collides with such object, shall not be deemed a collision);
- C. Overturning or upset of the truck while on land;
- D. Collapse of bridges, docks, wharves, culverts, overpasses or ramps;

E. The stranding, sinking, burning or collision (including General Average and Salvage Charges) of any regular ferry while operating on inland waterways only;

F. Floods (meaning the rising of streams and navigable waters from natural causes.

G. Windstorm, excluding loss or damage caused by hail, rain, sleet or snow, whether driven by wind or not.

VI. **EXCLUSIONS:**
THIS POLICY DOES NOT INSURE THE LIABILITY OF THE INSURED FOR:

- A. Loss of market arising from delay or loss of use; or loss or damage due to wear and tear, gradual deterioration, moth, vermin, however caused;
- B. Loss or damage to accounts, bills, deeds, evidences of debt, letters of credit, passports, documents, railroad or other tickets, notes, securities, money, currency, bullion, precious stones, jewelry or other similar valuables, paintings, statuary or other works of art, manuscripts, mechanical drawings;
- C. Loss or damage to vehicles or their equipment including fittings and tarpaulins;
- D. Loss or damage due to inherent vice whether resulting from a peril insured against or otherwise;
- E. Damage to live animals or fowl except as follows: This Company shall be liable only for claims arising from death, or from injury rendering death immediately necessary, in consequence of perils insured against.
- F. Loss of or damage to live animals or fowl caused by straying from the scene of an accident;
- G. Loss or damage caused by strikers, locked-out workmen or persons taking part in labor disturbances or riots, or civil commotions; nor for vandalism or malicious mischief;
- H. Loss or damage caused by the neglect of the Insured to use all reasonable means to save and preserve the property at and after any disaster insured against, nor for any act or omission of a dishonest character on the part of the Insured or his or their employees;
- I. Shipments by mail;
- J. Loss or damage to goods carried gratuitously or as an accommodation;
- K. Loss or damage caused by or resulting from: (1) hostile or war-like action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack, (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of any such government, power, authority or forces; (2) any weapon of war employing atomic fission or radioactive force whether in time of peace or war; (3) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

