

LOSS COSTS/RULES/FORMS – INFORMATION

JANUARY 11, 2019

COMMERCIAL INLAND MARINE

LI-CM-2019-001

INLAND MARINE HANDBOOK UPDATED

KEY MESSAGE

We are providing an update to the Inland Marine Handbook. This revision includes an update to the Annual Transit, Contractors Equipment, Motor Truck Cargo and Trip Transit programs of the Handbook.

BACKGROUND

The Inland Marine Handbook makes available to insurers information relating to the classes of Inland Marine business generally exempted from state filing requirements (non-filed classes). In general, this information includes coverage forms, endorsements, applications and Declarations, sample instructions for preparing policies, ranges of possible loss costs, premium calculation worksheets, general underwriting guidelines and suggested loss control recommendations. In addition, the Handbook includes an exhibit in the Introduction section which reproduces the Inland Marine class information from the 1976 Nation-Wide Marine Definition and lists the ISO forms available for those classes.

We do not file this product with state regulators on behalf of our insurers. Individual insurers are responsible for complying with any statutory or regulatory requirements.

ISO ACTION

We are introducing the following forms in the Inland Marine Handbook:

- [IH 60 02 12 18](#) – Spoilage And Loss Due To FDA Regulation Coverage (Contingent Cargo Coverage Form)
- [IH 68 10 12 18](#) – Theft Deductible Waiver – The National Equipment Register
- [IH 72 01 12 18](#) – Spoilage And Loss Due To FDA Regulation Coverage (Motor Truck Cargo Carriers Coverage)
- [IH 72 02 12 18](#) – Non-owned Trailer Coverage
- [IH 99 30 12 18](#) – Theft Deductible Waiver – CargoNet
- [IH 99 31 12 18](#) – Theft Deductible Waiver – GPS
- [IH 99 32 12 18](#) – Spoilage And Loss Due To FDA Regulation Coverage (Motor Truck Cargo Owners And Annual And Trip Transit Coverages)

We are revising the following forms in the Inland Marine Handbook:

- [IH 00 60 12 18](#) – Contingent Cargo Coverage Form (For Motor Truck Cargo Brokers)
- [IH DS 60 12 18](#) – Contingent Cargo Declarations (For Motor Truck Cargo Brokers)
- [IH AP 60 12 18](#) – Contingent Cargo Coverage Application

- [IH 00 71 12 18](#) – Annual Transit Coverage Form
- [IH DS 71 12 18](#) – Annual Transit Declarations
- [IH AP 71 12 18](#) – Annual Transit Application
- [IH 00 72 12 18](#) – Motor Truck Cargo Carriers Coverage Form
- [IH DS 72 12 18](#) – Motor Truck Cargo Carriers Declarations
- [IH AP 72 12 18](#) – Motor Truck Cargo Carriers Application
- [IH 00 76 12 18](#) – Motor Truck Cargo Owners Coverage Form
- [IH DS 76 12 18](#) – Motor Truck Cargo Owners Declarations
- [IH AP 76 12 18](#) – Motor Truck Cargo Owners Application
- [IH 00 78 12 18](#) – Trip Transit Coverage Form
- [IH DS 78 12 18](#) – Trip Transit Declarations
- [IH AP 78 12 18](#) – Trip Transit Application
- [IH 99 09 12 18](#) – Values Shipped Reporting Form
- [IH 99 11 12 18](#) – Gross Receipts Reporting Form
- [IH 99 23 12 18](#) – Theft From Unattended Vehicle Exclusion

We are withdrawing the following forms in the Inland Marine Handbook:

- IH 60 01 09 16 – Temperature Change And Loss Due To FDA Regulation Coverage (For Contingent Cargo Coverage)
- IH 68 07 05 17 – Theft Deductible Waiver

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- Forms are being withdrawn.
- New forms are being introduced.
- New loss costs and rating factors are being introduced.

CAUTION – COMPANY ACTION

The Handbook consists of advisory material that has NOT been filed on behalf of insurers in any jurisdiction. Since regulatory practices differ by jurisdiction, each company planning to use this material is responsible for complying with statutory and regulatory requirements.

CALIFORNIA CAUTION

This product is NOT distributed for insurer use in California. We will keep you advised of any action we take in California. In the meantime, refer to circular [LI-CM-2006-103](#) for the Handbook material that is available for use in California.

REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of February 2019, along with the new and revised Handbook material.

REFERENCE(S)

[LI-CM-2006-103](#) (04/21/2006) California Forms Update To The Inland Marine Handbook Filed And Approved; List Of CDI Tracking Numbers Provided

ATTACHMENT(S)

- Explanatory Memorandum
 - Update to the Inland Marine Handbook (including final copies of the new and revised forms)
-

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We provide participating insurers with information concerning the jurisdictions for which our products and services are distributed. Even in those jurisdictions, each insurer must determine what filing requirements, if any, apply and whether those requirements have been satisfied.

Now, as in the past, all of our products and services are advisory, and are made available for optional use by participating insurers as a matter of individual choice. Your company must decide for itself which, if any, ISO products or services are needed or useful to its operation and how those selected for use should be applied. We urge that you be guided by the advice of your attorneys on the legal requirements.

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Inland Marine Handbook Update

About This Material

We have **not** filed the attached Inland Marine Handbook material on behalf of insurers in any state or jurisdiction. This product is available for insurer use, **subject to insurer compliance with any applicable statutory or regulatory requirements**, in the District of Columbia, Puerto Rico and all states **except** California.

This explanatory document was prepared for the education and use of ISO Circular recipients. In states where we submit an informational copy of the Inland Marine Handbook to the Insurance Department as a courtesy, this explanatory document is **not** part of such submission.

Revised Forms

We are revising the following forms:

- ◆ IH 00 72 12 13 Motor Truck Cargo Carriers Coverage Form
- ◆ IH DS 72 07 99 Motor Truck Cargo Carriers Declarations
- ◆ IH AP 72 12 13 Motor Truck Cargo Carriers Application
- ◆ IH 00 76 12 13 Motor Truck Cargo Owners Coverage Form
- ◆ IH DS 76 07 99 Motor Truck Cargo Owners Declarations
- ◆ IH AP 76 12 13 Motor Truck Cargo Owners Application
- ◆ IH 00 60 09 16 Contingent Cargo Coverage Form
- ◆ IH DS 60 09 16 Contingent Cargo Declarations
- ◆ IH AP 60 09 16 Contingent Cargo Application
- ◆ IH 00 71 12 13 Annual Transit Coverage Form
- ◆ IH DS 71 07 99 Annual Transit Declarations
- ◆ IH AP 71 12 13 Annual Transit Application
- ◆ IH 00 78 12 13 Trip Transit Coverage Form
- ◆ IH DS 78 07 99 Trip Transit Declarations
- ◆ IH AP 78 12 13 Trip Transit Application
- ◆ IH 99 09 09 09 Values Shipped Reporting Form

- ◆ IH 99 11 09 09 Gross Receipts Reporting Form
- ◆ IH 99 23 12 02 Theft From Unattended Vehicle Exclusion

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes from the above-referenced editions to the **12 18** editions. Concurrent with implementation, the **12 18** editions will supersede the prior editions.

New Forms

We are introducing the following forms:

- ◆ IH 68 10 12 18 Theft Deductible Waiver - The National Equipment Register
- ◆ IH 99 30 12 18 Theft Deductible Waiver - CargoNet
- ◆ IH 99 31 12 18 Theft Deductible Waiver - GPS
- ◆ IH 72 01 12 18 Spoilage And Loss Due To FDA Regulation Coverage (Motor Truck Cargo Carriers Coverage)
- ◆ IH 60 02 12 18 Spoilage And Loss Due To FDA Regulation Coverage (Contingent Cargo Coverage Form)
- ◆ IH 99 32 12 18 Spoilage And Loss Due To FDA Regulation Coverage (Motor Truck Cargo Owners And Annual And Trip Transit Coverages)
- ◆ IH 72 02 12 18 Non-owned Trailer Coverage

Withdrawn Forms

We are withdrawing the following forms:

- ◆ IH 60 01 09 16 Temperature Change And Loss Due To FDA Regulation Coverage (For Contingent Cargo Coverage)
- ◆ IH 68 07 05 17 Theft Deductible Waiver

Introduction

This material includes various enhancements to our Motor Truck Cargo Carriers, Motor Truck Cargo Owners, Contingent Cargo, Trip Transit and Annual Transit classes in our Inland Marine Handbook.

Explanation of Changes

IH 00 72 Motor Truck Cargo Carriers Coverage Form

The revisions to this coverage form include the following:

- ◆ Under Insuring Agreement, a provision concerning defense coverage is added.
- ◆ Under Covered Property, reference to tariff is deleted and contract of carriage is added.
- ◆ Under When Coverage Applies,
 - Reference to until the property is accepted by the consignee or its representative with an exception for the period of time specified in the bill of lading, contract of carriage or shipping receipt is added with respect to when covered property is delivered to its destination.
 - The express reference to cover property when loaded or unloaded at a facility is removed to broadly address the situations of covered property at a terminal.
 - With respect to coverage at terminals, if a limit of insurance is indicated in the declarations, a time limitation of 60 days is added, unless otherwise specified.
 - In the paragraph that addresses coverage when covered property is not delivered, property that is refused by the consignee is expressly added. In addition, with respect to the return of the covered property, reference to the named insured is replaced with "shipper or consignor".
- ◆ Under Property Not Covered, an exception with respect to animals killed or injured from specified causes of loss is added.
- ◆ The following Additional Coverages with limits of insurance that are generally designed to be within the limit of insurance applicable to the Covered Property have been added:
 - Debris Removal with 25% of the property loss plus deductible; plus an additional \$10,000 under the indicated circumstances.
 - False Pretense coverage with a limit of \$25,000 per occurrence.
 - Preservation of Property coverage with a coverage period of up to 60 days.
 - Rewards coverage with a limit of \$10,000 per occurrence with respect to arrest and conviction and \$10,000 per occurrence with respect to return of stolen property.

- ◆ The following Additional Coverages with limits of insurance that are separate from, and are designed to not reduce, the limit of insurance applicable to the Covered Property have been added:
 - Supplementary Payments coverage with a limit of up to \$500 a day for loss of earnings
 - Cargo Handling Equipment coverage with a limit of \$10,000 per occurrence.
 - Contractual Penalties coverage with a limit of \$5,000 per occurrence.
 - Fire Department Service Charge with a limit of \$10,000 per occurrence.
 - Fire Extinguishing Systems Expense with a limit of \$10,000 per occurrence.
 - Fuel coverage with a limit of \$2,500 per occurrence.
 - Newly Acquired Terminals coverage with a limit of \$100,000 at each newly acquired terminal within 60 days after acquired.
 - Pollutant Cleanup and Removal with an aggregate limit of \$25,000
 - Preservation of Property Expense with a limit of \$10,000 per occurrence.
 - Electronic Equipment with a limit of \$10,000 per occurrence.
- ◆ The coverage for Earned Freight Charges is revised to more generally address earned charges and the limit of insurance is increased from \$2,500 to \$5,000.
- ◆ Under the Exclusions Section, the following revisions have been made:
 - Improper packing or stowage or rough handling is deleted.
 - Contractors and leased owner operators are added to the dishonest or criminal act exclusion.
 - An exclusion with respect to pollutants is added.
 - The wording and arrangement of existing exclusions in Paragraph B.3. is revised to align more closely with ISO's Commercial Property Causes of Loss - Special Form. Further, the exclusion of mechanical breakdown is revised to also address malfunction and failure to operate.
 - The exclusion of breakdown of refrigeration equipment, under Paragraph B.2., is removed given the revisions and enhancements in Paragraph B.3. to the exclusions of mechanical breakdown, malfunction or failure to operate; changes in and extremes of temperature; and dampness and dryness of atmosphere. Further, we have expanded the exception addressing loss by fire and various other specified causes of loss, which prior to the current revisions were designed to apply only to the exclusion of breakdown of refrigeration equipment.

- ◆ Under the Deductible section, provisions have been added to address deductible amount that a company may pay to effect settlement along with reimbursement terms for such amount paid and when more than one deductible is applicable.
- ◆ Valuation provisions have been added for the Additional Coverages of Cargo Handling, Electronic Equipment and Fuel.
- ◆ The definition of accident is revised to remove express reference to violent contact.
- ◆ A number of new definitions, which align with existing wording in ISO's commercial property products, are added to complement our coverage enhancements.

IH DS 72 Motor Truck Cargo Carriers Declarations

The declarations is revised to complement the changes introduced in the revised Motor Truck Cargo Carriers Coverage Form IH 00 72. The revisions include addition of:

- ◆ An option to schedule vehicles to the Limits of Insurance section.
- ◆ A section to accommodate amending limits for the Additional Coverages grants in the ISO Motor Truck Cargo Carriers Coverage Form IH 00 72.

IH AP 72 Motor Truck Cargo Carriers Application

The application is revised to complement changes introduced in the revised Motor Truck Cargo Carriers Coverage Form IH 00 72 and Motor Truck Cargo Carriers Declarations IH DS 72. The revisions include editorial changes as well as consolidating questions into a table format.

IH 72 02 Non-owned Trailer Coverage Endorsement

In this new optional endorsement, if indicated in the Schedule, coverage may be selected for Trailer Interchange and Trailer Bailee as they are further described with respect to loss to non-owned trailers or its equipment in an insured's care, custody or control for which the named insured becomes legally obligated to pay.

IH 00 76 Motor Truck Cargo Owners Coverage Form

The revisions to the coverage form include the following:

- ◆ Covered Property means property described in the Declarations that is owned by the named insured or property of others in the named insured's care, custody or control.
- ◆ When Coverage Applies is revised as follows:
 - With respect to covered property while in transit by the named insured's owned or operated land vehicles, coverage with respect to property while being loaded and unloaded is now also expressly addressed.
 - A provision is added to address coverage at a terminal, including a warehouse or other storage area.
- ◆ Property Not Covered is revised to include the following:
 - Bullion
 - Coins or stamps.
 - An exception with respect to live animals killed or injured from specified causes of loss.
 - An exception with respect to works of art described in the declarations.
 - Intermodal containers not included in the value of the shipment.
 - Property for which the named insured has accepted while acting as a carrier for hire or an arranger of transportation operation.
- ◆ The following Additional Coverages with limits of insurance that are generally designed to be within the limit of insurance applicable to the Covered Property have been added:
 - Brands And Labels Expense
 - Debris Removal with 25% of the property loss plus deductible; plus an additional \$10,000 under the indicated circumstances.
 - False Pretense with a limit of 25,000 per occurrence.
 - Free On Board Point Of Origin
 - Preservation of Property coverage with a coverage period of up to 60 days
 - Rewards coverage with a limit of \$10,000 per occurrence with respect to arrest and conviction and \$10,000 per occurrence with respect to return of stolen property.
- ◆ The following Additional Coverages with limits of insurance that are separate from, and are designed to not reduce, the limit of insurance applicable to the Covered Property have been added:

- Fire Department Service Charge with a limit of \$10,000 per occurrence.
- Fire Extinguishing Systems Expense with a limit of \$10,000 per occurrence.
- Fuel coverage with a limit of \$2,500 per occurrence.
- Newly Acquired Terminals coverage with a limit of \$100,000 at each newly acquired terminal within 60 days after acquired.
- Pollutant Cleanup and Removal with an aggregate limit of \$25,000
- Preservation of Property Expense with a limit of \$10,000 per occurrence.
- ◆ Under the Exclusions Section, the following revisions have been made:
 - An exclusion with respect to pollutants is added.
 - Improper packing or stowage or rough handling is added.
 - The wording and arrangement of existing exclusions in Paragraph B.3. is revised to align more closely with ISO's Commercial Property Causes of Loss - Special Form. Further, the exclusion of mechanical breakdown is revised to also address malfunction and failure to operate.
 - The exclusion of breakdown of refrigeration equipment, under Paragraph B.2., is removed given the revisions and enhancements in Paragraph B.3. to the exclusions of mechanical breakdown, malfunction or failure to operate; changes in and extremes of temperature; and dampness and dryness of atmosphere. Further, we have expanded the exception addressing loss by fire and various other specified causes of loss, which prior to the current revisions applied only to the exclusion of breakdown of refrigeration equipment.
- ◆ Under the Deductible section, provisions have been added to address when more than one deductible is applicable.
- ◆ The Valuation condition has been revised to address property not sold under invoice and fuel.
- ◆ The Coverage Territory condition is revised to eliminate coverage for property shipped by air within and between the points expressly referenced.
- ◆ Under the Definitions section, accident is revised to remove express reference to violent contact and a number of new definitions, which align with existing wording in ISO's commercial property products, are added to complement our coverage enhancements.

IH DS 76 Motor Truck Cargo Owners Declarations

The declarations is revised to complement the changes introduced in the revised Motor Truck Cargo Owners Coverage Form IH 00 76. Among the revisions made are the following:

- ◆ An option to schedule vehicles is added to the Limits of Insurance section.
- ◆ A section is added to accommodate amending limits for the Additional Coverages grants in IH 00 76.

IH AP 76 Motor Truck Cargo Owners Application

The application is revised to complement changes introduced in the revised Motor Truck Cargo Owners Coverage Form IH 00 76 and Motor Truck Cargo Owners Declarations IH DS 76. Some of the revisions include editorial ones as well as consolidating questions into a table format.

IH 00 60 Contingent Cargo (For Motor Truck Cargo Brokers) Coverage Form

The revisions to the coverage form include the following:

- ◆ Under Covered Property, reference to tariff is deleted and contract of carriage is added.
- ◆ Paragraph designation A.3 When Coverage Applies is newly added to align with the approach in our other commercial Inland Marine transportation coverage forms. The following changes are also being made:
 - Under the paragraph addressing when covered property is delivered to its destination coverage, an exception concerning the period of time specified in the bill of lading, contract of carriage or shipping receipt is added.
 - The express reference to cover property when loaded or unloaded at a facility is removed to broadly address the situations of covered property at a terminal.
 - Property that is refused by the consignee is expressly added to the paragraph that addresses coverage with respect to covered property that is not delivered.
- ◆ Additional Coverages is revised as follows:
 - The Debris Removal additional limit is made amendable through an entry in the declarations.
 - Pollutant Cleanup And Removal limit is increased to \$25,000 and made amendable through an entry in the declarations.
- ◆ The following changes are being made to the Exclusions:

- The wording and arrangement of the exclusion concerning pollutants and certain exclusions in Paragraph B.3. are aligned more closely with ISO's Commercial Property Causes of Loss – Special Form.
- The exclusion of change in temperature or humidity, under Paragraph B.2., is removed given the revisions and enhancements in Paragraph B.3. to the exclusions of mechanical breakdown, malfunction or failure to operate; changes in and extremes of temperature; and dampness and dryness of atmosphere. Further, we have expanded the exception addressing loss by fire and various other specified causes of loss, which prior to the current revisions applied only to the exclusion of change in temperature or humidity.
- ◆ Under the Deductible section, a provision has been added to address when there is more than one deductible applicable.
- ◆ The Valuation Condition has been revised to expressly reference the amount for which the hired motor truck cargo carrier is legally liable under a bill of lading or contract of carriage.
- ◆ Under the Definitions section, accident is revised to remove express reference to violent contact and specified causes of loss is aligned more closely with the other ISO Commercial Inland Marine transportation coverage forms.

IH DS 60 Contingent Cargo Declarations

The declarations is revised to include a section to accommodate amending limits for the Additional Coverages grants in the Contingent Cargo Coverage Form IH 00 60.

IH AP 60 Contingent Cargo Application

The application is revised to complement changes to the Contingent Cargo Coverage Form IH 00 60 and Declarations IH DS 60.

IH 00 71 Annual Transit Coverage Form

The revisions to coverage form include the following:

- ◆ Covered Property is revised to mean property described in the Declarations that is owned by the named insured or that is property of others in the named insured's care, custody or control.
- ◆ When Coverage Applies is relocated to Paragraph A.2. and revised as follows:

- Express reference to messenger is deleted; while reference to carrier for hire remains.
- Reference to until the property is accepted by the consignee or its representative is added with respect to when covered property is delivered to its destination.
- With respect to covered property while in transit by the named insured's owned or operated vehicles, coverage with respect to property while being loaded and unloaded is now also expressly addressed.
- A provision is added to address coverage at a terminal, including a warehouse or other storage area. This new provision replaces the current provision addressing property held temporarily in storage.
- ◆ Paragraph A.1.b. is deleted given the enhancements reflected in Paragraph A.2. When Coverage Applies.
- ◆ Property Not Covered is revised to include the following:
 - An exception with respect to live animals killed or injured from specified causes of loss.
 - Property for which the insured has responsibility as a carrier for hire, broker, carloader, consolidator, freight forwarders, shipping association or similar entities.
 - Intermodal containers not included in the value of the shipment.
- ◆ The following revisions have been made to the Additional Coverages with limits of insurance that are generally designed to be within the limit of insurance applicable to the Covered Property:
 - Brands And Labels Expense coverage is added.
 - Debris Removal coverage is revised to provide an additional \$10,000 in coverage under the indicated circumstances.
 - Fraud Or Deceit provision is replaced by our False Pretense provision with a limit of \$25,000 per occurrence consistent with ISO's other newly enhanced transportation coverage forms in our Commercial Inland Marine Handbook.
 - Free On Board is revised to specify Point Of Origin.
 - Preservation Of Property coverage with a 60-day coverage period is added.
 - Rewards coverage is added, with a limit of \$10,000 per occurrence with respect to arrest and conviction and \$10,000 per occurrence with respect to return of stolen property.

- Premises Optional Coverage is deleted since coverage with respect to a terminal, including a warehouse or other storage area, is now addressed under Paragraph A.2.c.
- ◆ The following revisions have been made to the Additional Coverages with limits of insurance that are separate from, and are designed to not reduce, the limit of insurance applicable to the Covered Property:
 - Fire Department Service Change coverage with a limit of \$10,000 per occurrence, is added.
 - Fire Extinguishing Systems Expense coverage with a limit of \$10,000 per occurrence, is added.
 - The limit for Pollutant Cleanup And Removal coverage is increased to \$25,000.
 - Preservation of Property Expense coverage with a limit of \$10,000 per occurrence is added.
- ◆ The following changes are being made to the Exclusions:
 - Improper packing or stowage, or rough handling is revised to include express reference the named insured or any agent or representative of the named insured or the consignee.
 - Exclusions for pollutants and voluntary parting with property are added.
 - The wording and arrangement of certain exclusions in Paragraph B.3. is aligned more closely with ISO's Commercial Property's Special Causes of Loss Form. Further, the exclusion of mechanical breakdown is revised to also address malfunction and failure to operate, thereby more closely aligning with the ISO Machinery And Equipment Coverage Form and ISO's other newly enhanced transportation coverage forms in our Commercial Inland Marine Handbook.
 - The exclusion of breakdown of refrigeration equipment, under Paragraph B.2., is removed given the revisions and enhancements in Paragraph B.3. to the exclusions of mechanical breakdown, malfunction or failure to operate; changes in and extremes of temperature; and dampness and dryness of atmosphere. Further, we have added an exception addressing loss by fire and various other specified causes of loss.
- ◆ Under the Deductible section, the provision expressly referencing specific deductibles for water damage and earthquake is replaced with a provision that more generally addresses when more than one deductible is applicable.
- ◆ Under the Definitions section, a number of new definitions, which align with existing wording in ISO's commercial property products, are added to complement our coverage enhancements.

IH DS 71 Annual Transit Declarations

The declarations is revised to correspond with the changes introduced in the Annual Transit Coverage Form IH 00 71.

IH AP 71 Annual Transit Application

The application is revised to correspond with the changes introduced in the Annual Transit Coverage Form and declarations. Questions to solicit details concerning vehicles used in the insured's operation, driver and employee training, and contracts with carriers for hire have also been added.

IH 00 78 Trip Transit Coverage Form

The revisions to the coverage form include the following:

- ◆ Covered Property is revised to mean property described in the Declarations that is owned by the named insured or that is property of others in the named insured's care, custody or control.
- ◆ When Coverage Applies is revised as follows:
 - Express reference to messenger is deleted; reference to carrier for hire, undefined, remains.
 - Reference to until the property is accepted by the consignee or its representative is added with respect to when covered property is delivered to its destination.
 - With respect to covered property while in transit by the named insured's owned or operated vehicles, coverage with respect to property while being loaded and unloaded is now also expressly addressed.
 - A provision is added to address coverage at a terminal, including a warehouse or other storage area. This provision replaces the current provision addressing property held temporarily in storage.
- ◆ Under Property Not Covered, the provisions addressing jewelry and precious metals and works of art are aligned more closely with other ISO Inland Marine coverage forms. Additionally, the following have been added:
 - Coins or stamps.
 - An exception with respect to live animals killed or injured from specified causes of loss.
 - Property in the custody of a governmental postal service.

- Property while waterborne that is not incidental to land transportation.
- Vehicles.
- Intermodal containers not included in the shipment value
- Property for which the named insured has accepted while acting as a carrier for hire or an arranger of transportation operation.
- ◆ The following Additional Coverages with limits of insurance that are generally designed to be within the limit of insurance applicable to the Covered Property have been added:
 - Debris Removal with 25% of the property loss plus deductible; plus an additional \$5,000 under the indicated circumstances.
 - Preservation of Property with a 10-day coverage period.
- ◆ The following Additional Coverages with limits of insurance that are separate from, and are designed to not reduce, the limit of insurance applicable to the Covered Property have been added:
 - Pollutant Cleanup and Removal with an aggregate limit of \$10,000
 - Preservation of Property Expense with a limit of \$5,000 per occurrence.
- ◆ The following revisions have been made to the Exclusions:
 - Denting, chipping, marring or scratching is replaced with improper packing or stowage, or rough handling.
 - Dishonest or criminal act is revised to include an exception for acts of destruction by the named insured's employees or authorized representatives.
 - An exclusion with respect to pollutants is added.
 - An exclusion for voluntary parting with property is added.
 - Theft is revised to apply to any person to whom the named insured entrusts the property; the exception for carriers for hire remains.
 - Under Paragraph B.3, the wording and arrangement of existing exclusions is revised to align more closely with ISO's Commercial Property Causes of Loss - Special Form, the exclusion of mechanical breakdown is revised to also address malfunction and failure to operate and, for certain exclusions, we have added an exception addressing loss by fire and various other specified causes of loss.
- ◆ Under Deductible section, a provision has been added to address when more than one deductible is applicable.

- ◆ A number of new definitions, which align with existing wording in ISO's commercial property products, are added to complement our coverage enhancements.

IH DS 78 Trip Transit Declarations

The declarations is revised to correspond with the changes introduced in the Trip Transit Coverage Form IH 00 78.

IH AP 78 Trip Transit Application

The application is revised to correspond with the changes introduced in the Trip Transit Coverage Form and declarations. Questions to solicit information concerning the shipment value, vehicles used in the insured's operation, driver and employee training, terminals, protection of property and contracts with carriers for hire have also been added.

IH 99 23 Theft From Unattended Vehicle Exclusion

This endorsement for excluding theft from unattended vehicle is revised to include a condition with respect to if vehicle is equipped with an alarm.

IH 99 09 Values Shipped Reporting Form Endorsement

This endorsement has been revised as follows:

- ◆ Report Of Values for Annual Transit is updated to reference carriers for hire instead of any type of carrier, consistent with changes in the base coverage form.
- ◆ Reporting requirements for renewal policies are streamlined by eliminating the separate reporting requirements based on whether the previous policy was issued on a reporting basis or non-reporting basis, as reflected in Paragraphs A.1.b. and A.1.c.
- ◆ The penalty for failure to submit the first required report of values is decreased from 25% to 10% (i.e., the maximum amount payable is increased from 75% to 90% of the amount otherwise payable).
- ◆ Under the Definitions:
 - The references to daily and weekly reporting periods are removed and reference to annual reporting period is added.
 - With respect to quarterly reporting, quarters are revised to be three-month intervals beginning from the policy inception date.

IH 99 11 Gross Receipts Reporting Form Endorsement

This endorsement has been revised as follows:

- ◆ Contingent Cargo Coverage Form is added to this reporting form endorsement under Paragraph A.1.a.(2).
- ◆ Gross receipts under Motor Truck Cargo Carriers Coverage Form Paragraph A.1.a.(4) is revised to be applicable for covered property that the named insured has accepted for transportation as a common or contract motor carrier under the bill of lading, contract of carriage or shipping receipt issued by the named insured.
- ◆ Gross receipts under Warehouse Operators Legal Liability Coverage Form Paragraph A.1.a.(6) is revised to be applicable for covered property as a warehouse operator or bailee.
- ◆ Reporting requirements for renewal policies are streamlined by eliminating the separate reporting requirements based on whether the previous policy was issued on a reporting basis or non-reporting basis, as reflected in Paragraphs A.1.b. and A.1.c.
- ◆ The penalty for failure to submit the first required report of values is decreased from 25% to 10% (i.e., the maximum amount payable is increased from 75% to 90% of the amount otherwise payable).
- ◆ Under the Definitions section:
 - Gross receipts is deleted given the revisions to Paragraph A.1.a.
 - The references to daily and weekly reporting periods are removed and reference to annual reporting period is added.
 - With respect to quarterly reporting, quarters are revised to be three-month intervals beginning from the policy inception date.

IH 99 31 Theft Deductible Waiver - GPS

This new optional endorsement is designed to replace the existing ISO Theft Deductible Waiver Endorsement IH 68 07 since it modifies not only Contractors Equipment Coverage Form IH 00 68, but also coverage under the following:

- ◆ IH 00 72 Motor Truck Cargo Carriers Coverage Form
- ◆ IH 00 76 Motor Truck Cargo Owners Coverage Form
- ◆ IH 00 71 Annual Transit Coverage Form

The endorsement, in general, is designed to waive the deductible for loss caused by theft to covered property that is equipped with a GPS or similar tracking

device up to \$5,000, unless a different amount is shown in the Schedule, if such device is actively engaged and maintained in the "on" position.

IH 68 10 Theft Deductible Waiver - The National Equipment Register

This new optional endorsement modifies Contractors Equipment Coverage Form IH 00 68 and in general is designed to waive the deductible for loss caused by theft to covered property up to \$10,000, unless a different amount is shown in the Schedule, if the property is registered with National Equipment Register (NER) prior to theft and the theft is reported to local law enforcement and NER.

IH 99 30 12 18 Theft Deductible Waiver - CargoNet

This new optional endorsement modifies coverage under the following:

- ◆ IH 00 72 Motor Truck Cargo Carriers Coverage Form
- ◆ IH 00 76 Motor Truck Cargo Owners Coverage Form
- ◆ IH 00 71 Annual Transit Coverage Form

The endorsement in general is designed to waive the deductible for loss caused by theft to covered property up to \$10,000, unless a different amount is shown in the Schedule, if the named insured is a member of CargoNet, displays CargoNet's deterrent signage on vehicles transporting the property and reports the theft to local law enforcement and CargoNet's command center.

IH 72 01 Spoilage And Loss Due To FDA Regulation Coverage (Motor Truck Cargo Carriers Coverage) Endorsement

IH 60 02 Spoilage And Loss Due To FDA Regulation Coverage (Contingent Cargo Coverage) Endorsement

IH 99 32 Spoilage And Loss Due To FDA Regulation Coverage (Contingent Cargo Coverage) Endorsement

In these three new optional endorsements, covered property in general means perishable stock, a defined term. The endorsements include an option to add breakdown or contamination, power outage and/or Food and Drug Administration (FDA) Regulation as they are further described as covered causes of loss, if indicated in the Schedule. The schedules of endorsements IH 72 01 and IH 99 32 feature the option to include a refrigeration maintenance agreement as a condition when breakdown or contamination is designated as a covered cause of loss.

Attachments

Various forms and pages as described above, including final printed copies of revised forms.

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INTRODUCTION INLAND MARINE HANDBOOK

The following displays the Inland Marine classes included in the Handbook and the basic coverage provided by the Coverage Forms of these classes. Refer to the specific classes in the Handbook for information on additional coverages provided by the Coverage Forms and endorsements of each class.

Class	Basic Coverage
Animal Mortality	Valuable animals insured against death from accident, injury, illness or disease
Annual Transit	Business personal property Property shipped by various types of carriers for hire and the insured's own vehicle over the term of the policy
Bailees Customers	Personal property of others in the care, custody or control of bailees, such as dry cleaners
Boat Dealers	Stock in trade: boats, boat motors, trailers and marine equipment and accessories
Builders Risk	Building materials, supplies, fixtures and machinery, and equipment used to service the building, that is intended to be permanently in or on a building or structure
Commercial Fine Arts	Various types of fine arts owned by or in the care, custody or control of a company
Fine Arts Dealers And Galleries	Various types of fine arts (paintings, sculptures, etc.) owned by or in the care, custody or control of fine arts dealers and galleries
Fine Arts Museums	Various types of fine arts (paintings, sculptures, etc.) owned by or in the care, custody or control of museums
Computer Systems	Computer equipment, data and media associated with the computer systems of a business
Contractors Equipment	Contractors equipment owned by the insured or in the insured's care, custody or control
Difference In Conditions	Supplements conventional property policies; e.g., by providing water damage (including flood) and earthquake coverage
Exhibition	Various types of property while on display at an exhibition
Furriers Block	Dealers with stock in trade consisting principally of furs, fur garments and garments trimmed with fur
Furriers Customers	Customers' furs and other garments that include fur that are accepted for storage, cleaning, repair, etc. and for which receipts are issued
Installation	Property to be installed at described job sites and temporary structures built or assembled, including false-work, cribbing, scaffolding and construction forms.

**INTRODUCTION
INLAND MARINE HANDBOOK**

Installment Sales And Leased Property	Property sold under an installment sales contract or property leased, rented or sent out on approval; single (named insured only) or dual (named insured and purchaser) coverage
Jewelers Block	Jewelry retailers with average inventory of \$250,000 or higher; jewelry manufacturers and wholesalers
Machinery And Equipment	Mobile or portable property (e.g., voting or vending machines) not on sale or in course of manufacture
Marine Supplies Dealers	Stock in trade of marine supplies, related equipment and accessories; does not include boats or motors
Miscellaneous Articles	Various types of scheduled items having a transit exposure and usually having significant value
Motor Truck Cargo	
● Carriers	Legal liability of common or contract motor carriers for shipments of property of others
● Owners	Property shipped by the owner of the property in the <u>owner's insured's own vehicle</u>
● Contingent	Brokers' coverage that addresses legal liability of common or contract motor carriers for shipments of property of others
Patterns And Dies	Scheduled patterns, dies, molds or forms for manufacturing products
Processors	Property while in the custody of or in transit to or from a processor who works upon it for the owner
Radio And Television Towers And Equipment	Radio and television towers, transmitting and receiving equipment and related business personal property, and mobile units
Railroad Rolling Stock	Various stock (hopper cars, box cars, coach cars, etc.) owned by various entities (railroads, utilities, shippers, etc.)
Riggers Liability	Contractor's legal liability for property of others damaged during rigging (e.g., lifting with pulleys) operations
Salespersons Samples	Samples of merchandise while in the custody of the named insured's salespersons
Scientific And Medical Diagnostic Equipment	Equipment and supplies usual to the scientific and medical professions; mobile units such as MRIs
Signs	Billboards, ordinary fixed signs and street clocks; not neon, fluorescent or mechanical electric signs (filed)
Tank Storage	Bulk liquid tanks and their contents; dry tank commodities (grain, flour, etc.) are not eligible
Trip Transit	Individual shipment of property by common carrier, contract carriers for hire and the insured's own vehicle, railroad, owner's vehicle, etc.
Unmanned Aircraft Property And Cargo	Unmanned aircraft and related equipment; data generated in the course of unmanned aircraft operations, and related electronic media; owned cargo transported by the unmanned aircraft; carrier-for-hire carrying cargo of others on unmanned aircraft

ANNUAL TRANSIT APPLICATION

SECTION I – GENERAL					
Name	Applicant		Producer		
Address					
Telephone Number					
Web Site Address					
Proposed Policy Term					
From:					
To:					
Annual Income Values Shipped					
	Period	Total	Outgoing	Interplant	Incoming
	Last Year:	\$			
	Estimated Current Year:	\$			
Applicant's Business					
Nature Of:					
Number Of Years In Business:					
Contact For Inspection					
Name:					
Telephone Number:					
Email Address:					

SECTION II – GENERAL INFORMATION			
(Complete all that apply.)			
1. Check the methods of conveyance. Provide the annual values of the shipments. Indicate the values below for each type of conveyance:			
Conveyance	Annual Values Of Shipment	Average Value Any One Shipment	Maximum Value Any One Shipment
Carrier for Hire:			
Motor Truck:	\$	\$	\$
Common	\$	\$	\$
Contract	\$	\$	\$
Railroad:	\$	\$	\$
Common	\$	\$	\$
Contract	\$	\$	\$
Airline	\$	\$	\$
Common	\$	\$	\$
Contract	\$	\$	\$

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SECTION II – GENERAL INFORMATION (Cont'd)

<u>Conveyance</u>		<u>Annual Values of Shipment</u>	<u>Average Value Any One Shipment</u>	<u>Maximum Value Any One Shipment</u>
Messenger		\$	\$	\$
Vehicle You Own or Operate		\$	\$	\$
	Railroad	\$		
	Your Vehicles	\$		
	Contract Carriers	\$		
	Common Carriers	\$		
	Air Carriers	\$		
	Messenger	\$		
	Vehicles Of Others	\$		
2. What are the principal commodities shipped?				
3. What are the total annual values of the goods you ship?				
Outgoing: \$		In \$	Incoming: \$	
		te		
		r		
		pt		
		a		
		n		
		t:		

SECTION II – GENERAL INFORMATION (Cont'd)

43. Indicate the percentage of the goods you ship or receive Free On Board (FOB) by:

Point Of Shipment: % **Point Of Destination:** %

54. What are the types of your vehicles used and what protective devices are installed on each vehicle? ?
Indicate the following for vehicles used in your operation:

<u>Type</u>	<u>Total Units</u>	<u>Refrigerated Units</u>	<u>Average Age</u>	<u>Protective Devices Installed</u>
Tractors				
Trucks				
Flatbed Trailers				
Tank Trailers				
Other Trailers				
Total				

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65. What is the normal distance the shipments will travel, the time required to complete the shipments and the route the shipments will take from the point of departure to the final destination?

76. ~~Are the employees who pack, load and unload the shipments reliable and trained in the proper handling of the shipments? Describe any trainings you provide or require for your employees, including any educational safe driver training programs for your drivers.~~

87. Regarding the goods being shipped:
 a. How are they protected from damage and theft?
 b. What types of packing materials are used to reduce damage?
 c. Are containers used to reduce handling and pilferage losses?

98. What are the qualifications and experience of the carrier(s) for hire in handling the type of goods you will be shipping?

109. Is any release of values/liability given to the carrier(s) for hire? If so, provide details:

10. Indicate the following for the terminals:

	<u>Terminal Location</u>	<u>Construction Type</u>	<u>Year Built</u>	<u>Sprinklered</u>	<u>Public Protection Class</u>

SECTION III – PROTECTION OF PROPERTY AT NAMED PREMISES
 (Provide details for all that apply.)

4. Indicate the age and type of construction of the premises:

21. Is guard service employed at the ~~premises~~terminals?

32. Are terminal/storage areas locked at all times when unoccupied?

43. Are approved central station burglar alarms installed and maintained?

54. Are working security cameras and video recording equipment used to continually monitor the ~~premises~~ terminal yards and surrounding areas?

65. Are trailers and box trucks containing hazardous or flammable cargo stored in a secured and protected area of the ~~premises~~terminal?

76. Are there any hazardous or flammable materials used or stored ~~on~~at the ~~premises~~terminals?

SECTION III – PROTECTION OF PROPERTY AT NAMED PREMISES (Cont'd)

~~8.~~ Is the building or any portion of the building equipped with a sprinkler system?

~~97.~~ Are there fire doors and fire stops between the various areas within the ~~premises~~terminal?

~~10~~ Are ~~warehouse~~terminals and loading dock areas in a separate building from the garage and equipment maintenance areas or separated by a fire wall(s)?

SECTION III – PROTECTION OF PROPERTY AT NAMED PREMISES (Cont'd)

~~11~~ Are the ~~premises~~terminals equipped with a recognized approved central station fire alarm system and fire extinguishers?

~~12.~~ Are any premises located in areas subject to flood or earthquake? If so, explain:

~~13~~ Regarding the ~~premises~~terminals:

~~10.~~ a. What is the Public Protection Class (PPC) rating?

b. Are there any private protection improvements?

a.

c. What is the distance in feet to the nearest fire hydrant?

b.

d. What is the distance in miles to the nearest responding fire department?

c.

e. Are no-smoking rules clearly posted and enforced?

d.

~~14.~~ Has the local fire department familiarized itself with the premises and the available fire defenses?

~~15~~ Is any property stored in basements or subbasements? If so, is it stored off the ground, and are the storage areas equipped with a water detection system?

~~11.~~

~~16~~ Are maintenance records kept for all protection devices?

~~12.~~

~~17~~ Are emergency procedures and telephone numbers ~~maintained and known~~provided to all employees?

~~13.~~

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SECTION IV – LIMITS OF INSURANCE AND DEDUCTIBLES		
Property At Named Premises		
Premises	Limits Of Insurance	Deductible
	\$	\$
	\$	\$
	\$	\$

Property At Any One Unnamed Premises	\$	\$
--------------------------------------	----	----

SECTION IV – LIMITS OF INSURANCE AND DEDUCTIBLES (Cont'd) <u>REQUESTED</u> (Complete all that apply.)	
Conveyance	Limits Of Insurance
1. Limit Per Each Conveyance	
a. Carrier For Hire:	
<u>Motor Truck:</u>	\$
<u>Common</u>	\$
<u>Contract</u>	\$
<u>Railroad:</u>	\$
<u>Common</u>	\$
<u>Contract</u>	\$
<u>Airline:</u>	\$
<u>Common</u>	\$
<u>Contract</u>	\$
<u>Messenger</u>	\$
b. Vehicle You Own Or Operate	\$
	\$

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SECTION V – ADDITIONAL INFORMATION
Insurance companies during the last three years:
Provide information regarding the date, cause and amount of all losses during the last three years whether insured or uninsured:
List of any additional information attached with this application: <u>Attach copies of any contracts you have with carriers for hire.</u>

PLEASE COMPLETE SIGNATURE BLOCK ON LAST PAGE

FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO ALABAMA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

FRAUD STATEMENT TO ARIZONA APPLICANTS

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

FRAUD STATEMENT TO ARKANSAS APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO COLORADO APPLICANTS

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FRAUD STATEMENT TO FLORIDA APPLICANTS

Any person who knowingly, and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

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FRAUD STATEMENT TO HAWAII APPLICANTS

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

FRAUD STATEMENT TO IDAHO APPLICANTS

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO KANSAS APPLICANTS

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer or insurance agent or broker, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

FRAUD STATEMENT TO KENTUCKY APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

FRAUD STATEMENT TO LOUISIANA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MAINE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

FRAUD STATEMENT TO MARYLAND APPLICANTS

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MINNESOTA APPLICANTS

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

FRAUD STATEMENT TO NEW HAMPSHIRE APPLICANTS

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

FRAUD STATEMENT TO NEW JERSEY APPLICANTS

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

FRAUD STATEMENT TO NEW YORK APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

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FRAUD STATEMENT TO OHIO APPLICANTS

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO OREGON APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A. The misinformation is material to the content of the policy;
- B. We relied upon the misinformation; and
- C. The information was either:
 - 1. Material to the risk assumed by us; or
 - 2. Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT TO PUERTO RICO APPLICANTS

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

FRAUD STATEMENT TO TENNESSEE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO VIRGINIA APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO WASHINGTON APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

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Insured (Applicant):

Application Completed By (print name):

Signature:

Title:

Date:

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ANNUAL TRANSIT DECLARATIONS

COMPANY NAME AREA	PRODUCER NAME AREA
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DESCRIPTION OF COVERED PROPERTY
COVERED PROPERTY CONSISTING PRINCIPALLY OF: _____ _____ _____

LIMITS OF INSURANCE	
CONTRACT CARRIER	\$ _____
OTHER THAN CONTRACT CARRIER:	
A. <u>PROPERTY IN OR ON ANY ONE:</u>	
1. <u>CARRIER FOR HIRE:</u>	
<u>BY VEHICLES OF OTHERS-MOTOR TRUCK:</u>	\$ _____
<u>COMMON</u>	\$ _____
<u>CONTRACT</u>	\$ _____
<u>RAILROAD:</u>	\$ _____
<u>COMMON</u>	\$ _____
<u>CONTRACT</u>	\$ _____
<u>AIRLINE:</u>	\$ _____
<u>COMMON</u>	\$ _____
<u>CONTRACT</u>	\$ _____
<u>BY YOUR VEHICLES</u>	\$ _____
<u>BY MESSENGER</u>	\$ _____
<u>BY RAILROAD</u>	\$ _____
<u>BY AIR CARRIER</u>	\$ _____
2. <u>VEHICLE YOU OWN OR OPERATE</u>	\$ _____
PROPERTY AT NAMED PREMISES:	
	\$ _____

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PROPERTY AT ANY ONE UNNAMED LOCATION	\$	_____
B. <u>PROPERTY AT TERMINALS, BUT WE WILL COVER ONLY AT THE FOLLOWING TERMINALS:</u>		_____
1. _____	\$	_____
2. _____	\$	_____
3. _____		_____
C. <u>PROPERTY AT UNSPECIFIED TERMINALS</u>	\$	_____
D. <u>NUMBER OF DAYS' COVERAGE AT TERMINALS IN B. OR C. ABOVE IF OTHER THAN 60 DAYS:</u>	days	_____
E. <u>ALL COVERED PROPERTY INCLUDED IN A., B., AND C. COMBINED IN ANY ONE OCCURRENCE</u>	\$	_____

ADDITIONAL COVERAGES

<u>Debris Removal Additional Limit</u>	\$	_____
<u>False Pretense</u>	\$	_____
<u>Rewards</u>		
<u>Arrest And Conviction (Section A.5.g.(1)(a))</u>	\$	_____
<u>Return Of Stolen Property (Section A.5.g.(1)(b))</u>	\$	_____
<u>Fire Department Service Charge</u>	\$	_____
<u>Fire Extinguishing Systems Expense</u>	\$	_____
<u>Pollutant Cleanup and Removal</u>	\$	_____
<u>Preservation of Property Expenses</u>	\$	_____

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RATES AND PREMIUMS	
Nonreporting	
Rates	\$ _____ per \$100
Transit Rates	\$ _____ per \$100
Premium	\$ _____
Reporting	
Deposit Premium	\$ _____
Minimum Premium	\$ _____
Reporting Period	_____
Premium Adjustment Period	_____
Premium Base	_____
Rates	\$ _____ per \$100

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SPECIAL PROVISIONS (if any)

ANNUAL TRANSIT 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 for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property

a. Covered Property, as used in this Coverage Form, means property described in the Declarations that is:

~~(1) Owned by you~~Your personal property; or

~~(2) The Personal property of others in your care, custody or control;~~

~~used in your business that is in transit by any carrier or messenger for hire at your risk.~~

~~b. We cover property shipped:~~

~~(1) By any type of carrier or vehicle; or~~

~~(2) In or on any land vehicle you own or operate;~~

~~for which a Limit Of Insurance is shown in the Declarations.~~

2. When Coverage Applies

We cover property:

a. While in the custody of the carrier for hire until the property is delivered to its destination and accepted by the consignee or its representative.

b. In or on any vehicle you own or operate while in transit from the time the vehicle leaves the premises where the shipment begins until the vehicle arrives at its destination and is accepted by the consignee or its representative, including while being loaded or unloaded in or from the vehicle.

c. At a terminal, including a warehouse or other storage area, for up to 72 hours (excluding Sundays and holidays). However, if a Limit Of Insurance is shown in the Declarations for:

(1) Property at Terminals whose locations are specified; or

(2) Property at Unspecified Terminals; then the time limitation for coverage at Terminals is 60 days unless a different number of days is specified in the Declarations.

If the property is not delivered or refused by a consignee, we cover the property until it is delivered to its return destination.

~~23.~~ 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; except when death, or injury requiring an animal to be killed, is caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form;

f. The vehicle(s) carrying the property;

g. Property in the custody of a government postal service;

~~h. Property you accept while acting as a common or contract carrier~~Property of others for which you have responsibility as a carrier for hire or as a broker, carloader, consolidator, freight forwarder, shipping association or similar arranger of transportation operation;

i. 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;

j. Import shipments:

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- (1) Until discharged from the import conveyance; or
- (2) Until Ocean Marine insurance ceases; whichever occurs last;
- k. Export shipments:
 - (1) After placed on the outbound conveyance; or
 - (2) When Ocean Marine insurance applies to the shipment; whichever occurs first;
- l. Works of art unless described in the Declarations; or
- m. Contraband, or property in the course of illegal transportation or trade; or
- n. Intermodal containers, unless included in the value of the shipment.

3. ~~When Coverage Applies~~

~~We cover property:~~

- ~~a. While in the custody of the carrier or messenger for hire:~~

- ~~(1) Until the property is delivered at its destination; or~~
- ~~(2) If the property is not delivered until it is returned to you.~~

~~We also cover the property held temporarily in storage prior to delivery to its destination or its return to you.~~

- ~~b. In or on any land vehicle you own or operate while in transit from the time the vehicle leaves the premises where the shipment begins until the vehicle arrives at its destination.~~

4. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

5. Coverage Extensions Additional Coverages

The Limits of Insurance shown in Paragraph A.5. Additional Coverages are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property, except with respect to Debris Removal Additional Coverage in Paragraph A.5.b.(3).

a. Brands And Labels Expense

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, we will pay reasonable expenses you incur to:

- (1) Stamp the word salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.

b. Debris Removal

- (1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

- (2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss or damage to Covered Property; plus

(b) The deductible in this Policy applicable to that loss or damage.

- (3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:

(a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or

(b) The debris removal expense exceeds the amount payable under the 25% limitation;

we will pay up to an additional \$10,000, unless a different Limit Of Insurance is shown in the Declarations, in any one occurrence under this Additional Coverage.

- (4) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

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ac. Packing Or Consolidating Companies

We will pay for loss of Covered Property in the custody of a packing or consolidating company employed by you or the consignee. However, this Coverage Extension/Additional Coverage does not apply if the packing or consolidating company is the agent or representative of you or the consignee for the purpose of this insurance.

bd. Fraud Or Deceit False Pretense

~~We will pay for loss of Covered Property you, your agents, messengers, customers or consignees give to a person or persons who falsely present themselves as the proper person to receive goods for shipment or accept goods for delivery.~~

We will pay for loss or damage to Covered Property when you, your agents, consignees or customers voluntarily part with the covered property due to:

- (1) Having accepted false bills of lading or shipping receipts; or
- (2) Someone causing you to voluntarily part with the covered property by trick, scheme, device or under false pretense.

Coverage is excluded, for loss or damage to property which is otherwise covered, when the person committing the wrongful act is an employee.

The most we will pay under this Additional Coverage is \$25,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

ce. Free On Board (F.O.B.) Point Of Origin

We cover your interest in Covered Property you sold F.O.B. Point of Origin.

f. Preservation Of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 60 days after the property is first moved.

Payments under these Coverage Extensions will not increase the Limit of Insurance.

g. Rewards

- (1) We will reimburse you for rewards paid as follows:

- (a) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

- (i) Replacement Cost of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

- (ii) The amount determined by the loss settlement procedure applicable to the Covered Property.

- (b) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for the return of stolen Covered Property, when loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

- (i) Replacement Cost based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

- (ii) The amount determined by the loss settlement procedure applicable to the Covered Property returned.

- (2) This Additional Coverage applies subject to the following conditions:

- (a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the necessary information or return the stolen Covered Property, and who is not:

- (i) You or any family member;
- (ii) Your employee or any of his or her family members;
- (iii) An employee of a law enforcement agency;
- (iv) An employee of a business engaged in property protection;

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~~(v) Any person who had custody of the Covered Property at the time the theft was committed; or~~

~~(vi) Any person involved in the crime.~~

~~(b) There will be no reimbursement for a reward paid unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.~~

~~(c) The amount of the reward is the most we will reimburse under this Additional Coverage for loss in any one occurrence.~~

~~(d) The insured must have posted public notice of the reward prior to the person having been first to voluntarily provide the necessary information or return the stolen Covered Property.~~

~~6. Optional Coverage – Premises~~

~~a. Coverage~~

~~If a Limit(s) of Insurance for Premises is shown in the Declarations, Covered Property includes business personal property, described in the Declarations, while:~~

~~(1) Contained in a described premises that is not owned or operated by you or under your control; and~~

~~(2) Not excluded from coverage by the provisions of Paragraph A.3.~~

~~6. Additional Coverages~~

~~The Limits of Insurance shown in Paragraph A.6. Additional Coverages are separate from, and will not reduce, the Limit Of Insurance shown in the Declarations as applicable to the Covered Property.~~

~~b. Debris Removal~~

~~(1) We will pay your expenses to remove debris of Covered Property from the described premises that is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.~~

~~(2) The most we will pay under this Additional Coverage is 25% of:~~

~~(a) The amount we pay for the direct physical loss or damage to Covered Property; plus~~

~~(b) The deductible in this Policy applicable to that loss or damage.~~

~~But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance Section.~~

~~(3) This Optional Coverage does not apply to costs to:~~

~~(a) Extract "pollutants" from land or water; or~~

~~(b) Remove, restore or replace polluted land or water.~~

~~a. Fire Department Service Charge~~

~~When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 for service, unless a different Limit Of Insurance is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.~~

~~This Additional Coverage applies to your liability for fire department service charges:~~

~~(1) Assumed by contract or agreement prior to loss; or~~

~~(2) Required by local ordinance.~~

~~No Deductible applies to this Additional Coverage.~~

~~b. Fire Extinguishing Systems Expense~~

~~(1) We will pay:~~

~~(a) The cost of recharging your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) or replacing the fire extinguishers or fire extinguishing systems, whichever is less, when the need to recharge or replace is caused by a Covered Cause of Loss; and~~

~~(b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguishing system.~~

~~(2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.~~

~~(3) The most we will pay under this Additional Coverage is \$10,000 in any one occurrence, unless a different Limit Of Insurance is shown in the Declarations.~~

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c. ~~Pollution~~ Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water ~~at the described premises~~ if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This ~~Optional~~ Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this ~~Optional~~ Additional Coverage ~~for each described premises~~ is ~~\$10,000~~ 25,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

d. Preservation Of Property Expense

We will pay the necessary expenses incurred to move or store Covered Property to preserve it from loss or damage by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations. This Additional Coverage shall not exceed 60 days from the time the Covered Property is first moved.

B. Exclusions

1. We will not pay 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

Nuclear reaction or radiation, or radioactive contamination, however caused.

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. We will not pay for loss or damage caused by or resulting from any of the following:

a. Improper packing or stowage, or rough handling by:

- (1) You; or
- (2) Any agent or representative of you or the consignee.

b. Delay, loss of use, loss of market or any other ~~indirect~~ consequential loss.

~~c. Breakdown of refrigeration equipment. But this exclusion does not apply to others who are carriers for hire.~~

dc. Dishonest or criminal act (including theft) committed by:

- (1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees, or authorized representatives;
- (2) A manager or a member if you are a limited liability company; or
- (3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

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whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

d. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if [the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by the "specified causes of loss".

e. Voluntary parting with any property by you or anyone (except carriers for hire and except as specified in Paragraph A.5.d. False Pretense) entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

ef. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

fg. Theft by any person (except carriers for hire and except as specified in Paragraph A.5.b.) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

3. We will not pay 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. Wear and tear, depreciation.

ab. Any quality in the property that causes it to damage or destroy itself Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

bc. Gradual deterioration, corrosion, rust Mechanical breakdown (including rupture or bursting caused by centrifugal force), malfunction or failure to operate.

cd. Dampness, extremes of temperature Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

de. Dampness or dryness of atmosphereInsects, vermin or rodents.

f. Changes in or extremes of temperature.

However, with respect to Paragraphs 3.c., 3.e. and 3.f., we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

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.

Payments under the Coverage Extensions will not increase the applicable Limit of Insurance.

D. Deductible

1. 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.

~~Specific deductibles may apply to:~~

~~1. "Water Damage"; or~~

~~2. Earthquake.~~

~~All earthquake shocks that occur within a 168-hour period following the earthquake will constitute a single earthquake occurrence.~~

2. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

E. Additional Conditions

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

The value of Covered Property will be determined by:

a. The value agreed on between the shipper and the consignee in writing prior to loss or damage.

b. If Paragraph a. does not apply, the value will be:

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- (1) The actual net invoice price of Covered Property shipped to your customers.
- (2) The actual net invoice cost of Covered Property you bought from others.
- (3)c. The value of all other For Covered Property for which Paragraphs a. and b. do not apply, the value will be the least of the following amounts:
 - (a1) The actual net cost;
 - (b2) The cost of restoring that property to its condition immediately before loss; or
 - (c3) The cost of replacement.

The value will include your prepaid freight charges and any other shipping charges that are due since the start of transit.

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

a. Coverage Territory

- (1) We cover property wherever located within:
 - (a) The United States of America (including its territories and possessions);
 - (b) Puerto Rico; and
 - (c) Canada.
- (2) We also cover property being shipped by air within and between points in Paragraph (1).

b. Released Bills Of Lading

You may accept receipts and/or bills of lading issued by carriers limiting the amount of their liability.

F. Definitions

1. "Accident" means:

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

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

3. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; "water damage".

a. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This Cause of Loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

2. "Water damage" means:

- a. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- b. Mudslide or mudflow;
- c. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- d. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces;
 - (2) Basements, whether paved or not; or
 - (3) Doors, windows or other openings; or
- e. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph a., c. or d., or material carried or otherwise moved by mudslide or mudflow.

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**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
ANNUAL TRANSIT POLICIES**

**SECTION I
SAMPLE INSTRUCTIONS**

1. GENERAL

Refer to the sample instructions for all classes for general information regarding the Handbook and policywriting and rating considerations, policy term, payment plans, midterm adjustments and cancellations.

2. COVERAGE

A. Basic Coverage

Many companies or individuals have goods that they own shipped from one point to another. The shipments are handled by common or contract carriers (shipping companies) and, in incidental cases, directly by the company or individual. The Annual Transit policy provides coverage for the transportation exposures of most types of property (several categories are excluded). The policy covers loss caused by earthquake and water damage; however these causes of loss may be subject to a higher deductible than other causes of loss. This policy is generally written on a specified term basis but may be written on a continuous basis. The policy is usually ratered annually. The Annual Transit Coverage Form **IH 00 71** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These forms, when combined to form a policy, can insure most goods being shipped against risks of direct physical loss or damage.

Separate limits of insurance can apply to different types of carrier, consistent with the needs of the insured. For example, the value of property transported by a messenger will usually be less than the value of property transported by public truckers. The potential for subrogation exists as, in some cases, the carrier may be negligent in handling the insured's goods.

B. Optional Coverage

1. Named Premises

Annual Transit policies provide coverage for business personal property of the insured and similar property in the care, custody or control of the insured at named locations as an optional coverage. An additional premium is usually required. Refer to Instruction **6**.

2. Unnamed Locations

The policy will also cover property at unnamed locations. The limit of insurance at unnamed locations is usually 10-20% of the lowest limit of insurance applicable to named premises. Coverage may be activated by entries on the Declarations. An additional premium is usually required. Refer to Instruction **6**.

3. Unattended Vehicle Exclusion

Annual Transit policies cover the theft of goods from vehicles. Coverage Form **IH 00 71** may be endorsed to exclude coverage for theft of goods from insureds' own vehicles when the theft is from unattended vehicles whose compartments, doors and windows are not closed and locked. Theft From Unattended Vehicle Exclusion Endorsement **IH 99 23** may be used in these situations.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
ANNUAL TRANSIT POLICIES**

3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit the Annual Transit Application **IH-AP 71**, or an equivalent application, signed by the insured.

Consideration may also be given to requesting the rerating of a risk when a materially changed condition results in the current rate being inequitable.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

4. DEDUCTIBLE

A standard deductible used with Annual Transit policies is \$500. The rates found in the loss cost section reflect a \$500 deductible.

Ranges of factors that can apply to higher deductibles are:

Deductible	Range Of Factors
\$ 1,000 - 2,499	.98 to .80
2,500 - 4,999	.95 to .75
5,000 - 10,000	.90 to .60
Over 10,000	Less than .85

Table 4. Deductible Factors

Other circumstances peculiar to the specific risk may exist that warrant using a different factor.

5. CLASSIFICATIONS

Goods shipped may be classified in accordance with a Classification Table such as the one below. The Table attempts to recognize desirability to thieves and damageability in the event of an accident. Goods that fall into Group 1 present lower risks. The risk increases for goods in Groups 2 and 3. Goods listed in Group 4 have the highest risks.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
ANNUAL TRANSIT POLICIES**

CLASSIFICATION TABLE				
Group 1	Group 2	Group 3	Group 4	
Low Risk	Moderate Risk	Moderate-To-High Risk	High Risk	
Canned Goods Cement, Sand -or Gravel Fertilizer Grain, Hay & -Feed Lumber Paper & Paper -Products Petroleum -Products, NOC	Agricultural -Equipment Automotive -Products Beer & Wine Beverages (non- -alcoholic) Bicycles Boats Building Materials Contractors Heavy -Equipment Dairy Products -(except butter) Dry Goods General Merchandise Household Goods Livestock & Live -Poultry Metal, NOC & Metal -Products Milk Musical Products Paint Plastic Plumbing Supplies Rugs & Carpets Textiles	Appliances, NOC Cables, Pipes & -Wire Camera Supplies Candy Ceramic Goods Collectibles Dishes Electrical Supplies & -Fixtures Farm Products Food Products, -NOC Furniture Glassware Leather Goods Liquid Haulers Optical Goods Shoes Sporting Goods Wearing Apparel, -NOC	Alcoholic Bever- -ages, NOC Butter Cameras & Film Chemicals Computers Cosmetics & -Perfume Eggs Fine Arts Electronic Materials Firearms, Explosives & Ammunitions Fish Frozen & Refriger- -ated Products Furs Hazardous -Substances Jewelry Machinery & Heavy -Equipment, NOC Meat & Seafood Narcotics	Oriental Rugs & -Carpets Perishables Petroleum -Products under -140°F (60°C) -flash point Pharmaceuticals Poultry for market Power Tools Precious & Semi- -precious Metals Sporting Goods Tires & Tubes Tobacco and -Tobacco -Products Toys TV, Radios & -Stereos Video Equipment & Tapes Watches Wearing Apparel, -Designer

Table 5. Classifications

Classify any goods not listed in Groups 1, 2, 3 or 4 after evaluating their damageability or attractiveness to thieves.

Refer to the loss cost section for loss costs applicable for each Classification Table Group.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
ANNUAL TRANSIT POLICIES**

6. PREMIUM CALCULATION

A. Basic Coverage

1. A means for determining the basic annual premium is to multiply the annual values shipped by the applicable company rates in the Loss Cost Section.
2. The following Table may be used to recognize the relationship of the limit of insurance to Annual Values Shipped:

Ratio Of Limit Of Insurance To Annual Values Shipped	Factor
Less than 5%	1.00
5 – 9.9	1.02 – 1.10
10 – 19.9	1.05 – 1.15
20 – 30	1.10 – 1.20
Over 30	1.15 – 1.50

Table 6.A.2. Ratio Of Limit Of Insurance To Annual Values Shipped

Other circumstances peculiar to the specific risk may exist that warrant using a different factor.

3. Multiply the Annual Premium determined in Paragraph 1. by the applicable factor from the Table in Paragraph 2.

B. Optional Coverage – Premises

1. Goods At Named Premises

A means for determining the annual premium for goods at named premises is to perform the following calculation:

Multiply the limit of insurance applicable to goods at each named premises by the appropriate:

- a. Modified 100% Coinsurance Basic Group I and Basic Group II Business Personal Property rates (see Instruction 2. in the All Classes Section); plus
- b. Company Loading shown in the Loss Cost Section.
- c. Prorate the result determined in Paragraphs a. and b. by the estimated number of days the goods will be located in each premises.

2. Goods At Unnamed Locations

A means for determining the annual premium for goods at unnamed locations is to perform the following calculation:

- a. Multiply the limit of insurance applicable to goods at unnamed locations by the number of unnamed locations.
- b. Multiply the result determined in Paragraph a. by the rate applicable to unnamed locations.

C. Annual Premium

The applicable premiums for Paragraphs A. and B. may be added to determine the annual premium.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
ANNUAL TRANSIT POLICIES**

7. REPORTING FORM ONLY

Policies may be written with a monthly or quarterly reporting feature. Values Shipped Reporting Form Endorsement ~~IH 99 09~~ may be used to convert the policy to a reporting basis for goods shipped. Value Reporting Form Endorsement ~~IH 99 08~~ may be used for goods at named and unnamed locations.

The premium charged at inception for a reporting policy is a deposit premium. The amount is determined by a percentage, such as 25% or 50%, of the premium obtained in Instruction ~~6~~ for an annual policy. When the deposit premium is exhausted, usually after the first few months, additional premiums may be payable monthly or quarterly in accordance with the values reported.

The values reported for reporting form policies are the values shipped by the insureds rather than an average of periodic values. Consequently, the rates used for these reporting policies are usually the annual rates rather than a percentage of the annual. Reporting provisions for named and unnamed locations usually call for an average of periodic values; consequently, the applicable rates may be monthly or quarterly rates.

Charge an additional premium when the deposit premium has been earned. This additional premium may be calculated as follows:

—A. Monthly Reporting Policy

- ~~1. Multiply the annual rate for values shipped by the values shipped each month.~~
- ~~2. Multiply the annual rates for goods at named locations by .083 to convert to monthly rates. Multiply the values of goods at named locations by the monthly rates.~~
- ~~3. Multiply the annual rate for goods at unnamed locations by .083 to convert to a monthly rate. Multiply the values of goods at unnamed locations by the monthly rate.~~
- ~~4. The applicable premiums for Paragraphs 1. through 3. may be added to determine the additional premium.~~

—B. Quarterly Reporting Policy

- ~~1. Multiply the annual rate for values shipped by the values shipped each month in the applicable quarter.~~
- ~~2. Multiply the annual rates for goods at named locations by .25 to convert to quarterly rates. Multiply the average monthly values of goods at named locations by the quarterly rates.~~
- ~~3. Multiply the annual rate for goods at unnamed locations by .25 to convert to a quarterly rate. Multiply the average monthly values of goods at unnamed locations by the quarterly rate.~~
- ~~4. The applicable premiums for Paragraphs 1. through 3. may be added to determine the additional premium.~~

8. POLICYWRITING MINIMUM PREMIUM

For prepaid policies, apply a minimum premium regardless of term.

For other types of policies consider a minimum premium for each annual period. Reporting and continuous policies are examples of some other types.

For minimum premiums, see the loss cost section.

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**INLAND MARINE HANDBOOK
POSSIBLE LOSS COSTS –
ANNUAL TRANSIT**

**SECTION II
POSSIBLE LOSS COSTS**

6. PREMIUM CALCULATIONS

A. Basic Coverage

LOSS COSTS				
Type Of Carrier	Class 1	Class 2	Class 3	Class 4
Contract Carrier	.005 – .02	.02 – .05	.05 – .07	.07 – .10
Other Than Contract Carrier:				
—By Vehicles Of Others	.005 – .03	.025 – .04	.04 – .06	.06 – .09
—By Your Vehicles	.005 – .03	.03 – .05	.05 – .065	.06 – .09
—By Messenger	.005 – .025	.015 – .035	.025 – .045	.035 – .055
—By Railroad	.005 – .025	.015 – .035	.025 – .045	.035 – .055
—By Air Carrier	.005 – .025	.015 – .035	.025 – .045	.035 – .055

Table 6.A. Basic Coverage Loss Cost

B. Optional Coverage – Premises

1. Goods At Named Premises

b. Loading .001 – .075 Loss Cost

2. Goods At Unnamed Locations

b. Unnamed Locations .001 – .10 Loss Cost

8. POLICYWRITING MINIMUM PREMIUM

Refer to company.

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**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
ANNUAL TRANSIT**

**SECTION III
PREMIUM CALCULATION WORKSHEET**

Name of insured, address including zip code			

Policy Period	_____	_____	_____
	Inception	Expiration	Term
Type Of Goods Covered _____			
	Annual Values Shipped At Insured's Risk		Limit Of Insurance
Contract Carriers	\$ _____		\$ _____
Other Than Contract Carriers:			
By Vehicles Of Others	\$ _____		\$ _____
By Your Vehicles	\$ _____		\$ _____
By Messenger	\$ _____		\$ _____
By Railroad	\$ _____		\$ _____
By Air Carrier	\$ _____		\$ _____
Goods At Named Premises:			
\$ _____		Located At	_____
\$ _____		Located At	_____
Goods At Any One Unnamed Location		\$ _____	
80% Coinsurance Basic Group (BG) I + II			
Business Personal Property (BPP) Loss Cost			_____
Loading Loss Cost			_____
Deductible		\$ _____	

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
ANNUAL TRANSIT**

A. PREMIUM FOR BASIC COVERAGE

1. CONTRACT CARRIERS

a. Determine the Group Class Rate

$$\frac{\text{Group Class Loss Cost}}{\text{Loss Cost Multiplier}} = \text{Group Class Rate}$$

b. Calculate the premium for Contract Carriers

$$\text{Group Class Rate} \times \$ \frac{\text{Annual Values Shipped At Insured's Risk (in 100's)}}{\text{Factor \#}} = \$ \text{Contract Carriers BAP* (before deductible)}$$

2. OTHER THAN CONTRACT CARRIERS – By Vehicles Of Others

a. Determine the Group Class Rate

$$\frac{\text{Group Class Loss Cost}}{\text{Loss Cost Multiplier}} = \text{Group Class Rate}$$

b. Calculate the premium for By Vehicles Of Others

$$\text{Group Class Rate} \times \$ \frac{\text{Annual Values Shipped At Insured's Risk (in 100's)}}{\text{Factor \#}} = \$ \text{By Vehicles Of Others BAP* (before deductible)}$$

3. OTHER THAN CONTRACT CARRIERS – By Your Vehicles

a. Determine the Group Class Rate

$$\frac{\text{Group Class Loss Cost}}{\text{Loss Cost Multiplier}} = \text{Group Class Rate}$$

Ratio of Limit of Insurance to Annual Values Shipped at Insured's Risk

* BAP = Basic Annual Premium

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
ANNUAL TRANSIT**

b. Calculate the premium for By Your Vehicles

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group Class Rate</p>	× \$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Annual Values Shipped At Insured's Risk (in 100's)</p>	×	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Factor #</p>	= \$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>By Your Vehicles BAP* (before deductible)</p>
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4. OTHER THAN CONTRACT CARRIERS – By Messenger

a. Determine the Group Class Rate

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group Class Loss Cost</p>	×	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Loss Cost Multiplier</p>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group Class Rate</p>
---	---	--	---	--

b. Calculate the premium for By Messenger

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group Class Rate</p>	× \$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Annual Values Shipped At Insured's Risk (in 100's)</p>	×	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Factor #</p>	= \$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>By Messenger BAP* (before deductible)</p>
--	------	--	---	--	------	---

5. OTHER THAN CONTRACT CARRIERS – By Railroad

a. Determine the Group Class Rate

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group Class Loss Cost</p>	×	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Loss Cost Multiplier</p>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group Class Rate</p>
---	---	--	---	--

b. Calculate the premium for By Railroad

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group Class Rate</p>	× \$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Annual Values Shipped At Insured's Risk (in 100's)</p>	×	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Factor #</p>	= \$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>By Railroad BAP* (before deductible)</p>
--	------	--	---	--	------	--

Ratio of Limit of Insurance to Annual Values Shipped at Insured's Risk

* BAP = Basic Annual Premium

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
ANNUAL TRANSIT**

6. OTHER THAN CONTRACT CARRIERS – By Air Carrier

a. Determine the Group Class Rate

$$\frac{\text{Group Class Loss Cost}}{\text{Loss Cost Multiplier}} = \text{Group Class Rate}$$

b. Calculate the premium for By Air Carrier

$$\text{Group Class Rate} \times \$ \frac{\text{Annual Values Shipped At Insured's Risk (in 100's)}}{\text{Factor \#}} = \$ \text{By Air Carrier BAP* (before deductible)}$$

7. Calculate the premium for Coverages 1 through 6

$$\$ \frac{\text{Contract Carriers BAP*}}{\text{By Vehicles Of Others BAP*}} + \$ \frac{\text{By Your Vehicles BAP*}}{\text{By Your Vehicles BAP*}} +$$

$$\$ \frac{\text{By Messenger BAP*}}{\text{By Messenger BAP*}} + \$ \frac{\text{By Railroad BAP*}}{\text{By Railroad BAP*}} + \$ \frac{\text{By Air Carrier BAP*}}{\text{By Air Carrier BAP*}} = \$ \text{Combined Coverage Annual Premium}$$

8. If applicable, modify the combined coverage annual premium to reflect a deductible other than standard

$$\$ \frac{\text{Combined Coverage Annual Premium}}{\text{Deductible Factor}} = \$ \text{Basic Coverage Annual Premium}$$

Ratio of Limit of Insurance to Annual Values Shipped at Insured's Risk
* BAP = Basic Annual Premium

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
ANNUAL TRANSIT**

B. PREMIUM FOR OPTIONAL COVERAGES

1. Goods At Named Premises (Each)

a. Determine the Basic Group (BG) I and II Rate

(1) Calculate the 80% coinsurance BG I + II Rate

$$\frac{\text{80\% Coins. BG I + II Loss Cost}}{\text{Loss Cost Multiplier}} = \text{80\% Coins. BG I + II Rate}$$

(2) Convert the 80% coinsurance BG I + II rate to a modified 100% coinsurance rate

$$\frac{\text{80\% Coins. BG I + II Rate}}{\text{Modification Factor}} \times \text{.90} = \text{Modified 100\% Coins. BG I + II Rate}$$

b. Calculate the company Loading Rate

$$\frac{\text{Loading Loss Cost}}{\text{Loss Cost Multiplier}} = \text{Loading Rate}$$

c. Calculate the Combined Rate

$$\text{BG I + II Rate} + \text{Loading Rate} = \text{Combined Rate}$$

d. If applicable, modify the Combined Rate to reflect a deductible other than standard

$$\text{Combined Rate} \times \text{Deductible Factor} = \text{Modified Rate}$$

e. Calculate the premium for Goods At Named Premises, Excluding Steps B.1.f. and B.1.g.

$$\text{Modified Rate} \times \$ \text{Limit Of Insurance (in 100's)} = \$ \text{Premium For Goods At Named Premises, Excluding Steps B.1.f. And B.1.g.}$$

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
ANNUAL TRANSIT**

f. Earthquake

Determine the EQ Premium for Goods At Named Premises following Company Rating Procedures

⌘
Earthquake Premium

g. Water Damage

Determine the WD Premium for Goods At Named Premises following Company Rating Procedures

⌘
Water Damage Premium

h. Calculate the premium for Goods At Named Premises

⌘ + \$ + \$ = \$
Premium For Goods At Named Premises, Excluding Steps B.1.f. And B.1.g. **Earthquake Premium** **Water Damage Premium** **Premium For Goods At Named Premises**

2. Goods At Unnamed Locations

a. Calculate the rate for Goods At Unnamed Locations

× =
Loss Cost **Loss Cost Multiplier** **Rate**

b. If applicable, modify the rate to reflect a deductible other than standard

× =
Rate **Deductible Factor** **Modified Rate**

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
ANNUAL TRANSIT**

c. Calculate the premium for Goods At Unnamed Locations

<input style="width: 90%;" type="text"/>	×	\$	<input style="width: 90%;" type="text"/>	×	<input style="width: 90%;" type="text"/>	=	\$	<input style="width: 90%;" type="text"/>
Modified Rate			Limit Of Insurance At Any One Unnamed Location (in 100's)		Number Of Unnamed Locations			Premium For Goods At Unnamed Locations

3. Calculate the premium for Optional Coverages

\$	<input style="width: 90%;" type="text"/>	+	\$	<input style="width: 90%;" type="text"/>	=	\$	<input style="width: 90%;" type="text"/>
	Premium For Goods At Named Premises			Premium For Goods At Unnamed Locations			Optional Coverages Premium

C. ANNUAL TRANSIT POLICY PREMIUM

Add the premiums for Basic Coverage and Optional Coverages

\$	<input style="width: 90%;" type="text"/>	+	\$	<input style="width: 90%;" type="text"/>	=	\$	<input style="width: 90%;" type="text"/>
	Basic Coverage Premium			Optional Coverages Premium			Policy Premium

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**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS –
ANNUAL TRANSIT**

**SECTION IV
GENERAL UNDERWRITING CONSIDERATIONS**

GENERAL

Annual Transit policies cover shippers for the value of their shipments while being handled by a carrier(s). The goods covered belong to the insured and are being shipped to someone else usually via a trucker (common or contract carrier). The shipper is the insured, not the carrier. The policy covers the goods for the period the carrier has possession of or responsibility for them.

This policy may also be written to cover the goods shipped on the insured's own vehicles.

There are a variety of considerations the underwriter must review in underwriting Annual Transit policies.

SHIPPER

The underwriting process starts with a review of the prior experience of the insured shipper. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Current financial records
- Number of years in business
- Current status of labor relations
- Protection of goods being shipped from theft
- Use of adequate types of packing materials
- Use of containers to reduce handling and pilferage losses
- Experience and training of employees

GOODS

As respects the **goods** being shipped, it is important to review the:

- Size of the goods to determine if they could be hidden in a small place, such as match box, or if a considerably larger place would be required.
- Value to determine if the goods are of nominal, moderate or great value. The greater the value, the more likely the goods would be coveted by others.
- Susceptibility to loss or damage.

TYPES OF CARRIER

Common and contract carriers have different degrees of liability for goods in their possession. Contract carriers have liability only if they are held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for:

- Acts of God
- Acts of the Public Enemy
- Exercise of Public Authority
- Fault or Neglect on the part of the Shipper
- Inherent Vice or the Nature of the Property

Private carriers carry their own goods or goods for which they are the bailee or lessee.

INLAND MARINE HANDBOOK GENERAL UNDERWRITING CONSIDERATIONS – ANNUAL TRANSIT

CONTRACTUAL

The Sales contracts should be reviewed to determine the point at which the title passes and the buyer assumes ownership. There are several categories of uniform sales contracts that provide changes in title. The most common domestic sales contract are Free On Board (F.O.B.) Point of Shipment or Point of Destination. In the former, the title passes when the goods are in the care, custody or control of the carrier and a clean bill of lading has been issued. In the latter, the title passes when the carrier tenders proper delivery upon the arrival of the goods at the final destination.

Bills of Lading are also contracts that the underwriter should have knowledge of. The Bill of Lading is issued by the carrier as:

- A receipt for the goods being transported; and
- The contract of cartage between the carrier and the shipper.

There are four common types of Bills of Lading; notably, Released, Straight, Order and Through. A carrier is released from liability above a specified amount in a Released Bill of Lading, thus a Released Bill will tend to decrease the amount of subrogation the insurer has against the carrier. A Straight Bill of Lading does not include any limitation placed on the value of the shipment by the carrier. An Order Bill of Lading is extensively used in ocean commerce. It may place a limitation on the value of the goods and it also serves as a method of shipping goods C.O.D. Finally, a Through Bill of Lading is one that is used when there is more than one carrier on the Bill of Lading.

MODES OF TRANSPORTATION

Goods may be shipped by land motor vehicle, railroad, messenger, air carrier or waterborne. Frequently, goods are transported by a combination of these modes. Trucking is considered by some underwriters to be the most hazardous. It has been proven statistically that goods shipped over long distances represent greater risks of loss than those shipped over short distances.

NAMED PREMISES

Broad coverage for Business Personal Property temporarily stored at fixed premises is available on an optional basis by an entry on the declarations page. The address of the premises must be specified. These premises should be underwritten as if they were covered by a broad property insurance policy utilizing the company underwriting instructions for broad property insurance policies.

UNNAMED LOCATIONS

Broad coverage is also available for Business Personal Property at unnamed locations. The coverage is usually applied to each unnamed location in the event there is more than one. It is not possible to apply typical underwriting techniques to unnamed locations. However, underwriters should make sure the limit of insurance applicable is not excessive and view warily requests for high limits at unnamed locations.

PROPERTY COVERED / NOT COVERED

Additional Covered Property Endorsement **IH 99 19** can be attached to provide coverage for items of property not otherwise covered. Conversely, coverage for certain items of property can be deleted by attaching Additional Property Not Covered Endorsement **IH 99 20**.

**INLAND MARINE HANDBOOK
SUGGESTED LOSS CONTROL RECOMMENDATIONS –
ANNUAL TRANSIT**

**SECTION V
SUGGESTED LOSS CONTROL RECOMMENDATIONS**

GENERAL

The Loss Control function consists of two elements—Loss Prevention and Loss Reduction.

The purpose of Loss Prevention is to reduce the frequency of loss.

The purpose of Loss Reduction is to reduce the severity of loss.

A single action frequently impacts both loss frequency and loss severity.

The following recommendations may be shared with the loss control representative.

DEDUCTIBLE

The sample policy in this Handbook contains a deductible clause. The amount of the deductible may be changed to reflect the amount of risk the insured desires to retain.

Additionally, the insured and insurer may agree to have different deductible amounts apply to different goods in order to reduce loss frequency.

CONTRACTS

- **A.** Wherever possible, the contract of sale should provide that the title to the goods pass to the consignee at the point of the shipment. The result will be that the responsibility for insurance for the goods will rest with the consignee. This may be accomplished by specifying the sale to be made on the basis of FOB point of shipment.
- **B.** Attempt to avoid Restricted Bills of Lading from the carrier. These reduce the carrier's financial responsibility for a shipment.

MANAGEMENT PRACTICES

— **A. Administration**

- 1. Appoint employees to be responsible for the loading dock, packaging and training.
- 2. Select reputable and financially responsible carriers. Each should have the capability of handling the types of goods you will be shipping.
- 3. Monitor cargo losses in order to eliminate or reduce their causes of loss.
- 4. Bills of Lading (shipping documents) should be reviewed carefully to make sure they are complete and any missing items are recorded at that time.

— **B. Handling And Packaging**

- 1. Establish procedures for packaging goods for transport.
- 2. Train employees to handle packaging in accordance with established procedures reflecting the susceptibility of the types of goods to loss or damage.

PREMISES

— **A. General**

- 1. Water for firefighting should be readily available.
- 2. Employees should be trained in basic firefighting techniques.
- 3. Emergency phone numbers should be posted at each telephone.

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B. Construction

1. Terminals should be of fire resistive or non-combustible construction.
2. Large open areas should be avoided to the extent possible, particularly where combustibles are stored. Fire walls, protected by fire doors, can tend to limit what would otherwise be a substantial loss. Building codes should be adhered to and regarded as minimum standards.
3. The warehouse area should be separated from the garage area by a fire wall(s).
4. Have the local fire department familiarize itself with the terminal and the available fire defenses.
5. Place fire alarms (smoke or heat detectors) in terminals.

C. Occupancy

1. Identify and segregate materials by damageability.
2. Size and height of piles and aisle widths should conform to applicable standards.
3. Goods subject to water damage should be on skids.
4. Adequate access should be provided between all areas.

D. Protection

1. Adequate access to all areas should be provided for firefighting equipment.
2. Portable fire extinguishers should be provided and recharged according to manufacturer's standards.
3. Maps of the terminal, posted at numerous locations in the terminal, should show the location of the extinguishers.
4. A recognized approved central station alarm system should be installed.
5. The areas where combustible goods are stored should be protected by an automatic sprinkler system.

E. Security

1. Establish security program.
2. Install premises certified alarms on all openings into the terminal (doors, windows, skylights, etc.) or provide security services reporting to central station.
3. Keep yard areas fenced with the entrance guarded to control traffic.
4. Do not allow employee parking inside the terminal enclosure.
5. All employees should challenge any stranger on the loading dock.
6. Interline or other drivers should be restricted to a specific dock area.
7. Use employee photo ID's and visitor badges.

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SECTION I
SAMPLE INSTRUCTIONS

1. GENERAL

Refer to the sample instructions for all classes for general information regarding the Handbook and policywriting and rating considerations, policy term, payment plans, midterm adjustments and cancellations.

2. COVERAGE

A. Basic Coverage

Many companies or individuals have goods that they own shipped from one point to another. The shipments are handled by carriers for hire and, in incidental cases, directly by the company or individual. The Annual Transit policy provides coverage for the transportation exposures of most types of property (several categories are excluded). The policy covers loss caused by earthquake and water damage; however these causes of loss may be subject to a higher deductible than other causes of loss. This policy is generally written on a specified term basis but may be written on a continuous basis. The policy is usually rerated annually. Annual Transit Coverage Form **IH 00 71** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These forms, when combined to form a policy, can insure most goods being shipped against risks of direct physical loss or damage.

