

Property in Transit Broad Form

This policy is subject to the Limits of Liability stated in the Commercial Inland Marine Declarations as applicable to this policy except as modified herein.

1. **Property and Interest Insured.** This policy covers the lawful property of the Insured, or of others for which the Insured is legally liable or has the responsibility of insurance, while in due course of transportation in the custody of the following types of carriers:
 - (a) Any railroad or railroad express company;
 - (b) Any common carrier motor truck man or transfer company;
 - (c) Any motor carrier operating under contractual agreement with the Insured;
 - (d) Car loading companies, consolidation, forwarding or reforwarding companies;
 - (e) The Insured on motor vehicles owned or operated by the Insured;

2. **Property and Interest Excluded.** This policy does not insure:
 - (a) Accounts, bills, jewelry, precious stones, currency, money, notes, securities, deeds, evidences of debt;
 - (b) Property while covered under import or export ocean marine policies;
 - (c) Animals, aircraft, watercraft, automobiles or other vehicles;
 - (d) Property shipped by mail;
 - (e) Samples in the custody of salesmen or selling agents.

3. **Limits of liability.** The liability of the Company in any one loss, casualty or disaster, either in case of partial or total loss or salvage charges or any other charges or expenses, or all combined, shall not exceed the applicable limit or liability, as stated in the Commercial Inland Marine Declarations.

4. **Deductible.** Each claim shall be adjusted separately, and from the amount of each such adjusted claim there shall be deducted the deductible amount specified in the Commercial Inland Marine Declarations.

5. **Attachment and Duration of Coverage.** Except as hereinafter provided, this insurance attaches from the time the property leaves the original point of shipment for the commencement or transit and covers thereafter continuously in due course of transit within the Continental United States, Puerto Rico (excluding Alaska), and Canada until delivered into/or to place of destination:
 - (a) Coverage is excluded on waterborne shipments via Panama Canal and on waterborne or airborne shipments to and from Alaska and Hawaii;
 - (b) Coverage on export shipments not insured under ocean marine policies does not extend beyond the time when the property is loaded on board overseas vessel or aircraft; coverage on import shipments not insured under ocean cargo policies does not attach until after discharge from overseas vessel or aircraft.

6. **Perils Insured.** This policy insures against direct physical loss of or damage to the insured property from any external cause (including general average and salvage charges on shipments covered while waterborne) except as hereinafter excluded.

7. **Perils Excluded.** This policy does not insure against loss or damage caused by or resulting from:
 - (a) Delay, loss of market, loss of use, interruption of business;
 - (b) Inherent vice, gradual deterioration, wear and tear, insect and vermin, or resulting from poor or insufficient packing;
 - (c) Misappropriation, secretion, conversion, infidelity or any dishonest act on the part of the insured or other party of interest, his or their employees or agents or any person or persons to whom the property may be entrusted (carriers for hire excepted);
 - (d) Leakage, breakage, marring, scratching, dampness of atmosphere, dryness of atmosphere, freezing, extremes or changes of temperature, shrinkage, evaporation, loss of weight, rust, contamination, change in flavor or color or texture or finish, unless such loss or damage is caused directly by fire, lightning, windstorm, hail, explosion, riot or civil commotion, aircraft, vehicles other than transporting conveyances, bursting or pipes of apparatus, vandalism, malicious mischief, theft, attempted theft, or casualty occurring to a vessel or other vehicle use in transporting the property;
 - (e) Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy; however, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.
 - (f) Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack, by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces, or by military, naval or air forces; or by an agent of any such government, power, authority, or forces; any weapon of war employing atomic fission or radioactive force whether in time of peace or war; insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence; seizure or destruction under

- quarantine or Customs regulations; confiscation by or destruction by order of any government or public authority, except destruction by order of public authority to prevent spread of fire or explosion, or risks of contraband or illegal trade.
- (g) Failure of the Insured to use all reasonable means to save and preserve the property at and after a loss.
 - (h) Direct loss or damage resulting from Tidal Wave or Flood, howsoever caused. Tidal Wave: is understood to mean the sudden rise of the sea and the attendant action of the waves accompanying such abnormal rise produced by or directly attributable to a meteorological or seismic disturbance. Flood: is understood to mean inundation caused by the bursting of dams or retaining walls of lakes and reservoirs; or by rivers, canals, aqueducts and sewers or similar formation, overflowing their banks, but excluding water pipes, mains or tanks in which water is normally contained.

