

**TRANSPORTATION BROKER LEGAL LIABILITY POLICY
 RENEWAL POLICY
 POLICY NUMBER: 613104-002**

DECLARATIONS

NAME INSURED: Fab Freight

MAILING ADDRESS: Box 45 GRP RR
 Lorette, MB, R0A 0Y0

POLICY PERIOD: **FROM:** November 30, 2014 **TO:** November 30, 2015
 12.01 a.m. standard time at the mailing address of the Named Insured as stated herein.

COVERAGES: Legal Liability

GEOGRAPHIC LIMITS: Canada and/or USA

LIMITS OF INSURANCE:

	Limits (per occurrence)	Aggregate
Cargo Legal Liability	\$500,000	\$500,000
Error and Omissions	\$500,000	\$500,000
Contingent Liability	\$500,000	\$500,000

DEPOSIT PREMIUM PAYABLE: \$2,750.00

MINIMUM RETAINED: 100 %

ADJUSTMENT RATE: 0.1750 %

GROSS RECEIPTS: \$1,800,000

BROKER: Rempel Insurance Brokers Ltd
 Box 520-207 Main Street South
 Morris, MB, R0G 1K0

DEDUCTIBLE: \$250 CAD on any one occurrence

OTHER DEDUCTIBLE: N/A

BUSINESS OF THE INSURED: Freight Broker

CLIENTS' COMMODITIES: General Dry Freight

LOSS PAYEE: Claim, if any, under this policy shall be adjusted with and payable to the Insured and the owner of the Property lost &/or damaged.

COMPANY PROVIDING INSURANCE: Refer to the List of Subscribing Companies Endorsement

In consideration of the payment of the premium as agreed hereunder, the Insurers listed on the List of Subscribing Companies hereby agree to indemnify the Insured for loss and/or damage as hereinafter set forth, subject to the terms contained herein or which may be endorsed hereon and the Transportation Broker Legal Liability Insuring Conditions referentially incorporated herein as provided for below. If the Insured makes any claim knowing it to be false or fraudulent, as regards amount or otherwise, this policy shall become void and all claims hereunder shall be forfeited.

Indemnification Clause

The Insurers shall not be required to indemnify the Insured for an amount greater than the least of: (1) the Insured's legal liability for loss or damage to Property of its clients; (2) the actual depreciated market value of the Property at the time and place where it was lost or damaged; and (3) the cost to repair or replace the Property in like conditions and quality at the time of its loss or damage

Insuring Conditions:

The Transportation Broker Liability Policy Insuring Conditions attached.

Warranties:

Warranted that all carriers with whom the Insured contracts for the purpose of transporting the property have their own legal liability insurance arrangements and that they submitted to the Insured a PROOF OF INSURANCE for at least the value of the load carried.

Warranted that the insurance provided by this policy does not apply to or cover cargo in vehicles owned, leased or operated by the named insured, their agents or employees.

Warranted that the insured shall issue no Bill of Lading or contract which states or could be interpreted to mean that the insured is acting as a carrier or in any capacity other than that of a transit load/transportation broker as hereinabove defined.

IMPORTANT NOTE:

THE TRANSPORTATION BROKER LEGAL LIABILITY INSURING CONDITIONS SHOULD BE CAREFULLY READ AND CONSIDERED AS THEY CONTAIN TERMS WHICH DEFINE THE SCOPE OF COVERAGE, WARRANTIES, COVERAGE EXCLUSIONS, EXCLUSIONS PERTAINING TO PROPERTY, PRESCRIPTION PERIOD PERTAINING TO ACTIONS AGAINST THE INSURERS. CHOICE OF JURISDICTION AND APPLICABLE LAW PROVISIONS AND OTHER IMPORTANT CONDITIONS.

The parties agree that the present be drafted in the English language. Les parties conviennent que la présente soit rédigée dans la langue anglaise.



Signed on behalf of the Company by Strategic Underwriting Managers Inc. on behalf of the Companies providing Insurance.

