

SUPPLEMENTAL ENVIRONMENTAL AUTOMOBILE LIABILITYSM POLICY

VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE. READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED. LEGAL DEFENSE COSTS REDUCE THE LIMITS OF INSURANCE AND ARE INCLUDED IN THE DEDUCTIBLE AMOUNT.

WORDS AND PHRASES THAT APPEAR IN BOLD HAVE SPECIAL MEANING. REFER TO SECTION V. DEFINITIONS.

I. COVERAGES

- A. We will pay all sums the **Insured** legally must pay as **Loss** because of **Bodily Injury, Property Damage or Cleanup Costs** caused by a **Pollution Release** from **Transported Cargo** which is carried by a **Covered Auto**. The **Pollution Release** must commence during the policy period shown in the Declarations, and must be unexpected and unintended from the standpoint of the **Insured**.
- B. We have the right and duty to defend the **Insured** against a **Suit** seeking **Loss** covered under Paragraph A. above. However, we have no duty to defend the **Insured** against a **Suit** for **Bodily Injury, Property Damage or Cleanup Costs** to which this insurance does not apply. We may investigate and settle any claim or **Suit** as we consider appropriate. Our duty to defend or settle ends when the Limit of Insurance has been exhausted by payment of judgments, settlements, or **Claim Expenses**. **Claims Expenses** are included in the definition of **Loss** as described in Section V. DEFINITIONS, reduce the applicable Limit of Insurance as described in Section III. LIMITS OF INSURANCE and are included in the Deductible amount shown in the Declarations.

We shall have the right but not the duty to participate in decisions regarding **Cleanup Costs** and to assume direct control over all aspects of the **Cleanup**.

II. EXCLUSIONS

This insurance does not apply to any of the following:

- A. Liability assumed under any contract or agreement. But this exclusion does not apply to liability for **Loss**:
1. Assumed in a contract or agreement that is an **Insured Contract**, provided the **Bodily Injury, Property Damage or Cleanup Costs** occurs subsequent to the execution of the contract or agreement; or
 2. That the **Insured** would have in the absence of the contract or agreement.
- B. Any obligation for which the **Insured** or the **Insured's** insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.
- C. **Bodily Injury** to:
1. An employee of the **Insured** arising out of and in the course of employment by the **Insured**; or
 2. The spouse, child, parent, brother or sister of that employee as a consequence of Paragraph 1. above.

This exclusion applies:

1. Whether the **Insured** may be liable as an employer or in any other capacity; and
2. To any obligation to share **Loss** with or repay someone else who must pay **Loss** because of the injury.

NOTICE: THIS INSURER IS NOT LICENSED IN THE STATE OF NEW YORK AND IS NOT SUBJECT TO ITS SUPERVISION

But this exclusion does not apply to liability assumed by the **Insured** under an **Insured Contract**.

- D. **Bodily Injury** to any fellow employee of the **Insured** arising out of and in the course of the fellow employee's employment.
- E. 1. **Property Damage** to a **Covered Auto**;
2. **Property Damage** to or **Cleanup Costs** on, in or under property owned or transported by the **Insured** or in the **Insured's** care, custody or control.
- F. **Bodily Injury, Property Damage** or **Cleanup Costs** resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to a **Covered Auto**.
- G. **Bodily Injury, Property Damage** or **Cleanup Costs** arising out of the operation of any equipment listed in Paragraphs 6.(b) and 6.(c) of the definition of **Mobile Equipment**.
- H. **Bodily Injury, Property Damage** or **Cleanup Costs** due to riot, civil unrest, acts of terrorism, and war, whether or not declared, or any act or condition incidental thereto. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.
- I. **Covered Autos** while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that **Covered Auto** is being prepared for such a contest or activity.
- J. **Bodily Injury, Property Damage, or Cleanup Costs** caused by a **Pollution Release** arising out of **Wrongful Delivery**.
- K. **Bodily Injury, Property Damage, Cleanup Costs, or Claims/Expenses** covered by any other valid and collectible insurance.

III. LIMITS OF INSURANCE

Regardless of the number of **Covered Autos, Insureds, Pollution Releases, claims, claimants or Suits**:

A. EACH INCIDENT

The most **we** will pay for the total of all **Loss** and **Claim Expenses** arising from the same or related **Pollution Release** shall not exceed the amount stated in Item 3 of the Declarations as applicable to "Each Incident".

B. AGGREGATE

Subject to Paragraph A. above, the most **we** will pay for the total of all **Loss** and **Claim Expenses** covered under this policy shall not exceed the amount stated in Item 3 of the Declarations as "Aggregate".

