

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MOTOR TRUCK CARGO COVERAGE – NAMED PERILS

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

With respect to the coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

SCHEDULE

COVERED PROPERTY: Mark the checkbox with an "X" to indicate which Coverage applies.

- COVERAGE A – Owned Cargo**
 COVERAGE B – Non-Owned Cargo
 COVERAGE C – Owned Cargo And Non-Owned Cargo

LIMIT OF INSURANCE: \$ _____

DEDUCTIBLE: \$ _____

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. Motor Truck Cargo Coverage

1. We will pay for direct physical "loss" caused by a Covered Cause of Loss to Covered Property:
 - a. While in "transit"; and
 - b. In or on a covered "auto".If a covered "auto" is disabled, you may use a replacement "auto" to complete the "transit" of Covered Property. This coverage applies only until the Covered Property reaches its original destination.
2. We do not pay for costs, expenses, fees, fines, penalties, or damages resulting from an "insured's" failure to comply with contractual requirements for the transportation of property, whether such requirements are express terms of a contract or implied by course of dealing or usage of trade. This includes but is not limited to any requirements related to seals.
3. We do not pay for costs, expenses, fees, fines, penalties, or damages resulting from or relating to an "insured's" failure to meet standards required by any law or regulation, including but not limited to:
 - a. Properly maintaining or cleaning "autos" or "trailers";
 - b. Maintaining temperature requirements;
 - c. Creating and retaining required records; or
 - d. Implementing conditions, practices, and training for the sanitary transportation of property.
4. We do not pay for "loss" to food deemed "adulterated" by any federal or state law or regulation that governs food safety, if the adulteration is caused by or results from an "insured's":
 - a. Failure to comply with contractual requirements for the transport of property, whether such requirements are express terms of a contract or implied by course of dealing or usage of trade. This includes but is not limited to any requirements related to seals; or
 - b. Failure to meet standards required by any law or regulation, including but not limited to:
 - (1) Properly maintaining or cleaning "autos" or "trailers";
 - (2) Maintaining temperature requirements;
 - (3) Creating and retaining required records; or
 - (4) Implementing conditions, practices, and training for the sanitary transportation of property.However, we do cover "loss" to food deemed "adulterated" if the adulteration is caused by or results from a Covered Cause of Loss.

B. Covered Property

We cover the following property unless the property is excluded or subject to limitations:

1. Coverage A – Owned Cargo

If the Schedule indicates that Coverage A – Owned Cargo applies, we cover cargo that:

- a. You own; or
- b. You have sold to others while it is loaded for shipment and in “transit” in or on a covered “auto”.

2. Coverage B – Non-Owned Cargo

If the Schedule indicates that Coverage B – Non-Owned Cargo applies, we cover cargo that:

- a. Belongs to others while under an “insured’s” care, custody, or control; and
- b. An “insured” becomes legally obligated to pay as a common carrier or contract carrier under a bill of lading, contract of carriage, or shipping receipt that is issued by an “insured” or that is issued on an “insured’s” behalf.

3. Coverage C – Owned Cargo And Non-Owned Cargo

If the Schedule indicates that Coverage C – Owned Cargo And Non-Owned Cargo applies, we cover cargo that:

- a. You own or you have sold to others while it is loaded for shipment and in “transit” in or on a covered “auto”; and
- b. Belongs to others while under an “insured’s” care, custody, or control and an “insured” becomes legally obligated to pay as a common carrier or contract carrier under a bill of lading, contract of carriage, or shipping receipt that is issued by an “insured” or that is issued on an “insured’s” behalf.

C. Who Is An Insured

The following are “insureds” with respect to the coverage provided by this endorsement:

1. You.
2. Your partners and their spouses if you are a partnership.
3. Your members if you are a limited liability company. Your managers are also “insureds”, but only with respect to their duties as your managers.
4. Your executive officers and directors, if you are an organization other than a partnership or limited liability company, but only with respect to their duties as your officers or directors. Your stockholders are also “insureds”, but only with respect to their liability as stockholders.
5. Your “employees”, other than either your executive officers (if you are an organization other than a partnership or limited liability company) or your managers (if you are a limited liability company).

