

CONTRACTORS EQUIPMENT COVERAGE FORM

ENVIRONMENTAL SERVICES BUSINESSOWNERS INLAND MARINE COVERAGE

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 **G. Definitions**

A. Coverage

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means the following property described in the Declarations:

Contractors equipment owned by you or in your care, custody or control.

2. Property Not Covered

Covered Property does not include:

a. Automobiles, motor trucks, trailers or other vehicles licensed for use on public roads. Except:

- (1) Unlicensed vehicles which are not operated on public roadways; however, are built for public roadway use; or
- (2) Self-propelled vehicles built and utilized for carrying equipment attached to them.

b. Aircraft or watercraft;

c. Plans, blueprints, designs or specifications;

d. Property while waterborne, except while in transit on ferries operating on the navigable waters of the Continental United States and Canada (other than to or from Alaska);

e. Property while under water or while being used in underground mining, tunneling or similar operations;

f. Property that you loan, lease or rent to others;

g. Contraband, or property in the course of illegal transportation or trade; or

h. Tools and clothing belonging to your employees;

i. Accessories, whether or not attached to Covered Property; or

j. Spare parts, that are specifically designed and intended for use in the maintenance and operation of Covered Property.

3. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

4. Additional Coverages

The Limits of Insurance shown in Paragraph **A.4. Additional Coverages** are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property, except with respect to Debris Removal Additional Coverage in Paragraph **A.4.a.(3)**.

a. Debris Removal

(1) We will pay your expenses to remove debris 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 in writing within 180 days of the date of direct physical loss or damage.

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss or damage to Covered Property; plus

(b) The deductible in this Policy applicable to that loss or damage.

(3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:

(a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or

(b) The debris removal expense exceeds the amount payable under the 25% limitation;

we will pay up to an additional \$10,000, unless a different Limit Of Insurance is shown in the Declarations in any one occurrence under this Additional Coverage.

(4) This Additional Coverage does not apply to costs to:

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

b. False Pretense

We will pay for loss or damage to Covered Property when you, your agents, consignees or customers voluntarily part with the covered property due to:

- (1) Having accepted false bills of lading or shipping receipts; or
- (2) Someone causing you to voluntarily part with the covered property by trick, scheme, device or under false pretense.

Coverage is excluded, for loss or damage to property which is otherwise covered, when the person committing the wrongful act is an employee.

The most we will pay under this Additional Coverage is \$25,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

c. Preservation Of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 90 days after the property is first moved.

d. Rewards

(1) We will reimburse you for rewards paid as follows:

- (a) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:
 - (i) Replacement Cost of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

- (ii) The amount determined by the loss settlement procedure applicable to the Covered Property.

(b) Up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for the return of stolen Covered Property, when loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

- (i) Replacement Cost based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or
- (ii) The amount determined by the loss settlement procedure applicable to the Covered Property returned.

(2) This Additional Coverage applies subject to the following conditions:

(a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the necessary information or return the stolen Covered Property, and who is not:

- (i) You or any family member;
- (ii) Your employee or any of his or her family members;
- (iii) An employee of a law enforcement agency;
- (iv) An employee of a business engaged in property protection;
- (v) Any person who had custody of the Covered Property at the time the theft was committed; or
- (vi) Any person involved in the crime.

(b) There will be no reimbursement for a reward paid unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.

(c) The amount of the reward is the most we will reimburse under this Additional Coverage for loss in any one occurrence.

(d) The insured must have posted public notice of the reward prior to the person having been first to voluntarily provide the necessary information or return the stolen Covered Property.

5. Additional Coverages

The Limits of Insurance shown in Paragraph **A.5. Additional Coverages** are separate from, and will not reduce, the Limit Of Insurance shown in the Declarations as applicable to the Covered Property.

a. Additionally Acquired Property

If during the policy period you acquire additional property of a type already covered by this Coverage Form, we will cover such equipment for up to 60 days, but not beyond the end of the policy period.

The most we will pay for loss or damage is the lesser of:

- (1) 25% of the total Limit Of Insurance shown in the Declarations for all scheduled equipment; or
- (2) \$50,000; unless a different Limit Of Insurance is shown in the Declarations.