Separate limits of insurance can apply to shipped goods in the following:

1. Different types of carriers for hire (motor truck, railroad, airline and messenger), consistent with the needs of the insured. For example, the value of property transported by a messenger will usually be less than the value of property transported by motor truck carriers for hire. The potential for subrogation exists as, in some cases, the carrier may be negligent in handling the insured's goods.
2. Vehicles the insured owns or operates.

Additionally, Form **IH 00 71** contains provisions that provide limited coverage for Additional Coverages with built-in policy limits that can be amended on the Declarations where applicable. The limits for the following Additional Coverages are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property:

- a. Brands And Labels Expense – included in the Limit Of Insurance stated in the Declarations as applicable to the Covered Property.
- b. Debris Removal – up to 25% of the Limit Of Insurance for the direct physical loss or damage to covered property plus the policy deductible applicable to the loss. There is up to an additional \$10,000 limit available if (1) the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or (2) the debris removal expense exceeds the amount payable under the 25% limitation.
- c. Packing Or Consolidating Companies – included in the Limit Of Insurance stated in the Declarations as applicable to the Covered Property.
- d. False Pretense – up to \$25,000.

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e. Free On Board (F.O.B.) Point Of Origin – included in the Limit Of Insurance stated in the Declarations as applicable to the Covered Property.

f. Preservation Of Property – for up to 60 days after the property is first moved.

g. Rewards – up to \$10,000 for arrest and conviction and \$10,000 for return of stolen property.

The limits for the following Additional Coverages are separate from, and will not reduce, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property:

a. Fire Department Service Charge – up to \$10,000

b. Fire Extinguishing Systems Expense – up to \$10,000

c. Pollutant Cleanup And Removal – up to \$25,000

d. Preservation Of Property Expense – up to \$10,000

B. Optional Coverages

Terminals

The policy provides coverage for goods being kept in terminals for up to 72 hours. However, if a Limit Of Insurance is shown in the Declarations for either named or unspecified terminals, then the time limitation does not apply.

1. Named Terminals

The policy may be broadened to provide coverage for goods being kept in named terminals. Each terminal must have an applicable limit of insurance and its location must be specified in the Declarations. An additional premium is usually required. Refer to Instruction 6.

2. Unspecified Terminals

The policy may also be broadened to cover goods at unspecified terminals. The Limit of Insurance at unspecified terminals is usually 10–20% of the lowest Limit of Insurance applicable to named terminals. An additional premium is usually required. Refer to Instruction 6.

C. Endorsements

1. Theft From Unattended Vehicle Exclusion

Annual Transit policies cover the theft of goods from vehicles. Coverage Form IH 00 71 may be endorsed to exclude coverage for theft of goods from any unattended vehicle whose compartments, doors and windows are not closed and locked and whose alarm, if so equipped, is not actively engaged. Theft From Unattended Vehicle Exclusion Endorsement IH 99 23 may be used in these situations.

2. Spoilage And Loss Due To FDA Regulation Coverage

Shipped goods may include perishable stock for which spoilage coverage may be desired. Spoilage And Loss Due To FDA Regulation Coverage Endorsement IH 99 32 may be used for spoilage of perishable stock caused by one or more of the following:

a. Breakdown or contamination, meaning change in temperature or humidity resulting from:

(1) Breakdown or failure of equipment; or

(2) Mistake in setting or maintaining the temperature or humidity levels of equipment; including contamination of stock by the refrigerant.

b. Power outage, meaning change in temperature or humidity resulting from on- or off-premises power failure.

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c. Food and Drug Administration (FDA) Regulation, meaning loss of covered property due solely to U.S. FDA regulations that deem such property to be adulterated.

In the Schedule of Endorsement **IH 99 32**, the following can be indicated:

a. The deductible for the coverages;

b. The existence of Refrigeration Maintenance Agreement(s), if applicable; or

c. One or more of the covered causes of loss depending on the coverage desired: Breakdown Or Contamination, Power Outage, FDA Regulation.

3. Theft Deductible Waiver – CargoNet

Theft Deductible Waiver CargoNet Endorsement **IH 99 30** can be used with Coverage Form **IH 00 71** to waive the deductible up to \$10,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property is caused by or resulted from theft. This deductible waiver is subject to the conditions of the insured being a member of CargoNet at the time of loss, displaying CargoNet's deterrent signage on vehicles and reporting the theft to local law enforcement and CargoNet's command center.

4. Theft Deductible Waiver – GPS

Theft Deductible Waiver GPS Endorsement **IH 99 31** can be used with Coverage Form **IH 00 71** to waive the deductible up to \$5,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property that is equipped with a GPS or similar tracking device is caused by or resulted from theft. This deductible waiver is subject to the condition of the insured having actively engaged and maintained in the "on" position any GPS or similar tracking device for such Covered Property.

3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit Annual Transit Application **IH AP 71**, or an equivalent application, signed by the insured.

Consideration may also be given to requesting the rerating of a risk when a materially changed condition results in the current rate being inequitable.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

4. DEDUCTIBLE

A standard deductible used with Annual Transit policies is \$500. The rates found in the Possible Loss Costs Section reflect a \$500 deductible.

Ranges of factors that can apply to higher deductibles are:

<u>Deductible</u>	<u>Range Of Factors</u>
<u>\$ 1,000 = 2,499</u>	<u>.98 to .80</u>
<u>2,500 = 4,999</u>	<u>.95 to .75</u>
<u>5,000 = 10,000</u>	<u>.90 to .60</u>
<u>Over 10,000</u>	<u>Less than .85</u>

Table 4. Deductible Factors

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Other circumstances peculiar to the specific risk may exist that warrant using a different factor. The deductible that applies to Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be different from the deductible applicable to the remainder of the policy.

5. CLASSIFICATIONS

A. Basic Coverage

Goods shipped may be classified in accordance with a Classification Table such as the one below. The Table attempts to recognize desirability to thieves and damageability in the event of an accident. Goods that fall into Group 1 present lower risks. The risk increases for goods in Groups 2 and 3. Goods listed in Group 4 have the highest risks.

Classify any goods not listed in Group 1, 2, 3 or 4 after evaluating their damageability or attractiveness to thieves.

Refer to the Possible Loss Costs Section for loss costs applicable for each risk group in Table 5.A. Basic Coverage Classifications.

<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>	
<u>Low Risk</u>	<u>Moderate Risk</u>	<u>Moderate-To-High Risk</u>	<u>High Risk</u>	
<u>Canned Goods</u> <u>Cement, Sand or Gravel</u> <u>Fertilizer</u> <u>Grain, Hay & Feed</u> <u>Lumber</u> <u>Paper & Paper Products</u> <u>Petroleum Products, NOC</u> <u>Fits on standard shrink-wrapped 4x4 pallet, very durable</u>	<u>Agricultural Equipment</u> <u>Automotive Products</u> <u>Beer & Wine Beverages (non-alcoholic)</u> <u>Bicycles</u> <u>Building Materials</u> <u>Canoes, Kayaks And Small Craft Boats</u> <u>Dairy Products (Except Butter)</u> <u>Dry Goods</u> <u>Household Goods</u> <u>Livestock & Live Poultry</u> <u>Metal, NOC & Metal Products</u> <u>Milk</u> <u>Paint</u> <u>Plastic</u> <u>Plumbing Supplies</u> <u>Rugs & Carpets, NOC</u> <u>Textiles</u>	<u>Appliances, NOC</u> <u>Cables, Pipes & Wire</u> <u>Camera Supplies</u> <u>Candy</u> <u>Ceramic Goods</u> <u>Collectibles</u> <u>Dishes</u> <u>Electrical Supplies & Fixtures</u> <u>Farm Products</u> <u>Food Products, NOC</u> <u>Furniture</u> <u>Glassware</u> <u>Leather Goods</u> <u>Liquid Haulers</u> <u>Optical Goods</u> <u>Sporting Goods</u> <u>Wearing Apparel And Shoes, NOC</u>	<u>Alcoholic Beverages, NOC</u> <u>Boats & Yachts</u> <u>Butter</u> <u>Cameras & Film</u> <u>Chemicals</u> <u>Computers</u> <u>Cosmetics & Perfume</u> <u>Eggs</u> <u>Fine Arts</u> <u>Electronics (TV, Radios & Stereos and other electronic devices)</u> <u>Firearms, Explosives & Ammunitions</u> <u>Fish</u> <u>Frozen & Refrigerated Products</u> <u>Furs</u> <u>Hazardous Substances</u> <u>Jewelry & Watches</u> <u>Machinery & Heavy Equipment, NOC</u> <u>Contractors' Heavy Equipment</u> <u>Meat & Seafood</u> <u>Narcotics</u>	<u>Oriental Rugs & Carpets</u> <u>Perishables</u> <u>Petroleum Products under 140°F (60°C) flash point</u> <u>Pharmaceuticals</u> <u>Poultry for market</u> <u>Power Tools</u> <u>Precious & Semi-precious Metals</u> <u>Specialized Heavy Haulers</u> <u>Sporting Goods</u> <u>Tires & Tubes (Rubber)</u> <u>Tobacco and Tobacco Products</u> <u>Toys</u> <u>Video Equipment & Tapes</u> <u>Wearing Apparel And Shoes, Designer</u> <u>Musical Instruments and Equipment</u>

Table 5.A. Basic Coverage Classifications

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B. Spoilage And Loss Due To FDA Regulation Coverage

Goods shipped may be classified in accordance with a Classification Table such as the one below. The Table attempts to recognize susceptibility to damage caused by change in temperature or humidity. Goods that fall into Class 1 present lower risks. The risk increases for goods in Class 2. Goods listed in Class 3 have the highest risks.

Classify any other goods whose properties consistently present a Moderate, Moderate To High or High Risk of damage caused by change in temperature or humidity.

Refer to the Possible Loss Costs Section for loss costs applicable for each class in Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications. If the goods shipped are comprised of commodities from multiple classes, use the rate for the highest risk class unless the lower risk class is transported over 80% of the time.

<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>
<u>Low Risk</u>	<u>Moderate Risk</u>	<u>Moderate-To-High Risk</u>
Bakery Goods Beer and Wine Canned Goods Cheese Fruits and Vegetables	Beverages (non-alcoholic) Non-frozen Dairy Products Eggs Meat and Poultry	Frozen Dairy Products, Including Ice Cream Flowers Frozen and Refrigerated Products, NOC Non-frozen Seafood

Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications

6. PREMIUM CALCULATIONS

A means for determining the annual premium for the applicable coverages is as follows:

A. Basic Coverage

1. Classify shipped goods as Low Risk (Group 1), Moderate Risk (Group 2), Moderate-to-high Risk (Group 3) and High Risk (Group 4), referencing Table 5.A. Basic Coverage Classifications as a guide, and applying appropriate underwriting judgment.
2. For each type of conveyance, calculate the premium of each insured risk group of the conveyance by doing the following:
 - a. Select an appropriate loss cost from the Possible Loss Costs Section.
 - b. Calculate the ratio of the selected Limit of Insurance to the annual values shipped of the risk group. Then multiply the loss cost selected in Paragraph a. by an appropriate factor from the Table 6.A.2.b. Other circumstances peculiar to the specific risk may exist that warrant using a different factor.

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<u>Ratio Of Limit Of Insurance To Annual Values Shipped</u>	<u>Factor</u>
Less than 5%	1.00
<u>5</u> = <u>9.9</u>	<u>1.02</u> = <u>1.10</u>
<u>10</u> = <u>19.9</u>	<u>1.05</u> = <u>1.15</u>
<u>20</u> = <u>30</u>	<u>1.10</u> = <u>1.20</u>
Over 30	<u>1.15</u> = <u>1.50</u>

Table 6.A.2.b. Limit-to-values Factors

c. Multiply the result from Paragraph b. by the applicable company loss cost multiplier.

d. Multiply the result from Paragraph c. by the applicable deductible factor from Table 4. Deductible Factors.

e. Multiply the result from Paragraph d. by the respective annual values shipped.

3. To calculate the total premium of Basic Coverage for each type of conveyance, sum the premiums of each risk group of the conveyance from Paragraph 2.

4. To calculate the total premium of Basic Coverage for Annual Transit, sum the premiums of each type of conveyance from Paragraph 3.

B. Optional Coverage

1. Named Terminals

a. Select an appropriate loss cost from the Possible Loss Costs Section.

b. Multiply the selected loss cost by the applicable company loss cost multiplier.

c. Multiply the result from Paragraph b. by the applicable factor from Table 4. Deductible Factors.

d. To determine the premium for Named Terminals Optional Coverage, multiply the result from Paragraph c. by the Limit of Insurance in \$100's.

e. If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph d. by the factor based on the number of covered days from the table below.

<u>Total Number Of Days</u>	<u>Factor</u>
<u>90</u>	<u>0.50</u>

Table 6.B.1.e. Days Factor

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2. Unspecified Terminals

- a. Select an appropriate loss cost from the Possible Loss Costs Section.
- b. Multiply the selected loss cost by the applicable company loss cost multiplier.
- c. Multiply the result from Paragraph b. by the applicable factor from Table 4. Deductible Factors.
- d. To determine the premium for Unspecified Terminals Optional Coverage, multiply the result from Paragraph c. by the Limit of Insurance in \$100's.
- e. If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph d. by the factor based on the number of covered days from the table below.

<u>Total Number Of Days</u>	<u>Factor</u>
<u>90</u>	<u>0.50</u>

Table 6.B.2.e. Days Factor

C. Additional Coverages

To calculate the company rate referenced in Paragraphs 1. through 7. below, select the appropriate loss cost(s) in the Possible Loss Costs Section and multiply the selected loss cost(s) by the applicable company loss cost multiplier.

1. Debris Removal

- a. If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- b. If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

2. False Pretense

- a. If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- b. If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

3. Rewards

a. Arrest and Conviction

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Costs Section by the amount of coverage (in 100's) in excess of \$10,000.

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(2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Costs Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

b. Return of Stolen Property

(1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Costs Section by the amount of coverage (in 100's) in excess of \$10,000.

(2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Costs Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

c. Total additional premium or premium credit for this additional coverage is the sum of results from Paragraphs a. and b.

4. Fire Department Service Charge

a. If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.

b. If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

5. Fire Extinguishing Systems Expense

a. If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.

b. If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

6. Pollutant Cleanup And Removal

a. If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.

b. If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

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7. Preservation Of Property Expense

- a. If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- b. If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

D. Endorsements

1. Spoilage And Loss Due To FDA Regulation Coverage

- a. Classify property covered under this endorsement as Low Risk (Class 1), Moderate Risk (Class 2) or Moderate-to-high Risk (Class 3), referencing Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications as a guide and applying appropriate underwriting judgment.
- b. For each insured class, do the following to obtain the class's premium:
- (1) Select an appropriate loss cost from the Possible Loss Costs Section.
 - (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
 - (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
 - (4) Multiply the result from Paragraph (3) by the basic coverage Limit of Insurance in \$100s.
- c. To obtain the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage, sum the premium of each insured class from Paragraph b.

2. Theft From Unattended Vehicle Exclusion

A premium credit may be calculated by multiplying the total premium for Basic Coverage calculated in Paragraph 6.A. by a factor between 0 and 0.50.

7. REPORTING FORM ONLY

A. Endorsement

Policies may be written with a monthly or quarterly reporting feature. Values Shipped Reporting Form Endorsement IH 99 09 may be used to convert the policy to a reporting basis.

B. Reporting Rate, Deposit And Additional Premiums

The annual policy premium developed in Instruction 6. must be converted to a rate that will be convenient for monthly or quarterly reporting. The procedure to convert is to:

1. Divide the total annual premium by the total annual value of goods shipped; and
2. Convert the result from Paragraph 1. to an annual rate per \$100 by multiplying by 100.

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The reported values of goods shipped are actual periodic values rather than cumulative values. Charge an additional premium when the deposit premium has been earned. For a monthly reporting policy, use the annual rate times the monthly value of goods shipped. For a quarterly reporting policy, use the annual rate times the quarterly value of goods shipped.

The premium charged at inception for a reporting policy is a deposit premium. The amount is determined by a percentage, such as 25% or 50%, of the premium obtained in Instruction 6, for an annual policy. When the deposit premium is exhausted, usually after the first few months, additional premiums may be payable monthly or quarterly in accordance with the values reported.

8. POLICYWRITING MINIMUM PREMIUM

For prepaid policies, apply a minimum premium regardless of term.

For other types of policies, consider a minimum premium for each annual period. Reporting and continuous policies are examples of other types.

For minimum premiums, see the Possible Loss Costs Section.

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**INLAND MARINE HANDBOOK
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SECTION II
POSSIBLE LOSS COSTS

6. PREMIUM CALCULATIONS

All loss costs in Paragraph **A.** are per \$100 of annual value shipped.

All loss costs in Paragraphs **B.** and **C.** are per \$100 of limit of insurance.

A. Basic Coverage

<u>Loss Costs</u>				
<u>Type Of Conveyance</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>
<u>Vehicles Owned or Operated by the Insured</u>	<u>.01 = .30</u>	<u>.03 = .50</u>	<u>.05 = .65</u>	<u>.06 = .80</u>
<u>Carrier For Hire</u>				
<u>By Motor Truck</u>	<u>.01 = .30</u>	<u>.03 = .55</u>	<u>.05 = .70</u>	<u>.06 = .90</u>
<u>By Railroad</u>	<u>.01 = .25</u>	<u>.015 = .35</u>	<u>.025 = .45</u>	<u>.035 = .55</u>
<u>By Airline</u>	<u>.01 = .25</u>	<u>.015 = .35</u>	<u>.025 = .45</u>	<u>.035 = .55</u>
<u>By Messenger</u>	<u>.01 = .25</u>	<u>.015 = .35</u>	<u>.025 = .45</u>	<u>.035 = .55</u>

Table 6.A. Basic Coverage Loss Costs

B. Optional Coverages

1. Named Terminals

<u>Loss Cost Range</u>
<u>\$0.05 – \$1.70</u>

2. Unspecified Terminals

<u>Loss Cost Range</u>
<u>\$0.05 – \$1.70</u>

C. Additional Coverages

1. Debris Removal

<u>Loss Cost Range</u>
<u>\$0.01 – \$0.03</u>

2. False Pretense

<u>Loss Cost Range</u>
<u>\$0.05 – \$0.13</u>

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3. Rewards

a. Arrest And Conviction

<u>Loss Cost Range</u>
<u>\$0.08 – \$0.13</u>

b. Return Of Stolen Property

<u>Loss Cost Range</u>
<u>\$0.08 – \$0.13</u>

4. Fire Department Service Charge

<u>Loss Cost Range</u>
<u>\$0.30 – \$0.50</u>

5. Fire Extinguishing Systems Expense

<u>Loss Cost Range</u>
<u>\$0.05 – \$0.08</u>

6. Pollutant Cleanup And Removal

<u>Loss Cost Range</u>
<u>\$0.01 – \$0.10</u>

7. Preservation Of Property Expense

<u>Loss Cost Range</u>
<u>\$0.08 – \$0.13</u>

D. Endorsements

<u>Loss Cost Range</u>		
<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>
<u>\$0.45 – \$2.20</u>	<u>\$0.55 – \$2.60</u>	<u>\$0.65 – \$3.50</u>

Table 6.D. Spoilage And Loss Due To FDA Regulation Coverage

**INLAND MARINE HANDBOOK
POSSIBLE LOSS COSTS
ANNUAL TRANSIT POLICIES**

8. POLICYWRITING MINIMUM PREMIUM

Refer to company.

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
ANNUAL TRANSIT POLICIES**

**SECTION III
PREMIUM CALCULATION WORKSHEET**

Name Of Insured, Address Including ZIP Code:

Policy Period

Inception

Expiration

Term

Type Of Property Covered

<u>Type Of Conveyance</u>	<u>Basic Coverage Loss Cost</u>	<u>Annual Values Shipped At Insured's Risk</u>	<u>Limit Of Insurance</u>
<u>Carrier For Hire:</u>			
<u>Motor Truck</u>			\$ _____ <u>Per Motor Truck</u>
<u>Risk Group 1</u>	\$ _____		
<u>Risk Group 2</u>	\$ _____		
<u>Risk Group 3</u>	\$ _____		
<u>Risk Group 4</u>	\$ _____		
<u>Railroad</u>			\$ _____ <u>Per Railroad</u>
<u>Risk Group 1</u>	\$ _____		
<u>Risk Group 2</u>	\$ _____		
<u>Risk Group 3</u>	\$ _____		
<u>Risk Group 4</u>	\$ _____		
<u>Airline</u>			\$ _____ <u>Per Airline</u>
<u>Risk Group 1</u>	\$ _____		
<u>Risk Group 2</u>	\$ _____		
<u>Risk Group 3</u>	\$ _____		
<u>Risk Group 4</u>	\$ _____		
<u>Messenger</u>			\$ _____ <u>Per Messenger</u>
<u>Risk Group 1</u>	\$ _____		
<u>Risk Group 2</u>	\$ _____		
<u>Risk Group 3</u>	\$ _____		
<u>Risk Group 4</u>	\$ _____		

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
ANNUAL TRANSIT POLICIES**

<u>Type Of Conveyance</u>	<u>Basic Coverage Loss Cost</u>	<u>Annual Values Shipped At Insured's Risk</u>	<u>Limit Of Insurance</u>
Vehicle You Own Or Operate			\$ _____ Per Vehicle
Risk Group 1	\$ _____	\$ _____	
Risk Group 2	\$ _____	\$ _____	
Risk Group 3	\$ _____	\$ _____	
Risk Group 4	\$ _____	\$ _____	

Property At Named Terminals:

\$ _____ **Located At** _____

\$ _____ **Located At** _____

Property At Unspecified Terminals: \$ _____

Loss Costs For Optional Coverages And Endorsements:

Named Terminal _____

Unspecified Terminal _____

Spoilage And Loss Due To FDA Regulation Coverage _____

Deductible: \$ _____

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
ANNUAL TRANSIT POLICIES**

A. PREMIUM FOR BASIC COVERAGE

1. For each insured risk group for each type of conveyance, complete steps a. through f.

a. Select Basic Coverage Loss Cost

b. Calculate the ratio of Limit of Insurance to Annual Values Shipped

$$\begin{array}{r}
 \$ \text{ [] } \div \$ \text{ []} = \text{ []} \\
 \text{Conveyance} \quad \text{Insured Risk Group's} \quad \text{Percent of Limit of} \\
 \text{Limit Of Insurance} \quad \text{Annual Values Shipped} \quad \text{Insurance to Annual} \\
 \quad \text{Values Shipped} \\
 \text{[]} \quad \text{[]}
 \end{array}$$

c. Apply Limit-to-values Factor

$$\begin{array}{r}
 \text{[]} \times \text{[]} = \text{[]} \\
 \text{Insured Risk Group} \quad \text{Limit-to-values Factor} \quad \text{Modified Insured Risk} \\
 \text{Basic Coverage Loss} \quad \text{Group Basic Coverage} \\
 \text{Cost} \quad \text{Loss Cost}
 \end{array}$$

d. Calculate the Basic Coverage Rate

$$\begin{array}{r}
 \text{[]} \times \text{[]} = \text{[]} \\
 \text{Modified Insured Risk} \quad \text{Loss Cost Multiplier} \quad \text{Insured Risk Group} \\
 \text{Group Basic Coverage} \quad \text{Basic Coverage Rate} \\
 \text{Loss Cost} \quad \text{[]}
 \end{array}$$

e. Apply Deductible Factor

$$\begin{array}{r}
 \text{[]} \times \text{[]} = \text{[]} \\
 \text{Insured Risk Group} \quad \text{Deductible Factor} \quad \text{Final Insured Risk Group} \\
 \text{Basic Coverage Rate} \quad \text{Basic Coverage Rate} \\
 \quad \text{[]}
 \end{array}$$

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
ANNUAL TRANSIT POLICIES**

A. PREMIUM FOR BASIC COVERAGE (Continued)

f. Calculate Basic Coverage Premium

<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Final Insured Risk Group Basic Coverage Rate</u>	x	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Insured Risk Group's Annual Values Shipped</u>	=	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Insured Risk Group Basic Coverage Premium</u>
--	---	----	--	---	----	---

- 2. Sum the basic coverage premium for all insured risk groups to calculate the total basic coverage premium for the conveyance.**

\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Group 1 Basic Coverage Premium</u>	+	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Group 2 Basic Coverage Premium</u>	+	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Group 3 Basic Coverage Premium</u>	+	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Group 4 Basic Coverage Premium</u>	=	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Premium For Conveyance</u>
----	--	---	----	--	---	----	--	---	----	--	---	----	---

- 3. Sum the basic coverage premium for all conveyances to calculate the total basic coverage premium for Annual Transit.**

\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Premium For Motor Truck</u>	+	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Premium For Railroad</u>	+	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Premium For Airline</u>	+	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Premium For Messenger</u>
----	--	---	----	---	---	----	--	---	----	--

+	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Premium For Vehicle You Own Or Operate</u>	=	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Premium For Annual Transit</u>
---	----	---	---	----	---

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
ANNUAL TRANSIT POLICIES**

B. PREMIUM FOR OPTIONAL COVERAGES (Continued)

1.c. Named Terminals – Final Premium

Sum the results from 1.a. and 1.b.

$$\begin{array}{rcccl}
 \$ & \text{[]} & + & \$ & \text{[]} & = & \$ & \text{[]} \\
 & \text{Named Terminal} & & & \text{Premium For Greater} & & & \text{Final Named Terminal} \\
 & \text{Premium} & & & \text{Number Of Days} & & & \text{Premium} \\
 & \text{[]} & & & \text{[]} & & & \text{[]}
 \end{array}$$

2.a. Unspecified Terminals

Determine the rate

$$\begin{array}{rcccl}
 \text{[]} & \times & \text{[]} & = & \text{[]} \\
 \text{Unspecified Terminal} & & \text{Loss Cost Multiplier} & & \text{Unspecified Terminal} \\
 \text{Loss Cost} & & & & \text{Rate} \\
 \text{[]} & & \text{[]} & & \text{[]}
 \end{array}$$

Apply Deductible Factor

$$\begin{array}{rcccl}
 \text{[]} & \times & \text{[]} & = & \text{[]} \\
 \text{Unspecified Terminal} & & \text{Deductible Factor} & & \text{Modified Unspecified} \\
 \text{Rate} & & & & \text{Terminal Rate} \\
 \text{[]} & & \text{[]} & & \text{[]}
 \end{array}$$

Calculate Premium

$$\begin{array}{rcccl}
 \text{[]} & \times & \$ & \text{[]} & = & \$ & \text{[]} \\
 \text{Modified Unspecified} & & & \text{Limit Of Insurance} & & & \text{Unspecified Terminal} \\
 \text{Terminal Rate} & & & & & & \text{Premium} \\
 \text{[]} & & & \text{[]} & & & \text{[]}
 \end{array}$$

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
ANNUAL TRANSIT POLICIES**

D. ENDORSEMENTS

1. Spoilage And Loss Due To FDA Regulation Coverage

a. For each insured class, complete steps (1) through (3).

(1) Calculate the rate

$$\begin{array}{c} \text{[Grey Box]} \\ \text{Class Loss Cost} \end{array} \times \begin{array}{c} \text{[Grey Box]} \\ \text{Loss Cost Multiplier} \end{array} = \begin{array}{c} \text{[Grey Box]} \\ \text{Class Rate} \end{array}$$

(2) Apply Deductible Factor

$$\begin{array}{c} \text{[Grey Box]} \\ \text{Class Rate} \end{array} \times \begin{array}{c} \text{[Grey Box]} \\ \text{Deductible Factor} \end{array} = \begin{array}{c} \text{[Grey Box]} \\ \text{Final Class Rate} \end{array}$$

(3) Calculate Premium

$$\begin{array}{c} \text{[Grey Box]} \\ \text{Final Class Rate} \end{array} \times \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Limit Of Insurance} \\ \text{(in \$100's)} \end{array} = \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Class Premium} \end{array}$$

b. Sum the premiums for all insured classes to calculate the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage.

$$\begin{array}{c} \$ \\ \text{Class 1} \\ \text{Premium} \end{array} + \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Class 2} \\ \text{Premium} \end{array} + \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Class 3} \\ \text{Premium} \end{array} = \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Premium For Spoilage} \\ \text{And Loss Due To FDA} \\ \text{Regulation Coverage} \end{array}$$

2. Theft From Unattended Vehicle Exclusion

Calculate the premium credit

$$\begin{array}{c} \text{[Grey Box]} \\ \text{Basic Coverage Premium} \\ \text{For Annual Transit} \end{array} \times \begin{array}{c} \text{[Grey Box]} \\ \text{Factor} \end{array} = \begin{array}{c} \text{[Grey Box]} \\ \text{Theft From Unattended} \\ \text{Vehicle Exclusion} \\ \text{Premium Credit} \end{array}$$

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
ANNUAL TRANSIT POLICIES**

<u>E. ANNUAL PREMIUM</u>	
<u>COVERAGES</u>	<u>PREMIUM/CREDIT</u>
<u>Basic Coverage</u>	
<u>Optional Coverages</u>	
<u>Named Terminals</u>	
<u>Unspecified Terminals</u>	
<u>Additional Coverages</u>	
<u>Debris Removal</u>	
<u>False Pretense</u>	
<u>Rewards – Arrest And Conviction</u>	
<u>Rewards – Return Of Stolen Property</u>	
<u>Fire Department Service Charge</u>	
<u>Fire Extinguishing Systems Expense</u>	
<u>Pollutant Cleanup And Removal</u>	
<u>Preservation Of Property Expense</u>	
<u>Endorsement</u>	
<u>Spoilage And Loss Due To FDA Regulation Coverage</u>	
<u>Theft From Unattended Vehicle Exclusion</u>	
<u>Total Premium \$</u>	

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
ANNUAL TRANSIT POLICIES**

RESERVED FOR FUTURE USE

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
ANNUAL TRANSIT POLICIES**

SECTION IV
GENERAL UNDERWRITING CONSIDERATIONS

GENERAL

Annual Transit policies cover shippers for the value of their shipments while being handled by a carrier(s). The goods covered belong to the insured and are being shipped to someone else usually via a trucker (common or contract carrier). The shipper is the insured, not the carrier. The policy covers the goods for the period the carrier has possession of or responsibility for them.

This policy may also be written to cover the goods shipped in the insured's own vehicles.

There are a variety of considerations the underwriter must review in underwriting Annual Transit policies.

SHIPPER

The underwriting process starts with a review of the prior experience of the insured shipper. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Current financial records
- Number of years in business
- Current status of labor relations
- Protection of goods being shipped from theft
- Use of adequate types of packing materials
- Use of containers to reduce handling and pilferage losses
- Experience and training of employees

GOODS

As respects the goods being shipped, it is important to review the:

- Size of the goods to determine if they could be hidden in a small place, such as a match box, or if a considerably larger place would be required.
- Value to determine if the goods are of nominal, moderate or great value. The greater the value, the more likely the goods would be coveted by others.
- Susceptibility to loss or damage.

Consider adding Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** as applicable for an additional premium if refrigerated or temperature-controlled goods are shipped.

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
ANNUAL TRANSIT POLICIES**

TYPES OF CARRIERS

Carriers for hire have different degrees of liability for goods in their possession. Contract carriers have liability only if they are held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for:

- Acts of God
- Acts of the public enemy
- Exercise of public authority
- Fault or neglect on the part of the shipper
- Inherent vice or the nature of the property

Private carriers carry their own goods or goods for which they are the bailee or lessee.

TERMINAL

It is important to have knowledge of the terminals used by the carrier for hire or by the insured if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the carrier or insured may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed in two ways if the coverage is to be written: first, by charging an adequate premium; second, by establishing an appropriate catastrophe limit in the Declarations.

OTHER COVERAGES

Refrigerated Shipments

Spoilage And Loss Due To FDA Regulation Coverage Endorsement IH 99 32 may be added as applicable for an additional premium if refrigerated or temperature-controlled goods are shipped. The underwriter should give consideration to the following when providing coverage under this endorsement:

- Periodic inspections of refrigeration equipment
- Availability of refrigeration facilities along the regularly traveled routes
- The types of perishable commodities
- A refrigeration maintenance or service agreement in place
- Temperature alarms installed on vehicles and at terminals
- The existence of backup refrigeration equipment at terminals
- Auxiliary power source or backup generators at terminals

CONTRACTUAL

The sales contracts should be reviewed to determine the point at which the title passes and the buyer assumes ownership. There are several categories of uniform sales contracts that provide changes in title. The most common domestic sales contracts are Free On Board (F.O.B.) point of shipment or point of destination. In the former, the title passes when the goods are in the care, custody or control of the carrier and a clean Bill of Lading has been issued. In the latter, the title passes when the carrier tenders proper delivery upon the arrival of the goods at the final destination.

Bills of Lading are also contracts that the underwriter should have knowledge of. The Bill of Lading is issued by the carrier as:

- A receipt for the goods being transported; and
- The contract of cartage between the carrier and the shipper.

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
ANNUAL TRANSIT POLICIES**

There are four common types of Bills of Lading; Released, Straight, Order and Through. A carrier is released from liability above a specified amount in a Released Bill of Lading; thus, a Released Bill will tend to decrease the amount of subrogation the insurer has against the carrier. A Straight Bill of Lading does not include any limitation placed on the value of the shipment by the carrier. An Order Bill of Lading is extensively used in ocean commerce. It may place a limitation on the value of the goods and it also serves as a method of shipping goods C.O.D. Finally, a Through Bill of Lading is one that is used when there is more than one carrier on the Bill of Lading.

MODES OF TRANSPORTATION

Goods may be shipped by land motor vehicle, railroad, messenger, air carrier or waterborne. Frequently, goods are transported by a combination of these modes. Trucking is considered by some underwriters to be the most hazardous. It has been proven statistically that goods shipped over long distances represent greater risks of loss than those shipped over short distances.

PROPERTY COVERED/NOT COVERED

Additional Covered Property Endorsement **IH 99 19** can be attached to provide coverage for items of property not otherwise covered. Conversely, coverage for certain items of property can be deleted by attaching Additional Property Not Covered Endorsement **IH 99 20**.

**INLAND MARINE HANDBOOK
SUGGESTED LOSS CONTROL
RECOMMENDATIONS
ANNUAL TRANSIT POLICIES**

SECTION V
SUGGESTED LOSS CONTROL RECOMMENDATIONS

GENERAL

The Loss Control function consists of two elements – Loss Prevention and Loss Reduction.

The purpose of Loss Prevention is to reduce the frequency of loss.

The purpose of Loss Reduction is to reduce the severity of loss.

A single action frequently impacts both loss frequency and loss severity.

The following recommendations may be shared with the loss control representative:

DEDUCTIBLE

The sample policy in this Handbook contains a deductible clause. The amount of the deductible may be changed to reflect the amount of risk the insured desires to retain.

Additionally, the insured and insurer may agree to have different deductible amounts apply to different goods in order to reduce loss frequency.

CONTRACTS

A. Wherever possible, the contract of sale should provide that the title to the goods pass to the consignee at the point of the shipment. The result will be that the responsibility for insurance for the goods will rest with the consignee. This may be accomplished by specifying the sale to be made on the basis of Free On Board (F.O.B) point of shipment.

B. Attempt to avoid Restricted Bills of Lading from the carrier. These reduce the carrier's financial responsibility for a shipment.

MANAGEMENT PRACTICES

A. Administration

1. Appoint employees to be responsible for the loading dock, packaging and training.

2. Select reputable and financially responsible carriers. Each should have the capability of handling the types of goods you will be shipping.

3. Monitor cargo losses in order to eliminate or reduce their causes of loss.

4. Bills of Lading (shipping documents) should be reviewed carefully to make sure they are complete and any missing items are recorded at that time.

B. Handling And Packaging

1. Establish procedures for packaging goods for transport.

2. Train employees to handle packaging in accordance with established procedures reflecting the susceptibility of the types of goods to loss or damage.

**INLAND MARINE HANDBOOK
SUGGESTED LOSS CONTROL
RECOMMENDATIONS
ANNUAL TRANSIT POLICIES**

PREMISES

A. General

1. Water for firefighting should be readily available.
2. Employees should be trained in basic firefighting techniques.
3. Emergency phone numbers should be posted at each telephone.

B. Construction

1. Terminals should be of fire-resistive or non-combustible construction.
2. Large open areas should be avoided to the extent possible, particularly where combustibles are stored. Fire walls, protected by fire doors, can tend to limit what would otherwise be a substantial loss. Building codes should be adhered to and regarded as minimum standards.
3. The warehouse area should be separated from the garage area by a fire wall(s).
4. Have the local fire department familiarize itself with the terminal and the available fire defenses.
5. Place fire alarms (smoke or heat detectors) in terminals.
6. Refrigeration equipment at terminals should be inspected periodically.

C. Occupancy

1. Identify and segregate materials by damageability.
2. Size and height of piles and aisle widths should conform to applicable standards.
3. Goods subject to water damage should be on skids.
4. Adequate access should be provided between all areas.

D. Protection

1. Adequate access to all areas should be provided for firefighting equipment.
2. Portable fire extinguishers should be provided and recharged according to manufacturer's standards.
3. Maps of the terminal, posted at numerous locations in the terminal, should show the location of the extinguishers.
4. A recognized approved central station alarm system should be installed.
5. The areas where combustible goods are stored should be protected by an automatic sprinkler system.

E. Security

1. Establish a security program.
2. Install premises-certified alarms on all openings into the terminal (doors, windows, skylights, etc.) or provide security services reporting to the central station.
3. Keep yard areas fenced with the entrance guarded to control traffic.
4. Do not allow employee parking inside the terminal enclosure.
5. All employees should challenge any strangers on the loading dock.
6. Interline or other drivers should be restricted to a specific dock area.
7. Use employee photo IDs and visitor badges.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THEFT DEDUCTIBLE WAIVER

This endorsement modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

The following is added to Paragraph **E. Deductible**:

If loss or damage to Covered Property that is equipped with a GPS or similar tracking device is caused by or resulted from theft, as a Covered Cause of Loss, then the deductible will not apply to such property.

As a condition of this endorsement, you are required to actively engage and maintain in the "on" position any GPS or similar tracking device while such Covered Property is not in use.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THEFT DEDUCTIBLE WAIVER – THE NATIONAL EQUIPMENT REGISTER

This endorsement modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

SCHEDULE

Deductible Waiver Amount: \$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph **E. Deductible**:

If loss or damage to Covered Property is caused by or resulted from theft, as a Covered Cause of Loss, then the deductible for such property will be waived up to \$10,000, unless a different amount is shown in the Schedule of this endorsement. If your policy deductible exceeds the amount waived by this endorsement you will be responsible for the remainder of such deductible.

As a condition of this endorsement, you are required to:

- a.** Have registered the Covered Property with the National Equipment Register (NER) prior to the theft of such property; and
- b.** Report the theft to the local law enforcement agency having jurisdiction and the National Equipment Register (NER) at the time you become aware of such theft.

N

E

W

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
CONTRACTORS EQUIPMENT POLICIES**

5. Equipment Loaned to Others

There are situations where a contractor may loan equipment to other contractors. To provide coverage for this exposure the Optional Coverage for Equipment Loaned to Others in the Contractors Equipment Coverage Form **IH 00 68** can be selected with a limit shown on the Declarations.

6. Equipment Leased or Rented to Others

Some contractors lease or rent equipment to others under a written agreement. To provide coverage for this exposure the Optional Coverage for Equipment Leased or Rented to Others offered in the Contractors Equipment Coverage Form **IH 00 68** can be selected with a limit shown on the Declarations.

7. Waterborne

Some contractors have jobs where they need to operate equipment while waterborne. To provide coverage for this exposure the Optional Coverage for Waterborne in the Contractors Equipment Coverage Form **IH 00 68** can be selected with a limit shown on the Declarations.

8. Replacement Cost

Contractors Equipment Coverage is commonly written on an Actual Cash Value (ACV) basis of coverage. Contractors Equipment Coverage Form **IH 00 68**, when used with **CM 00 01** Commercial Inland Marine Conditions, provides for loss settlement on an ACV basis but Replacement Cost (RC) Coverage is offered in the Contractors Equipment Coverage Form **IH 00 68** as an option if shown on the Declarations. The RC Coverage will apply to all equipment; however, its application can be limited to specific equipment by identifying such equipment on the Declarations. The RC provision applies for Covered Property that is not more than five years old unless a different age is shown in the Declarations.

9. Agreed Value

For certain contractors equipment risks, Covered Property is sometimes provided at Agreed Value (AV) for coverage terms. Contractors Equipment Coverage Form **IH 00 68**, when used with **CM 00 01** Commercial Inland Marine Conditions, provides for loss settlement on an ACV basis, but may be endorsed to provide AV Coverage. The Scheduled Contractors Equipment With Agreed Value Endorsement **IH 68 09** can be used to provide AV.

10. Boom Limitation

To exclude coverage on crane booms over 25 feet in length the Boom Limitation Endorsement **IH 68 04** can be used with the Contractors Equipment Coverage Form **IH 00 68**. The Boom Limitation Endorsement adds crane booms that exceed 25 feet in length to the Property Not Covered section of the Contractors Equipment Coverage Form **IH 00 68**.

11. Contractors Equipment Reporting Form

The Contractors Equipment Reporting Form **IH 68 06** can be used to apply reporting terms for contractors equipment that is owned, leased or rented from others and equipment leased or rented to others. The applicable reporting rates, deposit premium, minimum premium and reporting period can be shown in the Declarations for each of these coverages.

12. Theft Deductible Waiver

~~The Theft Deductible Waiver Endorsement **IH 68 07** can be used with the Contractors Equipment Coverage Form **IH 00 68** to not apply the deductible when the loss or damage to Covered Property that is equipped with a GPS or similar tracking device is caused by or resulted from theft.~~

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
CONTRACTORS EQUIPMENT POLICIES**

12. Theft Deductible Waiver - The National Equipment Register

The Theft Deductible Waiver Endorsement - The National Equipment Register **IH 68 10** can be used with coverage forms **IH 00 68** to waive the deductible up to \$10,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property is caused by or resulted from theft. This deductible waiver is subject to the conditions of the insured registering the Covered Property with the National Equipment Register (NER) prior to the theft and reporting the theft to local law enforcement and NER.

13. Theft Deductible Waiver - GPS

The Theft Deductible Waiver Endorsement **IH 99 31** can be used with coverage forms **IH 00 68** to waive the deductible up to \$5,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property that is equipped with a GPS or similar tracking device is caused by or resulted from theft. This deductible waiver is subject to the condition of the insured having actively engaged and maintained in the "on" position any GPS or similar tracking device for such Covered Property.

1314. Weight of Load Exclusion

To exclude loss or damage resulting from the weight of a load when it exceeds the designed capacity of the manufacturer's stated load or lift capacity of the equipment, the Weight of Load Exclusion can be used with the Contractors Equipment Coverage Form **IH 00 68**.

1415. Underwater or Underground

The Contractors Equipment While Underwater Or Underground Endorsement **IH 68 05** can be used to provide coverage for a contractor that uses equipment underwater or engages in mining, tunneling or similar underground operations. The applicable Covered Property needs to be selected with a limit shown in the Schedule of this endorsement.

3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit the Contractors Equipment Application **IH AP 68**, or an equivalent application, signed by the insured.

Consideration may also be given to requesting the rerating of a risk when a materially changed condition results in the current rate being inequitable.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

SECTION II – GENERAL INFORMATION (Cont'd)

2.	Type Of Carrier	Annual Gross Receipts	Average Any One Shipment	Maximum Any One Shipment
<input type="checkbox"/>	Contract Carriers	\$	\$	\$
<input type="checkbox"/>	Common Carriers	\$	\$	\$

3. What ~~is~~ are your Department Of Transportation (DOT) and Motor Carrier (MC) docket numbers ?

4. Are any filings required? If so, check which ones:

Federal Motor Carrier Safety Administration (FMCSA)

National Association Of Regulatory Utility Commissioners (NARUC)

SECTION II – GENERAL INFORMATION (Cont'd)

5. Do you have insurance excess of the primary limits requested for the coverage in this application?

6. Are loaded vehicles parked unattended overnight?

SECTION III – ADDITIONAL INFORMATION

(Complete all that apply.)

1. What ~~are the types and ages of the vehicles/trailers used, and what protective devices are installed on each vehicle?~~ Indicate the following for vehicles used in your operation:

Type	Total Units	Refrigerated Units	Owner Operator Units	Average Age	Protective Devices Installed
Tractors					
Trucks					
Flatbed Trailers					
Tank Trailers					
Other Trailers					
Total					

2. Are the employees who pack, load and unload trained in the proper handling of the commodities?

32. How are the goods being shipped protected from damage and theft?

43. What types of informational markings and packing materials are used to reduce damage?

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SECTION III – ADDITIONAL INFORMATION (Cont'd)

54. Are containers used to reduce handling and pilferage losses?

SECTION III – ADDITIONAL INFORMATION (Cont'd)

65. a. What are the territories you operate in and provide direct service for?

b. Indicate your radius of operations:

<u>Radius of Operations</u>	<u>Percent of Total</u>
Up to and including 200 miles	
Over 200 miles up to and including 500 miles	
Over 500 miles	

SECTION III – ADDITIONAL INFORMATION (Cont'd)

76. Do you use owner operators? If so, for what percentage of your business? Indicate the following for drivers used in your business:

a. Total number of drivers employed by you:

b. Total number of drivers who are owner operators:

87. Is any release of values/liability given to carriers? If so, provide details:

98. Do you maintain a mileage log for each driver?

109. Are drivers' motor vehicle records (MVRs) reviewed on a regular basis and maintained?

110. Are the personnel transporting the property given background checks and bonded?

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SECTION III – ADDITIONAL INFORMATION (Cont'd)

12 Indicate the age, type of construction and protection class following for of your the terminals:

11.

<u>Terminal Location</u>	<u>Construction Type</u>	<u>Year Built</u>	<u>Sprinklered</u>	<u>Public Protection Class</u>

SECTION IV – PROTECTION OF PROPERTY

(Provide details for all that apply.)

1. Is guard service employed at the terminals?
2. Are terminal/storage areas locked at all times when unoccupied?
3. Are approved central station burglar alarms installed and maintained?
4. Are working security cameras and video recording equipment used to continually monitor the terminal yards and surrounding areas?
5. Are trailers and box trucks containing hazardous or flammable cargo stored in a secured and protected area of the terminal?
6. Are there any hazardous or flammable materials used or stored at the terminals?
7. Are the terminals or any portion of the terminals equipped with a sprinkler system?
- ~~8~~7. Are there fire doors and fire stops between the various areas within the terminals?
- ~~9~~8. Are the terminals and loading dock areas in a separate building from the garage and equipment maintenance areas or separated by a fire wall(s)?
- 10 Are the terminals equipped with a recognized approved central station fire alarm system and fire extinguishers?
- 11 Regarding the terminals:
 - ~~10~~ a. What is the Public Protection Class (PPC) rating?
 - b Are there any private protection improvements?
 - a.
 - c What is the distance in feet to the nearest fire hydrant?
 - b.

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4. All Covered Property In One Occurrence	\$
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SECTION V – LIMITS OF INSURANCE AND DEDUCTIBLE REQUESTED (Cont'd)

5. Additional Coverages If amounts of coverage other than those shown in a. through m. below are desired, indicate the requested amount(s)	Amount(s) Requested
a. <u>Debris Removal Additional Limit (\$10,000)</u>	\$
b. <u>False Pretense (\$25,000)</u>	\$
c. <u>Rewards</u>	
<u>Arrest and Conviction (\$10,000)</u>	\$
<u>Return of Stolen Property (\$10,000)</u>	\$
d. <u>Cargo Handling Equipment (\$10,000)</u>	\$
e. <u>Contractual Penalties (\$5,000)</u>	\$
f. <u>Earned Charges (\$5,000)</u>	\$
g. <u>Fire Department Service Charge (\$10,000)</u>	\$
h. <u>Fire Extinguishing Systems Expense (\$10,000)</u>	\$
i. <u>Fuel (\$2,500)</u>	\$
j. <u>Newly Acquired Terminals (\$5100,000; 60 days)</u>	\$
	*Days
k. <u>Pollutant Cleanup and Removal (\$25,000)</u>	\$
l. <u>Preservation of Property Expense (\$10,000)</u>	\$
m. <u>Electronic Equipment (\$10,000)</u>	\$
<i>*Requested amount must be more than 60 days</i>	

56. Deductible: \$

SECTION VI – ADDITIONAL INFORMATION

Insurance companies during the last three years:
Provide information regarding the date, cause and amount of all losses during the last three years whether insured or uninsured:
<u>Attach copies of your most recent financials (Income Statement and Balance Sheet)</u>
<u>Attach copies of your current contracts of carriage and bills of ladings used.</u>
<u>Attach list of vehicles with their vehicle identification number (VIN) in your fleet for scheduled coverage.</u>
List of any additional information attached with this application:

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PLEASE COMPLETE SIGNATURE BLOCK ON LAST PAGE

FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO ALABAMA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

FRAUD STATEMENT TO ARIZONA APPLICANTS

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

FRAUD STATEMENT TO ARKANSAS APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO COLORADO APPLICANTS

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FRAUD STATEMENT TO FLORIDA APPLICANTS

Any person who knowingly, and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

FRAUD STATEMENT TO HAWAII APPLICANTS

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

FRAUD STATEMENT TO IDAHO APPLICANTS

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO KANSAS APPLICANTS

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer or insurance agent or broker, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

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FRAUD STATEMENT TO KENTUCKY APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

FRAUD STATEMENT TO LOUISIANA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MAINE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

FRAUD STATEMENT TO MARYLAND APPLICANTS

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MINNESOTA APPLICANTS

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

FRAUD STATEMENT TO NEW HAMPSHIRE APPLICANTS

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

FRAUD STATEMENT TO NEW JERSEY APPLICANTS

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

FRAUD STATEMENT TO NEW YORK APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

FRAUD STATEMENT TO OHIO APPLICANTS

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO OREGON APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A. The misinformation is material to the content of the policy;
- B. We relied upon the misinformation; and

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- C. The information was either:
1. Material to the risk assumed by us; or
 2. Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT TO PUERTO RICO APPLICANTS

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

FRAUD STATEMENT TO TENNESSEE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO VIRGINIA APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO WASHINGTON APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

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Insured (Applicant):
Application Completed By (print name):
Signature:
Title:
Date:

MOTOR TRUCK CARGO CARRIERS DECLARATIONS

COMPANY NAME AREA	PRODUCER NAME AREA
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DESCRIPTION OF COVERED PROPERTY
COVERED PROPERTY CONSISTING PRINCIPALLY OF: <hr/> <hr/> <hr/> <hr/>

LIMITS OF INSURANCE	
A. <input type="checkbox"/> PROPERTY IN OR ON ANY <u>ONE</u> AUTOMOBILE, TRUCK OR OTHER POWER UNIT, INCLUDING PROPERTY IN ALL ATTACHED TRAILERS	\$ _____
- OR -	
<input type="checkbox"/> <u>PROPERTY IN OR ON ANY ONE OF THE FOLLOWING AUTOMOBILE, TRUCK OR OTHER POWER UNIT, INCLUDING PROPERTY IN ALL ATTACHED TRAILERS:</u> <u>Vehicle Description / Vehicle Identification Number (VIN)</u> 1. _____ 2. _____ 3. _____	\$ _____
B. PROPERTY AT TERMINALS, BUT WE WILL COVER ONLY AT THE FOLLOWING TERMINALS: 1. _____ \$ _____ 2. _____ \$ _____ 3. _____ \$ _____	\$ _____
C. PROPERTY AT UNSPECIFIED TERMINALS <u>Number of days' coverage at terminals in B. or C. above if other than 60 days:</u>	\$ _____ days _____

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SPECIAL PROVISIONS (if any)

MOTOR TRUCK CARGO CARRIERS 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

1. Insuring Agreement

We will pay those sums that you become legally obligated to pay for loss to Covered Property caused by a Covered Cause of Loss.

We have the right and duty to defend you against any "suit" seeking these damages. However, we have no duty to defend you against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any occurrence and settle any claim or "suit" that may result. But:

- a. The amount we will pay for damages is limited as described in Section C. Limits Of Insurance; and
- b. Our right and duty to defend end when we have used up the Limit of Insurance in the payment of judgments or settlements.

2. 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 any bill of lading, contract of carriage or shipping receipt issued by you.

3. When Coverage Applies

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 and accepted by the consignee or its representative, but in no event shall exceed the period of time specified under your bill of lading, contract of carriage or shipping receipt; or

- b. ~~When loaded or unloaded at~~ At a facility (terminal, including a warehouse or other storage area), for up to 72 hours (excluding Sundays and holidays). However, ~~this limitation does not apply to~~ if a Limit Of Insurance is shown in the Declarations for:

- (1) Property at Terminals whose locations are specified; or
- (2) Property at Unspecified Terminals; if a Limit Of Insurance for these coverages is shown in the Declarations, then the time limitation for coverage at terminals is 60 days unless a different number of days is specified in the Declarations.

If the property is not delivered or refused by consignee, we cover the return of the property until it is returned to the shipper or consignee.

24. 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; except when death, or injury requiring an animal to be killed, is caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form;
- 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;

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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.

35. Covered Causes Of Loss

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

46. Additional Coverages

The Limits of Insurance shown in Paragraph **A.6. Additional Coverages** are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property, except with respect to Debris Removal Additional Coverage in Paragraph **A.6.a.(3)**.

a. Debris Removal

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

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss or damage to Covered Property; plus

(b) The deductible in this Policy applicable to that loss or damage.

(3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:

(a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or

(b) The debris removal expense exceeds the amount payable under the 25% limitation;

we will pay up to an additional \$10,000, unless a different Limit Of Insurance is shown in the Declarations in any one occurrence under this Additional Coverage.

(4) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

b. False Pretense

We will pay for loss or damage to Covered Property when you, your agents, consignees or customers voluntarily part with the covered property due to:

(1) Having accepted false bills of lading or shipping receipts; or

(2) Someone causing you to voluntarily part with the covered property by trick, scheme, device or under false pretense.

Coverage is excluded, for loss or damage to property which is otherwise covered, when the person committing the wrongful act is an employee.

The most we will pay under this Additional Coverage is \$25,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

c. Preservation Of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 60 days after the property is first moved.

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d. Rewards

(1) We will reimburse you for rewards paid as follows:

(a) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

(i) Replacement Cost of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the Covered Property.

(b) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for the return of stolen Covered Property, when loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

(i) Replacement Cost based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the Covered Property returned.

(2) This Additional Coverage applies subject to the following conditions:

(a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the necessary information or return the stolen Covered Property, and who is not:

(i) You or any family member;

(ii) Your employee or any of his or her family members;

(iii) An employee of a law enforcement agency;

(iv) An employee of a business engaged in property protection;

(v) Any person who had custody of the Covered Property at the time the theft was committed; or

(vi) Any person involved in the crime.

(b) There will be no reimbursement for a reward paid unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.

(c) The amount of the reward is the most we will reimburse under this Additional Coverage for loss in any one occurrence.

(d) The insured must have posted public notice of the reward prior to the person having been first to voluntarily provide the necessary information or return the stolen Covered Property.

7. Additional Coverages

The Limits of Insurance shown in Paragraph **A.7. Additional Coverages** are separate from, and will not reduce, the Limit Of Insurance shown in the Declarations as applicable to the Covered Property.

a. Supplementary Payments

We will pay with respect to any claim we investigate or settle, or any "suit" against you we defend:

(1) All expenses we incur.

(2) The cost of appeal bonds and bonds to release attachments, but only for bond amounts within the Limit of Insurance applicable to this insurance. We do not have to furnish these bonds.

(3) All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.

(4) All costs taxed against you in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against you.

(5) Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance applicable to this insurance, we will not pay any prejudgment interest based on that period of time after the offer.

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(6) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the Limit of Insurance applicable to this insurance.

Commercial Inland Marine Conditions Loss Payment Paragraph E.4. does not apply.

b. Cargo Handling Equipment

We will pay for loss or damage that is caused by or results from a Covered Cause of Loss to equipment you own, lease or operate for loading, unloading, packing and securing of Covered Property.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

c. Contractual Penalties

We will pay for contractual penalties imposed by written contract between you and your customers. These penalties must:

- (1) Result from failure to deliver the Covered Property on time according to contract terms;
- (2) Result from direct physical loss or damage to Covered Property by a Covered Cause of Loss; and
- (3) Have been paid by you to your customers.

The most we will pay under this Additional Coverage is \$5,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

d. Earned Charges

We will pay earned charges that are due you that become uncollectible because of direct physical loss of or damage to Covered Property caused by a Covered Cause of Loss.

The most we will pay under this Additional Coverage for loss or damage in any one occurrence is \$5,000, unless a different limit of insurance is shown in the Declarations.

e. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 for service, unless a different Limit of Insurance is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed. This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

f. Fire Extinguishing Systems Expense

(1) We will pay:

- (a) The cost of recharging your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) or replacing the fire extinguishers or fire extinguishing systems, whichever is less, when the need to recharge or replace is caused by a Covered Cause of Loss; and
- (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguishing system

(2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.

(3) The most we will pay under this Additional Coverage is \$10,000 in any one occurrence, unless a different Limit of Insurance is shown in the Declarations.

g. Fuel

We will pay for loss or damage that is caused by or results from a Covered Cause of Loss to fuel, oil, grease, gasoline and other fluids necessary to transport Covered Property.

Such fluids must be in or on a vehicle you own or operate transporting Covered Property at the time of loss.

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The most we will pay under this Additional Coverage is \$2,500 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

h. Newly Acquired Terminals

When a Limit of Insurance is shown in the Declarations for Property at Terminals whose locations are specified, the following applies:

- (1) The insurance that applies to Covered Property is extended to apply to such property at any Terminal you newly acquire other than at fairs, trade shows or exhibitions.
- (2) The most we will pay for loss or damage under this coverage is \$100,000 at each newly acquired terminal, unless a different limit is shown in the Declarations.
- (3) Insurance under this coverage for each newly acquired terminal will end when any of the following first occurs:
 - (a) This policy expires;
 - (b) 60 days, unless a greater number of days is shown in the Declarations, expire after you acquire the terminal; or
 - (c) You report the values to us.
- (4) We will charge you additional premium for values reported from the date you acquire the terminal.

However, this Additional Coverage does not apply when a limit of insurance is shown for Property at Unspecified Terminals in the Declarations.

i. Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$25,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

j. Preservation Of Property Expense

We will pay the necessary expenses incurred to move or store Covered Property to preserve it from loss or damage by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, unless a different Limit of Insurance is shown in the Declarations. This Additional Coverage shall not exceed 60 days from the time the Covered Property is first moved.

k. Electronic Equipment

We will pay for loss or damage that is caused by or results from a Covered Cause of Loss to your owned or leased electronic equipment that reproduces, receives or transmits audio, visual or data signals and that is used in the transport of Covered Property.

Such equipment includes any accessories, "data" and "media" associated with it.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

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.

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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

Nuclear reaction or radiation, or radioactive contamination, however caused.

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.~~
- ~~ba. Delay, loss of use, loss of market or any other indirect consequential 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.~~
- db.** Dishonest or criminal act (including theft) committed by:
 - (1) You, any of your partners, employees (including temporary employees, and leased workers, contractors and leased owner operators), officers, directors, trustees, or authorized representatives;
 - (2) A manager or a member if you are a limited liability company; or

- (3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees, and leased workers, contractors and leased owner operators) or authorized representatives; but theft by your employees (including temporary employees, and leased workers, contractors and leased owner operators) or authorized representatives is not covered.

c. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by the "specified causes of loss".

- ed.** 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, except as provided in the Additional Coverages section, A. 6.b. False Pretense.
- fe.** Unauthorized instructions to transfer property to any person or to any place.
- gf.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- hg.** Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

- 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.

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~~a. Any quality in the property that causes it to damage or destroy itself. Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.~~

~~b. Gradual deterioration, corrosion, rust Mechanical breakdown, (including rupture or bursting caused by centrifugal force), malfunction, or failure to operate.~~

~~c. Dampness, extremes of temperature.~~

~~dc. Insects, vermin or rodents Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.~~

~~d. Dampness or dryness of atmosphere.~~

~~e. Changes in or extremes of temperature.~~

However, with respect to Paragraphs 3.b., 3.d. and 3.e., we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

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

1. 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.

2. However, we may pay any part or all of the deductible amount to effect settlement of any claim and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

3. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

E. Additional Conditions

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

a. The value of Covered property Property will be the least of the following amounts:

~~a.(1) The cost of reasonably restoring that property to its condition immediately before loss;~~

~~b.(2) The cost of replacing that property with substantially identical property; or~~

~~c.(3) The value, if any, stated in the bill of lading or shipping receipt; or The amount for which you are legally liable under a bill of lading or contract of carriage.~~

~~d. The limitation stated in the tariff.~~

b. The value of property for the Additional Coverage A.7.b. Cargo Handling Equipment 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.

c. The value of property for the Additional Coverage A.7.g. Fuel will be the lesser of the following:

(1) Your original cost; or

(2) Market value at the time of loss.

d. The value of property for the Additional Coverage A.7.k. Electronic Equipment will be:

(1) The cost of replacing the equipment with new property functionally identical to the damaged equipment if replaced; or

(2) Actual cash value if the property is not repaired or replaced.

In the event of partial damage to an item of electronic equipment, we will not pay more than the cost of reasonably restoring the property to its condition immediately prior to the loss.

However, the value of:

(a) "Data" will be the actual cost to reproduce. If the "data" is not replaced or reproduced, we will pay the cost of the value of the "media" with no stored "data".

(b) "Media" will be the cost to repair or replace the "media" with substantially identical property.

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

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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

1. "Accident" means:

- ~~1a.~~ Upset or overturn of the transporting vehicle; or
- ~~2b.~~ The ~~violent and~~ accidental contact of the transporting vehicle with another vehicle or object, but not including contact with:
 - ~~a-(1)~~ The roadbed or curbing;
 - ~~b-(2)~~ Rails or ties of street, steam or electric railroad; or
 - ~~c-(3)~~ Any stationary object while backing for loading or unloading purposes.

2. "Data" means:

- a. Data stored on "media"; and
- b. Programming records used for electronic data processing or electronically controlled equipment.

3. "Media" means electronic data processing, recording or storage media such as software, films, tapes, discs, drums or cells.

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

5. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; "water damage".

a. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This Cause of Loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

6. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

7. "Suit" means a civil proceeding in which damages because of property damage to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which you must submit or submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPOILAGE AND LOSS DUE TO FDA REGULATION COVERAGE (MOTOR TRUCK CARGO CARRIERS COVERAGE)

This endorsement modifies insurance provided under the following:

MOTOR TRUCK CARGO CARRIERS COVERAGE FORM

SCHEDULE

Description Of Property:
Deductible: \$
<input type="checkbox"/> Refrigeration Maintenance Agreement
Causes Of Loss
<input type="checkbox"/> Breakdown Or Contamination <input type="checkbox"/> Power Outage <input type="checkbox"/> FDA Regulation
Information required to complete this Schedule, if not shown above, will be shown in the Declarations

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For the purpose of this endorsement the following provisions apply:

A. Paragraph A.2., Covered Property is replaced by the following:

1. Covered Property

Covered Property means "perishable stock" of others described in the Schedule of this endorsement that you have accepted for transportation as a common or contract motor carrier under your bill of lading or shipping, contract of carriage or shipping receipt issued by you.

B. The following is added to Paragraph A.4., Property Not Covered:

1. Property located:

- a. In the open; or
- b. In vehicles without an operating refrigeration system designed for the vehicle.

C. Paragraph A.5., is replaced by the following:

5. Covered Causes of Loss

Covered Causes of Loss means the following only if indicated by an "X" in the Schedule:

a. Breakdown or Contamination, which means:

- (1) Change in temperature or humidity resulting from:**
 - (a)** breakdown or failure of refrigerating, cooling, heating or humidity control apparatus or equipment;
 - (b)** Mistake in setting or maintaining the temperature or humidity levels on refrigerating, cooling, heating or humidity control apparatus or equipment; and

(2) Contamination by the refrigerant.

- b. Power Outage, which means change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off a terminal, including a warehouse or other storage area, due to conditions beyond your control.
 - c. Food and Drug Administration (FDA) Regulation, which means loss of Covered Property due solely to U.S. FDA regulations that deem such property to be adulterated.
- D. Paragraph **B.**, **Exclusions** is replaced by the following:

1. Exclusions

- a. Only the following exclusions in the Coverage Form apply to coverage provided in this endorsement:
 - (1) Paragraph **B.1.a.** Governmental Action; except with respect to coverage provided in Paragraph **C.5.c.** in this endorsement;
 - (2) Paragraph **B.1.b.** Nuclear Hazard;
 - (3) Paragraph **B.1.c.** War and Military Action; and
 - (4) Paragraph **B.2.b.** Dishonest or criminal act.
- b. The following exclusions are added:
We will not pay for loss or damage caused by or resulting from:
 - (1) The disconnection of any refrigerating, cooling or humidity control system from the source of power.
 - (2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
 - (3) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (a) Lack of fuel; or
 - (b) Governmental order.
 - (4) The inability of a power source to provide sufficient power due to lack of generating capacity to meet demand.
 - (5) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

- E. Paragraph **D.1.**, **Deductible** is replaced by the following:

With respect to loss or damage covered under the terms of this endorsement 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 Schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible shown in the Schedule, up to the applicable Limit Of Insurance.

- F. The following is added to Paragraph **E.**, **Additional Conditions:**

Refrigeration Maintenance Agreements

If Breakdown or Contamination is designated as a Covered Cause of Loss and a refrigeration maintenance agreement is shown as applicable by an "X" in the Schedule, the following condition applies:

You must maintain a refrigeration maintenance or service agreement. If you:

- 1. Voluntarily suspend or terminate this agreement and do not notify us before a loss or damage occurs; or
- 2. Have knowledge of any cancellation, suspension or termination;

the insurance provided by this endorsement will be automatically suspended.

- G. The following is added to Paragraph **G.**, **Definitions:**

"Perishable stock" means personal property:

- 1. Maintained under controlled conditions for its preservation; and
- 2. Susceptible to loss or damage if the controlled conditions change.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NON-OWNED TRAILER COVERAGE

This endorsement modifies insurance provided under the following:

MOTOR TRUCK CARGO CARRIERS COVERAGE FORM

SCHEDULE

	Coverage	Limits Of Insurance
	Trailer Interchange	
	Any One Trailer	\$
	In Any One Occurrence	\$
	Trailer Bailee	
	Any One Trailer	\$
	In Any One Occurrence	\$
	Deductible	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

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For the purpose of this endorsement the following provisions apply:

A. Coverage

1. Trailer Interchange

If the Schedule of this endorsement indicates Trailer Interchange applies:

We will pay those sums you become legally obligated to pay for loss to a "trailer" you don't own or its equipment, not otherwise covered under the Coverage Form, caused by a Covered Cause of Loss while in your care, custody or control under a written trailer or equipment interchange agreement.

2. Trailer Bailee

If the Schedule of this endorsement indicates Trailer Bailee applies:

We will pay those sums you become legally obligated to pay for loss to a "trailer" you don't own or its equipment, not otherwise covered under the Coverage Form, caused by a Covered Cause of Loss while in your care, custody or control, but not under a written trailer or equipment interchange agreement.

3. We have the right and duty to defend you against any "suit" seeking these damages. However, we have no duty to defend you against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any occurrence and settle any claim or "suit" that may result. But:

- a.** The amount we will pay for damages is limited as described in Paragraph **C.** Limits Of Insurance of this endorsement; and
- b.** Our right and duty to defend end when we have used up the Limit of Insurance in the payment of judgments or settlements.

4. Covered Causes of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage except those causes of loss listed in the Exclusions.

5. Additional Coverages

We will pay with respect to any claim we investigate or settle, or any "suit" against you we defend:

- a.** All expenses we incur.

- b. The cost of appeal bonds and bonds to release attachments, but only for bond amounts within the Limit of Insurance applicable to this insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.
- d. All costs taxed against you in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against you.
- e. Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance applicable to this insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- f. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the Limit of Insurance applicable to this insurance.

Commercial Inland Marine Conditions Loss Payment Paragraph E.4. does not apply.

These payments will not reduce the Limit of Insurance.

B. Exclusions

1. We will not pay for loss caused by or resulting from 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. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

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 Endorsement.

b. War Or 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. and B.1.b. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. Dishonest or criminal act (including theft) committed by:

- (a) You, any of your partners, employees (including temporary employees, leased workers, contractors and leased owner operators), officers, directors, trustees, or authorized representatives;
- (b) A manager or a member if you are a limited liability company; or
- (c) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees, leased workers, contractors and leased owner operators) or authorized representatives; but theft by your employees (including temporary employees, leased workers, contractors and leased owner operators) or authorized representatives is not covered.

3. We will not pay for delay, loss of use, loss of market or any other consequential loss.

4. Other Exclusions

We will not pay for loss due and confined to:

- a. Wear and tear, freezing, mechanical or electrical breakdown.
- b. Blowouts, punctures or other road damage to tires.

This exclusion does not apply to loss or damage resulting from the total theft of a "trailer".

C. Limits Of Insurance

The most we will pay for loss or damage is the applicable Limit of Insurance shown in the Schedule of this endorsement.

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D. Deductible

1. 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 Schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
2. However, we may pay any part or all of the deductible amount to effect settlement of any claim and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.
3. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

E. Valuation

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

Subject to the Limit of Insurance shown in the Schedule of this endorsement, the value of any one "trailer" will be the least of the following amounts:

1. The actual cash value of the loss or damage to the "trailer" at the time of the loss; or.
2. The cost of repairing or replacing the "trailer" with property of like kind and quality.

F. Additional Definitions

As used in this endorsement:

"Trailer" includes a semitrailer or a dolly used to convert a semitrailer into a trailer. "Trailer" also includes a container.

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MOTOR TRUCK CARGO OWNERS APPLICATION

SECTION I – GENERAL		
Name	Applicant	Producer
Address		
Telephone Number		
Web Site Address		
Proposed Policy Term From: To:		
Annual Income Values Shipped		
	<u>Period</u>	<u>Total</u>
	<u>Two Years Prior</u>	\$
	<u>Last Year:</u>	\$
	<u>Estimated Current Year:</u>	\$
	<u>Estimated Next 12 Months</u>	\$
Applicant's Business Nature Of: Number Of Years In Business:		
Contact For Inspection Name: Telephone Number: Email Address:		

SECTION II – GENERAL INFORMATION (Complete all that apply.)			
1. What are the commodities transported? Indicate the following for the principal commodities transported?.			
<u>Commodity</u>	<u>Percent of Total Shipments</u>	<u>Average Value Any One Shipment</u>	<u>Maximum Value Any One Shipment</u>
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
Total	100%		

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SECTION II – GENERAL INFORMATION (Cont'd)

2. What are the distances the shipments will travel, the time required to complete the shipments and the route the shipments will take from the point of departure to the final destination?

3. ~~What are the types and ages of the vehicles/trailers used to transport your commodities? Indicate the following for vehicles used in your operation:~~

<u>Type</u>	<u>Total Units</u>	<u>Refrigerated Units</u>	<u>Average Age</u>	<u>Protective Devices Installed</u>
Tractors				
Trucks				
Flatbed Trailers				
Tank Trailers				
Other Trailers				
Total				

4. ~~What protective devices are installed on each vehicle or trailer?~~

54. Are loaded vehicles parked unattended overnight?

SECTION II – GENERAL INFORMATION (Cont'd)

65. ~~Do you provide scheduled maintenance for the vehicles and trailers you operate? If not, explain who does: Is there a maintenance program in place for vehicles? If so, provide details including frequency~~

7. ~~Are the scheduled maintenance records maintained and reviewed on a regular basis?~~

8. ~~Are the employees that pack, load and unload trained in proper handling of the commodities?~~

96. How are the goods being transported protected from damage and theft?

107. What types of informational markings and packing materials are used to reduce damage?

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SECTION II – GENERAL INFORMATION (Cont'd)

11. ~~Are containers used to reduce handling and pilferage losses?~~
8.

12. ~~Do you conduct background checks of the drivers you hire?~~
9.

13. ~~Are drivers' motor vehicle records (MVRs) and trip logs maintained? How often are these reviewed or updated?~~
10.

14. ~~Do you provide or require any~~ Describe any trainings you provide or require for your employees, including
11. ~~any educational safe driver training programs for your drivers? If so, explain:~~

15. ~~Are emergency procedures and telephone numbers maintained and known~~ provided to all employees?
12.

13. Indicate the following for the terminals:

<u>Terminal Location</u>	<u>Construction Type</u>	<u>Year Built</u>	<u>Sprinklered</u>	<u>Public Protection Class</u>

SECTION III – PROTECTION OF PROPERTY

(Provide details for all that apply.)

1. Is guard service employed at the terminals?

2. Are terminal/storage areas locked at all times when unoccupied?

3. Are approved central station burglar alarms installed and maintained?

4. Are working security cameras and video recording equipment used to continually monitor the terminal yards and surrounding areas?

5. Are trailers and box trucks containing hazardous or flammable cargo stored in a secured and protected area of the terminal?

6. Are there any hazardous or flammable materials used or stored at the terminals?

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SECTION III – PROTECTION OF PROPERTY (Cont'd)

(Provide details for all that apply.)

7. Are there fire doors and fire stops between the various areas within the terminals?

8. Are the terminals and loading dock areas in a separate building from the garage and equipment maintenance areas or separated by a fire wall(s)?

9. Are the terminals equipped with a recognized approved central station fire alarm system and fire extinguishers?

10. Regarding the terminals:

a. Are there any private protection improvements?

b. What is the distance in feet to the nearest fire hydrant?

c. What is the distance in miles to the nearest responding fire department?

d. Are no-smoking rules clearly posted and enforced?

11. Are any commodities stored in basements or subbasements? If so, are they stored off the ground, and are the storage areas equipped with a water detection system?

12. Are maintenance records kept for all protection devices?

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SECTION III-IV – LIMITS OF INSURANCE AND DEDUCTIBLE REQUESTED

(Complete all that apply.)

		Limits Of Insurance
Per Automobile, Truck Or Any One Trailer:		\$
1. <input type="checkbox"/>	<u>Property In Or On Any One Automobile, Truck Or Other Power Unit, Including Property In All Attached Trailers</u>	\$
-OR-		
<input type="checkbox"/>	<u>Property In Or On Any One Of The Following Automobile, Truck Or Other Power Unit, Including Property In All Attached Trailers:</u>	\$
	<u>Vehicle Description / Vehicle Identification Number (VIN)</u>	
a.		
b.		
c.		
2.	<u>Property At The Following Terminals</u>	
a.		\$
b.		\$
c.		\$
d.		\$
e.		\$
3.	<u>Property At Unspecified Terminals</u>	\$
	<u>Number of days' coverage at terminals if other than 60 days</u>	<u>days</u>
4.	<u>All Covered Property In One Occurrence:</u>	\$
5.	<u>Additional Coverages</u>	<u>Amount(s) Requested</u>
If amounts of coverage other than those shown in a. through I. below are desired, indicate the requested amount(s)		
a.	<u>Debris Removal Additional Limit (\$10,000)</u>	\$
b.	<u>False Pretense (\$25,000)</u>	\$
c.	<u>Rewards</u>	
	<u>Arrest and Conviction (\$10,000)</u>	\$
	<u>Return of Stolen Property (\$10,000)</u>	\$
d.	<u>Fire Department Service Charge (\$10,000)</u>	\$
e.	<u>Fire Extinguishing Systems Expense (\$10,000)</u>	\$
f.	<u>Fuel (\$2,500)</u>	\$
g.	<u>Newly Acquired Terminals (\$100,000; 60 days)</u>	\$
h.	<u>Pollutant Cleanup and Removal (\$25,000)</u>	\$
i.	<u>Preservation of Property Expense (\$10,000)</u>	
*Requested amount must be more than 60 days		*Days

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Deductible: \$

SECTION IV – ADDITIONAL INFORMATION

Insurance companies during the last three years:

Provide information regarding the date, cause and amount of all losses during the last three years whether insured or uninsured:

Attach list of vehicles with their vehicle identification number (VIN) in your fleet for scheduled coverage.

List of any additional information attached with this application:

PLEASE COMPLETE SIGNATURE BLOCK ON LAST PAGE

FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO ALABAMA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

FRAUD STATEMENT TO ARIZONA APPLICANTS

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

FRAUD STATEMENT TO ARKANSAS APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO COLORADO APPLICANTS

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FRAUD STATEMENT TO FLORIDA APPLICANTS

Any person who knowingly, and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

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FRAUD STATEMENT TO HAWAII APPLICANTS

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

FRAUD STATEMENT TO IDAHO APPLICANTS

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO KANSAS APPLICANTS

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer or insurance agent or broker, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

FRAUD STATEMENT TO KENTUCKY APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

FRAUD STATEMENT TO LOUISIANA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MAINE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

FRAUD STATEMENT TO MARYLAND APPLICANTS

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MINNESOTA APPLICANTS

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

FRAUD STATEMENT TO NEW HAMPSHIRE APPLICANTS

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

FRAUD STATEMENT TO NEW JERSEY APPLICANTS

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

FRAUD STATEMENT TO NEW YORK APPLICANTS

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Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

FRAUD STATEMENT TO OHIO APPLICANTS

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO OREGON APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A. The misinformation is material to the content of the policy;
- B. We relied upon the misinformation; and
- C. The information was either:
 - 1. Material to the risk assumed by us; or
 - 2. Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT TO PUERTO RICO APPLICANTS

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

FRAUD STATEMENT TO TENNESSEE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO VIRGINIA APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

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FRAUD STATEMENT TO WASHINGTON APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

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Insured (Applicant):

Application Completed By (print name):

Signature:

Title:

Date:

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MOTOR TRUCK CARGO OWNERS DECLARATIONS

COMPANY NAME AREA	PRODUCER NAME AREA
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DESCRIPTION OF COVERED PROPERTY
COVERED PROPERTY CONSISTING PRINCIPALLY OF:
<hr/> <hr/> <hr/>

LIMITS OF INSURANCE	
PER AUTOMOBILE, TRUCK OR ANY ONE TRAILER	
A. <input type="checkbox"/> <u>PROPERTY IN OR ON ANY ONE AUTOMOBILE, TRUCK OR OTHER POWER UNIT, INCLUDING PROPERTY IN ALL ATTACHED TRAILERS</u>	\$ _____
<p style="text-align: center;">- OR -</p> <input type="checkbox"/> <u>PROPERTY IN OR ON ANY ONE OF THE FOLLOWING AUTOMOBILE, TRUCK OR OTHER POWER UNIT, INCLUDING PROPERTY IN ALL ATTACHED TRAILERS:</u>	\$ _____
<u>Vehicle Description / Vehicle Identification Number (VIN)</u>	\$ _____
1. _____	
2. _____	
3. _____	
B. <u>PROPERTY AT TERMINALS, BUT WE WILL COVER ONLY AT THE FOLLOWING TERMINALS:</u>	
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
C. <u>PROPERTY AT UNSPECIFIED TERMINALS</u>	\$ _____
<u>Number of days' coverage at terminals in B. or C. above if other than 60 days:</u>	<u>days</u> _____
D. <u>ALL COVERED PROPERTY INCLUDED IN A., B., AND C. COMBINED IN ANY ONE OCCURRENCE</u>	\$ _____

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Additional Coverages

<u>Debris Removal Additional Limit</u>	\$	
<u>False Pretense</u>	\$	
<u>Rewards</u>	\$	
<u>Arrest And Conviction</u> (Section A.5.f.(1)(a))	\$	
<u>Return Of Stolen Property</u> (Section A.5.f.(1)(b))	\$	
<u>Fire Department Service Charge</u>	\$	
<u>Fire Extinguishing Systems Expense</u>	\$	
<u>Fuel</u>	\$	
<u>Newly Acquired Terminals</u>	\$	
	<u>days</u>	
<u>Pollutant Cleanup and Removal</u>	\$	
<u>Preservation of Property Expenses</u>	\$	

DEDUCTIBLE \$ _____

RATES AND PREMIUMS

Nonreporting			
Rate		Premium	\$ _____
Reporting			
Deposit Premium			\$ _____
Minimum Premium			\$ _____
Reporting Period			
Premium Adjustment Period			
Premium Base			
Rates			\$ _____ per \$100

SPECIAL PROVISIONS (if any)

MOTOR TRUCK CARGO OWNERS 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 for loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means ~~your~~ property described in the Declarations that is:-

(a) Owned by you; or

(b) The property of others in your care, custody or control.

2. When Coverage Applies

We cover property:

a. ~~in~~ In or on any land vehicle you own or operate while in transit from the time the vehicle leaves the premises where the shipment begins until the vehicle arrives at its destination and is accepted by the consignee or its representative, including while being loaded or unloaded in or from the vehicle; or

b. At a terminal, including a warehouse or other storage area, for up to 72 hours (excluding Sundays and holidays). However, if a Limit Of Insurance is shown in the Declarations for:

(1) Property at Terminals whose locations are specified; or

(2) Property at Unspecified Terminals; then the time limitation for coverage at terminals is 60 days unless a different number of days is specified in the Declarations.

If the property is not delivered or refused by a consignee, we cover the property until it is delivered to its return destination.

3. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, deeds, evidences of debt, money, notes or securities;

b. ~~Bullion, Gold-gold~~ or other precious metals, jewelry, watches, precious or semiprecious stones;

c. Furs or garments trimmed with fur;

d. Coins or stamps;

de. Live animals; except when death, or injury requiring an animal to be killed, is caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the land vehicle carrying the property if these causes of loss would be covered under this Coverage Form;

ef. The vehicle(s) carrying the property;

f. Tarpaulin covers and other property used on, or in connection with, a covered vehicle;

g. Paintings, or other works-Works of art unless described in the Declarations; or

h. Contraband, or property in the course of illegal transportation or trade;

i. Intermodal containers, unless included in the value of the shipment.; or

j. Property of others for which you have responsibility as a carrier for hire or as a broker, carloader, consolidator, freight forwarder, shipping association or similar arranger of transportation operation

4. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

5. Additional Coverages

The Limits of Insurance shown in Paragraph A.5. Additional Coverages are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property, except with respect to Debris Removal Additional Coverage in Paragraph A.5.b.(3).

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a. Brands And Labels Expense

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, we will pay reasonable expenses you incur to:

- (1) Stamp the word salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law

b. Debris Removal

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

(2) The most we will pay under this Additional Coverage is 25% of:

- (a) The amount we pay for the direct physical loss or damage to Covered Property; plus
- (b) The deductible in this Policy applicable to that loss or damage.

(3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:

- (a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (b) The debris removal expense exceeds the amount payable under the 25% limitation;

we will pay up to an additional \$10,000, unless a different Limit Of Insurance is shown in the Declarations in any one occurrence under this Additional Coverage.

(4) This Additional Coverage does not apply to costs to:

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

c. False Pretense

We will pay for loss or damage to Covered Property when you, your agents, consignees or customers voluntarily part with the covered property due to:

- (1) Having accepted false bills of lading or shipping receipts; or
- (2) Someone causing you to voluntarily part with the covered property by trick, scheme, device or under false pretense.

Coverage is excluded, for loss or damage to property which is otherwise covered, when the person committing the wrongful act is an employee.

The most we will pay under this Additional Coverage is \$25,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

d. Free On Board (F.O.B.) Point of Origin

We cover your interest in Covered Property you sold F.O.B. Point of Origin.

e. Preservation Of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 60 days after the property is first moved.

f. Rewards

(1) We will reimburse you for rewards paid as follows:

- (a) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

- (i) Replacement Cost of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

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(ii) The amount determined by the loss settlement procedure applicable to the Covered Property.

(b) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for the return of stolen Covered Property, when loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

(i) Replacement Cost based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the Covered Property returned.

(2) This Additional Coverage applies subject to the following conditions:

(a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the necessary information or return the stolen Covered Property, and who is not:

(i) You or any family member;

(ii) Your employee or any of his or her family members;

(iii) An employee of a law enforcement agency;

(iv) An employee of a business engaged in property protection;

(v) Any person who had custody of the Covered Property at the time the theft was committed; or

(vi) Any person involved in the crime.

(b) There will be no reimbursement for a reward paid unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.

(c) The amount of the reward is the most we will reimburse under this Additional Coverage for loss in any one occurrence.

(d) The insured must have posted public notice of the reward prior to the person having been first to voluntarily provide the necessary information or return the stolen Covered Property.

6. Additional Coverages

The Limits of Insurance shown in Paragraph A.6. Additional Coverages are separate from, and will not reduce, the Limit Of Insurance shown in the Declarations as applicable to the Covered Property.

a. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 for service, unless a different Limit of Insurance is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed. This Additional Coverage applies to your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

b. Fire Extinguishing Systems Expense

(1) We will pay:

(a) The cost of recharging your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) or replacing the fire extinguishers or fire extinguishing systems, whichever is less, when the need to recharge or replace is caused by a Covered Cause of Loss; and

(b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguishing system

(2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.