D. Property Not Covered

Covered Property does not include:

1. Cargo in or on a covered “auto” after it has remained at any location for more than 72 hours. This includes locations that you own or use;
2. Cargo that belongs to others beyond the period of time for which you are liable under the terms of the bill of lading, contract of carriage, or shipping receipt;
3. Property that requires refrigeration;
4. Hazardous material or hazardous waste as defined by the Code of Federal Regulations 49 C.F.R. §171.8. However, Covered Property does include an agricultural product as defined by the Code of Federal Regulations 49 C.F.R. §171.8 whose end use directly supports the production of an agricultural commodity including, but not limited to a fertilizer, pesticide, soil amendment or fuel;
5. Art, including paintings and statuary;
6. Contraband, or property in the course of illegal transportation or trade;
7. Jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys;
8. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities;
9. Liquor and tobacco products;
10. Furs, or garments trimmed with or made principally of fur;
11. Textiles;
12. Tires or tubes;
13. Intermodal container, “trailer”, or any other carrying conveyance including any equipment or supplies that are part of the container, “trailer”, or conveyance; or
14. Vehicles.

E. Additional Coverage – Debris Removal

1. Subject to Paragraphs 2., 3., 4. and 5. below, we will pay your expense to remove debris of Covered Property that is 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 of direct physical “loss”.

2. This Additional Coverage – Debris Removal does not apply to costs to:
 - a. Extract “pollutants” from land or water; or
 - b. Remove, restore, or replace polluted land or water.
3. Subject to the exceptions in Paragraphs 4. and 5. below, the most we will pay for the total of direct physical “loss” to the Covered Property plus debris removal expense is the Limit of Insurance stated on the Schedule of this endorsement.
4. The amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for the direct physical “loss” to the Covered Property.
5. We will pay up to an additional \$1,000 for debris removal expense in any one occurrence of direct physical “loss” to Covered Property, if one or both of the following circumstances apply:
 - a. The total of the actual debris removal expense plus the amount we pay for direct physical “loss” exceeds the Limit of Insurance stated on the Schedule of this endorsement; or
 - b. The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical “loss” to the Covered Property.

F. Coverage Extension – Defense Costs

The following Coverage Extension – Defense Costs applies to coverage provided for Non-Owned Cargo.

1. In addition to the Limit of Insurance stated on the Schedule of this endorsement, we have the right and duty to defend any “insured” against a “suit” seeking damages for “loss” caused by a Covered Cause of Loss to Non-Owned Cargo. We may investigate and settle any claim or “suit” as we consider appropriate. Our duty to defend or settle ends when the Limit of Insurance that applies to Non-Owned Cargo has been exhausted by payment of judgments or settlements. No deductible applies to this Coverage Extension – Defense Costs.
2. An “insured” must not:
 - a. Admit liability for a “loss”, settle a claim, or incur expense without our written consent; or
 - b. Interfere with our negotiation for a settlement.
3. We will pay the following expenses associated with any “suit” we defend:
 - a. All expenses we incur.
 - b. The cost of bonds to release attachments in any “suit” against you we defend, but only for bond amounts within our Limit of Insurance.
 - c. All reasonable expenses incurred by an “insured” at our request, including actual loss of earnings up to \$250 a day because of time off from work.
 - d. All court costs taxed against an “insured” in any “suit” against the “insured” we defend. However, these payments do not include attorneys’ fees or attorneys’ expenses taxed against the “insured”.
 - e. All interest on the full amount of any judgment that accrues after entry of the judgment in any “suit” against the “insured” we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.
 - f. Prejudgment interest awarded against the “insured” on that part of the judgment we pay. If we offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

These payments will not reduce the Limit of Insurance.