- L. Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy.
- M. Loss by leakage, breaking, marring or scratching, rough handling, poor packing, wet or dampness, or by being spotted, discolored, moldy, rusted, frosted, rotted, soured, steamed or changed in flavor except the same be the direct result of a peril insured against in section V A through V G;
- N. Loss by breakage of eggs in excess of \$1000.00;
- O. Loss or damage due to loading or unloading;
- P. Loss or damage resulting from infidelity, conversion, theft or robbery by any person or persons in the employ or service of the Insured whether occurring during the hours of such employment or at any other time; and excluding pilferage by any person or persons.
- VII. **CONDITIONS:**
- A. **Coinsurance.** The Company shall in no event be liable for a greater proportion of any loss or damage to the total value of all merchandise (including Earned Freight charges if such Earned Freight coverage is afforded under this policy) than the amount of insurance applicable bears to such total value at time and place of loss. This clause shall apply separately to merchandise in transit, and at a terminal location.
- B. **Valuation.** The valuation of all goods and merchandise insured shall in no event exceed the invoice value of such merchandise at point of shipment on date of loss, or there being no invoice, then for not more than the actual cash value of such merchandise at point of shipment on date of loss.
- C. **Misrepresentation and Fraud.** This policy shall be void if the Insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or false swearing by the Insured touching any matter relating to this insurance or the subject thereof, whether before or after a loss.
- D. **Other Insurance.** This insurance is warranted by the insured to be null and void so far as concerns any loss to the extent of any other insurance by whomsoever effected, directly or indirectly covering liability of the Insured for the same property, whether concurrent, prior or subsequent hereto in date.
- E. **Notice and Proof of Loss.** The Insured shall immediately report in writing to the Company or its Agent every loss or damage which may become a claim under this policy with full particulars and shall also file with this Company or its Agent, a detailed sworn proof of loss within thirty (30) days following the date of determination of Insured's liability. Failure by the Insured to file either such claim or such proof shall invalidate the claim. This Company shall have the right to adjust and settle losses hereunder with the actual owners of the property.
- F. **Protection of Property after Loss.** In the event of loss or damage caused by the risks and perils insured against, it shall be necessary for the Insured to use all lawful and proper efforts for the safe guard and recovery of the property or its value without prejudice to this insurance, and this Company will contribute to the just and reasonable charges thereof in such proportion as the amount of insurance applicable bears to the total value at risk. And it is mutually agreed that the acts of either party or their agents in securing, preserving or recovering the property insured shall not be considered or held to be either a waiver or acceptance of abandonment.
- G. **Payment of Loss.** All adjusted claims shall be paid or made good to the Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the Home Office of the Company. No loss shall be paid or made good if the Insured has collected the same from others.
- H. **Machinery.** In the event of loss of or damage to machinery consisting, when complete for sale or use, of several parts, the Company shall only be liable for the value of the part(s) lost or damaged.
- I. **Abandonment.** There can be no abandonment to the Company of any property.
- J. **Admission of Liability.** The Insured shall not voluntarily admit any liability nor settle any claims nor incur any expenses (except as provided for in the preceding paragraph) without the specific authority of this Company, nor shall they interfere with any negotiations for settlements carried on between this Company and the owners of the property. In event of legal action being brought against the Insured in respect to alleged loss or damage which might constitute a claim under this policy, the Insured shall give immediate notice to this Company, and this Company reserves the right at its sole option to defend such action in the name and on behalf of the Insured and will pay all legal expenses incurred by this Company in connection with any action it undertakes to defend, also any judgment against the Insured, subject however, to all the valuations and limitations provided for herein.
- K. **Examination Under Oath.** The Insured as often as reasonably may be required shall submit, and so far as within his or their power cause all other persons interested in the property and members of their households and employees to submit to examination under oath by any person named by this company relative to any and all matters in connection with a claim, shall produce for examination all books of account, bills, invoices, and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this Company or its representatives, and shall permit extracts and copies thereof to be made.
- L. **Suit Against Company.** No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless the Insured shall have fully complied with all the requirements of this policy, nor unless commenced within twelve (12) months next after the determination of the Insured's liability for the loss, provided that where such limitation of time is prohibited by the laws of the State wherein this policy is issued, then, and in that event, no suit or action under this policy shall be sustainable unless commenced within the shortest limitations permitted under the laws of such State.
- M. **Subrogation.** In the event of any payment under this policy, the company shall be subrogated to all the insured's rights of recovery therefore against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.
- N. **Cancellation for Non-Payment of Premiums.** Regardless of anything to the contrary expressed in this policy, it is mutually agreed that in case the premium on this policy shall not be paid to this Company or its authorized Agent within sixty (60) days after the date of attachment, this policy shall terminate automatically upon such sixtieth (60th) day at 12:01 A.M., and it is agreed by the Insured that no further notice of termination or cancellation of this policy is or shall be necessary; that proportional part of the premium, however, which shall have been earned up to the time of such termination shall be due and payable.

- O. **Cancellation.** This policy shall be cancelled at any time at the request of the Insured, in which case this Company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rate premium for the expired term. This policy may be cancelled at any time by this Company by giving to the Insured ten (10) days' written notice of cancellation with or without tender of the excess of paid premium above the pro rate premium for the expired term, which excess, if not tendered, shall be refunded on demand, subject however to the minimum premium provisions of this policy. Notice of cancellation shall state that said excess premium, if not tendered, will be refunded upon demand. Notice of cancellation mailed to the address of the insured stated in this policy shall be sufficient notice.

If this policy is written with premium payable installments, regardless of anything to the contrary expressed in this policy, it is mutually agreed that in case of any installment of premium for this policy shall not be paid to the Company, or its duly authorized Agent within thirty (30) days after the due date of such installment, this policy shall terminate automatically upon such thirtieth (30th) day at 12:01 A.M., and it is agreed by the Insured that no further notice of the termination or cancellation of this policy is or shall be necessary; that the proportional part of the premium, however, which shall have been earned up to the time of such termination shall be due and payable.