(3) The most we will pay under this Additional Coverage is \$10,000 in any one occurrence, unless a different Limit of Insurance is shown in the Declarations.

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c. Fuel

We will pay for loss or damage that is caused by or results from a Covered Cause of Loss to your fuel, oil, grease, gasoline and other fluids necessary to transport the Covered Property.

Such fluids must be in or on a land vehicle you own or operate transporting Covered Property at the time of loss.

The most we will pay under this Additional Coverage is \$2,500 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

d. Newly Acquired Terminals

When a Limit of Insurance is shown in the Declarations for Property at Terminals whose locations are specified, the following applies:

(1) The insurance that applies to Covered Property is extended to apply to such property at any Terminal you newly acquire other than at fairs, trade shows or exhibitions.

(2) The most we will pay for loss or damage under this coverage is \$100,000 at each newly acquired terminal, unless a different limit is shown in the Declarations.

(3) Insurance under this coverage for each newly acquired terminal will end when any of the following first occurs:

(a) This policy expires;

(b) 60 days, unless a greater number of days is shown in the Declarations, expire after you acquire the terminal; or

(c) You report the values to us.

(4) We will charge you additional premium for values reported from the date you acquire the terminal.

However, this Additional Coverage does not apply when a limit of insurance is shown for Property at Unspecified Terminals in the Declarations.

e. Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$25,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

f. Preservation Of Property Expense

We will pay the necessary expenses incurred to move or store Covered Property to preserve it from loss or damage by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, unless a different Limit of Insurance is shown in the Declarations. This Additional Coverage shall not exceed 60 days from the time the Covered Property is first moved.

B. Exclusions

1. We will not pay for loss or damage caused by or resulting from 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

Nuclear reaction or radiation, or radioactive contamination, however caused.

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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. We will not pay for loss or damage caused by or resulting from any of the following:

- a.** Delay, loss of use, loss of market or any other consequential loss.
- b.** ~~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.~~

eb. Dishonest or criminal act (including theft) committed by:

- (1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees, or authorized representatives;
- (2) A manager or a member if you are a limited liability company; or
- (3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

~~c. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if [the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by the "specified causes of loss".~~

~~d. 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, except as provided in the Additional Coverages section, **A.5.c. False Pretense.**~~

~~e. Unauthorized instructions to transfer property to any person or to any place.~~

~~f. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.~~

~~g. Theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.~~

This exclusion applies whether or not an act occurs during your normal hours of operation.

~~h. Improper packing or stowage, or rough handling.~~

3. We will not pay 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. Wear and tear, depreciation.~~

~~b. Any quality in the property that causes it to damage or destroy itself. Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself, gradual deterioration.~~

~~c. Mechanical breakdown (including rupture or bursting caused by centrifugal force), malfunction, or failure to operate.~~

~~d. Insects, vermin, rodents Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.~~

~~e. Corrosion, rust, dampness, extremes of temperature Dampness or dryness of atmosphere.~~

~~f. Changes in or extremes of temperature.~~

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However, with respect to Paragraphs 3.c., 3.e. and 3.f. we will pay for such loss caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the land vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

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

1. 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.
2. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

E. Additional Conditions

1. The following is added to the Valuation General Condition in the Commercial Inland Marine Conditions is replaced by the following:
If the property was sold under invoice, the value of the property will be the actual net invoice price, including prepaid or advance freight.

The value of Covered Property will be determined by:

a. The value agreed on between the shipper and the consignee in writing prior to loss or damage.

b. If Paragraph a. does not apply the value will be:

(1) The actual net invoice price of Covered Property shipped to your customers.

(2) The actual net invoice cost of Covered Property you bought from others.

c. For Covered Property for which Paragraphs a. and b. do not apply the value will be the least of the following amounts:

(1) The actual net cost;

(2) The cost of restoring that property to its condition immediately before loss; or

(3) The cost of replacement.

The value will include your prepaid freight charges and any other shipping charges that are due since the start of transit.

d. The value of property for the Additional Coverage A.6.c. Fuel will be the lesser of the following:

(1) Your original cost; or

(2) Market value at the time of loss.

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

a. Coinsurance

We will not pay the full amount of any loss or damage to Covered Property in a shipment if the value of such Covered Property exceeds the Limit Of Insurance shown in the Declarations for the shipment.

Instead, we will determine the most we will pay using the following steps:

- (1) Divide the Limit of Insurance for the Covered Property in the shipment by the value of the Covered Property in such shipment;
- (2) Multiply the total amount of loss or damage, before the application of any deductible, by the figure determined in Step (1); and
- (3) Subtract the deductible from the figure determined in Step (2).

We will pay the amount determined in Step (3) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

b. Coverage Territory

~~(4)~~We cover property wherever located within:

- ~~(a)~~1 The United States of America (including its territories and possessions);
- ~~(b)~~2 Puerto Rico; and
- ~~(c)~~3 Canada.

~~(2) We also cover property being shipped by air within and between points in Paragraph (1).~~

F. Definitions

1. "Accident" means:

1a. Upset or overturn of the transporting vehicle; or

2b. The violent and accidental contact of the transporting vehicle with another vehicle or object, but not including contact with:

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- a-(1)** The roadbed or curbing;
- b-(2)** Rails or ties of street, steam or electric railroad; or
- c-(3)** Any stationary object while backing for loading or unloading purposes.

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

3. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; "water damage".

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This Cause of Loss does not include:

- (1)** The cost of filling sinkholes; or
- (2)** Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

- (1)** Personal property in the open; or
- (2)** The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

4. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

CONTINGENT CARGO COVERAGE APPLICATION

SECTION I – GENERAL		
	Applicant	Producer
Name		
Address		
Telephone Number		
Web Site Address		
Proposed Policy Term		
	From:	
	To:	
Annual Gross Receipts From Brokering Operations		
	Last Year:	\$
	Estimated Current Year:	\$
Applicant's Business		
	Nature Of:	
	Number Of Years In Business:	
Contact For Inspection		
	Name:	
	Telephone Number:	
	E-mail Address:	

SECTION II – GENERAL INFORMATION			
(Complete all that apply.)			
1. Put a check mark next to each of the following commodities that you broker for shipment. Indicate the percentage of your gross receipts for each commodity that applies:			
<input type="checkbox"/>	Alcoholic Beverages	%	<input type="checkbox"/> Fruit or Vegetables
<input type="checkbox"/>	Aluminum or Copper	%	<input type="checkbox"/> Furs
<input type="checkbox"/>	Apparel	%	<input type="checkbox"/> Hazardous Materials
<input type="checkbox"/>	Automobiles	%	<input type="checkbox"/> Jewelry
<input type="checkbox"/>	Boats	%	<input type="checkbox"/> Machinery or Equipment
<input type="checkbox"/>	Cigarettes or other Tobacco Products	%	<input type="checkbox"/> Meat
<input type="checkbox"/>	Dry Foods	%	<input type="checkbox"/> Mobile or Modular Homes
<input type="checkbox"/>	Electronic Devices	%	<input type="checkbox"/> Pharmaceuticals
<input type="checkbox"/>	Fish or Shellfish	%	<input type="checkbox"/> Precious Metals
<input type="checkbox"/>	Frozen Foods	%	

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SECTION II – GENERAL INFORMATION (Cont'd)

<p>2. What other commodities do you broker? Indicate their percentage of your gross receipts:</p>		
	%	%
	%	%
	%	%
	%	%
	%	%
<p>3. Carriers You Use</p>	<p>Annual Gross Receipts</p>	<p>Released Valuation Of Cargo</p>
	\$	\$
	\$	\$
	\$	\$
<p>4. Do you obtain evidence of insurance from your authorized motor truck cargo carriers? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<p>5. Do you obtain copies of the operating authority for your motor truck cargo carriers? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<p>6. Do you review the safety records of the carriers you broker shipments to using the Federal Motor Carrier Safety Administration's web site safersys.org? <input type="checkbox"/> Yes <input type="checkbox"/> No What are your safety criteria for the carriers you use?</p>		
<p>7. Does the limit of insurance shown in the evidence of insurance always equal or exceed the released value of the cargo assigned to the motor truck cargo carrier? If no, explain why. <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<p>8. Do you broker shipments that require refrigeration or other climate control? If yes, indicate the percentage of your gross receipts that is from refrigerated or climate controlled shipments: <input type="checkbox"/> Yes <input type="checkbox"/> No %</p>		
<p>9. Indicate the percentage of your receipts from brokering cargo shipped by flat beds. %</p>		
<p>10. What is your ICC Brokerage Docket Number? MC</p>		

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11. Do you or your employees handle any of the cargo that you broker for shipment? If yes, describe:	<input type="checkbox"/> Yes <input type="checkbox"/> No
12. Do you have carrier authority? If yes, describe the relation to or separation from your brokerage operation:	<input type="checkbox"/> Yes <input type="checkbox"/> No
13. Do you co-broker the shipment of cargo? If yes, indicate the percentage of your gross receipts from co-brokered shipments: %	<input type="checkbox"/> Yes <input type="checkbox"/> No
14. Are any filings required for the Federal Motor Carrier Safety Administration?	<input type="checkbox"/> Yes <input type="checkbox"/> No

SECTION III – ADDITIONAL INFORMATION (Complete all that apply.)	
1. What are the territories you operate in and arrange shipments for?	
2. Is any release of values/liability given to carriers? If so, provide details:	<input type="checkbox"/> Yes <input type="checkbox"/> No

SECTION IV – LIMITS OF INSURANCE AND DEDUCTIBLE REQUESTED	
	Limits Of Insurance Requested
1. Property In Or On Any <u>One</u> Automobile, Truck Or Other Power Unit Or Conveyance, Including Property In All Attached Trailers	\$
2. Property At Terminals	\$
<u>Number of days' coverage at terminals if other than 60 days</u>	<u>days</u>
3. All Covered Property In Any One Occurrence	\$
4. Temperature Change	\$
4. Additional Coverages If limits of coverage other than those shown in a. through b. below are desired, indicate the requested limit(s)	
a. Debris Removal Additional Limit (\$10,000)	\$
b. Pollutant Cleanup and Removal (\$25,000)	\$

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5.	Deductible For Property In Transit:	\$
6.	Temperature Change Deductible	\$

SECTION V – ADDITIONAL INFORMATION
Provide information regarding the date, cause and amount of all losses during the last three years whether insured or uninsured:
Attach a representative sample of contracts that you use with your carriers.
List of any additional information attached with this application:

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PLEASE COMPLETE SIGNATURE BLOCK ON LAST PAGE

FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO ALABAMA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

FRAUD STATEMENT TO ARIZONA APPLICANTS

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

FRAUD STATEMENT TO ARKANSAS APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO COLORADO APPLICANTS

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies. **FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS**

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FRAUD STATEMENT TO FLORIDA APPLICANTS

Any person who knowingly, and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

FRAUD STATEMENT TO HAWAII APPLICANTS

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

FRAUD STATEMENT TO IDAHO APPLICANTS

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO KANSAS APPLICANTS

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer or insurance agent or broker, any written statement, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

FRAUD STATEMENT TO KENTUCKY APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

FRAUD STATEMENT TO LOUISIANA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MAINE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

FRAUD STATEMENT TO MARYLAND APPLICANTS

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MINNESOTA APPLICANTS

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

FRAUD STATEMENT TO NEW HAMPSHIRE APPLICANTS

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

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FRAUD STATEMENT TO NEW JERSEY APPLICANTS

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

FRAUD STATEMENT TO NEW YORK APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

FRAUD STATEMENT TO OHIO APPLICANTS

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO OREGON APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A. The misinformation is material to the content of the policy;
- B. We relied upon the misinformation; and
- C. The information was either:
 - 1. Material to the risk assumed by us; or
 - 2. Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT TO PUERTO RICO APPLICANTS

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

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FRAUD STATEMENT TO TENNESSEE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO VIRGINIA APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO WASHINGTON APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

<p>Insured (Applicant):</p> <p>Application Completed By (print name):</p> <p>Signature:</p> <p>Title:</p> <p>Date:</p>

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CONTINGENT CARGO DECLARATIONS (FOR MOTOR TRUCK CARGO BROKERS)

COMPANY NAME AREA	PRODUCER NAME AREA
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DESCRIPTION OF COVERED PROPERTY
COVERED PROPERTY CONSISTING PRINCIPALLY OF: <hr/> <hr/> <hr/> <hr/>

LIMITS OF INSURANCE	
A. PROPERTY IN OR ON ANY ONE AUTOMOBILE, TRUCK OR OTHER POWER UNIT OR CONVEYANCE, INCLUDING PROPERTY IN ALL ATTACHED TRAILERS	\$ _____
B. PROPERTY AT TERMINALS	\$ _____
Number of days' coverage at terminals if other than 60 days:	days _____
C. ALL COVERED PROPERTY INCLUDED IN A. AND B. COMBINED IN ANY ONE OCCURRENCE	\$ _____
<u>Additional Coverages</u>	
Debris Removal Additional Limit	\$ _____
Pollutant Cleanup and Removal	\$ _____

DEDUCTIBLE FOR PROPERTY IN TRANSIT	\$ _____
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RATES AND PREMIUMS

Nonreporting				
Rate	_____	Premium	\$	_____
Reporting				
Deposit Premium			\$	_____
Minimum Premium			\$	_____
Reporting Period				_____
Premium Adjustment Period				_____
Premium Base				_____
Rates			\$	_____ per \$100

SPECIAL PROVISIONS (if any):

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CONTINGENT CARGO COVERAGE FORM (FOR MOTOR TRUCK CARGO BROKERS)

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 G. Definitions.

A. Coverage

1. Insuring Agreement

We will pay those sums that the "hired motor truck cargo carrier" is legally obligated to pay for loss or damage to Covered Property caused by a Covered Cause of Loss provided:

- a. You maintain evidence of insurance from a "hired motor truck cargo carrier" that reflects limits of insurance equal to or greater than the applicable Limits of Insurance provided by this Coverage Form; and
- b. Either (1) or (2) below applies:
 - (1) The "hired motor truck cargo carrier" or their insurer has not made payment for loss or damage otherwise payable under this Coverage Form because of one of the following reasons:
 - (a) The insolvency of the "hired motor truck cargo carrier";
 - (b) The insolvency of the insurer providing the motor truck cargo carrier liability coverage for the "hired motor truck cargo carrier";
 - (c) The "hired motor truck cargo carrier's" motor truck cargo carrier liability policy is cancelled or not renewed and you had no notice of such cancellation or nonrenewal; or
 - (d) The cause of loss is not covered in the "hired motor truck cargo carrier's" motor truck cargo carrier liability policy; or
 - (2) The "hired motor truck cargo carrier" or their insurer has made payment for loss or damage, otherwise payable under this Coverage Form, but:
 - (a) The "hired motor truck cargo carrier's" motor truck cargo carrier liability policy in effect at the time of loss had a limit of insurance that was less than the limit of insurance reflected in the evidence of insurance in Paragraph A.1.a. above; and
 - (b) The loss or damage that the "hired motor truck cargo carrier" is legally obligated to pay exceeds the limit of insurance of the "hired motor truck cargo carrier's" motor truck cargo carrier's liability policy in effect at the time of loss.

2. Covered Property

Covered Property, as used in this Coverage Form, means property of others described in the Declarations that the "hired motor truck cargo carrier" has accepted for transportation as a common or contract motor truck cargo carrier under ~~their tariffs~~, any bills of lading, contract of carriage or shipping receipts issued by the "hired motor truck cargo carrier".

3. When Coverage Applies

We only cover property:

- a. While in the custody of the "hired motor truck cargo carrier" or in the custody of connecting carriers, until the property is delivered to its destination and accepted by the consignee or its representative, but in no event shall exceed the period of time specified under such carrier's bill of lading, contract of carriage or shipping receipt; or
- b. At a facility—(terminal, including a warehouse or other storage area), being loaded or unloaded, or to be loaded or unloaded, for up to 72 hours (excluding Sundays and holidays). However, if a Limit Of Insurance is shown in the Declarations for Property at Terminals, then the time limitation for coverage at terminals will be 60 days unless a different number of days is specified in the Declarations for that location.

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If the property is not delivered or refused by consignee, we cover ~~the return of the property until it is returned~~ to the shipper or consignor.

34. 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, except when death, or injury requiring an animal to be killed, is caused directly by fire, lightning, explosion, windstorm, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form;
- 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 begins to apply 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.

45. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

B. Additional Coverages

1. Debris Removal

- a. We will pay ~~your~~ expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- b. The most we will pay under this Additional Coverage is 25% of:
 - (1) The amount we pay for the direct physical loss or damage to Covered Property; plus
 - (2) The deductible in this Policy applicable to that loss or damage.
- c. Payments under this Additional Coverage will not increase the applicable Limit of Insurance, but if:
 - (1) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - (2) The debris removal expense exceeds the amount payable under the 25% limitation;we will pay up to an additional \$10,000, unless a different Limit of Insurance is shown in the Declarations, in any one occurrence under this Additional Coverage;
- d. This Additional Coverage does not apply to costs to:
 - (1) Extract "pollutants" from land or water; or
 - (2) Remove, restore or replace polluted land or water.

2. Pollutant Cleanup And Removal

We will pay ~~your~~ expenses to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from ~~loss or damage to Covered Property caused by~~ a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

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The most we will pay under this Additional Coverage is ~~\$40,000~~25,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during the policy period.

The limit for this Additional Coverage is in addition to the Limit of Insurance.

C. Exclusions

This insurance does not apply to:

1. 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

Nuclear reaction or radiation, or radioactive contamination, however caused.

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

2. Loss or damage caused by or resulting from any of the following:

a. Delay, loss of use, loss of market or any other ~~indirect consequential~~ loss.

b. ~~Change in temperature or humidity resulting from:~~

~~(1) Mechanical breakdown or mechanical failure of refrigerating, cooling, heating or humidity control apparatus or equipment;~~

~~(2) Mistake in setting or maintaining the temperature or humidity levels on refrigerating, cooling, heating or humidity control apparatus or equipment;~~

~~(3) The disconnection of any refrigerating, cooling, heating or humidity control system from the source of power;~~

~~(4) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current; or~~

~~(5) Lack of fuel to power refrigerating, cooling, heating or humidity control apparatus or 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" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.~~

eb. Dishonest or criminal act (including theft) committed by:

(1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees, or authorized representatives;

(2) The "hired motor truck cargo carrier", any of their partners, employees (including temporary employees, leased workers, contractors and leased owner-operators), officers, directors, trustees, or authorized representatives;

(3) A manager or a member if you or the "hired motor truck cargo carrier" is a limited liability company; or

(4) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation or the normal hours of operation of the "hired motor truck cargo carrier".

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This exclusion does not apply to acts of destruction by your employees or the "hired motor truck cargo carrier's" employees (including temporary employees, leased workers, contractors, and the "hired motor truck cargo carrier's" leased owner operators) or authorized representatives; but theft by your employees or employees of the "hired motor truck cargo carrier" (including temporary employees, leased workers, contractors, and the "hired motor truck cargo carrier's" leased owner operators) or authorized representatives is not covered.

- dc.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss" ~~loss or damage by the "specified causes of loss" results~~, we will pay for the resulting damage, caused by the "specified causes of loss".
- ed.** Voluntary parting with any property by you, the "hired motor truck cargo carrier", or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- fe.** Unauthorized instructions to transfer property to any person or to any place.
- gf.** Theft by any person to whom you or "the hired motor truck cargo carrier" entrusts the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation or the normal hours of operation of the "hired motor truck cargo carrier".

- 3. 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~~ Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.
 - b.** ~~Gradual deterioration, corrosion, rust~~ Mechanical breakdown (including rupture or bursting caused by centrifugal force), malfunction, or failure to operate.

- c.** ~~Dampness, extremes of temperature~~ Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- d.** ~~Insects, vermin or rodents~~ Dampness or dryness of atmosphere.
- e.** Changes in or extremes of temperature.

However, with respect to Paragraphs 3.b. 3.d and 3.e. we will pay for such loss caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

- 4. Any loss or damage arising out of your actions as a motor truck cargo carrier.

D. 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.

E. Deductible

- 1. 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.
- 2. However, we may pay any part or all of the deductible amount to effect settlement of any claim and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.
- 3. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

F. Additional Conditions

- 1. The following is added to the **Duties In The Event Of Loss** Loss Condition in the Commercial Inland Marine Conditions:
 - a.** You must promptly make a claim against the "hired motor truck cargo carrier" or the insurer of the "hired motor truck cargo carrier" for the amount of loss or damage to Covered Property; and
 - b.** You must attempt to collect the amount of loss or damage to Covered Property from the "hired motor truck cargo carrier" or the insurer of the "hired motor truck cargo carrier".

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2. 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; or
- c. ~~The value, if any, stated in the bill of lading or shipping receipt; or The amount for which the "hired motor truck cargo carrier" is legally liable under a bill of lading or contract of carriage.~~
- 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.

3. 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.

G. Definitions

1. "Accident" means:
 - a. Upset or overturn of the transporting vehicle; or
 - b. ~~The violent and~~ accidental contact of the transporting vehicle with another vehicle or object, but not including contact with:
 - (1) The roadbed or curbing;
 - (2) Rails or ties of street, steam or electric railroad; or
 - (3) Any stationary object while backing for loading or unloading purposes.
2. "Hired motor truck cargo carrier" means a motor truck cargo carrier that you, as broker, arrange to transport Covered Property.
3. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

4. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; "water damage".

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

5. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TEMPERATURE CHANGE AND
LOSS DUE TO FDA REGULATION COVERAGE
(FOR CONTINGENT CARGO COVERAGE)**

W

This endorsement modifies insurance provided under the following:

CONTINGENT CARGO COVERAGE FORM (FOR MOTOR TRUCK CARGO BROKERS)

I

SCHEDULE

Limit Of Insurance:	\$
Deductible:	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

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A. The following are added as Covered Causes of Loss:

1. Direct physical loss or damage caused by change in temperature or humidity resulting from:
 - a. Mechanical breakdown or mechanical failure of refrigerating, cooling, heating or humidity control apparatus or equipment;
 - b. Mistake in setting or maintaining the temperature or humidity levels on refrigerating, cooling, heating or humidity control apparatus or equipment;
 - c. The disconnection of any refrigerating, cooling, heating or humidity control system from the source of power;
 - d. The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current; or
 - e. Lack of fuel to power refrigerating, cooling, heating or humidity control apparatus or equipment.

However, coverage under this endorsement does not apply when such loss or damage is caused directly by fire, lightning, explosion, windstorm, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property. In such case, coverage, if any, is subject to the terms of the exception to exclusion **C.2.b.** in the Coverage Form and to the applicable Limit of Insurance under the Coverage Form.

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2. Loss of Covered Property due solely to U.S. Food and Drug Administration regulations that deem such property to be adulterated, provided that the adulteration of that Covered Property is not otherwise covered under the Coverage Form.

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B. For the purposes of the coverage provided by this endorsement, we will not pay for loss or damage caused by or resulting from failure to maintain the refrigerating, cooling, heating or humidity control apparatus or equipment as per the manufacturer's specifications, including, but not limited to failure to:

1. Maintain the proper levels of:
 - a. Refrigerant; or

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- b. Oil;
 - 2. Regularly inspect refrigerating, cooling, heating and humidity control apparatus or equipment as per the manufacturer's recommended schedule;
 - 3. Maintain records of all inspections and maintenance performed on refrigerating, cooling, heating and humidity control apparatus or equipment; or
 - 4. Repair and replace refrigerating, cooling, heating and humidity control apparatus, equipment or parts as per the manufacturer's recommended schedule or when necessary as indicated by inspection.
- C. Exclusions **C.2.b.** and **C.3.c.** do not apply to the coverage provided under this endorsement.
- D. The following is added to Paragraph **D. Limits Of Insurance:**
- In any one occurrence, the most we will pay for the total of loss or damage covered under the terms of Paragraphs **A.1.** and **A.2.** of this endorsement is the Limit Of Insurance shown in the Schedule.

E. The following is added to Paragraph **E. Deductible:**

With respect to loss or damage covered under the terms of this endorsement we will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the Limit Of Insurance shown in the Schedule exceeds the Deductible shown in the Schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible shown in the Schedule, up to the Limit Of Insurance shown in the Schedule.

However, we may pay any part or all of the deductible amount to effect settlement of any claim and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPOILAGE AND LOSS DUE TO FDA REGULATION COVERAGE (CONTINGENT CARGO COVERAGE FORM)

This endorsement modifies insurance provided under the following:

CONTINGENT CARGO COVERAGE FORM

SCHEDULE

Description Of Property:		
Deductible: \$		
Causes Of Loss		
<input type="checkbox"/> Breakdown Or Contamination	<input type="checkbox"/> Power Outage	<input type="checkbox"/> FDA Regulation
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

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For the purpose of this endorsement the following provisions apply:

A. Paragraph A.2., Covered Property is replaced by the following:

2. Covered Property

Covered Property means "perishable stock" of others described in the Schedule of this endorsement that the "hired motor truck cargo carrier" has accepted for transportation as a common or contract motor truck cargo carrier under any bill of lading, contract of carriage or shipping receipt issued by the "hired motor truck cargo carrier".

B. The following is added to Paragraph A.4., Property Not Covered:

1. Property located:

- a. In the open; or
- b. In vehicles without an operating refrigeration system designed for the vehicle.

C. Paragraph A.5., is replaced by the following:

5. Covered Causes of Loss

Covered Causes of Loss means the following only if indicated by an "X" in the Schedule:

a. Breakdown or Contamination, which means:

(1) Change in temperature or humidity resulting from:

- (a)** breakdown or failure of refrigerating, cooling, heating or humidity control apparatus or equipment;
- (b)** Mistake in setting or maintaining the temperature or humidity levels on refrigerating, cooling, heating or humidity control apparatus or equipment; and

(2) Contamination by the refrigerant.

b. Power Outage, which means change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off a terminal, including a warehouse, or other storage area, due to conditions beyond your control.

c. Food and Drug Administration (FDA) Regulation, which means loss of Covered Property due solely to U.S. FDA regulations that deem such property to be adulterated.

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D. Paragraph **C.**, **Exclusions** is replaced by the following:

1. Exclusions

a. Only the following exclusions in the Coverage Form apply to coverage provided in this endorsement:

- (1) Paragraph **C.1.a.** Governmental Action; except with respect to coverage provided in Paragraph **C.5.c** in this endorsement;
- (2) Paragraph **C.1.b.** Nuclear Hazard;
- (3) Paragraph **C.1.c.** War and Military Action; and
- (4) Paragraph **C.2.b.** Dishonest or criminal act.

b. The following exclusions are added:

We will not pay for loss or damage caused by or resulting from:

- (1) The disconnection of any refrigerating, cooling or humidity control system from the source of power.
- (2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
- (3) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (a) Lack of fuel; or
 - (b) Governmental order.
- (4) The inability of a power source to provide sufficient power due to lack of generating capacity to meet demand.
- (5) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

E. Paragraph **E.1.**, **Deductible** is replaced by the following:

With respect to loss or damage covered under the terms of this endorsement 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 Schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible shown in the Schedule, up to the applicable Limit Of Insurance.

F. The following is added to Paragraph **G.**, **Definitions**:

"Perishable stock" means personal property:

1. Maintained under controlled conditions for its preservation; and

2. Susceptible to loss or damage if the controlled conditions change.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
MOTOR TRUCK CARGO CARRIERS, OWNERS
AND CONTINGENT CARGO POLICIES**

**SECTION I
SAMPLE INSTRUCTIONS**

1. GENERAL

~~Refer to the sample instructions for all classes for general information regarding the Handbook and policywriting and rating considerations, policy term, payment plans, midterm adjustments and cancellations.~~

2. COVERAGE

A. Motor Truck Cargo Carriers Coverage Form

1. Basic

~~Truckers (common or contract carriers) transport goods from point-to-point for others. Early common law established the legal liability of transporters and that has carried over to truckers. The Motor Truck Cargo Carriers policy provides liability coverage for the trucker. This policy is generally written on a continuous basis and is rered annually. Motor Truck Cargo Carriers Coverage Form **IH 00 72** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These, when combined to form a policy, will provide legal liability coverage for the trucking companies.~~

~~Separate limits frequently apply to catastrophe and single conveyances and for loading/unloading, consistent with the needs of the insured.~~

2. Optional Coverages

a. Named Terminals

~~The policy may be broadened to provide coverage for goods being kept in terminals. Each terminal must have an applicable limit of insurance and its location be specified in the Declarations. Refer to Instruction 7.~~

b. Unnamed Terminals

~~The policy will also cover property at unnamed terminals. The limit of insurance at unnamed terminals is usually 10—20% of the lowest limit of insurance applicable to named terminals. Coverage may be activated by entries on the Declarations. An additional premium is usually required. Refer to Instruction 7.~~

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~~—B. Motor Truck Cargo Owners Coverage Form~~

~~—1. Basic~~

~~Owners that carry their own goods are private carriers. The policy covers direct damage so legal liability is not an issue for these owners. The Motor Truck Cargo Owners policy has been developed to provide broad coverage for insureds who ship their own goods. This policy is generally written on a continuous basis and is renewed annually. Motor Truck Cargo Owners Coverage Form **IH 00 76** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These forms, when combined to form a policy, will provide coverage for owners who carry their own goods.~~

~~Separate limits frequently apply to catastrophe and single conveyances and for loading/unloading, consistent with the needs of the insured.~~

~~—2. Coverage Option — Unattended Vehicle Exclusion~~

~~Motor Truck Cargo Owners policies cover the theft of goods from vehicles. Coverage Form **IH 00 76** may be endorsed to exclude coverage for theft of goods from insureds' own vehicles when the theft is from unattended vehicles whose compartments, doors and windows are not closed and locked. Theft From Unattended Vehicle Exclusion Endorsement **IH 99 23** may be used in these situations.~~

~~—C. Contingent Cargo Coverage Form~~

~~—1. Basic~~

~~Brokers arrange the transportation of goods by truckers (common or contract carriers) from point to point for others. Early common law established the legal liability of transporters and that has carried over to truckers. Motortruck cargo carriers policies provide liability coverage for the trucker. The Contingent Cargo Coverage Form provides coverage to the broker for loss or damage to covered property for which the trucker is liable, under certain circumstances when the trucker or its liability insurer do not pay for the loss or damage. The Contingent Cargo Coverage policy is generally written on a continuous basis and is renewed annually. Contingent Cargo Coverage Form **IH 00 60** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These, when combined to form a policy, will provide brokers coverage that addresses loss or damage for which the motor truck cargo carrier is legally liable.~~

~~Separate limits frequently apply to catastrophe and single conveyances and for loading/unloading, consistent with the needs of the insured.~~

~~—2. Optional Coverages~~

~~—a. Terminals~~

~~The policy provides coverage for goods being kept in terminals for up to 72 hours. The policy may be broadened to provide coverage for goods being kept in terminals longer than 72 hours. Coverage may be activated by entries on the Declarations. An additional premium is usually required. Refer to Instruction 7.~~

~~—b. Temperature Change And FDA Regulation Coverage~~

~~The policy may be broadened by adding the following as covered causes of loss: direct physical loss or damage caused by change in temperature or humidity, and loss of covered property due solely to U.S. Food and Drug Administration regulations that deem such property to be adulterated, provided that the adulteration of that covered property is not otherwise covered under the coverage form. Use Temperature Change And Loss Due To FDA Regulation Coverage (For Contingent Cargo Coverage) Endorsement **IH 60 01** to provide this coverage.~~

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3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit the following application:

- ~~A. For the Motor Truck Cargo Liability Coverage Form — the Motor Truck Cargo Carriers Application IH AP 72;~~
- ~~B. For the Motor Truck Cargo Owners Coverage Form — the Motor Truck Cargo Owners Application IH AP 76; or~~
- ~~C. For the Contingent Cargo Coverage Form — the Contingent Cargo Coverage Application IH AP 60;~~

or equivalent applications, signed by the insured.

Consideration may also be given to requesting the rerating of a risk when a materially changed condition results in the current rate being inequitable.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

4. DEDUCTIBLE

A standard deductible used with Motor Truck Cargo policies and Contingent Cargo Coverage policies is \$500. The rates found in the loss cost section reflect a \$500 deductible.

Ranges of factors that can apply to higher deductibles are:

Deductible	Range Of Factors
\$ 1,000 – 2,499	.98 to .80
2,500 – 4,999	.95 to .75
5,000 – 10,000	.90 to .60
Over 10,000	Less than .85

Table 4. Deductible Factors

5. CLASSIFICATIONS

A. Basic

Goods shipped may be classified in accordance with a Classification Table such as the one below. The Table attempts to recognize desirability to thieves and damageability in the event of an accident. Goods that fall into Group 1 present lower risks. The risk increases for goods in Groups 2 and 3. Goods listed in Group 4 have the highest risks.

Classify any other goods whose properties presently (or in the future) present a Moderate, Moderate To High or High Risk of attractiveness to thieves or of damageability in the event of an accident consistently.

Refer to the loss cost section for loss costs applicable for each Classification Table Group.

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CLASSIFICATION TABLE				
Group 1	Group 2	Group 3	Group 4	
Low Risk	Moderate Risk	Moderate-To High Risk	High Risk	
Canned Goods Cement, Sand or -Gravel Fertilizer Grain, Hay & Feed Lumber Paper & Paper -Products Petroleum Prod- -ucts, NOC	Agricultural Equipment Automotive Products Beer & Wine Beverages (non- -alcoholic) Bicycles Boats Building Materials Contractors Heavy -Equipment Dairy Products -(except butter) Dry Goods General Merchan- -dise Household Goods Livestock & Live -Poultry Metal, NOC & Metal -Products Milk Musical Products Paint Plastic Plumbing Supplies Rugs & Carpets Textiles	Appliances, NOC Cables, Pipes & -Wire Camera Supplies Candy Ceramic Goods Collectibles Dishes Electrical Supplies & -Fixtures Farm Products Food Products, NOC Furniture Glassware Leather Goods Liquid Haulers Optical Goods Shoes Sporting Goods Wearing Apparel, -NOC	Alcoholic Bever- -ages, NOC Butter Cameras & Film Chemicals Computers Cosmetics & -Perfume Eggs Fine Arts Electronic Materi- -als Firearms, -Explosives & -Ammunitions Fish Frozen & Refrig- -erated Products Furs Hazardous Sub- -stances Jewelry Machinery & -Heavy Equip- -ment, NOC Meat & Seafood Narcotics	Oriental Rugs & -Carpets Perishables Petroleum Prod- -ucts under 140°F -(60°C) flash point Pharmaceuticals Poultry for market Power Tools Precious & Semi- -precious Metals Specialized Heavy Haulers Sporting Goods Tires & Tubes Tobacco and To- -bacco Products Toys TV, Radios & -Stereos Video Equipment -& Tapes Watches Wearing Apparel, -Designer

Table 5.A. Basic Classifications

Classify any goods not listed in Groups 1, 2, 3 or 4 after reevaluating their damageability or attractiveness to thieves.

~~B. Temperature Change And FDA Regulation Coverage Classifications~~

~~Goods shipped may be classified in accordance with a Classification Table such as the one below. The Table attempts to recognize susceptibility to damage caused by change in temperature or humidity. Goods that fall into Group 1 present lower risks. The risk increases for goods in Group 2. Goods listed in Group 3 have the highest risks.~~

~~Classify any other goods whose properties presently (or in the future) consistently present a Moderate, Moderate To High or High Risk of damage caused by change in temperature or humidity.~~

~~Refer to the loss cost section for loss costs applicable for each Temperature Change And FDA Regulation Classification Table Class.~~

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Temperature Change And FDA Regulation Classifications		
Class 1	Class 2	Class 3
Low Risk	Moderate Risk	Moderate-To-High Risk
Bakery Goods Beer and Wine Canned Goods Cheese Fruits and Vegetables	Beverages (non-alcoholic) Non-frozen Dairy Products Eggs Meat and Poultry	Frozen Dairy Products, including Ice Cream Flowers Frozen and Refrigerated Product Non-frozen Seafood

Table 5.B. Temperature Change And FDA Regulation Coverage Classifications

6. RADIUS OF OPERATION – MOTOR TRUCK CARGO OWNERS COVERAGE FORM

Determine radius on a straight line basis from the street address of principal point of departure when loaded.

A. Up To And Including 200 Miles

The vehicle is not regularly operated beyond a radius of 200 miles from the street address of the principal point of departure when loaded.

B. Over 200 Miles

The vehicle is operated regularly beyond a 200-mile radius from the street address of the principal point of departure when loaded.

Refer to the loss cost section for loss costs applicable to radius of operation.

7. PREMIUM CALCULATION

A. Motor Truck Cargo Carriers Coverage Form IH 00 72

1. Basic Coverage

- a. Multiply the number of insured vehicles (including trailers) by the Per Vehicle limit of insurance.
- b. Determine the annual rates for the classification of goods for each vehicle from Instruction 5.A.
- c. Multiply the result determined in Paragraph a. by the annual rates in effect at policy inception from Paragraph b.

2. Optional Coverage

a. Named Terminals

A means for determining the premium for goods at named terminals is to multiply the applicable Limit of Insurance by the:

- (1) Modified 80% coinsurance Basic Group I and Basic Group II Business Personal Property rate (see Instruction 2. in the All Classes Section); plus
- (2) Company loading in the Loss Cost Section.

b. Unnamed Terminals

A means for determining the premium for goods at unnamed terminals is to multiply the limit of insurance by the rate applicable to unnamed terminals in the Loss Cost Section.

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~~3. Annual Premium~~

~~The applicable premiums for Paragraphs 1. and 2. may be added to determine the annual premium.~~

~~B. Motor Truck Cargo Owners Coverage Form IH 00 76~~

~~The annual premium may be determined as follows:~~

- ~~1. Multiply the number of insured vehicles (tractor/trailer and trucks) by the Per Vehicle limit of insurance.~~
- ~~2. Determine the annual rates for the classification of goods and radius of operation for each vehicle from Instructions 5.A. and 6.~~
- ~~3. Multiply the result determined in Paragraph 1. by the annual rates in effect at policy inception from Paragraph 2.~~

~~C. Contingent Cargo Coverage Form IH 00 60~~

~~1. Basic Coverage~~

- ~~a. Multiply the insured's gross receipts per \$1,000 by the Per Vehicle limit of insurance.~~
- ~~b. Determine the annual rates for the classification of goods for each vehicle from Instruction 5.A.~~
- ~~c. Multiply the result determined in Paragraph a. by the annual rates in effect at policy inception from Paragraph b.~~

~~2. Optional Coverage~~

~~a. Terminals~~

~~A means for determining the premium for goods at terminals is to multiply the limit of insurance by the rate applicable to unnamed terminals in the Loss Cost Section.~~

~~b. Temperature Change And FDA Regulation Coverage~~

~~A means for determining the premium for Temperature Change And FDA Regulation Coverage is to:~~

- ~~(1) Determine the annual rates for the classification of goods for Temperature Change and FDA Regulation Coverage from Instruction 5.B.~~
- ~~(2) Multiply the result determined in Paragraph (1) by the Temperature Change Limit of Insurance.~~

~~3. Annual Premium~~

~~The applicable premiums for Paragraphs 1. and 2. may be added to determine the annual premium.~~

8. REPORTING FORM

~~A. Reporting Form Endorsements~~

~~Policies may be issued with a monthly or quarterly reporting feature as follows:~~

~~1. Motor Truck Cargo Carriers Coverage Form~~

- ~~a. Gross Receipts Reporting Form Endorsement IH 99 11 may be used to convert the Motor Truck Cargo Carriers Basic Coverage (other than terminal coverage) to a reporting basis for goods shipped.~~

~~Gross receipts are cumulative values rather than an average of periodic values. Consequently, the rates used for these reporting policies are usually the annual rates rather than a percentage of the annual.~~

- ~~b. Value Reporting Form Endorsement IH 99 08 may be used convert Terminal Coverage to a reporting basis.~~

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~~2. Motor Truck Cargo Owners Coverage Form~~

~~Values Shipped Reporting Form Endorsement **IH 99 09** may be used to convert the Motor Truck Cargo Owners Coverage Form to a reporting basis.~~

~~3. Contingent Cargo Coverage Form~~

~~Gross Receipts Reporting Form Endorsement **IH 99 11** may be used to convert the Contingent Cargo Carriers Basic Coverage (other than terminal coverage) to a reporting basis for goods shipped.~~

~~Gross receipts are cumulative values rather than an average of periodic values. Consequently, the rates used for these reporting policies are usually the annual rates rather than a percentage of the annual.~~

~~The premium charged at inception for a reporting form policy is a deposit premium. The amount is determined by a percentage, such as 25% or 50%, of the premium obtained in Instruction **7.A.** (Motor Truck Cargo Carriers Coverage Form **IH 00 72**), Instruction **7.B.** (Motor Truck Cargo Owners Coverage Form **IH 00 76**) and Instruction **7.C.** (Contingent Cargo Coverage Form **IH 00 60**) for an annual policy. When the deposit premium is exhausted, usually after the first few months, additional premiums may be payable monthly or quarterly in accordance with the values reported.~~

~~B. Values Reported~~

~~The premium developed in Instruction 7. must be converted to a rate that will be convenient for reporting periodic values, such as gross receipts (Carriers Form or Contingent Cargo Form) or the value of covered property shipped (Owners Form). An example of this conversion is to:~~

- ~~1. Divide the annual premium by the amount of gross receipts or value of covered property shipped in the insured's own trucks and trailers during the most recent year; and~~
- ~~2. Convert the result determined in Paragraph 1. to a rate per \$100 or a rate per \$1,000 by multiplying by 100 or 1000, respectively.~~

~~Gross receipts and values shipped are cumulative values rather than an average of periodic values. Consequently, the rates used for these reporting policies are usually the annual rates rather than a percentage of the annual. However, reporting provisions for terminals covered by a Motor Truck Cargo Coverage Carriers Coverage Form usually call for an average of periodic values; consequently, the applicable rates for terminal coverage may be monthly or quarterly rates.~~

~~C. Reporting Form Additional Premiums~~

~~Charge an additional premium when the deposit premium has been earned. This additional premium may be calculated as follows:~~

~~1. Monthly Reporting Form~~

- ~~a. Multiply the appropriate annual rate for gross receipts (Carriers Form or Contingent Cargo Form) or values shipped (Owners Form) by the gross receipts or values shipped each month.~~
- ~~b. Multiply the annual rates for goods at each terminal by .083 to convert to monthly rates. Multiply the values of goods at each terminal by the monthly rates.~~
- ~~c. The applicable premiums for Paragraphs a. and b. may be added to determine the additional premium.~~

~~2. Quarterly Reporting Policy~~

- ~~a. Multiply the appropriate annual rate for gross receipts (Carriers Form or Contingent Cargo Form) or values shipped (Owners Form) by the gross receipts or values shipped each month in the applicable quarter.~~
- ~~b. Multiply the annual rates for goods at each terminal by .25 to convert to quarterly rates. Multiply the average monthly values of goods at each terminal by the monthly rates.~~

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~~c. The applicable premiums for Paragraphs a. and b. may be added to determine the additional premium.~~

9. POLICYWRITING MINIMUM PREMIUM

~~For prepaid policies, apply a minimum premium regardless of term.~~

~~For reporting and/or continuous policies, apply a minimum premium for each annual period.~~

~~For minimum premiums, see the loss cost section.~~

**INLAND MARINE HANDBOOK
POSSIBLE LOSS COSTS –
MOTOR TRUCK CARGO**

**SECTION II
POSSIBLE LOSS COSTS**

7. PREMIUM CALCULATION

— A. Motor Truck Cargo Carriers Coverage Form

— 1. Basic Coverage

Limits Of Insurance		Loss Cost Group			
Per Vehicle	Per Catastrophe	1	2	3	4
\$500 — \$50,000	\$500 — \$100,000	.50 — .85	.80 — 1.30	1.20 — 1.90	1.80 — 2.75
\$50,001 — \$100,000	\$100,001 — \$200,000	.30 — .50	.50 — .80	.75 — 1.20	1.05 — 1.80
\$100,001 — \$250,000	\$200,001 — \$500,000	.20 — .30	.25 — .50	.40 — .75	.55 — 1.05
\$250,001 — \$500,000	\$250,001 — \$500,000	.10 — .20	.15 — .25	.20 — .40	.30 — .55
Over \$500,000	Over \$500,000	.05 — .10	.05 — .15	.10 — .20	.15 — .35

Table 7.A.1. Basic Coverage

— 2. Optional Coverages

— a. Named Terminals

Loading .01 — .60 Loss Cost

— b. Unspecified Terminals

.01 — .65 Loss Cost

— B. Motor Truck Cargo Owners Coverage Form

Radius Of Operation	Group 1	Group 2	Group 3	Group 4
Up To And Including 200 Miles	.01 — .20	.02 — .30	.04 — .45	.06 — .65
Over 200 Miles	.02 — .20	.03 — .35	.04 — .45	.07 — .70

Table 7.B. Radius Of Operation

— C. Contingent Cargo Coverage Form

— 1. Basic Coverage

Limits Of Insurance		Loss Cost Group			
Per Vehicle	Per Catastrophe	1	2	3	4
\$500 — \$50,000	\$500 — \$100,000	.013 — .024	.021 — .035	.032 — .051	.048 — 1.075
\$50,001 — \$100,000	\$100,001 — \$200,000	.008 — .013	.013 — .021	.021 — .032	.029 — .048
\$100,001 — \$250,000	\$200,001 — \$500,000	.005 — .008	.008 — .013	.011 — .021	.016 — .029
\$250,001 — \$500,000	\$250,001 — \$500,000	.003 — .005	.005 — .016	.005 — .011	.008 — .016
Over \$500,000	Over \$500,000	.002 — .003	.002 — .004	.003 — .005	.005 — .011

Table 7.C.1. Basic Coverage

— 2. Optional Coverages

— a. Terminals

.01 — .35 Loss Cost

**INLAND MARINE HANDBOOK
POSSIBLE LOSS COSTS –
MOTOR TRUCK CARGO**

b. Temperature Change And FDA Regulation Coverage

Temperature Change Loss Cost		
Class 1	Class 2	Class 3
.450 — 2.20	.550 — 2.60	.650 — 3.50

Table 7.C.2.b. Temperature Change And FDA Regulation Coverage

9. POLICYWRITING MINIMUM PREMIUM

Refer to company.

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
MOTOR TRUCK CARGO CARRIERS**

**SECTION III
PREMIUM CALCULATION WORKSHEET**

~~A. Motor Truck Cargo Carriers~~

Name of insured, address including zip code

Policy Period

Inception

Expiration

Term

Type Of Property Covered

Group No.

Number Of Vehicles

Limits Of Insurance:

Per Vehicle Limit Of Insurance

\$

Property At Named Terminals:

\$

Located at

\$

Located at

Property At Unnamed Terminals:

\$

Loss Costs:

Group Class

**80% Coinsurance Basic Group (BG) I + II
Business Personal Property (BPP) Loss Cost
(each Named Terminal)**

Loading Loss Cost (each Named Terminal)

Unnamed Terminal Loss Cost

Deductible

\$

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
MOTOR TRUCK CARGO CARRIERS**

A. PREMIUM FOR MOTOR TRUCK CARGO CARRIERS BASIC COVERAGE

1. Determine the Total Value At Risk

$$\begin{array}{r}
 \$ \text{ [] } \times \$ \text{ []} = \$ \text{ []} \\
 \text{Number Of} \quad \quad \quad \text{Per Vehicle} \quad \quad \quad \text{Total Value At Risk} \\
 \text{Insured Vehicles} \quad \quad \quad \text{Limit Of Insurance}
 \end{array}$$

2. Calculate the Group Class Rate

$$\begin{array}{r}
 \text{[]} \times \text{[]} = \text{[]} \\
 \text{Group Class Loss Cost} \quad \quad \quad \text{Loss Cost Multiplier} \quad \quad \quad \text{Group Class Rate}
 \end{array}$$

3. If applicable, modify the Group Class Rate to reflect a deductible other than standard

$$\begin{array}{r}
 \text{[]} \times \text{[]} = \text{[]} \\
 \text{Group Class Rate} \quad \quad \quad \text{Deductible Factor} \quad \quad \quad \text{Modified Rate}
 \end{array}$$

4. Calculate the premium for Basic Coverage

$$\begin{array}{r}
 \text{[]} \times \$ \text{ []} = \$ \text{ []} \\
 \text{Modified Rate} \quad \quad \quad \text{Total Value At Risk} \quad \quad \quad \text{Basic Coverage} \\
 \quad \quad \quad \quad \quad \quad \quad \text{(in 100's)} \quad \quad \quad \text{Annual Premium}
 \end{array}$$

B. PREMIUM FOR OPTIONAL COVERAGES

1. Property At Named Terminals

a. Calculate the BPP Combined Loss Cost for each Named Terminal

$$\begin{array}{r}
 \text{[]} \times \text{[]} + \text{[]} = \text{[]} \\
 \text{80\% Coins. BG I + II} \quad \quad \quad \text{Modification} \quad \quad \quad \text{Loading} \quad \quad \quad \text{Combined} \\
 \text{Loss Cost At Each} \quad \quad \quad \text{Factor} \quad \quad \quad \text{Loss Cost} \quad \quad \quad \text{Loss Cost} \\
 \text{Named Terminal}
 \end{array}$$

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PREMIUM CALCULATION WORKSHEET –
MOTOR TRUCK CARGO CARRIERS**

b. Calculate the Combined Rate for each Named Terminal

$$\text{Combined Loss Cost} \times \text{Loss Cost Multiplier} = \text{Combined Rate}$$

c. If applicable, modify the Combined Rate for each Named Terminal to reflect a deductible other than standard

$$\text{Combined Rate} \times \text{Deductible Factor} = \text{Modified Rate}$$

d. Calculate the premium for each Named Terminal

$$\text{Modified Rate} \times \$ \text{Limit Of Insurance For Each Named Terminal (in 100's)} = \$ \text{Premium For Each Named Terminal}$$

Repeat as necessary for additional Named Terminals

2. Premium for Property At Unnamed Terminals

a. Calculate the rate for Property At Unnamed Terminals

$$\text{Loss Cost For Property At Unnamed Terminals} \times \text{Loss Cost Multiplier} = \text{Rate}$$

b. If applicable, modify the rate for Property At Unnamed Terminals to reflect a deductible other than standard

$$\text{Rate} \times \text{Deductible Factor} = \text{Modified Rate}$$

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
MOTOR TRUCK CARGO CARRIERS**

c. Calculate the premium for Property At Unnamed Terminals

<div style="background-color: #cccccc; width: 150px; height: 15px; margin: 0 auto;"></div> <p>Modified Rate</p>	× \$	<div style="background-color: #cccccc; width: 150px; height: 15px; margin: 0 auto;"></div> <p>Limit Of Insurance At Each Unnamed Terminal (in 100's)</p>	= \$	<div style="background-color: #cccccc; width: 150px; height: 15px; margin: 0 auto;"></div> <p>Premium For Property At Unnamed Terminals</p>
--	------	---	------	--

3. Calculate the premium for Optional Coverages

\$	<div style="background-color: #cccccc; width: 150px; height: 15px; margin: 0 auto;"></div> <p>Premium For Named Terminals</p>	+	\$	<div style="background-color: #cccccc; width: 150px; height: 15px; margin: 0 auto;"></div> <p>Premium For Unnamed Terminals</p>	= \$	<div style="background-color: #cccccc; width: 150px; height: 15px; margin: 0 auto;"></div> <p>Optional Coverages Premium</p>
----	--	---	----	--	------	---

~~C. MOTOR TRUCK CARGO CARRIERS POLICY PREMIUM~~

~~Add the premiums for Basic Coverage and Optional Coverages~~

\$	<div style="background-color: #cccccc; width: 150px; height: 15px; margin: 0 auto;"></div> <p>Basic Coverage Premium</p>	+	\$	<div style="background-color: #cccccc; width: 150px; height: 15px; margin: 0 auto;"></div> <p>Optional Coverages Premium</p>	= \$	<div style="background-color: #cccccc; width: 150px; height: 15px; margin: 0 auto;"></div> <p>Policy Premium</p>
----	---	---	----	---	------	---

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
MOTOR TRUCK CARGO OWNERS**

~~B. Motor Truck Cargo Owners~~

~~Name of insured, address including zip code~~

~~Policy Period~~

~~_____~~
~~Inception~~

~~_____~~
~~Expiration~~

~~_____~~
~~Term~~

~~Type Of Property Covered~~

~~_____~~
~~Group No.~~

~~Radius Of Operation: Number of Vehicles up to and including 200 miles~~

~~Number of Vehicles regularly over 200 miles~~

~~Per Vehicle Limit Of Insurance:~~

~~\$~~

~~Loss Costs:~~

~~Up to and including 200 miles~~

~~Regularly over 200 miles~~

~~Deductible~~

~~\$~~

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
MOTOR TRUCK CARGO OWNERS**

A. PREMIUM FOR MOTOR TRUCK CARGO OWNERS BASIC COVERAGE

1. Vehicles operated up to and including 200 miles

a. Determine the Value At Risk for up to and including 200 miles

<input style="width: 100%; height: 20px;" type="text"/>	*	\$	<input style="width: 100%; height: 20px;" type="text"/>	=	\$	<input style="width: 100%; height: 20px;" type="text"/>
Number Of Insured Vehicles Operating			Per Vehicle Limit Of Insurance			Value At Risk

b. Calculate the rate for Value At Risk up to and including 200 miles

<input style="width: 100%; height: 20px;" type="text"/>	*	<input style="width: 100%; height: 20px;" type="text"/>	=	<input style="width: 100%; height: 20px;" type="text"/>
Group Class Loss Cost		Loss Cost Multiplier		Group Class Rate

c. If applicable, modify the Group Class Rate to reflect a deductible other than standard

<input style="width: 100%; height: 20px;" type="text"/>	*	<input style="width: 100%; height: 20px;" type="text"/>	=	<input style="width: 100%; height: 20px;" type="text"/>
Group Class Rate		Deductible Factor		Coverage Rate

d. Calculate the premium for Value At Risk up to and including 200 miles

<input style="width: 100%; height: 20px;" type="text"/>	*	<input style="width: 100%; height: 20px;" type="text"/>	=	\$	<input style="width: 100%; height: 20px;" type="text"/>
Value At Risk (in 100's)		Group Class Rate (or Coverage Rate)			Premium Up To And Including 200 Miles

2. Vehicles operated regularly over 200 miles

a. Determine the Value At Risk over 200 miles

<input style="width: 100%; height: 20px;" type="text"/>	*	\$	<input style="width: 100%; height: 20px;" type="text"/>	=	\$	<input style="width: 100%; height: 20px;" type="text"/>
Number Of Insured Vehicles Operating			Per Vehicle Limit Of Insurance			Value At Risk

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MOTOR TRUCK CARGO OWNERS**

b. Calculate the rate for Value At Risk over 200 miles

$$\text{Group Class Loss Cost} \times \text{Loss Cost Multiplier} = \text{Group Class Rate}$$

c. If applicable, modify the Group Class Rate to reflect a deductible other than standard

$$\text{Group Class Rate} \times \text{Deductible Factor} = \text{Modified Rate}$$

d. Calculate the premium for Value At Risk over 200 miles

$$\text{Modified Rate} \times \$ \text{Value At Risk (in 100's)} = \$ \text{Premium For Over 200 Miles}$$

B. MOTOR TRUCK CARGO OWNERS PREMIUM

Add the premiums for up to and including 200 miles and over 200 miles

$$\$ \text{Premium For Up To And Including 200 Miles} + \$ \text{Premium For Over 200 Miles} = \$ \text{Policy Premium}$$

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PREMIUM CALCULATION WORKSHEET –
CONTINGENT CARGO COVERAGE**

C. Contingent Cargo Coverage

Name of insured, address including zip code

Policy Period

Inception

Expiration

Term

Type Of Property Covered

Group No.

Gross Receipts: \$ _____

Limits Of Insurance:

Per Vehicle Limit Of Insurance \$ _____

Property At Terminals: \$ _____

Temperature Change: \$ _____

Loss Costs:

Group Class _____

Terminal Loss Cost _____

Deductible \$ _____

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
CONTINGENT CARGO COVERAGE**

A. PREMIUM FOR CONTINGENT CARGO COVERAGE BASIC COVERAGE

1. Determine the Total Value At Risk

$$\begin{array}{r}
 \$ \text{ [Blank Box]} \times \$ \text{ [Blank Box]} = \$ \text{ [Blank Box]} \\
 \text{Gross Receipts Per} \quad \quad \quad \text{Per Vehicle} \quad \quad \quad \text{Total Value At Risk} \\
 \text{Thousand} \quad \quad \quad \text{Limit Of Insurance}
 \end{array}$$

2. Calculate the Group Class Rate

$$\begin{array}{r}
 \text{[Blank Box]} \times \text{[Blank Box]} = \text{[Blank Box]} \\
 \text{Group Class Loss Cost} \quad \quad \quad \text{Loss Cost Multiplier} \quad \quad \quad \text{Group Class Rate}
 \end{array}$$

3. If applicable, modify the Group Class Rate to reflect a deductible other than standard

$$\begin{array}{r}
 \text{[Blank Box]} \times \text{[Blank Box]} = \text{[Blank Box]} \\
 \text{Group Class Rate} \quad \quad \quad \text{Deductible Factor} \quad \quad \quad \text{Modified Rate}
 \end{array}$$

4. Calculate the premium for Basic Coverage

$$\begin{array}{r}
 \text{[Blank Box]} \times \$ \text{ [Blank Box]} = \$ \text{ [Blank Box]} \\
 \text{Modified Rate} \quad \quad \quad \text{Total Value At Risk} \quad \quad \quad \text{Basic Coverage} \\
 \quad \quad \quad \quad \quad \quad \quad \text{(in 100's)} \quad \quad \quad \text{Annual Premium}
 \end{array}$$

B. PREMIUM FOR OPTIONAL COVERAGES

1. Property At Terminals

a. Calculate the rate for Property At Terminals

$$\begin{array}{r}
 \text{[Blank Box]} \times \text{[Blank Box]} = \text{[Blank Box]} \\
 \text{Loss Cost For Property At} \quad \quad \quad \text{Loss Cost Multiplier} \quad \quad \quad \text{Modified Rate} \\
 \text{Terminals}
 \end{array}$$

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PREMIUM CALCULATION WORKSHEET –
CONTINGENT CARGO COVERAGE**

b. If applicable, modify the rate for Property At Terminals to reflect a deductible other than standard

$$\text{Rate} \times \text{Deductible Factor} = \text{Modified Rate}$$

c. Calculate the premium for Property At Terminals

$$\text{Modified Rate} \times \$ \text{Limit Of Insurance At Each Terminal (in 100's)} = \$ \text{Premium For Property At Terminals}$$

2. Temperature Change And FDA Regulation Coverage

a. Calculate the rate for Temperature Change And FDA Regulation Coverage

$$\text{Temperature Change Loss Cost} \times \text{Loss Cost Multiplier} = \text{Modified Rate}$$

b. Calculate the premium for Temperature Change And FDA Regulation Coverage

$$\text{Modified Rate} \times \$ \text{Temperature Change Limit Of Insurance (in 100's)} = \$ \text{Premium For Temperature Change And FDA Regulation Coverage}$$

3. Calculate the premium for Optional Coverages

$$\$ \text{Premium For Terminals} + \$ \text{Premium For Temperature Change And FDA Regulation Coverage} = \$ \text{Optional Coverages Premium}$$

C. CONTINGENT CARGO COVERAGE POLICY PREMIUM

Add the premiums for Basic Coverage and Optional Coverages

$$\$ \text{Basic Coverage Premium} + \$ \text{Optional Coverages Premium} = \$ \text{Policy Premium}$$

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS –
MOTOR TRUCK CARGO**

**SECTION IV
GENERAL UNDERWRITING CONSIDERATIONS**

MOTOR TRUCK CARGO CARRIERS

Motor Truck Cargo Carriers liability policies cover the legal liability of a common or contract trucker for lawful goods accepted for transportation under contract, tariff and bill of lading or shipping receipt.

The policy covers the goods for the period from the time the trucker has taken possession until the goods have been delivered.

There are a variety of considerations the underwriter must review in underwriting Motor Truck Cargo Carriers liability policies.

A. Trucker

The underwriting process starts with a review of the prior experience of the insured trucker. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Current financial records, including latest annual gross receipts — the Central Analysis Bureau, a profit-making organization located in New York City, is a source of financial information on trucking concerns
- Availability of sources of capital if the trucker's financial condition is weak
- Number of years in business
- Current status of labor relations (particularly as respects contract carriers)
- Experience and training of employees; periodic review and update
- Compliance with Federal Highway Administration (FHWA) or state filings

B. Vehicles

- Schedule of types of vehicles being operated
- Radius of operation
- Consider charging an additional premium if the trucker desires to eliminate the Refrigeration Exclusion
- Consider seeking to have protective devices for theft installed in vehicles (particularly for vehicles operated in high theft areas)

C. Goods

As respects the **goods** the trucker transports, it is important to review the:

1. Average And Highest Value Of Individual Goods Being Transported

The greater the value, the more likely the goods are to be coveted by others.

2. Average And Highest Value Of Truckloads

3. Susceptibility To Loss Or Damage

The greater the susceptibility, the more likely the goods are to sustain loss or damage.

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GENERAL UNDERWRITING CONSIDERATIONS –
MOTOR TRUCK CARGO**

D. Type Of Carrier

Common and contract carriers have different degrees of liability for goods in their possession. Contract carriers have liability as stated in their contracts only if held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for loss or damage caused by:

- Acts of God
- Acts of the Public Enemy
- Exercise of Public Authority
- Fault or neglect on the part of the Shipper
- Inherent Vice or the nature of the Property

E. Terminals

It is important to have knowledge of the terminals used by the trucker if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the trucker may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed in two ways if the coverage is to be written. First, by charging an adequate premium. Second, by establishing an appropriate catastrophe limit in the Declarations.

MOTOR TRUCK CARGO OWNERS

Motor Truck Cargo Owners policies cover the value of shipments made by the insured during the policy period. The goods usually are shipped by truck, but other conveyances may be used.

There may be considerable variations in the types of goods shipped. Therefore, the underwriter may consider the damageability of the goods and their attractiveness to thieves.

A. Owner – Shipper

The underwriting process starts with a review of the prior experience of the insured owner. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Loss experience
- Current financial records
- Number of years in business
- Condition of vehicles
- Driving records of drivers
- Current status of labor relations

B. Goods

As respects the goods being shipped, it is important to:

- Determine the type(s) of goods
- Determine their susceptibility to loss (including perishability) or damage and evaluate any protection afforded
- Consider the attractiveness of the goods to thieves. If the goods are attractive to thieves, evaluate the:
 - Protection afforded against theft (including hi-jacking)
 - Use of containers to reduce handling and pilferage losses

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GENERAL UNDERWRITING CONSIDERATIONS –
MOTOR TRUCK CARGO**

C. Packaging

Evaluate the adequacy of the packing materials for the loading, shipment and unloading

D. Loading / Unloading

Determine that qualified employees will handle loading and unloading the shipment

E. Shipment

Particular attention should be paid to the following:

- The distance the shipment will travel
- The amount of time required to complete the shipment — goods shipped over long distances represent greater risks of loss than those shipped over short distances
- The route the shipment will take
- Whether the insured "dead heads" or "back hauls" trips following the delivery of his goods to their destination — "back hauling" may increase the insurers potential exposure to loss being evaluated by the underwriter

F. Other Coverages

1. Exhibitions

The shipment may involve delivery to an Exhibition Hall. A request may be made to endorse the policy to cover at the exhibition. The underwriter should give consideration to the potential for theft at the Exhibition Hall.

2. Loss of Use

Coverage may be sought for loss of use. The underwriter must give careful consideration to the nature of the property being shipped as it may, if lost or damaged, create a bottleneck and trigger a substantial consequential loss.

3. Refrigerated Shipments

Coverage Form **IH 00 76** excludes coverage for the breakdown of refrigeration equipment. A request may be made to endorse the policy to delete this exclusion. If the exclusion is to be deleted, the underwriter should give consideration to requiring periodic inspections of the refrigeration equipment. Also, the underwriter should consider the availability of refrigeration facilities along the regularly traveled routes.

G. Property Covered / Property Not Covered

Additional Covered Property Endorsement **IH 99 19** can be attached to provide coverage for items of property not otherwise covered. Conversely, coverage for certain items of property can be deleted by attaching Additional Property Not Covered Endorsement **IH 99 20**.

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS –
CONTINGENT CARGO COVERAGE**

CONTINGENT CARGO COVERAGE

Contingent Cargo liability policies provide coverage to brokers for the legal liability of a common or contract trucker for loss or damage to lawful goods accepted for transportation under contract, tariff and bill of lading or shipping receipt under certain circumstances when the trucker's liability policy will not pay for the loss.

The contingent cargo policy covers the goods for the period from the time the trucker has taken possession until the goods have been delivered.

There are a variety of considerations the underwriter must review in underwriting Contingent Cargo Coverage liability policies.

A. Broker

The underwriting process starts with a review of the prior experience of the insured broker. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Current financial records, including latest annual gross
- Availability of sources of capital if the broker's financial condition is weak
- Number of years in business
- Experience and training of employees; periodic review and update
- Compliance with Federal Highway Administration (FHWA) or state filings
- Whether the broker has motor carrier operating authority
- Whether the broker has procedures to avoid assuming motor carrier liability
- Whether the broker co-brokers shipments, and procedures the broker has to ensure the accurate transmission of shipping instructions from the shipper to the carrier

B. Truckers

The underwriting process should also include a review of the cargo liability insurance, as well as the prior experience of truckers used by the insured broker. Particular attention should also be paid to the following aspects:

- Proof of in force cargo liability insurance for truckers used by the broker, showing limits equal to or in excess of the proposed limits of the contingent cargo policy, and in excess of the value of cargo for which the truckers could be legally liable.
- Information about procedures that the broker has to review that trucker insurance is in effect, with adequate coverage and limits
- Information about procedures that the broker has to review that truckers insure refrigerated shipments, maintain refrigeration equipment and handle refrigerated shipments safely
- Information about the safety records of truckers used by the broker, which is available on the government website safersys.org.
- Current financial records of truckers, including latest annual gross receipts — the Central Analysis Bureau, a profit-making organization located in New York City, is a source of financial information on trucking concerns
- Availability of sources of capital if the truckers' financial condition is weak
- Number of years truckers have been in business
- Current status of labor relations (particularly with respect to contract carriers)

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GENERAL UNDERWRITING CONSIDERATION –
CONTINGENT CARGO COVERAGE**

- Experience and training of truckers' employees; periodic review and update
- Truckers' compliance with Federal Highway Administration (FHWA) or state filings

B. Vehicles

- Schedule of types of vehicles used to transport brokered goods
- Cargo transported on flatbed trucks may be more susceptible to damage from moisture.
- Radius of operation

C. Goods

With respect to the goods brokered, it is important to review the:

1. Average And Highest Value Of Individual Goods Being Brokered

The greater the value, the more likely the goods are to be coveted by others.

2. Average And Highest Value Of Truckloads

3. Susceptibility To Loss Or Damage

The greater the susceptibility, the more likely the goods are to sustain loss or damage.

D. Type Of Carrier

Common and contract carriers have different degrees of liability for goods in their possession. Contract carriers have liability as stated in their contracts only if held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for loss or damage caused by:

- Acts of God
- Acts of the Public Enemy
- Exercise of Public Authority
- Fault or neglect on the part of the Shipper
- Inherent Vice or the nature of the Property

E. Terminals

It is important to have knowledge of the terminals used by the truckers engaged by the broker if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the trucker may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed in two ways if the coverage is to be written: First, by charging an adequate premium; second, by establishing an appropriate catastrophe limit in the Declarations.

**INLAND MARINE HANDBOOK
SUGGESTED LOSS CONTROL RECOMMENDATIONS –
MOTOR TRUCK CARGO**

**SECTION V
SUGGESTED LOSS CONTROL RECOMMENDATIONS**

The Loss Control function consists of two elements—Loss Prevention and Loss Reduction.

The purpose of Loss Prevention is to reduce the frequency of loss.

The purpose of Loss Reduction is to reduce the severity of loss.

A single action frequently impacts both loss frequency and loss severity.

The following recommendations may be shared with the loss control representative.

DEDUCTIBLE

The sample policy in this Handbook contains a deductible clause. The amount of the deductible may be changed to reflect the amount of risk the insured desires to retain.

Additionally, the insured and insurer may agree to have different deductible amounts apply to different goods in order to reduce loss frequency.

CONTRACTS

Use Released Bills of Lading whenever possible.

MANAGEMENT PRACTICES

—A. Administration

- 1. Designate qualified employees to be responsible for loss control, safety, security and training and to establish programs for these functions.
- 2. Arrange pickup and delivery schedules to minimize the amount of time the vehicle will be in your possession.
- 3. Monitor the loss control, safety and security programs.
- 4. Comply with loss control recommendations.
- 5. Investigate all cargo losses; change procedures if appropriate.

—B. Employee Selection

- 1. Select only qualified candidates for positions requiring specific skills.
- 2. Train all employees (including temporaries) to follow established procedures and handle the equipment they will operate.
- 3. Verify that all employees using vehicles and equipment are qualified. Reevaluate periodically.
- 4. Maintain records of qualifiers and non-qualifiers.
- 5. Secure MVR's for each driver every 12 months.

—C. Safety Program

- 1. Make sure the employee in charge of the safety program knows OSHA and state labor guidelines.
- 2. Post safety materials in a prominent location.
- 3. Make records of each cargo loss for review and action, if appropriate.

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SUGGESTED LOSS CONTROL RECOMMENDATIONS –
MOTOR TRUCK CARGO**

~~D. Vehicle And Equipment Maintenance~~

- ~~1. Make sure the employee in charge of vehicle and equipment maintenance is familiar with Federal Motor Carrier Safety Regulations (FMCSR).~~
- ~~2. Establish regular interval maintenance for all vehicles and equipment in accordance with manufacturer's specifications.~~
- ~~3. Worn or damaged electrical wiring, cables, fuel or hydraulic lines should be repaired or replaced.~~
- ~~4. Keep records of all maintenance performed on all vehicles and equipment.~~
- ~~5. Inspect vehicles and equipment regularly.~~
- ~~6. Drivers should provide written reports of equipment problems for feedback to maintenance personnel on a regular basis.~~
- ~~7. Inspect refrigeration equipment every 4 hours during transit. An alarm system should be in place alerting drivers to high or low temperatures.~~
- ~~8. If your company has a limited maintenance staff, consider an arrangement with a full service maintenance leasing concern.~~
- ~~9. Trailers should have "Wide Right Turn" decals and midturn signal indicators installed.~~

FIRE PREVENTION

~~A. General~~

- ~~1. Water for fire fighting should be readily available.~~
- ~~2. Employees should be trained in basic fire fighting techniques.~~
- ~~3. Emergency phone numbers should be posted at each telephone.~~

~~B. Terminals – Construction~~

- ~~1. Terminals should be of fire resistive or non-combustible construction.~~
- ~~2. Large open areas should be avoided to the extent possible, particularly where combustibles are stored. Fire walls, protected by fire doors, can tend to limit what would otherwise be a substantial loss. Building codes should be adhered to and regarded as minimum standards.~~
- ~~3. The warehouse area should be separated from the garage area by a fire wall(s).~~
- ~~4. Have the local fire department familiarize itself with the terminal and the available fire defenses.~~
- ~~5. Place fire alarms in terminals.~~

~~C. Terminals – Occupancy~~

- ~~1. Identify and segregate materials by damageability.~~
- ~~2. Size and height of piles and aisle widths should conform to applicable standards.~~
- ~~3. Goods subject to water damage should be on skids.~~
- ~~4. Adequate access should be provided between all areas.~~

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~~D. Protection~~

- ~~1. Adequate access to all areas should be provided for firefighting equipment.~~
- ~~2. Portable fire extinguishers should be provided and recharged according to manufacturer's standards.~~
- ~~3. Maps of the terminal, posted at numerous locations in the terminal, should show the location of the extinguishers.~~
- ~~4. A recognized approved central station alarm system should be installed.~~
- ~~5. The areas where combustible goods are stored should be protected by an automatic sprinkler system.~~

~~E. Yard Storage~~

- ~~1. Keep storage yards well lighted and fenced with one entrance.~~
- ~~2. Request police to make frequent area checks when closed.~~
- ~~3. Employ a watchperson(s) at storage sites.~~
- ~~4. Goods should be spread out and separated by clear space.~~
- ~~5. Main fuel supply should be located in an approved storage tank, remote from work areas.~~

~~F. Over The Road Operations~~

- ~~1. Suitable fire extinguishers should be provided in vehicle cabs.~~
- ~~2. Driver training programs should include the handling of basic over the road fire hazards.~~
- ~~3. The driver should have an accurate manifest or bill of lading to aid local firefighters.~~
- ~~4. Hazardous cargo identification should be identified in conformance with Federal, State and local codes.~~

GENERAL SECURITY

~~A. Over The Road~~

- ~~1. Do not pick up hitchhikers.~~
- ~~2. Drivers must lock doors, close windows and keep the keys in their possession when leaving the vehicle.~~
- ~~3. Park in areas where the load is visible when stopped.~~
- ~~4. Obtain a receipt for the load at delivery before leaving.~~
- ~~5. Use main highways wherever possible.~~
- ~~6. Test vehicle alarms before leaving terminals.~~
- ~~7. Plan the route with security in mind and keep a copy of the daily route schedule on file with the dispatcher.~~
- ~~8. Inspect vehicle daily.~~

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~~B. Terminal And Consolidation Center~~

- ~~1. Establish security program.~~
- ~~2. Install premises certified alarms on all openings into the terminal (doors, windows, skylights, etc.) or provide security services reporting to central station.~~
- ~~3. Use king pin locks for parked cargo trucks and trailers.~~
- ~~4. Park trailers stored in open yard with compartment doors flush against each other.~~
- ~~5. Keys should be coded for location of lock and for the person to whom the key is assigned. The assigned key should be engraved "Do not duplicate." Supervise the assignment of keys; keep all original keys secured.~~
- ~~6. Keep yard areas fenced with one entrance guarded to control traffic.~~
- ~~7. Do not allow employee parking inside the terminal enclosure.~~
- ~~8. All employees should challenge any stranger on the loading dock.~~
- ~~9. Interline or other drivers should be restricted to a specific dock area.~~
- ~~10. Use employee photo ID's and visitor badges.~~

~~ADDITIONAL SECURITY FOR HIGH-VALUE GOODS~~

~~A. Over The Road~~

- ~~1. Provide UL approved truck alarm systems that include 60-90 day maintenance checks.~~
- ~~2. Periodically rotate drivers among runs if possible.~~
- ~~3. Do not use new or part time help on major loads.~~
- ~~4. Establish a communications reporting system from vehicles to security centers in terminals at prescribed periodic intervals or use a convoy system.~~
- ~~5. In higher loss potential areas use a random chase vehicle procedure at various times with or without the load driver's knowledge.~~
- ~~6. Mark the tops of trucks and trailers with fluorescent paint to identify the vehicle from the air in the event of a hi-jack.~~
- ~~7. On long hauls, two people should be with the load so that no less than one will be in attendance at all times. Stopovers at sleeping establishments should not be permitted.~~
- ~~8. For particularly valuable loads, the use of an armored car or some other protected means of transportation should be considered.~~

~~EXPOSURES AT OTHER THAN CONTROLLED LOCATIONS~~

~~A. Locations Under The Control Of Others~~

- ~~1. Select reputable and financially responsible public warehouses. Each should be in good physical condition with appropriate protection devices and controls for the goods being stored.~~
- ~~2. Immediately upon arrival, log in with dispatcher; obtain a written receipt for the delivery of the load.~~

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~~B. Stops En Route~~

- ~~1. Avoid parking in areas subject to flooding, earthslides or collision from other vehicles.~~
- ~~2. Make sure alarms are "ON."~~
- ~~3. When breaking down tandem loads in a doubles compound, coordinate the arrival of the second tractor with the arrival of the tandem.~~

DRIVER PRACTICES

~~A. General~~

- ~~1. Follow company rules and procedures, such as documentation, safe driving, call in procedures, equipment breakdowns and vehicle accidents.~~
- ~~2. Do not smoke in the cargo compartment at any time.~~
- ~~3. Close and lock the cargo compartment unless cargo is being loaded or unloaded.~~
- ~~4. Remove keys from the power unit and lock vehicle when driver is absent.~~
- ~~5. Adhere to rules and regulations for hazardous materials.~~

~~B. Pickup And Delivery~~

- ~~1. Sign for exact cargo and get signed receipt on delivery.~~
- ~~2. Be certain the persons receiving the cargo are legitimate representatives of the consignee.~~
- ~~3. Accept only freight properly packaged, crated or protected.~~
- ~~4. Handle, load and unload cargo to avoid damage.~~
- ~~5. Be aware of temperature restrictions.~~
- ~~6. Stay with the vehicle during loading/unloading by others to protect other cargo.~~
- ~~7. Make sure hookups and equipment for bulk cargo are proper.~~

~~C. En Route~~

- ~~1. Make thorough pre-trip inspection of the unit.~~
- ~~2. Check refrigeration, heating, blocking, chaining, tarps, brakes and tires periodically during the trip.~~
- ~~3. Observe weight and clearance routing restrictions. Be aware of unidentified clearance and weight restrictions.~~
- ~~4. Inspect integrity of vehicle cargo doors, seals and locks upon arrival and before departing each stop.~~
- ~~5. Avoid parking in remote or unlighted areas.~~
- ~~6. Avoid stops or layovers in high crime areas.~~
- ~~7. If trailer must be dropped en route, use king pin lock.~~
- ~~8. Lock vehicle doors while driving.~~
- ~~9. Do not arrive when receiving facilities are closed.~~
- ~~10. Do not disclose cargo over CB.~~

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BROKER PRACTICES

~~A. Motor Truck Cargo Carrier Insurance~~

- ~~1. Obtain proof from your motor carriers of cargo liability insurance that is in effect at the time of shipment.~~
- ~~2. Verify that the motor carrier's policy limit equals or exceeds:
 - ~~a. The limit of your contingent cargo policy; and~~
 - ~~b. The value of the cargo for which the motor carrier could be legally liable.~~~~
- ~~3. Review the motor carrier's policy carefully, including looking for:
 - ~~a. Covered causes of loss;~~
 - ~~b. What cargo is covered, and what cargo is not covered;~~
 - ~~c. What limitations there are on refrigeration coverage when the cargo requires temperature control;~~
 - ~~d. Generally, what are potential coverage gaps.~~~~
- ~~4. Verify the credit rating of your motor carrier's cargo insurer.~~

~~B. Motor Truck Cargo Carrier Operating Authority, Safety Record And Financial Soundness~~

- ~~1. Obtain copies of the operating authority for your cargo carrier.~~
- ~~2. Review your motor carrier's safety record.
 - ~~a. Safersys.org is a government website maintained by the Federal Motor Carrier Safety Administration, which offers company safety data.~~
 - ~~b. Current financial records of motor carriers are available from the Central Analysis Bureau, a for-profit organization.~~~~

~~C. Refrigerated Shipments~~

- ~~1. Review the motor carrier's procedures for maintaining refrigeration equipment.~~
- ~~2. Review the motor carrier's procedures for the safe handling of refrigerated cargo.~~
- ~~3. Carefully review and communicate to the carrier all instructions related to the handling of refrigerated cargo.~~

~~D. Steps To Help Prevent Motor Carrier Liability~~

- ~~1. Do not identify yourself as a carrier, on the bill of lading, in a contract or in any other context in a transaction in which you are acting as a broker.~~
- ~~2. In dealing with your customers, do not identify carriers as part of your operation.~~
- ~~3. Do not make guarantees to your customers to control all aspects of the cargo delivery.~~
- ~~4. Communicate with the motor carriers, not the driver.~~
- ~~5. Carefully review contracts with shippers to help prevent taking on the legal liability of a motor carriers.~~

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SECTION I – SAMPLE INSTRUCTIONS

1. GENERAL

Refer to the sample instructions for all classes for general information regarding the Handbook and policywriting and rating considerations, policy term, payment plans, midterm adjustments and cancellations.

2. COVERAGE

A. Motor Truck Cargo Carriers Coverage Form

1. Basic

Motor carriers for hire (common or contract) transport goods from point-to-point for others. Early common law established the legal liability of transporters and that has carried over to motor truck carriers. The Motor Truck Cargo Carriers policy provides liability coverage for the trucker. This Policy is generally written on a continuous basis and is reredited annually. Motor Truck Cargo Carriers Coverage Form **IH 00 72** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These, when combined to form a policy, will provide legal liability coverage for motor carriers for hire.

Separate limits frequently apply to catastrophe and single conveyances including loading and unloading, consistent with the needs of the insured.

Additionally, Form **IH 00 72** contains provisions that provide limited coverage for Additional Coverages with built-in policy limits that can be amended on the Declarations where applicable.

The limits for the following Additional Coverages are provided within, not in addition to, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

- a. Debris Removal – up to 25% of the Limit of Insurance plus the policy deductible applicable to the loss. There is up to an additional \$10,000 limit available if (1) the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or (2) the debris removal expense exceeds the amount payable under the 25% limitation.
- b. False Pretense – up to \$25,000
- c. Preservation of Property – for up to 90 days
- d. Rewards – up to \$10,000 for arrest and conviction and \$10,000 for return of stolen property

The limits for the following Additional Coverages are separate from, and will not reduce, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

a. Supplementary Payments:

- (1) The insured's cost of defense
- (2) The cost of appeal bonds
- (3) The insured's reasonable expenses (up to \$500 per day) incurred to assist the insurer in handling a claim
- (4) Awards against the insured resulting from a suit, arbitration or other proceeding
- (5) Prejudgment and post-judgment interest in connection with an award.

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- b. Cargo Handling Equipment – up to \$10,000
- c. Contractual Penalties – up to \$5,000
- d. Earned Charges – up to \$5,000
- e. Fire Department Service Charge – up to \$10,000
- f. Fire Extinguishing Systems Expenses – up to \$10,000
- g. Fuel – up to \$2,500
- h. Newly Acquired Terminals – up to \$100,000 and 60 days after acquired
- i. Pollutant Cleanup and Removal – up to \$25,000
- j. Preservation of Property Expense – up to \$10,000
- k. Electronic Equipment – up to \$10,000

2. Optional Coverages

Terminals

The Policy provides coverage for goods being kept in terminals for up to 72 hours. However, if Limit of Insurance is shown in the Declarations for either named or unspecified terminals, then the time limitation is broadened from 72 hours to 60 days, unless a different number of days is specified in the Declarations.

a. Named Terminals

The Policy may be broadened to provide coverage for goods being kept in named terminals. Each terminal must have an applicable Limit of Insurance and its location be specified in the Declarations. An additional premium is usually required. Refer to Instruction 7.

b. Unspecified Terminals

The Policy may also be broadened to cover property at unspecified terminals. The Limit of Insurance at unspecified terminals is usually 10 – 20% of the lowest Limit of Insurance applicable to named terminals. Coverage may be activated by entries on the Declarations. An additional premium is usually required. Refer to Instruction 7.

B. Motor Truck Cargo Owners Coverage Form

1. Basic

Owners that carry their own goods are private carriers. The Policy covers direct damage so legal liability is not an issue for these owners. The Motor Truck Cargo Owners policy has been developed to provide broad coverage for insureds who ship their own goods. This Policy is generally written on a continuous basis and is rated annually. Motor Truck Cargo Owners Coverage Form **IH 00 76** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These forms, when combined to form a policy, will provide coverage for owners who carry their own goods.

Separate limits frequently apply to catastrophe and single conveyances, including loading and unloading, consistent with the needs of the insured.

Additionally, Form **IH 00 76** contains provisions that provide limited coverage for Additional Coverages with built-in policy limits that can be amended on the Declarations where applicable.

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The limits for the following Additional Coverages are provided within, not in addition to, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

- a. Brands And Labels Expense – included in the Limit of Insurance stated in the Declarations as applicable to the Covered Property.
- b. Debris Removal – up to 25% of the Limit of Insurance plus the policy deductible applicable to the loss. There is up to an additional \$10,000 limit available if (1) the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or (2) the debris removal expense exceeds the amount payable under the 25% limitation.
- c. False Pretense – up to \$25,000
- d. Free On Board (F.O.B.) Point Of Origin – included up to the Limit of Insurance applicable to the Covered property
- e. Preservation Of Property – for up to 90 days
- f. Rewards – up to \$10,000 for arrest and conviction and \$10,000 for return of stolen property

The limits for the following Additional Coverages are separate from, and will not reduce, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

- a. Fire Department Service Charge – up to \$10,000
- b. Fire Extinguishing Systems Expenses – up to \$10,000
- c. Fuel – up to \$2,500
- d. Newly Acquired Terminals – up to \$100,000 and 60 days after acquired
- e. Pollutant Cleanup And Removal – up to \$25,000
- f. Preservation Of Property Expense – up to \$10,000

C. Contingent Cargo Coverage Form

1. Basic

Brokers arrange the transportation of goods by truckers (common or contract carriers) from point to point for others. Early common law established the legal liability of transporters and that has carried over to truckers. Motortruck cargo carriers policies provide liability coverage for the trucker. The Contingent Cargo Coverage Form provides coverage to the broker for loss or damage to covered property for which the trucker is liable, under certain circumstances when the trucker or its liability insurer do not pay for the loss or damage. The Contingent Cargo Coverage policy is generally written on a continuous basis and is rerated annually. Contingent Cargo Coverage Form **IH 00 60** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These, when combined to form a policy, will provide brokers coverage that addresses loss or damage for which the motor truck cargo carrier is legally liable.