You will report values of such property to us within 60 days from the date you take possession and will pay any additional premium due. If you do not report such property, coverage will cease automatically 60 days after the date the property is acquired or at the end of the policy period, whichever occurs first.

b. Employee Tools And Clothing

We will pay for loss or damage to tools and clothing belonging to your employees that is caused by or results from a Covered Cause of Loss while:

- (1) At job sites; or
- (2) In transit in your vehicles.

With respect to this Additional Coverage provided, Paragraph **A.2.h.** is deleted.

The most we will pay under this Additional Coverage is \$5,000 per occurrence, but not more than \$1,000 per employee, unless different Limits Of Insurance are shown in the Declarations.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Fire Extinguishing Systems Expense

(1) We will pay:

(a) The cost of recharging your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) or replacing the fire extinguishers or fire extinguishing systems, whichever is less, when the need to recharge or replace is caused by a Covered Cause of Loss;

(b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguishing system.

(2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.

(3) The most we will pay under this Additional Coverage is \$10,000 in any one occurrence, unless a different Limit Of Insurance is shown in the Declarations.

e. Pollutant Cleanup And Removal

We will 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 or results from 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 on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$25,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

f. Rental Reimbursement

- (1) We will pay you the actual rental expenses for renting equipment when all of the following apply:
 - (a) You have a loss to Covered Property;
 - (b) The equipment is necessary to continue as much as possible the normal operations or work in process; and
 - (c) You do not have the equivalent, idle equipment available.
- (2) Payment is limited to expense incurred during the period immediately following a 72-hour waiting period, unless a different waiting period is shown in the Declarations, after the covered loss occurs and ending when the Covered Property has been:
 - (a) Replaced;
 - (b) Restored to service; or
 - (c) Is no longer needed;whichever occurs first.
- (3) You and we agree that the Covered Property involved in the loss will be repaired promptly.

The most we will pay under this Additional Coverage is \$10,000 per occurrence, but not more than \$500 per day, unless different Limits Of Insurance are shown in the Declarations.

g. Trailers And Contents

We will pay for loss or damage to your owned, leased or rented office and construction trailers and their contents that is caused by or results from a Covered Cause of Loss. However, this Additional Coverage does not include coverage for contractors tools.

The most we will pay under this Additional Coverage is \$25,000 for office and construction trailers and their contents per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

B.Optional Coverages

The following Optional Coverages apply if they are selected on the Declarations:

1. Equipment Borrowed From Others

We will pay for loss or damage to contractors equipment that you borrow from others and that is in your care, custody or control and that is caused by or results from a Covered Cause of Loss. This coverage does not apply to any Covered Property specifically scheduled in the Declarations.

The most we will pay under this Optional Coverage is the applicable Limit Of Insurance shown in the Declarations.

The limit for this Optional Coverage is in addition to the Limit of Insurance.

2. Equipment Leased Or Rented From Others

We will pay for loss or damage to contractors equipment that you lease or rent from others under a written agreement and are held legally liable and that is caused by or results from a Covered Cause of Loss. This coverage does not apply to any Covered Property specifically scheduled in the Declarations.

The most we will pay under this Optional Coverage is the applicable Limit Of Insurance shown in the Declarations.

The limit for this Optional Coverage is in addition to the Limit of Insurance.

3. Equipment Loaned To Others

We will pay for loss or damage to contractors equipment you own but loan to others for a period of less than 12 months and that is caused by or results from a Covered Cause of Loss.

With respect to this Optional Coverage provided, "loan" is deleted from Paragraph **A.2.f.**

The most we will pay under this Optional Coverage is the applicable Limit Of Insurance shown in the Declarations.

This Optional Coverage does not increase the applicable Limit Of Insurance for Covered Property shown in the Declarations.

4. Equipment Leased Or Rented To Others

We will pay for loss or damage to contractors equipment you own but lease or rent to others under a written agreement and that is caused by or results from a Covered Cause of Loss.

With respect to this Optional Coverage provided, "lease or rent" is deleted from Paragraph **A.2.f.**

The most we will pay under this Optional Coverage is the applicable Limit Of Insurance shown in the Declarations.

This Optional Coverage does not increase the applicable Limit Of Insurance for Covered Property shown in the Declarations.