It further is mutually agreed that should any additional premiums, charged for additions to or changes in this policy, not be paid this Company or its authorized Agent within sixty (60) days after date on which such additions and changes are effective, this policy shall terminate automatically in so far as such additions or changes are concerned, and it is agreed by the Insured that no further notice of termination or cancellation of such additions or changes is or shall be necessary; that proportional part of the premium, however, which shall have been earned up to the time of such termination, shall be due and payable.

- P. **Changes.** Notice to any agent or knowledge possessed by any agent or by any other person shall not affect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy, nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.
- Q. **Assignment.** This policy shall be void if assigned or transferred without the written consent of this Company.
- R. **Agent.** No person shall be deemed an Agent of this Company unless specifically authorized in writing by this Company.
- S. **Terms of this policy** which are in conflict with the statutes of the State wherein this policy is issued are hereby amended to conform to such statutes.
- T. **Reinstatement of Loss.** It is agreed that the Amount of Insurance in effect under this policy shall not be reduced by the payment of loss hereunder, and, in consideration thereof, the insured agrees to pay to the Insurers pro rata additional premium on the amount of any loss. The said additional premium to be computed at pro rata of the annual rate for the unexpired term of this insurance subsequent to the date of the loss and to be due and payable to the Company upon payment of the loss.
- U. **Indemnification Clause.** It is especially understood and agreed that in the event that Statutory Filings are made under this policy, on behalf of the Insured, with the Federal Motor Carrier Safety Administration, or any State Public Service Commission or Public Utility Commission, the Insured agrees to reimburse the Company for any payment made by the Company on account of any loss or damage involving a breach of the terms of this policy and for any payment that the Company would not have been obligated to make under the provisions of this policy, except for the agreement contained in such F.M.C.S.A. or P.S. C. or P.U.C. endorsement(s).

- V. **Effective Time Clause.** The time of inception and the time of expiration of this policy and of any schedule or endorsement attached shall be 12:01 A.M., standard time at the address of the named insured as stated herein. To the extent that coverage in this policy replaces coverage in other policies terminating noon standard time on the inception date of this policy, coverage under this policy shall not become effective until such other coverage has terminated.

- W. **Salvage.** If the Company pays the insured the actual cash value up to the maximum limit of liability because of loss to goods or merchandise covered by this insurance, the Company shall be entitled to take title and possession of the damaged goods and merchandise for salvage.

VIII. OPTIONAL COVERAGES, LIMITATIONS AND EXTENSIONS –

- A. **Deductible Clause.** This policy does not insure the first amount, as specified in the declarations, of any loss or damage; it being a matter of express agreement between the Company and the Insured that each claim for loss or damage hereunder shall be adjusted separately and from the adjusted amount of each loss or damage, or from the applicable limit of liability, whichever is less, the sum specified in the declarations shall be deducted.
- B. **Earned Freight Clause.** It is understood and agreed that in event of loss hereunder; the goods and/or merchandise shall be valued at the amount of invoice, including earned freight charges to the point of accident, and in the absence of invoice at cash market value at place of shipment on date of shipment plus earned freight charges to the point of accident.
- C. **Theft Clause.** This policy is amended by the addition of the peril of theft excluding infidelity, theft or robbery by any person or persons in the employment or service of the Insured, and excluding pilferage by any person or persons.

In case of loss or damage by theft to wines, liquors, spirits or other alcoholic beverages, cigars, cigarettes or other manufactured tobacco products; butter, furs, raw or manufactured textiles, tires or tubes, the limit of the Company's liability with respect to any one truck shall not exceed 10% of the amount of insurance for such truck stated in the schedule, but under no circumstances shall the limit of the Company's liability for all loss or damage of any kind arising out of any one disaster exceed the amount stated in the schedule as "Disaster Limit" either in the case of total or partial loss or for salvage charges or other costs or all combined.

It is a condition of this policy that in the event of loss by theft immediate notice will be given by the Insured to the police.

- D. **Locked Truck Warranty.** It is understood and agreed that this policy does not cover loss or damage caused by theft of the insured property while left unattended in or on any truck unless the loss be a direct result of violent or forceful entry (of which there shall be visible evidence) into a fully enclosed body, the doors and windows of which shall have been securely locked or into a compartment which shall have been securely locked.