Authorized Representative

NAME OF INSURED: Fab Freight

POLICY NUMBER: 613104-002

Schedule of Endorsements (not applicable if blank)

Economic Sanctions: This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims. All other terms and conditions of the policy remain unchanged.

Named Insured: Fab Freight
Policy Number: 613104-002
Effective Date: November 30, 2014

List of Subscribing Companies

We, the **Subscribing Companies** as shown below or substituted or added by endorsement, will severally and not jointly pay those sums as described in the Limits of Liability as provided in the Declarations for the proportion shown below and in accordance with this Coverage Form(s).

It is agreed that our liability individually as companies shall be limited to the proportion of the Limits of Liability shown below for each Company, and to the same proportion of any loss, claim or expense paid or payable in accordance with the Coverage Form.

Subscribing Companies	Limits of Insurance Percentage	Premium
ACE INA Insurance Co.	80%	\$2,200.00
International Insurance Company of Hannover SE	20%	\$550.00

Transportation Broker Legal Liability Policy Insuring Conditions

Strategic Underwriting Managers Inc.
18 King Street East, Suite 903
Toronto, Ontario M5C 1C4

1. Definitions

“**AIMU**” means the American Institute of Marine Underwriters.

“**AIMU Chemical, Biological, Biochemical and Electromagnetic Exclusion**” means the clause contained in Schedule 2 hereof.

“**AIMU Extended Radioactive Contamination**” Exclusion Clause means the clause contained in Schedule 1 hereof.

“**Application**” means Application for Transportation Broker Legal Liability, Errors & Omissions and Contingent Liability Insurance Policy signed by the Insured and submitted to the Insurer.

“**Broker**” means the Insured’s agent who signed the Application.

“**Contingent Liability**” means the liability of the Insured which arises if the carrier it engages is denied coverage by its legal liability insurer for reasons not attributable to the Insured and which are beyond the control of the Insured.

“**Gross Receipts**” means total charges (collected or uncollected) made in connection with the above operations of the insured during the period of this insurance. No deduction shall be made from the Gross Receipts in respect of any subcontracted work. Gross Receipts is not revenue earned.

“**Insured**” means the Named Insured and includes any representative of the Insured, executive officer, director or stockholder thereof while acting within the scope of his/her duties as such. If the Named Insured is a partnership, the Insured includes any partner thereof but only with respect to his/her liability as such.

“**Insurer**” means the insurers named in the Transportation Broker Liability Policy issued by Ace-Ina Insurance to the Insured.

“**Insuring Conditions**” means the Transportation Broker Legal Liability Policy Insuring Conditions.

“**Legal Liability**” means the condemnation by final judgment or award of any competent court, tribunal or arbitration panel to pay damages to another party.

“**Minimum Retained Premium**” means the amount so specified in the Transportation Broker Liability Policy.

“**Policy**” means the Transportation Broker Liability Policy issued by Ace-Ina Insurance to the Insured.

“Proof of Insurance” means a certificate of insurance signed by the carrier’s broker or by the carrier’s insurer or by the Insurer.

“Terrorism” means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.

“Transportation Broker” means a person or company who/which acts as an intermediary between a shipper and a carrier of goods; this definition shall not be extended under any circumstance to a person or company who/which handles, ships, stores, processes, loads, cares for, has within its custody, or carries goods.

“United States Terrorism Risk Insurance Act Endorsement” means the clause contained in Schedule 3 hereof.

2. Legal Liability Coverage

This insurance covers the legal liability imposed by law upon the Insured when acting as a Transportation Broker arising from hiring the services of carriers pursuant to contracts of carriage evidenced by bills of lading, or otherwise to transport lawful goods or merchandizes (hereinafter called “Property”), within and between Canada, the Continental United States and Mexico

The Insured WARRANTS that all carriers with whom the Insured contracts for the purpose of transporting the Property have in place at all material times proper and valid carrier’s legal liability insurance with a reputable insurance company and that they have submitted to the Insured a proof of insurance for at least the value of the Property carried. Nothing herein should be deemed to extend the coverage granted under this insurance to such carriers.