Separate limits frequently apply to catastrophe and single conveyances and for loading/unloading, consistent with the needs of the insured.

Additionally, Form **IH 00 60** contains provisions that provide limited coverage for Additional Coverages with built-in policy limits that can be amended on the Declarations.

- a. Debris Removal – up to 25% of the Limit of Insurance plus the policy deductible applicable to the loss. There is up to an additional \$10,000 limit available if (1) the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or (2) the debris removal expense exceeds the amount payable under the 25% limitation.
- b. Pollutant Cleanup and Removal – up to \$25,000.

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2. Optional Coverages

Terminals

The Policy provides coverage for goods being kept in terminals for up to 72 hours. However, if a Limit of Insurance is shown in the Declarations for terminals, then the time limitation is broadened from 72 hours to 60 days, unless a different number of days is specified in the Declarations.

Coverage may be activated by entries on the Declarations. An additional premium is usually required. Refer to Instruction 7.

D. Endorsements

1. Spoilage And Loss Due to FDA Regulation Coverage, IH 72 01, IH 99 32 And IH 60 02

Motor carriers for hire (common or contract carriers) and private carriers may transport perishable stock for which spoilage coverage may be desired. For Coverage Forms **IH 00 72**, **IH 00 76** and **IH 00 60** Spoilage And Loss Due To FDA Regulation Coverage Endorsements **IH 72 01**, **IH 99 32** and **IH 60 02** as applicable may be used for spoilage of perishable stock caused by one or more of the following:

a. Breakdown or contamination, meaning change in temperature or humidity resulting from:

(1) Breakdown or failure of equipment.

(2) Mistake in setting or maintaining the temperature or humidity levels of equipment.

Including contamination of stock by the refrigerant.

b. Power outage, meaning change in temperature or humidity resulting from on or off-premises power failure.

c. Food and Drug Administration (FDA) Regulation, meaning loss of covered property due solely to U.S. FDA regulations that deem such property to be adulterated.

In the Schedule of Endorsements **IH 72 01**, **IH 99 32** and **IH 60 02** the following can be indicated:

a. One or more of the covered causes of loss depending on the coverage desired: Breakdown or Contamination, Power Outage, FDA Regulation.

b. The deductible for the coverage.

c. The existence of Refrigeration Maintenance Agreement(s), if applicable, only for Endorsement **IH 72 01** and **IH 99 32**.

2. Non-owned Trailer Coverage Endorsement

Motor carriers may at times have trailers that belong to others in their operations. Non-owned Trailer Coverage Endorsement **IH 72 02** may be used with Coverage Form **IH 00 72** to provide coverage for the insured's legal liability for physical damage to non-owned trailers in the insured's care, custody or control. In the Schedule of Endorsement **IH 72 02** coverage may be selected for the following:

a. Trailer Interchange

Coverage is provided for such non-owned trailers under a trailer interchange agreement. A trailer interchange agreement is a written agreement which requires one motor carrier to reimburse another party for any damage to such party's owned trailer while in the motor carrier's possession.

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b. Trailer Bailee

Coverage is provided for such non-owned trailers that are not under a written trailer interchange agreement.

3. Theft From Unattended Vehicle Exclusion

Motor Truck Cargo policies cover the theft of goods from vehicles. Coverage Forms **IH 00 72**, **IH 00 76** and **IH 00 60** may be endorsed to exclude coverage for theft of goods from vehicles under certain circumstances. Theft From Unattended Vehicle Exclusion Endorsement **IH 99 23** may be used to exclude theft from any unattended vehicles whose compartments, doors and windows are not closed and locked and whose alarm, if so equipped, is not actively engaged.

4. Theft Deductible Waiver – CargoNet

Theft Deductible Waiver Endorsement **IH 99 30** can be used with Coverage Forms **IH 00 72** and **IH 00 76** to waive the deductible up to \$10,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property is caused by or resulted from theft. This deductible waiver is subject to the conditions of the insured being a member of CargoNet at the time of loss, displaying CargoNet's deterrent signage on vehicles and reporting the theft to local law enforcement and CargoNet's command center.

5. Theft Deductible Waiver – GPS

Theft Deductible Waiver Endorsement **IH 99 31** can be used with Coverage Forms **IH 00 72** and **IH 00 76** to waive the deductible up to \$5,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property that is equipped with a GPS or similar tracking device is caused by or resulted from theft. This deductible waiver is subject to the condition of the insured having actively engaged and maintained in the "on" position any GPS or similar tracking device for such Covered Property.

3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit the following application:

A. For the Motor Truck Cargo Liability Coverage Form – Motor Truck Cargo Carriers Application **IH AP 72;**

B. For the Motor Truck Cargo Owners Coverage Form – Motor Truck Cargo Owners Application **IH AP 76; or**

C. For the Contingent Cargo Coverage Form – Contingent Cargo Coverage Application **IH AP 60;**
or equivalent applications, signed by the insured.

Consideration may also be given to requesting the rerating of a risk when a materially changed condition results in the current rate being inequitable.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

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4. DEDUCTIBLE

A standard deductible used with Motor Truck Cargo policies and Contingent Cargo Coverage policies is \$500. The rates found in the loss cost section reflect a \$500 deductible.

Ranges of factors that can apply to higher deductibles are:

<u>Deductible</u>	<u>Range Of Factors</u>
<u>\$ 1,000 = 2,499</u>	<u>.98 to .80</u>
<u>2,500 = 4,999</u>	<u>.95 to .75</u>
<u>5,000 = 10,000</u>	<u>.90 to .60</u>
<u>Over 10,000</u>	<u>Less than .85</u>

Table 4. Deductible Factors

5. CLASSIFICATIONS

A. Basic

Goods shipped may be classified in accordance with a Classification Table such as Table 5.A. The table attempts to recognize desirability to thieves and damageability in the event of an accident. Goods that fall into Group 1 present lower risks. The risk increases for goods in Groups 2 and 3. Goods listed in Group 4 have the highest risks.

Classify any other goods whose properties presently (or in the future) present a Moderate, Moderate-to-high or High Risk of attractiveness to thieves or of damageability in the event of an accident consistently.

Classify any goods not listed in Groups 1, 2, 3 or 4 after reevaluating their damageability or attractiveness to thieves.

Refer to the Possible Loss Costs Section for loss costs applicable for each risk group in Table 5.A. Basic Coverage Classifications.

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CLASSIFICATION TABLE				
Group 1	Group 2	Group 3	Group 4	
Low Risk	Moderate Risk	Moderate-To-High Risk	High Risk	
<u>Canned Goods</u> <u>Cement, Sand or Gravel</u> <u>Fertilizer</u> <u>Grain, Hay and Feed</u> <u>Lumber</u> <u>Paper and Paper Products</u> <u>Petroleum Products, NOC</u> <u>Fits on standard shrink-wrapped 4x4 pallet, very durable</u>	<u>Agricultural Equipment</u> <u>Automotive Products</u> <u>Beer and Wine Beverages (non-alcoholic)</u> <u>Bicycles</u> <u>Building Materials</u> <u>Canoes, Kayaks and small craft boats</u> <u>Dairy Products (except butter)</u> <u>Dry Goods</u> <u>Household Goods</u> <u>Livestock and Live Poultry</u> <u>Metal, NOC and Metal Products</u> <u>Milk</u> <u>Paint</u> <u>Plastic</u> <u>Plumbing Supplies</u> <u>Rugs and Carpets, NOC</u> <u>Textiles</u>	<u>Appliances, NOC</u> <u>Cables, Pipes and Wire</u> <u>Camera Supplies</u> <u>Candy</u> <u>Ceramic Goods</u> <u>Collectibles</u> <u>Dishes</u> <u>Electrical Supplies and Fixtures</u> <u>Farm Products</u> <u>Food Products, NOC</u> <u>Furniture</u> <u>Glassware</u> <u>Leather Goods</u> <u>Liquid Haulers</u> <u>Optical Goods</u> <u>Sporting Goods</u> <u>Wearing Apparel and shoes, NOC</u>	<u>Alcoholic Beverages, NOC</u> <u>Boats and yachts</u> <u>Butter</u> <u>Cameras and Film</u> <u>Chemicals</u> <u>Computers</u> <u>Cosmetics and Perfume</u> <u>Eggs</u> <u>Fine Arts</u> <u>Electronics (TV, Radios and Stereos and other electronic devices)</u> <u>Firearms, Explosives and Ammunitions</u> <u>Fish</u> <u>Frozen and Refrigerated Products</u> <u>Furs</u> <u>Hazardous Substances</u> <u>Jewelry and watches</u> <u>Machinery and Heavy Equipment, NOC</u> <u>Contractors Heavy Equipment</u> <u>Meat and Seafood</u> <u>Narcotics</u>	<u>Oriental Rugs and Carpets</u> <u>Perishables</u> <u>Petroleum Products under 140°F (60°C) flash point</u> <u>Pharmaceuticals</u> <u>Poultry for market</u> <u>Power Tools</u> <u>Precious and Semi-precious Metals</u> <u>Specialized Heavy Haulers</u> <u>Sporting Goods</u> <u>Tires and Tubes (Rubber)</u> <u>Tobacco and Tobacco Products</u> <u>Toys</u> <u>Video Equipment and Tapes</u> <u>Wearing Apparel and shoes, Designer Musical Instruments and equipment</u>

Table 5.A. Basic Coverage Classifications

B. Spoilage And Loss Due To FDA Regulation Coverage

Goods shipped may be classified in accordance with a Classification Table such as Table 5.B. The table attempts to recognize susceptibility to damage caused by change in temperature or humidity. Goods that fall into Group 1 present lower risks. The risk increases for goods in Group 2. Goods listed in Group 3 have the highest risks.

Classify any other goods whose properties presently (or in the future) consistently present a Moderate, Moderate-to-high or High Risk of damage caused by change in temperature or humidity.

Refer to the Possible Loss Costs Section for loss costs applicable for each class in Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications. If the goods shipped are comprised of commodities from multiple risk groups, use the rate for the highest risk group unless the lower risk group is transported over 80% of the time.

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<u>Spoilage And Loss Due To FDA Regulation Classifications</u>		
<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>
<u>Low Risk</u>	<u>Moderate Risk</u>	<u>Moderate-To-High Risk</u>
Bakery Goods Beer and Wine Canned Goods Cheese Fruits and Vegetables	Beverages (non-alcoholic) Non-frozen Dairy Products Eggs Meat and Poultry	Frozen Dairy Products, Including Ice Cream Flowers Frozen and Refrigerated Product, NOC Non-frozen Seafood

Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications

6. RADIUS OF OPERATION – MOTOR TRUCK CARGO OWNERS COVERAGE FORM

Determine radius on a straight-line basis from the street address of principal point of departure when loaded.

A. Up To And Including 200 Miles

The vehicle is not regularly operated beyond a radius of 200 miles from the street address of the principal point of departure when loaded.

B. Over 200 Miles

The vehicle is operated regularly beyond a 200-mile radius from the street address of the principal point of departure when loaded.

Refer to the Possible Loss Costs Section for loss costs applicable to radius of operation.

7. PREMIUM CALCULATION

A. Motor Truck Cargo Carriers Coverage Form IH 00 72

1. Basic Coverage

- a. Classify goods shipped as Low Risk (Group 1), Moderate Risk (Group 2), Moderate-to-high Risk (Group 3) and High Risk (Group 4), referencing Table 5.A. Basic Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- b. Calculate the total value at risk by multiplying the limit of insurance per vehicle in \$100's by the number of vehicles.

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c. For each insured risk group, do the following to calculate the premium of the risk group:

- (1)** Select an appropriate loss cost from the Possible Loss Costs Section.
- (2)** Based on the correlation between the selected limit per catastrophe and limit per vehicle, multiply the loss cost selected in paragraph **(1)** by an appropriate factor from Table 7.A.1.c.(2).

<u>Catastrophe Limit Of Insurance</u>	<u>Loading Factor</u>
<u>(~2) x Vehicle Limit</u>	<u>1.000</u>
<u>(2 ~ 3) x Vehicle Limit</u>	<u>1.005</u>
<u>(3 ~ 5) x Vehicle Limit</u>	<u>1.010</u>
<u>(5 ~ 7) x Vehicle Limit</u>	<u>1.015</u>
<u>(7 ~) x Vehicle Limit</u>	<u>1.020</u>

Table 7.A.1.c.(2) Catastrophe Limit Of Insurance Loading Factors

- (3)** Multiply the result from Paragraph **(2)** by the applicable company loss cost multiplier.
- (4)** Multiply the result from Paragraph **(3)** by the applicable factor from Table 4. Deductible Factors.
- (5)** Calculate the Insured Risk Group's Value at Risk by multiplying the Total Value at Risk from Paragraph **b.** by the percentage of the risk group in the total goods shipped.
- (6)** Multiply the result from Paragraph **(4)** by the Insured Risk Group's Value at Risk from Paragraph **(5)**.

d. To obtain the total premium for Basic Coverage, sum the premium of each insured risk group calculated in Paragraph **c.**

2. Optional Coverages

a. Named Terminals

- (1)** Select an appropriate loss cost from the Possible Loss Costs Section.
- (2)** Multiply the selected loss cost by the applicable company loss cost multiplier.
- (3)** Multiply the result from Paragraph **(2)** by the applicable factor from Table 4. Deductible Factors.
- (4)** To determine the premium for Named Terminals Optional Coverage, multiply the resulting rate from Paragraph **(3)** by the Limit of Insurance in \$100's.
- (5)** If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph **(4)** by the factor based on the number of covered days from Table 7.A.2.a.(5).

<u>Total Number Of Days</u>	<u>Factor</u>
<u>90</u>	<u>0.50</u>

Table 7.A.2.a.(5) Days Factor

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b. Unspecified Terminals

- (1) Select an appropriate loss cost from the Possible Loss Costs Section.
- (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
- (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
- (4) To determine the premium for Unspecified Terminals Optional Coverage, multiply the resulting rate from Paragraph (3) by the Limit of Insurance in \$100's.
- (5) If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph (4) by the factor based on the number of covered days from Table 7.A.2.b.(5).

<u>Total Number Of Days</u>	<u>Factor</u>
<u>90</u>	<u>0.50</u>

Table 7.A.2.b.(5) Days Factor

3. Additional Coverages

To calculate the company rate referenced in Paragraphs a. through m., select the appropriate loss cost(s) in the Possible Loss Costs Section and multiply the selected loss cost(s) by the applicable company loss cost multiplier.

a. Debris Removal

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

b. False Pretense

- (1) If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- (2) If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

c. Rewards

(1) Arrest and Conviction

- (a) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the amount of coverage (in 100's) in excess of \$10,000.
- (b) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

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(2) Return of Stolen Property

(a) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the amount of coverage (in 100's) in excess of \$10,000.

(b) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

(3) Total additional premium or premium credit for this additional coverage is the sum of results from Paragraphs (1) and (2).

d. Cargo Handling Equipment

(1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.

(2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

e. Contractual Penalties

(1) If the selected limit is greater than \$5,000, the additional premium for this additional coverage may be determined by:

(a) Multiplying the lowest basic coverage rate of all insured risk groups from Paragraph 7.A.1.c.(4) by a factor in the range of 1.00 to 1.50.

(b) Multiplying the result from Paragraph (a) by the amount of coverage (in 100's) in excess of \$5,000.

(2) If the selected limit is less than \$5,000, the premium credit for this additional coverage may be determined by:

(a) Multiplying the lowest basic coverage rate of all insured risk groups from Paragraph 7.A.1.c.(4) by a factor in the range of 1.00 to 1.50.

(b) Multiplying the result from Paragraph (a) by difference in the amount of coverage (in 100's) between \$5,000 and the selected limit.

f. Earned Charges

(1) If the selected limit is greater than \$5,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$5,000.

(2) If the selected limit is less than \$5,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$5,000 and the selected limit.

g. Fire Department Service Charge

(1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.

(2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

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h. Fire Extinguishing Systems Expense

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate in by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

i. Fuel

- (1) If the selected limit is greater than \$2,500, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$2,500.
- (2) If the selected limit is less than \$2,500, the premium credit for this additional coverage may be determined by multiplying the company rate in by the difference in the amount of coverage (in 100's) between \$2,500 and the selected limit.

j. Newly Acquired Terminals

- (1) If the selected limit is greater than \$100,000 for each newly acquired terminal, the additional premium for this additional coverage may be determined by:
- (a) Summing the loss costs from Paragraphs **7.A.1.** through **7.A.4.** for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
- (b) Multiplying the company rate from Paragraph (a) by a factor in the range of 0.05 to 0.25.
- (c) Multiplying the result from Paragraph (b) by the amount of coverage (in 100's) in excess of \$100,000.
- (2) If the selected limit is less than \$100,000 for each newly acquired terminal, the premium credit for this additional coverage may be determined by:
- (a) Summing the loss costs from Paragraphs **7.A.1.** through **7.A.4.** for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
- (b) Multiplying the company rate from Paragraph (a) by a factor in the range of 0.05 to 0.25.
- (c) Multiplying the result from Paragraph (b) by the difference in the amount of coverage (in 100's) between \$100,000 and the selected limit.
- (3) If the selected number of covered days is greater than 60 for each newly acquired terminal, the additional premium for this additional coverage may be determined by:
- (a) Summing the loss costs from Paragraphs **7.A.1.** through **7.A.4.** for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
- (b) Multiplying the company rate from Paragraph (a) by a factor in the range of 0.05 to 0.25.

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(c) Multiplying the result from Paragraph (b) by the selected amount of coverage (in 100's) and also by the factor based on the number of covered days from Table 7.A.3.i.(3)(c).

<u>Total Number Of Days</u>	<u>Factor</u>
<u>90</u>	<u>0.50</u>

Table 7.A.3.i.(3)(c) Days Factor

k. Pollutant Cleanup And Removal

- (1) If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- (2) If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

l. Preservation Of Property Expense

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

m. Electronic Equipment

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

4. Endorsements

a. Spoilage And Loss Due To FDA Regulation Coverage

- (1) Classify property covered under this endorsement as Low Risk (Class 1), Moderate Risk (Class 2) or Moderate-to-high Risk (Class 3), referencing Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- (2) For each insured class, do the following to obtain the class's premium:
- (a) Select an appropriate loss costs from the Possible Loss Costs Section.
- (b) Multiply the selected loss cost by the applicable company loss cost multiplier.
- (c) Multiply the result from Paragraph (b) by the applicable factor from Table 4. Deductible Factors.
- (d) Multiply the result from Paragraph (c) by the basic coverage Limit of Insurance in \$100s.
- (3) To obtain the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage, sum the premium of each insured class from Paragraph (2).

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b. Non-owned Trailer Coverage

- (1) Select an appropriate loss costs from the Possible Loss Costs Section.
- (2) Multiply the loss cost(s) from Paragraph (1) by the applicable company loss cost multiplier.
- (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
- (4) To determine the premium for Trailer Interchange Coverage, multiply the result from Paragraph (3) by the limit of insurance in \$1000's per trailer, the number of covered days and also the number of trailers.

c. Theft From Unattended Vehicle Exclusion

A premium credit may be calculated by multiplying the total premium for Basic Coverage calculated in Paragraph 7.A.1. by a factor between 0 and 0.50.

5. Annual Premium

The applicable premiums for Paragraphs 1. through 4. may be added to determine the annual premium.

B. Motor Truck Cargo Owners Coverage Form IH 00 76

1. Basic Coverage

- a. Classify shipped goods as Low Risk (Group 1), Moderate Risk (Group 2), Moderate-to-high Risk (Group 3) and High Risk (Group 4), referencing Table 5.A. Basic Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- b. Determine how many vehicles are operated within the following radiuses of operation, referencing Instruction 6. as a guide:
 - (1) Up to and including 200 miles
 - (2) Over 200 miles
- b. For each of the two radius of operation groups, calculate the Total Value at Risk by multiplying the limit of insurance per vehicle in \$100's by the number of vehicles in the radius of operation group.
- c. For each of the two radiuses of operation groups, do the following to calculate the premium of each insured risk group:
 - (1) Select an appropriate loss cost from the Possible Loss Costs Section.
 - (2) Based on the correlation between the selected limit per catastrophe and limit per vehicle, modify the loss cost selected in Paragraph (1) by an appropriate factor from Table 7.B.1.c.(2).

<u>Catastrophe Limit Of Insurance</u>	<u>Loading Factor</u>
<u>(~2) x Vehicle Limit</u>	<u>1.000</u>
<u>(2 ~ 3) x Vehicle Limit</u>	<u>1.005</u>
<u>(3 ~ 5) x Vehicle Limit</u>	<u>1.010</u>
<u>(5 ~ 7) x Vehicle Limit</u>	<u>1.015</u>
<u>(7 ~) x Vehicle Limit</u>	<u>1.020</u>

Table 7.B.1.c.(2) Catastrophe Limit Of Insurance Loading Factors

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- (3) Multiply the result from Paragraph (2) by the applicable company loss cost multiplier.
- (4) Multiply the result from Paragraph (3) by the applicable factor from Table 4. Deductible Factors.
- (5) Calculate the Insured Risk Group's Value at Risk by multiplying the Total Value at Risk from Paragraph b. by the percentage of the risk group in the total goods shipped.
- (6) Multiply the result from Paragraph (4) by the Insured Risk Group's Value at Risk from Paragraph (5).
- d. To obtain the total premium for Basic Coverage for each radius of operation group, sum the premium of each insured risk group for the radius of operation group from Paragraph c.
- e. To obtain the total premium for Basic Coverage, sum the basic coverage premiums for each radius of operation group.

2. Optional Coverages

a. Named Terminals

- (1) Select an appropriate loss cost from the Possible Loss Costs Section.
- (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
- (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
- (4) To determine the premium for Named Terminals Optional Coverage, multiply the resulting rate from Paragraph (3) by the Limit of Insurance in \$100's.
- (5) If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph (4) by the factor based on the number of covered days from Table 7.B.2.a.(5).

<u>Total Number Of Days</u>	<u>Factor</u>
<u>90</u>	<u>0.50</u>

Table 7.B.2.a.(5) Days Factor

b. Unspecified Terminals

- (1) Select an appropriate loss cost from the Possible Loss Costs Section.
- (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
- (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
- (4) To determine the premium for Unspecified Terminals Optional Coverage, multiply the resulting rate from Paragraph (3) by the Limit of Insurance in \$100's.
- (5) If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph (4) by the factor based on the number of covered days from Table 7.B.2.b.(5).

<u>Total Number Of Days</u>	<u>Factor</u>
<u>90</u>	<u>0.50</u>

Table 7.B.2.b.(5) Days Factor

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3. Additional Coverages

To calculate the company rate referenced in Paragraphs a. through h., select the appropriate loss cost(s) in the Possible Loss Costs Section and multiply the selected loss cost(s) by the applicable company loss cost multiplier.

a. Debris Removal

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

b. False Pretense

- (1) If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- (2) If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

c. Rewards

(1) Arrest and Conviction

- (a) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the amount of coverage (in 100's) in excess of \$10,000.
- (b) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

(2) Return of Stolen Property

- (a) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the amount of coverage (in 100's) in excess of \$10,000.
- (b) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

- (3) Total additional premium or premium credit for this additional coverage is the sum of results from Paragraphs (1) and (2).

c. Fire Department Service Charge

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

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d. Fire Extinguishing Systems Expense

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

e. Fuel

- (1) If the selected limit is greater than \$2,500, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$2,500.
- (2) If the selected limit is less than \$2,500, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$2,500 and the selected limit.

f. Newly Acquired Terminals

- (1) If the selected limit is greater than \$100,000 for each newly acquired terminal, the additional premium for this additional coverage may be determined by:
- (a) Summing the loss costs from Paragraphs 7.B.1 through 7.B.4. for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
- (b) Multiplying the result from Paragraph (a) by a factor in the range of 0.05 to 0.25.
- (c) Multiplying the result from Paragraph (b) by the amount of coverage (in 100's) in excess of \$100,000.
- (2) If the selected limit is less than \$100,000 for each newly acquired terminal, the premium credit for this additional coverage may be determined by:
- (a) Summing the loss costs from Paragraphs 7.B.1 through 7.B.4. for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
- (b) Multiplying the result from Paragraph (a) by a factor in the range of 0.05 to 0.25.
- (c) Multiplying the result from Paragraph (c) by the difference in the amount of coverage (in 100's) between \$100,000 and the selected limit.
- (3) If the selected number of covered days is greater than 60 for each newly acquired terminal, the additional premium for this additional coverage may be determined by:
- (a) Summing the loss costs from Paragraphs 7.B.1 through 7.B.4. for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
- (b) Multiplying the result from Paragraph (a) by a factor in the range of 0.05 to 0.25.

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(c) Multiplying the result from paragraph (b) by the selected amount of coverage (in 100's) and also by the factor based on the number of covered days from Table 7.B.5.f.(3)(c).

<u>Total Number Of Days</u>	<u>Factor</u>
<u>90</u>	<u>0.50</u>

Table 7.B.5.f.(3)(c) Days Factor

g. Pollutant Cleanup And Removal

- (1) If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- (2) If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

h. Preservation Of Property Expense

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

4. Endorsements

a. Spoilage And Loss Due To FDA Regulation Coverage

- (1) Classify property covered under this endorsement as Low Risk (Class 1), Moderate Risk (Class 2) or Moderate-to-high Risk (Class 3), referencing Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- (2) For each insured class, do the following to obtain the class's premium:
- (a) Select an appropriate loss costs from the Possible Loss Costs Section.
- (b) Multiply the selected loss cost by the applicable company loss cost multiplier.
- (c) Multiply the result from Paragraph (b) by the applicable factor from Table 4. Deductible Factors.
- (d) Multiply the result from Paragraph (c) by the basic coverage Limit of Insurance in \$100s.
- (3) To obtain the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage, sum the premium of each insured class from Paragraph (2)

b. Theft From Unattended Vehicle Exclusion

A premium credit may be calculated by multiplying the total premium for Basic Coverage calculated in Paragraph 7.B.1., by a factor between 0 and 0.50.

5. Annual Premium

The applicable premiums for Paragraphs 1. through 4. may be added to determine the annual premium.

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C. Contingent Cargo Coverage Form IH 00 60

1. Basic Coverage

- a. Classify Covered Property as Low Risk (Group 1), Moderate Risk (Group 2), Moderate-to-high Risk (Group 3) and High Risk (Group 4), referencing Table 5.A. Basic Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- b. Estimate the number of vehicles by dividing the broker's total value of gross receipts by the broker's assumed average gross receipt per vehicle, which is \$18,750 per vehicle. The resulting estimated number of vehicles calculated is subject to underwriting judgment, and thereby may be overwritten for such number.
- c. Calculate the Total Value at Risk by multiplying the limit of insurance per vehicle in \$100's by the estimated number of vehicles from Paragraph b.
- d. For each insured risk group, do the following to calculate the premium of the risk group:
 - (1) Select an appropriate loss cost from the Possible Loss Costs Section.
 - (2) Based on the correlation between the selected limit per catastrophe and limit per vehicle, modify the loss cost selected in Paragraph (1) by an appropriate factor from Table 7.C.1.c.(2).

<u>Catastrophe Limit Of Insurance</u>	<u>Loading Factor</u>
<u>(~2) x Vehicle Limit</u>	<u>1.000</u>
<u>(2 ~ 3) x Vehicle Limit</u>	<u>1.005</u>
<u>(3 ~ 5) x Vehicle Limit</u>	<u>1.010</u>
<u>(5 ~ 7) x Vehicle Limit</u>	<u>1.015</u>
<u>(7 ~) x Vehicle Limit</u>	<u>1.020</u>

Table 7.C.1.c.(2) Catastrophe Limit Of Insurance Loading Factors

- (3) Multiply the result from Paragraph (2) by the applicable company loss cost multiplier.
- (4) Multiply the result from Paragraph (3) by the applicable factor from Table 4. Deductible Factors.
- (5) Calculate the Insured Risk Group's Value at Risk by multiplying the Total Value at Risk from Paragraph c. by the percentage of the risk group in the total goods shipped.
- (6) Multiply the result from Paragraph (4) by the Insured Risk Group's Value at Risk from Paragraph (5).
- e. To obtain the total premium for Basic Coverage, sum the premium of each insured risk group calculated in Paragraph d.

2. Optional Coverages

Terminals

- a. Select an appropriate loss cost from the Possible Loss Costs Section.
- b. Multiply the selected loss cost by the applicable company loss cost multiplier.
- c. Multiply the result from Paragraph b. by the applicable factor from Table 4. Deductible Factors.
- d. Multiply the result from Paragraph c. by a factor of 0.5.
- e. To determine the premium for Named Terminals Optional Coverage, multiply the resulting rate from Paragraph d. by the Limit of Insurance in \$100's.

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f. If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph e. by the factor based on the number of covered days from Table 7.C.2.f.

<u>Total Number Of Days</u>	<u>Factor</u>
<u>90</u>	<u>0.50</u>

Table 7.C.2.f. Days Factor

3. Additional Coverages

To calculate the company rate referenced in Paragraphs a. and b., select the appropriate loss cost(s) in the Possible Loss Costs Section and multiply the selected loss cost(s) by the applicable company loss cost multiplier.

a. Debris Removal

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

b. Pollutant Cleanup And Removal

- (1) If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- (2) If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

4. Endorsements

a. Spoilage And Loss Due To FDA Regulation Coverage

- (1) Classify property covered under this endorsement as Low Risk (Class 1), Moderate Risk (Class 2) or Moderate-to-high Risk (Class 3), referencing Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- (2) For each insured class, do the following to obtain the class's premium:
 - (a) Select an appropriate loss costs from the Possible Loss Costs Section.
 - (b) Multiply the selected loss cost by the applicable company loss cost multiplier.
 - (c) Multiply the result from Paragraph (b) by the applicable factor from Table 4. Deductible Factors.
 - (d) Multiply the result from Paragraph (c) by the basic coverage Limit of Insurance in \$100s.
- (3) To obtain the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage, sum the premium of each insured class from Paragraph (2).

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b. Theft From Unattended Vehicle Exclusion

A premium credit may be calculated by multiplying the total premium for Basic Coverage calculated in Paragraph 7.C.1. by a factor between 0 and 0.50.

5. Annual Premium

The applicable premiums for Paragraphs 1. through 4. may be added to determine the annual premium.

8. REPORTING FORM

A. Reporting Form Endorsements

Policies may be issued with a monthly or quarterly reporting feature as follows:

1. Motor Truck Cargo Carriers Coverage Form

Gross Receipts Reporting Form Endorsement IH 99 11 may be used to convert the Motor Truck Cargo Carriers Basic Coverage to a monthly or quarterly reporting basis for goods shipped.

2. Motor Truck Cargo Owners Coverage Form

Values Shipped Reporting Form Endorsement IH 99 09 may be used to convert the Motor Truck Cargo Owners Coverage Form to a monthly or quarterly reporting basis for goods shipped.

3. Contingent Cargo Coverage Form

Gross Receipts Reporting Form Endorsement IH 99 11 may be used to convert the Contingent Cargo Carriers Basic Coverage to a monthly or quarterly reporting basis for goods shipped.

B. Reporting Rate, Deposit And Additional Premiums

The annual policy premium developed in Instruction 7. must be converted to a rate that will be convenient for monthly or quarterly reporting. The procedure to convert is to:

- a. Divide the total annual premium by the total amount of annual gross receipts (Carriers, Owners and Contingent Cargo Coverage forms) or annual value of goods shipped (Owners Coverage form); and
- b. Convert the result determined in Paragraph a. to an annual rate per \$100 by multiplying by 100.

For monthly and quarterly reporting, gross receipts and values of goods shipped reported are actual periodic values rather than cumulative values. Charge an additional premium when the deposit premium has been earned. For a monthly reporting policy, use the annual rate times the monthly gross receipts or value of goods shipped based on the respective reporting form endorsement used. For a quarterly reporting policy, use the annual rate times quarterly gross receipts or value of goods shipped based on the respective reporting form endorsement used.

The premium charged at inception for a reporting form policy is a deposit premium. The amount is determined by a percentage, such as 25% or 50%, of the premium obtained in Instruction 7.A. (Motor Truck Cargo Carriers Coverage Form IH 00 72), Instruction 7.B. (Motor Truck Cargo Owners Coverage Form IH 00 76) and Instruction 7.C. (Contingent Cargo Coverage Form IH 00 60) for an annual policy. When the deposit premium is exhausted, usually after the first few months, additional premiums may be payable monthly or quarterly in accordance with the values reported.

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9. POLICYWRITING MINIMUM PREMIUM

For prepaid policies, apply a minimum premium regardless of term.

For reporting and/or continuous policies, apply a minimum premium for each annual period.

For minimum premiums, see the Loss Cost Section.

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Reserved For Future Use

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SECTION II – POSSIBLE LOSS COSTS

7. PREMIUM CALCULATION

A. Motor Truck Cargo Carriers Coverage Form

1. Basic Coverage

<u>Limits Of Insurance Per Vehicle</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>
<u>\$500 – \$50,000</u>	<u>.50 – .85</u>	<u>.80 – 1.30</u>	<u>1.20 – 1.90</u>	<u>1.80 – 2.75</u>
<u>\$50,001 – \$100,000</u>	<u>.30 – .50</u>	<u>.45 – .80</u>	<u>.75 – 1.20</u>	<u>1.05 – 1.80</u>
<u>\$100,001 – \$250,000</u>	<u>.20 – .30</u>	<u>.25 – .50</u>	<u>.40 – .75</u>	<u>.55 – 1.05</u>
<u>\$250,001 – \$500,000</u>	<u>.10 – .20</u>	<u>.15 – .25</u>	<u>.20 – .40</u>	<u>.30 – .55</u>
<u>Over \$500,000</u>	<u>.05 – .10</u>	<u>.05 – .15</u>	<u>.10 – .20</u>	<u>.15 – .35</u>

Table 7.A.1. Basic Coverage

2. Optional Coverages

a. Named Terminals

<u>Loss Cost Range</u>
<u>\$0.05 – \$1.70</u>

b. Unspecified Terminals

<u>Loss Cost Range</u>
<u>\$0.05 – \$1.70</u>

3. Additional Coverages

a. Debris Removal

<u>Loss Cost Range</u>
<u>\$0.01 – \$0.03</u>

b. False Pretense

<u>Loss Cost Range</u>
<u>\$0.05 – \$0.13</u>

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c. Rewards

(1) Arrest And Conviction

<u>Loss Cost Range</u>
<u>\$0.08 – \$0.13</u>

(2) Return Of Stolen Property

<u>Loss Cost Range</u>
<u>\$0.08 – \$0.13</u>

d. Cargo Handling Equipment

<u>Loss Cost Range</u>
<u>\$0.90 – \$3.00</u>

e. Earned Charges

<u>Loss Cost Range</u>
<u>\$0.10 – \$0.50</u>

f. Fire Department Service Charge

<u>Loss Cost Range</u>
<u>\$0.30 – \$0.50</u>

g. Fire Extinguishing Systems Expense

<u>Loss Cost Range</u>
<u>\$0.05 – \$0.08</u>

h. Fuel

<u>Loss Cost Range</u>
<u>\$0.25 – \$2.00</u>

i. Pollutant Cleanup And Removal

<u>Loss Cost Range</u>
<u>\$0.01 – \$0.10</u>

j. Preservation Of Property Expense

<u>Loss Cost Range</u>
<u>\$0.08 – \$0.13</u>

k. Electronic Equipment

<u>Loss Cost Range</u>
<u>\$3.00 – \$12.00</u>

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4. Endorsements

a. Spoilage And Loss Due To FDA Regulation Coverage

<u>Loss Cost Range</u>		
<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>
<u>\$0.45 – \$2.20</u>	<u>\$0.55 – \$2.60</u>	<u>\$0.65 – \$3.50</u>

Table 7.A.4.a. Spoilage And Loss Due To FDA Regulation Coverage

b. Trailer Interchange Coverage

Loss costs are per \$1000 limit of insurance per day per trailer

<u>Loss Cost Range</u>
<u>\$0.005 – \$0.40</u>

B. Motor Truck Cargo Owners Coverage Form

1. Basic Coverage

<u>Radius Of Operation</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>
<u>Up To And Including 200 Miles</u>	<u>.01 – .15</u>	<u>.02 – .30</u>	<u>.04 – .45</u>	<u>.06 – .65</u>
<u>Over 200 Miles</u>	<u>.02 – .20</u>	<u>.03 – .35</u>	<u>.05 – .50</u>	<u>.07 – .70</u>

Table 7.B.1. Radius Of Operation

2. Optional Coverages

a. Named Terminals

<u>Loss Cost Range</u>
<u>\$0.05 – \$1.70</u>

b. Unspecified Terminals

<u>Loss Cost Range</u>
<u>\$0.05 – \$1.70</u>

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3. Additional Coverages

a. Debris Removal

<u>Loss Cost Range</u>
<u>\$0.01 – \$0.03</u>

b. False Pretense

<u>Loss Cost Range</u>
<u>\$0.05 – \$0.13</u>

c. Rewards

(1) Arrest And Conviction

<u>Loss Cost Range</u>
<u>\$0.08 – \$0.13</u>

(2) Return Of Stolen Property

<u>Loss Cost Range</u>
<u>\$0.08 – \$0.13</u>

d. Fire Department Service Charge

<u>Loss Cost Range</u>
<u>\$0.30 – \$0.50</u>

e. Fire Extinguishing Systems Expense

<u>Loss Cost Range</u>
<u>\$0.05 – \$0.08</u>

f. Fuel

<u>Loss Cost Range</u>
<u>\$0.25 – \$2.00</u>

g. Pollutant Cleanup And Removal

<u>Loss Cost Range</u>
<u>\$0.01 – \$0.10</u>

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h. Preservation Of Property Expense

<u>Loss Cost Range</u>
<u>\$0.08 – \$0.13</u>

4. Endorsements

Spoilage And Loss Due To FDA Regulation Coverage

<u>Loss Cost Range</u>		
<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>
<u>\$0.45 – \$2.20</u>	<u>\$0.55 – \$2.60</u>	<u>\$0.65 – \$3.50</u>

Table 7.B.4. Spoilage And Loss Due To FDA Regulation Coverage

C. Contingent Cargo Coverage Form

1. Basic Coverage

<u>Limits Of Insurance Per Vehicle</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>
<u>\$500 – \$50,000</u>	<u>.25 – .43</u>	<u>.40 – .65</u>	<u>.60 – .95</u>	<u>.90 – 1.38</u>
<u>\$50,001 – \$100,000</u>	<u>.15 – .25</u>	<u>.25 – .40</u>	<u>.38 – .60</u>	<u>.53 – .90</u>
<u>\$100,001 – \$250,000</u>	<u>.10 – .15</u>	<u>.13 – .25</u>	<u>.20 – .38</u>	<u>.28 – .53</u>
<u>\$250,001 – \$500,000</u>	<u>.05 – .10</u>	<u>.08 – .13</u>	<u>.10 – .20</u>	<u>.15 – .28</u>
<u>Over \$500,000</u>	<u>.03 – .05</u>	<u>.03 – .08</u>	<u>.05 – .10</u>	<u>.08 – .18</u>

Table 7.C.1. Basic Coverage

2. Optional Coverages

Terminals

<u>Loss Cost Range</u>
<u>\$0.05 – \$1.70</u>

3. Additional Coverages

a. Debris Removal

<u>Loss Cost Range</u>
<u>\$0.01 – \$0.03</u>

b. Pollutant Cleanup And Removal

<u>Loss Cost Range</u>
<u>\$0.01 – \$0.10</u>

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4. Endorsements

Spoilage And Loss Due To FDA Regulation Coverage

<u>Loss Cost</u>		
<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>
<u>\$0.45 – \$2.20</u>	<u>\$0.55 – \$2.60</u>	<u>\$0.65 – \$3.50</u>

Table 7.C.4. Spoilage And Loss Due To FDA Regulation Coverage

9. POLICYWRITING MINIMUM PREMIUM

Refer to company.

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SECTION III – PREMIUM CALCULATION WORKSHEET

Motor Truck Cargo Carriers

Name Of Insured, Address Including ZIP Code

Policy Period

Inception

Expiration

Term

Type Of Property Covered

Group No.

Number Of Vehicles

Per Vehicle Limit Of Insurance

\$

Basic Coverage

Loss Cost

Value At Risk

Risk Group 1

\$

Risk Group 2

\$

Risk Group 3

\$

Risk Group 4

\$

Property At Named Terminals:

\$

Located At

\$

Located At

Property At Unspecified Terminals:

\$

Loss Costs

Named Terminal

Unspecified Terminal

Spoilage And Loss Due To FDA

Regulation Coverage

Non-owned Trailer Coverage

Deductible

\$

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A. PREMIUM FOR BASIC COVERAGE

1. Calculate the total value at risk

$$\begin{array}{r}
 \$ \quad \boxed{} \quad \times \quad \boxed{} \quad = \quad \boxed{} \\
 \text{Per Vehicle} \qquad \qquad \qquad \text{Number Of Vehicles} \\
 \text{Limit Of Insurance} \\
 \text{(in 100s)} \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \text{Total Value At Risk}
 \end{array}$$

2. For each insured risk group, complete steps a. through g.

a. Select Basic Coverage Loss Cost

b. Apply Catastrophe Limit Of Insurance Loading Factor

$$\begin{array}{r}
 \boxed{} \quad \times \quad \boxed{} \quad = \quad \boxed{} \\
 \text{Insured Risk Group} \qquad \qquad \qquad \text{Catastrophe Limit} \\
 \text{Basic Coverage Loss} \qquad \qquad \qquad \text{Of Insurance} \\
 \text{Cost} \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \text{Modified Insured Risk} \\
 \qquad \text{Group Basic Coverage} \\
 \qquad \text{Loss Cost} \\
 \qquad \text{Loading Factor}
 \end{array}$$

c. Calculate the Basic Coverage Rate

$$\begin{array}{r}
 \boxed{} \quad \times \quad \boxed{} \quad = \quad \boxed{} \\
 \text{Modified Insured Risk} \qquad \qquad \qquad \text{Loss Cost Multiplier} \\
 \text{Group Basic Coverage} \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \text{Insured Risk Group} \\
 \text{Loss Cost} \qquad \text{Basic Coverage Rate} \\
 \qquad \text{Basic Coverage Rate}
 \end{array}$$

d. Apply Deductible Factor

$$\begin{array}{r}
 \boxed{} \quad \times \quad \boxed{} \quad = \quad \boxed{} \\
 \text{Insured Risk Group} \qquad \qquad \qquad \text{Deductible Factor} \\
 \text{Basic Coverage Rate} \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \text{Final Insured Risk Group} \\
 \qquad \text{Basic Coverage Rate} \\
 \qquad \text{Basic Coverage Rate}
 \end{array}$$

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A. PREMIUM BASIC COVERAGE (Cont'd)

e. Calculate the Insured Risk Group's Value At Risk

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Total Value At Risk</u>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Insured Risk Group Percentage Shipped</u>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Insured Risk Group's Value At Risk</u>
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f. Calculate the risk group premium

\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Insured Risk Group's Value At Risk</u>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Final Insured Risk Group Basic Coverage Rate</u>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Insured Risk Group Basic Coverage Premium</u>
---	---	--	---	---

3. Sum the basic coverage premium for all insured risk groups to calculate the total basic coverage premium.

\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	+	\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	+	\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	+	\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
<u>Group 1 Basic Coverage Premium</u>		<u>Group 2 Basic Coverage Premium</u>		<u>Group 3 Basic Coverage Premium</u>		<u>Group 4 Basic Coverage Premium</u>			<u>Total Basic Coverage Premium</u>

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B. PREMIUM FOR OPTIONAL COVERAGES

1.a. Named Terminals

Determine the Named Terminal rate

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\ \text{Named Terminal Loss} & & \text{Loss Cost Multiplier} & & \text{Named Terminal Rate} \\ \text{Cost} & & & & \end{array}$$

Apply Deductible Factor

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\ \text{Named Terminal Rate} & & \text{Deductible Factor} & & \text{Modified Named} \\ & & & & \text{Terminal Rate} \end{array}$$

Calculate the Named Terminal Premium

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \$ \text{[Grey Box]} & = & \$ \text{[Grey Box]} \\ \text{Modified Named} & & \text{Limit Of Insurance} & & \text{Named Terminal} \\ \text{Terminal Rate} & & & & \text{Premium} \end{array}$$

1.b. Named Terminals – Greater Number Of Days

Calculate the Days Additional Premium

$$\begin{array}{ccccc} \$ \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \$ \text{[Grey Box]} \\ \text{Named Terminal Premium} & & \text{Factor} & & \text{Premium For Greater} \\ & & & & \text{Number Of Days} \end{array}$$

1.c. Named Terminals – Final Premium

Sum the results from 1.a. and 1.b.

$$\begin{array}{ccccc} \$ \text{[Grey Box]} & + & \$ \text{[Grey Box]} & = & \$ \text{[Grey Box]} \\ \text{Named Terminal} & & \text{Premium For Greater} & & \text{Final Named} \\ \text{Premium} & & \text{Number Of Days} & & \text{Terminal Premium} \end{array}$$

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B. PREMIUM FOR OPTIONAL COVERAGES (Cont'd)

2.a. Unspecified Terminals

Determine the Unspecified Terminal rate

$$\begin{array}{c} \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Loss Cost} \end{array} \times \begin{array}{c} \text{[Grey Box]} \\ \text{Loss Cost Multiplier} \end{array} = \begin{array}{c} \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Rate} \end{array}$$

Apply Deductible Factor

$$\begin{array}{c} \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Rate} \end{array} \times \begin{array}{c} \text{[Grey Box]} \\ \text{Deductible Factor} \end{array} = \begin{array}{c} \text{[Grey Box]} \\ \text{Modified Unspecified} \\ \text{Terminal Rate} \end{array}$$

Calculate the Unspecified Terminal Premium

$$\begin{array}{c} \text{[Grey Box]} \\ \text{Modified Unspecified} \\ \text{Terminal Rate} \end{array} \times \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Limit Of Insurance} \end{array} = \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Premium} \end{array}$$

2.b. Unspecified Terminals – Greater Number Of Days

Calculate the Days Additional Premium

$$\begin{array}{c} \$ \\ \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Premium} \end{array} \times \begin{array}{c} \text{[Grey Box]} \\ \text{Days Factor} \end{array} = \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Premium For Greater} \\ \text{Number Of Days} \end{array}$$

2.c. Unspecified Terminals – Final Premium

Sum the results from 2.a. and 2.b.

$$\begin{array}{c} \$ \\ \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Premium} \end{array} + \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Premium For Greater} \\ \text{Number Of Days} \end{array} = \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Final Unspecified} \\ \text{Terminal Premium} \end{array}$$

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

3.a. Rewards – Arrest And Conviction – Difference In Limit Of Insurance From \$10,000

Rewards – Arrest And Conviction – Limit Of Insurance minus \$10,000 \$ _____

Calculate the Rewards – Arrest And Conviction Rate

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Rewards – Arrest And Conviction – Loss Cost</u>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Loss Cost Multiplier</u>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Rewards – Arrest And Conviction – Rate</u>
--	---	---	---	---

Calculate the Rewards premium or credit for Difference In Limit Of Insurance From \$10,000

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Rewards – Arrest And Conviction Rate</u>	x	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Difference In Limit Of Insurance From \$10,000 (in 100's)</u>	=	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Premium/Credit For Difference In Limit Of Insurance</u>
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3.b. Rewards – Return Of Stolen Property – Difference In Limit Of Insurance From \$10,000

Rewards – Return Of Stolen Property – Limit Of Insurance \$ _____

Calculate the Rewards – Return Of Stolen Property Rate

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Rewards – Return Of Stolen Property Loss Cost</u>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Loss Cost Multiplier</u>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Rewards – Return Of Stolen Property Rate</u>
--	---	---	---	---

Calculate the Rewards Premium or Credit for Difference In Limit Of Insurance

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Rewards – Return Of Stolen Property Rate</u>	x	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Difference In Limit Of Insurance From \$10,000 (in 100's)</u>	=	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <u>Premium/Credit For Difference In Limit Of Insurance</u>
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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

Calculate the Newly Acquired Terminal premium or credit for Difference In Limit Of Insurance From \$100,000

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
<u>Final Newly Acquired Terminal Rate</u>			<u>Difference In Limit Of Insurance From \$100,000 (in 100's)</u>			<u>Premium/Credit For Difference In Limit Of Insurance</u>

10.b. Newly Acquired Terminals – Greater Number of Days

Calculate the Final Loss Cost

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	±	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	±	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	±	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
<u>Basic Coverage Loss Cost</u>		<u>Optional Coverage Loss Cost</u>		<u>Additional Coverage Loss Costs (Except Newly Acquired Terminals)</u>		<u>Endorsement Loss Costs</u>
=						
<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>						
<u>Final Loss Cost</u>						

Calculate the Newly Acquired Terminal Rate

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
<u>Final Loss Cost</u>		<u>Loss Cost Multiplier</u>		<u>Newly Acquired Terminal Rate</u>

Apply Factor

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
<u>Newly Acquired Terminal Rate</u>		<u>Factor</u>		<u>Final Newly Acquired Terminal Rate</u>

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D. ENDORSEMENTS

1. Spoilage And Loss Due To FDA Regulation Coverage

a. For each insured class, complete steps (1) through (3).

(1) Calculate the Class Rate

$$\text{[Box]} \times \text{[Box]} = \text{[Box]}$$

Class Loss Cost Loss Cost Multiplier Class Rate

(2) Apply Deductible Factor

$$\text{[Box]} \times \text{[Box]} = \text{[Box]}$$

Class Rate Deductible Factor Final Class Rate

(3) Calculate the Class Premium

$$\text{[Box]} \times \$ \text{[Box]} = \$ \text{[Box]}$$

Final Class Rate Limit Of Insurance Class Premium
(in \$100s)

b. Sum the premiums for all insured classes to calculate the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage.

$$\$ \text{[Box]} + \$ \text{[Box]} + \$ \text{[Box]} = \$ \text{[Box]}$$

Class 1 Premium Class 2 Premium Class 3 Premium Premium For Spoilage And Loss Due To FDA Regulation Coverage

2. Non-owned Trailer Coverage

a. Calculate the Non-owned Trailer Coverage Rate

$$\text{[Box]} \times \text{[Box]} = \text{[Box]}$$

Non-owned Trailer Coverage Loss Cost Loss Cost Multiplier Non-owned Trailer Coverage Rate

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D. ENDORSEMENTS (Cont'd)

b. Apply Deductible Factor

$$\frac{\text{Non-owned Trailer Coverage Rate}}{\text{Deductible Factor}} = \text{Final Non-owned Trailer Coverage Rate}$$

c. Calculate the Non-owned Trailer Coverage Premium

$$\frac{\text{Final Non-owned Trailer Coverage Rate}}{\text{Per Trailer Limit Of Insurance (in 1,000's)}} \times \frac{\text{Number Of Covered Days}}{\text{Number Of Trailers}} = \text{Non-owned Trailer Coverage Premium}$$

3. Theft From Unattended Vehicle Exclusion

a. Calculate the Theft From Unattended Vehicle Exclusion Premium Credit

$$\frac{\text{Basic Coverage Premium}}{\text{Factor}} = \text{Theft From Unattended Vehicle Exclusion Premium Credit}$$

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<u>E. ANNUAL PREMIUM</u>	
<u>COVERAGES</u>	<u>PREMIUM/CREDIT</u>
<u>Basic Coverage</u>	
<u>Optional Coverages</u>	
<u>Named Terminals</u>	
<u>Unspecified Terminals</u>	
<u>Additional Coverages</u>	
<u>Debris Removal</u>	
<u>False Pretense</u>	
<u>Rewards – Arrest And Conviction</u>	
<u>Rewards – Return Of Stolen Property</u>	
<u>Cargo Handling Equipment</u>	
<u>Contractual Penalties</u>	
<u>Earned Charges</u>	
<u>Fire Department Service Charge</u>	
<u>Fire Extinguishing Systems Expense</u>	
<u>Fuel</u>	
<u>Newly Acquired Terminals</u>	
<u>Pollutant Cleanup And Removal</u>	
<u>Preservation Of Property Expense</u>	
<u>Electronic Equipment</u>	
<u>Endorsement</u>	
<u>Spoilage And Loss Due To FDA Regulation Coverage</u>	
<u>Non-owned Trailer Coverage</u>	
<u>Theft From Unattended Vehicle Exclusion</u>	
<u>Total Premium \$</u>	

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Motor Truck Cargo Owners

Name Of Insured, Address Including ZIP Code

Policy Period

Inception

Expiration

Term

Type Of Property Covered

Group No.

Radius Of Operation:

Number Of Vehicles Up To And Including 200 Miles

Number Of Vehicles Regularly Over 200 Miles

Per Vehicle Limit Of Insurance:

\$

Basic Coverage

Loss Cost

Value at Risk

Up To And Including 200 Miles

Risk Group 1

\$

Risk Group 2

\$

Risk Group 3

\$

Risk Group 4

\$

Regularly 200 Miles

Risk Group 1

\$

Risk Group 2

\$

Risk Group 3

\$

Risk Group 4

\$

Property At Named Terminals:

\$

Located At

\$

Located At

Property At Unspecified Terminals:

\$

Loss Costs

Named Terminal

Unspecified Terminal

Spoilage And Loss Due To FDA Regulation Coverage

Deductible

\$

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A. PREMIUM FOR BASIC COVERAGE

1. For each of the two radius of operation groups, calculate the total value at risk.

$$\begin{array}{rcccl}
 \$ & \text{[]} & \times & \text{[]} & = & \text{[]} \\
 & \text{Per Vehicle} & & \text{Number Of Vehicles} & & \text{Total Value At Risk} \\
 & \text{Limit Of Insurance} & & \text{In The Radius Of} & & \\
 & \text{(in 100's)} & & \text{Operation Group} & &
 \end{array}$$

2. For each of the two radius of operations groups, complete steps a. through g. for each applicable insured risk group.

a. Select Basic Coverage Loss Cost

b. Apply Catastrophe Limit Of Insurance Loading Factor

$$\begin{array}{rcccl}
 \text{[]} & \times & \text{[]} & = & \text{[]} \\
 \text{Insured Risk Group} & & \text{Catastrophe Limit} & & \text{Modified Insured Risk} \\
 \text{Basic Coverage Loss} & & \text{Of Insurance} & & \text{Group Basic Coverage} \\
 \text{Cost} & & \text{Loading Factor} & & \text{Loss Cost}
 \end{array}$$

c. Calculate the Basic Coverage Rate

$$\begin{array}{rcccl}
 \text{[]} & \times & \text{[]} & = & \text{[]} \\
 \text{Modified Insured Risk} & & \text{Loss Cost Multiplier} & & \text{Insured Risk Group} \\
 \text{Group Basic Coverage} & & & & \text{Basic Coverage Rate} \\
 \text{Loss Cost} & & & &
 \end{array}$$

d. Apply Deductible Factor

$$\begin{array}{rcccl}
 \text{[]} & \times & \text{[]} & = & \text{[]} \\
 \text{Insured Risk Group} & & \text{Deductible Factor} & & \text{Final Insured Risk Group} \\
 \text{Basic Coverage Rate} & & & & \text{Basic Coverage Rate}
 \end{array}$$

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A. PREMIUM FOR BASIC COVERAGE (Cont'd)

e. Calculate the Insured Risk Group's Value At Risk

<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> <u>Total Value At Risk For Radius Group</u>	x	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> <u>Insured Risk Group Percentage</u>	=	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> <u>Insured Risk Group's Value At Risk</u>
--	---	---	---	--

f. Calculate the risk group premium

\$ <div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> <u>Insured Risk Group's Value at Risk</u>	x	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> <u>Final Insured Risk Group Basic Coverage Rate</u>	=	\$ <div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> <u>Insured Risk Group Basic Coverage Premium</u>
---	---	--	---	--

3. Sum the basic coverage premiums for all insured risk groups to calculate the total basic coverage premium for the radius of operation group.

\$ <div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div>	+	\$ <div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div>	+	\$ <div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div>	+	\$ <div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div>	=	\$ <div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div>
<u>Group 1 Basic Coverage Premium</u>		<u>Group 2 Basic Coverage Premium</u>		<u>Group 3 Basic Coverage Premium</u>		<u>Group 4 Basic Coverage Premium</u>		<u>Total Basic Coverage Premium For The Radius Of Operation Group</u>

4. Sum the total basic premiums calculated for each radius of operation group.

<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> <u>Total Basic Coverage Premium For Vehicles Operated Up To And Including 200 Miles</u>	+	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> <u>Total Basic Coverage Premium For Vehicles Operated Regularly Over 200 Miles</u>	=	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> <u>Total Basic Coverage Premium For All Vehicles</u>
--	---	---	---	---

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B. PREMIUM FOR OPTIONAL COVERAGES

1.a. Named Terminals

Determine the Named Terminal Rate

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\ \text{Named Terminal Loss} & & \text{Loss Cost Multiplier} & & \text{Named Terminal Rate} \\ \text{Cost} & & & & \end{array}$$

Apply Deductible Factor

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\ \text{Named Terminal Rate} & & \text{Deductible Factor} & & \text{Modified Named} \\ & & & & \text{Terminal Rate} \end{array}$$

Calculate the Named Terminal Premium

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \$ \text{ [Grey Box]} & = & \$ \text{ [Grey Box]} \\ \text{Modified Named} & & \text{Limit Of Insurance} & & \text{Named Terminal} \\ \text{Terminal Rate} & & & & \text{Premium} \end{array}$$

1.b. Named Terminals – Greater Number Of Days

Calculate the Days Additional Premium

$$\begin{array}{ccccc} \$ \text{ [Grey Box]} & \times & \text{[Grey Box]} & = & \$ \text{ [Grey Box]} \\ \text{Named Terminal Premium} & & \text{Days Factor} & & \text{Premium For Greater} \\ & & & & \text{Number Of Days} \end{array}$$

1.c. Named Terminals – Final Premium

Sum the results from 1.a. and 1.b.

$$\begin{array}{ccccc} \$ \text{ [Grey Box]} & + & \$ \text{ [Grey Box]} & = & \$ \text{ [Grey Box]} \\ \text{Named Terminal} & & \text{Premium For Greater} & & \text{Final Named} \\ \text{Premium} & & \text{Number Of Days} & & \text{Terminal Premium} \end{array}$$

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B. PREMIUM FOR OPTIONAL COVERAGES (Cont'd)

2.a. Unspecified Terminals

Determine the Unspecified Terminal Rate

$$\begin{array}{c} \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Loss Cost} \end{array} \times \begin{array}{c} \text{[Grey Box]} \\ \text{Loss Cost Multiplier} \end{array} = \begin{array}{c} \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Rate} \end{array}$$

Apply Deductible Factor

$$\begin{array}{c} \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Rate} \end{array} \times \begin{array}{c} \text{[Grey Box]} \\ \text{Deductible Factor} \end{array} = \begin{array}{c} \text{[Grey Box]} \\ \text{Modified Unspecified} \\ \text{Terminal Rate} \end{array}$$

Calculate the Unspecified Terminal Premium

$$\begin{array}{c} \text{[Grey Box]} \\ \text{Modified Unspecified} \\ \text{Terminal Rate} \end{array} \times \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Limit Of Insurance} \end{array} = \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Premium} \end{array}$$

2.b. Unspecified Terminals – Greater Number Of Days

Calculate the Days Additional Premium

$$\$ \begin{array}{c} \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Premium} \end{array} \times \begin{array}{c} \text{[Grey Box]} \\ \text{Days Factor} \end{array} = \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Premium For Greater} \\ \text{Number Of Days} \end{array}$$

2.c. Unspecified Terminals – Final Premium

Sum the results from 2.a. and 2.b.

$$\$ \begin{array}{c} \text{[Grey Box]} \\ \text{Unspecified Terminal} \\ \text{Premium} \end{array} + \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Premium For Greater} \\ \text{Number Of Days} \end{array} = \$ \begin{array}{c} \text{[Grey Box]} \\ \text{Final Unspecified} \\ \text{Terminal Premium} \end{array}$$

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

3.a. Rewards – Arrest and Conviction – Difference In Limit Of Insurance From \$10,000

Rewards – Arrest and Conviction – Limit Of Insurance minus \$10,000 \$ _____

Calculate the Rewards – Arrest and Conviction – Rate

_____	x	_____	=	_____
<u>Rewards – Arrest and Conviction – Loss Cost</u>		<u>Loss Cost Multiplier</u>		<u>Rewards – Arrest and Conviction – Rate</u>

Calculate the Rewards premium or credit for Difference In Limit Of Insurance From \$10,000

_____	x	\$	_____	=	\$	_____
<u>Rewards – Arrest and Conviction – Rate</u>			<u>Difference In Limit Of Insurance From \$10,000 (in 100's)</u>			<u>Premium/Credit For Difference In Limit Of Insurance</u>

3.b. Rewards – Return of Stolen Property – Difference In Limit Of Insurance From \$10,000

Rewards – Return of Stolen Property – Limit Of Insurance \$ _____

Calculate the Rewards – Return of Stolen Property Rate

_____	x	_____	=	_____
<u>Rewards – Return of Stolen Property Loss Cost</u>		<u>Loss Cost Multiplier</u>		<u>Rewards – Return of Stolen Property Rate</u>

Calculate the Rewards Premium or Credit for Difference In Limit Of Insurance

_____	x	_____	=	_____
<u>Rewards – Return of Stolen Property Rate</u>		<u>Difference in Limit Of Insurance From \$10,000 (in 100's)</u>		<u>Premium/Credit For Difference in Limit Of Insurance</u>

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

Calculate the Fire Extinguishing Systems Expense premium or credit for Difference In Limit Of Insurance From \$10,000

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
<u>Fire Extinguishing Systems Expense Rate</u>			<u>Difference In Limit Of Insurance From \$10,000 (in 100's)</u>			<u>Premium/Credit For Difference In Limit Of Insurance</u>

6. Fuel – Difference In Limit Of Insurance From \$2,500

Fuel Limit Of Insurance minus \$2,500 \$

Calculate the Fuel Rate

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
<u>Fuel Loss Cost</u>		<u>Loss Cost Multiplier</u>		<u>Fuel Rate</u>

Calculate the Fuel premium or credit for Difference In Limit Of Insurance From \$2,500

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
<u>Fuel Rate</u>			<u>Difference In Limit Of Insurance From \$2,500 (in 100's)</u>			<u>Premium/Credit For Difference In Limit Of Insurance</u>

7.a. Newly Acquired Terminals – Difference In Limit Of Insurance From \$100,000

Newly Acquired Terminals Limit Of
Insurance minus \$100,000 \$

Calculate the Final Loss Cost

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	±	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	±	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	±	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
<u>Basic Coverage Loss Cost</u>		<u>Optional Coverage Loss Cost</u>		<u>Additional Coverage Loss Costs (Except Newly Acquired Terminals)</u>		<u>Endorsement Loss Costs</u>
=						
<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>						
<u>Final Loss Cost</u>						

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

Calculate the Newly Acquired Terminal Rate

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\ \text{Final Loss Cost} & & \text{Loss Cost Multiplier} & & \text{Newly Acquired Terminal Rate} \end{array}$$

Apply Factor

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\ \text{Newly Acquired Terminal Rate} & & \text{Factor} & & \text{Final Newly Acquired Terminal Rate} \end{array}$$

Calculate the Newly Acquired Terminal premium or credit for Difference In Limit Of Insurance From \$100,000

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \$ & \text{[Grey Box]} & = & \$ & \text{[Grey Box]} \\ \text{Final Newly Acquired Terminal Rate} & & & \text{Difference In Limit Of Insurance From \$100,000 (in 100's)} & & & \text{Premium/Credit For Difference In Limit Of Insurance} \end{array}$$

7.b. Newly Acquired Terminals – Greater Number of Days

Calculate the Final Loss Cost

$$\begin{array}{ccccccc} \text{[Grey Box]} & \pm & \text{[Grey Box]} & \pm & \text{[Grey Box]} & \pm & \text{[Grey Box]} \\ \text{Basic Coverage Loss Cost} & & \text{Optional Coverage Loss Cost} & & \text{Additional Coverage Loss Costs (Except Newly Acquired Terminals)} & & \text{Endorsement Loss Costs} \\ = & & \text{[Grey Box]} & & & & \\ & & \text{Final Loss Cost} & & & & \end{array}$$

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D. ENDORSEMENTS

1. Spoilage And Loss Due To FDA Regulation Coverage

a. For each insured class, complete steps (1) through (3).

(1) Calculate the Class Rate

$$\text{Class Loss Cost} \times \text{Loss Cost Multiplier} = \text{Class Rate}$$

(2) Apply Deductible Factor

$$\text{Class Rate} \times \text{Deductible Factor} = \text{Final Class Rate}$$

(3) Calculate the Class Premium

$$\text{Final Class Rate} \times \$ \text{Limit Of Insurance (in \$100s)} = \$ \text{Class Premium}$$

b. Sum the premiums for all insured classes to calculate the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage.

$$\$ \text{Class 1 Premium} + \$ \text{Class 2 Premium} + \$ \text{Class 3 Premium} = \$ \text{Premium For Spoilage And Loss Due To FDA Regulation Coverage}$$

2. Theft From Unattended Vehicle Exclusion

a. Calculate the premium credit

$$\text{Basic Coverage Premium} \times \text{Factor} = \text{Theft From Unattended Vehicle Exclusion Premium Credit}$$

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<u>E. ANNUAL PREMIUM</u>	
<u>COVERAGES</u>	<u>PREMIUM/CREDIT</u>
<u>Basic Coverage – All Vehicles</u>	
<u>Optional Coverages</u>	
<u>Named Terminals</u>	
<u>Unspecified Terminals</u>	
<u>Additional Coverages</u>	
<u>Debris Removal</u>	
<u>False Pretense</u>	
<u>Rewards – Arrest And Conviction</u>	
<u>Rewards – Return Of Stolen Property</u>	
<u>Fire Department Service Charge</u>	
<u>Fire Extinguishing Systems Expense</u>	
<u>Fuel</u>	
<u>Newly Acquired Terminals</u>	
<u>Pollutant Cleanup And Removal</u>	
<u>Preservation Of Property Expense</u>	
<u>Endorsement</u>	
<u>Spoilage And Loss Due To FDA Regulation Coverage</u>	
<u>Theft From Unattended Vehicle Exclusion</u>	
<u>Total Premium \$</u>	

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CONTINGENT CARGO**

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CONTINGENT CARGO**

CONTINGENT CARGO COVERAGE

Name Of Insured, Address Including ZIP Code

Policy Period

Inception

Expiration

Term

Type Of Property Covered

Group No.

Gross Receipts: \$ _____

Per Vehicle Limit Of Insurance

\$ _____

Basic Coverage

Loss Cost

Values Shipped

Risk Group 1 _____

Risk Group 2 _____

Risk Group 1 _____

Risk Group 2 _____

\$ _____

\$ _____

\$ _____

\$ _____

**Spoilage And Loss Due To FDA Regulation
Coverage Loss Cost**

Deductible:

\$ _____

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PREMIUM CALCULATION WORKSHEET
CONTINGENT CARGO**

A. PREMIUM FOR BASIC COVERAGE

1. Calculate the estimated number of vehicles

$$\begin{array}{rcl}
 \$ \text{ []} & \div & \text{[18,750]} = \text{[]} \\
 \text{Total Value Of} & & \text{Assumed Average} \\
 \text{Gross Receipts} & & \text{Gross Receipt} \\
 & & \text{Per Vehicle} \\
 \text{Estimated Number Of} & & \\
 \text{Vehicles} & &
 \end{array}$$

2. Calculate the total value at risk

$$\begin{array}{rcl}
 \$ \text{ []} & \times & \text{[]} = \text{[]} \\
 \text{Per Vehicle} & & \text{Estimated Number of} \\
 \text{Limit Of Insurance} & & \text{Vehicles} \\
 \text{(in 100s)} & & \text{Total Value At Risk}
 \end{array}$$

3. For each insured risk group, complete steps a. through g.

a. Select Basic Coverage Loss Cost

b. Apply Catastrophe Limit Of Insurance Loading Factor

$$\begin{array}{rcl}
 \text{[]} & \times & \text{[]} = \text{[]} \\
 \text{Insured Risk Group} & & \text{Catastrophe Limit} \\
 \text{Basic Coverage Loss} & & \text{Of Insurance} \\
 \text{Cost} & & \text{Loading Factor} \\
 \text{Modified Insured Risk} & & \\
 \text{Group Basic Coverage} & & \\
 \text{Loss Cost} & & \text{Loss Cost}
 \end{array}$$

c. Calculate the Basic Coverage Rate

$$\begin{array}{rcl}
 \text{[]} & \times & \text{[]} = \text{[]} \\
 \text{Modified Insured Risk} & & \text{Loss Cost Multiplier} \\
 \text{Group Basic Coverage} & & \\
 \text{Loss Cost} & & \text{Insured Risk Group} \\
 & & \text{Basic Coverage Rate}
 \end{array}$$

d. Apply Deductible Factor

$$\begin{array}{rcl}
 \text{[]} & \times & \text{[]} = \text{[]} \\
 \text{Insured Risk Group} & & \text{Deductible Factor} \\
 \text{Basic Coverage Rate} & & \\
 & & \text{Final Insured Risk Group} \\
 & & \text{Basic Coverage Rate}
 \end{array}$$

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PREMIUM CALCULATION WORKSHEET
CONTINGENT CARGO**

A. PREMIUM FOR BASIC COVERAGE (Cont'd)

e. Calculate the Insured Risk Group's Value at Risk

$$\begin{array}{ccccc}
 \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\
 \text{Total Value At Risk} & & \text{Insured Risk Group} & & \text{Insured Risk Group's} \\
 & & \text{Percentage} & & \text{Value At Risk}
 \end{array}$$

f. Calculate the risk group premium

$$\begin{array}{ccccc}
 \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\
 \text{Insured Risk Group's} & & \text{Final Insured Risk Group} & & \text{Insured Risk Group} \\
 \text{Value At Risk} & & \text{Basic Coverage Rate} & & \text{Basic Coverage Premium}
 \end{array}$$

3. Sum the basic coverage premium for all insured risk groups to calculate the total basic coverage premium.

$$\begin{array}{cccccc}
 \text{[Grey Box]} & + & \text{[Grey Box]} & + & \text{[Grey Box]} & + & \text{[Grey Box]} & = & \text{[Grey Box]} \\
 \text{Group 1} & & \text{Group 2} & & \text{Group 3} & & \text{Group 4} & & \text{Total Basic} \\
 \text{Basic} & & \text{Basic} & & \text{Basic} & & \text{Basic} & & \text{Coverage} \\
 \text{Coverage} & & \text{Coverage} & & \text{Coverage} & & \text{Coverage} & & \text{Premium} \\
 \text{Premium} & & \text{Premium} & & \text{Premium} & & \text{Premium} & &
 \end{array}$$

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PREMIUM CALCULATION WORKSHEET
CONTINGENT CARGO**

B. PREMIUM FOR OPTIONAL COVERAGE

1. Terminals

Determine the rate

$$\text{Terminal Loss Cost} \times \text{Loss Cost Multiplier} = \text{Terminal Rate}$$

Apply Deductible Factor

$$\text{Terminal Rate} \times \text{Deductible Factor} = \text{Modified Terminal Rate}$$

Apply Factor

$$\text{Modified Terminal Rate} \times \text{Factor} = \text{Final Terminal Rate}$$

Calculate Premium

$$\text{Final Terminal Rate} \times \$ \text{Limit Of Insurance} = \$ \text{Terminal Premium}$$

2. Terminals – Greater Number of Days

Calculate the Days Additional Premium

$$\$ \text{Terminal Premium} \times \text{Days Factor} = \$ \text{Premium for Greater Number of Days}$$

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B. PREMIUM FOR OPTIONAL COVERAGE (Cont'd)

3. Terminals – Final Premium

Sum the results from 1. and 2.

$$\begin{array}{ccccccc} \$ & \text{[Grey Box]} & + & \$ & \text{[Grey Box]} & = & \$ & \text{[Grey Box]} \\ & \text{Terminal} & & & \text{Premium for Greater} & & & \text{Final} \\ & \text{Premium} & & & \text{Number of Days} & & & \text{Terminal} \\ & & & & & & & \text{Premium} \end{array}$$

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D. ENDORSEMENTS

1. Spoilage And Loss Due To FDA Regulation Coverage

a. For each insured class, complete steps (1) through (3).

(1) Calculate the rate

$$\text{Class Loss Cost} \times \text{Loss Cost Multiplier} = \text{Class Rate}$$

(2) Apply Deductible Factor

$$\text{Class Rate} \times \text{Deductible Factor} = \text{Final Class Rate}$$

(3) Calculate Premium

$$\text{Final Class Rate} \times \$ \text{Limit Of Insurance (in \$100s)} = \$ \text{Class Premium}$$

b. Sum the premiums for all insured classes to calculate the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage.

$$\$ \text{Class 1 Premium} + \$ \text{Class 2 Premium} + \$ \text{Class 3 Premium} = \$ \text{Premium For Spoilage And Loss Due To FDA Regulation Coverage}$$

2. Theft From Unattended Vehicle Exclusion

Calculate the premium credit

$$\text{Basic Coverage Premium} \times \text{Factor} = \text{Theft From Unattended Vehicle Exclusion Premium Credit}$$

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<u>E. ANNUAL PREMIUM</u>	
<u>COVERAGES</u>	<u>PREMIUM/CREDIT</u>
<u>Basic Coverage</u>	
<u>Additional Coverages</u>	
<u>Debris Removal</u>	
<u>Pollutant Cleanup And Removal</u>	
<u>Endorsement</u>	
<u>Spoilage And Loss Due To FDA Regulation Coverage</u>	
<u>Theft From Unattended Vehicle Exclusion</u>	
<u>Total Premium \$</u>	

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SECTION IV – GENERAL UNDERWRITING CONSIDERATIONS

MOTOR TRUCK CARGO CARRIERS

Motor Truck Cargo Carriers liability policies cover the legal liability of a common or contract trucker for lawful goods accepted for transportation under contract, tariff and bill of lading or shipping receipt.

The Policy covers the goods for the period from the time the trucker has taken possession until the goods have been delivered.

There are a variety of considerations the underwriter must review in underwriting Motor Truck Cargo Carriers liability policies.

A. Trucker

The underwriting process starts with a review of the prior experience of the insured trucker. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Current financial records, including latest annual gross receipts – the Central Analysis Bureau, a profit-making organization located in New York City, is a source of financial information on trucking concerns
- Availability of sources of capital if the trucker's financial condition is weak
- Number of years in business
- Current status of labor relations (particularly as respects contract carriers)
- Experience and training of employees; periodic review and update
- Compliance with Federal Highway Administration (FHWA) or state filings

B. Vehicles

- Schedule of types of vehicles being operated
- Radius of operation
- Consider charging an additional premium if the trucker desires to eliminate the Refrigeration Exclusion
- Consider adding Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 72 01** as applicable for an additional premium, if refrigerated or temperature controlled goods are shipped.
- Consider seeking to have protective devices for theft installed in vehicles (particularly for vehicles operated in high theft areas)

C. Goods

As respects the **goods** the trucker transports, it is important to review the:

1. Average And Highest Value Of Individual Goods Being Transported

The greater the value, the more likely the goods are to be covered by others.

2. Average And Highest Value Of Truckloads

3. Susceptibility To Loss Or Damage

The greater the susceptibility, the more likely the goods are to sustain loss or damage.

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D. Type Of Carrier

Common and contract carriers have different degrees of liability for goods in their possession. Contract carriers have liability as stated in their contracts only if held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for loss or damage caused by:

- Acts of God
- Acts of the Public Enemy
- Exercise of Public Authority
- Fault or neglect on the part of the Shipper
- Inherent Vice or the nature of the Property

E. Terminals

It is important to have knowledge of the terminals used by the trucker if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the trucker may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed in two ways if the coverage is to be written. First, by charging an adequate premium. Second, by establishing an appropriate catastrophe limit in the Declarations.

F. Other Coverages

1. Refrigerated Shipments

Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 72 01** may be added as applicable for an additional premium, if refrigerated or temperature controlled goods are shipped. The underwriter should give consideration to the following when providing coverage under this endorsement:

- Periodic inspections of refrigeration equipment
- Availability of refrigeration facilities along the regularly traveled routes
- The types of perishable commodities
- A refrigeration maintenance or service agreement in place
- Temperature alarms installed on vehicles and at terminals
- The existence of backup refrigeration equipment at terminals
- Auxiliary power source or backup generators at terminals

2. Non-Owned Trailers

Coverage may be desired for non-owned trailers in the insured's care, custody or control for which Non-owned Trailer Coverage **IH 72 02** may be added. If trailer interchange coverage is selected, the underwriter may want to consider requesting copies of any written trailer interchange agreements for review with respect to this coverage.

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MOTOR TRUCK CARGO OWNERS

Motor Truck Cargo Owners policies cover the value of shipments made by the insured during the policy period. The goods usually are shipped by truck, but other conveyances may be used.

There may be considerable variations in the types of goods shipped. Therefore, the underwriter may consider the damageability of the goods and their attractiveness to thieves.

A. Owner – Shipper

The underwriting process starts with a review of the prior experience of the insured owner. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Loss experience
- Current financial records
- Number of years in business
- Condition of vehicles
- Driving records of drivers
- Current status of labor relations

B. Goods

As respects the goods being shipped, it is important to:

- Determine the type(s) of goods
- Determine their susceptibility to loss (including perishability) or damage and evaluate any protection afforded
- Consider the attractiveness of the goods to thieves. If the goods are attractive to thieves, evaluate the:
 - Protection afforded against theft (including hi-jacking)
 - Use of containers to reduce handling and pilferage losses

C. Packaging

Evaluate the adequacy of the packing materials for the loading, shipment and unloading

D. Loading/Unloading

Determine that qualified employees will handle loading and unloading the shipment

E. Shipment

Particular attention should be paid to the following:

- The distance the shipment will travel
- The amount of time required to complete the shipment – goods shipped over long distances represent greater risks of loss than those shipped over short distances
- The route the shipment will take
- Whether the insured "dead heads" or "back hauls" trips following the delivery of his goods to their destination – "back hauling" may increase the insurers potential exposure to loss being evaluated by the underwriter

F. Terminals

It is important to have knowledge of the terminals used by the trucker if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the trucker may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed in two ways if the coverage is to be written. First, by charging an adequate premium. Second, by establishing an appropriate catastrophe limit in the Declarations.

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G. Other Coverages

1. Exhibitions

The shipment may involve delivery to an Exhibition Hall. A request may be made to endorse the policy to cover at the exhibition. The underwriter should give consideration to the potential for theft at the Exhibition Hall.

2. Loss of Use

Coverage may be sought for loss of use. The underwriter must give careful consideration to the nature of the property being shipped as it may, if lost or damaged, create a bottleneck and trigger a substantial consequential loss.

3. Refrigerated Shipments

Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be added as applicable for an additional premium, if refrigerated or temperature controlled goods are shipped. The underwriter should give consideration to the following when providing coverage under this endorsement:

- Requiring periodic inspections of the refrigeration equipment
- Availability of refrigeration facilities along the regularly traveled routes
- The types of perishable commodities
- A refrigeration maintenance or service agreement in place
- Temperature alarms installed on vehicles and at terminals
- The existence of backup refrigeration equipment at terminals
- Auxiliary power source or backup generators at terminals

H. Property Covered/Property Not Covered

Additional Covered Property Endorsement **IH 99 19** can be attached to provide coverage for items of property not otherwise covered. Conversely, coverage for certain items of property can be deleted by attaching Additional Property Not Covered Endorsement **IH 99 20**.

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CONTINGENT CARGO COVERAGE

Contingent Cargo liability policies provide coverage to brokers for the legal liability of a common or contract trucker for loss or damage to lawful goods accepted for transportation under contract, tariff and bill of lading or shipping receipt under certain circumstances when the trucker's liability policy will not pay for the loss.

The contingent cargo policy covers the goods for the period from the time the trucker has taken possession until the goods have been delivered.

There are a variety of considerations the underwriter must review in underwriting Contingent Cargo Coverage liability policies.

A. Broker

The underwriting process starts with a review of the prior experience of the insured broker. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Current financial records, including latest annual gross
- Availability of sources of capital if the broker's financial condition is weak
- Number of years in business
- Experience and training of employees; periodic review and update
- Compliance with Federal Highway Administration (FHWA) or state filings
- Whether the broker has motor carrier operating authority
- Whether the broker has procedures to avoid assuming motor carrier liability
- Whether the broker co-brokers shipments, and procedures the broker has to ensure the accurate transmission of shipping instructions from the shipper to the carrier

B. Truckers

The underwriting process should also include a review of the cargo liability insurance, as well as the prior experience of truckers used by the insured broker. Particular attention should also be paid to the following aspects:

- Proof of in-force cargo liability insurance for truckers used by the broker, showing limits equal to or in excess of the proposed limits of the contingent cargo policy, and in excess of the value of cargo for which the truckers could be legally liable.
- Information about procedures that the broker has to review that trucker insurance is in effect, with adequate coverage and limits
- Information about procedures that the broker has to review that truckers insure refrigerated shipments, maintain refrigeration equipment and handle refrigerated shipments safely
- Information about the safety records of truckers used by the broker, which is available on the government website safersys.org.
- Current financial records of truckers, including latest annual gross receipts – the Central Analysis Bureau, a profit-making organization located in New York City, is a source of financial information on trucking concerns
- Availability of sources of capital if the truckers' financial condition is weak
- Number of years truckers have been in business
- Current status of labor relations (particularly with respect to contract carriers)
- Experience and training of truckers' employees; periodic review and update
- Truckers' compliance with Federal Highway Administration (FHWA) or state filings

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C. Vehicles

- Schedule of types of vehicles used to transport brokered goods
- Cargo transported on flatbed trucks may be more susceptible to damage from moisture.
- Radius of operation

D. Goods

With respect to the goods brokered, it is important to review the:

1. Average And Highest Value Of Individual Goods Being Brokered

The greater the value, the more likely the goods are to be covered by others.

2. Average And Highest Value Of Truckloads

3. Susceptibility To Loss Or Damage

The greater the susceptibility, the more likely the goods are to sustain loss or damage.

E. Type Of Carrier

Common and contract carriers have different degrees of liability for goods in their possession. Contract carriers have liability as stated in their contracts only if held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for loss or damage caused by:

- Acts of God
- Acts of the Public Enemy
- Exercise of Public Authority
- Fault or neglect on the part of the Shipper
- Inherent Vice or the nature of the Property

F. Terminals

It is important to have knowledge of the terminals used by the truckers engaged by the broker if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the trucker may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed in two ways if the coverage is to be written: First, by charging an adequate premium; second, by establishing an appropriate catastrophe limit in the Declarations.

G. Refrigerated Shipments

Spoilage And Loss Due To FDA Regulation Coverage Endorsement IH 99 32 may be added as applicable for an additional premium, if refrigerated or temperature controlled goods are shipped. When providing coverage under this endorsement the underwriter should give consideration to the types of perishable commodities shipped, as well as to the extent the broker engages with truckers who have:

- Refrigeration facilities available to them along the regularly traveled routes
- A refrigeration maintenance or service agreement in place
- Temperature alarms installed on vehicles and at terminals
- The existence of backup refrigeration equipment at terminals
- Auxiliary power source or backup generators at terminals

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MOTOR TRUCK CARGO**

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SECTION V – SUGGESTED LOSS CONTROL RECOMMENDATIONS

The Loss Control function consists of two elements – Loss Prevention and Loss Reduction.

The purpose of Loss Prevention is to reduce the frequency of loss.

The purpose of Loss Reduction is to reduce the severity of loss.

A single action frequently impacts both loss frequency and loss severity.

The following recommendations may be shared with the loss control representative.

DEDUCTIBLE

The sample policy in this Handbook contains a deductible clause. The amount of the deductible may be changed to reflect the amount of risk the insured desires to retain.

Additionally, the insured and insurer may agree to have different deductible amounts apply to different goods in order to reduce loss frequency.

CONTRACTS

Use Released Bills of Lading whenever possible.