5. Waterborne

We will pay for loss or damage to Covered Property while waterborne that is caused by or results from a Covered Cause of Loss.

With respect to this Optional Coverage provided, Paragraph **A.2.d.** is deleted.

The most we will pay under this Optional Coverage is the applicable Limit Of Insurance shown in the Declarations.

This Optional Coverage does not increase the applicable Limit Of Insurance for Covered Property shown in the Declarations.

C. Exclusions

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

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage 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 the fire would be covered under this Coverage Form.

b. Nuclear Hazard

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 direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.

c. War And Military Action

- (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.

Exclusions **C.1.a.** through **C.1.c.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.

- b. Dishonest or criminal act (including theft) committed by:

- (1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees or authorized representatives;

- (2) A manager or a member if you are a limited liability company; or

- (3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

- c. Work upon the property.

But if work upon the property results in fire or explosion, we will pay for direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this Coverage Form.

- d. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or

- (2) Device, appliance, system or network utilizing cellular or satellite technology;

creating a short circuit or other electric disturbance within an article covered under this Coverage Form.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes, but is not limited to, electrical current, including arcing; electrical charge produced or conducted by a magnetic or electromagnetic field; pulse of electromagnetic energy; electromagnetic waves or microwaves.

But if artificially generated electrical, magnetic or electromagnetic energy, as described above, results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this Coverage Form.

This exclusion only applies to loss or damage to that article in which the disturbance occurs.

- e. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense, except as provided in the Additional Coverages, Section **A.4.b.** False Pretense.
- f. Unauthorized instructions to transfer property to any person or to any place.
- g. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- h. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

- 3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Wear and tear, depreciation.
- b. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration.
- c. Insects, vermin, rodents.
- d. Corrosion, rust.
- e. Mechanical breakdown or failure of the Covered Property.

D. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

E. Deductible

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

If a percentage deductible is shown in the Declarations to determine the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage (as shown in the Declarations) of the value of the property that has sustained loss or damage, subject to any minimum or maximum dollar amount shown in the Declarations. The value of the property damaged is the actual cash value, unless a different valuation applies for such property.

However, when reporting for Covered Property is shown in the Declarations, the following is added with respect to a percentage deductible:

- 1. If the most recent Report of Values shows less than the actual cash value or replacement cost, if shown in the Declarations, of the property on the report date, we will determine the deductible amount as a percentage of such valuation as of the report date.
- 2. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value or replacement cost, if shown in the Declarations, of the property as of the time of loss or damage.

F. Additional Conditions

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. Coverage Territory

- a. We cover property wherever located within:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.
- b. We also cover property being shipped by air within and between points in Paragraph **a.**

2. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

We will not pay the full amount of any loss or damage if the value of an item of Covered Property at the time of loss or damage times the Coinsurance percentage is greater than the Limit of Insurance for the item.

Instead, we will determine the most we will pay using the following steps:

- a. Multiply the value of the item of Covered Property at the time of loss or damage by the Coinsurance percentage;
- b. Divide the Limit of Insurance of the property by the figure determined in Step **a.**;

- c. Multiply the total amount of loss or damage, before the application of any deductible, by the figure determined in Step **b.**; and
- d. Subtract the deductible from the figure determined in Step **c.**

We will pay the amount determined in Step **d.** or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

This provision does not apply to blanket property, Additional Coverages or Optional Coverages.

3. Valuation

When Replacement Cost for Covered Property not more than five years old (unless a different age is shown in the Declarations) as of the expiration of this Policy, based on the manufacturer's model year, is shown as applying in the Declarations the **Valuation** General Condition in the Commercial Inland Marine Conditions is replaced by the following:

We will determine the value of Covered Property in the event of a loss or damage at replacement cost as of the time of loss or damage. Replacement cost is the cost to replace Covered Property at the time of loss or damage without deduction for depreciation.

- a. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage replacement cost provides if you notify us of your intent to do so within 180 days after the loss or damage.
- b. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement is made as soon as reasonably possible after the loss or damage.

Instead, we will pay on actual cash value basis.

- c. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
- d. With respect to replacement cost on the property of others, the following limitation applies:

If an item(s) of property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

G. Definitions

"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.