C. DEDUCTIBLE

Subject to the foregoing Paragraphs A. and B. of this Section III., **we** will pay covered **Loss** and **Claim Expenses** in excess of the Deductible amount stated in Item 4 of the Declarations, up to but not exceeding the "Each Incident" limit of coverage. The Deductible amount applies to all **Loss** and **Claim Expenses** from the same or related **Pollution Release**.

The **Insured** shall promptly reimburse **us** for advancing any element of **Loss** or **Claim Expenses** falling within the Deductible.

IV. CONDITIONS

A. RIGHTS AND DUTIES IN THE EVENT OF A POLLUTION RELEASE OR SUIT

1. Regardless of whether resultant **Loss** would exceed the Deductible amount stated in the Declarations, in the event of a **Pollution Release**, claim or **Suit**, the **Insured** must give **us** prompt notice by reporting it to:

Manager, Pollution Insurance Products Dept.
Chartis Claims, Inc.
Attn.: CID
101 Hudson Street, 31st Floor
Jersey City, NJ 07302
Fax: 866-260-0104
Email: severityfnol@chartisinsurance.com

or such other address(es) as **we** may substitute in writing.

2. The **Insured** must furnish **us** with information **we** request. In the event of a claim or **Suit**, the **Insured** shall forward to **us** as soon as practicable after receipt:
 - (a) All correspondence between the **Insured** and any third party claimant;
 - (b) All demands, summons, notices or other processes or papers filed with a court of law, administrative agency or an investigative body;
 - (c) All technical reports, laboratory data, field notes or any other documents generated by persons hired by the **Insured** to investigate the claim or **Suit**;
 - (d) All expert reports, investigations and data collected by experts retained by the **Insured**, whether or not the **Insured** intends to use the material for any purpose; and
 - (e) Any other information developed or discovered by the **Insured** concerning the claim or **Suit**, whether or not deemed by the **Insured** to be relevant to the claim or **Suit**.
3.
 - (a) The **Insured** shall cooperate with **us** to the fullest extent possible by providing the assistance necessary to adjust, investigate, and defend the claim or **Suit**, and shall participate in discussions regarding **Clean-up** or performance of a **Clean-up** should **we** exercise **our** rights under Paragraph 4. of this Condition.
 - (b) The **Insured** agrees to provide **us** with free access to interview any employee, agent, representative, or independent contractor of the **Insured** and review any documents of the **Insured** concerning the claim or **Suit**.
 - (c) Upon **our** request, the **Insured** shall attend hearings, depositions, and trials, assist in effecting settlements, securing and giving evidence, and obtaining the attendance of witnesses, and offer all reasonable assistance in the investigation and defense of claims or **Suits** under this Policy.
 - (d) The **Insured** shall not admit liability, waive, or extend any statute or period of limitation, or, except at such **Insured's** own cost, voluntarily make any payment, assume any obligation, or incur any expense without **our** prior written consent. However, in case of emergency the **Insured** may incur **Clean-up Costs** to avert or mitigate the immediate danger of **Property Damage, Bodily Injury** or further **Clean-up Costs**, provided the **Insured** obtains **our** consent to such **Clean-up Costs** as soon as practicable after they are incurred.
 - (e) The **Insured**, as often as **we** may reasonably require, shall submit to examination(s) under oath.
 - (f) The **Insured** shall refrain from discussing the facts and circumstances of any claim or **Suit** with anyone other than legal counsel or **our** representatives.

4. **We** shall have the right but not the duty to participate in decisions regarding **Cleanup Costs** and to assume direct control over all aspects of the **Cleanup** and the adjustment of any claim up to the Limit of Insurance. In case of the exercise of this right, the **Insured**, upon **our** demand, shall promptly reimburse **us** for any element of **Loss** falling within the **Insured's** deductible.

B. LEGAL ACTION AGAINST US

No one may bring a legal action against **us** under this policy until:

1. There has been full compliance with all the terms of this policy; and
2. **We** agree in writing that the **Insured** has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring **us** into an action to determine the **Insured's** liability.

C. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom **we** make payment under this policy has rights to recover damages from another, those rights are transferred to **us**. That person or organization must do everything necessary to secure **our** rights and must do nothing to impair them.

Any recovery as a result of subrogation proceedings arising out of the payment of **Loss** covered under this policy shall accrue first to the **Insured** to the extent of any payments in excess of the Limit of Insurance; then to **us** to the extent of **our** payment under the policy; and then to the **Insured** to the extent of its Deductible. Expenses incurred in such subrogation proceedings shall be apportioned among the interested parties in the recovery in the proportion that each interested party's share in the recovery bears to the total recovery.