3. Errors & Omissions Coverage

This insurance covers such liability as the Insured might incur as a result of acts of negligence, errors or omissions committed by its employees, officers and/or directors in the course of the conduct of its business as a Transportation Broker with respect to shipments within &/or between Canada, the Continental United States and Mexico.

4. Contingent Liability Coverage

This insurance is extended to cover “CONTINGENT LIABILITY”: (1) if the Warranty stipulated in clause 2 above has been strictly complied with in all respects; (2) if the legal liability insurer of the carrier engaged by the Insured has denied coverage for reasons not attributable to the Insured and which are beyond the control of the Insured; (3) so long as the existence of this “Contingent Liability” coverage has not been disclosed to the said carrier or to any other party involved unless such disclosure is required by law; and (4) solely to the extent that loss or damage to the Property has been determined by final judgment or by agreement to which the Insurer has given its written consent.

Notwithstanding the applicable policy limit, Contingent Liability coverage is limited to an amount not great than CDN \$2.00 pound of the Property.

In no event shall this insurance inure to the benefit of such carriers or any other party or their insurers.

When any claim is paid under this clause, the Insurer shall be subrogated to all rights of recovery, including rights against any other party involved.

5. Warranties Clause

a) Warranted that all carriers with whom the Insured contracts for the purpose of transporting the Property have their own proper and valid carrier's legal liability insurance with a reputable insurance company and that they have submitted to the Insured a proof of insurance for at least the value of the load carried.

b) Warranted that the insurance provided by this Policy does not apply to or cover property in vehicles owned, leased or operated by the named Insured, its agents and employees.

c) Warranted that the Insured shall not issue any Bill of Lading or sign any contract or otherwise state in writing or communicate orally to any person anything which could be interpreted to mean that the Insured is acting as a carrier or in any capacity other than that of a transportation broker.

6. Premium Adjustment

a) Within thirty (30) days after the expiry dates of this Policy the Insured shall file, in writing, with the Insurer a premium adjustment application showing the "Gross Receipts" (whether collected or not) from the Insured's Brokerage operations. The Actual premium for the expired policy period shall be calculated at the rate noted on the Declaration Page per \$100 of Gross Receipts from the said operations.

b) The Deposit Premium stated on the Declaration Page is provisional and is based on Annual Gross Receipts. Upon the expiry of this policy the actual earned premium shall be calculated on the total "Gross Receipts" reported in accordance with clause 6a) above. If the premium so calculated exceeds the provisional premium the Insured will pay to the Insurer the amount of the excess; if such premium is less than the provisional premium the Insurer will retain in full the Minimum Retained Premium indicated on the Declaration Page.

c) It is warranted by the insured that a detailed record of gross receipts will be maintained, which record shall be open for the inspection by a duly authorized representative of the Insurer at all reasonable times during the policy period and for one year thereafter.

d) In the event of cancellation, the Insured agrees to render to the Insurer a statement of the true and correct "Gross Receipts" up to the effective date of cancellation. The earned premium shall then be calculated on the amount of "Gross Receipts" so reported at the rate specified in above. If the premium so calculated exceeds the provisional premium the Insured will pay the Insurer the amount of the excess; if the earned premium is less than the Minimum Retained Premium as indicated above on the Declaration Page, such Minimum Retained Premium is deemed fully earned by the Insurer.