MANAGEMENT PRACTICES

A. Administration

1. Designate qualified employees to be responsible for loss control, safety, security and training and to establish programs for these functions.
2. Arrange pickup and delivery schedules to minimize the amount of time the vehicle will be in your possession.
3. Monitor the loss control, safety and security programs.
4. Comply with loss control recommendations.
5. Investigate all cargo losses; change procedures if appropriate.

B. Employee Selection

1. Select only qualified candidates for positions requiring specific skills.
2. Train all employees (including temporaries) to follow established procedures and handle the equipment they will operate.
3. Verify that all employees using vehicles and equipment are qualified. Reevaluate periodically.
4. Maintain records of qualifiers and non-qualifiers.
5. Secure MVR's for each driver every 12 months.

C. Safety Program

1. Make sure the employee in charge of the safety program knows OSHA and state labor guidelines.
2. Post safety materials in a prominent location.
3. Make records of each cargo loss for review and action, if appropriate.

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D. Vehicle And Equipment Maintenance

1. Make sure the employee in charge of vehicle and equipment maintenance is familiar with Federal Motor Carrier Safety Regulations (FMCSR).
2. Establish regular interval maintenance for all vehicles and equipment in accordance with manufacturer's specifications.
3. Worn or damaged electrical wiring, cables, fuel or hydraulic lines should be repaired or replaced.
4. Keep records of all maintenance performed on all vehicles and equipment.
5. Inspect vehicles and equipment regularly.
6. Drivers should provide written reports of equipment problems for feedback to maintenance personnel on a regular basis.
7. Inspect refrigeration equipment every 4 hours during transit. An alarm system should be in place alerting drivers to high or low temperatures.
8. If your company has a limited maintenance staff, consider an arrangement with a full service maintenance leasing concern.
9. Trailers should have "Wide Right Turn" decals and midturn signal indicators installed.

FIRE PREVENTION

A. General

1. Water for fire fighting should be readily available.
2. Employees should be trained in basic fire-fighting techniques.
3. Emergency phone numbers should be posted at each telephone.

B. Terminals – Construction

1. Terminals should be of fire resistive or non-combustible construction.
2. Large open areas should be avoided to the extent possible, particularly where combustibles are stored. Fire walls, protected by fire doors, can tend to limit what would otherwise be a substantial loss. Building codes should be adhered to and regarded as minimum standards.
3. The warehouse area should be separated from the garage area by a fire wall(s).
4. Have the local fire department familiarize itself with the terminal and the available fire defenses.
5. Place fire alarms in terminals.
6. Refrigeration equipment at terminals should be inspected periodically.

C. Terminals – Occupancy

1. Identify and segregate materials by damageability.
2. Size and height of piles and aisle widths should conform to applicable standards.
3. Goods subject to water damage should be on skids.
4. Adequate access should be provided between all areas.

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D. Protection

1. Adequate access to all areas should be provided for firefighting equipment.
2. Portable fire extinguishers should be provided and recharged according to manufacturer's standards.
3. Maps of the terminal, posted at numerous locations in the terminal, should show the location of the extinguishers.
4. A recognized approved central station alarm system should be installed.
5. The areas where combustible goods are stored should be protected by an automatic sprinkler system.

E. Yard Storage

1. Keep storage yards well lighted and fenced with one entrance.
2. Request police to make frequent area checks when closed.
3. Employ a watchperson(s) at storage sites.
4. Goods should be spread out and separated by clear space.
5. Main fuel supply should be located in an approved storage tank, remote from work areas.

F. Over The Road Operations

1. Suitable fire extinguishers should be provided in vehicle cabs.
2. Driver training programs should include the handling of basic over the road fire hazards.
3. The driver should have an accurate manifest or bill of lading to aid local firefighters.
4. Hazardous cargo identification should be identified in conformance with Federal, State and local codes.

GENERAL SECURITY

A. Over The Road

1. Do not pick up hitchhikers.
2. Drivers must lock doors, close windows and keep the keys in their possession when leaving the vehicle.
3. Park in areas where the load is visible when stopped.
4. Obtain a receipt for the load at delivery before leaving.
5. Use main highways wherever possible.
6. Test vehicle alarms before leaving terminals.
7. Plan the route with security in mind and keep a copy of the daily route schedule on file with the dispatcher.
8. Inspect vehicle daily.

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B. Terminal And Consolidation Center

1. Establish security program.
2. Install premises certified alarms on all openings into the terminal (doors, windows, skylights, etc.) or provide security services reporting to central station.
3. Use king pin locks for parked cargo trucks and trailers.
4. Park trailers stored in open yard with compartment doors flush against each other.
5. Keys should be coded for location of lock and for the person to whom the key is assigned. The assigned key should be engraved "Do not duplicate." Supervise the assignment of keys; keep all original keys secured.
6. Keep yard areas fenced with one entrance guarded to control traffic.
7. Do not allow employee parking inside the terminal enclosure.
8. All employees should challenge any stranger on the loading dock.
9. Interline or other drivers should be restricted to a specific dock area.
10. Use employee photo ID's and visitor badges.

ADDITIONAL SECURITY FOR HIGH-VALUE GOODS

A. Over The Road

1. Provide UL approved truck alarm systems that include 60 – 90 day maintenance checks.
2. Periodically rotate drivers among runs if possible.
3. Do not use new or part-time help on major loads.
4. Establish a communications reporting system from vehicles to security centers in terminals at prescribed periodic intervals or use a convoy system.
5. In higher loss potential areas use a random chase vehicle procedure at various times with or without the load driver's knowledge.
6. Mark the tops of trucks and trailers with fluorescent paint to identify the vehicle from the air in the event of a hi-jack.
7. On long hauls, two people should be with the load so that no less than one will be in attendance at all times. Stopovers at sleeping establishments should not be permitted.
8. For particularly valuable loads, the use of an armored car or some other protected means of transportation should be considered.

EXPOSURES AT OTHER THAN CONTROLLED LOCATIONS

A. Locations Under The Control Of Others

1. Select reputable and financially responsible public warehouses. Each should be in good physical condition with appropriate protection devices and controls for the goods being stored.
2. Immediately upon arrival, log in with dispatcher; obtain a written receipt for the delivery of the load.

B. Stops En Route

1. Avoid parking in areas subject to flooding, earthslides or collision from other vehicles.
2. Make sure alarms are "ON".
3. When breaking down tandem loads in a doubles compound, coordinate the arrival of the second tractor with the arrival of the tandem.

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DRIVER PRACTICES

A. General

1. Follow company rules and procedures, such as documentation, safe driving, call-in procedures, equipment breakdowns and vehicle accidents.
2. Do not smoke in the cargo compartment at any time.
3. Close and lock the cargo compartment unless cargo is being loaded or unloaded.
4. Remove keys from the power unit and lock vehicle when driver is absent.
5. Adhere to rules and regulations for hazardous materials.

B. Pickup And Delivery

1. Sign for exact cargo and get signed receipt on delivery.
2. Be certain the persons receiving the cargo are legitimate representatives of the consignee.
3. Accept only freight properly packaged, crated or protected.
4. Handle, load and unload cargo to avoid damage.
5. Be aware of temperature restrictions.
6. Stay with the vehicle during loading/unloading by others to protect other cargo.
7. Make sure hookups and equipment for bulk cargo are proper.

C. En Route

1. Make thorough pre-trip inspection of the unit.
2. Check refrigeration, heating, blocking, chaining, tarps, brakes and tires periodically during the trip.
3. Observe weight and clearance routing restrictions. Be aware of unidentified clearance and weight restrictions.
4. Inspect integrity of vehicle cargo doors, seals and locks upon arrival and before departing each stop.
5. Avoid parking in remote or unlighted areas.
6. Avoid stops or layovers in high crime areas.
7. If trailer must be dropped en route, use king pin lock.
8. Lock vehicle doors while driving.
9. Do not arrive when receiving facilities are closed.
10. Do not disclose cargo over CB.

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SUGGESTED LOSS CONTROL RECOMMENDATIONS
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BROKER PRACTICES

A. Motor Truck Cargo Carrier Insurance

1. Obtain proof from your motor carriers of cargo liability insurance that is in effect at the time of shipment.
2. Verify that the motor carrier's policy limit equals or exceeds:
 - a. The limit of your contingent cargo policy; and
 - b. The value of the cargo for which the motor carrier could be legally liable.
3. Review the motor carrier's policy carefully, including looking for:
 - a. Covered causes of loss;
 - b. What cargo is covered, and what cargo is not covered;
 - c. What limitations there are on refrigeration coverage when the cargo requires temperature control;
 - d. Generally, what are potential coverage gaps.
4. Verify the credit rating of your motor carrier's cargo insurer.

B. Motor Truck Cargo Carrier Operating Authority, Safety Record And Financial Soundness

1. Obtain copies of the operating authority for your cargo carrier.
2. Review your motor carrier's safety record.
 - a. Safersys.org is a government website maintained by the Federal Motor Carrier Safety Administration, which offers company safety data.
 - b. Current financial records of motor carriers are available from the Central Analysis Bureau, a for-profit organization.

C. Refrigerated Shipments

1. Review the motor carrier's procedures for maintaining refrigeration equipment.
2. Review the motor carrier's procedures for the safe handling of refrigerated cargo.
3. Carefully review and communicate to the carrier all instructions related to the handling of refrigerated cargo.

D. Steps To Help Prevent Motor Carrier Liability

1. Do not identify yourself as a carrier, on the bill of lading, in a contract or in any other context in a transaction in which you are acting as a broker.
2. In dealing with your customers, do not identify carriers as part of your operation.
3. Do not make guarantees to your customers to control all aspects of the cargo delivery.
4. Communicate with the motor carriers, not the driver.
5. Carefully review contracts with shippers to help prevent taking on the legal liability of a motor carrier.

TRIP TRANSIT APPLICATION

SECTION I – GENERAL		
	Applicant	Producer
Name		
Address		
Telephone Number		
Web Site Address		
Proposed Policy Term		
From:		
To:		
Annual Income		
Last Year: \$		
Estimated Current Year: \$		
Applicant's Business		
Nature Of:		
Number Of Years In Business:		
Contact For Inspection		
Name:		
Telephone Number:		
Email Address:		

SECTION II – GENERAL INFORMATION (Complete all that apply.)	
1.	Describe the property being shipped:
2.	What is the value of the property shipped, and the average value and maximum value of any one item?
23.	Regarding the method of conveyance:
a.	Indicate the method of conveyance, limits of insurance and deductible:
	<u>Carrier For Hire:</u>
<u>Motor Truck</u>	<input type="checkbox"/>
<u>Messenger</u>	<input type="checkbox"/>
<u>Railroad</u>	<input type="checkbox"/>
<u>Airline</u>	<input type="checkbox"/>
<u>Vehicle You Own Or Operate</u>	<input type="checkbox"/>

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SECTION II – GENERAL INFORMATION (Cont'd)

b. If method of conveyance indicated in **a.** is by carrier for hire, indicate which of the following applies:

- Common Carrier**
 Contract Carrier

Conveyance

Limits Of Insurance

<input type="checkbox"/>	Railroad	\$
<input type="checkbox"/>	Your Vehicles	\$
<input type="checkbox"/>	Contract Carriers	\$
<input type="checkbox"/>	Common Carriers	\$
<input type="checkbox"/>	Air Carriers	\$
<input type="checkbox"/>	Messenger	\$

Deductible: \$

SECTION II – GENERAL INFORMATION (Cont'd)

- 34.** Regarding the goods being shipped:
- a.** What is the point of departure and the destination?
 - b.** What is the distance the shipment will travel?
 - c.** What is the time required to complete the shipment?
 - d.** What is the route the shipment will take from the point of departure to the final destination?
 - e.** How are the goods protected from damage and theft?
 - f.** What types of packing materials are used to reduce damage?
 - g.** Are containers used to reduce handling and pilferage losses?

45. ~~What types of vehicles do you operate, and what protective devices are installed on each vehicle?~~ Describe the type of vehicle(s) you own or operate, including any protective devices installed, that will be used for the shipment of the property.

56. Are loaded vehicles parked unattended overnight?

67. ~~Are the employees that pack, load and unload the shipments reliable and trained in the proper handling of the shipments?~~ Describe any trainings you provide or require for your employees, including any educational safe driver training programs for your drivers.

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78. What are the qualifications and experience of the carrier(s) for hire in handling the type of goods you will be shipping?

89. Is any release of values/liability given to the carrier(s) for hire? If so, provide details:

10. Indicate the following for the terminals:

<u>Terminal Location</u>	<u>Construction Type</u>	<u>Year Built</u>	<u>Sprinklered</u>	<u>Public Protection Class</u>

SECTION III – PROTECTION OF PROPERTY
(Provide details for all that apply.)

1. Is guard service employed at the terminals?

2. Are terminal/storage areas locked at all times when unoccupied?

3. Are approved central station burglar alarms installed and maintained?

4. Are working security cameras and video recording equipment used to continually monitor the terminal yards and surrounding areas?

5. Are trailers and box trucks containing hazardous or flammable cargo stored in a secured and protected area of the terminal?

6. Are there any hazardous or flammable materials used or stored at the terminals?

7. Are there fire doors and fire stops between the various areas within the terminals?

8. Are the terminals and loading dock areas in a separate building from the garage and equipment maintenance areas or separated by a fire wall(s)?

9. Are the terminals equipped with a recognized approved central station fire alarm system and fire extinguishers?

10. Regarding the terminals:

a. Are there any private protection improvements?

b. What is the distance in feet to the nearest fire hydrant?

c. What is the distance in miles to the nearest responding fire department?

d. Are no-smoking rules clearly posted and enforced?

- 11.** Are any commodities stored in basements or subbasements? If so, are they stored off the ground, and are the storage areas equipped with a water detection system?
- 12.** Are maintenance records kept for all protection devices?

SECTION IV – LIMITS OF INSURANCE AND DEDUCTIBLES REQUESTED
(Complete all that apply.)

	<u>Limits Of Insurance</u>
1. <u>Covered Shipment</u>	\$
2. <u>Additional Coverages</u> <u>If limits of insurance other than those shown in a. through c. below are desired, indicate the requested limit(s)</u>	
a. <u>Debris Removal Additional Limit (\$5,000)</u>	\$
b. <u>Pollutant Cleanup and Removal (\$10,000)</u>	\$
c. <u>Preservation of Property Expense (\$5,000)</u>	\$

SECTION III – ADDITIONAL INFORMATION

Insurance companies during the last three years:

Provide information regarding the date, cause and amount of all losses during the last three years whether insured or uninsured:

List of any additional information attached with this application:

Attach copy of any contract(s) you have with the carrier(s) for hire for this shipment.

PLEASE COMPLETE SIGNATURE BLOCK ON LAST PAGE

FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO ALABAMA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

FRAUD STATEMENT TO ARIZONA APPLICANTS

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

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FRAUD STATEMENT TO ARKANSAS APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO COLORADO APPLICANTS

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FRAUD STATEMENT TO FLORIDA APPLICANTS

Any person who knowingly, and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

FRAUD STATEMENT TO HAWAII APPLICANTS

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

FRAUD STATEMENT TO IDAHO APPLICANTS

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO KANSAS APPLICANTS

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer or insurance agent or broker, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

FRAUD STATEMENT TO KENTUCKY APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

FRAUD STATEMENT TO LOUISIANA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MAINE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

FRAUD STATEMENT TO MARYLAND APPLICANTS

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MINNESOTA APPLICANTS

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

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FRAUD STATEMENT TO NEW HAMPSHIRE APPLICANTS

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

FRAUD STATEMENT TO NEW JERSEY APPLICANTS

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

FRAUD STATEMENT TO NEW YORK APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

FRAUD STATEMENT TO OHIO APPLICANTS

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO OREGON APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A. The misinformation is material to the content of the policy;
- B. We relied upon the misinformation; and
- C. The information was either:
 - 1. Material to the risk assumed by us; or
 - 2. Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT TO PUERTO RICO APPLICANTS

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Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

FRAUD STATEMENT TO TENNESSEE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO VIRGINIA APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO WASHINGTON APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

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<p>Insured (Applicant):</p> <p>Application Completed By (print name):</p> <p>Signature:</p> <p>Title:</p> <p>Date:</p>

TRIP TRANSIT DECLARATIONS

COMPANY NAME AREA	PRODUCER NAME AREA
--------------------------	---------------------------

LIMIT OF INSURANCE	
COVERED SHIPMENT	\$ _____
<u>Additional Coverages</u>	
<u>Debris Removal Additional Limit</u>	\$ _____
<u>Pollutant Cleanup and Removal</u>	\$ _____
<u>Preservation of Property Expense</u>	\$ _____

COVERED PROPERTY
COVERED PROPERTY CONSISTING PRINCIPALLY OF:

POINT OF DEPARTURE TO DESTINATION
FROM THE FOLLOWING LOCATION

TO THE FOLLOWING LOCATION

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POINT OF DEPARTURE TO DESTINATION (Cont'd)	
COVERAGE SHIPMENT BEGINS ON OR ABOUT	_____
COVERAGE SHIPMENT ENDS APPROXIMATELY	_____

MODE OF TRANSPORTATION APPLICABLE (Check appropriate box)	
CONTRACT CARRIER	<input type="checkbox"/>
OTHER THAN CONTRACT CARRIER FOR HIRE:	
<u>MOTOR TRUCK</u>	<input type="checkbox"/>
BY MESSENGER	<input type="checkbox"/>
BY RAILROAD	<input type="checkbox"/>
BY AIRLINE CARRIER	<input type="checkbox"/>
BY YOUR VEHICLE YOU OWN OR OPERATE	<input type="checkbox"/>

TERMINALS (Check appropriate box)	
PROPERTY AT TERMINALS, BUT WE WILL COVER ONLY AT THE FOLLOWING TERMINALS:	<input type="checkbox"/>
1.	
2.	
3.	
PROPERTY AT UNSPECIFIED TERMINALS	<input type="checkbox"/>

DEDUCTIBLE	\$ _____
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PREMIUM	
PREMIUM FOR THIS SHIPMENT	\$ _____

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SPECIAL PROVISIONS (if any)

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TRIP TRANSIT 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.

A. Coverage

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

1. Covered Property

a. Covered Property, as used in this Coverage Form, means property described in the Declarations that is:

- (1) Owned by you; or
- (2) The property of others in your care, custody or control.

~~the property described in the Declarations.~~

2. When Coverage Applies

We cover property:

a. While in the custody of the carrier or messenger for hire until the property is delivered to its destination and accepted by the consignee or its representative.:

- (1) Until the property is delivered at its destination; or
- (2) If the property is not delivered until it is returned to you.

~~We also cover the property held temporarily in storage prior to delivery to its destination or its return to you.~~

b. In or on any vehicle you own or operate while in transit from the time the vehicle leaves the premises where the shipment begins until the vehicle arrives at its destination and is accepted by the consignee or its representative, including while being loaded or unloaded in or from the vehicle.

c. At a terminal, including a warehouse or other storage area, for up to 72 hours (excluding Sundays and holidays). However, if the following is shown as applicable in the Declarations:

- (1) Property at Terminals whose locations are specified; or
- (2) Property at Unspecified Terminals;

then the time limitation for coverage at Terminals does not apply.

If the property is not delivered or refused by a consignee, we cover the property until it is delivered to its return destination.

3. 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, costume jewelry, precious or semi-precious stones, gold, silver, platinum or other precious metals or alloys, unless specifically scheduled;

c. Coins or stamps;

d. Live animals, unless specifically scheduled; except when death, or injury requiring an animal to be killed, is caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form;

de. Paintings, or other works Works of art, unless specifically scheduled; or

ef. Contraband, or property in the course of illegal transportation or trade;

g. Property in the custody of a government postal service;

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. The vehicle(s) carrying the property;

j. Intermodal containers, unless included in the value of the shipment; or

k. Property of others for which you have responsibility as a carrier for hire or as a broker, carloader, consolidator, freight forwarder, shipping association or similar arranger of transportation operation.

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4. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

5. Additional Coverages

The Limits of Insurance shown in Paragraph **A.5. Additional Coverages** are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property, except with respect to Debris Removal Additional Coverage in Paragraph **A.5.a.(3)**.

a. Debris Removal

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

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss or damage to Covered Property; plus

(b) The deductible in this Policy applicable to that loss or damage.

(3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:

(a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or

(b) The debris removal expense exceeds the amount payable under the 25% limitation;

we will pay up to an additional \$5,000, unless a different Limit Of Insurance is shown in the Declarations, in any one occurrence under this Additional Coverage.

(4) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

b. Preservation Of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 10 days after the property is first moved.

6. Additional Coverages

The Limits of Insurance shown in Paragraph **A.6. Additional Coverages** are separate from, and will not reduce, the Limit Of Insurance shown in the Declarations as applicable to the Covered Property.

a. Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$10,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during the policy period.

b. Preservation Of Property Expense

We will pay the necessary expenses incurred to move or store Covered Property to preserve it from loss or damage by a Covered Cause of Loss.

The most we will pay under this additional coverage is \$5,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations. This Additional Coverage shall not exceed 10 days from the time the covered property is first moved.

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B. Exclusions

1. We will not pay 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

Nuclear reaction or radiation, or radioactive contamination, however caused.

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. We will not pay for loss or damage caused by or resulting from any of the following:

~~a. Denting, chipping, marring or scratching. Improper packing or stowage, or rough handling by:~~

- ~~(1) You; or~~
- ~~(2) Any agent or representative of you or the consignee.~~

b. Delay, loss of use, loss of market or any other consequential loss.

c. Dishonest or criminal act committed by:

(1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees, or authorized representatives;

(2) A manager or a member if you are a limited liability company; or

(3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

~~d. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by the "specified causes of loss".~~

~~e. Voluntary parting with any property by you or anyone (except carriers for hire) entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.~~

~~ef. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.~~

~~But this exclusion does not apply to:~~

~~(1) Covered Property that is entrusted to others who are carriers for hire; or~~

~~(2) Theft of an entire shipping package. But Exclusion **B.2.c.** still applies.~~

This exclusion applies whether or not an act occurs during your normal hours of operation.

~~eg. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.~~

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3. We will not pay for loss or damage caused by or resulting from 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. Wear and tear, depreciation.
- b. ~~Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration.~~ Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.
- c. Mechanical breakdown including rupture (or bursting caused by centrifugal force), malfunction or failure to operate.
- d. ~~Insects, vermin, rodents.~~ Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- e. ~~Corrosion, rust, dampness, extremes of temperature.~~ Dampness or dryness of atmosphere.
- f. Changes in or extremes of temperature.

However, with respect to Paragraphs 3.c., 3.e. and 3.f., we will pay for such loss caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

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

- 1. 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 Limits 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.
- 2. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

E. Additional Conditions

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

Coverage Territory

- 1. We cover property in transit within:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.
- 2. We also cover property being shipped by air within and between points in Paragraph 1.

F. Definitions

1. "Accident" means:

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

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

3. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; "water damage".

a. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This Cause of Loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

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c. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

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**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

**SECTION I
SAMPLE INSTRUCTIONS**

1. GENERAL

Refer to the sample instructions for all classes for general information regarding the Handbook and policywriting and rating considerations, policy terms, payment plans, midterm adjustments and cancellations.

2. COVERAGE

Many companies or individuals have goods that they own shipped from one point to another on an individual trip basis. The shipment is handled by common or contract carriers (shipping companies) and, in incidental cases, directly by the company or individual. A Trip Transit policy may also be issued to the carrier.

This policy provides coverage for the transportation exposures of most types of property (several categories are excluded). The policy generally does not have an expiration date but is written for the duration of the trip. Thus, coverage will continue in force if something unforeseen occurs to extend the trip. Trip Transit Coverage Form **IH 00 78** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17** to form a policy to cover most goods being shipped against risks of direct physical loss or damage.

IH 00 78 is designed to cover within the United States of America, its territories and possessions and Canada. Special consideration can be given to a company needing coverage outside of these territorial limits.

Separate limits of insurance can apply to different types of carriers, consistent with the needs of the insured. For example, the value of property transported by a messenger will usually be less than the value of property transported by public truckers.

3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit the Trip Transit Application **IH AP 78**, or an equivalent application, signed by the insured.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

4. DEDUCTIBLE

A standard deductible used with Trip Transit policies is \$500. The rates found in the loss cost section reflect a \$500 deductible.

Ranges of factors that can apply to higher deductibles are:

Deductible	Range Of Factors
\$ 1,000 - 2,499	.98 to .80
2,500 - 4,999	.95 to .75
5,000 - 10,000	.90 to .60
Over 10,000	Less than .85

Table 4. Deductible Factors

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

5. PREMIUM CALCULATION

A. Company Rate

A means for determining the premium may be to use the rate from the loss cost section for the goods being shipped.

B. Distance And Number Of Days Of The Trip

The factors in this Table may be used to modify the rate determined in A. to reflect the distance of the trip and the anticipated number of days coverage is needed:

		Distance In Miles				
		0 – 250	251 – 500	501 – 1,000	1,001 – 2,000	Over 2,000
Number	1	1.00	1.05	1.10	1.20	1.25
	2	1.20	1.25	1.30	1.40	1.45
Of	3	1.40	1.45	1.50	1.60	1.65
	4	1.60	1.65	1.70	1.80	1.85
Days	5	1.80	1.85	1.90	2.00	2.05
	More Than 5	2.00	2.05	2.10	2.20	2.25

Table 5.B. Distance/Number Of Days Factors

C. Premium

The premium may be determined by multiplying the limit of insurance by the company rate.

6. POLICYWRITING MINIMUM PREMIUM

Apply a minimum premium. See the loss cost section.

**INLAND MARINE HANDBOOK
POSSIBLE LOSS COSTS – TRIP TRANSIT**

**SECTION II
POSSIBLE LOSS COSTS**

5. PREMIUM CALCULATION

A. Company Rates

.02 — .50 Loss Cost

RESERVED FOR FUTURE USE

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
TRIP TRANSIT**

**SECTION III
PREMIUM CALCULATION WORKSHEET**

Name of insured, address including zip code

Coverage Begins on or about _____ **Coverage Ends approximately** _____

Number Of Days _____ **Days** **Distance** _____ **Miles**

Type Of Property Covered _____

Value Of Shipment \$ _____

Limit Of Insurance \$ _____

Mode Of Transportation _____

Contract Carrier

Other Than Contract Carrier

By Vehicles Of Others

By Your Vehicles

By Messenger

By Railroad

By Air Carrier

Deductible \$ _____

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET –
TRIP TRANSIT**

PREMIUM FOR TRIP TRANSIT POLICY

A. Calculate the rate

$$\begin{array}{ccccccc} \text{[Blank Box]} & \times & \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \text{[Blank Box]} \\ \text{Loss Cost} & & \text{Loss Cost} & & \text{Distance/Number} & & \text{Rate} \\ & & \text{Multiplier} & & \text{Of Days Factor} & & \\ & & & & \text{From Table 5.B.} & & \end{array}$$

B. If applicable, modify the rate to reflect a deductible other than standard

$$\begin{array}{ccccccc} \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \text{[Blank Box]} \\ \text{Rate} & & \text{Deductible Factor} & & \text{Modified Rate} \end{array}$$

C. Calculate the Policy Premium

$$\begin{array}{ccccccc} \text{[Blank Box]} & \times & \$ & \text{[Blank Box]} & = & \$ & \text{[Blank Box]} \\ \text{Modified Rate} & & & \text{Limit Of Insurance} & & & \text{Policy Premium} \\ & & & \text{(in 100's)} & & & \end{array}$$

INLAND MARINE HANDBOOK GENERAL UNDERWRITING CONSIDERATIONS – TRIP TRANSIT

SECTION IV GENERAL UNDERWRITING CONSIDERATIONS

GENERAL

Trip Transit policies cover the value of a specific shipment. The insured usually hires a carrier to transport the shipment. However, the insured may also transport its own goods. A Trip Transit policy may also be written for the interest of the carrier that is not the owner of the goods.

The policy covers the goods for the period the carrier has possession while contained in or on the transporting vehicle. The goods may be shipped by truck, railroad or air carrier or may be waterborne, but the trip usually begins and ends by truck. Frequently, goods are transported by a combination of these modes. Of these, trucking is considered by most underwriters to be the most hazardous. A Trip Transit policy is a "one shot" proposition; thus, if a loss occurs the risk will not be profitable.

There will be considerable variation in the types of goods shipped. Therefore, the underwriter must give considerable thought to the damageability of the goods and their attractiveness to thieves while considering accepting this type of risk and the premium to be charged.

SHIPPER

The underwriting process starts with a review of the prior experience of the insured owner. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Loss experience
- Current financial records
- Number of years in business
- Current status of labor relations

TYPE OF CARRIER – SUBROGATION

If a common or contract carrier is involved, determine the potential for subrogation from the carrier. Common and contract carriers have different degrees of liability for goods in their possession. Contract carriers have liability only if they are held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for:

- Acts of God
- Acts of the Public Enemy
- Exercise of Public Authority
- Fault or Neglect on the part of the Shipper
- Inherent Vice or the Nature of the Property

The insured may transport a shipment in its own vehicle(s). Subrogation would not be available to the insurer in these instances.

INLAND MARINE HANDBOOK GENERAL UNDERWRITING CONSIDERATIONS – TRIP TRANSIT

CONTRACTUAL

The policy should state clearly when the shipment begins and ends.

If a sale is involved, the contract of the sale should be reviewed to determine the point at which the title passes and the buyer assumes ownership. There are several categories of uniform sales contracts that provide changes in title. The most common domestic sales contracts are Free On Board (F.O.B.) Point of Shipment or Point of Destination. In the former, the title passes when the goods are in the care, custody or control of the carrier and a clean bill of lading has been issued. In the latter, the title passes when the carrier tenders proper delivery upon the arrival of the goods at the final destination.

Bills of Lading are also contracts that the underwriter should have knowledge of. The Bill of Lading is issued by the carrier as:

- A receipt for the goods being transported; and
- The contract of cartage between the carrier and the shipper

There are four common types of Bills of Lading; notably, Released, Straight, Order and Through. In a Released Bill of Lading a carrier is released from liability above a specified amount. Thus a Released Bill will tend to decrease the amount of subrogation the insurer has against the carrier. A Straight Bill of Lading does not include any limitation placed on the value of the shipment by the carrier. An Order Bill of Lading is extensively used in ocean commerce. It may place a limitation on the value of the goods and it also serves as a method of shipping goods C.O.D. Finally, a Through Bill of Lading is one that is used when there is more than one carrier on the Bill of Lading.

GOODS

As respects the goods being shipped, it is important to:

- Determine the type, quality and condition of the goods
- Determine their susceptibility to loss or damage and evaluate any protection afforded
- Consider the attractiveness of the goods to thieves. If the goods are attractive to thieves, evaluate the:
 - Protection afforded against theft (including hi-jacking)
 - Use of containers to reduce handling and pilferage losses

PACKAGING

Evaluate the adequacy of the packing materials for the loading, shipment and unloading.

LOADING/UNLOADING

Determine that qualified employees will handle loading and unloading the shipment.

SHIPMENT

Particular attention should be paid to the following:

- The distance the shipment will travel
- The amount of time required to complete the shipment—goods shipped over long distances represent greater risks of loss than those shipped over short distances
- The route the shipment will take

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS –
TRIP TRANSIT**

OTHER COVERAGES

A. Exhibition

The shipment may involve delivery to an Exhibition Hall. A request may be made to endorse the policy to cover at the exhibition. The underwriter should give consideration to the potential for theft at the Exhibition Hall.

B. Loss Of Use

Coverage may be sought for loss of use. The underwriter must give careful consideration to the nature of the property being shipped as it may, if lost or damaged, create a bottleneck and trigger a substantial consequential loss.

C. Other Insurance

Underwriters should consider whether they are providing excess insurance or writing on a primary basis when asked to participate on a risk written by others.

D. Property Covered

Additional Covered Property Endorsement **IH 99 19** can be attached to provide coverage for items of property not otherwise covered.

RESERVED FOR FUTURE USE

**INLAND MARINE HANDBOOK
SUGGESTED LOSS CONTROL RECOMMENDATIONS –
TRIP TRANSIT**

**SECTION V
SUGGESTED LOSS COST CONTROL RECOMMENDATIONS**

GENERAL

The Loss Control function consists of two elements—Loss Prevention and Loss Reduction.

The purpose of Loss Prevention is to reduce the frequency of loss.

The purpose of Loss Reduction is to reduce the severity of loss.

A single action frequently impacts both loss frequency and loss severity.

The following recommendations may be shared with the loss control representative.

DEDUCTIBLE

The sample policy in this Handbook contains a deductible clause. The amount of the deductible may be changed to reflect the amount of risk the insured desires to retain.

Additionally, the insured and insurer may agree to have different deductible amounts apply to different goods in order to reduce loss frequency.

CONTRACTS

Attempt to avoid receiving Restricted Bills of Lading from the carrier. These reduce the carriers' financial responsibility for a shipment.

MANAGEMENT PRACTICES

- **A.** Appoint reliable employees to pack, load and unload the shipment respecting the susceptibility of the shipment to loss or damage.
- **B.** Select reputable and financially responsible carriers. Each should have the capability of handling the types of goods you will be shipping.
- **C.** Review shipping documents for legal sufficiency.
- **D.** If the destination of the shipment is under your control, make sure responsible employees will be available to receive it.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

SECTION I
SAMPLE INSTRUCTIONS

1. GENERAL

Refer to the sample instructions for all classes for general information regarding the Handbook and policywriting and rating considerations, policy terms, payment plans, midterm adjustments and cancellations.

2. COVERAGE

A. Basic Coverage

Many companies or individuals have goods that they own shipped from one point to another on an individual trip basis. The shipment is handled by carriers for hire and, in incidental cases, directly by the company or individual. A Trip Transit policy may also be issued to the carrier.

This policy provides coverage for the transportation exposures of most types of property (several categories are excluded). The policy generally does not have an expiration date but is written for the duration of the trip. Thus, coverage will continue in force if something unforeseen occurs to extend the trip. Trip Transit Coverage Form **IH 00 78** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17** to form a policy to cover most goods being shipped against risks of direct physical loss or damage.

IH 00 78 is designed to cover within the United States of America, its territories and possessions and Canada. Special consideration can be given to a company needing coverage outside of these territorial limits.

Additionally, Form **IH 00 78** contains provisions that provide limited coverage for Additional Coverages with built-in policy limits that can be amended on the Declarations where applicable.

The limits for the following Additional Coverages are provided within, not in addition to, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

1. Debris Removal – up to 25% of the Limit of Insurance for the direct physical loss or damage to covered property plus the policy deductible applicable to the loss. There is up to an additional \$5,000 limit available if (a) the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or (b) the debris removal expense exceeds the amount payable under the 25% limitation.
2. Preservation Of Property – for up to 10 days after the property is first moved.

The limits for the following Additional Coverages are separate from, and will not reduce, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

1. Pollutant Cleanup And Removal – up to \$10,000
2. Preservation Of Property Expense – up to \$5,000

B. Optional Coverages

Terminals

The policy provides coverage for goods being kept in terminals for up to 72 hours. However, if either named or unspecified terminals is shown as applicable in the Declarations, then the time limitation does not apply.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

1. Named Terminals

The policy may be broadened to provide coverage for goods being kept in named terminals. Each terminal location must be specified in the Declarations. An additional premium is usually required. Refer to Instruction 6.

2. Unspecified Terminals

The policy may also be broadened to cover goods at unspecified terminals. An additional premium is usually required. Refer to Instruction 6.

C. Endorsements

1. Theft From Unattended Vehicle Exclusion

Trip Transit policies cover the theft of goods from vehicles. Coverage Form **IH 00 78** may be endorsed to exclude coverage for theft of goods from unattended vehicles whose compartments, doors and windows are not closed and locked and whose alarm, if so equipped, is not actively engaged. Theft From Unattended Vehicle Exclusion Endorsement **IH 99 23** may be used in these situations.

2. Spoilage And Loss Due To FDA Regulation Coverage

Shipped goods may include perishable stock for which spoilage coverage may be desired. Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be used for spoilage of perishable stock caused by one or more of the following:

a. Breakdown or contamination, meaning change in temperature or humidity resulting from:

(1) Breakdown or failure of equipment.

(2) Mistake in setting or maintaining the temperature or humidity levels of equipment.

Including contamination of stock by the refrigerant.

b. Power outage, meaning change in temperature or humidity resulting from on or off-premises power failure.

c. Food and Drug Administration (FDA) Regulation, meaning loss of covered property due solely to U.S. FDA regulations that deem such property to be adulterated.

In the Schedule of Endorsement **IH 99 32** the following can be indicated:

a. The deductible for the coverages.

b. The existence of Refrigeration Maintenance Agreement(s), if applicable.

c. One or more of the covered causes of loss depending on the coverage desired: Breakdown or Contamination, Power Outage, FDA Regulation.

3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit the Trip Transit Application **IH AP 78**, or an equivalent application, signed by the insured.

Consideration may also be given to requesting the rerating of a risk when a materially changed condition results in the current rate being inequitable.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

4. DEDUCTIBLE

A standard deductible used with Trip Transit policies is \$500. The rates found in the Possible Loss Costs Section reflect a \$500 deductible.

Ranges of factors that can apply to higher deductibles are:

<u>Deductible</u>	<u>Range Of Factors</u>
\$ <u>1,000 = 2,499</u>	<u>.98 to .80</u>
<u>2,500 = 4,999</u>	<u>.95 to .75</u>
<u>5,000 = 10,000</u>	<u>.90 to .60</u>
<u>Over 10,000</u>	<u>Less than .85</u>

Table 4. Deductible Factors

The deductible that applies to the Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be different from the deductible applicable to the remainder of the policy.

5. CLASSIFICATIONS

Spoilage And Loss Due To FDA Regulation Coverage

Goods shipped may be classified in accordance with a Classification Table such as the one below. The Table attempts to recognize susceptibility to damage caused by change in temperature or humidity. Goods that fall into Class 1 present lower risks. The risk increases for goods in Class 2. Goods listed in Class 3 have the highest risks.

Classify any other goods whose properties presently (or in the future) consistently present a Moderate, Moderate To High or High Risk of damage caused by change in temperature or humidity.

Refer to the Possible Loss Costs section for loss costs applicable for each risk class in Table 5. Spoilage And Loss Due To FDA Regulation Coverage Classifications. If the goods shipped are comprised of commodities from multiple classes, use the rate for the highest risk class unless the lower risk class is transported over 80% of the time.

<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>
<u>Low Risk</u>	<u>Moderate Risk</u>	<u>Moderate-To-High Risk</u>
<u>Bakery Goods</u> <u>Beer and Wine</u> <u>Canned Goods</u> <u>Cheese</u> <u>Fruits and Vegetables</u>	<u>Beverages (non-alcoholic)</u> <u>Non-frozen Dairy Products</u> <u>Eggs</u> <u>Meat and Poultry</u>	<u>Frozen Dairy Products, Including</u> <u>Ice Cream</u> <u>Flowers</u> <u>Frozen and Refrigerated Products,</u> <u>NOC</u> <u>Non-frozen Seafood</u>

Table 5. Spoilage And Loss Due To FDA Regulation Coverage Classifications

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

6. PREMIUM CALCULATION

A means for determining the annual premium for the applicable coverage is as follows:

A. Basic Coverage

1. Select an appropriate loss cost from the Possible Loss Costs Section.
2. Based on the distance of the trip and the anticipated number of days, modify the selected loss cost from Paragraph 1. by an appropriate factor from the table below.

		<u>Distance In Miles</u>				
		<u>0 – 250</u>	<u>251 – 500</u>	<u>501 – 1,000</u>	<u>1,001 – 2,000</u>	<u>Over 2,000</u>
<u>Number</u>	<u>1</u>	<u>1.00</u>	<u>1.05</u>	<u>1.10</u>	<u>1.20</u>	<u>1.25</u>
	<u>2</u>	<u>1.20</u>	<u>1.25</u>	<u>1.30</u>	<u>1.40</u>	<u>1.45</u>
<u>Of</u>	<u>3</u>	<u>1.40</u>	<u>1.45</u>	<u>1.50</u>	<u>1.60</u>	<u>1.65</u>
	<u>4</u>	<u>1.60</u>	<u>1.65</u>	<u>1.70</u>	<u>1.80</u>	<u>1.85</u>
<u>Days</u>	<u>5</u>	<u>1.80</u>	<u>1.85</u>	<u>1.90</u>	<u>2.00</u>	<u>2.05</u>
	<u>More Than 5</u>	<u>2.00</u>	<u>2.05</u>	<u>2.10</u>	<u>2.20</u>	<u>2.25</u>

Table 6.A.2. Distance/Number Of Days Factors

3. Multiply the result from Paragraph 2. by the applicable company loss cost multiplier.
4. Multiply the result from Paragraph 3. by the applicable factor from Table 4. Deductible Factors.
5. To determine the premium of Basic Coverage, multiply the result from Paragraph 4. by the Limit of Insurance in \$100s.

B. Optional Coverages

1. Named Terminals

- a. Select an appropriate loss cost from the Possible Loss Costs Section.
- b. Multiply the selected loss cost by the applicable company loss cost multiplier.
- c. Multiply the rate from Paragraph b. by the applicable factor from Table 4. Deductible Factors.
- d. To determine the premium for Named Terminals Optional Coverage, multiply the result from Paragraph c. by the Limit of Insurance in \$100s applicable to the covered shipment.

2. Unspecified Terminals

- a. Select an appropriate loss cost from the Possible Loss Costs Section.
- b. Multiply the selected loss cost by the applicable company loss cost multiplier.
- c. If applicable, modify the rate to reflect a deductible other than standard by multiplying the rate from Paragraph b. by the applicable deductible factor from Table 4. Deductible Factors.
- d. To determine the premium for Unspecified Terminals Optional Coverage, multiply the result from Paragraph c. by the Limit of Insurance in \$100s applicable to the covered shipment.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

C. Additional Coverages

To calculate the company rate referenced in Paragraphs 1. through 3., select the appropriate loss cost(s) in the Possible Loss Costs Section and multiply the selected loss cost(s) by the applicable company loss cost multiplier.

1. Debris Removal

- a. If the selected limit is greater than \$5,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in \$100's) in excess of \$5,000.
- b. If the selected limit is less than \$5,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in \$100's) between \$5,000 and the selected limit.

2. Pollutant Cleanup And Removal

- a. If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in \$100's) in excess of \$10,000.
- b. If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in \$100's) between \$10,000 and the selected limit.

3. Preservation Of Property Expense

- a. If the selected limit is greater than \$5,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in \$100's) in excess of \$5,000.
- b. If the selected limit is less than \$5,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in \$100's) between \$5,000 and the selected limit.

D. Endorsements

1. Spoilage And Loss Due To FDA Regulation Coverage

- a. Classify property covered under this endorsement as Low Risk (Class 1), Moderate Risk (Class 2) or Moderate-to-high Risk (Class 3), referencing Table 5. Spoilage And Loss Due To FDA Regulation Coverage Classifications as a guide and applying appropriate underwriting judgment.
- b. For each insured class, do the following to obtain the class's premium:
 - (1) Select an appropriate loss costs from the Possible Loss Costs Section.
 - (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
 - (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
 - (4) Multiply the result from Paragraph (3) by the basic coverage Limit of Insurance in \$100's.
- c. To obtain the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage, sum the premium of each insured class from Paragraph b.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

2. Theft From Unattended Vehicle Exclusion

A premium credit may be calculated by multiplying the total premium for Basic Coverage calculated in Paragraph 6.A. by a factor between 0 to 0.50.

7. POLICYWRITING MINIMUM PREMIUM

Apply a minimum premium. See the Possible Loss Costs Section.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

RESERVED FOR FUTURE USE

**INLAND MARINE HANDBOOK
POSSIBLE LOSS COSTS
TRIP TRANSIT POLICIES**

SECTION II
POSSIBLE LOSS COSTS

6. PREMIUM CALCULATION

All loss costs are per \$100 of limit of insurance.

A. Basic Coverage

<u>Loss Cost Range</u>
<u>\$0.02 – \$0.70</u>

B. Optional Coverages

1. Named Terminals

<u>Loss Cost Range</u>
<u>\$0.05 – \$1.70</u>

2. Unspecified Terminals

<u>Loss Cost Range</u>
<u>\$0.05 – \$1.70</u>

C. Additional Coverages

1. Debris Removal

<u>Loss Cost Range</u>
<u>\$0.01 – \$0.03</u>

2. Pollutant Cleanup And Removal

<u>Loss Cost Range</u>
<u>\$0.01 – \$0.10</u>

3. Preservation Of Property Expense

<u>Loss Cost Range</u>
<u>\$0.08 – \$0.13</u>

D. Endorsements

<u>Loss Cost Range</u>		
<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>
<u>\$0.45 – \$2.20</u>	<u>\$0.55 – \$2.60</u>	<u>\$0.65 – \$3.50</u>

Table 6.D. Spoilage And Loss Due To FDA Regulation Coverage

**INLAND MARINE HANDBOOK
POSSIBLE LOSS COSTS
TRIP TRANSIT POLICIES**

7. POLICYWRITING MINIMUM PREMIUM

Refer to company.

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

SECTION III
PREMIUM CALCULATION WORKSHEET

Name Of Insured, Address Including ZIP Code

Shipment Begins On Or About _____ **Shipment Ends Approximately** _____

Number Of Days _____ **Distance** _____ **Miles**

Type Of Property Covered _____

Value Of Shipment **\$** _____

Limit Of Insurance **\$** _____

Mode Of Transportation: _____

Carrier For Hire:

- Motor Truck**
- Messenger**
- Railroad**
- Airline**

Vehicle You Own Or Operate

Deductible **\$** _____

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

A. PREMIUM FOR BASIC COVERAGE

1. Select Basic Coverage Loss Cost

2. Apply Distance/Number of Days Factor

<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Loss Cost</u>	x	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Distance/Number Of Days Factor</u>	=	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Modified Basic Coverage Loss Cost</u>
--	---	--	---	---

3. Calculate Basic Coverage Rate

<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Modified Basic Coverage Loss Cost</u>	x	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Loss Cost Multiplier</u>	=	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Rate</u>
---	---	--	---	---

4. Apply Deductible Factor

<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Rate</u>	x	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Deductible Factor</u>	=	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Final Basic Coverage Rate</u>
---	---	---	---	---

5. Calculate Basic Coverage Premium

<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Final Basic Coverage Rate</u>	x	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Limit Of Insurance (in \$100's)</u>	=	\$	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Basic Coverage Premium</u>
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B. PREMIUM FOR OPTIONAL COVERAGES

1. Named Terminals

a. Calculate The Named Terminal Rate

<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Named Terminal Loss Cost</u>	x	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Loss Cost Multiplier</u>	=	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <u>Named Terminal Rate</u>
--	---	--	---	---

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

B. PREMIUM FOR OPTIONAL COVERAGES (Continued)

b. Apply Deductible Factor

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\ \text{Named Terminal Rate} & & \text{Deductible Factor} & & \text{Final Named Terminal Rate} \end{array}$$

c. Calculate The Named Terminal Premium

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \$ & \text{[Grey Box]} & = & \$ & \text{[Grey Box]} \\ \text{Final Named Terminal Rate} & & & \text{Limit Of Insurance} & & & \text{Named Terminal Premium} \end{array}$$

2. Unspecified Terminals

a. Calculate The Unspecified Terminal Rate

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\ \text{Unspecified Terminal Loss Cost} & & \text{Loss Cost Multiplier} & & \text{Unspecified Terminal Rate} \end{array}$$

b. Apply Deductible Factor

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \text{[Grey Box]} & = & \text{[Grey Box]} \\ \text{Unspecified Terminal Rate} & & \text{Deductible Factor} & & \text{Final Unspecified Terminal Rate} \end{array}$$

c. Calculate The Unspecified Terminal Premium

$$\begin{array}{ccccc} \text{[Grey Box]} & \times & \$ & \text{[Grey Box]} & = & \$ & \text{[Grey Box]} \\ \text{Final Unspecified Terminal Rate} & & & \text{Limit Of Insurance} & & & \text{Unspecified Terminal Premium} \end{array}$$

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

D. ENDORSEMENTS (Continued)

c. Calculate Premium

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> <u>Final Insured Risk</u> <u>Class Rate</u>	x	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> <u>Limit Of Insurance</u> <u>(in \$100s)</u>	=	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> <u>Insured Risk Class</u> <u>Premium</u>
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2. Sum the premiums for all insured risk classes to calculate the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage.

\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> <u>Class 1</u> <u>Premium</u>	+	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> <u>Class 2</u> <u>Premium</u>	+	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> <u>Class 3</u> <u>Premium</u>	=	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> <u>Premium For Spoilage</u> <u>And Loss Due To FDA</u> <u>Regulation Coverage</u>
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E. TRIP TRANSIT PREMIUM

<u>COVERAGES</u>	<u>PREMIUM/CREDIT</u>
<u>Basic Coverage</u>	
<u>Optional Coverages</u>	
<u>Named Terminals</u>	
<u>Unspecified Terminals</u>	
<u>Spoilage And Loss Due To FDA Regulation Coverage</u>	
<u>Additional Coverages</u>	
<u>Debris Removal</u>	
<u>Pollutant Cleanup And Removal</u>	
<u>Preservation Of Property Expense</u>	
<u>Endorsement</u>	
<u>Spoilage And Loss Due To FDA Regulation Coverage</u>	
<u>Total Premium \$</u>	

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

RESERVED FOR FUTURE USE

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
TRIP TRANSIT POLICIES**

SECTION IV
GENERAL UNDERWRITING CONSIDERATIONS

GENERAL

Trip Transit policies cover the value of a specific shipment. The insured usually hires a carrier to transport the shipment. However, the insured may also transport its own goods. A Trip Transit policy may also be written for the interest of the carrier that is not the owner of the goods.

The policy covers the goods for the period the carrier has possession while contained in or on the transporting vehicle. The goods may be shipped by truck, railroad or air carrier or may be waterborne, but the trip usually begins and ends by truck. Frequently, goods are transported by a combination of these modes. Of these, trucking is considered by most underwriters to be the most hazardous. A Trip Transit policy is a "one shot" proposition; thus, if a loss occurs the risk will not be profitable.

There will be considerable variation in the types of goods shipped. Therefore, the underwriter must give considerable thought to the damageability of the goods and their attractiveness to thieves while considering accepting this type of risk and the premium to be charged.

SHIPPER

The underwriting process starts with a review of the prior experience of the insured owner. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Loss experience
- Current financial records
- Number of years in business
- Current status of labor relations

TYPE OF CARRIER – SUBROGATION

If a carrier for hire is involved, determine the potential for subrogation from the carrier. Carriers for hire have different degrees of liability for goods in their possession. Contract carriers have liability only if they are held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for:

- Acts of God
- Acts of the Public Enemy
- Exercise of Public Authority
- Fault or Neglect on the part of the Shipper
- Inherent Vice or the Nature of the Property

The insured may transport a shipment in its own vehicle(s). Subrogation would not be available to the insurer in these instances.

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
TRIP TRANSIT POLICIES**

TERMINAL

It is important to have knowledge of the terminals used by the carrier for hire or insured if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the carrier or insured may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed by charging an adequate premium.

CONTRACTUAL

The policy should state clearly when the shipment begins and ends.

If a sale is involved, the contract of the sale should be reviewed to determine the point at which the title passes and the buyer assumes ownership. There are several categories of uniform sales contracts that provide changes in title. The most common domestic sales contracts are Free On Board (F.O.B.) Point of Shipment or Point of Destination. In the former, the title passes when the goods are in the care, custody or control of the carrier and a clean bill of lading has been issued. In the latter, the title passes when the carrier tenders proper delivery upon the arrival of the goods at the final destination.

Bills of Lading are also contracts that the underwriter should have knowledge of. The Bill of Lading is issued by the carrier as:

- A receipt for the goods being transported; and
- The contract of carriage between the carrier and the shipper

There are four common types of Bills of Lading: Released, Straight, Order and Through. In a Released Bill of Lading a carrier is released from liability above a specified amount. Thus a Released Bill will tend to decrease the amount of subrogation the insurer has against the carrier. A Straight Bill of Lading does not include any limitation placed on the value of the shipment by the carrier. An Order Bill of Lading is extensively used in ocean commerce. It may place a limitation on the value of the goods and it also serves as a method of shipping goods C.O.D. Finally, a Through Bill of Lading is one that is used when there is more than one carrier on the Bill of Lading.

GOODS

With respect to the goods being shipped, it is important to:

- Determine the type, quality and condition of the goods
- Determine their susceptibility to loss or damage and evaluate any protection afforded
- Review the average and highest value of individual goods being transported
- Consider the attractiveness of the goods to thieves. If the goods are attractive to thieves, evaluate the:
 - Protection afforded against theft (including hi-jacking)
 - Use of containers to reduce handling and pilferage losses

PACKAGING

Evaluate the adequacy of the packing materials for loading, shipment and unloading.

LOADING/UNLOADING

Determine that qualified employees will handle loading and unloading the shipment.

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
TRIP TRANSIT POLICIES**

SHIPMENT

Particular attention should be paid to the following:

- The distance the shipment will travel
- The amount of time required to complete the shipment – goods shipped over long distances represent greater risks of loss than those shipped over short distances
- The route the shipment will take

OTHER COVERAGES

A. Exhibition

The shipment may involve delivery to an Exhibition Hall. A request may be made to endorse the policy to cover at the exhibition. The underwriter should give consideration to the potential for theft at the Exhibition Hall.

B. Loss Of Use

Coverage may be sought for loss of use. The underwriter must give careful consideration to the nature of the property being shipped as it may, if lost or damaged, create a bottleneck and trigger a substantial consequential loss.

C. Other Insurance

Underwriters should consider whether they are providing excess insurance or writing on a primary basis when asked to participate on a risk written by others.

D. Property Covered

Additional Covered Property Endorsement **IH 99 19** can be attached to provide coverage for items of property not otherwise covered.

E. Refrigerated Shipments

Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be added as applicable for an additional premium if refrigerated or temperature-controlled goods are shipped. The underwriter should give consideration to the following when providing coverage under this endorsement:

- Availability of refrigeration facilities along the traveled route for the shipment
- The type(s) of perishable commodity
- A refrigeration maintenance or service agreement in place
- Temperature alarms installed on vehicles and at terminals
- The existence of backup refrigeration equipment at terminals
- Auxiliary power source or backup generators at terminals

**INLAND MARINE HANDBOOK
SUGGESTED LOSS COST CONTROL
RECOMMENDATIONS
TRIP TRANSIT POLICIES**

SECTION V
SUGGESTED LOSS COST CONTROL RECOMMENDATIONS

GENERAL

The Loss Control function consists of two elements – Loss Prevention and Loss Reduction.

The purpose of Loss Prevention is to reduce the frequency of loss.

The purpose of Loss Reduction is to reduce the severity of loss.

A single action frequently impacts both loss frequency and loss severity.

The following recommendations may be shared with the loss control representative:

DEDUCTIBLE

The sample policy in this Handbook contains a deductible clause. The amount of the deductible may be changed to reflect the amount of risk the insured desires to retain.

Additionally, the insured and insurer may agree to have different deductible amounts apply to different goods in order to reduce loss frequency.

CONTRACTS

Attempt to avoid receiving Restricted Bills of Lading from the carrier. These reduce the carriers' financial responsibility for a shipment.

MANAGEMENT PRACTICES

- A. Appoint reliable employees to pack, load and unload the shipment respecting the susceptibility of the shipment to loss or damage.
- B. Select reputable and financially responsible carriers. Each should have the capability of handling the types of goods you will be shipping.
- C. Review shipping documents for legal sufficiency.
- D. If the destination of the shipment is under your control, make sure responsible employees will be available to receive it.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VALUES SHIPPED REPORTING FORM

This endorsement modifies insurance provided under the following:

ANNUAL TRANSIT COVERAGE FORM
MOTOR TRUCK CARGO OWNERS COVERAGE FORM

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

A. Coverage

The following is added to **Property Not Covered**:

Covered Property does not include property at fairs or exhibitions.

B. Reporting

For Covered Property to which this endorsement applies:

1. Reports Of Values

- a. You must file a report with us following each "reporting period" and at the policy expiration date, in accordance with ~~Paragraph b. or c. below~~, showing the:

(1) Annual Transit Coverage Form

Values of shipments of Covered Property you ~~ship or receive by~~:

- (a) ~~Any type of carrier~~Carriers for hire or vehicle; or
(b) Any ~~land~~ vehicle you own or operate.

(2) Motor Truck Cargo Owners Coverage Form

Values of shipments of Covered Property ~~you by~~: any land vehicles you own or operate.

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

Each report must show the values 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 value reporting form policy we previously issued, you 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 value 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.~~

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~~(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.~~

dc. 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 values, we will not pay more than ~~75~~90% of the amount we would otherwise have paid.
- b. Any required report of values after the first required report, we will not pay more for loss or damage than the amount we would have paid based on the values 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.

C. 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 premiums previously deposited are exhausted. We will determine the final premium for this insurance after the policy year, or expiration of this ~~policy~~Policy, based on the average of your reports of value.

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.

The due date for any additional premium is the date shown as the due date on the bill.

D. Definitions

"Reporting ~~P~~period" means the period of time for which new reports of value are due, as shown by a symbol in the Declarations. If the symbol is:

~~1. DR (Daily), reports must show the value of shipments for each day; but the "reporting period" ends on the last day of the month.~~

~~2. WR (Weekly), reports must show the value of shipments for each week; but the "reporting period" ends on the last day of the month.~~

~~3.1.~~ MR (Monthly), reports must show the values of shipments for each month; and the "reporting period" ends on the last day of each month.

~~4.2.~~ QR (Quarterly), reports must show the values of shipments as of the last day of ~~for~~ each month; but the "reporting period" ends on the last day of the quarter, which will be determined at each consecutive three-month interval with the first quarter starting from the policy inception date.

~~(1) March;~~

~~(2) June;~~

~~(3) September; and~~

~~(4) December.~~

~~5.3.~~ PR (Policy ~~Year~~Term), reports must show the values of shipments as of the last day of each month; but the "reporting period" ends on the policy ~~anniversary~~expiration date.

~~4.~~ AR (Annual), report must show the values of shipments as of the last day of each 12-month period.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GROSS RECEIPTS REPORTING FORM

This endorsement modifies insurance provided under the following:

- BAILEES CUSTOMERS COVERAGE FORM
- CONTINGENT CARGO COVERAGE FORM (FOR MOTOR TRUCK CARGO BROKERS)
- FURRIERS CUSTOMERS COVERAGE FORM
- MOTOR TRUCK CARGO CARRIERS COVERAGE FORM
- RIGGERS LIABILITY COVERAGE FORM
- WAREHOUSE OPERATORS LEGAL LIABILITY COVERAGE FORM

One or more of the following symbols will be shown in the Declarations: ~~DR, WR, MR~~, QR, PR, AR. 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 the policy expiration date, in accordance with Paragraph b. or c. below, showing your ~~"gross receipts"~~ gross receipts.

(1) Bailees Customers Coverage Form

If this endorsement modifies insurance provided under the Bailees Customers Coverage Form, the reports must show your ~~"gross receipts"~~ gross receipts for Covered Property at your premises.

(2) Contingent Cargo Coverage Form (For Motor Truck Cargo Brokers)

If this endorsement modifies insurance provided under the Contingent Cargo Coverage Form (For Motor Truck Cargo Brokers), the reports must show your gross receipts for the Covered Property that the "hired motor truck cargo carriers" have accepted for transportation as a common or contract motor truck cargo carrier under any bill of lading, contract of carriage or shipping receipt issued by the "hired motor truck cargo carriers".

(23) Furriers Customers Coverage Form

If this endorsement modifies insurance provided under the Furriers Customers Coverage Form, the reports must show your ~~"gross receipts"~~ gross receipts for Covered Property for which you issue a customer receipt.

(34) Motor Truck Cargo Carriers Coverage Form

If this endorsement modifies insurance provided under the Motor Truck Cargo Carriers Coverage Form, the reports must show your ~~"gross receipts"~~ gross receipts for the Covered Property you: have accepted for transportation as a common or contract motor carrier under any bill of lading, contract of carriage or shipping receipt issued by you.

~~(a) Deliver using your own trucks or trailers; and~~

~~(b) Have any carrier deliver for you.~~

(45) Riggers Liability Coverage Form

If this endorsement modifies insurance provided under the Riggers Liability Coverage Form, the reports must show your ~~"gross receipts"~~ gross receipts for Covered Property for your "rigging" operations projects.

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(56) Warehouse Operators Legal Liability Coverage Form

If this endorsement modifies insurance provided under the Warehouse Operators Legal Liability Coverage Form, the reports must show your "~~gross receipts~~"gross receipts for Covered Property ~~at your warehouse as a warehouse operator or bailee.~~

Each report must show your "~~gross receipts~~"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.~~

~~dc.~~ 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~~"gross receipts, we will not pay more than ~~75~~90% of the amount we would otherwise have paid.

b. Any required report of your "~~gross receipts~~"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~~"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~~"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.

The due date for any additional premium is the date shown as the due date on the bill.

C. Definitions

1. "~~Gross Receipts~~" means:

a. Bailees Customers Coverage Form

~~The total amount of receipts that you are entitled to for the repairing, renovating, dyeing, cleaning, laundering, pressing and transporting of Covered Property, regardless of whether you or another carrier originated the transportation.~~

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b. ~~Furriers Customers Coverage Form~~

~~The total amount of receipts that you are entitled to for storage, alterations, repair, cleaning or remodeling of Covered Property.~~

c. ~~Motor Truck Cargo Carriers 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.~~

d. ~~Riggers Liability Coverage Form~~

~~The total amount of receipts that you are entitled to for your handling of Covered Property as a "rigging" contractor.~~

e. ~~Warehouse Operators Legal Liability 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.~~

21. "Reporting Period" means the period of time for which new reports of your "~~gross receipts~~"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.~~

ea. MR (Monthly), reports must show the "~~gross receipts~~"gross receipts for each month; and the "reporting period" ends on the last day of each month.

db. QR (Quarterly), reports must show the "~~gross receipts~~"gross receipts as of the last day of ~~for~~ each month; but the "reporting period" ends on the last day of the quarter, which will be determined at each consecutive three-month interval with the first quarter starting from the policy inception date.:

- (1) March;
- (2) June;
- (3) September; and
- (4) December.

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

d. AR (Annual), report must show the gross receipts as of the last day of each 12-month period.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
THEFT FROM UNATTENDED VEHICLE EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

~~ANNUAL TRANSIT COVERAGE FORM
COMMERCIAL FINE ARTS COVERAGE FORM
COMPUTER SYSTEMS COVERAGE FORM
DIFFERENCE IN CONDITIONS COVERAGE FORM
INSTALLATION COVERAGE FORM
INSTALLMENT SALES AND LEASED PROPERTY COVERAGE FORM
MOTOR TRUCK CARGO OWNERS COVERAGE FORM
RADIO AND TELEVISION TOWERS AND EQUIPMENT COVERAGE FORM
SCIENTIFIC AND MEDICAL DIAGNOSTIC EQUIPMENT COVERAGE FORM
TRIP TRANSIT COVERAGE FORM
WAREHOUSE OPERATORS LEGAL LIABILITY COVERAGE FORM~~

The following is added to the ~~Section B. Exclusions~~
Section and supersedes any other exclusion for theft
from any unattended vehicle in the Coverage Form:

We will not pay for loss or damage caused by or
resulting from theft from any unattended vehicle
unless at the time of theft:

1. its-Its windows, doors and compartments were
closed and locked and there are visible signs
that the theft was the result of forced entry;
and
2. If the vehicle is equipped with an alarm, its
alarm was actively engaged and maintained in
the "on" position.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THEFT DEDUCTIBLE WAIVER – CARGONET

This endorsement modifies insurance provided under the following:

- MOTOR TRUCK CARGO CARRIERS COVERAGE FORM
- MOTOR TRUCK CARGO OWNERS COVERAGE FORM
- ANNUAL TRANSIT COVERAGE FORM

SCHEDULE

Deductible Waiver Amount:	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

The following is added to Paragraph **D. Deductible**:

If loss or damage to Covered Property is caused by or resulted from theft, as a Covered Cause of Loss, then the deductible for such property will be waived up to \$10,000, unless a different amount is shown in the Schedule of this endorsement. If your policy deductible exceeds the amount waived by this endorsement you will be responsible for the remainder of such deductible.

As a condition of this endorsement, you are required to:

- a.** Be a member of CargoNet at the time of loss;
- b.** Display CargoNet's deterrent signage on vehicles used to transport Covered Property; and
- c.** Report the theft to the local law enforcement agency having jurisdiction, and CargoNet's command center, at the time you become aware of such theft.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THEFT DEDUCTIBLE WAIVER – GPS

This endorsement modifies insurance provided under the following:

ANNUAL TRANSPORTATION COVERAGE FORM
CONTRACTORS EQUIPMENT COVERAGE FORM
MOTOR TRUCK CARGO CARRIERS COVERAGE FORM
MOTOR TRUCK CARGO OWNERS COVERAGE FORM

Deductible Waiver Amount: \$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to the **Deductible** paragraph:

If loss or damage to Covered Property that is equipped with a GPS or similar tracking device is caused by or resulted from theft, as a Covered Cause of Loss, then the deductible for such property will be waived up to \$5,000, unless a different amount is shown in the Schedule of this endorsement. If your policy deductible exceeds the amount waived by this endorsement you will be responsible for the remainder of such deductible.

As a condition of this endorsement, you are required to actively engage and maintain in the "on" position any GPS or similar tracking device for such Covered Property.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPOILAGE AND LOSS DUE TO FDA REGULATION COVERAGE (MOTOR TRUCK CARGO OWNERS AND ANNUAL AND TRIP TRANSIT COVERAGES)

This endorsement modifies insurance provided under the following:

- MOTOR TRUCK CARGO OWNERS COVERAGE FORM
- ANNUAL TRANSIT COVERAGE FORM
- TRIP TRANSIT COVERAGE FORM

SCHEDULE

Description Of Property:
Deductible: \$
<input type="checkbox"/> Refrigeration Maintenance Agreement
Causes Of Loss
<input type="checkbox"/> Breakdown Or Contamination <input type="checkbox"/> Power Outage <input type="checkbox"/> FDA Regulation
Information required to complete this Schedule, if not shown above, will be shown in the Declarations

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For the purpose of this endorsement the following provisions apply:

A. Paragraph **A.1.**, **Covered Property** is replaced by the following:

1. Covered Property

Covered Property means "perishable stock" described in the Schedule owned by you or by others that is in your care, custody or control.

B. The following is added to Paragraph **A.3.**, Property Not Covered:

- 1. Property located:
 - a. In the open; or

b. In vehicles without an operating refrigeration system designed for the vehicle.

C. Paragraph **A.4.**, is replaced by the following:

4. Covered Causes of Loss

Covered Causes of Loss means the following only if indicated by an "X" in the Schedule:

a. Breakdown or Contamination, which means:

(1) Change in temperature or humidity resulting from:

- (a)** breakdown or failure of refrigerating, cooling, heating or humidity control apparatus or equipment;

- (b) Mistake in setting or maintaining the temperature or humidity levels on refrigerating, cooling, heating or humidity control apparatus or equipment; and
 - (2) Contamination by the refrigerant.
 - b. Power Outage, which means change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off a terminal, including a warehouse or other storage area, due to conditions beyond your control.
 - c. Food and Drug Administration (FDA) Regulation, which means loss of Covered Property due solely to U.S. FDA regulations that deem such property to be adulterated.
- D. Paragraph **B.**, **Exclusions** is replaced by the following:
- 1. Exclusions**
- a. Only the following exclusions in the Coverage Form apply to coverage provided in this endorsement:
 - (1) Paragraph **B.1.a.** Governmental Action; except with respect to coverage provided in Paragraph **C.4.c.** in this endorsement;
 - (2) Paragraph **B.1.b.** Nuclear Hazard;
 - (3) Paragraph **B.1.c.** War and Military Action; and
 - (4) Paragraphs **B.2.b.** (in Motor Truck Cargo Owners Coverage Form) and **B.2.c.** (in Annual Transit and Trip Transit Coverage Forms) Dishonest or Criminal Act.
 - b. The following exclusions are added:

We will not pay for loss or damage caused by or resulting from:

 - (1) The disconnection of any refrigerating, cooling or humidity control system from the source of power.
 - (2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
 - (3) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (a) Lack of fuel; or
 - (b) Governmental order.
 - (4) The inability of a power source to provide sufficient power due to lack of generating capacity to meet demand.

- (5) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

E. Paragraph **D.1.**, **Deductible** is replaced by the following:

With respect to loss or damage covered under the terms of this endorsement 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 Schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible shown in the Schedule, up to the applicable Limit Of Insurance.

F. The following is added to Paragraph **E.**, **Additional Conditions:**

Refrigeration Maintenance Agreements

If Breakdown or Contamination is designated as a Covered Cause of Loss and a refrigeration maintenance agreement is shown as applicable by an "X" in the Schedule, the following condition applies:

You must maintain a refrigeration maintenance or service agreement. If you:

- 1. Voluntarily suspend or terminate this agreement and do not notify us before a loss or damage occurs; or
- 2. Have knowledge of any cancellation, suspension or termination;

the insurance provided by this endorsement will be automatically suspended.

G. The following is added to Paragraph **F.**, **Definitions:**

"Perishable stock" means personal property:

- 1. Maintained under controlled conditions for its preservation; and
- 2. Susceptible to loss or damage if the controlled conditions change.

N

E

W

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INTRODUCTION INLAND MARINE HANDBOOK

The following displays the Inland Marine classes included in the Handbook and the basic coverage provided by the Coverage Forms of these classes. Refer to the specific classes in the Handbook for information on additional coverages provided by the Coverage Forms and endorsements of each class.

Class	Basic Coverage
Animal Mortality	Valuable animals insured against death from accident, injury, illness or disease
Annual Transit	Property shipped by carriers for hire and the insured's own vehicle over the term of the policy
Bailees Customers	Personal property of others in the care, custody or control of bailees, such as dry cleaners
Boat Dealers	Stock in trade: boats, boat motors, trailers and marine equipment and accessories
Builders Risk	Building materials, supplies, fixtures and machinery, and equipment used to service the building, that is intended to be permanently in or on a building or structure
Commercial Fine Arts	Various types of fine arts owned by or in the care, custody or control of a company
Fine Arts Dealers And Galleries	Various types of fine arts (paintings, sculptures, etc.) owned by or in the care, custody or control of fine arts dealers and galleries
Fine Arts Museums	Various types of fine arts (paintings, sculptures, etc.) owned by or in the care, custody or control of museums
Computer Systems	Computer equipment, data and media associated with the computer systems of a business
Contractors Equipment	Contractors equipment owned by the insured or in the insured's care, custody or control
Difference In Conditions	Supplements conventional property policies; e.g., by providing water damage (including flood) and earthquake coverage
Exhibition	Various types of property while on display at an exhibition
Furriers Block	Dealers with stock in trade consisting principally of furs, fur garments and garments trimmed with fur
Furriers Customers	Customers' furs and other garments that include fur that are accepted for storage, cleaning, repair, etc. and for which receipts are issued
Installation	Property to be installed at described job sites and temporary structures built or assembled, including false-work, cribbing, scaffolding and construction forms.

INTRODUCTION INLAND MARINE HANDBOOK

Installment Sales And Leased Property	Property sold under an installment sales contract or property leased, rented or sent out on approval; single (named insured only) or dual (named insured and purchaser) coverage
Jewelers Block	Jewelry retailers with average inventory of \$250,000 or higher; jewelry manufacturers and wholesalers
Machinery And Equipment	Mobile or portable property (e.g., voting or vending machines) not on sale or in course of manufacture
Marine Supplies Dealers	Stock in trade of marine supplies, related equipment and accessories; does not include boats or motors
Miscellaneous Articles	Various types of scheduled items having a transit exposure and usually having significant value
Motor Truck Cargo	
● Carriers	Legal liability of common or contract motor carriers for shipments of property of others
● Owners	Property shipped in the insured's own vehicle
● Contingent	Brokers' coverage that addresses legal liability of common or contract motor carriers for shipments of property of others
Patterns And Dies	Scheduled patterns, dies, molds or forms for manufacturing products
Processors	Property while in the custody of or in transit to or from a processor who works upon it for the owner
Radio And Television Towers And Equipment	Radio and television towers, transmitting and receiving equipment and related business personal property, and mobile units
Railroad Rolling Stock	Various stock (hopper cars, box cars, coach cars, etc.) owned by various entities (railroads, utilities, shippers, etc.)
Riggers Liability	Contractor's legal liability for property of others damaged during rigging (e.g., lifting with pulleys) operations
Salespersons Samples	Samples of merchandise while in the custody of the named insured's salespersons
Scientific And Medical Diagnostic Equipment	Equipment and supplies usual to the scientific and medical professions; mobile units such as MRIs
Signs	Billboards, ordinary fixed signs and street clocks; not neon, fluorescent or mechanical electric signs (filed)
Tank Storage	Bulk liquid tanks and their contents; dry tank commodities (grain, flour, etc.) are not eligible
Trip Transit	Individual shipment of property by carriers for hire and the insured's own vehicle
Unmanned Aircraft Property And Cargo	Unmanned aircraft and related equipment; data generated in the course of unmanned aircraft operations, and related electronic media; owned cargo transported by the unmanned aircraft; carrier-for-hire carrying cargo of others on unmanned aircraft

ANNUAL TRANSIT APPLICATION

SECTION I – GENERAL					
Name	Applicant			Producer	
Address					
Telephone Number					
Web Site Address					
Proposed Policy Term					
From:					
To:					
Annual Values Shipped					
	Period	Total	Outgoing	Interplant	Incoming
	Last Year	\$			
	Estimated Current Year	\$			
Applicant's Business					
Nature Of:					
Number Of Years In Business:					
Contact For Inspection					
Name:					
Telephone Number:					
Email Address:					

SECTION II – GENERAL INFORMATION				
(Complete all that apply.)				
1. Check the methods of conveyance. Indicate the values below for each type of conveyance:				
	Conveyance	Annual Values Of Shipment	Average Value Any One Shipment	Maximum Value Any One Shipment
	Carrier For Hire:			
	Motor Truck	\$	\$	\$
	Railroad	\$	\$	\$
	Airline	\$	\$	\$
	Messenger	\$	\$	\$
	Vehicle You Own Or Operate	\$	\$	\$
2. What are the principal commodities shipped?				
3. Indicate the percentage of the goods you ship or receive Free On Board (FOB) by:				
	Point Of Shipment:	%	Point Of Destination:	%

SECTION II – GENERAL INFORMATION (Cont'd)

(Complete all that apply.)

4. Indicate the following for vehicles used in your operation:

Type	Total Units	Refrigerated Units	Average Age	Protective Devices Installed
Tractors				
Trucks				
Flatbed Trailers				
Tank Trailers				
Other Trailers				
Total				

5. What is the normal distance the shipments will travel?

What is the time required to complete the shipments?

What is the route the shipments will take from the point of departure to the final destination?

6. Describe any training you provide or require for your employees, including any educational safe driver training programs for your drivers.

7. Regarding the goods being shipped:

a. How are they protected from damage and theft?

b. What types of packing materials are used to reduce damage?

c. Are containers used? Yes No

8. What are the qualifications and experience of the carrier(s) for hire in handling the type of goods you will be shipping?

9. Is any release of values/liability given to the carrier(s) for hire? Yes No
If so, provide details:

10. Indicate the following for the terminals:

Terminal Location	Construction Type	Year Built	Sprinklered	Public Protection Class

SECTION III – PROTECTION OF PROPERTY
(Provide details for all that apply.)

1. Is guard service employed at the terminals?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Are terminal/storage areas locked at all times when unoccupied?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Are approved central station burglar alarms installed and maintained?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Are working security cameras and video recording equipment used to continually monitor the terminal yards and surrounding areas?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Are trailers and box trucks containing hazardous or flammable cargo stored in a secured and protected area of the terminal?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Are any hazardous or flammable materials used or stored at the terminals?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. Are there fire doors and fire stops between the various areas within the terminal?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Are terminals and loading dock areas in a separate building from the garage and equipment maintenance areas or separated by a fire wall(s)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. Are the terminals equipped with a recognized approved central station fire alarm system and fire extinguishers?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10. Regarding the terminals:		
a. Are there any private protection improvements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. What is the distance in feet to the nearest fire hydrant?		
c. What is the distance in miles to the nearest responding fire department?		
d. Are no-smoking rules clearly posted and enforced?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11. Is any property stored in basements or sub-basements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If so, are they stored off the ground, and	<input type="checkbox"/> Yes	<input type="checkbox"/> No
are the storage areas equipped with a water detection system?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
12. Are maintenance records kept for all protection devices?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
13. Are emergency procedures and telephone numbers provided to all employees?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

SECTION IV – LIMITS OF INSURANCE AND DEDUCTIBLES REQUESTED

(Complete all that apply.)

Conveyance	Limits Of Insurance
1. Limit Per Each Conveyance a. Carrier For Hire: Motor Truck Railroad Airline Messenger b. Vehicle You Own Or Operate	 \$ \$ \$ \$ \$
2. Property At The Following Terminals: a. b. c. d. e.	\$ \$ \$ \$ \$
3. Property At Unspecified Terminals	\$
4. Number of days' coverage at terminals if other than 60 days	days
5. All Covered Property In Any One Occurrence	\$
6. Additional Coverages If limits of insurance other than those shown in a. through g. below are desired, indicate the requested limit(s): a. Debris Removal Additional Limit (\$10,000) b. False Pretense (\$25,000) c. Rewards: Arrest And Conviction (\$10,000) Return Of Stolen Property (\$10,000) d. Fire Department Service Charge (\$10,000) e. Fire Extinguishing Systems Expense (\$10,000) f. Pollutant Cleanup And Removal (\$25,000) g. Preservation Of Property Expense (\$10,000)	\$ \$ \$ \$ \$ \$ \$ \$
7. Deductible: \$	

SECTION V – ADDITIONAL INFORMATION
Insurance companies during the last three years:
Provide information regarding the date, cause and amount of all losses during the last three years whether insured or uninsured:
List of any additional information attached with this application:
Attach copies of any contracts you have with carriers for hire.

PLEASE COMPLETE SIGNATURE BLOCK ON LAST PAGE.

FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO ALABAMA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

FRAUD STATEMENT TO ARIZONA APPLICANTS

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

FRAUD STATEMENT TO ARKANSAS APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO COLORADO APPLICANTS

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FRAUD STATEMENT TO FLORIDA APPLICANTS

Any person who knowingly, and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

FRAUD STATEMENT TO HAWAII APPLICANTS

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

FRAUD STATEMENT TO IDAHO APPLICANTS

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO KANSAS APPLICANTS

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer or insurance agent or broker, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

FRAUD STATEMENT TO KENTUCKY APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

FRAUD STATEMENT TO LOUISIANA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MAINE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

FRAUD STATEMENT TO MARYLAND APPLICANTS

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MINNESOTA APPLICANTS

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

FRAUD STATEMENT TO NEW HAMPSHIRE APPLICANTS

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

FRAUD STATEMENT TO NEW JERSEY APPLICANTS

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

FRAUD STATEMENT TO NEW YORK APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

FRAUD STATEMENT TO OHIO APPLICANTS

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO OREGON APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A.** The misinformation is material to the content of the policy;
- B.** We relied upon the misinformation; and
- C.** The information was either:
 - 1.** Material to the risk assumed by us; or
 - 2.** Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT TO PUERTO RICO APPLICANTS

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

FRAUD STATEMENT TO TENNESSEE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO VIRGINIA APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO WASHINGTON APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

Insured (Applicant):

Application Completed By (print name):

Signature:

Title:

Date:

ANNUAL TRANSIT DECLARATIONS

Company Name Area	Producer Name Area

Description Of Covered Property
Covered Property Consisting Principally Of:

Limits Of Insurance	
<p>A. Property In Or On Any One:</p> <p>1. Carrier For Hire:</p> <p style="padding-left: 40px;">Motor Truck</p> <p style="padding-left: 40px;">Railroad</p> <p style="padding-left: 40px;">Airline</p> <p style="padding-left: 40px;">Messenger</p> <p>2. Vehicle You Own Or Operate</p> <p>B. Property At Terminals, But We Will Cover Only At The Following Terminals:</p> <p>1.</p> <p>2.</p> <p>3.</p> <p>C. Property At Unspecified Terminals</p> <p>D. Number Of Days' Coverage At Terminals In B. Or C. Above If Other Than 60 Days:</p> <p>E. All Covered Property Included In A., B. And C. Combined In Any One Occurrence</p>	<p>\$</p>
	<p>days</p>

Additional Coverages		
Debris Removal Additional Limit	\$	
False Pretense	\$	
Rewards:		
Arrest And Conviction (Section A.5.g.(1)(a))	\$	
Return Of Stolen Property (Section A.5.g.(1)(b))	\$	
Fire Department Service Charge	\$	
Fire Extinguishing Systems Expense	\$	
Pollutant Cleanup And Removal	\$	
Preservation Of Property Expenses	\$	

Deductible:

Rates And Premiums		
Nonreporting:		
Rates	\$	per \$100
Transit Rates	\$	per \$100
Premium	\$	
Reporting:		
Deposit Premium	\$	
Minimum Premium	\$	
Reporting Period		
Premium Adjustment Period		
Premium Base		
Rates	\$	per \$100

Special Provisions (if any):

ANNUAL TRANSIT 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 for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property

- a. Covered Property, as used in this Coverage Form, means property described in the Declarations that is:
 - (1) Owned by you; or
 - (2) The property of others in your care, custody or control.

2. When Coverage Applies

We cover property:

- a. While in the custody of the carrier for hire until the property is delivered to its destination and accepted by the consignee or its representative.
- b. In or on any vehicle you own or operate while in transit from the time the vehicle leaves the premises where the shipment begins until the vehicle arrives at its destination and is accepted by the consignee or its representative, including while being loaded or unloaded in or from the vehicle.
- c. At a terminal, including a warehouse or other storage area, for up to 72 hours (excluding Sundays and holidays). However, if a Limit Of Insurance is shown in the Declarations for:
 - (1) Property at Terminals whose locations are specified; or
 - (2) Property at Unspecified Terminals; then the time limitation for coverage at Terminals is 60 days unless a different number of days is specified in the Declarations.

If the property is not delivered or refused by a consignee, we cover the property until it is delivered to its return destination.

3. 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, except when death, or injury requiring an animal to be killed, is caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form;
- f. The vehicle(s) carrying the property;
- g. Property in the custody of a government postal service;
- h. Property of others for which you have responsibility as a carrier for hire or as a broker, carloader, consolidator, freight forwarder, shipping association or similar arranger of transportation operation;
- i. 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;
- j. Import shipments:
 - (1) Until discharged from the import conveyance; or
 - (2) Until Ocean Marine insurance ceases; whichever occurs last;
- k. Export shipments:
 - (1) After placed on the outbound conveyance; or
 - (2) When Ocean Marine insurance applies to the shipment; whichever occurs first;

- l. Works of art unless described in the Declarations;
- m. Contraband, or property in the course of illegal transportation or trade; or
- n. Intermodal containers, unless included in the value of the shipment.

4. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

5. Additional Coverages

The Limits of Insurance shown in Paragraph **A.5.** Additional Coverages are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property, except with respect to Debris Removal Additional Coverage in Paragraph **A.5.b.(3)**.

a. Brands And Labels Expense

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, we will pay reasonable expenses you incur to:

- (1) Stamp the word salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.

b. Debris Removal

- (1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss or damage to Covered Property; plus
 - (b) The deductible in this Policy applicable to that loss or damage.

(3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:

- (a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (b) The debris removal expense exceeds the amount payable under the 25% limitation;

we will pay up to an additional \$10,000, unless a different Limit Of Insurance is shown in the Declarations, in any one occurrence under this Additional Coverage.

(4) This Additional Coverage does not apply to costs to:

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

c. Packing Or Consolidating Companies

We will pay for loss of Covered Property in the custody of a packing or consolidating company employed by you or the consignee. However, this Additional Coverage does not apply if the packing or consolidating company is the agent or representative of you or the consignee for the purpose of this insurance.

d. False Pretense

We will pay for loss or damage to Covered Property when you, your agents, consignees or customers voluntarily part with the covered property due to:

- (1) Having accepted false bills of lading or shipping receipts; or
- (2) Someone causing you to voluntarily part with the covered property by trick, scheme, device or under false pretense.

Coverage is excluded, for loss or damage to property which is otherwise covered, when the person committing the wrongful act is an employee.

The most we will pay under this Additional Coverage is \$25,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

e. Free On Board (F.O.B.) Point Of Origin

We cover your interest in Covered Property you sold F.O.B. Point of Origin.

f. Preservation Of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 60 days after the property is first moved.

g. Rewards

- (1) We will reimburse you for rewards paid as follows:

- (a) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

- (i) Replacement Cost of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or
- (ii) The amount determined by the loss settlement procedure applicable to the Covered Property.