D. BANKRUPTCY

Bankruptcy or insolvency of the **Insured** or the **Insured's** estate will not relieve **us** of any obligation under this policy.

E. CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy is void in any case of fraud by the **Insured** at any time as it relates to this policy. It is also void if the **Insured**, at any time, intentionally conceals or misrepresents a material fact concerning:

1. This policy;
2. A **Covered Auto**;
3. The **Insured's** interest in the **Covered Auto**; or
4. A claim under this policy.

F. COVERAGE TERRITORY

We cover **Pollution Releases** only within the coverage territory.

The coverage territory is:

1. The United States of America;
2. The territories and possessions of the United States of America;
3. Puerto Rico; and
4. Canada.

G. ASSIGNMENT

This policy may not be assigned without **our** prior written consent. Assignment of interest under this policy shall not bind **us** until **our** consent is endorsed thereon.

H. CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop **us** from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

I. SOLE AGENT

The **Named Insured** first listed in the Declarations shall act on behalf of all other **Insureds**, if any, for the payment or return of premium, receipt and acceptance of any endorsement issued to form a part of this policy, and giving and receiving notice of cancellation or nonrenewal.

J. CANCELLATION

This policy may be cancelled by the **Named Insured** by surrender thereof to **us** or any of **our** authorized agents or by mailing to **us** written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by **us** by mailing to the **Named Insured** at the address shown in the policy, written notice stating when not less than 30 days (10 days for nonpayment of premium) thereafter such cancellation shall be effective. Proof of mailing of such notice shall be sufficient proof of notice.

The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice either by the **Named Insured** or by **us** shall be equivalent to mailing. If the **Named Insured** cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If **we** cancel, earned premium shall be computed pro rata. Premium adjustment may be either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

K. REPRESENTATIONS

By acceptance of this policy, the **Named Insured** agrees that the statements in the Declarations and Application are its agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between the **Insured** and **us** or any of **our** agents relating to this insurance.

L. SERVICE OF SUIT

It is agreed that in the event of **our** failure to pay any amount claimed to be due hereunder, **we**, at the request of the **Insured**, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of **our** rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Counsel, Legal Department, 175 Water Street, New York, New York 10038, or his or her representative, and that in any suit instituted against **us** upon this contract, **we** will abide by the final decision of such court or of any appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, **we** hereby designate the Superintendent, Commissioner, Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office

as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the **Insured** or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the above named Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

V. DEFINITIONS

- A. Auto** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads but does not include **mobile equipment**.
- B. Bodily Injury** means physical injury, or sickness, disease, mental anguish or emotional distress when accompanied by physical injury, sustained by any person, including death resulting therefrom, caused by a **Pollution Release**.
- C. Cargo** means goods, products or wastes carried for delivery on or within a **Covered Auto** that is properly licensed to transport such goods, products or wastes.
- D. Claim Expenses** means:

1. Fees charged by any lawyer designated by **us**; and
2. All other fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a claim or **Suit**, if authorized by **us**.

Claim Expenses shall not include:

1. The salaries of any employee of **ours**; and
 2. Costs, charges or other expenses incurred by the **Insured** for goods supplied or services performed by or on behalf of the staff or salaried employees of the **Insured**, or its parent, subsidiary or affiliate, unless such costs, charges or other expenses are incurred with **our** prior written approval, in **our** sole discretion.
- E. Cleanup** means the removal or remediation of soil, surface water, groundwater, or other contamination resulting from a **Pollution Release**.
- F. Cleanup Costs** means expenses incurred in the removal or remediation of soil, surface water, groundwater, or other contamination resulting from a **Pollution Release**, provided such expenses:
1. Are specifically mandated by any governmental entity duly acting under the authority of environmental law(s); or
 2. Have been actually incurred by a governmental entity or by a third party.
- G. Covered Auto** means the following numerical symbols provided they are listed in Item 5 of the Declarations, and any other symbols which are listed and described in Item 5 of the Declarations.

DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS

SYMBOL	DESCRIPTION
81	= ANY AUTOS.
82	= OWNED AUTOS ONLY. Only the autos the Insured owns (and for Liability Coverage any trailers the Insured does not own while connected to a power unit the Insured owns). This includes those autos the Insured acquires ownership of after the policy begins.