7. Exclusions

The Insurer shall not be liable, nor shall this policy cover any claims or suits for loss, damage or destruction arising from the following:

- a) loss or damage caused by or resulting from infidelity and/or dishonestly of the Insured including its employees, officers and directors;
- b) loss or damage as a consequence of delay, loss of market, or loss of use;
- c) mysterious or unexplained loss;
- d) loss or shortage disclosed upon taking inventory;
- e) loss of or damage caused by strikers, locked out workmen, or persons taking part in labour disturbances;
- f) loss or of damage arising from capture, seizure or detention, or from any attempt thereat or the consequences therefrom;
- g) loss or of damage arising from war, invasion, hostilities, rebellion, insurrection, seizure or destructions under quarantine;
- h) loss of or a damage arising from customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation and/or trade;
- i) claims for punitive, exemplary or multiplied damages;
- j) claims made by any person or corporation employed or in any manner controlled or directed by the Insured, including claims arising from any dispute between the Insured and any related, associated, subsidiary, sister, or parent company;
- k) claims for or arising from injury to persons including bodily injury or sickness, physical condition, mental anguish, emotional distress or death;
- l) claims resulting from arrest, imprisonment, detention of goods or people, libel, slander, defamation of character, discrimination and/or harassment; wrongful entry into premises,
- m) eviction, invasion of any right of privacy, malicious prosecution, advertising offences, infringement of intellectual property, plagiarism, piracy or misappropriation of an idea, unfair competition, or restraint of trade;
- n) claims resulting from the violation of any law, ordinance or regulation, including claims for fines, penalties, customs duties, taxes, or liquidated damages imposed by a government authority including but not limited to any state, region or local authority;
- o) claims arising from the violation of any antitrust or unfair competition laws or regulations or from unfair or deceptive trade practices;

- p) claims arising out of activity, transaction, or incident involving atomic, nuclear or radioactive energy fuels/materials/products/by-products or devices of any kind, nuclear reactors or nuclear reactor installations, laboratories handling radio-active materials, “critical facilities’, or any installation using any quantity of radioactive isotopes or other products of nuclear fusion or fission;
- q) claims concerning insurance or surety bond advise or arrangements;
- r) claims as defined in the *AIMU Extended Radioactive Contamination Exclusion Clause*;
- s) claims as defined in the *AIMU Chemical, Biological, Biochemical and Electromagnetic Exclusion* clause; and
- t) claims as defined in the *United States Terrorism Risk Insurance Act Endorsement*

8. Property Excluded

- a) The Insurers shall not be liable, nor shall this policy cover any claims or suits for loss, damage or destruction of the following:
 - b) accounts, bills, deeds, evidence of debts, letters of credit, passports, tickets, documents, manuscripts, bank notes, drawings, plans, valuable papers, stamps, securities, currency, money, bullion, precious stones, precious metal, silver, jewellery or other similar valuables, paintings, statuary, artifacts, or other works of art, antiques, or furs, fur-trimmed garments &/or similar interests;
 - c) furs, narcotics, manufactured tobacco products;
 - d) animals, livestock, fish, birds;
 - e) properly illegally acquired, kept, stored or transported, or property seized or confiscated for breach of any law or by order of any public authority;
 - f) property carried &/or stored gratuitously or as an accommodations; and
 - g) computer chips, peripherals etc.

9. Pollution Exclusion Clause

The cover provided by this insurance shall in no case extend to or be deemed to extend to include any claim in respect of or arising directly or indirectly from:

- a) pollution or contamination of any real or personal property or any person or thing whatsoever; and
- b) any measures taken by any person (including measures taken by, on behalf of, or any government or authority) to avert or minimize such pollution or contamination arising from any discharge or escape (whether actual or apprehended).

GENERAL CONDITIONS

1. Notice of Loss

In case of loss or accident which may give rise to a claim under this policy, even if such claim is groundless, false or fraudulent, the Insured agrees to give prompt notice thereof to the Insurer but in no event later than thirty (30) days after occurrence of such loss or accident becomes known to the Insured. Failure to give prompt notice as provided for herein entitles the Insurer to refuse to indemnify and/or to defend the Insured.

2. Cooperation by Insured

The Insurer shall not be liable for any loss, which, without its consent, has been settled or compromised with any other party.