G. Covered Cause Of Loss

Covered Cause of Loss means “loss” caused by the following:

1. Fire, including self-ignition and internal explosion of a covered “auto”.
2. Lightning.
3. Windstorm.
4. Explosion.
5. Flood.
6. Collision of a covered “auto” with another object. However, there is no coverage when:
 - a. The cargo, but not a covered “auto”, collides with an object;
 - b. “Loss” is caused by collision of a covered “auto” with a:
 - (1) “Trailer” while coupling or uncoupling; or
 - (2) Stationary object while backing up to load or unload cargo; or
 - c. “Loss” is caused by collision of a covered “auto” with a roadbed, or the ties or tracks of a railroad, or other rough road surface.
7. Overturn of a covered “auto”.
8. Collapse of a bridge or culvert.

9. Stranding, sinking, burning or colliding of a regular ferry carrying a covered "auto". This includes:
 - a. Your share of the loss when property is thrown overboard to insure the safety of the ferry when endangered by these causes of loss; and
 - b. Your share of the cost to save property when endangered by these causes of loss.
10. Theft, robbery, or pilferage of cargo.

H. Exclusions

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

1. Dishonest or criminal act (including theft) by you, any of your partners, members, managers, executive officers, directors, stockholders, or "employees", whether acting alone or in collusion with each other or with any other party; or 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 does not apply to acts of destruction by your "employees"; but theft by your "employees" is not covered.
2. Chipping, scratching, marring, denting, bending, spotting, wet, dampness, corrosion, rust, discoloring, rotting, molding, spoiling, souring, change in flavor, leakage, breakage, evaporation, shrinkage, contact with oil, or contact of one commodity with another unless caused directly by a Covered Cause of Loss.
3. Rain, hail, sleet or snow, whether driven by wind or not.
4. An "insured's" neglect to do all the "insured" can to protect and preserve the cargo.
5. The shifting or weight of a load.
6. Delay, loss of use or loss of market, or business interruption.
7. Actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the "loss" is caused by Covered Cause of Loss.
8. Partial or total disablement of any refrigerating equipment or by interruption of its connections.
9. Voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.
10. War. This includes:
 - a. Undeclared or civil war;
 - b. 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
 - c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
11. Government action, including seizure or destruction of property by order of governmental authority.
But we will pay for "loss" 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 that fire would be covered under this endorsement.
12. Nuclear hazard. This includes 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 "loss" caused by that fire.

I. Limit Of Insurance

1. Subject to Paragraphs 2., 3. and 4. below, the most we will pay for "loss" to Covered Property is the least of the following:
 - a. The amount determined under Valuation;
 - b. The cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practical;
 - c. Your insurable interest in any property; or
 - d. The Limit of Insurance stated on the Schedule of this endorsement.
2. **Deductible**
 - a. In any one occurrence, we will pay only that part of your "loss" over the deductible amount stated on the Schedule of this endorsement.
 - b. We may pay all or a portion of the deductible amount to settle a "loss" or "suit". If we do pay all or a portion of the deductible amount, you must promptly reimburse us for the amount that we paid.
3. **Insurance Under More Than One Coverage**
If more than one coverage of this policy insures the same "loss", we will pay no more than the actual claim, "loss", or damage sustained.
4. **Insurance Under More Than One Policy**
 - a. **Proportional Share**
You may have another policy subject to the same terms as this policy. If you do, we will pay our share of the covered "loss". Our share is the proportion that the applicable Limit of Insurance under this policy bears to the limit of all policies covering on the same basis.

b. Excess Amount

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

J. Changes In Conditions

Section IV – Business Auto Conditions are changed for Motor Truck Cargo Coverage as follows:

