

TRANSPORTATION FORM

WORDS AND PHRASES IN QUOTATION MARKS HAVE SPECIAL MEANING AND ARE DEFINED IN THIS FORM AND IN THE POLICY FORMS TO WHICH THIS FORM IS ATTACHED.

INDEMNITY AGREEMENT

In the event that any of the property insured is lost or damaged by the perils insured against under this form "we" will indemnify "you" against the direct loss to an amount not exceeding the least of:

- (1) the actual cash value of the property at the time of loss or damage;
- (2) "your" interest in the property; or
- (3) the amount of insurance as shown on the "Declarations Page".

Provided, however, that where the insurance applies to the property of more than one person or interest, "our" total liability for loss sustained by all such persons and interests shall be limited in the aggregate to the amount or amounts of insurance as shown on the "Declarations Page".

PROPERTY INSURED

This form insures the following property but only for those coverages which an amount of insurance is shown on the "Declarations Page".

(1) Motor Cargo

Coverage is provided for lawful goods and merchandise being:

- (a) "your" property;
 - (b) the property of others for which "you" are responsible; or
 - (c) the property sold by "you" and in the course of delivery;
- while such goods and merchandise are in "your" custody and control and are in transit on "vehicles" owned or operated by "you".

(2) Insured Property In Transit

Coverage is provided for lawful goods and merchandise, being:

- (a) "your" property;
- (b) the property of others for which "you" are responsible; or
- (c) the property that "you" are holding on consignment or has been sold but not delivered.

Coverage begins at the commencement of "loading" when leaving the initial point of shipment and continues while goods and "merchandise" are in the course of transit in the custody of a common carrier or while awaiting transit in warehouses, depots, docks, piers and stations. Coverage continues until the insured property is delivered and through "unloading" at its assigned final destination.

(3) Carrier Legal Liability

Coverage is provided for "your" legal liability as a carrier, Bailee or warehouse operator under tariff, contract, bill of lading or shipping receipt issued by "you" on lawful goods and merchandise. Coverage applies while such goods and merchandise are in "your" custody and control but only while loaded on trucks for shipment, in transit or in storage awaiting transit.

PERILS INSURED

- (1) **Motor Cargo.** This form, except as herein provided, insures against all risks of direct physical loss of or damage to the property insured.
- (2) **Insured Property in Transit.** This form, except as herein provided, insures against all risks of direct physical loss of or damage to the property insured.
- (3) **Carrier Legal Liability.** This form, except as herein provided, insures against all risks of direct physical loss or damage from any cause for which "you" are held legally liable.

AMOUNTS OF INSURANCE

"Our" maximum liability in any one loss shall not exceed 100% of the amount of insurance shown on the "Declarations Page" in respect to:

- (1) any one "vehicle" owned or operated by "you";
- (2) any one shipment; or
- (3) the catastrophe limit for all loss or damage resulting from any one accident, occurrence, casualty or disaster covered under this form.

DEDUCTIBLE

"We" are liable for the amount by which the loss or damage caused by any of the perils insured against exceeds the amount of

the deductible shown on the "Declarations Page" in any once occurrence. Should one occurrence give rise to the application of more than one deductible, only the largest individual deductible amount shall apply.

PROPERTY EXCLUDED – ALL COVERAGES

This form does not insure loss or damage to:

- (1) tarpaulins, tools, repair equipment, wrapping materials and equipment for loading and unloading;
- (2) patterns, templates, blueprints, accounts, bills, currency, evidences of debt, securities, money, bullion, notes, jewellery, paintings, statuary, other works of art or articles of virtue;
- (3) animals except against accident to the transporting conveyance causing death or rendering death necessary;
- (4) shipments carried gratuitously or as an accommodation;
- (5) freight charges, except charges earned prior to the acceptance of the shipments insured by this form and for which "you" are legally liable;
- (6) breakage of eggs unless directly caused by collision, upset or overturn of the transporting vehicle and then only if the loss amounts to 50% of the value of the shipping package (each package to be considered as separately insured) but "we" shall in no event be liable for such loss in excess of 25% of the amount insured hereunder on the contents of the vehicle involved;
- (7) property illegally acquired, kept, stored or transported;
- (8) property seized or confiscated for breach of any law or by order of any public authority;
- (9) property caused by "your" neglect to use all reasonable means to save and preserve the property insured at and after any loss or damage insured against hereunder.

PERILS EXCLUDED- ALL COVERAGES

This form does not insure against loss or damage caused directly or indirectly:

- (1) by misappropriation, secretion, conversion, infidelity or any dishonest act by:
 - (a) "you";
 - (b) "your" officers, directors or trustees, or any other party of interest;
 - (c) "your" employees or agents; or
 - (d) any person to whom the property may be entrusted whether acting alone or in collusion with others;
- (2) by or resulting from strikes, lockouts, labour disturbances, riots, civil commotion, or the acts of any person or persons taking part in any such occurrence or disorder;
- (3) due to delay, loss of profit, loss of use or loss of market;
- (4) by shifting of load, poor packing or rough handling;
- (5) by contact with oil or grease or any other commodity;
- (6) marring or scratching, wetness or dampness, leakage of liquids, contamination, or as the result of being spotted, discoloured, rusted, frosted, frozen, rotted, soured, steamed or heated or changed in flavour;
- (7) by a missed delivery, any mysterious disappearance, unexplained shortage or by pilferage;
- (8) wear and tear, gradual deterioration, latent defect, inherent defect, the cost of making good faulty or improper material; or
- (9) faulty or improper design provided however, to the extent otherwise insured and not otherwise excluded under this form, resultant damage to the property is insured.