The Insured shall take all reasonable means to protect, safeguard and salvage the Property and shall cooperate with the Insurer in facilitating the investigation and deposition of claims and suits and upon the Insurer's request, shall attend hearing and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of suits; but the Insured shall not, except at his own cost, voluntarily assume any liability nor incur any expense, nor settle any claim without the written consent of the Insurer previously given. The Insurer reserves the right to settle any claim suit or other proceeding, as it may deem expedient.

3. Control of Claims

The Insured shall not make any admission of liability either before or after any occurrence which could result in a claim for which the Insurer may be liable. The Insurer shall not be liable for any loss, which, without its consent, has been settled or compromised with any other party. The Insured shall not interfere in any negotiations of the Insurer for settlement of any legal proceedings in respect of any occurrence for which the Insurer may be liable under this policy, the Insured is obligated to and shall take such steps to protect his and/or the Insurer's interests as would reasonable be taken in the absence of this or similar insurance.

4. Assignment and Transfer

The Insured shall not be entitled to assign or transfer its interest in this Policy.

5. Action Against Insurer

No action shall lie against the Insurer unless; (1) the Insured has fully complied with all the terms of the Policy and the Insuring Conditions; (2) the amount of the Insured's liability shall have been determined either by final judgment or by agreement to which the insurer has given its written consent; and (3) any such action against the Insurer shall be commenced within one year after the cause of action arose and not afterwards.

6. Legal Defense

The Insurer shall defend the Insured subject to the following terms: (1) the claim amount must be in excess of the applicable policy deductible; (2) the Insurer will pay the cost of

defense; (3) the Insurer has the right to appoint and instruct defense counsel; and (4) defense costs fall within the applicable policy limit such that the maximum amount payable by the Insurer whether by indemnification, defense costs or costs payable by court order shall be no more than the applicable policy limit, the whole subject to the Policy terms including the Insuring Conditions and the applicable policy limit.

7. Audit

The Insurer, through any authorized representative and at all reasonable times, shall have access to the Insured's books and records for the purpose of determining any fact relating to this insurance. Any evasion or attempted evasion by the Insured in connection with monthly statements, payment of premium hereunder, or any matter relating to this insurance shall void such Policy and shall be an absolute defense to any suit or action brought under such Policy.

8. Subrogation

The Insurer shall be subrogated to all the rights, which the Insured may have against any other person, or entity, in respect of any claim or payment made under this policy, to the extent of such payment, and the Insured shall, upon the request of the Insurer, execute all documents necessary to secure to the Insurer such rights. The Insured shall do nothing after loss to prejudice such rights.

9. Terrorism Exclusion

The insurance in this Policy does not apply to "bodily injury", "property damage", or "personal injury" arising directly or indirectly, in whole or in part, out of "Terrorism" or out of any activity or decision of a government agency or other entity to prevent, respond to or terminate "terrorism". This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "bodily injury", "property damage", or "personal injury".

10. Concealment or Misrepresentation

The entire Policy shall be void ab initio if the Insured, or his agent, has concealed or misrepresented in writing, or otherwise, any material facts or circumstances concerning this insurance or the subject thereof, or if the Insured or his agent has been guilty of a fraudulent action or attempted fraud or has sworn falsely in reference to any matter or subject relating to this insurance whether before or after a loss.

11. Change of Risk

It is a condition of this insurance that the Insured shall maintain, so far as is written within his or their control, such protective safeguards as were represented by the Insured to be in effect at the time of attachment of this Insurance. Any change material to the risk and within the control and knowledge of the Insured voids the Policy, as to the part affected thereby, unless the change is promptly notified in writing to the Insurer and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the Policy, or may notify the Insured in writing that, if he desires the Policy to continue in force, he must, within fifteen (15) days of receipt of the notice, pay to the Insurer an Additional Premium; and in default of such payment the Policy shall no longer be in force and the Insurer shall return the unearned portion, if any, of the premium paid, subject to the Minimum Retained Premium stated elsewhere in this policy.

