MOTOR TRUCK CARGO LEGAL LIABILITY COVERAGE

In this coverage form, the words "you" and "your" mean any persons or organizations named as the insured on the declarations, and the words "we", "us", and "our" mean the company providing this coverage.

Refer to the Definitions section at the end of this coverage form for additional words and phrases that have special meaning. These words and phrases are shown in quotation marks.

AGREEMENT

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Motor Truck Cargo Legal Liability Coverage. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

COVERAGE

1. **Legal Liability Coverage** -- "We" pay for loss or damage to covered property that "you" become legally obligated to pay as a common or contract carrier under a bill of lading, contract of carriage, or shipping receipt, but only if:

   a. such loss or damage occurs while the property is under "your" care, custody, or control; and

   b. the bill of lading, contract of carriage, or shipping receipt is issued by "you" or on "your" behalf.

2. **We Do Not Cover** -- "We" do not pay for costs, expenses, fees, fines, penalties, or damages resulting from "your" violation of any law or regulation relating to any delay in payment, denial, or settlement of any claim.

PROPERTY COVERED

1. **Property In Vehicles** --

   a. **Coverage** -- "We" pay for direct physical loss or damage, caused by a covered peril, to property of others described on the "schedule of coverages" while in due course of "transit" on or in a "vehicle".

   b. **Coverage Limitation** -- Due course of "transit" includes loading and unloading, but only if the property of others is loaded from or unloaded onto a sidewalk, street, loading dock, or similar area that is adjacent to a "vehicle".

   c. **Time Limitation** -- "We" only cover loss or damage to such property of others up to 72 hours following the arrival of the property at the intended destination.

      However, in no event will "we" cover loss or damage to such property of 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.

2. **Property In Terminals** --

   a. **Coverage** -- "We" pay for direct physical loss or damage, caused by a covered peril, to property of others described on the "schedule of coverages" while at a "terminal" in due course of "transit".

   b. **Coverage Limitations** -- "We" only cover property of others while the property is at a "terminal" that is described on the "schedule of coverages".

   c. **Time Limitation** -- "We" only cover loss or damage to such property of others up to 30 days following the arrival of the property at a "terminal".

      However, in no event will "we" cover loss or damage to such property of 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. **We Do Not Pay** --

   a. **Failure To Comply With Contractual Requirements** -- "We" do not pay for costs, expenses, fees, fines, penalties, or damages resulting from "your" 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.

   b. **Noncompliance With Laws Or Regulations** -- "We" do not pay for costs, expenses, fees, fines, penalties, or damages resulting from or relating to "your" failure to meet standards required by any law or regulation, including but not limited to:

      1) properly maintaining or cleaning "vehicles", "trailers", or "terminals";
      2) maintaining temperature requirements;
      3) creating and retaining required records; or
      4) implementing conditions, practices, and training for the sanitary transportation of property.

   c. **Food Deemed Adulterated** -- "We" do not pay for loss or damage 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 "your":

      1) 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
      2) failure to meet standards required by any law or regulation, including but not limited to:

         a) properly maintaining or cleaning "vehicles", "trailers", or "terminals";
         b) maintaining temperature requirements;
         c) creating and retaining required records; or
         d) implementing conditions, practices, and training for the sanitary transportation of property.

      However, "we" do cover loss or damage to food deemed "adulterated" if the adulteration is caused by or results from direct physical loss or damage by a covered peril to food.

PROPERTY NOT COVERED

1. **Art** -- "We" do not cover objects of art including paintings and statuary.

2. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.

3. **Jewelry, Stones, And Metals** -- "We" do not cover jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys.

4. **Live Animals** -- "We" do not cover animals, including cattle or poultry, unless death is caused or made necessary by a "specified peril".

5. **Money And Securities** -- "We" do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, money, notes, or securities.

6. **Other Carriers** -- "We" do not cover property while in the custody of any other carrier if "you" have waived or otherwise made unenforceable "your" subrogation rights after a loss occurs.

7. **Property That Has Been Delivered** -- "We" do not cover property of others after 72 hours following the arrival of the property at the intended destination.

8. **Property At A Terminal** -- "We" do not cover property of others after 30 days following the arrival of the property at a "terminal".

9. **Storage** -- "We" do not cover property "you" hold in storage under warehouse receipts or other written contracts.

10. **Trailer, Container, Or Conveyance** -- "We" do not cover any intermodal container, "trailer", or any other carrying conveyance, including any equipment or supplies that are part of the container, "trailer", or conveyance.

    This exclusion does not apply to any such container, "trailer", or other conveyance described under a:

    a. bill of lading;

    b. contract of carriage; or

    c. shipping receipt;

    that is issued by "you" or on "your" behalf.