- (b) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for the return of stolen Covered Property, when loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

- (i) Replacement Cost based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

- (ii) The amount determined by the loss settlement procedure applicable to the Covered Property returned.

- (2) This Additional Coverage applies subject to the following conditions:

- (a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the necessary information or return the stolen Covered Property, and who is not:

- (i) You or any family member;
- (ii) Your employee or any of his or her family members;
- (iii) An employee of a law enforcement agency;
- (iv) An employee of a business engaged in property protection;
- (v) Any person who had custody of the Covered Property at the time the theft was committed; or
- (vi) Any person involved in the crime.

- (b) There will be no reimbursement for a reward paid unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.

- (c) The amount of the reward is the most we will reimburse under this Additional Coverage for loss in any one occurrence.

- (d) The insured must have posted public notice of the reward prior to the person having been first to voluntarily provide the necessary information or return the stolen Covered Property.

6. Additional Coverages

The Limits of Insurance shown in Paragraph **A.6**. Additional Coverages are separate from, and will not reduce, the Limit Of Insurance shown in the Declarations as applicable to the Covered Property.

a. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 for service, unless a different Limit Of Insurance is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

b. Fire Extinguishing Systems Expense

- (1) We will pay:
 - (a) The cost of recharging your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) or replacing the fire extinguishers or fire extinguishing systems, whichever is less, when the need to recharge or replace is caused by a Covered Cause of Loss; and
 - (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguishing system.
- (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- (3) The most we will pay under this Additional Coverage is \$10,000 in any one occurrence, unless a different Limit Of Insurance is shown in the Declarations.

c. Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$25,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

d. Preservation Of Property Expense

We will pay the necessary expenses incurred to move or store Covered Property to preserve it from loss or damage by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations. This Additional Coverage shall not exceed 60 days from the time the Covered Property is first moved.

B. Exclusions

- 1. We will not pay 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

Nuclear reaction or radiation, or radioactive contamination, however caused.

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. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Improper packing or stowage, or rough handling by:**
 - (1) You; or
 - (2) Any agent or representative of you or the consignee.
- b. Delay, loss of use, loss of market or any other consequential loss.**
- c. Dishonest or criminal act (including theft) committed by:**
 - (1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees or authorized representatives;
 - (2) A manager or a member if you are a limited liability company; or
 - (3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

- d. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by the "specified causes of loss".**
- e. Voluntary parting with any property by you or anyone (except carriers for hire and except as specified in Paragraph **A.5.d.** False Pretense) entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.**
- f. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.**
- g. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.**

This exclusion applies whether or not an act occurs during your normal hours of operation.

3. We will not pay 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. Wear and tear, depreciation.**
- b. Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.**
- c. Mechanical breakdown (including rupture or bursting caused by centrifugal force), malfunction or failure to operate.**
- d. Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.**
- e. Dampness or dryness of atmosphere.**
- f. Changes in or extremes of temperature.**

However, with respect to Paragraphs **3.c.**, **3.e.** and **3.f.**, we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

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.

Payments under the Coverage Extensions will not increase the applicable Limit of Insurance.

D. Deductible

1. 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.
2. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

E. Additional Conditions

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

The value of Covered Property will be determined by:

- a. The value agreed on between the shipper and the consignee in writing prior to loss or damage.
- b. If Paragraph **a.** does not apply, the value will be:
 - (1) The actual net invoice price of Covered Property shipped to your customers.
 - (2) The actual net invoice cost of Covered Property you bought from others.
- c. For Covered Property for which Paragraphs **a.** and **b.** do not apply, the value will be the least of the following amounts:
 - (1) The actual net cost;
 - (2) The cost of restoring that property to its condition immediately before loss; or
 - (3) The cost of replacement.

The value will include your prepaid freight charges and any other shipping charges that are due since the start of transit.

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

a. Coverage Territory

- (1) We cover property wherever located within:
 - (a) The United States of America (including its territories and possessions);
 - (b) Puerto Rico; and
 - (c) Canada.
- (2) We also cover property being shipped by air within and between points in Paragraph (1).

b. Released Bills Of Lading

You may accept receipts and/or bills of lading issued by carriers limiting the amount of their liability.

F. Definitions

1. "Accident" means:
 - a. Upset or overturn of the transporting vehicle; or
 - b. The accidental contact of the transporting vehicle with another vehicle or object, but not including contact with:
 - (1) The roadbed or curbing;
 - (2) Rails or ties of street, steam or electric railroad; or
 - (3) Any stationary object while backing for loading or unloading purposes.
2. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.
3. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; "water damage".

- a. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This Cause of Loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

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**SECTION I
SAMPLE INSTRUCTIONS**

1. GENERAL

Refer to the sample instructions for all classes for general information regarding the Handbook and policywriting and rating considerations, policy term, payment plans, midterm adjustments and cancellations.

2. COVERAGE

A. Basic Coverage

Many companies or individuals have goods that they own shipped from one point to another. The shipments are handled by carriers for hire and, in incidental cases, directly by the company or individual. The Annual Transit policy provides coverage for the transportation exposures of most types of property (several categories are excluded). The policy covers loss caused by earthquake and water damage; however these causes of loss may be subject to a higher deductible than other causes of loss. This policy is generally written on a specified term basis but may be written on a continuous basis. The policy is usually rereated annually. Annual Transit Coverage Form **IH 00 71** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These forms, when combined to form a policy, can insure most goods being shipped against risks of direct physical loss or damage.

Separate limits of insurance can apply to shipped goods in the following:

1. Different types of carriers for hire (motor truck, railroad, airline and messenger), consistent with the needs of the insured. For example, the value of property transported by a messenger will usually be less than the value of property transported by motor truck carriers for hire. The potential for subrogation exists as, in some cases, the carrier may be negligent in handling the insured's goods.
2. Vehicles the insured owns or operates.

Additionally, Form **IH 00 71** contains provisions that provide limited coverage for Additional Coverages with built-in policy limits that can be amended on the Declarations where applicable.

The limits for the following Additional Coverages are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property:

- a. Brands And Labels Expense – included in the Limit Of Insurance stated in the Declarations as applicable to the Covered Property.
- b. Debris Removal – up to 25% of the Limit Of Insurance for the direct physical loss or damage to covered property plus the policy deductible applicable to the loss. There is up to an additional \$10,000 limit available if **(1)** the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or **(2)** the debris removal expense exceeds the amount payable under the 25% limitation.
- c. Packing Or Consolidating Companies – included in the Limit Of Insurance stated in the Declarations as applicable to the Covered Property.
- d. False Pretense – up to \$25,000.

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- e. Free On Board (F.O.B.) Point Of Origin – included in the Limit Of Insurance stated in the Declarations as applicable to the Covered Property.
- f. Preservation Of Property – for up to 60 days after the property is first moved.
- g. Rewards – up to \$10,000 for arrest and conviction and \$10,000 for return of stolen property.

The limits for the following Additional Coverages are separate from, and will not reduce, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property:

- a. Fire Department Service Charge – up to \$10,000
- b. Fire Extinguishing Systems Expense – up to \$10,000
- c. Pollutant Cleanup And Removal – up to \$25,000
- d. Preservation Of Property Expense – up to \$10,000

B. Optional Coverages

Terminals

The policy provides coverage for goods being kept in terminals for up to 72 hours. However, if a Limit Of Insurance is shown in the Declarations for either named or unspecified terminals, then the time limitation does not apply.

1. Named Terminals

The policy may be broadened to provide coverage for goods being kept in named terminals. Each terminal must have an applicable limit of insurance and its location must be specified in the Declarations. An additional premium is usually required. Refer to Instruction **6**.

2. Unspecified Terminals

The policy may also be broadened to cover goods at unspecified terminals. The Limit of Insurance at unspecified terminals is usually 10–20% of the lowest Limit of Insurance applicable to named terminals. An additional premium is usually required. Refer to Instruction **6**.

C. Endorsements

1. Theft From Unattended Vehicle Exclusion

Annual Transit policies cover the theft of goods from vehicles. Coverage Form **IH 00 71** may be endorsed to exclude coverage for theft of goods from any unattended vehicle whose compartments, doors and windows are not closed and locked and whose alarm, if so equipped, is not actively engaged. Theft From Unattended Vehicle Exclusion Endorsement **IH 99 23** may be used in these situations.

2. Spoilage And Loss Due To FDA Regulation Coverage

Shipped goods may include perishable stock for which spoilage coverage may be desired. Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be used for spoilage of perishable stock caused by one or more of the following:

- a. Breakdown or contamination, meaning change in temperature or humidity resulting from:
 - (1) Breakdown or failure of equipment; or
 - (2) Mistake in setting or maintaining the temperature or humidity levels of equipment; including contamination of stock by the refrigerant.
- b. Power outage, meaning change in temperature or humidity resulting from on- or off-premises power failure.

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- c. Food and Drug Administration (FDA) Regulation, meaning loss of covered property due solely to U.S. FDA regulations that deem such property to be adulterated.

In the Schedule of Endorsement **IH 99 32**, the following can be indicated:

- a. The deductible for the coverages;
- b. The existence of Refrigeration Maintenance Agreement(s), if applicable; or
- c. One or more of the covered causes of loss depending on the coverage desired: Breakdown Or Contamination, Power Outage, FDA Regulation.

3. Theft Deductible Waiver – CargoNet

Theft Deductible Waiver CargoNet Endorsement **IH 99 30** can be used with Coverage Form **IH 00 71** to waive the deductible up to \$10,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property is caused by or resulted from theft. This deductible waiver is subject to the conditions of the insured being a member of CargoNet at the time of loss, displaying CargoNet's deterrent signage on vehicles and reporting the theft to local law enforcement and CargoNet's command center.

4. Theft Deductible Waiver – GPS

Theft Deductible Waiver GPS Endorsement **IH 99 31** can be used with Coverage Form **IH 00 71** to waive the deductible up to \$5,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property that is equipped with a GPS or similar tracking device is caused by or resulted from theft. This deductible waiver is subject to the condition of the insured having actively engaged and maintained in the "on" position any GPS or similar tracking device for such Covered Property.

3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit Annual Transit Application **IH AP 71**, or an equivalent application, signed by the insured.

Consideration may also be given to requesting the rerating of a risk when a materially changed condition results in the current rate being inequitable.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

4. DEDUCTIBLE

A standard deductible used with Annual Transit policies is \$500. The rates found in the Possible Loss Costs Section reflect a \$500 deductible.

Ranges of factors that can apply to higher deductibles are:

Deductible	Range Of Factors
\$ 1,000 – 2,499	.98 to .80
2,500 – 4,999	.95 to .75
5,000 – 10,000	.90 to .60
Over 10,000	Less than .85

Table 4. Deductible Factors

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Other circumstances peculiar to the specific risk may exist that warrant using a different factor.

The deductible that applies to Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be different from the deductible applicable to the remainder of the policy.

5. CLASSIFICATIONS

A. Basic Coverage

Goods shipped may be classified in accordance with a Classification Table such as the one below. The Table attempts to recognize desirability to thieves and damageability in the event of an accident. Goods that fall into Group 1 present lower risks. The risk increases for goods in Groups 2 and 3. Goods listed in Group 4 have the highest risks.

Classify any goods not listed in Group 1, 2, 3 or 4 after evaluating their damageability or attractiveness to thieves.

Refer to the Possible Loss Costs Section for loss costs applicable for each risk group in Table 5.A. Basic Coverage Classifications.

Group 1	Group 2	Group 3	Group 4	
Low Risk	Moderate Risk	Moderate-To-High Risk	High Risk	
Canned Goods Cement, Sand or Gravel Fertilizer Grain, Hay & Feed Lumber Paper & Paper Products Petroleum Products, NOC Fits on standard shrink-wrapped 4x4 pallet, very durable	Agricultural Equipment Automotive Products Beer & Wine Beverages (non-alcoholic) Bicycles Building Materials Canoes, Kayaks And Small Craft Boats Dairy Products (Except Butter) Dry Goods Household Goods Livestock & Live Poultry Metal, NOC & Metal Products Milk Paint Plastic Plumbing Supplies Rugs & Carpets, NOC Textiles	Appliances, NOC Cables, Pipes & Wire Camera Supplies Candy Ceramic Goods Collectibles Dishes Electrical Supplies & Fixtures Farm Products Food Products, NOC Furniture Glassware Leather Goods Liquid Haulers Optical Goods Sporting Goods Wearing Apparel And Shoes, NOC	Alcoholic Beverages, NOC Boats & Yachts Butter Cameras & Film Chemicals Computers Cosmetics & Perfume Eggs Fine Arts Electronics (TV, Radios & Stereos and other electronic devices) Firearms, Explosives & Ammunitions Fish Frozen & Refrigerated Products Furs Hazardous Substances Jewelry & Watches Machinery & Heavy Equipment, NOC Contractors' Heavy Equipment Meat & Seafood Narcotics	Oriental Rugs & Carpets Perishables Petroleum Products under 140°F (60°C) flash point Pharmaceuticals Poultry for market Power Tools Precious & Semi-precious Metals Specialized Heavy Haulers Sporting Goods Tires & Tubes (Rubber) Tobacco and Tobacco Products Toys Video Equipment & Tapes Wearing Apparel And Shoes, Designer Musical Instruments and Equipment

Table 5.A. Basic Coverage Classifications

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B. Spoilage And Loss Due To FDA Regulation Coverage

Goods shipped may be classified in accordance with a Classification Table such as the one below. The Table attempts to recognize susceptibility to damage caused by change in temperature or humidity. Goods that fall into Class 1 present lower risks. The risk increases for goods in Class 2. Goods listed in Class 3 have the highest risks.

Classify any other goods whose properties consistently present a Moderate, Moderate To High or High Risk of damage caused by change in temperature or humidity.

Refer to the Possible Loss Costs Section for loss costs applicable for each class in Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications. If the goods shipped are comprised of commodities from multiple classes, use the rate for the highest risk class unless the lower risk class is transported over 80% of the time.

Class 1	Class 2	Class 3
Low Risk	Moderate Risk	Moderate-To-High Risk
Bakery Goods Beer and Wine Canned Goods Cheese Fruits and Vegetables	Beverages (non-alcoholic) Non-frozen Dairy Products Eggs Meat and Poultry	Frozen Dairy Products, Including Ice Cream Flowers Frozen and Refrigerated Products, NOC Non-frozen Seafood

Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications

6. PREMIUM CALCULATIONS

A means for determining the annual premium for the applicable coverages is as follows:

A. Basic Coverage

1. Classify shipped goods as Low Risk (Group 1), Moderate Risk (Group 2), Moderate-to-high Risk (Group 3) and High Risk (Group 4), referencing Table 5.A. Basic Coverage Classifications as a guide, and applying appropriate underwriting judgment.
2. For each type of conveyance, calculate the premium of each insured risk group of the conveyance by doing the following:
 - a. Select an appropriate loss cost from the Possible Loss Costs Section.
 - b. Calculate the ratio of the selected Limit of Insurance to the annual values shipped of the risk group. Then multiply the loss cost selected in Paragraph a. by an appropriate factor from the Table 6.A.2.b. Other circumstances peculiar to the specific risk may exist that warrant using a different factor.

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Ratio Of Limit Of Insurance To Annual Values Shipped	Factor
Less than 5%	1.00
5 – 9.9	1.02 – 1.10
10 – 19.9	1.05 – 1.15
20 – 30	1.10 – 1.20
Over 30	1.15 – 1.50

Table 6.A.2.b. Limit-to-values Factors

- c. Multiply the result from Paragraph **b.** by the applicable company loss cost multiplier.
- d. Multiply the result from Paragraph **c.** by the applicable deductible factor from Table **4. Deductible Factors.**
- e. Multiply the result from Paragraph **d.** by the respective annual values shipped.
- 3. To calculate the total premium of Basic Coverage for each type of conveyance, sum the premiums of each risk group of the conveyance from Paragraph **2.**
- 4. To calculate the total premium of Basic Coverage for Annual Transit, sum the premiums of each type of conveyance from Paragraph **3.**

B. Optional Coverage

1. Named Terminals

- a. Select an appropriate loss cost from the Possible Loss Costs Section.
- b. Multiply the selected loss cost by the applicable company loss cost multiplier.
- c. Multiply the result from Paragraph **b.** by the applicable factor from Table **4. Deductible Factors.**
- d. To determine the premium for Named Terminals Optional Coverage, multiply the result from Paragraph **c.** by the Limit of Insurance in \$100's.
- e. If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph **d.** by the factor based on the number of covered days from the table below.

Total Number Of Days	Factor
90	0.50

Table 6.B.1.e. Days Factor

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2. Unspecified Terminals

- a. Select an appropriate loss cost from the Possible Loss Costs Section.
- b. Multiply the selected loss cost by the applicable company loss cost multiplier.
- c. Multiply the result from Paragraph **b.** by the applicable factor from Table **4.** Deductible Factors.
- d. To determine the premium for Unspecified Terminals Optional Coverage, multiply the result from Paragraph **c.** by the Limit of Insurance in \$100's.
- e. If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph **d.** by the factor based on the number of covered days from the table below.

Total Number Of Days	Factor
90	0.50

Table 6.B.2.e. Days Factor

C. Additional Coverages

To calculate the company rate referenced in Paragraphs **1.** through **7.** below, select the appropriate loss cost(s) in the Possible Loss Costs Section and multiply the selected loss cost(s) by the applicable company loss cost multiplier.

1. Debris Removal

- a. If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- b. If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

2. False Pretense

- a. If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- b. If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

3. Rewards

- a. Arrest and Conviction
 - (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Costs Section by the amount of coverage (in 100's) in excess of \$10,000.

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- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Costs Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.
- b. Return of Stolen Property
- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Costs Section by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Costs Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.
- c. Total additional premium or premium credit for this additional coverage is the sum of results from Paragraphs a. and b.
- 4. Fire Department Service Charge**
- a. If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- b. If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.
- 5. Fire Extinguishing Systems Expense**
- a. If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- b. If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.
- 6. Pollutant Cleanup And Removal**
- a. If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- b. If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

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7. Preservation Of Property Expense

- a. If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- b. If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

D. Endorsements

1. Spoilage And Loss Due To FDA Regulation Coverage

- a. Classify property covered under this endorsement as Low Risk (Class 1), Moderate Risk (Class 2) or Moderate-to-high Risk (Class 3), referencing Table **5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications** as a guide and applying appropriate underwriting judgment.
- b. For each insured class, do the following to obtain the class's premium:
 - (1) Select an appropriate loss cost from the Possible Loss Costs Section.
 - (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
 - (3) Multiply the result from Paragraph (2) by the applicable factor from Table **4. Deductible Factors**.
 - (4) Multiply the result from Paragraph (3) by the basic coverage Limit of Insurance in \$100s.
- c. To obtain the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage, sum the premium of each insured class from Paragraph **b.**

2. Theft From Unattended Vehicle Exclusion

A premium credit may be calculated by multiplying the total premium for Basic Coverage calculated in Paragraph **6.A.** by a factor between 0 and 0.50.

7. REPORTING FORM ONLY

A. Endorsement

Policies may be written with a monthly or quarterly reporting feature. Values Shipped Reporting Form Endorsement **IH 99 09** may be used to convert the policy to a reporting basis.

B. Reporting Rate, Deposit And Additional Premiums

The annual policy premium developed in Instruction **6.** must be converted to a rate that will be convenient for monthly or quarterly reporting. The procedure to convert is to:

1. Divide the total annual premium by the total annual value of goods shipped; and
2. Convert the result from Paragraph **1.** to an annual rate per \$100 by multiplying by 100.

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The reported values of goods shipped are actual periodic values rather than cumulative values. Charge an additional premium when the deposit premium has been earned. For a monthly reporting policy, use the annual rate times the monthly value of goods shipped. For a quarterly reporting policy, use the annual rate times the quarterly value of goods shipped.

The premium charged at inception for a reporting policy is a deposit premium. The amount is determined by a percentage, such as 25% or 50%, of the premium obtained in Instruction **6**. for an annual policy. When the deposit premium is exhausted, usually after the first few months, additional premiums may be payable monthly or quarterly in accordance with the values reported.

8. POLICYWRITING MINIMUM PREMIUM

For prepaid policies, apply a minimum premium regardless of term.

For other types of policies, consider a minimum premium for each annual period. Reporting and continuous policies are examples of other types.

For minimum premiums, see the Possible Loss Costs Section.

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**INLAND MARINE HANDBOOK
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**SECTION II
POSSIBLE LOSS COSTS**

6. PREMIUM CALCULATIONS

All loss costs in Paragraph **A.** are per \$100 of annual value shipped.
All loss costs in Paragraphs **B.** and **C.** are per \$100 of limit of insurance.

A. Basic Coverage

Loss Costs				
Type Of Conveyance	Group 1	Group 2	Group 3	Group 4
Vehicles Owned or Operated by the Insured	.01 – .30	.03 – .50	.05 – .65	.06 – .80
Carrier For Hire				
By Motor Truck	.01 – .30	.03 – .55	.05 – .70	.06 – .90
By Railroad	.01 – .25	.015 – .35	.025 – .45	.035 – .55
By Airline	.01 – .25	.015 – .35	.025 – .45	.035 – .55
By Messenger	.01 – .25	.015 – .35	.025 – .45	.035 – .55

Table 6.A. Basic Coverage Loss Costs

B. Optional Coverages

1. Named Terminals

Loss Cost Range
\$0.05 – \$1.70

2. Unspecified Terminals

Loss Cost Range
\$0.05 – \$1.70

C. Additional Coverages

1. Debris Removal

Loss Cost Range
\$0.01 – \$0.03

2. False Pretense

Loss Cost Range
\$0.05 – \$0.13

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3. Rewards

a. Arrest And Conviction

Loss Cost Range
\$0.08 – \$0.13

b. Return Of Stolen Property

Loss Cost Range
\$0.08 – \$0.13

4. Fire Department Service Charge

Loss Cost Range
\$0.30 – \$0.50

5. Fire Extinguishing Systems Expense

Loss Cost Range
\$0.05 – \$0.08

6. Pollutant Cleanup And Removal

Loss Cost Range
\$0.01 – \$0.10

7. Preservation Of Property Expense

Loss Cost Range
\$0.08 – \$0.13

D. Endorsements

Loss Cost Range		
Class 1	Class 2	Class 3
\$0.45 – \$2.20	\$0.55 – \$2.60	\$0.65 – \$3.50

Table 6.D. Spoilage And Loss Due To FDA Regulation Coverage

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8. POLICYWRITING MINIMUM PREMIUM

Refer to company.

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**SECTION III
PREMIUM CALCULATION WORKSHEET**

Name Of Insured, Address Including ZIP Code:

Policy Period

_____ Inception

_____ Expiration

_____ Term

Type Of Property Covered

Type Of Conveyance	Basic Coverage Loss Cost	Annual Values Shipped At Insured's Risk	Limit Of Insurance
Carrier For Hire:			
Motor Truck			\$ _____ Per Motor Truck
Risk Group 1	\$ _____	_____	
Risk Group 2	\$ _____	_____	
Risk Group 3	\$ _____	_____	
Risk Group 4	\$ _____	_____	
Railroad			\$ _____ Per Railroad
Risk Group 1	\$ _____	_____	
Risk Group 2	\$ _____	_____	
Risk Group 3	\$ _____	_____	
Risk Group 4	\$ _____	_____	
Airline			\$ _____ Per Airline
Risk Group 1	\$ _____	_____	
Risk Group 2	\$ _____	_____	
Risk Group 3	\$ _____	_____	
Risk Group 4	\$ _____	_____	
Messenger			\$ _____ Per Messenger
Risk Group 1	\$ _____	_____	
Risk Group 2	\$ _____	_____	
Risk Group 3	\$ _____	_____	
Risk Group 4	\$ _____	_____	

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Type Of Conveyance	Basic Coverage Loss Cost	Annual Values Shipped At Insured's Risk	Limit Of Insurance
Vehicle You Own Or Operate			\$ _____ Per Vehicle
Risk Group 1	\$ _____	\$ _____	
Risk Group 2	\$ _____	\$ _____	
Risk Group 3	\$ _____	\$ _____	
Risk Group 4	\$ _____	\$ _____	

Property At Named Terminals:

\$ _____ Located At _____

\$ _____ Located At _____

Property At Unspecified Terminals: \$ _____

Loss Costs For Optional Coverages And Endorsements:

Named Terminal _____

Unspecified Terminal _____

Spoilage And Loss Due To FDA Regulation Coverage _____

Deductible: \$ _____

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A. PREMIUM FOR BASIC COVERAGE (Continued)

f. Calculate Basic Coverage Premium

<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Final Insured Risk Group Basic Coverage Rate	x	\$	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Insured Risk Group's Annual Values Shipped	=	\$	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Insured Risk Group Basic Coverage Premium
--	---	----	--	---	----	--

2. Sum the basic coverage premium for all insured risk groups to calculate the total basic coverage premium for the conveyance.

\$	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Group 1 Basic Coverage Premium	+	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Group 2 Basic Coverage Premium	+	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Group 3 Basic Coverage Premium	+	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Group 4 Basic Coverage Premium	=	\$	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Basic Coverage Premium For Conveyance
----	---	---	---	---	---	---	---	---	----	---

3. Sum the basic coverage premium for all conveyances to calculate the total basic coverage premium for Annual Transit.

\$	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Basic Coverage Premium For Motor Truck	+	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Basic Coverage Premium For Railroad	+	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Basic Coverage Premium For Airline	+	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Basic Coverage Premium For Messenger	
+ \$	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Basic Coverage Premium For Vehicle You Own Or Operate	=	\$	<div style="background-color: #cccccc; height: 20px; width: 100%; margin-bottom: 5px;"></div> Basic Coverage Premium For Annual Transit				

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B. PREMIUM FOR OPTIONAL COVERAGES

1.a. Named Terminals

Determine the rate

$$\begin{array}{ccccc} \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \text{[Blank Box]} \\ \text{Named Terminal} & & \text{Loss Cost Multiplier} & & \text{Named Terminal Rate} \\ \text{Loss Cost} & & & & \end{array}$$

Apply Deductible Factor

$$\begin{array}{ccccc} \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \text{[Blank Box]} \\ \text{Named Terminal Rate} & & \text{Deductible Factor} & & \text{Modified Named} \\ & & & & \text{Terminal Rate} \end{array}$$

Calculate Premium

$$\begin{array}{ccccc} \text{[Blank Box]} & \times & \$ \text{[Blank Box]} & = & \$ \text{[Blank Box]} \\ \text{Modified Named} & & \text{Limit Of Insurance} & & \text{Named Terminal} \\ \text{Terminal Rate} & & & & \text{Premium} \end{array}$$

1.b. Named Terminals – Greater Number Of Days

Calculate the Days Additional Premium

$$\begin{array}{ccccc} \$ \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \$ \text{[Blank Box]} \\ \text{Named Terminal Premium} & & \text{Days Factor} & & \text{Premium For Greater} \\ & & & & \text{Number Of Days} \end{array}$$

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B. PREMIUM FOR OPTIONAL COVERAGES (Continued)

1.c. Named Terminals – Final Premium

Sum the results from 1.a. and 1.b.

$$\begin{array}{rcccl} \$ & \text{[Blank]} & + & \$ & \text{[Blank]} & = & \$ & \text{[Blank]} \\ & \text{Named Terminal} & & & \text{Premium For Greater} & & & \text{Final Named Terminal} \\ & \text{Premium} & & & \text{Number Of Days} & & & \text{Premium} \end{array}$$

2.a. Unspecified Terminals

Determine the rate

$$\begin{array}{rcccl} \text{[Blank]} & \times & \text{[Blank]} & = & \text{[Blank]} \\ \text{Unspecified Terminal} & & \text{Loss Cost Multiplier} & & \text{Unspecified Terminal} \\ \text{Loss Cost} & & & & \text{Rate} \end{array}$$

Apply Deductible Factor

$$\begin{array}{rcccl} \text{[Blank]} & \times & \text{[Blank]} & = & \text{[Blank]} \\ \text{Unspecified Terminal} & & \text{Deductible Factor} & & \text{Modified Unspecified} \\ \text{Rate} & & & & \text{Terminal Rate} \end{array}$$

Calculate Premium

$$\begin{array}{rcccl} \text{[Blank]} & \times & \$ & \text{[Blank]} & = & \$ & \text{[Blank]} \\ \text{Modified Unspecified} & & & \text{Limit Of Insurance} & & & \text{Unspecified Terminal} \\ \text{Terminal Rate} & & & & & & \text{Premium} \end{array}$$

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B. PREMIUM FOR OPTIONAL COVERAGES (Continued)

2.b. Unspecified Terminals – Greater Number Of Days

Calculate the Days Additional Premium

$$\begin{array}{r} \$ \text{ [] } \times \text{ [] } = \$ \text{ [] } \\ \text{Unspecified Terminal} \quad \text{Days Factor} \quad \text{Premium For Greater} \\ \text{Premium} \quad \text{Number Of Days} \end{array}$$

2.c. Unspecified Terminals – Final Premium

Sum the results from 2.a. and 2.b.

$$\begin{array}{r} \$ \text{ [] } + \$ \text{ [] } = \$ \text{ [] } \\ \text{Unspecified Terminal} \quad \text{Premium For Greater} \quad \text{Final Unspecified} \\ \text{Premium} \quad \quad \quad \text{Number Of Days} \quad \quad \text{Terminal Premium} \end{array}$$

C. PREMIUM FOR ADDITIONAL COVERAGES

1. Debris Removal – Difference In Limit Of Insurance From \$10,000

Debris Removal Limit Of Insurance minus
\$10,000 \$

Calculate the Debris Removal Rate

$$\begin{array}{r} \text{[] } \times \text{ [] } = \text{ [] } \\ \text{Debris Removal Loss} \quad \text{Loss Cost Multiplier} \quad \text{Debris Removal Rate} \\ \text{Cost} \end{array}$$

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C. PREMIUM FOR ADDITIONAL COVERAGES (Continued)

Calculate the Debris Removal premium or credit for Difference In Limit Of Insurance From \$10,000

<div style="background-color: #cccccc; height: 15px; width: 100%;"></div>	x	\$	<div style="background-color: #cccccc; height: 15px; width: 100%;"></div>	=	\$	<div style="background-color: #cccccc; height: 15px; width: 100%;"></div>
Debris Removal Rate			Difference In Limit Of Insurance From \$10,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

2. False Pretense – Difference In Limit Of Insurance From \$25,000

False Pretense Limit Of Insurance minus
\$25,000 \$

Calculate the False Pretense Rate

<div style="background-color: #cccccc; height: 15px; width: 100%;"></div>	x	<div style="background-color: #cccccc; height: 15px; width: 100%;"></div>	=	<div style="background-color: #cccccc; height: 15px; width: 100%;"></div>
False Pretense Loss Cost		Loss Cost Multiplier		False Pretense Rate

Calculate the False Pretense premium or credit for Difference In Limit Of Insurance From \$25,000

<div style="background-color: #cccccc; height: 15px; width: 100%;"></div>	x	\$	<div style="background-color: #cccccc; height: 15px; width: 100%;"></div>	=	\$	<div style="background-color: #cccccc; height: 15px; width: 100%;"></div>
False Pretense Rate			Difference In Limit Of Insurance From \$25,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

3.a. Rewards – Arrest And Conviction – Difference In Limit Of Insurance From \$10,000

Rewards – Arrest And Conviction – Limit
Of Insurance minus \$10,000 \$

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C. PREMIUM FOR ADDITIONAL COVERAGES (Continued)

5. Fire Extinguishing Systems Expense – Difference In Limit Of Insurance From \$10,000

Fire Extinguishing Systems Expense Limit Of
Insurance minus \$10,000 \$

Calculate the Fire Extinguishing Systems Expense Rate

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
Fire Extinguishing Systems Expense Loss Cost		Loss Cost Multiplier		Fire Extinguishing Systems Expense Rate

Calculate the Fire Extinguishing Systems Expense premium or credit for Difference In
Limit Of Insurance From \$10,000

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
Fire Extinguishing Systems Expense Rate			Difference In Limit Of Insurance From \$10,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

6. Pollutant Cleanup And Removal – Difference In Limit Of Insurance From \$25,000

Pollutant Cleanup And Removal Limit Of
Insurance minus \$25,000 \$

Calculate the Pollutant Cleanup And Removal Rate

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
Pollutant Cleanup And Removal Loss Cost		Loss Cost Multiplier		Pollutant Cleanup And Removal Rate

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D. ENDORSEMENTS

1. Spoilage And Loss Due To FDA Regulation Coverage

a. For each insured class, complete steps (1) through (3).

(1) Calculate the rate

$$\text{Class Loss Cost} \times \text{Loss Cost Multiplier} = \text{Class Rate}$$

(2) Apply Deductible Factor

$$\text{Class Rate} \times \text{Deductible Factor} = \text{Final Class Rate}$$

(3) Calculate Premium

$$\text{Final Class Rate} \times \$ \text{Limit Of Insurance (in \$100's)} = \$ \text{Class Premium}$$

b. Sum the premiums for all insured classes to calculate the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage.

$$\$ \text{Class 1 Premium} + \$ \text{Class 2 Premium} + \$ \text{Class 3 Premium} = \$ \text{Premium For Spoilage And Loss Due To FDA Regulation Coverage}$$

2. Theft From Unattended Vehicle Exclusion

Calculate the premium credit

$$\text{Basic Coverage Premium For Annual Transit} \times \text{Factor} = \text{Theft From Unattended Vehicle Exclusion Premium Credit}$$

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
ANNUAL TRANSIT POLICIES**

E. ANNUAL PREMIUM	
COVERAGES	PREMIUM/CREDIT
Basic Coverage	
Optional Coverages	
Named Terminals	
Unspecified Terminals	
Additional Coverages	
Debris Removal	
False Pretense	
Rewards – Arrest And Conviction	
Rewards – Return Of Stolen Property	
Fire Department Service Charge	
Fire Extinguishing Systems Expense	
Pollutant Cleanup And Removal	
Preservation Of Property Expense	
Endorsement	
Spoilage And Loss Due To FDA Regulation Coverage	
Theft From Unattended Vehicle Exclusion	
Total Premium \$	

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
ANNUAL TRANSIT POLICIES**

RESERVED FOR FUTURE USE

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
ANNUAL TRANSIT POLICIES**

**SECTION IV
GENERAL UNDERWRITING CONSIDERATIONS**

GENERAL

Annual Transit policies cover shippers for the value of their shipments while being handled by a carrier(s). The goods covered belong to the insured and are being shipped to someone else usually via a trucker (common or contract carrier). The shipper is the insured, not the carrier. The policy covers the goods for the period the carrier has possession of or responsibility for them.

This policy may also be written to cover the goods shipped in the insured's own vehicles.

There are a variety of considerations the underwriter must review in underwriting Annual Transit policies.

SHIPPER

The underwriting process starts with a review of the prior experience of the insured shipper. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Current financial records
- Number of years in business
- Current status of labor relations
- Protection of goods being shipped from theft
- Use of adequate types of packing materials
- Use of containers to reduce handling and pilferage losses
- Experience and training of employees

GOODS

As respects the **goods** being shipped, it is important to review the:

- Size of the goods to determine if they could be hidden in a small place, such as a match box, or if a considerably larger place would be required.
- Value to determine if the goods are of nominal, moderate or great value. The greater the value, the more likely the goods would be coveted by others.
- Susceptibility to loss or damage.

Consider adding Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** as applicable for an additional premium if refrigerated or temperature-controlled goods are shipped.

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
ANNUAL TRANSIT POLICIES**

TYPES OF CARRIERS

Carriers for hire have different degrees of liability for goods in their possession. Contract carriers have liability only if they are held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for:

- Acts of God
- Acts of the public enemy
- Exercise of public authority
- Fault or neglect on the part of the shipper
- Inherent vice or the nature of the property

Private carriers carry their own goods or goods for which they are the bailee or lessee.

TERMINAL

It is important to have knowledge of the terminals used by the carrier for hire or by the insured if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the carrier or insured may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed in two ways if the coverage is to be written: first, by charging an adequate premium; second, by establishing an appropriate catastrophe limit in the Declarations.

OTHER COVERAGES

Refrigerated Shipments

Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be added as applicable for an additional premium if refrigerated or temperature-controlled goods are shipped. The underwriter should give consideration to the following when providing coverage under this endorsement:

- Periodic inspections of refrigeration equipment
- Availability of refrigeration facilities along the regularly traveled routes
- The types of perishable commodities
- A refrigeration maintenance or service agreement in place
- Temperature alarms installed on vehicles and at terminals
- The existence of backup refrigeration equipment at terminals
- Auxiliary power source or backup generators at terminals

CONTRACTUAL

The sales contracts should be reviewed to determine the point at which the title passes and the buyer assumes ownership. There are several categories of uniform sales contracts that provide changes in title. The most common domestic sales contracts are Free On Board (F.O.B.) point of shipment or point of destination. In the former, the title passes when the goods are in the care, custody or control of the carrier and a clean Bill of Lading has been issued. In the latter, the title passes when the carrier tenders proper delivery upon the arrival of the goods at the final destination.

Bills of Lading are also contracts that the underwriter should have knowledge of. The Bill of Lading is issued by the carrier as:

- A receipt for the goods being transported; and
- The contract of cartage between the carrier and the shipper.

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
ANNUAL TRANSIT POLICIES**

There are four common types of Bills of Lading; Released, Straight, Order and Through. A carrier is released from liability above a specified amount in a Released Bill of Lading; thus, a Released Bill will tend to decrease the amount of subrogation the insurer has against the carrier. A Straight Bill of Lading does not include any limitation placed on the value of the shipment by the carrier. An Order Bill of Lading is extensively used in ocean commerce. It may place a limitation on the value of the goods and it also serves as a method of shipping goods C.O.D. Finally, a Through Bill of Lading is one that is used when there is more than one carrier on the Bill of Lading.

MODES OF TRANSPORTATION

Goods may be shipped by land motor vehicle, railroad, messenger, air carrier or waterborne. Frequently, goods are transported by a combination of these modes. Trucking is considered by some underwriters to be the most hazardous. It has been proven statistically that goods shipped over long distances represent greater risks of loss than those shipped over short distances.

PROPERTY COVERED/NOT COVERED

Additional Covered Property Endorsement **IH 99 19** can be attached to provide coverage for items of property not otherwise covered. Conversely, coverage for certain items of property can be deleted by attaching Additional Property Not Covered Endorsement **IH 99 20**.

**INLAND MARINE HANDBOOK
SUGGESTED LOSS CONTROL
RECOMMENDATIONS
ANNUAL TRANSIT POLICIES**

**SECTION V
SUGGESTED LOSS CONTROL RECOMMENDATIONS**

GENERAL

The Loss Control function consists of two elements – Loss Prevention and Loss Reduction.

The purpose of Loss Prevention is to reduce the frequency of loss.

The purpose of Loss Reduction is to reduce the severity of loss.

A single action frequently impacts both loss frequency and loss severity.

The following recommendations may be shared with the loss control representative:

DEDUCTIBLE

The sample policy in this Handbook contains a deductible clause. The amount of the deductible may be changed to reflect the amount of risk the insured desires to retain.

Additionally, the insured and insurer may agree to have different deductible amounts apply to different goods in order to reduce loss frequency.

CONTRACTS

- A. Wherever possible, the contract of sale should provide that the title to the goods pass to the consignee at the point of the shipment. The result will be that the responsibility for insurance for the goods will rest with the consignee. This may be accomplished by specifying the sale to be made on the basis of Free On Board (F.O.B) point of shipment.
- B. Attempt to avoid Restricted Bills of Lading from the carrier. These reduce the carrier's financial responsibility for a shipment.

MANAGEMENT PRACTICES

A. Administration

- 1. Appoint employees to be responsible for the loading dock, packaging and training.
- 2. Select reputable and financially responsible carriers. Each should have the capability of handling the types of goods you will be shipping.
- 3. Monitor cargo losses in order to eliminate or reduce their causes of loss.
- 4. Bills of Lading (shipping documents) should be reviewed carefully to make sure they are complete and any missing items are recorded at that time.

B. Handling And Packaging

- 1. Establish procedures for packaging goods for transport.
- 2. Train employees to handle packaging in accordance with established procedures reflecting the susceptibility of the types of goods to loss or damage.

**INLAND MARINE HANDBOOK
SUGGESTED LOSS CONTROL
RECOMMENDATIONS
ANNUAL TRANSIT POLICIES**

PREMISES

A. General

1. Water for firefighting should be readily available.
2. Employees should be trained in basic firefighting techniques.
3. Emergency phone numbers should be posted at each telephone.

B. Construction

1. Terminals should be of fire-resistive or non-combustible construction.
2. Large open areas should be avoided to the extent possible, particularly where combustibles are stored. Fire walls, protected by fire doors, can tend to limit what would otherwise be a substantial loss. Building codes should be adhered to and regarded as minimum standards.
3. The warehouse area should be separated from the garage area by a fire wall(s).
4. Have the local fire department familiarize itself with the terminal and the available fire defenses.
5. Place fire alarms (smoke or heat detectors) in terminals.
6. Refrigeration equipment at terminals should be inspected periodically.

C. Occupancy

1. Identify and segregate materials by damageability.
2. Size and height of piles and aisle widths should conform to applicable standards.
3. Goods subject to water damage should be on skids.
4. Adequate access should be provided between all areas.

D. Protection

1. Adequate access to all areas should be provided for firefighting equipment.
2. Portable fire extinguishers should be provided and recharged according to manufacturer's standards.
3. Maps of the terminal, posted at numerous locations in the terminal, should show the location of the extinguishers.
4. A recognized approved central station alarm system should be installed.
5. The areas where combustible goods are stored should be protected by an automatic sprinkler system.

E. Security

1. Establish a security program.
2. Install premises-certified alarms on all openings into the terminal (doors, windows, skylights, etc.) or provide security services reporting to the central station.
3. Keep yard areas fenced with the entrance guarded to control traffic.
4. Do not allow employee parking inside the terminal enclosure.
5. All employees should challenge any strangers on the loading dock.
6. Interline or other drivers should be restricted to a specific dock area.
7. Use employee photo IDs and visitor badges.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**THEFT DEDUCTIBLE WAIVER –
THE NATIONAL EQUIPMENT REGISTER**

This endorsement modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

SCHEDULE

Deductible Waiver Amount:	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

The following is added to Paragraph **E. Deductible:**

If loss or damage to Covered Property is caused by or resulted from theft, as a Covered Cause of Loss, then the deductible for such property will be waived up to \$10,000, unless a different amount is shown in the Schedule of this endorsement. If your policy deductible exceeds the amount waived by this endorsement, you will be responsible for the remainder of such deductible.

As a condition of this endorsement, you are required to:

- a. Have registered the Covered Property with the National Equipment Register (NER) prior to the theft of such property; and
- b. Report the theft to the local law enforcement agency having jurisdiction and the National Equipment Register (NER) at the time you become aware of such theft.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
CONTRACTORS EQUIPMENT POLICIES**

5. Equipment Loaned To Others

There are situations where a contractor may loan equipment to other contractors. To provide coverage for this exposure the Optional Coverage for Equipment Loaned to Others in Contractors Equipment Coverage Form **IH 00 68** can be selected with a limit shown on the Declarations.

6. Equipment Leased Or Rented To Others

Some contractors lease or rent equipment to others under a written agreement. To provide coverage for this exposure the Optional Coverage for Equipment Leased or Rented to Others offered in Contractors Equipment Coverage Form **IH 00 68** can be selected with a limit shown on the Declarations.

7. Waterborne

Some contractors have jobs where they need to operate equipment while waterborne. To provide coverage for this exposure the Optional Coverage for Waterborne in Contractors Equipment Coverage Form **IH 00 68** can be selected with a limit shown on the Declarations.

8. Replacement Cost

Contractors Equipment Coverage is commonly written on an Actual Cash Value (ACV) basis of coverage. Contractors Equipment Coverage Form **IH 00 68**, when used with **CM 00 01** Commercial Inland Marine Conditions, provides for loss settlement on an ACV basis but Replacement Cost (RC) Coverage is offered in Contractors Equipment Coverage Form **IH 00 68** as an option if shown on the Declarations. The RC Coverage will apply to all equipment; however, its application can be limited to specific equipment by identifying such equipment on the Declarations. The RC provision applies for Covered Property that is not more than five years old unless a different age is shown in the Declarations.

9. Agreed Value

For certain contractors equipment risks, Covered Property is sometimes provided at Agreed Value (AV) for coverage terms. Contractors Equipment Coverage Form **IH 00 68**, when used with **CM 00 01** Commercial Inland Marine Conditions, provides for loss settlement on an ACV basis, but may be endorsed to provide AV Coverage. Scheduled Contractors Equipment With Agreed Value Endorsement **IH 68 09** can be used to provide AV.

10. Boom Limitation

To exclude coverage on crane booms over 25 feet in length, the Boom Limitation Endorsement **IH 68 04** can be used with the Contractors Equipment Coverage Form **IH 00 68**. The Boom Limitation Endorsement adds crane booms that exceed 25 feet in length to the Property Not Covered section of Contractors Equipment Coverage Form **IH 00 68**.

11. Contractors Equipment Reporting Form

Contractors Equipment Reporting Form **IH 68 06** can be used to apply reporting terms for contractors equipment that is owned, leased or rented from others and equipment leased or rented to others. The applicable reporting rates, deposit premium, minimum premium and reporting period can be shown in the Declarations for each of these coverages.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
CONTRACTORS EQUIPMENT POLICIES**

12. Theft Deductible Waiver – The National Equipment Register

Theft Deductible Waiver – The National Equipment Register Endorsement **IH 68 10** can be used with Coverage Form **IH 00 68** to waive the deductible up to \$10,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property is caused by or resulted from theft. This deductible waiver is subject to the conditions of the insured registering the Covered Property with the National Equipment Register (NER) prior to the theft and reporting the theft to local law enforcement and NER.

13. Theft Deductible Waiver – GPS

Theft Deductible Waiver Endorsement **IH 99 31** can be used with Coverage Form **IH 00 68** to waive the deductible up to \$5,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property that is equipped with a GPS or similar tracking device is caused by or resulted from theft. This deductible waiver is subject to the condition of the insured having actively engaged and maintained in the "on" position any GPS or similar tracking device for such Covered Property.

14. Weight Of Load Exclusion

To exclude loss or damage resulting from the weight of a load when it exceeds the designed capacity of the manufacturer's stated load or lift capacity of the equipment, the Weight of Load Exclusion can be used with Contractors Equipment Coverage Form **IH 00 68**.

15. Underwater Or Underground

Contractors Equipment While Underwater Or Underground Endorsement **IH 68 05** can be used to provide coverage for a contractor that uses equipment underwater or engages in mining, tunneling or similar underground operations. The applicable Covered Property needs to be selected with a limit shown in the Schedule of this endorsement.

3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit the Contractors Equipment Application **IH AP 68**, or an equivalent application, signed by the insured.

Consideration may also be given to requesting the rerating of a risk when a materially changed condition results in the current rate being inequitable.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

MOTOR TRUCK CARGO CARRIERS APPLICATION

SECTION I – GENERAL				
Name	Applicant		Producer	
Address				
Telephone Number				
Web Site Address				
Proposed Policy Term				
From:				
To:				
Annual Gross Receipts				
	Period	Total	Common Carrier	Contract Carrier
	Two Years Prior	\$	\$	\$
	Last Year	\$	\$	\$
	Estimated Current Year	\$	\$	\$
	Estimated Next 12 Months	\$	\$	\$
Applicant's Business				
Nature Of:				
Number Of Years In Business:				
Contact For Inspection				
Name:				
Telephone Number:				
Email Address:				

SECTION II – GENERAL INFORMATION			
(Complete all that apply.)			
1. Indicate the following for the principal commodities transported:			
Commodity	Percent Of Total Shipments	Average Value Any One Shipment	Maximum Value Any One Shipment
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
Total	100%		

SECTION II – GENERAL INFORMATION (Cont'd)

2.	Type Of Carrier		Average Any One Shipment	Maximum Any One Shipment
	<input type="checkbox"/> Contract Carriers		\$	\$
	<input type="checkbox"/> Common Carriers		\$	\$

3. What are your Department Of Transportation (DOT) and Motor Carrier (MC) docket numbers ?

4. Are any filings required? If so, check which ones:
 Federal Motor Carrier Safety Administration (FMCSA) **National Association Of Regulatory Utility Commissioners (NARUC)**

5. Do you have insurance excess of the primary limits requested for the coverage in this application? Yes No

6. Are loaded vehicles parked unattended overnight? Yes No

SECTION III – ADDITIONAL INFORMATION
(Complete all that apply.)

1. Indicate the following for vehicles used in your operation:

Type	Total Units	Refrigerated Units	Owner Operator Units	Average Age	Protective Devices Installed
Tractors					
Trucks					
Flatbed Trailers					
Tank Trailers					
Other Trailers					
Total					

2. How are the goods being shipped protected from damage and theft?

3. What types of informational markings and packing materials are used to reduce damage?

SECTION III – ADDITIONAL INFORMATION (Cont'd)

4. Are containers used? Yes No

5. a. What are the territories you operate in and provide direct service for?

b. Indicate your radius of operations:

Radius of Operations	Percent of Total
Up to and including 200 miles	
Over 200 miles up to and including 500 miles	
Over 500 miles	

6. Indicate the following for drivers used in your business:

a. Total number of drivers employed by you:

b. Total number of drivers who are owner operators:

7. Is any release of values/liability given to carriers? Yes No

If so, provide details:

8. Do you maintain a mileage log for each driver? Yes No

9. Are drivers' motor vehicle records (MVRs) reviewed on a regular basis and maintained? Yes No

10. Are the personnel transporting the property given background checks and bonded? Yes No

11. Indicate the following for the terminals:

Terminal Location	Construction Type	Year Built	Sprinklered	Public Protection Class

SECTION IV – PROTECTION OF PROPERTY (Cont'd)

12. Are maintenance records kept for all protection devices? Yes No
13. Is there a maintenance program in place for vehicles? Yes No
 If so, provide details including frequency.

SECTION V – LIMITS OF INSURANCE AND DEDUCTIBLE REQUESTED

		Limit(s) Of Insurance Requested
1.	<input type="checkbox"/> Property In Or On Any One Automobile, Truck Or Other Power Unit, Including Property In All Attached Trailers	\$
	-OR-	
	<input type="checkbox"/> Property In Or On Any One Of The Following Automobile, Truck Or Other Power Unit, Including Property In All Attached Trailers:	\$
	Vehicle Description/Vehicle Identification Number (VIN)	
	a.	
	b.	
	c.	
2.	Property At The Following Terminals:	
	a.	\$
	b.	\$
	c.	\$
	d.	\$
	e.	\$
3.	Property At Unspecified Terminals	\$
4.	Number of days' coverage at terminals if other than 60 days:	days
5.	All Covered Property In One Occurrence	\$

SECTION V – LIMITS OF INSURANCE AND DEDUCTIBLE REQUESTED (Cont'd)

6. Additional Coverages	Amount(s) Requested
If amounts of coverage other than those shown in a. through m. below are desired, indicate the requested amount(s):	
a. Debris Removal Additional Limit (\$10,000)	\$
b. False Pretense (\$25,000)	\$
c. Rewards:	
Arrest And Conviction (\$10,000)	\$
Return Of Stolen Property (\$10,000)	\$
d. Cargo Handling Equipment (\$10,000)	\$
e. Contractual Penalties (\$5,000)	\$
f. Earned Charges (\$5,000)	\$
g. Fire Department Service Charge (\$10,000)	\$
h. Fire Extinguishing Systems Expense (\$10,000)	\$
i. Fuel (\$2,500)	\$
j. Newly Acquired Terminals (\$100,000; 60 days)	\$
	days*
k. Pollutant Cleanup And Removal (\$25,000)	\$
l. Preservation Of Property Expense (\$10,000)	\$
m. Electronic Equipment (\$10,000)	\$
*Requested amount must be more than 60 days.	
7. Deductible: \$	

SECTION VI – ADDITIONAL INFORMATION

Insurance companies during the last three years:
Provide information regarding the date, cause and amount of all losses during the last three years whether insured or uninsured:
Attach copies of your most recent financials (Income Statement and Balance Sheet).
Attach copies of your current contracts of carriage and bills of lading used.
Attach list of vehicles with their vehicle identification number (VIN) in your fleet for scheduled coverage.
List of any additional information attached with this application:

PLEASE COMPLETE SIGNATURE BLOCK ON LAST PAGE.

FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO ALABAMA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

FRAUD STATEMENT TO ARIZONA APPLICANTS

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

FRAUD STATEMENT TO ARKANSAS APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO COLORADO APPLICANTS

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FRAUD STATEMENT TO FLORIDA APPLICANTS

Any person who knowingly, and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

FRAUD STATEMENT TO HAWAII APPLICANTS

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

FRAUD STATEMENT TO IDAHO APPLICANTS

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO KANSAS APPLICANTS

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer or insurance agent or broker, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

FRAUD STATEMENT TO KENTUCKY APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

FRAUD STATEMENT TO LOUISIANA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MAINE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

FRAUD STATEMENT TO MARYLAND APPLICANTS

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MINNESOTA APPLICANTS

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

FRAUD STATEMENT TO NEW HAMPSHIRE APPLICANTS

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

FRAUD STATEMENT TO NEW JERSEY APPLICANTS

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

FRAUD STATEMENT TO NEW YORK APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

FRAUD STATEMENT TO OHIO APPLICANTS

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO OREGON APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A.** The misinformation is material to the content of the policy;
- B.** We relied upon the misinformation; and
- C.** The information was either:
 - 1.** Material to the risk assumed by us; or
 - 2.** Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT TO PUERTO RICO APPLICANTS

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

FRAUD STATEMENT TO TENNESSEE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO VIRGINIA APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO WASHINGTON APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

<p>Insured (Applicant):</p> <p>Application Completed By (print name):</p> <p>Signature:</p> <p>Title:</p> <p>Date:</p>

Additional Coverages			
Debris Removal Additional Limit		\$	
False Pretense		\$	
Rewards:			
Arrest And Conviction (Section A.6.d.(1)(a))		\$	
Return Of Stolen Property (Section A.6.d.(1)(b))		\$	
Cargo Handling Equipment		\$	
Contractual Penalties		\$	
Earned Charges		\$	
Fire Department Service Charges		\$	
Fire Extinguishing Systems Expense		\$	
Fuel		\$	
Newly Acquired Terminals		\$	
			days
Pollutant Cleanup And Removal		\$	
Preservation Of Property Expense		\$	
Electronic Equipment		\$	

Deductible:	\$
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Rates And Premiums			
Nonreporting:			
Rate	Premium	\$	
Reporting:			
Deposit Premium		\$	
Minimum Premium		\$	
Reporting Period			
Premium Adjustment Period			
Premium Base			
Rates		\$	per \$100

Special Provisions (if any):

MOTOR TRUCK CARGO CARRIERS 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

1. Insuring Agreement

We will pay those sums that you become legally obligated to pay for loss to Covered Property caused by a Covered Cause of Loss. We have the right and duty to defend you against any "suit" seeking these damages. However, we have no duty to defend you against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any occurrence and settle any claim or "suit" that may result. But:

- a. The amount we will pay for damages is limited as described in Section C. Limits Of Insurance; and
- b. Our right and duty to defend end when we have used up the Limit of Insurance in the payment of judgments or settlements.

2. 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 any bill of lading, contract of carriage or shipping receipt issued by you.

3. When Coverage Applies

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 and accepted by the consignee or its representative, but in no event shall exceed the period of time specified under your bill of lading, contract of carriage or shipping receipt; or

- b. At a terminal, including a warehouse or other storage area, for up to 72 hours (excluding Sundays and holidays). However, if a Limit Of Insurance is shown in the Declarations for:

- (1) Property at Terminals whose locations are specified; or

- (2) Property at Unspecified Terminals;

then the time limitation for coverage at terminals is 60 days unless a different number of days is specified in the Declarations.

If the property is not delivered or refused by consignee, we cover the property until it is returned to the shipper or consignor.

4. 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; except when death, or injury requiring an animal to be killed, is caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form;
- 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.**

5. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

6. Additional Coverages

The Limits of Insurance shown in Paragraph **A.6.** Additional Coverages are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property, except with respect to Debris Removal Additional Coverage in Paragraph **A.6.a.(3).**

a. Debris Removal

- (1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss or damage to Covered Property; plus
 - (b) The deductible in this Policy applicable to that loss or damage.
- (3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:
 - (a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or

- (b) The debris removal expense exceeds the amount payable under the 25% limitation;

we will pay up to an additional \$10,000, unless a different Limit Of Insurance is shown in the Declarations in any one occurrence under this Additional Coverage.

- (4) This Additional Coverage does not apply to costs to:

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

b. False Pretense

We will pay for loss or damage to Covered Property when you, your agents, consignees or customers voluntarily part with the covered property due to:

- (1) Having accepted false bills of lading or shipping receipts; or
- (2) Someone causing you to voluntarily part with the covered property by trick, scheme, device or under false pretense.

Coverage is excluded, for loss or damage to property which is otherwise covered, when the person committing the wrongful act is an employee.

The most we will pay under this Additional Coverage is \$25,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

c. Preservation Of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 60 days after the property is first moved.

d. Rewards

(1) We will reimburse you for rewards paid as follows:

(a) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

(i) Replacement Cost of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the Covered Property.

(b) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for the return of stolen Covered Property, when loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

(i) Replacement Cost based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the Covered Property returned.

(2) This Additional Coverage applies subject to the following conditions:

(a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the necessary information or return the stolen Covered Property, and who is not:

(i) You or any family member;

(ii) Your employee or any of his or her family members;

(iii) An employee of a law enforcement agency;

(iv) An employee of a business engaged in property protection;

(v) Any person who had custody of the Covered Property at the time the theft was committed; or

(vi) Any person involved in the crime.

(b) There will be no reimbursement for a reward paid unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.

(c) The amount of the reward is the most we will reimburse under this Additional Coverage for loss in any one occurrence.

(d) The insured must have posted public notice of the reward prior to the person having been first to voluntarily provide the necessary information or return the stolen Covered Property.

7. Additional Coverages

The Limits of Insurance shown in Paragraph A.7. Additional Coverages are separate from, and will not reduce, the Limit Of Insurance shown in the Declarations as applicable to the Covered Property.

a. Supplementary Payments

We will pay with respect to any claim we investigate or settle, or any "suit" against you we defend:

(1) All expenses we incur.

(2) The cost of appeal bonds and bonds to release attachments, but only for bond amounts within the Limit of Insurance applicable to this insurance. We do not have to furnish these bonds.

(3) All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.

(4) All costs taxed against you in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against you.

(5) Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance applicable to this insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- (6) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the Limit of Insurance applicable to this insurance.

Commercial Inland Marine Conditions Loss Payment Paragraph **E.4.** does not apply.

b. Cargo Handling Equipment

We will pay for loss or damage that is caused by or results from a Covered Cause of Loss to equipment you own, lease or operate for loading, unloading, packing and securing of Covered Property.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

c. Contractual Penalties

We will pay for contractual penalties imposed by written contract between you and your customers. These penalties must:

- (1) Result from failure to deliver the Covered Property on time according to contract terms;
- (2) Result from direct physical loss or damage to Covered Property by a Covered Cause of Loss; and
- (3) Have been paid by you to your customers.

The most we will pay under this Additional Coverage is \$5,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

d. Earned Charges

We will pay earned charges that are due you that become uncollectible because of direct physical loss of or damage to Covered Property caused by a Covered Cause of Loss.

The most we will pay under this Additional Coverage for loss or damage in any one occurrence is \$5,000, unless a different Limit Of Insurance is shown in the Declarations.

e. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 for service, unless a different Limit of Insurance is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed. This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

f. Fire Extinguishing Systems Expense

(1) We will pay:

- (a) The cost of recharging your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) or replacing the fire extinguishers or fire extinguishing systems, whichever is less, when the need to recharge or replace is caused by a Covered Cause of Loss; and
- (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguishing system.

(2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.

(3) The most we will pay under this Additional Coverage is \$10,000 in any one occurrence, unless a different Limit Of Insurance is shown in the Declarations.

(3) The most we will pay under this Additional Coverage is \$10,000 in any one occurrence, unless a different Limit Of Insurance is shown in the Declarations.

g. Fuel

We will pay for loss or damage that is caused by or results from a Covered Cause of Loss to fuel, oil, grease, gasoline and other fluids necessary to transport Covered Property.

Such fluids must be in or on a vehicle you own or operate transporting Covered Property at the time of loss.

The most we will pay under this Additional Coverage is \$2,500 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

h. Newly Acquired Terminals

When a Limit Of Insurance is shown in the Declarations for Property at Terminals whose locations are specified, the following applies:

- (1) The insurance that applies to Covered Property is extended to apply to such property at any Terminal you newly acquire other than at fairs, trade shows or exhibitions.
- (2) The most we will pay for loss or damage under this coverage is \$100,000 at each newly acquired terminal, unless a different limit is shown in the Declarations.
- (3) Insurance under this coverage for each newly acquired terminal will end when any of the following first occurs:
 - (a) This Policy expires;
 - (b) 60 days, unless a greater number of days is shown in the Declarations, expire after you acquire the terminal; or
 - (c) You report the values to us.
- (4) We will charge you additional premium for values reported from the date you acquire the terminal.

However, this Additional Coverage does not apply when a Limit Of Insurance is shown for Property at Unspecified Terminals in the Declarations.

i. Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$25,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

j. Preservation Of Property Expense

We will pay the necessary expenses incurred to move or store Covered Property to preserve it from loss or damage by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations. This Additional Coverage shall not exceed 60 days from the time the Covered Property is first moved.

k. Electronic Equipment

We will pay for loss or damage that is caused by or results from a Covered Cause of Loss to your owned or leased electronic equipment that reproduces, receives or transmits audio, visual or data signals and that is used in the transport of Covered Property.

Such equipment includes any accessories, "data" and "media" associated with it.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, unless a different Limit Of Insurance is 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

Nuclear reaction or radiation, or radioactive contamination, however caused.

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.** Delay, loss of use, loss of market or any other consequential loss.
- b.** Dishonest or criminal act (including theft) committed by:
 - (1) You, any of your partners, employees (including temporary employees, leased workers, contractors and leased owner operators), officers, directors, trustees, or authorized representatives;
 - (2) A manager or a member if you are a limited liability company; or
 - (3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees, leased workers, contractors and leased owner operators) or authorized representatives; but theft by your employees (including temporary employees, leased workers, contractors and leased owner operators) or authorized representatives is not covered.

- c.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by the "specified causes of loss".
- d.** 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, except as provided in the Additional Coverages section, **A. 6.b.** False Pretense.
- e.** Unauthorized instructions to transfer property to any person or to any place.
- f.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- g.** Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

- 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.** Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.
 - b.** Mechanical breakdown (including rupture or bursting caused by centrifugal force), malfunction, or failure to operate.
 - c.** Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
 - d.** Dampness or dryness of atmosphere.
 - e.** Changes in or extremes of temperature.

However, with respect to Paragraphs **3.b.**, **3.d.** and **3.e.**, we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

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

1. 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.
2. However, we may pay any part or all of the deductible amount to effect settlement of any claim and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.
3. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

E. Additional Conditions

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

Valuation

- a. The value of Covered Property will be the least of the following amounts:
 - (1) The cost of reasonably restoring that property to its condition immediately before loss;
 - (2) The cost of replacing that property with substantially identical property; or
 - (3) The amount for which you are legally liable under a bill of lading or contract of carriage.
- b. The value of property for the Additional Coverage **A.7.b.** Cargo Handling Equipment 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.

- c. The value of property for the Additional Coverage **A.7.g.** Fuel will be the lesser of the following:

- (1) Your original cost; or

- (2) Market value at the time of loss.

- d. The value of property for the Additional Coverage **A.7.k.** Electronic Equipment will be:

- (1) The cost of replacing the equipment with new property functionally identical to the damaged equipment if replaced; or

- (2) Actual cash value if the property is not repaired or replaced.

In the event of partial damage to an item of electronic equipment, we will not pay more than the cost of reasonably restoring the property to its condition immediately prior to the loss.

However, the value of:

- (a) "Data" will be the actual cost to reproduce. If the "data" is not replaced or reproduced, we will pay the cost of the value of the "media" with no stored "data".

- (b) "Media" will be the cost to repair or replace the "media" with substantially identical property.

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

1. "Accident" means:
 - a. Upset or overturn of the transporting vehicle; or
 - b. The accidental contact of the transporting vehicle with another vehicle or object, but not including contact with:
 - (1) The roadbed or curbing;
 - (2) Rails or ties of street, steam or electric railroad; or
 - (3) Any stationary object while backing for loading or unloading purposes.
2. "Data" means:
 - a. Data stored on "media"; and
 - b. Programming records used for electronic data processing or electronically controlled equipment.
3. "Media" means electronic data processing, recording or storage media such as software, films, tapes, discs, drums or cells.
4. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; "water damage".
- a. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This Cause of Loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
6. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
7. "Suit" means a civil proceeding in which damages because of property damage to which this insurance applies are alleged. "Suit" includes:
 - a. An arbitration proceeding in which such damages are claimed and to which you must submit or submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SPOILAGE AND LOSS DUE
TO FDA REGULATION COVERAGE
(MOTOR TRUCK CARGO CARRIERS COVERAGE)**

This endorsement modifies insurance provided under the following:

MOTOR TRUCK CARGO CARRIERS COVERAGE FORM

SCHEDULE

Description Of Property:
Deductible: \$
<input type="checkbox"/> Refrigeration Maintenance Agreement
Causes Of Loss
<input type="checkbox"/> Breakdown Or Contamination <input type="checkbox"/> Power Outage <input type="checkbox"/> FDA Regulation
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

For the purpose of this endorsement, the following provisions apply:

A. Paragraph A.2. Covered Property is replaced by the following:

2. Covered Property

Covered Property means "perishable stock" of others described in the Schedule of this endorsement that you have accepted for transportation as a common or contract motor carrier under your bill of lading or shipping, contract of carriage or shipping receipt issued by you.

B. The following is added to Paragraph A.4. Property Not Covered:

Property located:

- a. In the open; or
- b. In vehicles without an operating refrigeration system designed for the vehicle.

C. Paragraph A.5. Covered Causes Of Loss is replaced by the following:

5. Covered Causes Of Loss

Covered Causes of Loss means the following only if indicated by an "X" in the Schedule:

a. Breakdown or Contamination, which means:

- (1) Change in temperature or humidity resulting from:
 - (a) Breakdown or failure of refrigerating, cooling, heating or humidity control apparatus or equipment; or
 - (b) Mistake in setting or maintaining the temperature or humidity levels on refrigerating, cooling, heating or humidity control apparatus or equipment; and
- (2) Contamination by the refrigerant.

- b. Power Outage, which means change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off a terminal, including a warehouse or other storage area, due to conditions beyond your control.
 - c. Food and Drug Administration (FDA) Regulation, which means loss of Covered Property due solely to U.S. FDA regulations that deem such property to be adulterated.
- D. Paragraph **B. Exclusions** is replaced by the following:
- B. Exclusions**
1. Only the following exclusions in the Coverage Form apply to coverage provided in this endorsement:
 - a. Paragraph **B.1.a.** Governmental Action, except with respect to coverage provided in Paragraph **C.5.c.** in this endorsement;
 - b. Paragraph **B.1.b.** Nuclear Hazard;
 - c. Paragraph **B.1.c.** War And Military Action; and
 - d. Paragraph **B.2.b.** Dishonest or criminal act.
 2. The following exclusions are added:
We will not pay for loss or damage caused by or resulting from:
 - a. The disconnection of any refrigerating, cooling or humidity control system from the source of power.
 - b. The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
 - c. The inability of an electrical utility company or other power source to provide sufficient power due to:
 - (1) Lack of fuel; or
 - (2) Governmental order.
- d. The inability of a power source to provide sufficient power due to lack of generating capacity to meet demand.
 - e. Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.
- E. Paragraph **D.1., Deductible**, is replaced by the following:
1. With respect to loss or damage covered under the terms of this endorsement, 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 Schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible shown in the Schedule, up to the applicable Limit of Insurance.
- F. The following is added to Paragraph **E. Additional Conditions**:
- Refrigeration Maintenance Agreements**
- If Breakdown or Contamination is designated as a Covered Cause of Loss and a refrigeration maintenance agreement is shown as applicable by an "X" in the Schedule, the following condition applies:
- You must maintain a refrigeration maintenance or service agreement. If you:
1. Voluntarily suspend or terminate this agreement and do not notify us before a loss or damage occurs; or
 2. Have knowledge of any cancellation, suspension or termination;
- the insurance provided by this endorsement will be automatically suspended.
- G. The following is added to Paragraph **F. Definitions**:
- "Perishable stock" means personal property:
1. Maintained under controlled conditions for its preservation; and
 2. Susceptible to loss or damage if the controlled conditions change.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NON-OWNED TRAILER COVERAGE

This endorsement modifies insurance provided under the following:

MOTOR TRUCK CARGO CARRIERS COVERAGE FORM

SCHEDULE

Coverage	Limits Of Insurance
<input type="checkbox"/> Trailer Interchange	
Any One Trailer	\$
In Any One Occurrence	\$
<input type="checkbox"/> Trailer Bailee	
Any One Trailer	\$
In Any One Occurrence	\$
Deductible	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

For the purpose of this endorsement, the following provisions apply:

A. Coverage

1. Trailer Interchange

If the Schedule of this endorsement indicates Trailer Interchange applies:

We will pay those sums you become legally obligated to pay for loss to a "trailer" you don't own or its equipment, not otherwise covered under the Coverage Form, caused by a Covered Cause of Loss while in your care, custody or control under a written trailer or equipment interchange agreement.

2. Trailer Bailee

If the Schedule of this endorsement indicates Trailer Bailee applies:

We will pay those sums you become legally obligated to pay for loss to a "trailer" you don't own or its equipment, not otherwise covered under the Coverage Form, caused by a Covered Cause of Loss while in your care, custody or control, but not under a written trailer or equipment interchange agreement.

3. We have the right and duty to defend you against any "suit" seeking these damages. However, we have no duty to defend you against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any occurrence and settle any claim or "suit" that may result. But:

- a. The amount we will pay for damages is limited as described in Paragraph **C.** Limits Of Insurance of this endorsement; and
- b. Our right and duty to defend end when we have used up the Limit of Insurance in the payment of judgments or settlements.

4. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage except those causes of loss listed in the Exclusions.

5. Additional Coverages

We will pay with respect to any claim we investigate or settle, or any "suit" against you we defend:

- a. All expenses we incur.

- b. The cost of appeal bonds and bonds to release attachments, but only for bond amounts within the Limit of Insurance applicable to this insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.
- d. All costs taxed against you in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against you.
- e. Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance applicable to this insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- f. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the Limit of Insurance applicable to this insurance.

Commercial Inland Marine Conditions Loss Payment Paragraph E.4. does not apply.

These payments will not reduce the Limit of Insurance.

B. Exclusions

1. We will not pay for loss caused by or resulting from 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. **Nuclear Hazard**
Nuclear reaction or radiation, or radioactive contamination, however caused.
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 endorsement.
 - b. **War Or 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. and B.1.b. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. Dishonest or criminal act (including theft) committed by:
 - a. You, any of your partners, employees (including temporary employees, leased workers, contractors and leased owner operators), officers, directors, trustees or authorized representatives;
 - b. A manager or a member if you are a limited liability company; or
 - c. Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees, leased workers, contractors and leased owner operators) or authorized representatives; but theft by your employees (including temporary employees, leased workers, contractors and leased owner operators) or authorized representatives is not covered.

3. We will not pay for delay, loss of use, loss of market or any other consequential loss.

4. Other Exclusions

We will not pay for loss due and confined to:

- a. Wear and tear, freezing, mechanical or electrical breakdown.
- b. Blowouts, punctures or other road damage to tires.

This exclusion does not apply to loss or damage resulting from the total theft of a "trailer".

C. Limits Of Insurance

The most we will pay for loss or damage is the applicable Limit Of Insurance shown in the Schedule of this endorsement.

D. Deductible

1. 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 Schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
2. However, we may pay any part or all of the deductible amount to effect settlement of any claim and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.
3. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

E. Valuation

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

Valuation

Subject to the Limit Of Insurance shown in the Schedule of this endorsement, the value of any one "trailer" will be the least of the following amounts:

1. The actual cash value of the loss or damage to the "trailer" at the time of the loss; or
2. The cost of repairing or replacing the "trailer" with property of like kind and quality.

F. Additional Definitions

As used in this endorsement:

"Trailer" includes a semitrailer or a dolly used to convert a semitrailer into a trailer. "Trailer" also includes a container.

MOTOR TRUCK CARGO OWNERS APPLICATION

SECTION I – GENERAL		
Name	Applicant	Producer
Address		
Telephone Number		
Web Site Address		
Proposed Policy Term From: To:		
Annual Values Shipped		
	Period	Total
	Two Years Prior	\$
	Last Year	\$
	Estimated Current Year	\$
	Estimated Next 12 Months	\$
Applicant's Business Nature Of: Number Of Years In Business:		
Contact For Inspection Name: Telephone Number: Email Address:		

SECTION II – GENERAL INFORMATION (Complete all that apply.)			
1. Indicate the following for the principal commodities transported:			
Commodity	Percent Of Total Shipments	Average Value Any One Shipment	Maximum Value Any One Shipment
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
Total	100%		

SECTION II – GENERAL INFORMATION (Cont'd)

2. What are the distances the shipments will travel, the time required to complete the shipments and the route the shipments will take from the point of departure to the final destination?

3. Indicate the following for vehicles used in your operation:

Type	Total Units	Refrigerated Units	Average Age	Protective Devices Installed
Tractors				
Trucks				
Flatbed Trailers				
Tank Trailers				
Other Trailers				
Total				

4. Are loaded vehicles parked unattended overnight? Yes No

5. Is there a maintenance program in place for vehicles? Yes No
If so, provide details including frequency:

6. How are the goods being transported protected from damage and theft?

7. What types of informational markings and packing materials are used to reduce damage?

8. Are containers used? Yes No

9. Do you conduct background checks of the drivers you hire? Yes No

10. Are drivers' motor vehicle records (MVRs) and trip logs maintained? Yes No
How often are these reviewed or updated?

11. Describe any training you provide or require for your employees, including any educational safe driver training programs for your drivers:

SECTION II – GENERAL INFORMATION (Cont'd)

12. Are emergency procedures and telephone numbers provided to all employees? Yes No

13. Indicate the following for the terminals:

Terminal Location	Construction Type	Year Built	Sprinklered	Public Protection Class

SECTION III – PROTECTION OF PROPERTY
(Provide details for all that apply.)

1. Is guard service employed at the terminals? Yes No

2. Are terminal/storage areas locked at all times when unoccupied? Yes No

3. Are approved central station burglar alarms installed and maintained? Yes No

4. Are working security cameras and video recording equipment used to continually monitor the terminal yards and surrounding areas? Yes No

5. Are trailers and box trucks containing hazardous or flammable cargo stored in a secured and protected area of the terminal? Yes No

6. Are any hazardous or flammable materials used or stored at the terminals? Yes No

7. Are there fire doors and fire stops between the various areas within the terminals? Yes No

8. Are the terminals and loading dock areas in a separate building from the garage and equipment maintenance areas or separated by a fire wall(s)? Yes No

9. Are the terminals equipped with a recognized approved central station fire alarm system and fire extinguishers? Yes No

10. Regarding the terminals:

a. Are there any private protection improvements? Yes No

b. What is the distance in feet to the nearest fire hydrant?

c. What is the distance in miles to the nearest responding fire department?

d. Are no-smoking rules clearly posted and enforced? Yes No

SECTION III – PROTECTION OF PROPERTY (Cont'd)

- | | | | | |
|--|--|-------------------|--|----------------|
| <p>11. Are any commodities stored in basements or sub-basements?
If so, are they stored off the ground, and
are the storage areas equipped with a water detection system?</p> | <input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/> | Yes
Yes
Yes | <input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/> | No
No
No |
| <p>12. Are maintenance records kept for all protection devices?</p> | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |

SECTION IV – LIMITS OF INSURANCE AND DEDUCTIBLE REQUESTED

(Complete all that apply.)

	Limits Of Insurance
<p>1. <input type="checkbox"/> Property In Or On Any One Automobile, Truck Or Other Power Unit, Including Property In All Attached Trailers</p> <p align="center">-OR-</p> <p><input type="checkbox"/> Property In Or On Any One Of The Following Automobile, Truck Or Other Power Unit, Including Property In All Attached Trailers:</p> <p style="margin-left: 40px;">Vehicle Description/Vehicle Identification Number (VIN)</p> <p>a. b. c.</p>	<p>\$</p> <hr/> <p>\$</p> <hr/>
<p>2. Property At The Following Terminals:</p> <p>a. b. c. d. e.</p>	<p>\$</p> <p>\$</p> <p>\$</p> <p>\$</p> <p>\$</p>
<p>3. Property At Unspecified Terminals</p>	<p>\$</p>
<p>4. Number of days' coverage at terminals if other than 60 days</p>	<p>days</p>
<p>5. All Covered Property In One Occurrence</p>	<p>\$</p>

SECTION IV – LIMITS OF INSURANCE AND DEDUCTIBLE REQUESTED (Cont'd)	
6. Additional Coverages If amounts of coverage other than those shown in a. through i. below are desired, indicate the requested amount(s):	Amount(s) Requested
a. Debris Removal Additional Limit (\$10,000)	\$
b. False Pretense (\$25,000)	\$
c. Rewards: Arrest And Conviction (\$10,000) Return Of Stolen Property (\$10,000)	\$ \$
d. Fire Department Service Charge (\$10,000)	\$
e. Fire Extinguishing Systems Expense (\$10,000)	\$
f. Fuel (\$2,500)	\$
g. Newly Acquired Terminals (\$100,000; 60 days)	\$
h. Pollutant Cleanup And Removal (\$25,000)	\$
i. Preservation Of Property Expense (\$10,000)	\$
Requested amount must be more than 60 days.	days
7. Deductible: \$	

SECTION V – ADDITIONAL INFORMATION
Insurance companies during the last three years:
Provide information regarding the date, cause and amount of all losses during the last three years whether insured or uninsured:
Attach list of vehicles with their vehicle identification number (VIN) in your fleet for scheduled coverage.
List of any additional information attached with this application:

PLEASE COMPLETE SIGNATURE BLOCK ON LAST PAGE.

FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO ALABAMA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

FRAUD STATEMENT TO ARIZONA APPLICANTS

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

FRAUD STATEMENT TO ARKANSAS APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO COLORADO APPLICANTS

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FRAUD STATEMENT TO FLORIDA APPLICANTS

Any person who knowingly, and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

FRAUD STATEMENT TO HAWAII APPLICANTS

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

FRAUD STATEMENT TO IDAHO APPLICANTS

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO KANSAS APPLICANTS

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer or insurance agent or broker, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

FRAUD STATEMENT TO KENTUCKY APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

FRAUD STATEMENT TO LOUISIANA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MAINE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

FRAUD STATEMENT TO MARYLAND APPLICANTS

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MINNESOTA APPLICANTS

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

FRAUD STATEMENT TO NEW HAMPSHIRE APPLICANTS

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

FRAUD STATEMENT TO NEW JERSEY APPLICANTS

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

FRAUD STATEMENT TO NEW YORK APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

FRAUD STATEMENT TO OHIO APPLICANTS

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO OREGON APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A.** The misinformation is material to the content of the policy;
- B.** We relied upon the misinformation; and
- C.** The information was either:
 - 1.** Material to the risk assumed by us; or
 - 2.** Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT TO PUERTO RICO APPLICANTS

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

FRAUD STATEMENT TO TENNESSEE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO VIRGINIA APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO WASHINGTON APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

<p>Insured (Applicant):</p> <p>Application Completed By (print name):</p> <p>Signature:</p> <p>Title:</p> <p>Date:</p>

MOTOR TRUCK CARGO OWNERS DECLARATIONS

Company Name Area	Producer Name Area

Description Of Covered Property
<p>Covered Property Consisting Principally Of:</p>

Limits Of Insurance	
A.	<input type="checkbox"/> Property In Or On Any One Automobile, Truck Or Other Power Unit, Including Property In All Attached Trailers \$
	- OR -
	<input type="checkbox"/> Property In Or On Any One Of The Following Automobile, Truck Or Other Power Unit, Including Property In All Attached Trailers: \$
	Vehicle Description/Vehicle Identification Number (VIN)
	1.
	2.
	3.
B.	Property At Terminals, But We Will Cover Only At The Following Terminals:
	1. \$
	2. \$
	3. \$
C.	Property At Unspecified Terminals \$
	Number of days' coverage at terminals in B. or C. above if other than 60 days: days
D.	All Covered Property Included In A., B. And C. Combined In Any One Occurrence \$

Additional Coverages			
Debris Removal Additional Limit		\$	
False Pretense		\$	
Rewards:			
	Arrest And Conviction (Section A.5.f.(1)(a))	\$	
	Return Of Stolen Property (Section A.5.f.(1)(b))	\$	
Fire Department Service Charge		\$	
Fire Extinguishing Systems Expense		\$	
Fuel		\$	
Newly Acquired Terminals		\$	
			days
Pollutant Cleanup And Removal		\$	
Preservation Of Property Expenses		\$	

Deductible:	\$
--------------------	----

Rates And Premiums			
Nonreporting:			
Rate	Premium	\$	
Reporting:			
Deposit Premium		\$	
Minimum Premium		\$	
Reporting Period			
Premium Adjustment Period			
Premium Base			
Rates		\$	per \$100

Special Provisions (if any):

MOTOR TRUCK CARGO OWNERS 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 for loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means property described in the Declarations that is:

- a. Owned by you; or
- b. The property of others in your care, custody or control.

2. When Coverage Applies

We cover property:

- a. In or on any land vehicle you own or operate while in transit from the time the vehicle leaves the premises where the shipment begins until the vehicle arrives at its destination and is accepted by the consignee or its representative, including while being loaded or unloaded in or from the vehicle; or
- b. At a terminal, including a warehouse or other storage area, for up to 72 hours (excluding Sundays and holidays). However, if a Limit Of Insurance is shown in the Declarations for:
 - (1) Property at Terminals whose locations are specified; or
 - (2) Property at Unspecified Terminals;
then the time limitation for coverage at terminals is 60 days unless a different number of days is specified in the Declarations.

If the property is not delivered or refused by a consignee, we cover the property until it is delivered to its return destination.

3. 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; except when death, or injury requiring an animal to be killed, is caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the land vehicle carrying the property if these causes of loss would be covered under this Coverage Form;
- f. The vehicle(s) carrying the property;
- g. Works of art unless described in the Declarations;
- h. Contraband, or property in the course of illegal transportation or trade;
- i. Intermodal containers, unless included in the value of the shipment; or
- j. Property of others for which you have responsibility as a carrier for hire or as a broker, carloader, consolidator, freight forwarder, shipping association or similar arranger of transportation operation.

4. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

5. Additional Coverages

The Limits of Insurance shown in Paragraph A.5. Additional Coverages are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property, except with respect to Debris Removal Additional Coverage in Paragraph A.5.b.(3).

a. Brands And Labels Expense

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, we will pay reasonable expenses you incur to:

- (1) Stamp the word salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.

b. Debris Removal

- (1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss or damage to Covered Property; plus
 - (b) The deductible in this Policy applicable to that loss or damage.
- (3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:
 - (a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - (b) The debris removal expense exceeds the amount payable under the 25% limitation;we will pay up to an additional \$10,000, unless a different Limit Of Insurance is shown in the Declarations in any one occurrence under this Additional Coverage.
- (4) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.

c. False Pretense

We will pay for loss or damage to Covered Property when you, your agents, consignees or customers voluntarily part with the covered property due to:

- (1) Having accepted false bills of lading or shipping receipts; or
- (2) Someone causing you to voluntarily part with the covered property by trick, scheme, device or under false pretense.

Coverage is excluded, for loss or damage to property which is otherwise covered, when the person committing the wrongful act is an employee.

The most we will pay under this Additional Coverage is \$25,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

d. Free On Board (F.O.B.) Point Of Origin

We cover your interest in Covered Property you sold F.O.B. Point of Origin.

e. Preservation Of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 60 days after the property is first moved.

f. Rewards

- (1) We will reimburse you for rewards paid as follows:
 - (a) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:
 - (i) Replacement Cost of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

- (ii) The amount determined by the loss settlement procedure applicable to the Covered Property.
- (b) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for the return of stolen Covered Property, when loss is caused by theft. However, we will pay no more than the lesser of the following amounts:
 - (i) Replacement Cost based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or
 - (ii) The amount determined by the loss settlement procedure applicable to the Covered Property returned.
- (2) This Additional Coverage applies subject to the following conditions:
 - (a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the necessary information or return the stolen Covered Property, and who is not:
 - (i) You or any family member;
 - (ii) Your employee or any of his or her family members;
 - (iii) An employee of a law enforcement agency;
 - (iv) An employee of a business engaged in property protection;
 - (v) Any person who had custody of the Covered Property at the time the theft was committed; or
 - (vi) Any person involved in the crime.
 - (b) There will be no reimbursement for a reward paid unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.
 - (c) The amount of the reward is the most we will reimburse under this Additional Coverage for loss in any one occurrence.

