



WAREHOUSEMAN'S LEGAL LIABILITY 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 those sums you become legally obligated to pay as damages, imposed on you as a warehouseman, for direct physical "loss" to Covered Property caused by a Covered Cause of Loss while such property is located at the "premises" listed in the Declarations or Schedule. We have the right and duty to defend any "suit" seeking those damages. But:

- (1) The amount we will pay for damages is limited as described in Section C. Limits of Insurance;
- (2) We may investigate and settle any claim or "suit" at our discretion; and
- (3) Our right and duty to defend end when we have used up the Limit of Insurance in the payment of judgments or settlements.

1. Covered Property

Covered Property, as used in this Coverage Form, means tangible personal property of others in your care, custody or control as a warehouseman, while located on the "premises" listed in the Declarations or Schedule.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, evidences of debt, money, notes, securities, letters of credit, tickets or bullion;
- b. Mechanical drawings, blueprints, documents, records, manuscripts, or other valuable papers;
- c. Jewelry including precious or semi-precious stones, gold, silver, platinum or other precious metals or alloys;

- d. Fine arts including antiques;
- e. Garments made of or trimmed with animal skins or pelts;
- f. Property owned by or leased to you;
- g. Property in your custody or control while you are acting as a carrier for hire;
- h. Property for which you are acting as a lessor of storage space;
- i. Property for which you have not issued a warehouse receipt;
- j. Contraband or property in the course of illegal transportation or trade.

3. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property from any external cause except those causes of "loss" listed in the Exclusions.

4. Additional Coverage

a. Supplementary Payments

We will pay, with respect to any claim or "suit" we defend:

- (1) All expenses we incur.
- (2) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (3) All reasonable expenses incurred by you at our request, including actual loss of earnings up to \$100 a day because of time off from work.
- (4) All costs taxed against you in the "suit".
- (5) 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 our Limit of Insurance.

No Deductible applies to this Additional Coverage.

b. Debris Removal

We will pay your expense to remove debris

WAREHOUSEMAN'S LEGAL LIABILITY COVERAGE FORM

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 within 180 days of the earlier of:

- (1) The date of direct physical "loss"; or
- (2) The end of the policy period.

The most we will pay under this Additional Coverage is 25% of the amount payable for the direct physical "loss" before we apply the Deductible to such "loss". But this limitation does not apply to any additional debris removal limit provided in the Declarations or Schedule.

This Additional Coverage does not apply to expenses to:

- (1) Extract "pollutants" from land or water; or
- (2) Remove, restore or replace polluted land or water.

5. Coverage Extensions

a. Additional Insureds

If the Named Insured shown in the Declarations is a partnership or corporation, throughout this Coverage Form the words "you" and "your" include partners, executive officers, trustees, directors and stockholders of such partnership or corporation, but only with respect to their duties as such.

b. Newly Acquired Organizations

Throughout this Coverage Form the words "you" and "your" also include any organization (other than a partnership or joint venture) you newly acquire or form and over which you maintain ownership or majority interest if there is no other similar insurance available to that organization.

This Coverage Extension ends:

- (1) 90 days after you acquire or form the organization; or
 - (2) At the end of the policy period shown in the Declarations;
- whichever occurs first.

This Extension does not apply to direct physical "loss" that occurred before you acquired or formed the organization.

B. EXCLUSIONS

1. We will not defend any claim or "suit" arising out of, or pay any damages for, "loss" caused

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".

- a. Seizure or destruction of property by order of governmental authority.

But we will pay damages imposed on you for acts of destruction to Covered Property ordered by governmental authority and taken at the time of a fire to prevent its spread.

- b. (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay damages imposed on you for direct physical "loss" to Covered Property caused by resulting fire.
- c. (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.
- d. The enforcement of any ordinance or law:
 - (1) Regulating the construction, use or repair of any property; or
 - (2) Requiring the tearing down of any property.

2. We will not defend any claim or "suit" arising out of, or pay any damages for, "loss" caused by or resulting from any of the following.

- a. Delay, loss of market; suspension, lapse or cancellation of any lease, license, contract or order; or any other causes of consequential "loss".
- b. Wear and tear, depreciation or obsolescence.
- c. Rust, corrosion, fungus, decay, deterioration, hidden or latent defect, or any quality in property that causes it to damage or destroy itself.
- d. Insects, birds, rodents or other animals; bacteria, molds, or other infestation.

WAREHOUSEMAN'S LEGAL LIABILITY COVERAGE FORM

- e. Mechanical breakdown or failure, including breakdown of heating or refrigerating systems.

But we will pay damages imposed on you for direct physical "loss" to Covered Property caused by resulting fire or explosion, except as otherwise excluded.

- f. Spoilage, breakage, marring, scratching, wetness, dampness, dryness.

But we will pay damages imposed on you for such direct physical "loss" to Covered Property caused by any of the "specified causes of loss", except as otherwise excluded.

- g. Unexplained disappearance, shrinkage or loss of weight or volume, or leakage of Covered Property.

- h. Shortage found upon taking inventory.

- i. Dishonest acts by:

- (1) You or any of your partners;
- (2) Your directors or trustees;
- (3) Your authorized representatives or employees; or
- (4) Anyone to whom you entrusted the Covered Property, including their employees, for any purpose:

whether acting alone or in collusion with others; and

whether or not occurring during the hours of employment.

- j. Voluntary parting with any property whether or not induced to do so by any fraudulent scheme, trick, device or false pretense.

- k. Unauthorized instructions to transfer property to any person or to any place.