SPECIAL CONDITIONS

- (1) **Carrier Receipts.** It is agreed that "you" may, without prejudice to this insurance, accept such bill of lading, receipts or contracts of carriage as are ordinarily issued by carriers, containing a limitation as to the value of goods and/or merchandise.
- (2) **Compromise by Insured.** "We" will not be liable for any loss or damage which shall be the subject of a settlement or compromise by "you" with others unless "we" consent to such settlement or compromise.
- (3) **Defense Costs.** It is agreed that "we" will:
 - (a) Defend any suit against "you" alleging damage or destruction to lawful goods and merchandise covered under this form and seeking damaged on account of such damage, even if such suit is groundless, false or fraudulent, but "we" may make such investigation, negotiation and settlement of any claim or suit as "we" consider expedient.
 - (b) Pay all premiums on bonds to release attachments for an amount not in excess of the amounts of insurance of this form, and to pay all premiums on appeal bonds required in any such defended suit, but without any obligation to apply for or furnish such bonds.
 - (c) Pay all expenses that "we" incur and all costs taxed against "you" in any such suit and the proportionate share of any interest accruing after entry of judgement against "you" until "we" have paid, tendered or deposited in court such part of such judgement as does not exceed the limits of "our" liability under this form.
 - (d) Reimburse "you" for all reasonable expenses, other than loss of earnings, incurred at "our" request.

"We" agree to pay defense costs described above in addition to the limits of liability under this form. It is further agreed that the deductible provisions of this form will not apply to defense costs.

- (4) **Labels.** In the event of loss affecting labels, capsules or wrappers, the loss shall be adjusted on the basis of an amount sufficient to pay "your" cost of new labels, capsules or wrappers, and of relabeling or rewrapping the property.
- (5) **Limitation – Theft.** In the event of loss by theft of:
 - (a) furs and articles made principally of fur;
 - (b) liquors of alcoholic content greater than 10% by volume;
 - (c) silks, rayon, celanese, woolens, cottons, nylons and other textiles including garments and clothing made from these;
 - (d) tobacco and tobacco products; or
 - (e) any combination of these commodities,the limit of "our" liability is not to exceed \$1,000 in any one loss.
- (6) **Other Insurance.** Where there is any other valid insurance providing indemnity for loss for which this form provides indemnity, "we" will be liable only for this form's ratable proportion of the loss.
- (7) **Reimbursement of Insurer.** Should "we" pay a loss or losses in compliance with any special endorsement required by law or legal regulations or by the Interstate Commerce Commission or by any Public Service Commission, Public Utilities Commission, Corporation Commission or Railroad Commission for which "we" would not have been liable under the terms of the policy, "you" agree to reimburse "us" to the full extent of such payments, plus any additional expense incurred in connection with such loss payment.
- (8) **Reporting Clause.** This clause applies only if this form is on a reporting basis and an adjustment rate is shown on the "Declarations Page".
 - (a) The premium shown on the "Declarations Page" is provisional only.
 - (b) "You" will give "us" or "our" duly authorized representative within six (6) months of the expiry of this policy a statement showing the true and correct amount of gross receipts (whether collected or not) of the preceding year's transportation business. The rate shown on the "Declarations Page" shall be applied to the gross receipts figure duly reported and the earned premium determined.
 - (c) If the earned premium so determined exceeds the provisional premium, then "you" agree to pay "us" the difference.
 - (d) If the earned premium is less than the provisional premium then "we" will refund the difference immediately to "you", subject to a minimum retained premium of 50% of the provisional premium.
 - (e) "We" or "our" duly authorized representative is permitted at all reasonable times during the term of the policy or within a year after terminating or expiration to examine "your" books, records and such policies as relate to any property insured under this form. Such inspection or examination shall not waive nor in any manner affect any of the terms or conditions of this form.
- (9) **Territorial Limits.** This form covers only within the territorial limits of Canada and the continental United States of America excluding Alaska.
- (10) **Valuations.** For the purpose of calculating the total value of the property, value reporting and loss adjustment, the following valuation basis apply:
 - (a) On Goods and Merchandise Transported By "You".

All shipments are by agreement valued at the amount of invoice or if not under invoice then at cash market value on date and at place of shipments, except however, "our" liability shall not exceed the value as shown in tariff documents, bill of lading or shipping receipts, if any, nor shall "our" liability in any event exceed what it would then cost to repair or replace the property lost or damaged with other of like kind and quality.
 - (b) On Goods and Merchandise Transported By Others.

All shipments are valued at actual invoice cost, together with such costs and charges since shipment as may have accrued and become legally due, including "your" commissions as selling agents. In the absence of an invoice, insured property will be valued at the cash market value of the property at its point of destination on the day that loss or damage occurs.

DEFINITIONS

Wherever used in this form:

- (1) "Declarations Page" means the Declarations Page applicable to this form.
- (2) "Loading" means the moving of insured property from a position immediately adjacent to a "vehicle", whether a loading dock, platform or ground surface, onto the "vehicle".
- (3) "Unloading" means the removal of insured property from a "vehicle" and placement onto a position immediately adjacent to the "vehicle", whether a dock, platform or ground surface.
- (4) "Vehicle" means a truck, trailer, automobile, railway car or container.