Conditions

8. **Valuation.** In case of loss the basis of adjustment unless otherwise endorsed hereon shall be as follows:
- (a) Property shipped to or for account of the Insured valued at actual invoice cost to the Insured together with such costs and charges (including the commission of the Insured as selling agent) as may have accrued and become legally due thereon;
 - (b) Property which has been sold by the insured and has been shipped to or for account of the purchaser (if covered hereunder) is valued at the amount of the Insured's selling invoice, including prepaid or advanced freight;
 - (c) Property not under invoice shall be valued at the actual cash market value at point of destination on the date of disaster less any charges saved which would have become due and payable upon delivery at destination.
9. **Record of Shipments.** It is a condition of this insurance that the Insured shall keep a record of all shipments Insured hereunder. The Company or its duly appointed representative shall be permitted at all reasonable time during the term of this policy, or within a year after its expiration, to examine the Insured's books, records and such policies as relate to any property covered hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this policy.
10. **Premium Adjustment and Report of Shipments.** The premium stated in the Declarations is an annual estimated or deposit premium only. The Insured shall at the anniversary of this policy or such other date(s) as may be agreed upon, report to the Company the value of all shipments covered hereunder. The earned premium for the period agreed upon shall be computed by the application of the rates stated in the Declarations for each \$100 of value of shipments reported.
- If the premium stated in the Declarations is an estimated premium, the earned premium shall be credited against the estimated premium. If such earned premium exceeds the estimated premium, such additional premium is to become due and payable to the Company immediately upon the furnishing of the aforesaid report or reports; but in the event of the actual shipments falling short of the said estimate, then the Company will return premium at the same rate on the deficiency.
- If the premium stated in the Declarations is a deposit premium, the earned premiums shall be credited against the deposit premium, until such time as the deposit has been fully earned by the Company, after which time payments of earned premiums shall be made as provided herein.
11. **Other Insurance.** This insurance shall not apply to any loss except as excess insurance where any other valid and collectible insurance exists at the time of loss or damage whether prior or subsequent hereto as to date and whether fire or inland marine or casualty or any other kind of insurance in the name of the Insured or others on any property hereby insured, and this insurance shall not apply or contribute to the payment of any loss until the amount due from all such other insurance shall have been exhausted, it being understood and agreed that under this policy the Insured is to be reimbursed to the extent of the difference between the amount due from such other insurance and the amount of actual loss sustained by the Insured after applying any and all contribution, coinsurance, average or distribution clauses contained in such other policies of insurance not exceeding, however, the applicable limit or limits as specified in this Policy.
12. **Assignment of Policy.** This Policy shall be void if assigned or transferred without the written consent of the Company.
13. **Impairment of Recovery Against Carriers.** Any act or agreement of the Insured, prior or subsequent hereto, whereby any right of the Insured in the event of loss or damage to recover the full value of or amount of damage to any property insured hereunder against any carrier, is released, impaired or lost, shall render this Policy null and void as to such loss but the Company's right to retain or recover the premium shall not be affected. The Company is not liable for any loss or damage which, without its consent has been settled or compromised by the Insured; and except as provided in the following paragraph, the Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.
14. **Bills-of-Lading—Shipping Receipts.** Permission is hereby granted to the Insured without prejudice to this insurance to accept the ordinary Bills-of-Lading used by carriers, including release and/or under-valued Bills-of-Lading and/or Shipping or Messenger Receipts; and the Insured may waive subrogating against railroads under Side Track Agreements.

15. **Fraud or Deceit.** This policy also covers loss of or damage to the property insured:
- (a) occasioned by the acceptance by the Insurer's agent, customer or consignee(s) or others of fraudulent Bill-of-Lading, Shipping or Messenger Receipts;
 - (b) obtained by fraud or deceit perpetrated by any person(s) who may fraudulently represent themselves to be the owners or agents of the property or shipments or to accept it for delivery.
16. **Labels.** In case of loss affecting labels or wrappers the loss shall be adjusted on the basis of an amount sufficient to pay the cost of new labels or wrappers and reconditioning the goods.
17. **Automatic Reinstatement.** Any loss hereunder shall not reduce the amount of the policy.
The terms and conditions of this form wherein they conflict are to be regarded as additional to those of the policy to which it is attached and so far as they are inconsistent therewith are to supersede the same.