1. Paragraph **A.1.** Appraisal For Physical Damage Loss is extended to apply to Motor Truck Cargo Loss.
2. Paragraph **A.2.a.** Duties In The Event Of Accident, Claim, Suit Or Loss is amended to include the following:
 - (4) A description of the property involved;
 - (5) Other policies of insurance that may cover the "loss";
 - (6) Your interest and the interest of all others in the property involved, including all liens;
 - (7) Changes in the title of the Covered Property during the policy period; and
 - (8) Estimates, specifications, inventories, and other reasonable information that we may require to settle the "loss".
3. Paragraph **A.2.c.** is replaced by the following:
 - c. If there is "loss" to Covered Property, you must also do the following:
 - (1) Promptly notify the police when the act that causes the "loss" may have been a crime.
 - (2) Take all reasonable steps to protect the property from further damage. Also, keep a record of your expenses for consideration in the settlement of the claim. We will reimburse you for your expenses. Our payment of reasonable expenses does not increase the Limit of Insurance.
 - (3) If the damaged or undamaged property is in your care, custody, or control, you must permit us to inspect the property as often as we reasonably request and allow us to inspect or take samples of the property.
 - (4) Produce records, including tax returns and bank microfilms of all canceled checks relating to value, "loss", and expense and permit copies and extracts to be made of them as often as we reasonably request.
 - (5) Agree to examination under oath at our request and give us a signed statement of your answers.
4. Paragraph **A.3.b.** under Legal Action Against Us is extended to apply to Non-Owned Cargo.
5. Paragraph **B.4.** No Benefit To Bailee – Physical Damage Coverages is replaced by the following:
 4. **Benefit To Others**

Insurance under this coverage will not directly or indirectly benefit anyone having custody of your property.

K. Additional Conditions

The following conditions are added for Motor Truck Cargo Coverage:

1. **Valuation**
 - a. **Actual Cash Value**

The value of property, as described under Covered Property, will be based on the actual cash value at the time of the "loss" (with a deduction for depreciation).
 - b. **If Your Responsibility For Covered Property Is Reduced**

If the amount of your responsibility for Covered Property is reduced, we will not pay more for "loss" to Covered Property than the reduced amount of your responsibility plus the cost of labor, materials or services furnished or arranged by you.

The reduced amount of your responsibility will be based on an amount:

 - (1) Set by law; or
 - (2) Lawfully set by you in a bill of lading, contract of carriage or shipping receipt that is issued by you or that is issued on your behalf.
 - c. **Pair Or Set**

The value of a lost or damaged article that is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The "loss" is not considered a total "loss" of the pair or set.
 - d. **Loss To Parts**

The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace.
2. **Loss Payment**
 - a. At our option, we may:
 - (1) Pay the value of the lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;

(3) Rebuild, repair, or replace the property with other property of like kind and quality, to the extent practical, within a reasonable time; or

(4) Take all or any part of the property at the agreed or appraised value.

b. We must give you notice of our intent to rebuild, repair, or replace within 30 days after receipt of a duly executed notice of "loss".

c. Your Losses

(1) We adjust all "losses" with you. Payment will be made to you unless another loss payee is named in the policy.

(2) An insured "loss" will be payable 30 days after:

(a) A satisfactory notice of "loss" is received; and

(b) The amount of the "loss" has been established either by written agreement with you or by the filing of an appraisal award with us.

d. Property Of Others

(1) "Losses" to property of others may be adjusted with and paid to:

(a) You on behalf of the owner; or

(b) The owner.

(2) If we pay the owner, we do not have to pay you. We may also choose to defend any "suits" brought by the owners at our expense.

3. Restoration Of Limits

A "loss" we pay under this coverage does not reduce the applicable Limit of Insurance.

L. Additional Definition

The following definitions are added:

1. "Adulterated" means impure, unwholesome, or unsafe to enter commerce for human consumption.

2. "Transit" means the shipment of Covered Property by you and the shipment:

a. Begins at the point of transport where you accept property into your care, custody, or control for transportation of the property to a specific destination;

b. Includes the ordinary, reasonable, and necessary stops, interruptions, delays, or transfers incidental to the route and method of shipment, including rest periods taken by the driver(s); and

c. Ends upon acceptance of the goods by or on behalf of the consignee at the specified destination.

"Transit" includes loading or unloading.