12. Other Insurance

Where any other insurance exists in the name of the Insured or to which the Insured may benefit and which covers the Subject Matters of this insurance, the insurance hereunder shall be considered as excess insurance and shall not apply or contribute to the payment of any loss until the amount collectable from such other insurance shall have been exhausted and then shall be liable, subject to the terms and conditions of this Policy only for any excess of the amount payable under such other insurance.

13. Cancellation

The Insured may cancel this policy at any time by delivering or mailing to the insurer a written notice specifying the date upon which the cancellation is to be effective, such cancellation entitling the Insured to a refund of 80% of any premium not earned by the Insurer as of the date of cancellation. The Insurer may cancel the policy by delivering or mailing to the Insured a written notice of not less than thirty (30) days prior to the stated effective date of cancellation and such cancellation by the Insurer will entitle the Insured to a refund of premium computed pro-rata on the unearned portion.

14. Severability

In the event that any part of this agreement is found to be unenforceable, the remainder of this agreement shall continue in full force and effect. The Application, the Policy and the Insuring Conditions embody the entire agreement between the Insured and the Insurer.

15. Choice of Jurisdiction and Applicable Law

The Application, the Policy and the Insuring Conditions shall be governed by, subject to and interpreted in all respects in accordance with the laws of the Province of Ontario and all disputes in connection with or relating thereto shall be referred to the Ontario Superior Court of Justice.

16. Several Liability Clause

The subscribing Insurer's obligations under this contract of insurance are several and not joint and are limited solely to the extent of its individual percentage participation. The subscribing Insurer is not responsible for the subscription of any co-subscribing Insurer which for any reason does not satisfy all or part of its obligations.

17. English Text Clause

The Insured declares and covenants with the Insurer that the policy of insurance has been drawn in the English language and to enable these coverages to be underwritten by the markets offering the requisite facilities, and to permit usage of the necessary clauses in the language of customary issuance and interpretation thereby to avoid confusion, misinterpretation and/or disparity of coverage, as could otherwise be detrimental to his interest.

L'assuré(e) déclare et convient avec l'Assureur que la présente Police d'assurance a été rédigée dans la langue anglaise afin de permettre que ces couvertures soient souscrites par les Marchés offrant les facilités requises et afin de permettre l'usage des clauses nécessaires dans la langue de leur publication et interprétation coutumière, évitant ainsi la confusion, l'erreur d'interprétation et/ou la disparité de couverture qui pourraient autrement être préjudiciables à ses intérêts.

SCHEDULE I

AIMU EXTENDED RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE (March 1, 2003) WITH U.S.A. ENDORSEMENT

This clause shall be paramount and shall override anything contained in this insurance inconsistent herewith.

1. In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to or arising from:
 - 1.1. ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
 - 1.2. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation reactor or other nuclear assembly or nuclear component thereof
 - 1.3. any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
 - 1.4. the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE (U.S.A. ENDORSEMENT)

This insurance is subject to the Extended Radioactive Contamination Exclusion Clause (March 1, 2003) provided that

if fire is an insured peril

and

where the subject matter insured is within the U.S.A., its islands, onshore territories or possessions

and

a fire arises directly or indirectly from one or more the causes detailed in Sub-Clauses 1.1, 1.2 and 1.4 of the Extended Radioactive Contamination Exclusion Clause March 1, 2003 and loss or damage arising directly from that fire shall, subject to the provision of this insurance, be covered, EXCLUDING however any loss damage liability or expense caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from that fire.

SCHEDULE 2

AIMU CHEMICAL, BIOLOGICAL, BIO-CHEMICAL, AND ELECTROMAGNETIC EXCLUSION CLAUSE (March 1, 2003)

This clause shall be paramount and shall override anything contained in this insurance inconsistent herewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to or arising from an actual or threatened act involving a chemical, biological, bio-chemical or electromagnetic weapon, device, agent or material when used in an intentionally hostile manner.

Termination of Transit Clause, Terrorism

It is understood and agreed that this Termination of Transit Clause shall be paramount and absolute, overriding any clause or clauses, or any other provisions stamped or endorsed to this open cargo policy.