- l. Release, discharge, dispersal or escape of "pollutants" unless the release, discharge, dispersal or escape is itself caused by any of the "specified causes of loss".

But we will pay damages imposed on you for direct physical "loss" to Covered Property caused by any resulting "specified causes of loss", except as otherwise excluded.

- m. Freezing or exposure to light, darkness or heat.

- n. Processing or work, including packaging or repackaging, upon the property.

- o. Fumigation.

- 3. We will not defend any claim or "suit", or pay any damages arising out of, legal liability based solely on a contractual assumption of liability in excess of liability imposed by law upon you as a warehouseman.

C. LIMITS OF INSURANCE

- 1. The most we will pay for damages and Debris Removal expense in any one occurrence is the smallest applicable Limit of Insurance shown in:

- a. The Declarations;
- b. The Schedule(s);
- c. The Coverage Form; or
- d. The Endorsement(s).

- 2. The existence of one or more:

- a. Additional Insureds;
- b. Newly Acquired Organizations;
- c. Claims made or "suits" brought; or
- d. Persons or organizations making claims or "suits"

does not increase the Limit of Insurance.

- 3. Payments under Debris Removal do not increase the applicable Limit of Insurance. But if in any one occurrence:

- a. The sum of damages and Debris Removal expense exceeds the Limit of Insurance; or
- b. The Debris Removal expense exceeds the amount payable under the Debris Removal Additional Coverage,

we will pay up to an additional \$5,000 for each described premises under the Debris Removal Additional Coverage.

- 4. Payments under Supplementary Payments are in addition to the Limits of Insurance.

D. DEDUCTIBLE

- 1. Our obligation to pay damages on your behalf and Debris Removal expense applies only to the amount of damages and Debris Removal expense in excess of any Deductible amounts stated in the Declarations or Schedule. The Limits of Insurance will be reduced by the amount of such Deductible.

The Deductible amount applies to the total amount of damages and Debris Removal expense resulting from any one occurrence regardless of the number of persons or organizations who sustain damages because of that occurrence.

WAREHOUSEMAN'S LEGAL LIABILITY COVERAGE FORM

2. The terms of this insurance, including those with respect to:

- a. Our right and duty to defend any "suit" seeking those damages; and
- b. Your duties in the event of any "loss", claim, or "suit"

apply irrespective of the application of the Deductible amount.

3. We may pay any part or all of the Deductible amount to effect settlement of any claim or "suit" 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.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions.

1. Amendment of Commercial Inland Marine Conditions

None of the Commercial Inland Marine Conditions apply to this Coverage Form, except:

- a. Loss Condition D., Insurance Under Two or More Coverages;
- b. Loss Condition F., Other Insurance; and
- c. General Condition A., Concealment, Misrepresentation or Fraud.

2. Loss Conditions

a. Duties in the Event of "Loss", Claim or "Suit"

(1) You must see to it that we are notified promptly of any "loss" that may result in a claim. Notice should include:

- (a) How, when and where the "loss" took place; and
- (b) The names and addresses of any witnesses.

(2) If a claim is made or "suit" is brought against you, you must see to it that we receive prompt written notice of the claim or "suit".

(3) You must:

- (a) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (b) Authorize us to obtain records and other information;
- (c) Cooperate with us in the investigation, settlement or defense of the claim or "suit"; and

(d) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to you because of "loss" to which this insurance may also apply.

(4) You will not, except at your own cost, voluntarily make any payment, assume any obligation, or incur any expense without our consent.

b. Legal Action Against Us

No person or organization has a right under this Coverage Form:

(1) To join us as a party or otherwise bring us into a "suit" asking for damages from you; or

(2) To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against you obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

c. Transfer of Rights of Recovery Against Others to Us

If you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. You must do nothing after "loss" to impair them. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

3. Bankruptcy

Bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Coverage Form.

4. Policy Period, Coverage Territory

Under this Coverage Form:

a. We will pay damages from "loss" caused:

- (1) During the policy period shown in the Declarations; and
- (2) Within the coverage territory.

b. The coverage territory is:

- (1) The United States of America;

WAREHOUSEMAN'S LEGAL LIABILITY COVERAGE FORM

- (2) Puerto Rico; and
- (3) Canada.

5. Separation of Insureds

The insurance under this Coverage Form applies separately to you and each additional insured, except with respect to the Limits Of Insurance.

6. Protective Safeguards

You must maintain the protective safeguards stated by you to be in effect at a location when this coverage began.

If you fail to keep the protective safeguards:

- a. In working condition at a location; and
- b. In operation when you are closed to business;

coverage to which the protective safeguards apply is automatically suspended at that location. This suspension will last until the equipment or services are back in operation.

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Suit" means a civil proceeding in which damages because of direct physical "loss" to Covered Property are alleged. "Suit" includes an arbitration proceeding to which you must submit or submit with our consent.
3. "Premises" means that portion of the building(s) (including platforms, sidetracks, and areas immediately adjacent and within 100 feet of the building) located at the address(es) shown in the Declarations or Schedule, occupied by you as a public warehouse(s).
4. "Specified causes of loss" means: fire; lightning; explosion; windstorm; hail; smoke; riot; strike; vandalism; theft; leakage from fire extinguishing equipment; aircraft or vehicles; volcanic action; falling objects; weight of snow, ice or sleet; or water damage.
 - a. Falling objects does not include "loss" to:
 - (1) Property in the open; or
 - (2) Property inside a structure, unless the roof or an outside wall of the structure is first damaged by a falling object.
 - b. Water damage means "loss" caused by 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.
5. "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.