It is condition of this policy that in the event of loss by theft, immediate notice will be given by the Insured, to the police.

- E. **Tarpaulin Warranty.** It is warranted by the insured that the cargo carrying compartment of each conveyance will be completely covered by a waterproof tarpaulin when hauling any property at risk hereunder and that the tarpaulin will be securely fastened except during loading and unloading. (Applicable only to flatbed and open equipment)
- F. **Cotton Ginning Warranty.** It is also warranted that no coverage shall attach hereunder for baled cotton loaded on the conveyances insured hereunder unless such cotton has been ginned 72 hours prior to the date of loading.

G. **Bill of Lading Coverage.** Subject to all the stipulations, limitations, conditions and exclusions in the policy of which this clause constitutes a part and subject also to the provisions of this clause, this policy is extended to cover the legal liability of the insured as a motor carrier, as such is defined, limited and set forth in the Uniform Bill of Lading, including Acts of God, against physical loss or damage to shipments of lawful goods or wares as described in the declarations and subject to the radius of operation described in this policy. The insured agrees to keep records of all such shipments in accordance with generally accepted accounting methods, and including any Federal and State regulatory requirements.

H. **Mobile Home Amendatory Clause.** It is understood and agreed that the following amendments are applicable to all Mobile Homes, half-double wide and modular homes covered hereunder:-

1. The Deductible Clause A is amended to read as follows:

(a) \$250.00 Deductible on all single-wide mobile homes

(b) \$500.00 Deductible on all double-wide and modular homes

2. It is especially understood and agreed that this policy does not cover loss, damage or expense to personal effects or personal property which is not an integral part of the mobile home, office trailer, or trailer structure.

3. It is understood and agreed that the definition of Truck is amended to include any mobile home only while attached to a scheduled tractor or toter.

4. It is understood and agreed that this policy does not cover loss, damage or expense due to or arising from collapse or failure of the undercarriage or suspensory system including axle, wheels and tires, except as a result of a peril insured.

I. **Refrigeration Breakdown Clause.** This policy is extended to cover, subject to its terms and conditions, loss or damage to merchandise directly due to the mechanical failure or breakdown of single unit automatic temperature control compressors.

With respect to coverage provided herein for mechanical failure or breakdown of the automatic temperature control unit, it is expressly agreed and understood the coverage provided does not insure against failure or breakdown directly due to the following:

(a) Failure to provide adequate fuel supply.

(b) Failure to maintain crankcase oil level within manufacturer's specified limits.

(c) Failure to maintain an adequate level of refrigerant per manufacturer's specifications.

(d) Willful destruction, or damage to automatic temperature control unit by an employee or others.

(e) Any other circumstances wherein loss or damage is not directly due to breakdown or mechanical failure.

It is a condition of this coverage that the automatic temperature control units will be regularly inspected, at least once each month, by the Insured and records maintained as to the result of such inspections. Such records shall be open to the inspection of any authorized representative of this Company at all times during business hours. In no event shall this Company be liable for loss or damage caused, or contributed to by failure of the Insured to keep and maintain the above described automatic control or temperature units in efficient operating condition at all times.

J. **Loading and Unloading Coverage.** Subject to all of the stipulations, limitations, conditions and exclusions in the policy of which this form constitutes a part, it is agreed that this policy is amended by the addition of the following peril:

Accidental breakage to the insured property from an external cause occasioned by "loading and unloading", subject to the provision that each claim for loss or damage due to such breakage shall be adjusted separately and from the amount of each such adjusted claim, or from the applicable limit of liability, whichever is less, the sum specified in the declarations shall be deducted.

"Loading and unloading" as used herein means the moving of the insured property from an adjacent loading platform, or the immediate road-bed, into a vehicle listed in the schedule, and conversely, the removal of the insured property from such vehicle onto an adjacent platform, or to the road-bed immediate to such vehicle; it being understood that the intent of this provision is to provide protection against loss during the direct loading into the vehicle or the direct unloading from the vehicle, but to exclude any loss which may occur prior to the direct loading operation or any loss which may occur subsequent to the direct unloading operation.