1. Notwithstanding any provisions to the contrary contained in this policy, its endorsements, or the clauses referred therein, it is understood and agreed that insofar as this policy covers loss or damage to the subject matter insured directly caused by the act or acts of one or more persons, whether or not agents of a sovereign power, carried out political, terroristic or ideological purposes and whether any loss, damage or expense resulting therefrom is accidental or intentional, such cover is conditional upon the subject matter insured being in the ordinary course of transit and, in any event, shall terminate:

either

- 1.1. As per the transit clauses within or any other provisions stamped or endorsed to this open cargo policy.

or

- 1.2. on delivery to the Consignee's or other final warehouse or place of storage on delivery at the destination named herein;
- 1.3. on delivery to any warehouse or place of storage, whether prior to or at the destination named herein, which the Insured elect to use either for storage, processing, exhibition or any other like facility, other than the ordinary course of transit or for allocations or distribution,

or

- 1.4. in respect of wet marine transits, on the expiry of 60 days after completion of discharge overside of the goods hereby insured from the vessel at the port of discharge,
- 1.5. in respect of overland transits, not considered to be transshipments as part of 1.4, on the expiry of 60 days after commencement of the overland conveyance,

- 1.6. in respect of air transits, on the expiry of 30 days after unloading the subject matter from the aircraft at the place of discharge, whichever shall occur first
2. If this policy or the Clauses referred to therein specifically provide cover for inland or other further transits following on from storage, or termination as provided for above, cover will re-attach, and continues during the ordinary course of that transit terminating again in accordance with clause 1.
3. This clause is subject to Canadian law and practice.

SERVICE OF SUIT CLAUSE (CANADA)
(Action against Insurer)

In any action to endorse the obligations of the Underwriters liable hereunder they can be designated or named as "Lloyd's Underwriters" and such designation shall be binding on the Underwriters liable hereunder as if they had each been individually named as defendant. Service of such proceedings may validly be made upon the Attorney In Fact in Canada for Lloyd's Underwriters, whose address for such service is 1155, rue Metcalfe, Suite 1540, Montreal, Quebec H3B 2V6

09/05/01 NMA 1970B

SCHEDULE 3

United States Terrorism Risk Insurance Act Endorsement

This endorsement addresses requirements of the United States Terrorism Risk Insurance Act of 2002.

Definitions

The definitions provided in this endorsement are based on the definitions in the Act and are intended to have the same meaning. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

"Act" means the United States Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments.

"Act of Terrorism" means any act that is certified by the United States Secretary of the Treasury, in concurrence with the United States Secretary of State and the Attorney General of the United States, as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in case of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

“Insured terrorism loss” means any loss resulting from an act of terrorism that is covered by primary or excess property and casualty insurance issued by an Insurer if the loss occurs in the United States or at United States missions or to certain air carriers or vessels.

“Insurer deductible” means:

- a) For the period beginning on November 26, 2002 and ending on December 31, 2002, an amount equal to 1% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding November 26, 2002.
- b) For the period beginning on January 1, 2003 and ending on December 31, 2003, an amount equal to 7% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2003.
- c) For the period beginning on January 1, 2004 and ending on December 31, 2004, an amount equal to 10% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2004.
- d) For the period beginning on January 1, 2005 and ending on December 31, 2005, an amount equal to 15% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2005.

Application of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy, such as losses excluded by a nuclear hazard exclusion or a war exclusion.

Limitation of Liability

The Act may limit our liability to you under this policy. If annual aggregate insured terrorism losses of all Insurers exceed US \$100,000,000,000 during the application period provided in the Act, and if we have met our Insurer deductible, the amount we will pay for insured terrorism losses under this policy will be limited by the Act, as determined by the United States Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured terrorism losses would be partially reimbursed by the United States Government under a formula established by the Act. Under this formula, the United States Government would pay 90% of our insured terrorism losses in the United States exceeding our Insurer deductible.
2. The additional premium charged for the coverage this policy provides for insured terrorism losses is \$0.