COVERAGE EXTENSIONS

Provisions That Apply To Coverage Extensions -- The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages". If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Coverage Extension within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined with or added to the "limit" for any other Coverage Extension or Supplemental Coverage, including a Coverage Extension, Supplemental Coverage, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following Coverage Extensions are not subject to and not considered in applying coinsurance conditions.

Unless otherwise noted, the deductible does not apply to the following described Coverage Extensions.

1. **Debris Removal** --

   a. **Coverage** -- "We" pay the costs for the demolition, clearing, and removal of debris of covered property, if such debris results from a covered peril.

   b. **We Do Not Cover** -- This coverage does not include costs to:

      1) extract "pollutants" from land or water; or
      2) remove, restore, or replace polluted land or water.

   c. **Limit** -- "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss or damage to covered property exclusive of the costs for debris removal. "We" will not pay more for loss to covered property and debris removal combined than the "limit" for the damaged property.

   d. **Additional Limit** -- "We" pay up to an additional $10,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss to covered property or when the loss to covered property and debris removal combined exceeds the "limit" for the damaged property.

   e. **You Must Report Your Expenses** -- "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

2. **Defense Costs** --

   a. **Coverage** -- "We" have the option to defend any "suit" brought against "you" as a result of loss or damage to covered property caused by a covered peril. "We" may investigate and settle a claim or "suit".

   b. **Coverage Limitation** -- "We" do not have to provide a defense after "we" have paid the "limit" as a result of a judgment or written settlement.

   c. **You Must Not** -- "You" must not:

      1) admit liability for a loss, settle a claim, or incur expense without "our" written consent; or
      2) interfere with "our" negotiation for a settlement.

   d. **Covered Expenses** -- "We" will pay the following expenses associated with any "suit" "we" defend:

      1) expenses that "we" incur while investigating and defending the "suit";
      2) actual loss of "your" salary, up to $250 per day, for "your" time spent away from work at "our" request;
      3) expenses that "you" incur at "our" request;
      4) all costs that "you" are required to pay as a result of any "suit" "we" defend;
      5) interest that accrues after entry of a judgment, until "we" tender, deposit in court, or pay "our" part of the judgment;
      6) interest that is awarded against "you" before the entry of a judgment. If "we" make an offer to settle the "suit", "we" will not pay any interest that accrues after the offer to settle; and
      7) cost of a bond for the release of attachments. "We" are not required to furnish a bond itself.

SUPPLEMENTAL COVERAGES

Provisions That Apply To Supplemental Coverages -- The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

The "limit" available for coverage described under a Supplemental Coverage:

a. is the only "limit" available for the described coverage; and

b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined with or added to the "limit" for any other Supplemental Coverage or Coverage Extension, including a Supplemental Coverage, Coverage Extension, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following Supplemental Coverages are not subject to and not considered in applying coinsurance conditions.

Unless otherwise noted, the deductible does not apply to the following described Supplemental Coverages.

1. **Freight Charges** --

   a. **Coverage** -- "We" pay freight charges that are due "you" and that become uncollectible as a result of covered loss or damage, caused by a covered peril, to covered property.

   b. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is $2,500.

2. **Newly Acquired Terminals** --

   a. **Coverage** -- "We" cover direct physical loss or damage, caused by a covered peril, to property of others at a "terminal" that "you" acquire during the policy period.

   b. **Coverage Limitation** -- "We" only cover loss or damage at a "terminal" that "you" acquire when at least one "terminal" is described on the "schedule of coverages".

   c. **Time Limitation** -- This coverage applies for up to 60 days from the date "you" acquire the "terminal" or until "you" report the acquired "terminal" to "us", whichever occurs first.

      However, this coverage does not extend beyond the end of the policy period.

   d. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is $50,000.

   e. **Additional Premium** -- "You" must pay any additional premium due from the date "you" acquire the "terminal".

3. **Pollutant Cleanup And Removal** --

   a. **Coverage** -- "We" 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 a covered peril that occurs during the policy period.

   b. **Time Limitation** -- This coverage applies only if the expenses to extract "pollutants" are reported to "us" in writing within 180 days from the date the covered peril occurs.

   c. **We Do Not Cover** -- "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".

However, "we" pay the cost of testing that is necessary for the extraction of "pollutants" from land or water.

d. **Limit** -- The most "we" pay for each location is $10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12-month period of this policy.

PERILS COVERED

"We" cover direct physical loss or damage unless the loss is limited or caused by a peril that is excluded.