- 83 = OWNED COMMERCIAL **AUTOS** ONLY. Only those trucks, tractors and trailers the **Insured** owns (and for Liability Coverage any trailers the **insured** does not own while connected to a power unit the **Insured** owns). This includes those trucks, tractors and trailers the **Insured** acquires ownership of after the policy begins.
- 87 = HIRED **AUTOS** ONLY. Only those **autos** the **Insured** leases, hires, rents or borrows. This does not include any private passenger type **auto** the **Insured** leases, hires, rents or borrows from the **Insured**, any of its employees, partners or agents.
- 88 = TRAILERS IN THE **INSURED'S** POSSESSION UNDER A WRITTEN TRAILER OR EQUIPMENT INTERCHANGE AGREEMENT. Only those trailers the **Insured** does not own while in the **Insured's** possession under a written trailer or equipment interchange agreement in which the **Insured** assumes liability for loss to the trailers while in the **Insured's** possession.
- 89 = YOUR TRAILERS IN THE POSSESSION OF ANYONE ELSE UNDER A WRITTEN TRAILER INTERCHANGE AGREEMENT. Only those trailers the **Insured** owns or hires while in the possession of anyone else under a written trailer interchange agreement.

H. Insured means:

1. The **Named Insured**;
2. Any person who is or was a director, officer, partner, or employee of the **Named Insured** while acting within the scope of his/her duties as such.

I. Insured Contract means:

1. A lease of premises;
2. A sidetrack agreement;
3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
5. That part of any other contract or agreement pertaining to the **Insured's** business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for **Bodily Injury** or **Property Damage** to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;
6. That part of any contract or agreement, entered into as part of the **Insured's** business, pertaining to the rental or lease, by you or any of the **Insured's** employees, of any **auto**. However, such contract or agreement shall not be considered an **insured contract** to the extent that it obligates the **Insured** or any of the **Insured's** employees to pay for **Property Damage** to any **auto** rented or leased by the **Insured** or any of the **Insured's** employees.

An **Insured Contract** does not include that part of any contract or agreement:

- (a) That indemnifies any person or organization for **Bodily Injury** or **Property Damage** arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing; or
- (b) That pertains to the loan, lease or rental of an **auto** to the **Insured** or any of the **Insured's** employees, if the **auto** is loaned, leased or rented with a driver; or

- (c) That holds a person or organization engaged in the business of transporting property by **auto** for hire harmless for the **Insured's** use of a covered **auto** over a route or territory that person or organization is authorized to serve by public authority.

J. Loss means:

1. Monetary awards or settlements of compensatory damages arising from **Bodily Injury** or **Property Damage**; or
2. **Cleanup costs**.

K. Mobile Equipment means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on premises owned or rented by the **Named Insured**;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (a) Power cranes, shovels, loaders or drills; or
 - (b) Road construction or resurfacing equipment such as graders, scrapers or rollers.
5. Vehicles not described in 1, 2, 3, or 4 above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (a) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment, or
 - (b) Cherry pickers and similar devices used to raise or lower workers.
6. Vehicles not described in 1, 2, 3, 4, or 5 above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not **Mobile Equipment** but will be considered **Motor Vehicles**.

(a) Equipment designed primarily for:

- (i) Snow removal;
 - (ii) Road maintenance, but not construction or resurfacing; or
 - (iii) Street cleaning.
- (b) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers, and
- (c) Air compressors, pumps and generators, including welding, geophysical exploration, lighting and well servicing equipment, but not including spraying or building cleaning.

L. **Pollution Release** means the release of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water.

M. **Property Damage** means:

1. Physical injury to or destruction of tangible property including the resulting loss of use thereof; or
2. Loss of use of tangible property that has not been physically injured or destroyed;

Provided that such physical injury or destruction, or loss of use is caused by a **Pollution Release**.

N. **Suit** means a legal proceeding in court or an administrative proceeding brought by an environmental agency, which seeks compensatory damages for **Bodily Injury** or **Property Damage**, or **Cleanup Costs**.

O. **Transported Cargo** means **Cargo** after it is moved from the place where it is accepted by the **Insured** for movement into or onto the **Covered Auto**, until the **Cargo** is moved from the **Covered Auto** to the place it is finally delivered by the **Insured**. **Transported Cargo** also includes **Cargo** during the loading or unloading to or from a **Covered Auto**, provided that the loading or unloading is performed by the **Insured**. **Transported Cargo** does not include **Cargo** at rest for a period longer than seventy-two (72) hours, after it has been accepted by the **Insured** for movement into or onto a **Covered Auto** but before it reaches the place of final delivery.

P. **We, us** and **our** means the company issuing this insurance.

Q. **Wrongful Delivery** means the delivery of any **Cargo** into the wrong receptacle or to the wrong address, or the delivery of one type of **Cargo** in error for another.

The remainder of this page has been intentionally left blank. Policy Signature Page shall immediately follow.

Specimen