- (d) The insured must have posted public notice of the reward prior to the person having been first to voluntarily provide the necessary information or return the stolen Covered Property.

6. Additional Coverages

The Limits of Insurance shown in Paragraph **A.6. Additional Coverages** are separate from, and will not reduce, the Limit Of Insurance shown in the Declarations as applicable to the Covered Property.

a. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 for service, unless a different Limit Of Insurance is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed. This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

b. Fire Extinguishing Systems Expense

- (1) We will pay:
 - (a) The cost of recharging your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) or replacing the fire extinguishers or fire extinguishing systems, whichever is less, when the need to recharge or replace is caused by a Covered Cause of Loss; and
 - (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguishing system.
- (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.

- (3) The most we will pay under this Additional Coverage is \$10,000 in any one occurrence, unless a different Limit Of Insurance is shown in the Declarations.

c. Fuel

We will pay for loss or damage that is caused by or results from a Covered Cause of Loss to fuel, oil, grease, gasoline and other fluids necessary to transport the Covered Property.

Such fluids must be in or on a land vehicle you own or operate transporting Covered Property at the time of loss.

The most we will pay under this Additional Coverage is \$2,500 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

d. Newly Acquired Terminals

When a Limit Of Insurance is shown in the Declarations for Property at Terminals whose locations are specified, the following applies:

- (1) The insurance that applies to Covered Property is extended to apply to such property at any terminal you newly acquire other than at fairs, trade shows or exhibitions.
- (2) The most we will pay for loss or damage under this coverage is \$100,000 at each newly acquired terminal, unless a different limit is shown in the Declarations.
- (3) Insurance under this coverage for each newly acquired terminal will end when any of the following first occurs:
 - (a) This Policy expires;
 - (b) 60 days, unless a greater number of days is shown in the Declarations, expire after you acquire the terminal; or
 - (c) You report the values to us.
- (4) We will charge you additional premium for values reported from the date you acquire the terminal.

However, this Additional Coverage does not apply when a Limit Of Insurance is shown for Property at Unspecified Terminals in the Declarations.

e. Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$25,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

f. Preservation Of Property Expense

We will pay the necessary expenses incurred to move or store Covered Property to preserve it from loss or damage by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations. This Additional Coverage shall not exceed 60 days from the time the Covered Property is first moved.

B. Exclusions

1. We will not pay for loss or damage caused by or resulting from 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

Nuclear reaction or radiation, or radioactive contamination, however caused.

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. We will not pay for loss or damage caused by or resulting from any of the following:

- a.** Delay, loss of use, loss of market or any other consequential loss.
- b.** Dishonest or criminal act (including theft) committed by:
 - (1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees, or authorized representatives;
 - (2) A manager or a member if you are a limited liability company; or
 - (3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

c. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by the "specified causes of loss".

d. 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, except as provided in the Additional Coverages section, **A.5.c.** False Pretense.

e. Unauthorized instructions to transfer property to any person or to any place.

f. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

g. Theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

h. Improper packing or stowage, or rough handling.

3. We will not pay 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. Wear and tear, depreciation.

b. Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

c. Mechanical breakdown (including rupture or bursting caused by centrifugal force), malfunction, or failure to operate.

d. Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

- e. Dampness or dryness of atmosphere.
- f. Changes in or extremes of temperature.

However, with respect to Paragraphs **3.c.**, **3.e.** and **3.f.**, we will pay for such loss caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the land vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

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

1. 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.
2. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

E. Additional Conditions

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

Valuation

The value of Covered Property will be determined by:

- a. The value agreed on between the shipper and the consignee in writing prior to loss or damage.
- b. If Paragraph **a.** does not apply, the value will be:
 - (1) The actual net invoice price of Covered Property shipped to your customers.
 - (2) The actual net invoice cost of Covered Property you bought from others.
- c. For Covered Property for which Paragraphs **a.** and **b.** do not apply, the value will be the least of the following amounts:
 - (1) The actual net cost;

- (2) The cost of restoring that property to its condition immediately before loss; or
- (3) The cost of replacement.

The value will include your prepaid freight charges and any other shipping charges that are due since the start of transit.

- d. The value of property for the Additional Coverage **A.6.c.** Fuel will be the lesser of the following:
 - (1) Your original cost; or
 - (2) Market value at the time of loss.

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

a. Coinsurance

We will not pay the full amount of any loss or damage to Covered Property in a shipment if the value of such Covered Property exceeds the Limit Of Insurance shown in the Declarations for the shipment.

Instead, we will determine the most we will pay using the following steps:

- (1) Divide the Limit of Insurance for the Covered Property in the shipment by the value of the Covered Property in such shipment;
- (2) Multiply the total amount of loss or damage, before the application of any deductible, by the figure determined in Step (1); and
- (3) Subtract the deductible from the figure determined in Step (2).

We will pay the amount determined in Step (3) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

b. Coverage Territory

We cover property wherever located within:

- (1) The United States of America (including its territories and possessions);
- (2) Puerto Rico; and
- (3) Canada.

F. Definitions

1. "Accident" means:
 - a. Upset or overturn of the transporting vehicle; or

- b. The accidental contact of the transporting vehicle with another vehicle or object, but not including contact with:
 - (1) The roadbed or curbing;
 - (2) Rails or ties of street, steam or electric railroad; or
 - (3) Any stationary object while backing for loading or unloading purposes.
- 2. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 3. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; "water damage".
- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This Cause of Loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- 4. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

CONTINGENT CARGO COVERAGE APPLICATION

SECTION I – GENERAL		
	Applicant	Producer
Name		
Address		
Telephone Number		
Web Site Address		
Proposed Policy Term		
	From:	
	To:	
Annual Gross Receipts From Brokering Operations		
	Last Year:	\$
	Estimated Current Year:	\$
Applicant's Business		
	Nature Of:	
	Number Of Years In Business:	
Contact For Inspection		
	Name:	
	Telephone Number:	
	E-mail Address:	

SECTION II – GENERAL INFORMATION			
(Complete all that apply.)			
1. Put a check mark next to each of the following commodities that you broker for shipment. Indicate the percentage of your gross receipts for each commodity that applies:			
<input type="checkbox"/>	Alcoholic Beverages	%	<input type="checkbox"/> Fruit or Vegetables
<input type="checkbox"/>	Aluminum or Copper	%	<input type="checkbox"/> Furs
<input type="checkbox"/>	Apparel	%	<input type="checkbox"/> Hazardous Materials
<input type="checkbox"/>	Automobiles	%	<input type="checkbox"/> Jewelry
<input type="checkbox"/>	Boats	%	<input type="checkbox"/> Machinery or Equipment
<input type="checkbox"/>	Cigarettes or other Tobacco Products	%	<input type="checkbox"/> Meat
<input type="checkbox"/>	Dry Foods	%	<input type="checkbox"/> Mobile or Modular Homes
<input type="checkbox"/>	Electronic Devices	%	<input type="checkbox"/> Pharmaceuticals
<input type="checkbox"/>	Fish or Shellfish	%	<input type="checkbox"/> Precious Metals
<input type="checkbox"/>	Frozen Foods	%	

SECTION II – GENERAL INFORMATION (Cont'd)

2.	What other commodities do you broker? Indicate their percentage of your gross receipts: <div style="display: flex; justify-content: space-between; margin-top: 10px;"> % % </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> % % </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> % % </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> % % </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> % % </div>												
3.	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:45%; text-align:center;">Carriers You Use</th> <th style="width:20%; text-align:center;">Annual Gross Receipts</th> <th style="width:35%; text-align:center;">Released Valuation Of Cargo</th> </tr> </thead> <tbody> <tr> <td style="height: 40px;"></td> <td style="text-align:center;">\$</td> <td style="text-align:center;">\$</td> </tr> <tr> <td></td> <td style="text-align:center;">\$</td> <td style="text-align:center;">\$</td> </tr> <tr> <td></td> <td style="text-align:center;">\$</td> <td style="text-align:center;">\$</td> </tr> </tbody> </table>	Carriers You Use	Annual Gross Receipts	Released Valuation Of Cargo		\$	\$		\$	\$		\$	\$
Carriers You Use	Annual Gross Receipts	Released Valuation Of Cargo											
	\$	\$											
	\$	\$											
	\$	\$											
4.	Do you obtain evidence of insurance from your authorized motor truck cargo carriers? <input type="checkbox"/> Yes <input type="checkbox"/> No												
5.	Do you obtain copies of the operating authority for your motor truck cargo carriers? <input type="checkbox"/> Yes <input type="checkbox"/> No												
6.	Do you review the safety records of the carriers you broker shipments to using the Federal Motor Carrier Safety Administration's web site safersys.org? <input type="checkbox"/> Yes <input type="checkbox"/> No What are your safety criteria for the carriers you use?												
7.	Does the limit of insurance shown in the evidence of insurance always equal or exceed the released value of the cargo assigned to the motor truck cargo carrier? If no, explain why: <input type="checkbox"/> Yes <input type="checkbox"/> No												
8.	Do you broker shipments that require refrigeration or other climate control? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, indicate the percentage of your gross receipts that is from refrigerated or climate controlled shipments: <div style="text-align:center; margin-top: 5px;">%</div>												
9.	Indicate the percentage of your receipts from brokering cargo shipped by flat beds: <div style="text-align:center; margin-top: 5px;">%</div>												
10.	What is your ICC Brokerage Docket Number? <div style="text-align:center; margin-top: 5px;">MC</div>												

11. Do you or your employees handle any of the cargo that you broker for shipment? If yes, describe:	<input type="checkbox"/> Yes <input type="checkbox"/> No
12. Do you have carrier authority? If yes, describe the relation to or separation from your brokerage operation:	<input type="checkbox"/> Yes <input type="checkbox"/> No
13. Do you co-broker the shipment of cargo? If yes, indicate the percentage of your gross receipts from co-brokered shipments: %	<input type="checkbox"/> Yes <input type="checkbox"/> No
14. Are any filings required for the Federal Motor Carrier Safety Administration?	<input type="checkbox"/> Yes <input type="checkbox"/> No

SECTION III – ADDITIONAL INFORMATION (Complete all that apply.)	
1. What are the territories you operate in and arrange shipments for?	
2. Is any release of values/liability given to carriers? If so, provide details:	<input type="checkbox"/> Yes <input type="checkbox"/> No

SECTION IV – LIMITS OF INSURANCE AND DEDUCTIBLE REQUESTED	
	Limits Of Insurance Requested
1. Property In Or On Any One Automobile, Truck Or Other Power Unit Or Conveyance, Including Property In All Attached Trailers	\$
2. Property At Terminals	\$
3. Number of days' coverage at terminals if other than 60 days:	days
4. All Covered Property In Any One Occurrence	\$
5. Additional Coverages If limits of coverage other than those shown in a. through b. below are desired, indicate the requested limit(s):	
a. Debris Removal Additional Limit (\$10,000)	\$
b. Pollutant Cleanup And Removal (\$25,000)	\$
6. Deductible: \$	

SECTION V – ADDITIONAL INFORMATION

Provide information regarding the date, cause and amount of all losses during the last three years whether insured or uninsured:

Attach a representative sample of contracts that you use with your carriers.

List of any additional information attached with this application:

PLEASE COMPLETE SIGNATURE BLOCK ON LAST PAGE.

FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO ALABAMA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

FRAUD STATEMENT TO ARIZONA APPLICANTS

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

FRAUD STATEMENT TO ARKANSAS APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO COLORADO APPLICANTS

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FRAUD STATEMENT TO FLORIDA APPLICANTS

Any person who knowingly, and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

FRAUD STATEMENT TO HAWAII APPLICANTS

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

FRAUD STATEMENT TO IDAHO APPLICANTS

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO KANSAS APPLICANTS

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer or insurance agent or broker, any written statement, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

FRAUD STATEMENT TO KENTUCKY APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

FRAUD STATEMENT TO LOUISIANA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MAINE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

FRAUD STATEMENT TO MARYLAND APPLICANTS

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MINNESOTA APPLICANTS

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

FRAUD STATEMENT TO NEW HAMPSHIRE APPLICANTS

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

FRAUD STATEMENT TO NEW JERSEY APPLICANTS

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

FRAUD STATEMENT TO NEW YORK APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

FRAUD STATEMENT TO OHIO APPLICANTS

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO OREGON APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A.** The misinformation is material to the content of the policy;
- B.** We relied upon the misinformation; and
- C.** The information was either:
 - 1.** Material to the risk assumed by us; or
 - 2.** Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT TO PUERTO RICO APPLICANTS

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

FRAUD STATEMENT TO TENNESSEE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO VIRGINIA APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO WASHINGTON APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

Insured (Applicant):

Application Completed By (print name):

Signature:

Title:

Date:

CONTINGENT CARGO DECLARATIONS (FOR MOTOR TRUCK CARGO BROKERS)

Company Name Area	Producer Name Area

Description Of Covered Property
Covered Property Consisting Principally Of:

Limits Of Insurance	
A. Property In Or On Any One Automobile, Truck Or Other Power Unit Or Conveyance, Including Property In All Attached Trailers	\$
B. Property At Terminals	\$
Number of days' coverage at terminals if other than 60 days:	days
C. All Covered Property Included In A. And B. Combined In Any One Occurrence	\$

Additional Coverages	
Debris Removal Additional Limit	\$
Pollutant Cleanup And Removal	\$

Deductible:	\$
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Rates And Premiums

Nonreporting:

Rate	Premium	\$
-------------	----------------	-----------

Reporting:

Deposit Premium		\$
------------------------	--	-----------

Minimum Premium		\$
------------------------	--	-----------

Reporting Period		
-------------------------	--	--

Premium Adjustment Period		
----------------------------------	--	--

Premium Base		
---------------------	--	--

Rates		\$	per \$100
--------------	--	-----------	------------------

Special Provisions (if any):

CONTINGENT CARGO COVERAGE FORM (FOR MOTOR TRUCK CARGO BROKERS)

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 G. Definitions.

A. Coverage

1. Insuring Agreement

We will pay those sums that the "hired motor truck cargo carrier" is legally obligated to pay for loss or damage to Covered Property caused by a Covered Cause of Loss provided:

- a. You maintain evidence of insurance from a "hired motor truck cargo carrier" that reflects limits of insurance equal to or greater than the applicable Limits of Insurance provided by this Coverage Form; and
- b. Either (1) or (2) below applies:
 - (1) The "hired motor truck cargo carrier" or their insurer has not made payment for loss or damage otherwise payable under this Coverage Form because of one of the following reasons:
 - (a) The insolvency of the "hired motor truck cargo carrier";
 - (b) The insolvency of the insurer providing the motor truck cargo carrier liability coverage for the "hired motor truck cargo carrier";
 - (c) The "hired motor truck cargo carrier's" motor truck cargo carrier liability policy is cancelled or not renewed and you had no notice of such cancellation or nonrenewal; or
 - (d) The cause of loss is not covered in the "hired motor truck cargo carrier's" motor truck cargo carrier liability policy; or
 - (2) The "hired motor truck cargo carrier" or their insurer has made payment for loss or damage, otherwise payable under this Coverage Form, but:
 - (a) The "hired motor truck cargo carrier's" motor truck cargo carrier liability policy in effect at the time of loss had a limit of insurance that was less than the limit of insurance reflected in the evidence of insurance in Paragraph A.1.a. above; and
 - (b) The loss or damage that the "hired motor truck cargo carrier" is legally obligated to pay exceeds the limit of insurance of the "hired motor truck cargo carrier's" motor truck cargo carrier's liability policy in effect at the time of loss.

2. Covered Property

Covered Property, as used in this Coverage Form, means property of others described in the Declarations that the "hired motor truck cargo carrier" has accepted for transportation as a common or contract motor truck cargo carrier under any bill of lading, contract of carriage or shipping receipt issued by the "hired motor truck cargo carrier".

3. When Coverage Applies

We only cover property:

- a. While in the custody of the "hired motor truck cargo carrier" or in the custody of connecting carriers, until the property is delivered to its destination and accepted by the consignee or its representative, but in no event shall exceed the period of time specified under such carrier's bill of lading, contract of carriage or shipping receipt; or
- b. At a terminal, including a warehouse or other storage area, for up to 72 hours (excluding Sundays and holidays). However, if a Limit Of Insurance is shown in the Declarations for Property at Terminals, then the time limitation for coverage at terminals is 60 days unless a different number of days is specified in the Declarations.

If the property is not delivered or refused by consignee, we cover the property until it is returned to the shipper or consignor.

4. 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, except when death, or injury requiring an animal to be killed, is caused directly by fire, lightning, explosion, windstorm, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form;
- 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 begins to apply 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.

5. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

B. Additional Coverages

1. Debris Removal

- a. We will pay expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- b. The most we will pay under this Additional Coverage is 25% of:
 - (1) The amount we pay for the direct physical loss or damage to Covered Property; plus
 - (2) The deductible in this Policy applicable to that loss or damage.
- c. Payments under this Additional Coverage will not increase the applicable Limit of Insurance, but if:
 - (1) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - (2) The debris removal expense exceeds the amount payable under the 25% limitation;we will pay up to an additional \$10,000, unless a different Limit of Insurance is shown in the Declarations, in any one occurrence under this Additional Coverage;
- d. This Additional Coverage does not apply to costs to:
 - (1) Extract "pollutants" from land or water; or
 - (2) Remove, restore or replace polluted land or water.

2. Pollutant Cleanup And Removal

We will pay expenses to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$25,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during the policy period.

The limit for this Additional Coverage is in addition to the Limit of Insurance.

C. Exclusions

This insurance does not apply to:

1. 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

Nuclear reaction or radiation, or radioactive contamination, however caused.

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

2. Loss or damage caused by or resulting from any of the following:
 - a. Delay, loss of use, loss of market or any other consequential loss.

- b. Dishonest or criminal act (including theft) committed by:

- (1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees, or authorized representatives;
- (2) The "hired motor truck cargo carrier", any of their partners, employees (including temporary employees, leased workers, contractors and leased owner-operators), officers, directors, trustees, or authorized representatives;
- (3) A manager or a member if you or the "hired motor truck cargo carrier" is a limited liability company; or
- (4) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation or the normal hours of operation of the "hired motor truck cargo carrier".

This exclusion does not apply to acts of destruction by your employees or the "hired motor truck cargo carrier's" employees (including temporary employees, leased workers, contractors, and the "hired motor truck cargo carrier's" leased owner operators) or authorized representatives; but theft by your employees or employees of the "hired motor truck cargo carrier" (including temporary employees, leased workers, contractors, and the "hired motor truck cargo carrier's" leased owner-operators) or authorized representatives is not covered.

- c. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the resulting damage, caused by the "specified causes of loss".
- d. Voluntary parting with any property by you, the "hired motor truck cargo carrier", or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- e. Unauthorized instructions to transfer property to any person or to any place.
- f. Theft by any person to whom you or "the hired motor truck cargo carrier" entrusts the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation or the normal hours of operation of the "hired motor truck cargo carrier".

3. 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. Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.
 - b. Mechanical breakdown (including rupture or bursting caused by centrifugal force), malfunction, or failure to operate.
 - c. Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
 - d. Dampness or dryness of atmosphere.
 - e. Changes in or extremes of temperature.

However, with respect to Paragraphs **3.b.**, **3.d** and **3.e.** we will pay for such loss caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

4. Any loss or damage arising out of your actions as a motor truck cargo carrier.

D. 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.

E. Deductible

1. 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.

2. However, we may pay any part or all of the deductible amount to effect settlement of any claim and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.
3. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

F. Additional Conditions

1. The following is added to the **Duties In The Event Of Loss** Loss Condition in the Commercial Inland Marine Conditions:
 - a. You must promptly make a claim against the "hired motor truck cargo carrier" or the insurer of the "hired motor truck cargo carrier" for the amount of loss or damage to Covered Property; and
 - b. You must attempt to collect the amount of loss or damage to Covered Property from the "hired motor truck cargo carrier" or the insurer of the "hired motor truck cargo carrier".
2. The **Valuation** General Condition in the Commercial Inland Marine Conditions is replaced by the following:

Valuation

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; or
- c. The amount for which the "hired motor truck cargo carrier" is legally liable under a bill of lading or contract of carriage.

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

3. 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.

G. Definitions

1. "Accident" means:

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

2. "Hired motor truck cargo carrier" means a motor truck cargo carrier that you, as broker, arrange to transport Covered Property.

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

4. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; "water damage".

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

5. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPOILAGE AND LOSS DUE TO FDA REGULATION COVERAGE (CONTINGENT CARGO COVERAGE FORM)

This endorsement modifies insurance provided under the following:

CONTINGENT CARGO COVERAGE FORM

SCHEDULE

Description Of Property:		
Deductible: \$		
Causes Of Loss		
<input type="checkbox"/> Breakdown Or Contamination	<input type="checkbox"/> Power Outage	<input type="checkbox"/> FDA Regulation
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

For the purpose of this endorsement, the following provisions apply:

A. Paragraph A.2. Covered Property is replaced by the following:

2. Covered Property

Covered Property means "perishable stock" of others described in the Schedule of this endorsement that the "hired motor truck cargo carrier" has accepted for transportation as a common or contract motor truck cargo carrier under any bill of lading, contract of carriage or shipping receipt issued by the "hired motor truck cargo carrier".

B. The following is added to Paragraph A.4. Property Not Covered:

Property located:

- a. In the open; or
- b. In vehicles without an operating refrigeration system designed for the vehicle.

C. Paragraph A.5. Covered Causes Of Loss is replaced by the following:

5. Covered Causes Of Loss

Covered Causes of Loss means the following only if indicated by an "X" in the Schedule:

- a. Breakdown or Contamination, which means:
 - (1) Change in temperature or humidity resulting from:
 - (a) Breakdown or failure of refrigerating, cooling, heating or humidity control apparatus or equipment; or
 - (b) Mistake in setting or maintaining the temperature or humidity levels on refrigerating, cooling, heating or humidity control apparatus or equipment; and
 - (2) Contamination by the refrigerant.
- b. Power Outage, which means change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off a terminal, including a warehouse, or other storage area, due to conditions beyond your control.

- c. Food and Drug Administration (FDA) Regulation, which means loss of Covered Property due solely to U.S. FDA regulations that deem such property to be adulterated.

D. Paragraph C. Exclusions is replaced by the following:

C. Exclusions

1. Only the following exclusions in the Coverage Form apply to coverage provided in this endorsement:

- a. Paragraph C.1.a. Governmental Action, except with respect to coverage provided in Paragraph C.5.c. in this endorsement;
- b. Paragraph C.1.b. Nuclear Hazard;
- c. Paragraph C.1.c. War And Military Action; and
- d. Paragraph C.2.b. Dishonest or criminal act.

2. The following exclusions are added:

We will not pay for loss or damage caused by or resulting from:

- a. The disconnection of any refrigerating, cooling or humidity control system from the source of power.
- b. The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

- c. The inability of an electrical utility company or other power source to provide sufficient power due to:

- (1) Lack of fuel; or
- (2) Governmental order.

- d. The inability of a power source to provide sufficient power due to lack of generating capacity to meet demand.

- e. Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

E. Paragraph E.1., **Deductible**, is replaced by the following:

- 1. With respect to loss or damage covered under the terms of this endorsement, 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 Schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible shown in the Schedule, up to the applicable Limit of Insurance.

F. The following is added to Paragraph G. **Definitions**:

"Perishable stock" means personal property:

- 1. Maintained under controlled conditions for its preservation; and
- 2. Susceptible to loss or damage if the controlled conditions change.

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SECTION I – SAMPLE INSTRUCTIONS

1. GENERAL

Refer to the sample instructions for all classes for general information regarding the Handbook and policywriting and rating considerations, policy term, payment plans, midterm adjustments and cancellations.

2. COVERAGE

A. Motor Truck Cargo Carriers Coverage Form

1. Basic

Motor carriers for hire (common or contract) transport goods from point-to-point for others. Early common law established the legal liability of transporters and that has carried over to motor truck carriers. The Motor Truck Cargo Carriers policy provides liability coverage for the trucker. This Policy is generally written on a continuous basis and is renewed annually. Motor Truck Cargo Carriers Coverage Form **IH 00 72** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These, when combined to form a policy, will provide legal liability coverage for motor carriers for hire.

Separate limits frequently apply to catastrophe and single conveyances including loading and unloading, consistent with the needs of the insured.

Additionally, Form **IH 00 72** contains provisions that provide limited coverage for Additional Coverages with built-in policy limits that can be amended on the Declarations where applicable.

The limits for the following Additional Coverages are provided within, not in addition to, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

- a. Debris Removal – up to 25% of the Limit of Insurance plus the policy deductible applicable to the loss. There is up to an additional \$10,000 limit available if **(1)** the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or **(2)** the debris removal expense exceeds the amount payable under the 25% limitation.
- b. False Pretense – up to \$25,000
- c. Preservation of Property – for up to 90 days
- d. Rewards – up to \$10,000 for arrest and conviction and \$10,000 for return of stolen property

The limits for the following Additional Coverages are separate from, and will not reduce, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

- a. Supplementary Payments:
 - (1)** The insured's cost of defense
 - (2)** The cost of appeal bonds
 - (3)** The insured's reasonable expenses (up to \$500 per day) incurred to assist the insurer in handling a claim
 - (4)** Awards against the insured resulting from a suit, arbitration or other proceeding
 - (5)** Prejudgment and post-judgment interest in connection with an award.

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- b. Cargo Handling Equipment – up to \$10,000
- c. Contractual Penalties – up to \$5,000
- d. Earned Charges – up to \$5,000
- e. Fire Department Service Charge – up to \$10,000
- f. Fire Extinguishing Systems Expenses – up to \$10,000
- g. Fuel – up to \$2,500
- h. Newly Acquired Terminals – up to \$100,000 and 60 days after acquired
- i. Pollutant Cleanup and Removal – up to \$25,000
- j. Preservation of Property Expense – up to \$10,000
- k. Electronic Equipment – up to \$10,000

2. Optional Coverages

Terminals

The Policy provides coverage for goods being kept in terminals for up to 72 hours. However, if Limit of Insurance is shown in the Declarations for either named or unspecified terminals, then the time limitation is broadened from 72 hours to 60 days, unless a different number of days is specified in the Declarations.

a. Named Terminals

The Policy may be broadened to provide coverage for goods being kept in named terminals. Each terminal must have an applicable Limit of Insurance and its location be specified in the Declarations. An additional premium is usually required. Refer to Instruction 7.

b. Unspecified Terminals

The Policy may also be broadened to cover property at unspecified terminals. The Limit of Insurance at unspecified terminals is usually 10 – 20% of the lowest Limit of Insurance applicable to named terminals. Coverage may be activated by entries on the Declarations. An additional premium is usually required. Refer to Instruction 7.

B. Motor Truck Cargo Owners Coverage Form

1. Basic

Owners that carry their own goods are private carriers. The Policy covers direct damage so legal liability is not an issue for these owners. The Motor Truck Cargo Owners policy has been developed to provide broad coverage for insureds who ship their own goods. This Policy is generally written on a continuous basis and is renewed annually. Motor Truck Cargo Owners Coverage Form **IH 00 76** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These forms, when combined to form a policy, will provide coverage for owners who carry their own goods.

Separate limits frequently apply to catastrophe and single conveyances, including loading and unloading, consistent with the needs of the insured.

Additionally, Form **IH 00 76** contains provisions that provide limited coverage for Additional Coverages with built-in policy limits that can be amended on the Declarations where applicable.

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The limits for the following Additional Coverages are provided within, not in addition to, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

- a. Brands And Labels Expense – included in the Limit of Insurance stated in the Declarations as applicable to the Covered Property.
- b. Debris Removal – up to 25% of the Limit of Insurance plus the policy deductible applicable to the loss. There is up to an additional \$10,000 limit available if **(1)** the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or **(2)** the debris removal expense exceeds the amount payable under the 25% limitation.
- c. False Pretense – up to \$25,000
- d. Free On Board (F.O.B.) Point Of Origin – included up to the Limit of Insurance applicable to the Covered property
- e. Preservation Of Property – for up to 90 days
- f. Rewards – up to \$10,000 for arrest and conviction and \$10,000 for return of stolen property

The limits for the following Additional Coverages are separate from, and will not reduce, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

- a. Fire Department Service Charge – up to \$10,000
- b. Fire Extinguishing Systems Expenses – up to \$10,000
- c. Fuel – up to \$2,500
- d. Newly Acquired Terminals – up to \$100,000 and 60 days after acquired
- e. Pollutant Cleanup And Removal – up to \$25,000
- f. Preservation Of Property Expense – up to \$10,000

C. Contingent Cargo Coverage Form

1. Basic

Brokers arrange the transportation of goods by truckers (common or contract carriers) from point to point for others. Early common law established the legal liability of transporters and that has carried over to truckers. Motortruck cargo carriers policies provide liability coverage for the trucker. The Contingent Cargo Coverage Form provides coverage to the broker for loss or damage to covered property for which the trucker is liable, under certain circumstances when the trucker or its liability insurer do not pay for the loss or damage. The Contingent Cargo Coverage policy is generally written on a continuous basis and is ratered annually. Contingent Cargo Coverage Form **IH 00 60** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17**. These, when combined to form a policy, will provide brokers coverage that addresses loss or damage for which the motor truck cargo carrier is legally liable.

Separate limits frequently apply to catastrophe and single conveyances and for loading/unloading, consistent with the needs of the insured.

Additionally, Form **IH 00 60** contains provisions that provide limited coverage for Additional Coverages with built-in policy limits that can be amended on the Declarations.

- a. Debris Removal – up to 25% of the Limit of Insurance plus the policy deductible applicable to the loss. There is up to an additional \$10,000 limit available if **(1)** the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or **(2)** the debris removal expense exceeds the amount payable under the 25% limitation.
- b. Pollutant Cleanup and Removal – up to \$25,000.

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2. Optional Coverages

Terminals

The Policy provides coverage for goods being kept in terminals for up to 72 hours. However, if a Limit of Insurance is shown in the Declarations for terminals, then the time limitation is broadened from 72 hours to 60 days, unless a different number of days is specified in the Declarations.

Coverage may be activated by entries on the Declarations. An additional premium is usually required. Refer to Instruction 7.

D. Endorsements

1. Spoilage And Loss Due to FDA Regulation Coverage, IH 72 01, IH 99 32 And IH 60 02

Motor carriers for hire (common or contract carriers) and private carriers may transport perishable stock for which spoilage coverage may be desired. For Coverage Forms **IH 00 72**, **IH 00 76** and **IH 00 60** Spoilage And Loss Due To FDA Regulation Coverage Endorsements **IH 72 01**, **IH 99 32** and **IH 60 02** as applicable may be used for spoilage of perishable stock caused by one or more of the following:

- a. Breakdown or contamination, meaning change in temperature or humidity resulting from:
 - (1) Breakdown or failure of equipment.
 - (2) Mistake in setting or maintaining the temperature or humidity levels of equipment.
Including contamination of stock by the refrigerant.
- b. Power outage, meaning change in temperature or humidity resulting from on or off-premises power failure.
- c. Food and Drug Administration (FDA) Regulation, meaning loss of covered property due solely to U.S. FDA regulations that deem such property to be adulterated.

In the Schedule of Endorsements **IH 72 01**, **IH 99 32** and **IH 60 02** the following can be indicated:

- a. One or more of the covered causes of loss depending on the coverage desired: Breakdown or Contamination, Power Outage, FDA Regulation.
- b. The deductible for the coverage.
- c. The existence of Refrigeration Maintenance Agreement(s), if applicable, only for Endorsement **IH 72 01** and **IH 99 32**.

2. Non-owned Trailer Coverage Endorsement

Motor carriers may at times have trailers that belong to others in their operations. Non-owned Trailer Coverage Endorsement **IH 72 02** may be used with Coverage Form **IH 00 72** to provide coverage for the insured's legal liability for physical damage to non-owned trailers in the insured's care, custody or control. In the Schedule of Endorsement **IH 72 02** coverage may be selected for the following:

a. Trailer Interchange

Coverage is provided for such non-owned trailers under a trailer interchange agreement. A trailer interchange agreement is a written agreement which requires one motor carrier to reimburse another party for any damage to such party's owned trailer while in the motor carrier's possession.

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b. Trailer Bailee

Coverage is provided for such non-owned trailers that are not under a written trailer interchange agreement.

3. Theft From Unattended Vehicle Exclusion

Motor Truck Cargo policies cover the theft of goods from vehicles. Coverage Forms **IH 00 72**, **IH 00 76** and **IH 00 60** may be endorsed to exclude coverage for theft of goods from vehicles under certain circumstances. Theft From Unattended Vehicle Exclusion Endorsement **IH 99 23** may be used to exclude theft from any unattended vehicles whose compartments, doors and windows are not closed and locked and whose alarm, if so equipped, is not actively engaged.

4. Theft Deductible Waiver – CargoNet

Theft Deductible Waiver Endorsement **IH 99 30** can be used with Coverage Forms **IH 00 72** and **IH 00 76** to waive the deductible up to \$10,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property is caused by or resulted from theft. This deductible waiver is subject to the conditions of the insured being a member of CargoNet at the time of loss, displaying CargoNet's deterrent signage on vehicles and reporting the theft to local law enforcement and CargoNet's command center.

5. Theft Deductible Waiver – GPS

Theft Deductible Waiver Endorsement **IH 99 31** can be used with Coverage Forms **IH 00 72** and **IH 00 76** to waive the deductible up to \$5,000, unless a different amount is shown in the Schedule when the loss or damage to Covered Property that is equipped with a GPS or similar tracking device is caused by or resulted from theft. This deductible waiver is subject to the condition of the insured having actively engaged and maintained in the "on" position any GPS or similar tracking device for such Covered Property.

3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit the following application:

- A.** For the Motor Truck Cargo Liability Coverage Form – Motor Truck Cargo Carriers Application **IH AP 72**;
- B.** For the Motor Truck Cargo Owners Coverage Form – Motor Truck Cargo Owners Application **IH AP 76**; or
- C.** For the Contingent Cargo Coverage Form – Contingent Cargo Coverage Application **IH AP 60**;
or equivalent applications, signed by the insured.

Consideration may also be given to requesting the rerating of a risk when a materially changed condition results in the current rate being inequitable.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

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4. DEDUCTIBLE

A standard deductible used with Motor Truck Cargo policies and Contingent Cargo Coverage policies is \$500. The rates found in the loss cost section reflect a \$500 deductible.

Ranges of factors that can apply to higher deductibles are:

Deductible	Range Of Factors
\$ 1,000 – 2,499	.98 to .80
2,500 – 4,999	.95 to .75
5,000 – 10,000	.90 to .60
Over 10,000	Less than .85

Table 4. Deductible Factors

5. CLASSIFICATIONS

A. Basic

Goods shipped may be classified in accordance with a Classification Table such as Table 5.A. The table attempts to recognize desirability to thieves and damageability in the event of an accident. Goods that fall into Group 1 present lower risks. The risk increases for goods in Groups 2 and 3. Goods listed in Group 4 have the highest risks.

Classify any other goods whose properties presently (or in the future) present a Moderate, Moderate-to-high or High Risk of attractiveness to thieves or of damageability in the event of an accident consistently.

Classify any goods not listed in Groups 1, 2, 3 or 4 after reevaluating their damageability or attractiveness to thieves.

Refer to the Possible Loss Costs Section for loss costs applicable for each risk group in Table 5.A. Basic Coverage Classifications.

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CLASSIFICATION TABLE			
Group 1	Group 2	Group 3	Group 4
Low Risk	Moderate Risk	Moderate-To-High Risk	High Risk
Canned Goods Cement, Sand or Gravel Fertilizer Grain, Hay and Feed Lumber Paper and Paper Products Petroleum Products, NOC Fits on standard shrink-wrapped 4x4 pallet, very durable	Agricultural Equipment Automotive Products Beer and Wine Beverages (non-alcoholic) Bicycles Building Materials Canoes, Kayaks and small craft boats Dairy Products (except butter) Dry Goods Household Goods Livestock and Live Poultry Metal, NOC and Metal Products Milk Paint Plastic Plumbing Supplies Rugs and Carpets, NOC Textiles	Appliances, NOC Cables, Pipes and Wire Camera Supplies Candy Ceramic Goods Collectibles Dishes Electrical Supplies and Fixtures Farm Products Food Products, NOC Furniture Glassware Leather Goods Liquid Haulers Optical Goods Sporting Goods Wearing Apparel and shoes, NOC	Alcoholic Beverages, NOC Boats and yachts Butter Cameras and Film Chemicals Computers Cosmetics and Perfume Eggs Fine Arts Electronics (TV, Radios and Stereos and other electronic devices) Firearms, Explosives and Ammunitions Fish Frozen and Refrigerated Products Furs Hazardous Substances Jewelry and watches Machinery and Heavy Equipment, NOC Contractors Heavy Equipment Meat and Seafood Narcotics Oriental Rugs and Carpets Perishables Petroleum Products under 140°F (60°C) flash point Pharmaceuticals Poultry for market Power Tools Precious and Semi-precious Metals Specialized Heavy Haulers Sporting Goods Tires and Tubes (Rubber) Tobacco and Tobacco Products Toys Video Equipment and Tapes Wearing Apparel and shoes, Designer Musical Instruments and equipment

Table 5.A. Basic Coverage Classifications

B. Spoilage And Loss Due To FDA Regulation Coverage

Goods shipped may be classified in accordance with a Classification Table such as Table 5.B. The table attempts to recognize susceptibility to damage caused by change in temperature or humidity. Goods that fall into Group 1 present lower risks. The risk increases for goods in Group 2. Goods listed in Group 3 have the highest risks.

Classify any other goods whose properties presently (or in the future) consistently present a Moderate, Moderate-to-high or High Risk of damage caused by change in temperature or humidity.

Refer to the Possible Loss Costs Section for loss costs applicable for each class in Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications. If the goods shipped are comprised of commodities from multiple risk groups, use the rate for the highest risk group unless the lower risk group is transported over 80% of the time.

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Spoilage And Loss Due To FDA Regulation Classifications		
Class 1	Class 2	Class 3
Low Risk	Moderate Risk	Moderate-To-High Risk
Bakery Goods Beer and Wine Canned Goods Cheese Fruits and Vegetables	Beverages (non-alcoholic) Non-frozen Dairy Products Eggs Meat and Poultry	Frozen Dairy Products, Including Ice Cream Flowers Frozen and Refrigerated Product, NOC Non-frozen Seafood

Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications

6. RADIUS OF OPERATION – MOTOR TRUCK CARGO OWNERS COVERAGE FORM

Determine radius on a straight-line basis from the street address of principal point of departure when loaded.

A. Up To And Including 200 Miles

The vehicle is not regularly operated beyond a radius of 200 miles from the street address of the principal point of departure when loaded.

B. Over 200 Miles

The vehicle is operated regularly beyond a 200-mile radius from the street address of the principal point of departure when loaded.

Refer to the Possible Loss Costs Section for loss costs applicable to radius of operation.

7. PREMIUM CALCULATION

A. Motor Truck Cargo Carriers Coverage Form IH 00 72

1. Basic Coverage

- a. Classify goods shipped as Low Risk (Group 1), Moderate Risk (Group 2), Moderate-to-high Risk (Group 3) and High Risk (Group 4), referencing Table 5.A. Basic Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- b. Calculate the total value at risk by multiplying the limit of insurance per vehicle in \$100's by the number of vehicles.

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- c. For each insured risk group, do the following to calculate the premium of the risk group:
- (1) Select an appropriate loss cost from the Possible Loss Costs Section.
 - (2) Based on the correlation between the selected limit per catastrophe and limit per vehicle, multiply the loss cost selected in paragraph (1) by an appropriate factor from Table 7.A.1.c.(2).

Catastrophe Limit Of Insurance	Loading Factor
(~2) x Vehicle Limit	1.000
(2 ~ 3) x Vehicle Limit	1.005
(3 ~ 5) x Vehicle Limit	1.010
(5 ~ 7) x Vehicle Limit	1.015
(7 ~) x Vehicle Limit	1.020

Table 7.A.1.c.(2) Catastrophe Limit Of Insurance Loading Factors

- (3) Multiply the result from Paragraph (2) by the applicable company loss cost multiplier.
 - (4) Multiply the result from Paragraph (3) by the applicable factor from Table 4. Deductible Factors.
 - (5) Calculate the Insured Risk Group's Value at Risk by multiplying the Total Value at Risk from Paragraph b. by the percentage of the risk group in the total goods shipped.
 - (6) Multiply the result from Paragraph (4) by the Insured Risk Group's Value at Risk from Paragraph (5).
- d. To obtain the total premium for Basic Coverage, sum the premium of each insured risk group calculated in Paragraph c.

2. Optional Coverages

a. Named Terminals

- (1) Select an appropriate loss cost from the Possible Loss Costs Section.
- (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
- (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
- (4) To determine the premium for Named Terminals Optional Coverage, multiply the resulting rate from Paragraph (3) by the Limit of Insurance in \$100's.
- (5) If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph (4) by the factor based on the number of covered days from Table 7.A.2.a.(5).

Total Number Of Days	Factor
90	0.50

Table 7.A.2.a.(5) Days Factor

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b. Unspecified Terminals

- (1) Select an appropriate loss cost from the Possible Loss Costs Section.
- (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
- (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
- (4) To determine the premium for Unspecified Terminals Optional Coverage, multiply the resulting rate from Paragraph (3) by the Limit of Insurance in \$100's.
- (5) If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph (4) by the factor based on the number of covered days from Table 7.A.2.b.(5).

Total Number Of Days	Factor
90	0.50

Table 7.A.2.b.(5) Days Factor

3. Additional Coverages

To calculate the company rate referenced in Paragraphs a. through m., select the appropriate loss cost(s) in the Possible Loss Costs Section and multiply the selected loss cost(s) by the applicable company loss cost multiplier.

a. Debris Removal

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

b. False Pretense

- (1) If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- (2) If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

c. Rewards

- (1) Arrest and Conviction
 - (a) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the amount of coverage (in 100's) in excess of \$10,000.
 - (b) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

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(2) Return of Stolen Property

- (a)** If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the amount of coverage (in 100's) in excess of \$10,000.
 - (b)** If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.
- (3)** Total additional premium or premium credit for this additional coverage is the sum of results from Paragraphs **(1)** and **(2)**.

d. Cargo Handling Equipment

- (1)** If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2)** If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

e. Contractual Penalties

- (1)** If the selected limit is greater than \$5,000, the additional premium for this additional coverage may be determined by:
 - (a)** Multiplying the lowest basic coverage rate of all insured risk groups from Paragraph **7.A.1.c.(4)** by a factor in the range of 1.00 to 1.50.
 - (b)** Multiplying the result from Paragraph **(a)** by the amount of coverage (in 100's) in excess of \$5,000.
- (2)** If the selected limit is less than \$5,000, the premium credit for this additional coverage may be determined by:
 - (a)** Multiplying the lowest basic coverage rate of all insured risk groups from Paragraph **7.A.1.c.(4)** by a factor in the range of 1.00 to 1.50.
 - (b)** Multiplying the result from Paragraph **(a)** by difference in the amount of coverage (in 100's) between \$5,000 and the selected limit.

f. Earned Charges

- (1)** If the selected limit is greater than \$5,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$5,000.
- (2)** If the selected limit is less than \$5,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$5,000 and the selected limit.

g. Fire Department Service Charge

- (1)** If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2)** If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

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h. Fire Extinguishing Systems Expense

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate in by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

i. Fuel

- (1) If the selected limit is greater than \$2,500, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$2,500.
- (2) If the selected limit is less than \$2,500, the premium credit for this additional coverage may be determined by multiplying the company rate in by the difference in the amount of coverage (in 100's) between \$2,500 and the selected limit.

j. Newly Acquired Terminals

- (1) If the selected limit is greater than \$100,000 for each newly acquired terminal, the additional premium for this additional coverage may be determined by:
 - (a) Summing the loss costs from Paragraphs **7.A.1.** through **7.A.4.** for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
 - (b) Multiplying the company rate from Paragraph (a) by a factor in the range of 0.05 to 0.25.
 - (c) Multiplying the result from Paragraph (b) by the amount of coverage (in 100's) in excess of \$100,000.
- (2) If the selected limit is less than \$100,000 for each newly acquired terminal, the premium credit for this additional coverage may be determined by:
 - (a) Summing the loss costs from Paragraphs **7.A.1.** through **7.A.4.** for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
 - (b) Multiplying the company rate from Paragraph (a) by a factor in the range of 0.05 to 0.25.
 - (c) Multiplying the result from Paragraph (b) by the difference in the amount of coverage (in 100's) between \$100,000 and the selected limit.
- (3) If the selected number of covered days is greater than 60 for each newly acquired terminal, the additional premium for this additional coverage may be determined by:
 - (a) Summing the loss costs from Paragraphs **7.A.1.** through **7.A.4.** for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
 - (b) Multiplying the company rate from Paragraph (a) by a factor in the range of 0.05 to 0.25.

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- (c) Multiplying the result from Paragraph (b) by the selected amount of coverage (in 100's) and also by the factor based on the number of covered days from Table 7.A.3.j.(3)(c).

Total Number Of Days	Factor
90	0.50

Table 7.A.3.j.(3)(c) Days Factor

k. Pollutant Cleanup And Removal

- (1) If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- (2) If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

l. Preservation Of Property Expense

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

m. Electronic Equipment

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

4. Endorsements

a. Spoilage And Loss Due To FDA Regulation Coverage

- (1) Classify property covered under this endorsement as Low Risk (Class 1), Moderate Risk (Class 2) or Moderate-to-high Risk (Class 3), referencing Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- (2) For each insured class, do the following to obtain the class's premium:
 - (a) Select an appropriate loss costs from the Possible Loss Costs Section.
 - (b) Multiply the selected loss cost by the applicable company loss cost multiplier.
 - (c) Multiply the result from Paragraph (b) by the applicable factor from Table 4. Deductible Factors.
 - (d) Multiply the result from Paragraph (c) by the basic coverage Limit of Insurance in \$100s.
- (3) To obtain the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage, sum the premium of each insured class from Paragraph (2).

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b. Non-owned Trailer Coverage

- (1) Select an appropriate loss costs from the Possible Loss Costs Section.
- (2) Multiply the loss cost(s) from Paragraph (1) by the applicable company loss cost multiplier.
- (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
- (4) To determine the premium for Trailer Interchange Coverage, multiply the result from Paragraph (3) by the limit of insurance in \$1000's per trailer, the number of covered days and also the number of trailers.

c. Theft From Unattended Vehicle Exclusion

A premium credit may be calculated by multiplying the total premium for Basic Coverage calculated in Paragraph 7.A.1. by a factor between 0 and 0.50.

5. Annual Premium

The applicable premiums for Paragraphs 1. through 4. may be added to determine the annual premium.

B. Motor Truck Cargo Owners Coverage Form IH 00 76

1. Basic Coverage

- a. Classify shipped goods as Low Risk (Group 1), Moderate Risk (Group 2), Moderate-to-high Risk (Group 3) and High Risk (Group 4), referencing Table 5.A. Basic Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- b. Determine how many vehicles are operated within the following radiuses of operation, referencing Instruction 6. as a guide:
 - (1) Up to and including 200 miles
 - (2) Over 200 miles
- b. For each of the two radius of operation groups, calculate the Total Value at Risk by multiplying the limit of insurance per vehicle in \$100's by the number of vehicles in the radius of operation group.
- c. For each of the two radiuses of operation groups, do the following to calculate the premium of each insured risk group:
 - (1) Select an appropriate loss cost from the Possible Loss Costs Section.
 - (2) Based on the correlation between the selected limit per catastrophe and limit per vehicle, modify the loss cost selected in Paragraph (1) by an appropriate factor from Table 7.B.1.c.(2).

Catastrophe Limit Of Insurance	Loading Factor
(~2) x Vehicle Limit	1.000
(2 ~ 3) x Vehicle Limit	1.005
(3 ~ 5) x Vehicle Limit	1.010
(5 ~ 7) x Vehicle Limit	1.015
(7 ~) x Vehicle Limit	1.020

Table 7.B.1.c.(2) Catastrophe Limit Of Insurance Loading Factors

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- (3) Multiply the result from Paragraph (2) by the applicable company loss cost multiplier.
- (4) Multiply the result from Paragraph (3) by the applicable factor from Table 4. Deductible Factors.
- (5) Calculate the Insured Risk Group's Value at Risk by multiplying the Total Value at Risk from Paragraph b. by the percentage of the risk group in the total goods shipped.
- (6) Multiply the result from Paragraph (4) by the Insured Risk Group's Value at Risk from Paragraph (5).
- d. To obtain the total premium for Basic Coverage for each radius of operation group, sum the premium of each insured risk group for the radius of operation group from Paragraph c.
- e. To obtain the total premium for Basic Coverage, sum the basic coverage premiums for each radius of operation group.

2. Optional Coverages

a. Named Terminals

- (1) Select an appropriate loss cost from the Possible Loss Costs Section.
- (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
- (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
- (4) To determine the premium for Named Terminals Optional Coverage, multiply the resulting rate from Paragraph (3) by the Limit of Insurance in \$100's.
- (5) If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph (4) by the factor based on the number of covered days from Table 7.B.2.a.(5).

Total Number Of Days	Factor
90	0.50

Table 7.B.2.a.(5) Days Factor

b. Unspecified Terminals

- (1) Select an appropriate loss cost from the Possible Loss Costs Section.
- (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
- (3) Multiply the result from Paragraph (2) by the applicable factor from Table 4. Deductible Factors.
- (4) To determine the premium for Unspecified Terminals Optional Coverage, multiply the resulting rate from Paragraph (3) by the Limit of Insurance in \$100's.
- (5) If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph (4) by the factor based on the number of covered days from Table 7.B.2.b.(5).

Total Number Of Days	Factor
90	0.50

Table 7.B.2.b.(5) Days Factor

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3. Additional Coverages

To calculate the company rate referenced in Paragraphs **a.** through **h.**, select the appropriate loss cost(s) in the Possible Loss Costs Section and multiply the selected loss cost(s) by the applicable company loss cost multiplier.

a. Debris Removal

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

b. False Pretense

- (1) If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- (2) If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

c. Rewards

(1) Arrest and Conviction

- (a) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the amount of coverage (in 100's) in excess of \$10,000.
- (b) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

(2) Return of Stolen Property

- (a) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the amount of coverage (in 100's) in excess of \$10,000.
- (b) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate calculated from the selected loss cost in the Possible Loss Cost Section by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

- (3) Total additional premium or premium credit for this additional coverage is the sum of results from Paragraphs **(1)** and **(2)**.

c. Fire Department Service Charge

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

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d. Fire Extinguishing Systems Expense

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

e. Fuel

- (1) If the selected limit is greater than \$2,500, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$2,500.
- (2) If the selected limit is less than \$2,500, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$2,500 and the selected limit.

f. Newly Acquired Terminals

- (1) If the selected limit is greater than \$100,000 for each newly acquired terminal, the additional premium for this additional coverage may be determined by:
 - (a) Summing the loss costs from Paragraphs **7.B.1** through **7.B.4.** for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
 - (b) Multiplying the result from Paragraph (a) by a factor in the range of 0.05 to 0.25.
 - (c) Multiplying the result from Paragraph (b) by the amount of coverage (in 100's) in excess of \$100,000.
- (2) If the selected limit is less than \$100,000 for each newly acquired terminal, the premium credit for this additional coverage may be determined by:
 - (a) Summing the loss costs from Paragraphs **7.B.1** through **7.B.4.** for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
 - (b) Multiplying the result from Paragraph (a) by a factor in the range of 0.05 to 0.25.
 - (c) Multiplying the result from Paragraph (c) by the difference in the amount of coverage (in 100's) between \$100,000 and the selected limit.
- (3) If the selected number of covered days is greater than 60 for each newly acquired terminal, the additional premium for this additional coverage may be determined by:
 - (a) Summing the loss costs from Paragraphs **7.B.1** through **7.B.4.** for basic coverage, all optional coverages, all the additional coverages except **Newly Acquired Terminals**, and all endorsements except the Theft From Unattended Vehicle Exclusions Endorsement.
 - (b) Multiplying the result from Paragraph (a) by a factor in the range of 0.05 to 0.25.

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- (c) Multiplying the result from paragraph (b) by the selected amount of coverage (in 100's) and also by the factor based on the number of covered days from Table 7.B.5.f.(3)(c).

Total Number Of Days	Factor
90	0.50

Table 7.B.5.f.(3)(c) Days Factor

g. Pollutant Cleanup And Removal

- (1) If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- (2) If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

h. Preservation Of Property Expense

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

4. Endorsements

a. Spoilage And Loss Due To FDA Regulation Coverage

- (1) Classify property covered under this endorsement as Low Risk (Class 1), Moderate Risk (Class 2) or Moderate-to-high Risk (Class 3), referencing Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- (2) For each insured class, do the following to obtain the class's premium:
 - (a) Select an appropriate loss costs from the Possible Loss Costs Section.
 - (b) Multiply the selected loss cost by the applicable company loss cost multiplier.
 - (c) Multiply the result from Paragraph (b) by the applicable factor from Table 4. Deductible Factors.
 - (d) Multiply the result from Paragraph (c) by the basic coverage Limit of Insurance in \$100s.
- (3) To obtain the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage, sum the premium of each insured class from Paragraph (2)

b. Theft From Unattended Vehicle Exclusion

A premium credit may be calculated by multiplying the total premium for Basic Coverage calculated in Paragraph 7.B.1., by a factor between 0 and 0.50.

5. Annual Premium

The applicable premiums for Paragraphs 1. through 4. may be added to determine the annual premium.

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C. Contingent Cargo Coverage Form IH 00 60

1. Basic Coverage

- a. Classify Covered Property as Low Risk (Group 1), Moderate Risk (Group 2), Moderate-to-high Risk (Group 3) and High Risk (Group 4), referencing Table **5.A.** Basic Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- b. Estimate the number of vehicles by dividing the broker's total value of gross receipts by the broker's assumed average gross receipt per vehicle, which is \$18,750 per vehicle. The resulting estimated number of vehicles calculated is subject to underwriting judgment, and thereby may be overwritten for such number.
- c. Calculate the Total Value at Risk by multiplying the limit of insurance per vehicle in \$100's by the estimated number of vehicles from Paragraph **b.**
- d. For each insured risk group, do the following to calculate the premium of the risk group:
 - (1) Select an appropriate loss cost from the Possible Loss Costs Section.
 - (2) Based on the correlation between the selected limit per catastrophe and limit per vehicle, modify the loss cost selected in Paragraph (1) by an appropriate factor from Table **7.C.1.c.(2).**

Catastrophe Limit Of Insurance	Loading Factor
(~2) x Vehicle Limit	1.000
(2 ~ 3) x Vehicle Limit	1.005
(3 ~ 5) x Vehicle Limit	1.010
(5 ~ 7) x Vehicle Limit	1.015
(7 ~) x Vehicle Limit	1.020

Table 7.C.1.c.(2) Catastrophe Limit Of Insurance Loading Factors

- (3) Multiply the result from Paragraph (2) by the applicable company loss cost multiplier.
 - (4) Multiply the result from Paragraph (3) by the applicable factor from Table **4.** Deductible Factors.
 - (5) Calculate the Insured Risk Group's Value at Risk by multiplying the Total Value at Risk from Paragraph **c.** by the percentage of the risk group in the total goods shipped.
 - (6) Multiply the result from Paragraph (4) by the Insured Risk Group's Value at Risk from Paragraph (5).
- e. To obtain the total premium for Basic Coverage, sum the premium of each insured risk group calculated in Paragraph **d.**

2. Optional Coverages

Terminals

- a. Select an appropriate loss cost from the Possible Loss Costs Section.
- b. Multiply the selected loss cost by the applicable company loss cost multiplier.
- c. Multiply the result from Paragraph **b.** by the applicable factor from Table **4.** Deductible Factors.
- d. Multiply the result from Paragraph **c.** by a factor of 0.5.
- e. To determine the premium for Named Terminals Optional Coverage, multiply the resulting rate from Paragraph **d.** by the Limit of Insurance in \$100's.

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- f. If the selected number of covered days is greater than 60, the additional premium for this coverage may be determined by multiplying the premium from Paragraph e. by the factor based on the number of covered days from Table 7.C.2.f.

Total Number Of Days	Factor
90	0.50

Table 7.C.2.f. Days Factor

3. Additional Coverages

To calculate the company rate referenced in Paragraphs a. and b., select the appropriate loss cost(s) in the Possible Loss Costs Section and multiply the selected loss cost(s) by the applicable company loss cost multiplier.

a. Debris Removal

- (1) If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$10,000.
- (2) If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$10,000 and the selected limit.

b. Pollutant Cleanup And Removal

- (1) If the selected limit is greater than \$25,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in 100's) in excess of \$25,000.
- (2) If the selected limit is less than \$25,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in 100's) between \$25,000 and the selected limit.

4. Endorsements

a. Spoilage And Loss Due To FDA Regulation Coverage

- (1) Classify property covered under this endorsement as Low Risk (Class 1), Moderate Risk (Class 2) or Moderate-to-high Risk (Class 3), referencing Table 5.B. Spoilage And Loss Due To FDA Regulation Coverage Classifications as a guide, and applying appropriate underwriting judgment.
- (2) For each insured class, do the following to obtain the class's premium:
 - (a) Select an appropriate loss costs from the Possible Loss Costs Section.
 - (b) Multiply the selected loss cost by the applicable company loss cost multiplier.
 - (c) Multiply the result from Paragraph (b) by the applicable factor from Table 4. Deductible Factors.
 - (d) Multiply the result from Paragraph (c) by the basic coverage Limit of Insurance in \$100s.
- (3) To obtain the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage, sum the premium of each insured class from Paragraph (2).

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b. Theft From Unattended Vehicle Exclusion

A premium credit may be calculated by multiplying the total premium for Basic Coverage calculated in Paragraph **7.C.1.** by a factor between 0 and 0.50.

5. Annual Premium

The applicable premiums for Paragraphs **1.** through **4.** may be added to determine the annual premium.

8. REPORTING FORM

A. Reporting Form Endorsements

Policies may be issued with a monthly or quarterly reporting feature as follows:

1. Motor Truck Cargo Carriers Coverage Form

Gross Receipts Reporting Form Endorsement **IH 99 11** may be used to convert the Motor Truck Cargo Carriers Basic Coverage to a monthly or quarterly reporting basis for goods shipped.

2. Motor Truck Cargo Owners Coverage Form

Values Shipped Reporting Form Endorsement **IH 99 09** may be used to convert the Motor Truck Cargo Owners Coverage Form to a monthly or quarterly reporting basis for goods shipped.

3. Contingent Cargo Coverage Form

Gross Receipts Reporting Form Endorsement **IH 99 11** may be used to convert the Contingent Cargo Carriers Basic Coverage to a monthly or quarterly reporting basis for goods shipped.

B. Reporting Rate, Deposit And Additional Premiums

The annual policy premium developed in Instruction **7.** must be converted to a rate that will be convenient for monthly or quarterly reporting. The procedure to convert is to:

- a.** Divide the total annual premium by the total amount of annual gross receipts (Carriers, Owners and Contingent Cargo Coverage forms) or annual value of goods shipped (Owners Coverage form); and
- b.** Convert the result determined in Paragraph **a.** to an annual rate per \$100 by multiplying by 100.

For monthly and quarterly reporting, gross receipts and values of goods shipped reported are actual periodic values rather than cumulative values. Charge an additional premium when the deposit premium has been earned. For a monthly reporting policy, use the annual rate times the monthly gross receipts or value of goods shipped based on the respective reporting form endorsement used. For a quarterly reporting policy, use the annual rate times quarterly gross receipts or value of goods shipped based on the respective reporting form endorsement used.

The premium charged at inception for a reporting form policy is a deposit premium. The amount is determined by a percentage, such as 25% or 50%, of the premium obtained in Instruction **7.A.** (Motor Truck Cargo Carriers Coverage Form **IH 00 72**), Instruction **7.B.** (Motor Truck Cargo Owners Coverage Form **IH 00 76**) and Instruction **7.C.** (Contingent Cargo Coverage Form **IH 00 60**) for an annual policy. When the deposit premium is exhausted, usually after the first few months, additional premiums may be payable monthly or quarterly in accordance with the values reported.

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9. POLICYWRITING MINIMUM PREMIUM

For prepaid policies, apply a minimum premium regardless of term.

For reporting and/or continuous policies, apply a minimum premium for each annual period.

For minimum premiums, see the Loss Cost Section.

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Reserved For Future Use

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SECTION II – POSSIBLE LOSS COSTS

7. PREMIUM CALCULATION

A. Motor Truck Cargo Carriers Coverage Form

1. Basic Coverage

Limits Of Insurance Per Vehicle	Group 1	Group 2	Group 3	Group 4
\$500 – \$50,000	.50 – .85	.80 – 1.30	1.20 – 1.90	1.80 – 2.75
\$50,001 – \$100,000	.30 – .50	.45 – .80	.75 – 1.20	1.05 – 1.80
\$100,001 – \$250,000	.20 – .30	.25 – .50	.40 – .75	.55 – 1.05
\$250,001 – \$500,000	.10 – .20	.15 – .25	.20 – .40	.30 – .55
Over \$500,000	.05 – .10	.05 – .15	.10 – .20	.15 – .35

Table 7.A.1. Basic Coverage

2. Optional Coverages

a. Named Terminals

Loss Cost Range
\$0.05 – \$1.70

b. Unspecified Terminals

Loss Cost Range
\$0.05 – \$1.70

3. Additional Coverages

a. Debris Removal

Loss Cost Range
\$0.01 – \$0.03

b. False Pretense

Loss Cost Range
\$0.05 – \$0.13

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c. Rewards

(1) Arrest And Conviction

Loss Cost Range
\$0.08 – \$0.13

(2) Return Of Stolen Property

Loss Cost Range
\$0.08 – \$0.13

d. Cargo Handling Equipment

Loss Cost Range
\$0.90 – \$3.00

e. Earned Charges

Loss Cost Range
\$0.10 – \$0.50

f. Fire Department Service Charge

Loss Cost Range
\$0.30 – \$0.50

g. Fire Extinguishing Systems Expense

Loss Cost Range
\$0.05 – \$0.08

h. Fuel

Loss Cost Range
\$0.25 – \$2.00

i. Pollutant Cleanup And Removal

Loss Cost Range
\$0.01 – \$0.10

j. Preservation Of Property Expense

Loss Cost Range
\$0.08 – \$0.13

k. Electronic Equipment

Loss Cost Range
\$3.00 – \$12.00

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4. Endorsements

a. Spoilage And Loss Due To FDA Regulation Coverage

Loss Cost Range		
Class 1	Class 2	Class 3
\$0.45 – \$2.20	\$0.55 – \$2.60	\$0.65 – \$3.50

Table 7.A.4.a. Spoilage And Loss Due To FDA Regulation Coverage

b. Trailer Interchange Coverage

Loss costs are per \$1000 limit of insurance per day per trailer

Loss Cost Range
\$0.005 – \$0.40

B. Motor Truck Cargo Owners Coverage Form

1. Basic Coverage

Radius Of Operation	Group 1	Group 2	Group 3	Group 4
Up To And Including 200 Miles	.01 – .15	.02 – .30	.04 – .45	.06 – .65
Over 200 Miles	.02 – .20	.03 – .35	.05 – .50	.07 – .70

Table 7.B.1. Radius Of Operation

2. Optional Coverages

a. Named Terminals

Loss Cost Range
\$0.05 – \$1.70

b. Unspecified Terminals

Loss Cost Range
\$0.05 – \$1.70

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3. Additional Coverages

a. Debris Removal

Loss Cost Range
\$0.01 – \$0.03

b. False Pretense

Loss Cost Range
\$0.05 – \$0.13

c. Rewards

(1) Arrest And Conviction

Loss Cost Range
\$0.08 – \$0.13

(2) Return Of Stolen Property

Loss Cost Range
\$0.08 – \$0.13

d. Fire Department Service Charge

Loss Cost Range
\$0.30 – \$0.50

e. Fire Extinguishing Systems Expense

Loss Cost Range
\$0.05 – \$0.08

f. Fuel

Loss Cost Range
\$0.25 – \$2.00

g. Pollutant Cleanup And Removal

Loss Cost Range
\$0.01 – \$0.10

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h. Preservation Of Property Expense

Loss Cost Range
\$0.08 – \$0.13

4. Endorsements

Spoilage And Loss Due To FDA Regulation Coverage

Loss Cost Range		
Class 1	Class 2	Class 3
\$0.45 – \$2.20	\$0.55 – \$2.60	\$0.65 – \$3.50

Table 7.B.4. Spoilage And Loss Due To FDA Regulation Coverage

C. Contingent Cargo Coverage Form

1. Basic Coverage

Limits Of Insurance Per Vehicle	Group 1	Group 2	Group 3	Group 4
\$500 – \$50,000	.25 – .43	.40 – .65	.60 – .95	.90 – 1.38
\$50,001 – \$100,000	.15 – .25	.25 – .40	.38 – .60	.53 – .90
\$100,001 – \$250,000	.10 – .15	.13 – .25	.20 – .38	.28 – .53
\$250,001 – \$500,000	.05 – .10	.08 – .13	.10 – .20	.15 – .28
Over \$500,000	.03 – .05	.03 – .08	.05 – .10	.08 – .18

Table 7.C.1. Basic Coverage

2. Optional Coverages

Terminals

Loss Cost Range
\$0.05 – \$1.70

3. Additional Coverages

a. Debris Removal

Loss Cost Range
\$0.01 – \$0.03

b. Pollutant Cleanup And Removal

Loss Cost Range
\$0.01 – \$0.10

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4. Endorsements

Spoilage And Loss Due To FDA Regulation Coverage

Loss Cost		
Class 1	Class 2	Class 3
\$0.45 – \$2.20	\$0.55 – \$2.60	\$0.65 – \$3.50

Table 7.C.4. Spoilage And Loss Due To FDA Regulation Coverage

9. POLICYWRITING MINIMUM PREMIUM

Refer to company.

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SECTION III – PREMIUM CALCULATION WORKSHEET

Motor Truck Cargo Carriers

Name Of Insured, Address Including ZIP Code _____ _____ _____			
Policy Period	_____	_____	_____
	Inception	Expiration	Term
Type Of Property Covered	_____		Group No. _____
Number Of Vehicles	_____		
Per Vehicle Limit Of Insurance	\$	_____	
Basic Coverage	Loss Cost	Value At Risk	
Risk Group 1	\$ _____	_____	
Risk Group 2	\$ _____	_____	
Risk Group 3	\$ _____	_____	
Risk Group 4	\$ _____	_____	
Property At Named Terminals:			
\$ _____	Located At	_____	
\$ _____	Located At	_____	
Property At Unspecified Terminals:	\$	_____	
Loss Costs			
Named Terminal		_____	
Unspecified Terminal		_____	
Spoilage And Loss Due To FDA Regulation Coverage		_____	
Non-owned Trailer Coverage		_____	
Deductible	\$	_____	

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A. PREMIUM FOR BASIC COVERAGE

1. Calculate the total value at risk

$$\begin{array}{r}
 \$ \text{ [] } \times \text{ [] } = \text{ [] } \\
 \text{Per Vehicle} \quad \quad \quad \text{Number Of Vehicles} \quad \quad \quad \text{Total Value At Risk} \\
 \text{Limit Of Insurance} \\
 \text{(in 100s)}
 \end{array}$$

2. For each insured risk group, complete steps a. through g.

a. Select Basic Coverage Loss Cost

b. Apply Catastrophe Limit Of Insurance Loading Factor

$$\begin{array}{r}
 \text{[]} \times \text{[]} = \text{[]} \\
 \text{Insured Risk Group} \quad \quad \quad \text{Catastrophe Limit} \quad \quad \quad \text{Modified Insured Risk} \\
 \text{Basic Coverage Loss} \quad \quad \quad \text{Of Insurance} \quad \quad \quad \text{Group Basic Coverage} \\
 \text{Cost} \quad \quad \quad \text{Loading Factor} \quad \quad \quad \text{Loss Cost}
 \end{array}$$

c. Calculate the Basic Coverage Rate

$$\begin{array}{r}
 \text{[]} \times \text{[]} = \text{[]} \\
 \text{Modified Insured Risk} \quad \quad \quad \text{Loss Cost Multiplier} \quad \quad \quad \text{Insured Risk Group} \\
 \text{Group Basic Coverage} \quad \text{Basic Coverage Rate} \\
 \text{Loss Cost}
 \end{array}$$

d. Apply Deductible Factor

$$\begin{array}{r}
 \text{[]} \times \text{[]} = \text{[]} \\
 \text{Insured Risk Group} \quad \quad \quad \text{Deductible Factor} \quad \quad \quad \text{Final Insured Risk Group} \\
 \text{Basic Coverage Rate} \quad \text{Basic Coverage Rate}
 \end{array}$$

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A. PREMIUM BASIC COVERAGE (Cont'd)

e. Calculate the Insured Risk Group's Value At Risk

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Total Value At Risk</p>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Insured Risk Group Percentage Shipped</p>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Insured Risk Group's Value At Risk</p>
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f. Calculate the risk group premium

<p>\$</p> <div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Insured Risk Group's Value At Risk</p>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Final Insured Risk Group Basic Coverage Rate</p>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Insured Risk Group Basic Coverage Premium</p>
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3. Sum the basic coverage premium for all insured risk groups to calculate the total basic coverage premium.

<p>\$</p> <div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group 1 Basic Coverage Premium</p>	+	<p>\$</p> <div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group 2 Basic Coverage Premium</p>	+	<p>\$</p> <div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group 3 Basic Coverage Premium</p>	+	<p>\$</p> <div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Group 4 Basic Coverage Premium</p>	=	<p>\$</p> <div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <p>Total Basic Coverage Premium</p>
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B. PREMIUM FOR OPTIONAL COVERAGES

1.a. Named Terminals

Determine the Named Terminal rate

$$\begin{array}{ccccc} \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \text{[Blank Box]} \\ \text{Named Terminal Loss} & & \text{Loss Cost Multiplier} & & \text{Named Terminal Rate} \\ \text{Cost} & & & & \end{array}$$

Apply Deductible Factor

$$\begin{array}{ccccc} \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \text{[Blank Box]} \\ \text{Named Terminal Rate} & & \text{Deductible Factor} & & \text{Modified Named} \\ & & & & \text{Terminal Rate} \end{array}$$

Calculate the Named Terminal Premium

$$\begin{array}{ccccc} \text{[Blank Box]} & \times & \$ \text{[Blank Box]} & = & \$ \text{[Blank Box]} \\ \text{Modified Named} & & \text{Limit Of Insurance} & & \text{Named Terminal} \\ \text{Terminal Rate} & & & & \text{Premium} \end{array}$$

1.b. Named Terminals – Greater Number Of Days

Calculate the Days Additional Premium

$$\begin{array}{ccccc} \$ \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \$ \text{[Blank Box]} \\ \text{Named Terminal Premium} & & \text{Factor} & & \text{Premium For Greater} \\ & & & & \text{Number Of Days} \end{array}$$

1.c. Named Terminals – Final Premium

Sum the results from 1.a. and 1.b.

$$\begin{array}{ccccc} \$ \text{[Blank Box]} & + & \$ \text{[Blank Box]} & = & \$ \text{[Blank Box]} \\ \text{Named Terminal} & & \text{Premium For Greater} & & \text{Final Named} \\ \text{Premium} & & \text{Number Of Days} & & \text{Terminal Premium} \end{array}$$

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B. PREMIUM FOR OPTIONAL COVERAGES (Cont'd)

2.a. Unspecified Terminals

Determine the Unspecified Terminal rate

$$\text{Unspecified Terminal Loss Cost} \times \text{Loss Cost Multiplier} = \text{Unspecified Terminal Rate}$$

Apply Deductible Factor

$$\text{Unspecified Terminal Rate} \times \text{Deductible Factor} = \text{Modified Unspecified Terminal Rate}$$

Calculate the Unspecified Terminal Premium

$$\text{Modified Unspecified Terminal Rate} \times \$ \text{Limit Of Insurance} = \$ \text{Unspecified Terminal Premium}$$

2.b. Unspecified Terminals – Greater Number Of Days

Calculate the Days Additional Premium

$$\$ \text{Unspecified Terminal Premium} \times \text{Days Factor} = \$ \text{Premium For Greater Number Of Days}$$

2.c. Unspecified Terminals – Final Premium

Sum the results from 2.a. and 2.b.

$$\$ \text{Unspecified Terminal Premium} + \$ \text{Premium For Greater Number Of Days} = \$ \text{Final Unspecified Terminal Premium}$$

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C. PREMIUM FOR ADDITIONAL COVERAGES

1. Debris Removal – Difference In Limit Of Insurance From \$10,000

Debris Removal Limit Of Insurance minus
\$10,000 \$

Calculate the Debris Removal Rate

	x		=	
Debris Removal Loss Cost		Loss Cost Multiplier		Debris Removal Rate

Calculate the Debris Removal premium or credit for Difference In Limit Of Insurance From \$10,000

	x	\$		=	\$	
Debris Removal Rate			Difference In Limit Of Insurance From \$10,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

2. False Pretense – Difference In Limit Of Insurance From \$25,000

False Pretense Limit Of Insurance minus
\$25,000 \$

Calculate the False Pretense Rate

	x		=	
False Pretense Loss Cost		Loss Cost Multiplier		False Pretense Rate

Calculate the False Pretense premium or credit for Difference In Limit Of Insurance From \$25,000

	x	\$		=	\$	
False Pretense Rate			Difference In Limit Of Insurance From \$25,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

3.c. Calculate Total Rewards Premium or Credit

\$ <input style="width: 90%;" type="text"/> + \$ <input style="width: 90%;" type="text"/> = \$ <input style="width: 90%;" type="text"/>		
Rewards – Arrest And Conviction Premium/Credit For Difference In Limit Of Insurance	Rewards – Return Of Stolen Property Rate Premium/Credit For Difference In Limit Of Insurance	Total Rewards Premium/Credit For Difference In Limit Of Insurance

4. Cargo Handling Equipment – Difference In Limit Of Insurance From \$10,000

Cargo Handling Equipment Limit Of Insurance minus \$10,000 \$ _____

Calculate the Cargo Handling Equipment Rate

<input style="width: 90%;" type="text"/> x <input style="width: 90%;" type="text"/> = <input style="width: 90%;" type="text"/>		
Cargo Handling Equipment Loss Cost	Loss Cost Multiplier	Cargo Handling Equipment Rate

Calculate the Cargo Handling Equipment premium or credit for Difference In Limit Of Insurance From \$10,000

<input style="width: 90%;" type="text"/> x \$ <input style="width: 90%;" type="text"/> = \$ <input style="width: 90%;" type="text"/>		
Cargo Handling Equipment Rate	Difference In Limit Of Insurance From \$10,000 (in 100's)	Premium/Credit For Difference In Limit Of Insurance

5. Contractual Penalties – Difference In Limit Of Insurance From \$5,000

Contractual Penalties Limit Of Insurance minus \$5,000 \$ _____

Calculate the Contractual Penalties Rate

<input style="width: 90%;" type="text"/> x <input style="width: 90%;" type="text"/> = <input style="width: 90%;" type="text"/>		
Lowest Final Insured Risk Group Basic Coverage Rate Of All Insured Risk Groups	Contractual Penalties Factor	Contractual Penalties Rate

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

Calculate the Contractual Penalties premium or credit for Difference In Limit Of Insurance From \$5,000

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Contractual Penalties Rate	x	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Difference In Limit Of Insurance From \$5,000 (in 100's)	=	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Premium/Credit For Difference In Limit Of Insurance
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6. Earned Charges – Difference In Limit Of Insurance From \$5,000

Earned Charges Limit Of Insurance minus \$5,000 \$

Calculate the Earned Charges Rate

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Earned Charges Loss Cost	x	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Loss Cost Multiplier	=	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Earned Charges Rate
--	---	--	---	---

Calculate the Earned Charges premium or credit for Difference In Limit Of Insurance From \$5,000

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Earned Charges Rate	x	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Difference In Limit Of Insurance From \$5,000 (in 100's)	=	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Premium/Credit For Difference In Limit Of Insurance
---	---	----	--	---	----	---

7. Fire Department Service Charge – Difference In Limit Of Insurance From \$10,000

Fire Department Service Charge Limit Of Insurance minus \$10,000 \$

Calculate the Fire Department Service Charge Rate

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Fire Department Service Charge Loss Cost	x	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Loss Cost Multiplier	=	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Fire Department Service Charge Rate
--	---	--	---	---

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

Calculate the Fire Department Service Charge premium or credit for Difference In Limit Of Insurance From \$10,000

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Fire Department Service Charge Rate	x	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Difference In Limit Of Insurance From \$10,000 (in 100's)	=	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Premium/Credit For Difference In Limit Of Insurance
--	---	----	--	---	----	--

8. Fire Extinguishing Systems Expense – Difference In Limit Of Insurance From \$10,000

Fire Extinguishing Systems Expense Limit Of Insurance minus \$10,000 \$

Calculate the Fire Extinguishing Systems Expense Rate

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Fire Extinguishing Systems Expense Loss Cost	x	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Loss Cost Multiplier	=	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Fire Extinguishing Systems Expense Rate
---	---	---	---	--

Calculate the Fire Extinguishing Systems Expense premium or credit for Difference In Limit Of Insurance From \$10,000

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Fire Extinguishing Systems Expense Rate	x	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Difference In Limit Of Insurance From \$10,000 (in 100's)	=	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Premium/Credit For Difference In Limit Of Insurance
--	---	----	--	---	----	--

9. Fuel – Difference In Limit Of Insurance From \$2,500

Fuel Limit Of Insurance minus \$2,500 \$

Calculate the Fuel Rate

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Fuel Loss Cost	x	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Loss Cost Multiplier	=	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Fuel Rate
---	---	---	---	--

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

Calculate the Newly Acquired Terminal premium or credit for Difference In Limit Of Insurance From \$100,000

<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Final Newly Acquired Terminal Rate	x	\$	<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Difference In Limit Of Insurance From \$100,000 (in 100's)	=	\$	<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Premium/Credit For Difference In Limit Of Insurance
---	---	----	---	---	----	--

10.b. Newly Acquired Terminals – Greater Number of Days

Calculate the Final Loss Cost

<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Basic Coverage Loss Cost	+	<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Optional Coverage Loss Cost	+	<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Additional Coverage Loss Costs (Except Newly Acquired Terminals)	+	<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Endorsement Loss Costs
=						
<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Final Loss Cost						

Calculate the Newly Acquired Terminal Rate

<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Final Loss Cost	x	<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Loss Cost Multiplier	=	<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Newly Acquired Terminal Rate
--	---	---	---	---

Apply Factor

<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Newly Acquired Terminal Rate	x	<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Factor	=	<div style="background-color: #cccccc; width: 100%; height: 20px; margin-bottom: 5px;"></div> Final Newly Acquired Terminal Rate
---	---	---	---	---

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

12. Preservation Of Property Expense – Difference In Limit Of Insurance From \$10,000

Preservation Of Property Expense Limit Of Insurance minus \$10,000 \$

Calculate the Preservation Of Property Expense Rate

<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Preservation Of Property Expense Loss Cost	x	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Loss Cost Multiplier	=	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Preservation Of Property Expense Rate
---	---	---	---	--

Calculate the Preservation Of Property Expense premium or credit for Difference In Limit Of Insurance From \$10,000

<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Preservation Of Property Expense Rate	x	\$	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Difference In Limit Of Insurance From \$10,000 (in 100's)	=	\$	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Premium/Credit For Difference In Limit Of Insurance
--	---	----	--	---	----	--

13. Electronic Equipment – Difference In Limit Of Insurance From \$10,000

Electronic Equipment Limit Of Insurance minus \$10,000 \$

Calculate the Electronic Equipment Rate

<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Electronic Equipment Loss Cost	x	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Loss Cost Multiplier	=	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Electronic Equipment Rate
---	---	---	---	--

Calculate the Electronic Equipment premium or credit for Difference In Limit Of Insurance From \$10,000

<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Electronic Equipment Rate	x	\$	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Difference In Limit Of Insurance From \$10,000 (in 100's)	=	\$	<div style="background-color: #cccccc; height: 15px; margin-bottom: 5px;"></div> Premium/Credit For Difference In Limit Of Insurance
--	---	----	--	---	----	--

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D. ENDORSEMENTS

1. Spoilage And Loss Due To FDA Regulation Coverage

a. For each insured class, complete steps (1) through (3).

(1) Calculate the Class Rate

$$\text{Class Loss Cost} \times \text{Loss Cost Multiplier} = \text{Class Rate}$$

(2) Apply Deductible Factor

$$\text{Class Rate} \times \text{Deductible Factor} = \text{Final Class Rate}$$

(3) Calculate the Class Premium

$$\text{Final Class Rate} \times \$ \text{Limit Of Insurance (in \$100s)} = \$ \text{Class Premium}$$

b. Sum the premiums for all insured classes to calculate the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage.

$$\$ \text{Class 1 Premium} + \$ \text{Class 2 Premium} + \$ \text{Class 3 Premium} = \$ \text{Premium For Spoilage And Loss Due To FDA Regulation Coverage}$$

2. Non-owned Trailer Coverage

a. Calculate the Non-owned Trailer Coverage Rate

$$\text{Non-owned Trailer Coverage Loss Cost} \times \text{Loss Cost Multiplier} = \text{Non-owned Trailer Coverage Rate}$$

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D. ENDORSEMENTS (Cont'd)

b. Apply Deductible Factor

$$\frac{\text{Non-owned Trailer Coverage Rate}}{\text{Deductible Factor}} = \text{Final Non-owned Trailer Coverage Rate}$$

c. Calculate the Non-owned Trailer Coverage Premium

$$\frac{\text{Final Non-owned Trailer Coverage Rate}}{\text{Per Trailer Limit Of Insurance (in 1,000's)}} \times \text{Number Of Covered Days} \times \text{Number Of Trailers} = \text{Non-owned Trailer Coverage Premium}$$

3. Theft From Unattended Vehicle Exclusion

a. Calculate the Theft From Unattended Vehicle Exclusion Premium Credit

$$\text{Basic Coverage Premium} \times \text{Factor} = \text{Theft From Unattended Vehicle Exclusion Premium Credit}$$

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COVERAGES	PREMIUM/CREDIT
Basic Coverage	
Optional Coverages	
Named Terminals	
Unspecified Terminals	
Additional Coverages	
Debris Removal	
False Pretense	
Rewards – Arrest And Conviction	
Rewards – Return Of Stolen Property	
Cargo Handling Equipment	
Contractual Penalties	
Earned Charges	
Fire Department Service Charge	
Fire Extinguishing Systems Expense	
Fuel	
Newly Acquired Terminals	
Pollutant Cleanup And Removal	
Preservation Of Property Expense	
Electronic Equipment	
Endorsement	
Spoilage And Loss Due To FDA Regulation Coverage	
Non-owned Trailer Coverage	
Theft From Unattended Vehicle Exclusion	
Total Premium \$	

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Motor Truck Cargo Owners

Name Of Insured, Address Including ZIP Code		

Policy Period	_____	_____
	Inception	Expiration
		Term
Type Of Property Covered	_____	Group No. _____
Radius Of Operation:	Number Of Vehicles Up To And Including 200 Miles	_____
	Number Of Vehicles Regularly Over 200 Miles	_____
Per Vehicle Limit Of Insurance:	\$ _____	
Basic Coverage	Loss Cost	Value at Risk
Up To And Including 200 Miles		
Risk Group 1	_____	\$ _____
Risk Group 2	_____	\$ _____
Risk Group 3	_____	\$ _____
Risk Group 4	_____	\$ _____
Regularly 200 Miles		
Risk Group 1	_____	\$ _____
Risk Group 2	_____	\$ _____
Risk Group 3	_____	\$ _____
Risk Group 4	_____	\$ _____
Property At Named Terminals:		
\$ _____	Located At	_____
\$ _____	Located At	_____
Property At Unspecified Terminals:	\$ _____	
Loss Costs		
Named Terminal		_____
Unspecified Terminal		_____
Spoilage And Loss Due To FDA Regulation Coverage		_____
Deductible	\$ _____	

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A. PREMIUM FOR BASIC COVERAGE

1. For each of the two radius of operation groups, calculate the total value at risk.

$$\begin{array}{ccccc}
 \$ & \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \text{[Blank Box]} \\
 & \text{Per Vehicle} & & \text{Number Of Vehicles} & & \text{Total Value At Risk} \\
 & \text{Limit Of Insurance} & & \text{In The Radius Of} & & \\
 & \text{(in 100's)} & & \text{Operation Group} & &
 \end{array}$$

2. For each of the two radius of operations groups, complete steps a. through g. for each applicable insured risk group.

a. Select Basic Coverage Loss Cost

b. Apply Catastrophe Limit Of Insurance Loading Factor

$$\begin{array}{ccccc}
 \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \text{[Blank Box]} \\
 \text{Insured Risk Group} & & \text{Catastrophe Limit} & & \text{Modified Insured Risk} \\
 \text{Basic Coverage Loss} & & \text{Of Insurance} & & \text{Group Basic Coverage} \\
 \text{Cost} & & \text{Loading Factor} & & \text{Loss Cost}
 \end{array}$$

c. Calculate the Basic Coverage Rate

$$\begin{array}{ccccc}
 \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \text{[Blank Box]} \\
 \text{Modified Insured Risk} & & \text{Loss Cost Multiplier} & & \text{Insured Risk Group} \\
 \text{Group Basic Coverage} & & & & \text{Basic Coverage Rate} \\
 \text{Loss Cost} & & & &
 \end{array}$$

d. Apply Deductible Factor

$$\begin{array}{ccccc}
 \text{[Blank Box]} & \times & \text{[Blank Box]} & = & \text{[Blank Box]} \\
 \text{Insured Risk Group} & & \text{Deductible Factor} & & \text{Final Insured Risk Group} \\
 \text{Basic Coverage Rate} & & & & \text{Basic Coverage Rate}
 \end{array}$$

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A. PREMIUM FOR BASIC COVERAGE (Cont'd)

e. Calculate the Insured Risk Group's Value At Risk

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
Total Value At Risk For Radius Group		Insured Risk Group Percentage		Insured Risk Group's Value At Risk

f. Calculate the risk group premium

\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	x	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
Insured Risk Group's Value at Risk		Final Insured Risk Group Basic Coverage Rate		Insured Risk Group Basic Coverage Premium

3. Sum the basic coverage premiums for all insured risk groups to calculate the total basic coverage premium for the radius of operation group.