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by, or consisting of, one or more of the following excluded causes, events, or conditions. Such loss or damage is excluded regardless of other causes, events, or conditions that contribute in any sequence to or aggravate the loss, whether such causes, events, or conditions act to produce the loss before, at the same time as, or after the excluded causes, events, or conditions.

   a. **Civil Authority** -- Order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

      "We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

   b. **Nuclear Hazard** -- Nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

   c. **War And Military Action** --

      1) War, including undeclared war or civil war;
      2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
      3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

      With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War And Military Action exclusion will apply in place of the Nuclear Hazard exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following:

   a. **Criminal, Fraudulent, Dishonest, Or Illegal Acts** -- "We" do not pay for loss or damage caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:

      1) "you";
      2) others who have an interest in the property;

3) others to whom "you" entrust the property, including but not limited to owner-operators "you" have hired;
4) "your" partners, officers, directors, trustees, joint venturers, or "your" members or managers if "you" are a limited liability company; or
5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

b. **Loss Of Use** -- "We" do not pay for loss or damage caused by or resulting from loss of use, delay, or loss of market.

c. **Pollutants** -- "We" do not pay for loss or damage caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":

1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril"; or
2) except as specifically provided under Supplemental Coverages - Pollutant Cleanup And Removal.

"We" do cover any resulting loss caused by a "specified peril".

d. **Spoilage** -- "We" do not pay for loss to "perishable stock" caused by "spoilage".

But if "spoilage" results in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

e. **Voluntary Parting** -- "We" do not pay for loss or damage caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

WHAT MUST BE DONE IN CASE OF LOSS

1. **Notice** -- In case of a loss, "you" must:

   a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and

   b. give notice to the police when the act that causes the loss may have been a crime.

2. **You Must Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.

   a. **Payment Of Reasonable Costs** -- "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. "Our" payment of reasonable costs does not increase the "limit".

   b. **We Do Not Pay** -- "We" do not pay for such repairs or emergency measures performed on property that has not been damaged by a peril insured against.

3. **Proof Of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:

   a. the time, place, and circumstances of the loss;

   b. other policies of insurance that may cover the loss;

   c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;

   d. changes in title of the covered property during the policy period; and

   e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.

4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.

5. **Records** -- "You" must 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.

6. **Damaged Property** -- If the damaged and undamaged property is in "your" care, custody, or control, "you" must exhibit the property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.

7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.

8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.

9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.

VALUATION

Property Of Others --

1. **Actual Cash Value** -- If actual cash value is indicated on the bill of lading, contract of carriage, or shipping receipt that is issued by "you" or that is issued on "your" behalf, the value of property of others, as described under Property Covered, will be based on the actual cash value at the time of the loss.

2. **Replacement Cost** -- If replacement cost is indicated on the bill of lading, contract of carriage, or shipping receipt that is issued by "you" or that is issued on "your" behalf, the value of property of others, as described under Property Covered, will be based on the replacement cost without any deduction for depreciation.

   The replacement cost is limited to the cost of repair or replacement with similar materials and used for the same purpose. The payment will not exceed the amount that is spent to repair or replace the damaged or destroyed property of others.

3. **If Your Responsibility For Property Of Others Is Reduced** -- If the amount of "your" responsibility for property of others is reduced, "we" will not pay more for loss to property of others 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:

   a. set by law; or

   b. 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.

4. **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.

5. **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.

HOW MUCH WE PAY

1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.

2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the "schedule of coverages" in any one occurrence.

   "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 "we" paid.

3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., and 5. under How Much We Pay:

   a. **We Pay The Least Of** -- "We" pay the least of:

      1) the amount determined under Valuation;
      2) the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
      3) the "limit".

   b. **Catastrophe Limit** -- In no event will "we" pay more than the catastrophe "limit" indicated on the "schedule of coverages" regardless if a loss involves:

      1) one or more "vehicles";
      2) one or more "terminals";
      3) any combination of "vehicles" or "terminals"; or
      4) any combination of "vehicles", "terminals", or coverages described under Coverage Extensions or Supplemental Coverages.

   c. **When A Vehicle Is At A Terminal** -- The "limit" for a "terminal" applies when a "vehicle" is situated within a "terminal".

      In no event will "we" combine the "limit" for a "terminal" with the "limit" for a "vehicle".

4. **Insurance Under More Than One Coverage --** If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

5. **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" 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" 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".

LOSS PAYMENT

1. **Loss Payment Options** --

   a. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:

      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 equivalent kind and quality, to the extent practicable, within a reasonable time; or
      4) take all or any part of the property at the agreed or appraised value.

   b. **Notice Of Our Intent To Rebuild, Repair, Or Replace** -- "We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. **Your Losses** --

   a. **Adjustment And Payment Of Loss** -- "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy.

   b. **Conditions For Payment Of Loss** -- An insured loss will be payable 30 days after:

      1) a satisfactory proof of loss is received; and
      2) the amount of the loss has been established either by written agreement with "you" or by the filing of an appraisal award with "us".