THIS POLICY IS MADE AND ACCEPTED SUBJECT TO THE FOREGOING STIPULATIONS AND CONDITIONS, together with such other provisions, agreements or conditions as may be endorsed hereon or added hereto; and no officer, agent or other representative of this Company shall have power to waive or be deemed to have waived any provision or condition of this policy unless such waiver, if any, shall be written upon or attached hereto, nor shall any privilege or permission affecting the insurance under this policy exist or be claimed by the Insured unless so written or attached.

In Witness Whereof, the company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a duly authorized representative of the company.

Secretary

President

ENDORSEMENT – THEFT CLAUSE

This endorsement, effective on , at 12:01am, forms a part of Policy Number of the American Southern Insurance Company.

Issued to:

By: W.E LOVE AND ASSOCIATES

(Authorized Representative)

In consideration of the premium paid, it is hereby understood and agreed that the following conditions are added to the policy:

- 1) Paragraph C. Theft clause of Section VIII OPTIONAL COVERAGES, LIMITATIONS AND EXTENSIONS is deleted and replaced with the following:

This policy is amended by the addition of the peril of theft, excluding infidelity, theft or robbery by any person in the employment or service of the insured or any person to whom the cargo is entrusted by the insured, and excluding pilferage by any person or persons.

It is a condition of this policy that in the event of loss by theft, immediate notice will be given by the insured to the police.

The insurance company's liability shall not exceed five thousand dollars (\$5,000.00) for loss by theft of: furs or garments trimmed with furs; silks, rayon, nylons; wearing apparel; liquor or other alcoholic beverages; tobacco products; drugs and pharmaceuticals; cameras and photographic equipment and supplies; automotive parts and tires; radio, stereo and television sets and parts; electronic equipment, parts and components; copper and copper products; precious metals and alloys; shellfish (shrimp, lobster, crab); or perfume. This limitation shall not apply to the individual commodity or cargo listed above if it is specifically indicated in the "Description of Merchandise" hauled section on the declarations page of this policy.

- 2) This policy shall exclude coverage for loss due to theft from an unattended vehicle (tractor, trailer, container, or truck) unless, at the time of the theft:
 - a) Such vehicle is garaged in a building which is securely closed and locked or parked in a fenced and locked yard that is under constant surveillance by a security guard, AND
 - b) Such vehicle has all openings closed and locked and all keys removed, AND
 - c) The cargo is taken from the security guard by force or by the threat of force

This policy will cover loss due to theft from an unattended vehicle while it is stopped for less than two hours while in transit and away from the insured's terminal. An unattended vehicle is defined as a vehicle (tractor, trailer, container, or truck) that is not occupied by the truck driver.

- 3) This policy does not cover the liability of the insured for the payment of any fines, assessments, damages, attorney's fees, court costs or any other penalties that the insured shall be required to pay as a result of the insured's violation of any law or regulation relating to any delay in the payment, denial or settlement of any claim for loss.
- 4) Two or more trailers, while connected or being operated with a single power unit, shall be considered as one vehicle when applying the limits of liability under this policy.

COPY

Policy Number:

ENDORSEMENT

DAMAGE TO CARGO – FOREIGN OBJECT

For and in consideration of the premium charged, it is hereby understood and agreed that this policy is extended to cover damage to the cargo caused by the striking of the cargo with a foreign object. The trailer or any equipment used with the trailer (for example, chains, tie-downs or load locks) is not considered a foreign object. The ground, curbing, or any portion of the roadbed is not considered a foreign object.

COPY

ASI 3016 (01/08)

AMERICAN SOUTHERN INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

DEBRIS REMOVAL

This endorsement modifies Insurance provided under the following:

MOTOR TRUCK CARGO POLICY

The following is added to the above referenced policy:

We will pay your expense to remove the debris of covered cargo as a result of a covered loss. The limit of liability for the coverage is \$2,500. this coverage is in addition to the amount of coverage shown on the declarations page.

This coverage does not apply to any cost to: Extract pollutants from land or water; or remove, restore or replace polluted land or water.

This coverage is excess over any other insurance, whether primary, excess, contingent or on any other basis.