\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	+	\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	+	\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	+	\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
Group 1 Basic Coverage Premium		Group 2 Basic Coverage Premium		Group 3 Basic Coverage Premium		Group 4 Basic Coverage Premium		Total Basic Coverage Premium For The Radius Of Operation Group

4. Sum the total basic premiums calculated for each radius of operation group.

<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	+	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div>	=	\$ <div style="background-color: #cccccc; height: 20px; width: 100%;"></div>
Total Basic Coverage Premium For Vehicles Operated Up To And Including 200 Miles			Total Basic Coverage Premium For Vehicles Operated Regularly Over 200 Miles		Total Basic Coverage Premium For All Vehicles

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B. PREMIUM FOR OPTIONAL COVERAGES

1.a. Named Terminals

Determine the Named Terminal Rate

$$\text{Named Terminal Loss Cost} \times \text{Loss Cost Multiplier} = \text{Named Terminal Rate}$$

Apply Deductible Factor

$$\text{Named Terminal Rate} \times \text{Deductible Factor} = \text{Modified Named Terminal Rate}$$

Calculate the Named Terminal Premium

$$\text{Modified Named Terminal Rate} \times \$ \text{Limit Of Insurance} = \$ \text{Named Terminal Premium}$$

1.b. Named Terminals – Greater Number Of Days

Calculate the Days Additional Premium

$$\$ \text{Named Terminal Premium} \times \text{Days Factor} = \$ \text{Premium For Greater Number Of Days}$$

1.c. Named Terminals – Final Premium

Sum the results from 1.a. and 1.b.

$$\$ \text{Named Terminal Premium} + \$ \text{Premium For Greater Number Of Days} = \$ \text{Final Named Terminal Premium}$$

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B. PREMIUM FOR OPTIONAL COVERAGES (Cont'd)

2.a. Unspecified Terminals

Determine the Unspecified Terminal Rate

$$\text{Unspecified Terminal Loss Cost} \times \text{Loss Cost Multiplier} = \text{Unspecified Terminal Rate}$$

Apply Deductible Factor

$$\text{Unspecified Terminal Rate} \times \text{Deductible Factor} = \text{Modified Unspecified Terminal Rate}$$

Calculate the Unspecified Terminal Premium

$$\text{Modified Unspecified Terminal Rate} \times \$ \text{Limit Of Insurance} = \$ \text{Unspecified Terminal Premium}$$

2.b. Unspecified Terminals – Greater Number Of Days

Calculate the Days Additional Premium

$$\$ \text{Unspecified Terminal Premium} \times \text{Days Factor} = \$ \text{Premium For Greater Number Of Days}$$

2.c. Unspecified Terminals – Final Premium

Sum the results from 2.a. and 2.b.

$$\$ \text{Unspecified Terminal Premium} + \$ \text{Premium For Greater Number Of Days} = \$ \text{Final Unspecified Terminal Premium}$$

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C. PREMIUM FOR ADDITIONAL COVERAGES

1. Debris Removal – Difference In Limit Of Insurance From \$10,000

Debris Removal Limit Of Insurance minus
\$10,000 \$

Calculate the Debris Removal Rate

	x		=	
Debris Removal Loss Cost		Loss Cost Multiplier		Debris Removal Rate

Calculate the Debris Removal premium or credit for Difference In Limit Of Insurance From \$10,000

	x	\$		=	\$	
Debris Removal Rate			Difference In Limit Of Insurance From \$10,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

2. False Pretense – Difference In Limit Of Insurance From \$25,000

False Pretense Limit Of Insurance minus
\$25,000 \$

Calculate the False Pretense Rate

	x		=	
False Pretense Loss Cost		Loss Cost Multiplier		False Pretense Rate

Calculate the False Pretense premium or credit for Difference In Limit Of Insurance From \$25,000

	x	\$		=	\$	
False Pretense Rate			Difference In Limit Of Insurance From \$25,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

Calculate the Fire Extinguishing Systems Expense premium or credit for Difference In Limit Of Insurance From \$10,000

<input style="width: 100%; height: 20px;" type="text"/>	x	\$	<input style="width: 100%; height: 20px;" type="text"/>	=	\$	<input style="width: 100%; height: 20px;" type="text"/>
Fire Extinguishing Systems Expense Rate			Difference In Limit Of Insurance From \$10,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

6. Fuel – Difference In Limit Of Insurance From \$2,500

Fuel Limit Of Insurance minus \$2,500 \$

Calculate the Fuel Rate

<input style="width: 100%; height: 20px;" type="text"/>	x	<input style="width: 100%; height: 20px;" type="text"/>	=	<input style="width: 100%; height: 20px;" type="text"/>
Fuel Loss Cost		Loss Cost Multiplier		Fuel Rate

Calculate the Fuel premium or credit for Difference In Limit Of Insurance From \$2,500

<input style="width: 100%; height: 20px;" type="text"/>	x	\$	<input style="width: 100%; height: 20px;" type="text"/>	=	\$	<input style="width: 100%; height: 20px;" type="text"/>
Fuel Rate			Difference In Limit Of Insurance From \$2,500 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

7.a. Newly Acquired Terminals – Difference In Limit Of Insurance From \$100,000

Newly Acquired Terminals Limit Of Insurance minus \$100,000 \$

Calculate the Final Loss Cost

<input style="width: 100%; height: 20px;" type="text"/>	+	<input style="width: 100%; height: 20px;" type="text"/>	+	<input style="width: 100%; height: 20px;" type="text"/>	+	<input style="width: 100%; height: 20px;" type="text"/>
Basic Coverage Loss Cost		Optional Coverage Loss Cost		Additional Coverage Loss Costs (Except Newly Acquired Terminals)		Endorsement Loss Costs
=		<input style="width: 100%; height: 20px;" type="text"/>				Final Loss Cost

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C. PREMIUM FOR ADDITIONAL COVERAGES (Cont'd)

Calculate the Newly Acquired Terminal Rate

[]	x	[]	=	[]
Final Loss Cost		Loss Cost Multiplier		Newly Acquired Terminal Rate

Apply Factor

[]	x	[]	=	[]
Newly Acquired Terminal Rate		Factor		Final Newly Acquired Terminal Rate

Calculate the Newly Acquired Terminal premium or credit for Difference In Limit Of Insurance From \$100,000

[]	x	\$	[]	=	\$	[]
Final Newly Acquired Terminal Rate			Difference In Limit Of Insurance From \$100,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

7.b. Newly Acquired Terminals – Greater Number of Days

Calculate the Final Loss Cost

[]	+	[]	+	[]	+	[]
Basic Coverage Loss Cost		Optional Coverage Loss Cost		Additional Coverage Loss Costs (Except Newly Acquired Terminals)		Endorsement Loss Costs
= []						
Final Loss Cost						

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D. ENDORSEMENTS

1. Spoilage And Loss Due To FDA Regulation Coverage

a. For each insured class, complete steps (1) through (3).

(1) Calculate the Class Rate

$$\text{Class Loss Cost} \times \text{Loss Cost Multiplier} = \text{Class Rate}$$

(2) Apply Deductible Factor

$$\text{Class Rate} \times \text{Deductible Factor} = \text{Final Class Rate}$$

(3) Calculate the Class Premium

$$\text{Final Class Rate} \times \$ \text{Limit Of Insurance (in \$100s)} = \$ \text{Class Premium}$$

b. Sum the premiums for all insured classes to calculate the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage.

$$\$ \text{Class 1 Premium} + \$ \text{Class 2 Premium} + \$ \text{Class 3 Premium} = \$ \text{Premium For Spoilage And Loss Due To FDA Regulation Coverage}$$

2. Theft From Unattended Vehicle Exclusion

a. Calculate the premium credit

$$\text{Basic Coverage Premium} \times \text{Factor} = \text{Theft From Unattended Vehicle Exclusion Premium Credit}$$

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E. ANNUAL PREMIUM	
COVERAGES	PREMIUM/CREDIT
Basic Coverage – All Vehicles	
Optional Coverages	
Named Terminals	
Unspecified Terminals	
Additional Coverages	
Debris Removal	
False Pretense	
Rewards – Arrest And Conviction	
Rewards – Return Of Stolen Property	
Fire Department Service Charge	
Fire Extinguishing Systems Expense	
Fuel	
Newly Acquired Terminals	
Pollutant Cleanup And Removal	
Preservation Of Property Expense	
Endorsement	
Spoilage And Loss Due To FDA Regulation Coverage	
Theft From Unattended Vehicle Exclusion	
Total Premium \$	

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CONTINGENT CARGO**

CONTINGENT CARGO COVERAGE

Name Of Insured, Address Including ZIP Code			

Policy Period	_____	_____	_____
	Inception	Expiration	Term
Type Of Property Covered	_____		Group No. _____
Gross Receipts:	\$ _____		
Per Vehicle Limit Of Insurance		\$ _____	
Basic Coverage	Loss Cost		Values Shipped
	Risk Group 1 _____	\$ _____	_____
	Risk Group 2 _____	\$ _____	_____
	Risk Group 1 _____	\$ _____	_____
	Risk Group 2 _____	\$ _____	_____
Spoilage And Loss Due To FDA Regulation Coverage Loss Cost		_____	
Deductible:	\$ _____		

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CONTINGENT CARGO**

A. PREMIUM FOR BASIC COVERAGE

1. Calculate the estimated number of vehicles

$$\begin{array}{rcl}
 \$ \text{ []} & \div & \text{18,750} \\
 \text{Total Value Of} & & \text{Assumed Average} \\
 \text{Gross Receipts} & & \text{Gross Receipt} \\
 & & \text{Per Vehicle} \\
 & & \text{Estimated Number Of} \\
 & & \text{Vehicles}
 \end{array}$$

2. Calculate the total value at risk

$$\begin{array}{rcl}
 \$ \text{ []} & \times & \text{ []} \\
 \text{Per Vehicle} & & \text{Estimated Number of} \\
 \text{Limit Of Insurance} & & \text{Vehicles} \\
 \text{(in 100s)} & & \text{Total Value At Risk}
 \end{array}$$

3. For each insured risk group, complete steps a. through g.

a. Select Basic Coverage Loss Cost

b. Apply Catastrophe Limit Of Insurance Loading Factor

$$\begin{array}{rcl}
 \text{ []} & \times & \text{ []} \\
 \text{Insured Risk Group} & & \text{Catastrophe Limit} \\
 \text{Basic Coverage Loss} & & \text{Of Insurance} \\
 \text{Cost} & & \text{Loading Factor} \\
 & & \text{Modified Insured Risk} \\
 & & \text{Group Basic Coverage} \\
 & & \text{Loss Cost}
 \end{array}$$

c. Calculate the Basic Coverage Rate

$$\begin{array}{rcl}
 \text{ []} & \times & \text{ []} \\
 \text{Modified Insured Risk} & & \text{Loss Cost Multiplier} \\
 \text{Group Basic Coverage} & & \\
 \text{Loss Cost} & & \text{Insured Risk Group} \\
 & & \text{Basic Coverage Rate}
 \end{array}$$

d. Apply Deductible Factor

$$\begin{array}{rcl}
 \text{ []} & \times & \text{ []} \\
 \text{Insured Risk Group} & & \text{Deductible Factor} \\
 \text{Basic Coverage Rate} & & \\
 & & \text{Final Insured Risk Group} \\
 & & \text{Basic Coverage Rate}
 \end{array}$$

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CONTINGENT CARGO**

A. PREMIUM FOR BASIC COVERAGE (Cont'd)

e. Calculate the Insured Risk Group's Value at Risk

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Total Value At Risk	x	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Insured Risk Group Percentage	=	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Insured Risk Group's Value At Risk
--	---	--	---	---

f. Calculate the risk group premium

\$ <div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Insured Risk Group's Value At Risk	x	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Final Insured Risk Group Basic Coverage Rate	=	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Insured Risk Group Basic Coverage Premium
--	---	---	---	--

3. Sum the basic coverage premium for all insured risk groups to calculate the total basic coverage premium.

\$ <div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div>	+	\$ <div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div>	+	\$ <div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div>	+	\$ <div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div>	=	\$ <div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div>
Group 1 Basic Coverage Premium		Group 2 Basic Coverage Premium		Group 3 Basic Coverage Premium		Group 4 Basic Coverage Premium		Total Basic Coverage Premium

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B. PREMIUM FOR OPTIONAL COVERAGE

1. Terminals

Determine the rate

$$\text{Terminal Loss Cost} \times \text{Loss Cost Multiplier} = \text{Terminal Rate}$$

Apply Deductible Factor

$$\text{Terminal Rate} \times \text{Deductible Factor} = \text{Modified Terminal Rate}$$

Apply Factor

$$\text{Modified Terminal Rate} \times \text{Factor} = \text{Final Terminal Rate}$$

Calculate Premium

$$\text{Final Terminal Rate} \times \$ \text{Limit Of Insurance} = \$ \text{Terminal Premium}$$

2. Terminals – Greater Number of Days

Calculate the Days Additional Premium

$$\$ \text{Terminal Premium} \times \text{Days Factor} = \$ \text{Premium for Greater Number of Days}$$

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B. PREMIUM FOR OPTIONAL COVERAGE (Cont'd)

3. Terminals – Final Premium

Sum the results from 1. and 2.

$$\begin{array}{ccccccc} \$ & \text{[Grey Box]} & + & \$ & \text{[Grey Box]} & = & \$ & \text{[Grey Box]} \\ & \text{Terminal} & & & \text{Premium for Greater} & & & \text{Final} \\ & \text{Premium} & & & \text{Number of Days} & & & \text{Terminal} \\ & & & & & & & \text{Premium} \end{array}$$

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C. PREMIUM FOR ADDITIONAL COVERAGES

1. Debris Removal – Difference In Limit Of Insurance From \$10,000

Debris Removal Limit Of Insurance minus
\$10,000 \$

Calculate the Debris Removal Rate

	x		=	
Debris Removal Loss Cost		Loss Cost Multiplier		Debris Removal Rate

Calculate the Debris Removal premium or credit for Difference In Limit Of Insurance From \$10,000

	x	\$		=	\$	
Debris Removal Rate			Difference In Limit Of Insurance From \$10,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

2. Pollutant Cleanup And Removal – Difference In Limit Of Insurance From \$25,000

Pollutant Cleanup And Removal Limit Of
Insurance minus \$25,000 \$

Calculate the Pollutant Cleanup And Removal Rate

	x		=	
Pollutant Cleanup And Removal Loss Cost		Loss Cost Multiplier		Pollutant Cleanup And Removal Rate

Calculate the Pollutant Cleanup And Removal premium or credit for Difference In Limit Of Insurance From \$25,000

	x	\$		=	\$	
Pollutant Cleanup And Removal Rate			Difference In Limit Of Insurance From \$25,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

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D. ENDORSEMENTS

1. Spoilage And Loss Due To FDA Regulation Coverage

a. For each insured class, complete steps (1) through (3).

(1) Calculate the rate

$$\text{Class Loss Cost} \times \text{Loss Cost Multiplier} = \text{Class Rate}$$

(2) Apply Deductible Factor

$$\text{Class Rate} \times \text{Deductible Factor} = \text{Final Class Rate}$$

(3) Calculate Premium

$$\text{Final Class Rate} \times \$ \text{Limit Of Insurance (in \$100s)} = \$ \text{Class Premium}$$

b. Sum the premiums for all insured classes to calculate the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage.

$$\$ \text{Class 1 Premium} + \$ \text{Class 2 Premium} + \$ \text{Class 3 Premium} = \$ \text{Premium For Spoilage And Loss Due To FDA Regulation Coverage}$$

2. Theft From Unattended Vehicle Exclusion

Calculate the premium credit

$$\text{Basic Coverage Premium} \times \text{Factor} = \text{Theft From Unattended Vehicle Exclusion Premium Credit}$$

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E. ANNUAL PREMIUM	
COVERAGES	PREMIUM/CREDIT
Basic Coverage	
Additional Coverages	
Debris Removal	
Pollutant Cleanup And Removal	
Endorsement	
Spoilage And Loss Due To FDA Regulation Coverage	
Theft From Unattended Vehicle Exclusion	
Total Premium \$	

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SECTION IV – GENERAL UNDERWRITING CONSIDERATIONS

MOTOR TRUCK CARGO CARRIERS

Motor Truck Cargo Carriers liability policies cover the legal liability of a common or contract trucker for lawful goods accepted for transportation under contract, tariff and bill of lading or shipping receipt.

The Policy covers the goods for the period from the time the trucker has taken possession until the goods have been delivered.

There are a variety of considerations the underwriter must review in underwriting Motor Truck Cargo Carriers liability policies.

A. Trucker

The underwriting process starts with a review of the prior experience of the insured trucker. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Current financial records, including latest annual gross receipts – the Central Analysis Bureau, a profit-making organization located in New York City, is a source of financial information on trucking concerns
- Availability of sources of capital if the trucker's financial condition is weak
- Number of years in business
- Current status of labor relations (particularly as respects contract carriers)
- Experience and training of employees; periodic review and update
- Compliance with Federal Highway Administration (FHWA) or state filings

B. Vehicles

- Schedule of types of vehicles being operated
- Radius of operation
- Consider charging an additional premium if the trucker desires to eliminate the Refrigeration Exclusion
- Consider adding Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 72 01** as applicable for an additional premium, if refrigerated or temperature controlled goods are shipped.
- Consider seeking to have protective devices for theft installed in vehicles (particularly for vehicles operated in high theft areas)

C. Goods

As respects the **goods** the trucker transports, it is important to review the:

1. Average And Highest Value Of Individual Goods Being Transported

The greater the value, the more likely the goods are to be coveted by others.

2. Average And Highest Value Of Truckloads

3. Susceptibility To Loss Or Damage

The greater the susceptibility, the more likely the goods are to sustain loss or damage.

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D. Type Of Carrier

Common and contract carriers have different degrees of liability for goods in their possession. Contract carriers have liability as stated in their contracts only if held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for loss or damage caused by:

- Acts of God
- Acts of the Public Enemy
- Exercise of Public Authority
- Fault or neglect on the part of the Shipper
- Inherent Vice or the nature of the Property

E. Terminals

It is important to have knowledge of the terminals used by the trucker if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the trucker may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed in two ways if the coverage is to be written. First, by charging an adequate premium. Second, by establishing an appropriate catastrophe limit in the Declarations.

F. Other Coverages

1. Refrigerated Shipments

Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 72 01** may be added as applicable for an additional premium, if refrigerated or temperature controlled goods are shipped. The underwriter should give consideration to the following when providing coverage under this endorsement:

- Periodic inspections of refrigeration equipment
- Availability of refrigeration facilities along the regularly traveled routes
- The types of perishable commodities
- A refrigeration maintenance or service agreement in place
- Temperature alarms installed on vehicles and at terminals
- The existence of backup refrigeration equipment at terminals
- Auxiliary power source or backup generators at terminals

2. Non-Owned Trailers

Coverage may be desired for non-owned trailers in the insured's care, custody or control for which Non-owned Trailer Coverage **IH 72 02** may be added. If trailer interchange coverage is selected, the underwriter may want to consider requesting copies of any written trailer interchange agreements for review with respect to this coverage.

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MOTOR TRUCK CARGO OWNERS

Motor Truck Cargo Owners policies cover the value of shipments made by the insured during the policy period. The goods usually are shipped by truck, but other conveyances may be used.

There may be considerable variations in the types of goods shipped. Therefore, the underwriter may consider the damageability of the goods and their attractiveness to thieves.

A. Owner – Shipper

The underwriting process starts with a review of the prior experience of the insured owner. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Loss experience
- Current financial records
- Number of years in business
- Condition of vehicles
- Driving records of drivers
- Current status of labor relations

B. Goods

As respects the goods being shipped, it is important to:

- Determine the type(s) of goods
- Determine their susceptibility to loss (including perishability) or damage and evaluate any protection afforded
- Consider the attractiveness of the goods to thieves. If the goods are attractive to thieves, evaluate the:
 - Protection afforded against theft (including hi-jacking)
 - Use of containers to reduce handling and pilferage losses

C. Packaging

Evaluate the adequacy of the packing materials for the loading, shipment and unloading

D. Loading/Unloading

Determine that qualified employees will handle loading and unloading the shipment

E. Shipment

Particular attention should be paid to the following:

- The distance the shipment will travel
- The amount of time required to complete the shipment – goods shipped over long distances represent greater risks of loss than those shipped over short distances
- The route the shipment will take
- Whether the insured "dead heads" or "back hauls" trips following the delivery of his goods to their destination – "back hauling" may increase the insurers potential exposure to loss being evaluated by the underwriter

F. Terminals

It is important to have knowledge of the terminals used by the trucker if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the trucker may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed in two ways if the coverage is to be written. First, by charging an adequate premium. Second, by establishing an appropriate catastrophe limit in the Declarations.

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G. Other Coverages

1. Exhibitions

The shipment may involve delivery to an Exhibition Hall. A request may be made to endorse the policy to cover at the exhibition. The underwriter should give consideration to the potential for theft at the Exhibition Hall.

2. Loss of Use

Coverage may be sought for loss of use. The underwriter must give careful consideration to the nature of the property being shipped as it may, if lost or damaged, create a bottleneck and trigger a substantial consequential loss.

3. Refrigerated Shipments

Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be added as applicable for an additional premium, if refrigerated or temperature controlled goods are shipped. The underwriter should give consideration to the following when providing coverage under this endorsement:

- Requiring periodic inspections of the refrigeration equipment
- Availability of refrigeration facilities along the regularly traveled routes
- The types of perishable commodities
- A refrigeration maintenance or service agreement in place
- Temperature alarms installed on vehicles and at terminals
- The existence of backup refrigeration equipment at terminals
- Auxiliary power source or backup generators at terminals

H. Property Covered/Property Not Covered

Additional Covered Property Endorsement **IH 99 19** can be attached to provide coverage for items of property not otherwise covered. Conversely, coverage for certain items of property can be deleted by attaching Additional Property Not Covered Endorsement **IH 99 20**.

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CONTINGENT CARGO COVERAGE

Contingent Cargo liability policies provide coverage to brokers for the legal liability of a common or contract trucker for loss or damage to lawful goods accepted for transportation under contract, tariff and bill of lading or shipping receipt under certain circumstances when the trucker's liability policy will not pay for the loss.

The contingent cargo policy covers the goods for the period from the time the trucker has taken possession until the goods have been delivered.

There are a variety of considerations the underwriter must review in underwriting Contingent Cargo Coverage liability policies.

A. Broker

The underwriting process starts with a review of the prior experience of the insured broker. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Current financial records, including latest annual gross
- Availability of sources of capital if the broker's financial condition is weak
- Number of years in business
- Experience and training of employees; periodic review and update
- Compliance with Federal Highway Administration (FHWA) or state filings
- Whether the broker has motor carrier operating authority
- Whether the broker has procedures to avoid assuming motor carrier liability
- Whether the broker co-brokers shipments, and procedures the broker has to ensure the accurate transmission of shipping instructions from the shipper to the carrier

B. Truckers

The underwriting process should also include a review of the cargo liability insurance, as well as the prior experience of truckers used by the insured broker. Particular attention should also be paid to the following aspects:

- Proof of in-force cargo liability insurance for truckers used by the broker, showing limits equal to or in excess of the proposed limits of the contingent cargo policy, and in excess of the value of cargo for which the truckers could be legally liable.
- Information about procedures that the broker has to review that trucker insurance is in effect, with adequate coverage and limits
- Information about procedures that the broker has to review that truckers insure refrigerated shipments, maintain refrigeration equipment and handle refrigerated shipments safely
- Information about the safety records of truckers used by the broker, which is available on the government website safersys.org.
- Current financial records of truckers, including latest annual gross receipts – the Central Analysis Bureau, a profit-making organization located in New York City, is a source of financial information on trucking concerns
- Availability of sources of capital if the truckers' financial condition is weak
- Number of years truckers have been in business
- Current status of labor relations (particularly with respect to contract carriers)
- Experience and training of truckers' employees; periodic review and update
- Truckers' compliance with Federal Highway Administration (FHWA) or state filings

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C. Vehicles

- Schedule of types of vehicles used to transport brokered goods
- Cargo transported on flatbed trucks may be more susceptible to damage from moisture.
- Radius of operation

D. Goods

With respect to the goods brokered, it is important to review the:

1. Average And Highest Value Of Individual Goods Being Brokered

The greater the value, the more likely the goods are to be coveted by others.

2. Average And Highest Value Of Truckloads

3. Susceptibility To Loss Or Damage

The greater the susceptibility, the more likely the goods are to sustain loss or damage.

E. Type Of Carrier

Common and contract carriers have different degrees of liability for goods in their possession. Contract carriers have liability as stated in their contracts only if held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for loss or damage caused by:

- Acts of God
- Acts of the Public Enemy
- Exercise of Public Authority
- Fault or neglect on the part of the Shipper
- Inherent Vice or the nature of the Property

F. Terminals

It is important to have knowledge of the terminals used by the truckers engaged by the broker if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the trucker may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed in two ways if the coverage is to be written: First, by charging an adequate premium; second, by establishing an appropriate catastrophe limit in the Declarations.

G. Refrigerated Shipments

Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be added as applicable for an additional premium, if refrigerated or temperature controlled goods are shipped. When providing coverage under this endorsement the underwriter should give consideration to the types of perishable commodities shipped, as well as to the extent the broker engages with truckers who have:

- Refrigeration facilities available to them along the regularly traveled routes
- A refrigeration maintenance or service agreement in place
- Temperature alarms installed on vehicles and at terminals
- The existence of backup refrigeration equipment at terminals
- Auxiliary power source or backup generators at terminals

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SECTION V – SUGGESTED LOSS CONTROL RECOMMENDATIONS

The Loss Control function consists of two elements – Loss Prevention and Loss Reduction.

The purpose of Loss Prevention is to reduce the frequency of loss.

The purpose of Loss Reduction is to reduce the severity of loss.

A single action frequently impacts both loss frequency and loss severity.

The following recommendations may be shared with the loss control representative.

DEDUCTIBLE

The sample policy in this Handbook contains a deductible clause. The amount of the deductible may be changed to reflect the amount of risk the insured desires to retain.

Additionally, the insured and insurer may agree to have different deductible amounts apply to different goods in order to reduce loss frequency.

CONTRACTS

Use Released Bills of Lading whenever possible.

MANAGEMENT PRACTICES

A. Administration

1. Designate qualified employees to be responsible for loss control, safety, security and training and to establish programs for these functions.
2. Arrange pickup and delivery schedules to minimize the amount of time the vehicle will be in your possession.
3. Monitor the loss control, safety and security programs.
4. Comply with loss control recommendations.
5. Investigate all cargo losses; change procedures if appropriate.

B. Employee Selection

1. Select only qualified candidates for positions requiring specific skills.
2. Train all employees (including temporaries) to follow established procedures and handle the equipment they will operate.
3. Verify that all employees using vehicles and equipment are qualified. Reevaluate periodically.
4. Maintain records of qualifiers and non-qualifiers.
5. Secure MVR's for each driver every 12 months.

C. Safety Program

1. Make sure the employee in charge of the safety program knows OSHA and state labor guidelines.
2. Post safety materials in a prominent location.
3. Make records of each cargo loss for review and action, if appropriate.

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D. Vehicle And Equipment Maintenance

1. Make sure the employee in charge of vehicle and equipment maintenance is familiar with Federal Motor Carrier Safety Regulations (FMCSR).
2. Establish regular interval maintenance for all vehicles and equipment in accordance with manufacturer's specifications.
3. Worn or damaged electrical wiring, cables, fuel or hydraulic lines should be repaired or replaced.
4. Keep records of all maintenance performed on all vehicles and equipment.
5. Inspect vehicles and equipment regularly.
6. Drivers should provide written reports of equipment problems for feedback to maintenance personnel on a regular basis.
7. Inspect refrigeration equipment every 4 hours during transit. An alarm system should be in place alerting drivers to high or low temperatures.
8. If your company has a limited maintenance staff, consider an arrangement with a full service maintenance leasing concern.
9. Trailers should have "Wide Right Turn" decals and midturn signal indicators installed.

FIRE PREVENTION

A. General

1. Water for fire fighting should be readily available.
2. Employees should be trained in basic fire-fighting techniques.
3. Emergency phone numbers should be posted at each telephone.

B. Terminals – Construction

1. Terminals should be of fire resistive or non-combustible construction.
2. Large open areas should be avoided to the extent possible, particularly where combustibles are stored. Fire walls, protected by fire doors, can tend to limit what would otherwise be a substantial loss. Building codes should be adhered to and regarded as minimum standards.
3. The warehouse area should be separated from the garage area by a fire wall(s).
4. Have the local fire department familiarize itself with the terminal and the available fire defenses.
5. Place fire alarms in terminals.
6. Refrigeration equipment at terminals should be inspected periodically.

C. Terminals – Occupancy

1. Identify and segregate materials by damageability.
2. Size and height of piles and aisle widths should conform to applicable standards.
3. Goods subject to water damage should be on skids.
4. Adequate access should be provided between all areas.

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D. Protection

1. Adequate access to all areas should be provided for firefighting equipment.
2. Portable fire extinguishers should be provided and recharged according to manufacturer's standards.
3. Maps of the terminal, posted at numerous locations in the terminal, should show the location of the extinguishers.
4. A recognized approved central station alarm system should be installed.
5. The areas where combustible goods are stored should be protected by an automatic sprinkler system.

E. Yard Storage

1. Keep storage yards well lighted and fenced with one entrance.
2. Request police to make frequent area checks when closed.
3. Employ a watchperson(s) at storage sites.
4. Goods should be spread out and separated by clear space.
5. Main fuel supply should be located in an approved storage tank, remote from work areas.

F. Over The Road Operations

1. Suitable fire extinguishers should be provided in vehicle cabs.
2. Driver training programs should include the handling of basic over the road fire hazards.
3. The driver should have an accurate manifest or bill of lading to aid local firefighters.
4. Hazardous cargo identification should be identified in conformance with Federal, State and local codes.

GENERAL SECURITY

A. Over The Road

1. Do not pick up hitchhikers.
2. Drivers must lock doors, close windows and keep the keys in their possession when leaving the vehicle.
3. Park in areas where the load is visible when stopped.
4. Obtain a receipt for the load at delivery before leaving.
5. Use main highways wherever possible.
6. Test vehicle alarms before leaving terminals.
7. Plan the route with security in mind and keep a copy of the daily route schedule on file with the dispatcher.
8. Inspect vehicle daily.

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B. Terminal And Consolidation Center

1. Establish security program.
2. Install premises certified alarms on all openings into the terminal (doors, windows, skylights, etc.) or provide security services reporting to central station.
3. Use king pin locks for parked cargo trucks and trailers.
4. Park trailers stored in open yard with compartment doors flush against each other.
5. Keys should be coded for location of lock and for the person to whom the key is assigned. The assigned key should be engraved "Do not duplicate." Supervise the assignment of keys; keep all original keys secured.
6. Keep yard areas fenced with one entrance guarded to control traffic.
7. Do not allow employee parking inside the terminal enclosure.
8. All employees should challenge any stranger on the loading dock.
9. Interline or other drivers should be restricted to a specific dock area.
10. Use employee photo ID's and visitor badges.

ADDITIONAL SECURITY FOR HIGH-VALUE GOODS

A. Over The Road

1. Provide UL approved truck alarm systems that include 60 – 90 day maintenance checks.
2. Periodically rotate drivers among runs if possible.
3. Do not use new or part-time help on major loads.
4. Establish a communications reporting system from vehicles to security centers in terminals at prescribed periodic intervals or use a convoy system.
5. In higher loss potential areas use a random chase vehicle procedure at various times with or without the load driver's knowledge.
6. Mark the tops of trucks and trailers with fluorescent paint to identify the vehicle from the air in the event of a hi-jack.
7. On long hauls, two people should be with the load so that no less than one will be in attendance at all times. Stopovers at sleeping establishments should not be permitted.
8. For particularly valuable loads, the use of an armored car or some other protected means of transportation should be considered.

EXPOSURES AT OTHER THAN CONTROLLED LOCATIONS

A. Locations Under The Control Of Others

1. Select reputable and financially responsible public warehouses. Each should be in good physical condition with appropriate protection devices and controls for the goods being stored.
2. Immediately upon arrival, log in with dispatcher; obtain a written receipt for the delivery of the load.

B. Stops En Route

1. Avoid parking in areas subject to flooding, earthslides or collision from other vehicles.
2. Make sure alarms are "ON".
3. When breaking down tandem loads in a doubles compound, coordinate the arrival of the second tractor with the arrival of the tandem.

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DRIVER PRACTICES

A. General

1. Follow company rules and procedures, such as documentation, safe driving, call-in procedures, equipment breakdowns and vehicle accidents.
2. Do not smoke in the cargo compartment at any time.
3. Close and lock the cargo compartment unless cargo is being loaded or unloaded.
4. Remove keys from the power unit and lock vehicle when driver is absent.
5. Adhere to rules and regulations for hazardous materials.

B. Pickup And Delivery

1. Sign for exact cargo and get signed receipt on delivery.
2. Be certain the persons receiving the cargo are legitimate representatives of the consignee.
3. Accept only freight properly packaged, crated or protected.
4. Handle, load and unload cargo to avoid damage.
5. Be aware of temperature restrictions.
6. Stay with the vehicle during loading/unloading by others to protect other cargo.
7. Make sure hookups and equipment for bulk cargo are proper.

C. En Route

1. Make thorough pre-trip inspection of the unit.
2. Check refrigeration, heating, blocking, chaining, tarps, brakes and tires periodically during the trip.
3. Observe weight and clearance routing restrictions. Be aware of unidentified clearance and weight restrictions.
4. Inspect integrity of vehicle cargo doors, seals and locks upon arrival and before departing each stop.
5. Avoid parking in remote or unlighted areas.
6. Avoid stops or layovers in high crime areas.
7. If trailer must be dropped en route, use king pin lock.
8. Lock vehicle doors while driving.
9. Do not arrive when receiving facilities are closed.
10. Do not disclose cargo over CB.

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BROKER PRACTICES

A. Motor Truck Cargo Carrier Insurance

1. Obtain proof from your motor carriers of cargo liability insurance that is in effect at the time of shipment.
2. Verify that the motor carrier's policy limit equals or exceeds:
 - a. The limit of your contingent cargo policy; and
 - b. The value of the cargo for which the motor carrier could be legally liable.
3. Review the motor carrier's policy carefully, including looking for:
 - a. Covered causes of loss;
 - b. What cargo is covered, and what cargo is not covered;
 - c. What limitations there are on refrigeration coverage when the cargo requires temperature control;
 - d. Generally, what are potential coverage gaps.
4. Verify the credit rating of your motor carrier's cargo insurer.

B. Motor Truck Cargo Carrier Operating Authority, Safety Record And Financial Soundness

1. Obtain copies of the operating authority for your cargo carrier.
2. Review your motor carrier's safety record.
 - a. Safersys.org is a government website maintained by the Federal Motor Carrier Safety Administration, which offers company safety data.
 - b. Current financial records of motor carriers are available from the Central Analysis Bureau, a for-profit organization.

C. Refrigerated Shipments

1. Review the motor carrier's procedures for maintaining refrigeration equipment.
2. Review the motor carrier's procedures for the safe handling of refrigerated cargo.
3. Carefully review and communicate to the carrier all instructions related to the handling of refrigerated cargo.

D. Steps To Help Prevent Motor Carrier Liability

1. Do not identify yourself as a carrier, on the bill of lading, in a contract or in any other context in a transaction in which you are acting as a broker.
2. In dealing with your customers, do not identify carriers as part of your operation.
3. Do not make guarantees to your customers to control all aspects of the cargo delivery.
4. Communicate with the motor carriers, not the driver.
5. Carefully review contracts with shippers to help prevent taking on the legal liability of a motor carrier.

TRIP TRANSIT APPLICATION

SECTION I – GENERAL		
	Applicant	Producer
Name		
Address		
Telephone Number		
Web Site Address		
Proposed Policy Term		
From:		
To:		
Annual Income		
Last Year: \$		
Estimated Current Year: \$		
Applicant's Business		
Nature Of:		
Number Of Years In Business:		
Contact For Inspection		
Name:		
Telephone Number:		
Email Address:		
SECTION II – GENERAL INFORMATION		
(Complete all that apply.)		
1. Describe the property being shipped:		
2. What is the value of the property shipped? What is the average value of any one item? What is the maximum value of any one item?		
3. Regarding the method of conveyance:		
a. Indicate the method of conveyance:		
Carrier For Hire:		
Motor Truck	<input type="checkbox"/>	
Messenger	<input type="checkbox"/>	
Railroad	<input type="checkbox"/>	
Airline	<input type="checkbox"/>	
Vehicle You Own Or Operate	<input type="checkbox"/>	

SECTION II – GENERAL INFORMATION (Cont'd)

b. If method of conveyance indicated in **a.** is by carrier for hire, indicate which of the following applies:

Common Carrier

Contract Carrier

4. Regarding the goods being shipped:

a. What is the point of departure and the destination?

b. What is the distance the shipment will travel?

c. What is the time required to complete the shipment?

d. What is the route the shipment will take from the point of departure to the final destination?

e. How are the goods protected from damage and theft?

f. What types of packing materials are used to reduce damage?

g. Are containers used?

Yes

No

5. Describe the type of vehicle(s) you own or operate, including any protective devices installed, that will be used for the shipment of the property.

6. Are loaded vehicles parked unattended overnight?

Yes

No

7. Describe any training you provide or require for your employees, including any educational safe driver training programs for your drivers.

8. What are the qualifications and experience of the carrier(s) for hire in handling the type of goods you will be shipping?

9. Is any release of values/liability given to the carrier(s) for hire?

Yes

No

If so, provide details:

SECTION II – GENERAL INFORMATION (Cont'd)

10. Indicate the following for the terminals:

Terminal Location	Construction Type	Year Built	Sprinklered	Public Protection Class

SECTION III – PROTECTION OF PROPERTY

(Provide details for all that apply.)

1. Is guard service employed at the terminals?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Are terminal/storage areas locked at all times when unoccupied?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Are approved central station burglar alarms installed and maintained?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Are working security cameras and video recording equipment used to continually monitor the terminal yards and surrounding areas?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Are trailers and box trucks containing hazardous or flammable cargo stored in a secured and protected area of the terminal?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Are any hazardous or flammable materials used or stored at the terminals?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Are there fire doors and fire stops between the various areas within the terminals?	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Are the terminals and loading dock areas in a separate building from the garage and equipment maintenance areas or separated by a fire wall(s)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Are the terminals equipped with a recognized approved central station fire alarm system and fire extinguishers?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10. Regarding the terminals:	
a. Are there any private protection improvements?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. What is the distance in feet to the nearest fire hydrant?	
c. What is the distance in miles to the nearest responding fire department?	
d. Are no-smoking rules clearly posted and enforced?	<input type="checkbox"/> Yes <input type="checkbox"/> No

SECTION III – PROTECTION OF PROPERTY (Cont'd)				
11. Are any commodities stored in basements or subbasements? If so, are they stored off the ground, and are the storage areas equipped with a water detection system?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
12. Are maintenance records kept for all protection devices?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

SECTION IV – LIMITS OF INSURANCE AND DEDUCTIBLES REQUESTED (Complete all that apply.)	
1. Covered Shipment	Limits Of Insurance \$
2. Additional Coverages If limits of insurance other than those shown in a. through c. below are desired, indicate the requested limit(s):	
a. Debris Removal Additional Limit (\$5,000)	\$
b. Pollutant Cleanup And Removal (\$10,000)	\$
c. Preservation Of Property Expense (\$5,000)	\$

SECTION V – ADDITIONAL INFORMATION
Insurance companies during the last three years:
Provide information regarding the date, cause and amount of all losses during the last three years whether insured or uninsured:
List of any additional information attached with this application:
Attach copy of any contract(s) you have with the carrier(s) for hire for this shipment.

PLEASE COMPLETE SIGNATURE BLOCK ON LAST PAGE.

FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO ALABAMA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

FRAUD STATEMENT TO ARIZONA APPLICANTS

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

FRAUD STATEMENT TO ARKANSAS APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO COLORADO APPLICANTS

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FRAUD STATEMENT TO FLORIDA APPLICANTS

Any person who knowingly, and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.

FRAUD STATEMENT TO HAWAII APPLICANTS

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

FRAUD STATEMENT TO IDAHO APPLICANTS

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO KANSAS APPLICANTS

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer or insurance agent or broker, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

FRAUD STATEMENT TO KENTUCKY APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

FRAUD STATEMENT TO LOUISIANA APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MAINE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

FRAUD STATEMENT TO MARYLAND APPLICANTS

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

FRAUD STATEMENT TO MINNESOTA APPLICANTS

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

FRAUD STATEMENT TO NEW HAMPSHIRE APPLICANTS

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

FRAUD STATEMENT TO NEW JERSEY APPLICANTS

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

FRAUD STATEMENT TO NEW YORK APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

FRAUD STATEMENT TO OHIO APPLICANTS

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

FRAUD STATEMENT TO OREGON APPLICANTS

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A.** The misinformation is material to the content of the policy;
- B.** We relied upon the misinformation; and
- C.** The information was either:
 - 1.** Material to the risk assumed by us; or
 - 2.** Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT TO PUERTO RICO APPLICANTS

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

FRAUD STATEMENT TO TENNESSEE APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO VIRGINIA APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

FRAUD STATEMENT TO WASHINGTON APPLICANTS

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

<p>Insured (Applicant):</p> <p>Application Completed By (print name):</p> <p>Signature:</p> <p>Title:</p> <p>Date:</p>

TRIP TRANSIT DECLARATIONS

Company Name Area	Producer Name Area

Limit Of Insurance	
Covered Shipment	\$
Additional Coverages	
Debris Removal Additional Limit	\$
Pollutant Cleanup And Removal	\$
Preservation Of Property Expense	\$

Covered Property
Covered Property Consisting Principally Of:

Point Of Departure To Destination
From The Following Location:
To The Following Location:

Point Of Departure To Destination (Cont'd)		
Shipment Begins On Or About:	/	/
Shipment Ends Approximately:	/	/

Mode Of Transportation Applicable (Check Appropriate Box)	
Carrier For Hire:	
Motor Truck	<input type="checkbox"/>
Messenger	<input type="checkbox"/>
Railroad	<input type="checkbox"/>
Airline	<input type="checkbox"/>
Vehicle You Own Or Operate	<input type="checkbox"/>

Terminals (Check Appropriate Box)		
Property At Terminals, But We Will Cover Only At The Following Terminals:	<input type="checkbox"/>	
1.		
2.		
3.		
Property At Unspecified Terminals:	<input type="checkbox"/>	

Deductible:	\$
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Premium	
Premium For This Shipment:	\$

Special Provisions (if any):

TRIP TRANSIT 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.

A. Coverage

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

1. Covered Property

- a. Covered Property, as used in this Coverage Form, means property described in the Declarations that is:
- (1) Owned by you; or
 - (2) The property of others in your care, custody or control.

2. When Coverage Applies

We cover property:

- a. While in the custody of the carrier for hire until the property is delivered to its destination and accepted by the consignee or its representative.
- b. In or on any vehicle you own or operate while in transit from the time the vehicle leaves the premises where the shipment begins until the vehicle arrives at its destination and is accepted by the consignee or its representative, including while being loaded or unloaded in or from the vehicle.
- c. At a terminal, including a warehouse or other storage area, for up to 72 hours (excluding Sundays and holidays). However, if the following is shown as applicable in the Declarations:
- (1) Property at Terminals whose locations are specified; or
 - (2) Property at Unspecified Terminals; then the time limitation for coverage at Terminals does not apply.

If the property is not delivered or refused by a consignee, we cover the property until it is delivered to its return destination.

3. 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, unless specifically scheduled;
- c. Coins or stamps;
- d. Live animals, except when death, or injury requiring an animal to be killed, is caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form;
- e. Works of art, unless specifically scheduled;
- f. Contraband, or property in the course of illegal transportation or trade;
- g. Property in the custody of a government postal service;
- 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. The vehicle(s) carrying the property;
 - j. Intermodal containers, unless included in the value of the shipment; or
 - k. Property of others for which you have responsibility as a carrier for hire or as a broker, carloader, consolidator, freight forwarder, shipping association or similar arranger of transportation operation.

4. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

5. Additional Coverages

The Limits of Insurance shown in Paragraph **A.5**. Additional Coverages are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property, except with respect to Debris Removal Additional Coverage in Paragraph **A.5.a.(3)**.

a. Debris Removal

- (1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss or damage to Covered Property; plus
 - (b) The deductible in this Policy applicable to that loss or damage.
- (3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:
 - (a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - (b) The debris removal expense exceeds the amount payable under the 25% limitation;we will pay up to an additional \$5,000, unless a different Limit Of Insurance is shown in the Declarations, in any one occurrence under this Additional Coverage.
- (4) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.

b. Preservation Of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and

- (2) Only if the loss or damage occurs within 10 days after the property is first moved.

6. Additional Coverages

The Limits of Insurance shown in Paragraph **A.6**. Additional Coverages are separate from, and will not reduce, the Limit Of Insurance shown in the Declarations as applicable to the Covered Property.

a. Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$10,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during the policy period.

b. Preservation Of Property Expense

We will pay the necessary expenses incurred to move or store Covered Property to preserve it from loss or damage by a Covered Cause of Loss.

The most we will pay under this additional coverage is \$5,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations. This Additional Coverage shall not exceed 10 days from the time the covered property is first moved.

B. Exclusions

1. We will not pay 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

Nuclear reaction or radiation, or radioactive contamination, however caused.

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. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Improper packing or stowage, or rough handling by:
 - (1) You; or
 - (2) Any agent or representative of you or the consignee.
 - b. Delay, loss of use, loss of market or any other consequential loss.
 - c. Dishonest or criminal act committed by:
 - (1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees or authorized representatives;
 - (2) A manager or a member if you are a limited liability company; or
 - (3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

- d. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by the "specified causes of loss".
 - e. Voluntary parting with any property by you or anyone (except carriers for hire) entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
 - f. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.
 - 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. We will not pay for loss or damage caused by or resulting from 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. Wear and tear, depreciation.
 - b. Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.
 - c. Mechanical breakdown including rupture (or bursting caused by centrifugal force), malfunction or failure to operate.
 - d. Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
 - e. Dampness or dryness of atmosphere.
 - f. Changes in or extremes of temperature.

However, with respect to Paragraphs **3.c.**, **3.e.** and **3.f.**, we will pay for such loss caused directly by fire, lightning, explosion, windstorm or hail, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by "accident" of the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

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

1. 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 Limits 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.
2. In the event that more than one Deductible applies to loss or damage as a result of one occurrence, we will apply only the largest Deductible.

E. Additional Conditions

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

Coverage Territory

1. We cover property in transit within:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.
2. We also cover property being shipped by air within and between points in Paragraph 1.

F. Definitions

1. "Accident" means:
 - a. Upset or overturn of the transporting vehicle; or
 - b. The accidental contact of the transporting vehicle with another vehicle or object, but not including contact with:
 - (1) The roadbed or curbing;

- (2) Rails or ties of street, steam or electric railroad; or

- (3) Any stationary object while backing for loading or unloading purposes.

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

3. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; "water damage".

- a. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This Cause of Loss does not include:

- (1) The cost of filling sinkholes; or

- (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or

- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

**SECTION I
SAMPLE INSTRUCTIONS**

1. GENERAL

Refer to the sample instructions for all classes for general information regarding the Handbook and policywriting and rating considerations, policy terms, payment plans, midterm adjustments and cancellations.

2. COVERAGE

A. Basic Coverage

Many companies or individuals have goods that they own shipped from one point to another on an individual trip basis. The shipment is handled by carriers for hire and, in incidental cases, directly by the company or individual. A Trip Transit policy may also be issued to the carrier.

This policy provides coverage for the transportation exposures of most types of property (several categories are excluded). The policy generally does not have an expiration date but is written for the duration of the trip. Thus, coverage will continue in force if something unforeseen occurs to extend the trip. Trip Transit Coverage Form **IH 00 78** can be used in conjunction with Commercial Inland Marine Conditions Form **CM 00 01** and Common Policy Conditions Form **IL 00 17** to form a policy to cover most goods being shipped against risks of direct physical loss or damage.

IH 00 78 is designed to cover within the United States of America, its territories and possessions and Canada. Special consideration can be given to a company needing coverage outside of these territorial limits.

Additionally, Form **IH 00 78** contains provisions that provide limited coverage for Additional Coverages with built-in policy limits that can be amended on the Declarations where applicable.

The limits for the following Additional Coverages are provided within, not in addition to, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

1. Debris Removal – up to 25% of the Limit of Insurance for the direct physical loss or damage to covered property plus the policy deductible applicable to the loss. There is up to an additional \$5,000 limit available if **(a)** the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or **(b)** the debris removal expense exceeds the amount payable under the 25% limitation.
2. Preservation Of Property – for up to 10 days after the property is first moved.

The limits for the following Additional Coverages are separate from, and will not reduce, the Limit of Insurance stated in the Declarations as applicable to the Covered Property:

1. Pollutant Cleanup And Removal – up to \$10,000
2. Preservation Of Property Expense – up to \$5,000

B. Optional Coverages

Terminals

The policy provides coverage for goods being kept in terminals for up to 72 hours. However, if either named or unspecified terminals is shown as applicable in the Declarations, then the time limitation does not apply.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

1. Named Terminals

The policy may be broadened to provide coverage for goods being kept in named terminals. Each terminal location must be specified in the Declarations. An additional premium is usually required. Refer to Instruction 6.

2. Unspecified Terminals

The policy may also be broadened to cover goods at unspecified terminals. An additional premium is usually required. Refer to Instruction 6.

C. Endorsements

1. Theft From Unattended Vehicle Exclusion

Trip Transit policies cover the theft of goods from vehicles. Coverage Form **IH 00 78** may be endorsed to exclude coverage for theft of goods from unattended vehicles whose compartments, doors and windows are not closed and locked and whose alarm, if so equipped, is not actively engaged. Theft From Unattended Vehicle Exclusion Endorsement **IH 99 23** may be used in these situations.

2. Spoilage And Loss Due To FDA Regulation Coverage

Shipped goods may include perishable stock for which spoilage coverage may be desired. Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be used for spoilage of perishable stock caused by one or more of the following:

- a. Breakdown or contamination, meaning change in temperature or humidity resulting from:
 - (1) Breakdown or failure of equipment.
 - (2) Mistake in setting or maintaining the temperature or humidity levels of equipment.
Including contamination of stock by the refrigerant.
- b. Power outage, meaning change in temperature or humidity resulting from on or off-premises power failure.
- c. Food and Drug Administration (FDA) Regulation, meaning loss of covered property due solely to U.S. FDA regulations that deem such property to be adulterated.

In the Schedule of Endorsement **IH 99 32** the following can be indicated:

- a. The deductible for the coverages.
- b. The existence of Refrigeration Maintenance Agreement(s), if applicable.
- c. One or more of the covered causes of loss depending on the coverage desired: Breakdown or Contamination, Power Outage, FDA Regulation.

3. RATE SUBMISSIONS

All risks should be submitted to the company for rating. Submit the Trip Transit Application **IH AP 78**, or an equivalent application, signed by the insured.

Consideration may also be given to requesting the rerating of a risk when a materially changed condition results in the current rate being inequitable.

Each company is responsible for complying with any applicable regulatory or statutory filing requirements.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

4. DEDUCTIBLE

A standard deductible used with Trip Transit policies is \$500. The rates found in the Possible Loss Costs Section reflect a \$500 deductible.

Ranges of factors that can apply to higher deductibles are:

Deductible	Range Of Factors
\$ 1,000 – 2,499	.98 to .80
2,500 – 4,999	.95 to .75
5,000 – 10,000	.90 to .60
Over 10,000	Less than .85

Table 4. Deductible Factors

The deductible that applies to the Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be different from the deductible applicable to the remainder of the policy.

5. CLASSIFICATIONS

Spoilage And Loss Due To FDA Regulation Coverage

Goods shipped may be classified in accordance with a Classification Table such as the one below. The Table attempts to recognize susceptibility to damage caused by change in temperature or humidity. Goods that fall into Class **1** present lower risks. The risk increases for goods in Class **2**. Goods listed in Class **3** have the highest risks.

Classify any other goods whose properties presently (or in the future) consistently present a Moderate, Moderate To High or High Risk of damage caused by change in temperature or humidity.

Refer to the Possible Loss Costs section for loss costs applicable for each risk class in Table **5**. Spoilage And Loss Due To FDA Regulation Coverage Classifications. If the goods shipped are comprised of commodities from multiple classes, use the rate for the highest risk class unless the lower risk class is transported over 80% of the time.

Class 1	Class 2	Class 3
Low Risk	Moderate Risk	Moderate-To-High Risk
Bakery Goods Beer and Wine Canned Goods Cheese Fruits and Vegetables	Beverages (non-alcoholic) Non-frozen Dairy Products Eggs Meat and Poultry	Frozen Dairy Products, Including Ice Cream Flowers Frozen and Refrigerated Products, NOC Non-frozen Seafood

Table 5. Spoilage And Loss Due To FDA Regulation Coverage Classifications

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

6. PREMIUM CALCULATION

A means for determining the annual premium for the applicable coverage is as follows:

A. Basic Coverage

1. Select an appropriate loss cost from the Possible Loss Costs Section.
2. Based on the distance of the trip and the anticipated number of days, modify the selected loss cost from Paragraph 1. by an appropriate factor from the table below.

		Distance In Miles				
		0 – 250	251 – 500	501 – 1,000	1,001 – 2,000	Over 2,000
Number	1	1.00	1.05	1.10	1.20	1.25
	2	1.20	1.25	1.30	1.40	1.45
Of	3	1.40	1.45	1.50	1.60	1.65
	4	1.60	1.65	1.70	1.80	1.85
Days	5	1.80	1.85	1.90	2.00	2.05
	More Than 5	2.00	2.05	2.10	2.20	2.25

Table 6.A.2. Distance/Number Of Days Factors

3. Multiply the result from Paragraph 2. by the applicable company loss cost multiplier.
4. Multiply the result from Paragraph 3. by the applicable factor from Table 4. Deductible Factors.
5. To determine the premium of Basic Coverage, multiply the result from Paragraph 4. by the Limit of Insurance in \$100s.

B. Optional Coverages

1. Named Terminals

- a. Select an appropriate loss cost from the Possible Loss Costs Section.
- b. Multiply the selected loss cost by the applicable company loss cost multiplier.
- c. Multiply the rate from Paragraph b. by the applicable factor from Table 4. Deductible Factors.
- d. To determine the premium for Named Terminals Optional Coverage, multiply the result from Paragraph c. by the Limit of Insurance in \$100s applicable to the covered shipment.

2. Unspecified Terminals

- a. Select an appropriate loss cost from the Possible Loss Costs Section.
- b. Multiply the selected loss cost by the applicable company loss cost multiplier.
- c. If applicable, modify the rate to reflect a deductible other than standard by multiplying the rate from Paragraph b. by the applicable deductible factor from Table 4. Deductible Factors.
- d. To determine the premium for Unspecified Terminals Optional Coverage, multiply the result from Paragraph c. by the Limit of Insurance in \$100s applicable to the covered shipment.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

C. Additional Coverages

To calculate the company rate referenced in Paragraphs **1.** through **3.**, select the appropriate loss cost(s) in the Possible Loss Costs Section and multiply the selected loss cost(s) by the applicable company loss cost multiplier.

1. Debris Removal

- a. If the selected limit is greater than \$5,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in \$100's) in excess of \$5,000.
- b. If the selected limit is less than \$5,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in \$100's) between \$5,000 and the selected limit.

2. Pollutant Cleanup And Removal

- a. If the selected limit is greater than \$10,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in \$100's) in excess of \$10,000.
- b. If the selected limit is less than \$10,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in \$100's) between \$10,000 and the selected limit.

3. Preservation Of Property Expense

- a. If the selected limit is greater than \$5,000, the additional premium for this additional coverage may be determined by multiplying the company rate by the amount of coverage (in \$100's) in excess of \$5,000.
- b. If the selected limit is less than \$5,000, the premium credit for this additional coverage may be determined by multiplying the company rate by the difference in the amount of coverage (in \$100's) between \$5,000 and the selected limit.

D. Endorsements

1. Spoilage And Loss Due To FDA Regulation Coverage

- a. Classify property covered under this endorsement as Low Risk (Class 1), Moderate Risk (Class 2) or Moderate-to-high Risk (Class 3), referencing Table **5.** Spoilage And Loss Due To FDA Regulation Coverage Classifications as a guide and applying appropriate underwriting judgment.
- b. For each insured class, do the following to obtain the class's premium:
 - (1) Select an appropriate loss costs from the Possible Loss Costs Section.
 - (2) Multiply the selected loss cost by the applicable company loss cost multiplier.
 - (3) Multiply the result from Paragraph (2) by the applicable factor from Table **4.** Deductible Factors.
 - (4) Multiply the result from Paragraph (3) by the basic coverage Limit of Insurance in \$100's.
- c. To obtain the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage, sum the premium of each insured class from Paragraph **b.**

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

2. Theft From Unattended Vehicle Exclusion

A premium credit may be calculated by multiplying the total premium for Basic Coverage calculated in Paragraph **6.A.** by a factor between 0 to 0.50.

7. POLICYWRITING MINIMUM PREMIUM

Apply a minimum premium. See the Possible Loss Costs Section.

**INLAND MARINE HANDBOOK
SAMPLE INSTRUCTIONS FOR PREPARING
TRIP TRANSIT POLICIES**

RESERVED FOR FUTURE USE

**INLAND MARINE HANDBOOK
POSSIBLE LOSS COSTS
TRIP TRANSIT POLICIES**

**SECTION II
POSSIBLE LOSS COSTS**

6. PREMIUM CALCULATION

All loss costs are per \$100 of limit of insurance.

A. Basic Coverage

Loss Cost Range
\$0.02 – \$0.70

B. Optional Coverages

1. Named Terminals

Loss Cost Range
\$0.05 – \$1.70

2. Unspecified Terminals

Loss Cost Range
\$0.05 – \$1.70

C. Additional Coverages

1. Debris Removal

Loss Cost Range
\$0.01 – \$0.03

2. Pollutant Cleanup And Removal

Loss Cost Range
\$0.01 – \$0.10

3. Preservation Of Property Expense

Loss Cost Range
\$0.08 – \$0.13

D. Endorsements

Loss Cost Range		
Class 1	Class 2	Class 3
\$0.45 – \$2.20	\$0.55 – \$2.60	\$0.65 – \$3.50

Table 6.D. Spoilage And Loss Due To FDA Regulation Coverage

**INLAND MARINE HANDBOOK
POSSIBLE LOSS COSTS
TRIP TRANSIT POLICIES**

7. POLICYWRITING MINIMUM PREMIUM

Refer to company.

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

**SECTION III
PREMIUM CALCULATION WORKSHEET**

Name Of Insured, Address Including ZIP Code

Shipment Begins On Or About _____ Shipment Ends Approximately _____

Number Of Days _____ Distance _____ Miles

Type Of Property Covered _____

Value Of Shipment \$ _____

Limit Of Insurance \$ _____

Mode Of Transportation: _____

Carrier For Hire:

- Motor Truck
- Messenger
- Railroad
- Airline

Vehicle You Own Or Operate

Deductible \$ _____

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

A. PREMIUM FOR BASIC COVERAGE

1. Select Basic Coverage Loss Cost

2. Apply Distance/Number of Days Factor

$$\begin{array}{ccc} \text{Basic Coverage Loss Cost} & \times & \text{Distance/Number Of Days Factor} \\ \hline & & \hline & = & \text{Modified Basic Coverage Loss Cost} \end{array}$$

3. Calculate Basic Coverage Rate

$$\begin{array}{ccc} \text{Modified Basic Coverage Loss Cost} & \times & \text{Loss Cost Multiplier} \\ \hline & & \hline & = & \text{Basic Coverage Rate} \end{array}$$

4. Apply Deductible Factor

$$\begin{array}{ccc} \text{Basic Coverage Rate} & \times & \text{Deductible Factor} \\ \hline & & \hline & = & \text{Final Basic Coverage Rate} \end{array}$$

5. Calculate Basic Coverage Premium

$$\begin{array}{ccc} \text{Final Basic Coverage Rate} & \times & \$ \text{Limit Of Insurance (in \$100's)} \\ \hline & & \hline & = & \$ \text{Basic Coverage Premium} \end{array}$$

B. PREMIUM FOR OPTIONAL COVERAGES

1. Named Terminals

a. Calculate The Named Terminal Rate

$$\begin{array}{ccc} \text{Named Terminal Loss Cost} & \times & \text{Loss Cost Multiplier} \\ \hline & & \hline & = & \text{Named Terminal Rate} \end{array}$$

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

B. PREMIUM FOR OPTIONAL COVERAGES (Continued)

b. Apply Deductible Factor

$$\frac{\text{Named Terminal Rate}}{\text{Named Terminal Rate}} \times \frac{\text{Deductible Factor}}{\text{Deductible Factor}} = \frac{\text{Final Named Terminal Rate}}{\text{Final Named Terminal Rate}}$$

c. Calculate The Named Terminal Premium

$$\frac{\text{Final Named Terminal Rate}}{\text{Final Named Terminal Rate}} \times \$ \frac{\text{Limit Of Insurance}}{\text{Limit Of Insurance}} = \$ \frac{\text{Named Terminal Premium}}{\text{Named Terminal Premium}}$$

2. Unspecified Terminals

a. Calculate The Unspecified Terminal Rate

$$\frac{\text{Unspecified Terminal Loss Cost}}{\text{Unspecified Terminal Loss Cost}} \times \frac{\text{Loss Cost Multiplier}}{\text{Loss Cost Multiplier}} = \frac{\text{Unspecified Terminal Rate}}{\text{Unspecified Terminal Rate}}$$

b. Apply Deductible Factor

$$\frac{\text{Unspecified Terminal Rate}}{\text{Unspecified Terminal Rate}} \times \frac{\text{Deductible Factor}}{\text{Deductible Factor}} = \frac{\text{Final Unspecified Terminal Rate}}{\text{Final Unspecified Terminal Rate}}$$

c. Calculate The Unspecified Terminal Premium

$$\frac{\text{Final Unspecified Terminal Rate}}{\text{Final Unspecified Terminal Rate}} \times \$ \frac{\text{Limit Of Insurance}}{\text{Limit Of Insurance}} = \$ \frac{\text{Unspecified Terminal Premium}}{\text{Unspecified Terminal Premium}}$$

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

C. PREMIUM FOR ADDITIONAL COVERAGES

1. Debris Removal – Difference In Limit Of Insurance From \$5,000

Debris Removal Limit Of Insurance minus \$5,000 \$

Calculate the Debris Removal Rate

[]	x	[]	=	[]
Debris Removal Loss Cost		Loss Cost Multiplier		Debris Removal Rate

Calculate the Debris Removal premium or credit for Difference In Limit Of Insurance From \$5,000

[]	x	\$	[]	=	\$	[]
Debris Removal Rate			Difference In Limit Of Insurance From \$5,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

2. Pollutant Cleanup And Removal – Difference In Limit Of Insurance From \$10,000

Pollutant Cleanup And Removal Limit Of Insurance minus \$10,000 \$

Calculate the Pollutant Cleanup And Removal Rate

[]	x	[]	=	[]
Pollutant Cleanup And Removal Loss Cost		Loss Cost Multiplier		Pollutant Cleanup And Removal Rate

Calculate the Pollutant Cleanup And Removal premium or credit for Difference In Limit Of Insurance From \$10,000

[]	x	\$	[]	=	\$	[]
Pollutant Cleanup And Removal Rate			Difference In Limit Of Insurance From \$10,000 (in 100's)			Premium/Credit For Difference In Limit Of Insurance

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

D. ENDORSEMENTS (Continued)

c. Calculate Premium

<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Final Insured Risk Class Rate	x	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Limit Of Insurance (in \$100s)	=	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Insured Risk Class Premium
--	---	----	---	---	----	---

2. Sum the premiums for all insured risk classes to calculate the total additional premium for Spoilage And Loss Due To FDA Regulation Coverage.

\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Class 1 Premium	+	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Class 2 Premium	+	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Class 3 Premium	=	\$	<div style="background-color: #cccccc; width: 100%; height: 15px; margin-bottom: 5px;"></div> Premium For Spoilage And Loss Due To FDA Regulation Coverage
----	--	---	----	--	---	----	--	---	----	---

E. TRIP TRANSIT PREMIUM

COVERAGES	PREMIUM/CREDIT
Basic Coverage	
Optional Coverages	
Named Terminals	
Unspecified Terminals	
Spoilage And Loss Due To FDA Regulation Coverage	
Additional Coverages	
Debris Removal	
Pollutant Cleanup And Removal	
Preservation Of Property Expense	
Endorsement	
Spoilage And Loss Due To FDA Regulation Coverage	
Total Premium \$	

**INLAND MARINE HANDBOOK
PREMIUM CALCULATION WORKSHEET
TRIP TRANSIT POLICIES**

RESERVED FOR FUTURE USE

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
TRIP TRANSIT POLICIES**

**SECTION IV
GENERAL UNDERWRITING CONSIDERATIONS**

GENERAL

Trip Transit policies cover the value of a specific shipment. The insured usually hires a carrier to transport the shipment. However, the insured may also transport its own goods. A Trip Transit policy may also be written for the interest of the carrier that is not the owner of the goods.

The policy covers the goods for the period the carrier has possession while contained in or on the transporting vehicle. The goods may be shipped by truck, railroad or air carrier or may be waterborne, but the trip usually begins and ends by truck. Frequently, goods are transported by a combination of these modes. Of these, trucking is considered by most underwriters to be the most hazardous. A Trip Transit policy is a "one shot" proposition; thus, if a loss occurs the risk will not be profitable.

There will be considerable variation in the types of goods shipped. Therefore, the underwriter must give considerable thought to the damageability of the goods and their attractiveness to thieves while considering accepting this type of risk and the premium to be charged.

SHIPPER

The underwriting process starts with a review of the prior experience of the insured owner. Poor experience suggests the need for a study to determine its cause(s). Appropriate measures should be taken to establish reasonable probability that the account will be rated accurately. Particular attention should also be paid to the following aspects:

- Loss experience
- Current financial records
- Number of years in business
- Current status of labor relations

TYPE OF CARRIER – SUBROGATION

If a carrier for hire is involved, determine the potential for subrogation from the carrier. Carriers for hire have different degrees of liability for goods in their possession. Contract carriers have liability only if they are held negligent in connection with the loss or damage to the goods. Common carriers have a greater degree of responsibility. Common carriers are liable for loss or damage to the goods except for:

- Acts of God
- Acts of the Public Enemy
- Exercise of Public Authority
- Fault or Neglect on the part of the Shipper
- Inherent Vice or the Nature of the Property

The insured may transport a shipment in its own vehicle(s). Subrogation would not be available to the insurer in these instances.

INLAND MARINE HANDBOOK GENERAL UNDERWRITING CONSIDERATIONS TRIP TRANSIT POLICIES

TERMINAL

It is important to have knowledge of the terminals used by the carrier for hire or insured if terminal coverage is provided. There is a potential for a catastrophic loss from fire since the carrier or insured may have a large number of vehicles in a terminal at the same time. Consideration should be given to this potential exposure. It should be addressed by charging an adequate premium.

CONTRACTUAL

The policy should state clearly when the shipment begins and ends.

If a sale is involved, the contract of the sale should be reviewed to determine the point at which the title passes and the buyer assumes ownership. There are several categories of uniform sales contracts that provide changes in title. The most common domestic sales contracts are Free On Board (F.O.B.) Point of Shipment or Point of Destination. In the former, the title passes when the goods are in the care, custody or control of the carrier and a clean bill of lading has been issued. In the latter, the title passes when the carrier tenders proper delivery upon the arrival of the goods at the final destination.

Bills of Lading are also contracts that the underwriter should have knowledge of. The Bill of Lading is issued by the carrier as:

- A receipt for the goods being transported; and
- The contract of carriage between the carrier and the shipper

There are four common types of Bills of Lading: Released, Straight, Order and Through. In a Released Bill of Lading a carrier is released from liability above a specified amount. Thus a Released Bill will tend to decrease the amount of subrogation the insurer has against the carrier. A Straight Bill of Lading does not include any limitation placed on the value of the shipment by the carrier. An Order Bill of Lading is extensively used in ocean commerce. It may place a limitation on the value of the goods and it also serves as a method of shipping goods C.O.D. Finally, a Through Bill of Lading is one that is used when there is more than one carrier on the Bill of Lading.

GOODS

With respect to the goods being shipped, it is important to:

- Determine the type, quality and condition of the goods
- Determine their susceptibility to loss or damage and evaluate any protection afforded
- Review the average and highest value of individual goods being transported
- Consider the attractiveness of the goods to thieves. If the goods are attractive to thieves, evaluate the:
 - Protection afforded against theft (including hi-jacking)
 - Use of containers to reduce handling and pilferage losses

PACKAGING

Evaluate the adequacy of the packing materials for loading, shipment and unloading.

LOADING/UNLOADING

Determine that qualified employees will handle loading and unloading the shipment.

**INLAND MARINE HANDBOOK
GENERAL UNDERWRITING CONSIDERATIONS
TRIP TRANSIT POLICIES**

SHIPMENT

Particular attention should be paid to the following:

- The distance the shipment will travel
- The amount of time required to complete the shipment – goods shipped over long distances represent greater risks of loss than those shipped over short distances
- The route the shipment will take

OTHER COVERAGES

A. Exhibition

The shipment may involve delivery to an Exhibition Hall. A request may be made to endorse the policy to cover at the exhibition. The underwriter should give consideration to the potential for theft at the Exhibition Hall.

B. Loss Of Use

Coverage may be sought for loss of use. The underwriter must give careful consideration to the nature of the property being shipped as it may, if lost or damaged, create a bottleneck and trigger a substantial consequential loss.

C. Other Insurance

Underwriters should consider whether they are providing excess insurance or writing on a primary basis when asked to participate on a risk written by others.

D. Property Covered

Additional Covered Property Endorsement **IH 99 19** can be attached to provide coverage for items of property not otherwise covered.

E. Refrigerated Shipments

Spoilage And Loss Due To FDA Regulation Coverage Endorsement **IH 99 32** may be added as applicable for an additional premium if refrigerated or temperature-controlled goods are shipped. The underwriter should give consideration to the following when providing coverage under this endorsement:

- Availability of refrigeration facilities along the traveled route for the shipment
- The type(s) of perishable commodity
- A refrigeration maintenance or service agreement in place
- Temperature alarms installed on vehicles and at terminals
- The existence of backup refrigeration equipment at terminals
- Auxiliary power source or backup generators at terminals

**INLAND MARINE HANDBOOK
SUGGESTED LOSS COST CONTROL
RECOMMENDATIONS
TRIP TRANSIT POLICIES**

**SECTION V
SUGGESTED LOSS COST CONTROL RECOMMENDATIONS**

GENERAL

The Loss Control function consists of two elements – Loss Prevention and Loss Reduction.

The purpose of Loss Prevention is to reduce the frequency of loss.

The purpose of Loss Reduction is to reduce the severity of loss.

A single action frequently impacts both loss frequency and loss severity.

The following recommendations may be shared with the loss control representative:

DEDUCTIBLE

The sample policy in this Handbook contains a deductible clause. The amount of the deductible may be changed to reflect the amount of risk the insured desires to retain.

Additionally, the insured and insurer may agree to have different deductible amounts apply to different goods in order to reduce loss frequency.

CONTRACTS

Attempt to avoid receiving Restricted Bills of Lading from the carrier. These reduce the carriers' financial responsibility for a shipment.

MANAGEMENT PRACTICES

- A.** Appoint reliable employees to pack, load and unload the shipment respecting the susceptibility of the shipment to loss or damage.
- B.** Select reputable and financially responsible carriers. Each should have the capability of handling the types of goods you will be shipping.
- C.** Review shipping documents for legal sufficiency.
- D.** If the destination of the shipment is under your control, make sure responsible employees will be available to receive it.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VALUES SHIPPED REPORTING FORM

This endorsement modifies insurance provided under the following:

ANNUAL TRANSIT COVERAGE FORM
MOTOR TRUCK CARGO OWNERS COVERAGE FORM

One or more of the following symbols will be shown in the Declarations: MR, QR, PR, AR. For an explanation of these symbols, refer to "Reporting period" under Section **D**. Definitions.

A. Coverage

The following is added to **Property Not Covered**:
Covered Property does not include property at fairs or exhibitions.

B. Reporting

For Covered Property to which this endorsement applies:

1. Reports Of Values

- a. You must file a report with us following each "reporting period" and at the policy expiration date showing the:

(1) Annual Transit Coverage Form

Values of shipments of Covered Property by:

- (a) Carriers for hire; or
- (b) Any vehicle you own or operate.

(2) Motor Truck Cargo Owners Coverage Form

Values of shipments of Covered Property by any land vehicles you own or operate.

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

- b. You must file a report with us within 30 days of the end of each "reporting period" and at expiration.
- c. 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 values, we will not pay more than 90% of the amount we would otherwise have paid.
- b. Any required report of values after the first required report, we will not pay more for loss or damage than the amount we would have paid based on the values 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.

C. 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 premiums previously deposited are exhausted. We will determine the final premium for this insurance after the policy year, or expiration of this Policy, based on the average of your reports of value.

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.

The due date for any additional premium is the date shown as the due date on the bill.

D. Definitions

"Reporting period" means the period of time for which new reports of value are due, as shown by a symbol in the Declarations. If the symbol is:

1. MR (Monthly), reports must show the values of shipments for each month; and the "reporting period" ends on the last day of each month.

2. QR (Quarterly), reports must show the values of shipments as of the last day of each month; but the "reporting period" ends on the last day of the quarter, which will be determined at each consecutive three-month interval with the first quarter starting from the policy inception date.
3. PR (Policy Term), reports must show the values of shipments as of the last day of each month; but the "reporting period" ends on the policy expiration date.
4. AR (Annual), report must show the values of shipments as of the last day of each 12-month period.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GROSS RECEIPTS REPORTING FORM

This endorsement modifies insurance provided under the following:

BAILEES CUSTOMERS COVERAGE FORM
CONTINGENT CARGO COVERAGE FORM (FOR MOTOR TRUCK CARGO BROKERS)
FURRIERS CUSTOMERS COVERAGE FORM
MOTOR TRUCK CARGO CARRIERS COVERAGE FORM
RIGGERS LIABILITY COVERAGE FORM
WAREHOUSE OPERATORS LEGAL LIABILITY COVERAGE FORM

One or more of the following symbols will be shown in the Declarations: MR, QR, PR, AR. 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 the policy expiration date showing your gross receipts.

(1) Bailees Customers Coverage Form

If this endorsement modifies insurance provided under the Bailees Customers Coverage Form, the reports must show your gross receipts for Covered Property at your premises.

(2) Contingent Cargo Coverage Form (For Motor Truck Cargo Brokers)

If this endorsement modifies insurance provided under the Contingent Cargo Coverage Form (For Motor Truck Cargo Brokers), the reports must show your gross receipts for the Covered Property that the "hired motor truck cargo carriers" have accepted for transportation as a common or contract motor truck cargo carrier under any bill of lading, contract of carriage or shipping receipt issued by the "hired motor truck cargo carriers".

(3) Furriers Customers Coverage Form

If this endorsement modifies insurance provided under the Furriers Customers Coverage Form, the reports must show your gross receipts for Covered Property for which you issue a customer receipt.

(4) Motor Truck Cargo Carriers Coverage Form

If this endorsement modifies insurance provided under the Motor Truck Cargo Carriers Coverage Form, the reports must show your gross receipts for the Covered Property you have accepted for transportation as a common or contract motor carrier under any bill of lading, contract of carriage or shipping receipt issued by you.

(5) Riggers Liability Coverage Form

If this endorsement modifies insurance provided under the Riggers Liability Coverage Form, the reports must show your gross receipts for Covered Property for your "rigging" operations projects.

(6) Warehouse Operators Legal Liability Coverage Form

If this endorsement modifies insurance provided under the Warehouse Operators Legal Liability Coverage Form, the reports must show your gross receipts for Covered Property as a warehouse operator or bailee.

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. You must file a report with us within 30 days of the end of each "reporting period" and at expiration.

- c. 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 90% 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.

The due date for any additional premium is the date shown as the due date on the bill.

C. Definitions Of Covered Property

"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:

- 1. MR (Monthly), reports must show the gross receipts for each month; and the "reporting period" ends on the last day of each month.
- 2. QR (Quarterly), reports must show the gross receipts as of the last day of each month; but the "reporting period" ends on the last day of the quarter, which will be determined at each consecutive three-month interval with the first quarter starting from the policy inception date.
- 3. PR (Policy Term), reports must show the gross receipts as of the last day of each month; but the "reporting period" ends on the policy expiration date.
- 4. AR (Annual), report must show the gross receipts as of the last day of each 12-month period.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THEFT FROM UNATTENDED VEHICLE EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

The following is added to the **Exclusions** section and supersedes any other exclusion for theft from any unattended vehicle in the Coverage Form:

We will not pay for loss or damage caused by or resulting from theft from any unattended vehicle unless at the time of theft:

1. Its windows, doors and compartments were closed and locked and there are visible signs that the theft was the result of forced entry; and
2. If the vehicle is equipped with an alarm, its alarm was actively engaged and maintained in the "on" position.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THEFT DEDUCTIBLE WAIVER – CARGONET

This endorsement modifies insurance provided under the following:

ANNUAL TRANSIT COVERAGE FORM
MOTOR TRUCK CARGO CARRIERS COVERAGE FORM
MOTOR TRUCK CARGO OWNERS COVERAGE FORM

SCHEDULE

Deductible Waiver Amount:	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

The following is added to Paragraph **D. Deductible:**

If loss or damage to Covered Property is caused by or resulted from theft, as a Covered Cause of Loss, then the deductible for such property will be waived up to \$10,000, unless a different amount is shown in the Schedule of this endorsement. If your policy deductible exceeds the amount waived by this endorsement, you will be responsible for the remainder of such deductible.

As a condition of this endorsement, you are required to:

- a.** Be a member of CargoNet at the time of loss;

- b.** Display CargoNet's deterrent signage on vehicles used to transport Covered Property; and
- c.** Report the theft to the local law enforcement agency having jurisdiction, and CargoNet's command center, at the time you become aware of such theft.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THEFT DEDUCTIBLE WAIVER – GPS

This endorsement modifies insurance provided under the following:

- ANNUAL TRANSPORTATION COVERAGE FORM
- CONTRACTORS EQUIPMENT COVERAGE FORM
- MOTOR TRUCK CARGO CARRIERS COVERAGE FORM
- MOTOR TRUCK CARGO OWNERS COVERAGE FORM

SCHEDULE

Deductible Waiver Amount: \$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to the **Deductible** paragraph:

If loss or damage to Covered Property that is equipped with a GPS or similar tracking device is caused by or resulted from theft, as a Covered Cause of Loss, then the deductible for such property will be waived up to \$5,000, unless a different amount is shown in the Schedule of this endorsement. If your policy deductible exceeds the amount waived by this endorsement, you will be responsible for the remainder of such deductible.

As a condition of this endorsement, you are required to actively engage and maintain in the "on" position any GPS or similar tracking device for such Covered Property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SPOILAGE AND LOSS DUE TO FDA
REGULATION COVERAGE
(MOTOR TRUCK CARGO OWNERS AND
ANNUAL AND TRIP TRANSIT COVERAGES)**

This endorsement modifies insurance provided under the following:

- ANNUAL TRANSIT COVERAGE FORM
- MOTOR TRUCK CARGO OWNERS COVERAGE FORM
- TRIP TRANSIT COVERAGE FORM

SCHEDULE

Description Of Property:		
Deductible: \$		
<input type="checkbox"/> Refrigeration Maintenance Agreement		
Causes Of Loss		
<input type="checkbox"/> Breakdown Or Contamination	<input type="checkbox"/> Power Outage	<input type="checkbox"/> FDA Regulation
Information required to complete this Schedule, if not shown above, will be shown in the Declarations		

For the purpose of this endorsement, the following provisions apply:

A. Paragraph A.1. Covered Property is replaced by the following:

1. Covered Property

Covered Property means "perishable stock" described in the Schedule, owned by you or by others, that is in your care, custody or control.

B. The following is added to Paragraph A.3. Property Not Covered:

Property located:

- a. In the open; or
- b. In vehicles without an operating refrigeration system designed for the vehicle.

C. Paragraph A.4. Covered Cause Of Loss is replaced by the following:

4. Covered Causes Of Loss

Covered Causes Of Loss means the following only if indicated by an "X" in the Schedule:

a. Breakdown or Contamination, which means:

(1) Change in temperature or humidity resulting from:

(a) Breakdown or failure of refrigerating, cooling, heating or humidity control apparatus or equipment; or

- (b) Mistake in setting or maintaining the temperature or humidity levels on refrigerating, cooling, heating or humidity control apparatus or equipment; and

(2) Contamination by the refrigerant.

- b. Power outage, which means change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off a terminal, including a warehouse or other storage area, due to conditions beyond your control.
- c. Food and Drug Administration (FDA) Regulation, which means loss of Covered Property due solely to U.S. FDA regulations that deem such property to be adulterated.

D. Paragraph **B. Exclusions** is replaced by the following:

B. Exclusions

- a. Only the following exclusions in the Coverage Form apply to coverage provided in this endorsement:

- (1) Paragraph **B.1.a.** Governmental Action, except with respect to coverage provided in Paragraph **C.4.c.** in this endorsement;
- (2) Paragraph **B.1.b.** Nuclear Hazard;
- (3) Paragraph **B.1.c.** War And Military Action; and
- (4) Paragraphs **B.2.b.** (in Motor Truck Cargo Owners Coverage Form) and **B.2.c.** (in Annual Transit and Trip Transit Coverage Forms) Dishonest or Criminal Act.

- b. The following exclusions are added:

We will not pay for loss or damage caused by or resulting from:

- (1) The disconnection of any refrigerating, cooling or humidity control system from the source of power.
- (2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
- (3) The inability of an electrical utility company or other power source to provide sufficient power due to:
 - (a) Lack of fuel; or
 - (b) Governmental order.

- (4) The inability of a power source to provide sufficient power due to lack of generating capacity to meet demand.

- (5) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

E. Paragraph **D.1., Deductible**, is replaced by the following:

- 1. With respect to loss or damage covered under the terms of this endorsement 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 Schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible shown in the Schedule, up to the applicable Limit of Insurance.

F. The following is added to Paragraph **E. Additional Conditions**:

Refrigeration Maintenance Agreements

If Breakdown or Contamination is designated as a Covered Cause of Loss and a refrigeration maintenance agreement is shown as applicable by an "X" in the Schedule, the following condition applies:

You must maintain a refrigeration maintenance or service agreement. If you:

- 1. Voluntarily suspend or terminate this agreement and do not notify us before a loss or damage occurs; or
- 2. Have knowledge of any cancellation, suspension or termination;

the insurance provided by this endorsement will be automatically suspended.

G. The following is added to Paragraph **F. Definitions**:

"Perishable stock" means personal property:

- 1. Maintained under controlled conditions for its preservation; and
- 2. Susceptible to loss or damage if the controlled conditions change.