3. **Property Of Others** --

   a. **Adjustment And Payment Of Loss To Property Of Others** -- Losses to property of others may be adjusted with and paid to:

      1) "you" on behalf of the owner; or
      2) the owner.

   b. **We Do Not Have To Pay You If We Pay The Owner** -- 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.

OTHER CONDITIONS

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.

   If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

   The appraisers will then determine and state separately the amount of each loss.

   The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three, sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

2. **Bankruptcy Of An Insured** -- Bankruptcy or insolvency of an insured does not relieve "us" of "our" obligations under this coverage.

3. **Benefit To Others** -- Insurance under this coverage will not directly or indirectly benefit anyone having custody of "your" property.

4. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.

5. **Estates** -- This provision applies only if the insured is an individual.

   a. **Your Death** -- On "your" death, "we" cover the following as an insured:

      1) the person who has custody of "your" property until a legal representative is qualified and appointed; or
      2) "your" legal representative.

      This person or organization is an insured only with respect to property covered by this coverage.

   b. **Policy Period Is Not Extended** -- This coverage does not extend past the policy period indicated on the declarations.

6. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other insured if, before or after a loss:

   a. "you" or any other insured have willfully concealed or misrepresented:

      1) a material fact or circumstance that relates to this insurance or the subject thereof; or
      2) "your" interest herein; or

   b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.

7. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.

8. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

   a. "you" must notify "us" promptly if "you" recover property or receive payment;

   b. "we" must notify "you" promptly if "we" recover property or receive payment;

   c. any recovery expenses incurred by either are reimbursed first;

   d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid or any lesser amount to which "we" agree; and

   e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be prorated between "you" and "us" based on "our" respective interest in the loss.

9. **Restoration Of Limits** -- A loss "we" pay under this coverage does not reduce the applicable "limits".

10. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

    "You" may waive "your" right to recover from others in writing before a loss occurs.

11. **Suit Against Us** -- No "suit" may be brought against "us" unless:

    a. all of the "terms" of this coverage have been complied with; and

    b. the amount of the insured's liability has been determined by:

        1) a final judgment against an insured as a result of a trial; or
        2) a written agreement by the insured, the claimant, and "us".

    No person has a right under this coverage to join "us" or implead "us" in actions that are brought to determine an insured's liability.

12. **Territorial Limits** -- "We" cover property while it is in the United States of America, its territories and possessions, Canada, and Puerto Rico.

13. **Your Reimbursement To Us** -- "You" must reimburse "us" all sums for a loss that "we" have paid and that "we" would not have been required to pay except for the attachment to this policy of any federal, state, or other regulatory endorsement.

    "You" must reimburse "us" within 30 days after "we" have notified "you" that "we" have paid a loss that "we" would not have been required to pay except for the attachment of a required regulatory endorsement.

DEFINITIONS

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

2. "Limit" means the amount of coverage that applies.

3. "Perishable stock" means property preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

4. "Pollutant" means:

    a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including but not limited to acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and

    b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.

5. "Schedule of coverages" means:

    a. all pages labeled "schedule of coverages" or schedules that pertain to this coverage; and

    b. declarations or supplemental declarations that pertain to this coverage.

6. "Specified perils" means the perils of:

    a. fire;

    b. lightning;

    c. windstorm;

    d. hail;

e. collision, overturn, or derailment of a transporting conveyance;

f. collapse of a bridge or culvert; and

g. theft.

7. "Spoilage" means any detrimental change in physical state of "perishable stock". Detrimental change includes, but is not limited to, thawing of frozen goods, warming of refrigerated goods, or solidification of liquid material.

8. "Suit" means a judicial proceeding that has been set up to determine liability and damages for loss to property of others that consists of covered property that is in "your" care, custody, or control. Judicial proceedings also include arbitration proceedings in the event that "you" may be required to submit to arbitration.

9. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.

10. "Terminal" means any portion of a premises, including the legal boundaries of the premises, where covered property is transferred between "vehicles" or between "vehicles" and other transporting conveyances.

    The transfer of covered property includes any temporary storage associated with such transfer.

11. "Trailer" means an over-the-road vehicle designed to carry cargo while being hauled by a tractor or other self-propelled power unit.

    "Trailer" includes but is not limited to:

    a. trailers, semi-trailers, automobile racks, flatbeds, lowboys, and tankers;

    b. dollies used to convert semi-trailers into trailers; and

    c. shipping containers designed to be attached to and transported by trailers.

12. "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 the 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.

13. "Vehicle" means any one vehicle, truck, tractor, "trailer", or combination of these pulled by one power unit.

IM 7451 03 20

