

Underwriters at Lloyd's

ADMINISTERED BY:

U-PIC Insurance Services
29800 Agoura Rd., Suite 200
Agoura Hills, CA 91301

Company:

Policy:

INCEPTION: 9/28/2007 PERIOD OF COVERAGE: Continuous until canceled
(Beginning and ending at 12:01 a.m. standard time at place of insurance)

Carrier Premium (per \$100) Parcel Deductible Parcel Limit Shipment Limit

THE COVERAGE INSURES the parcel and its contents against damage or loss from any external cause while in transit to, or from, premises utilized by the Insured and in care, custody, or control of carriers listed within the United States of America (including its possessions and trusts) and Canada EXCEPT as hereinafter excluded. Underwriters shall be liable for the invoice value of property lost, destroyed, or damaged; in the event there is no invoice, the Underwriters shall be liable for the actual cash value of the property.

U-PIC COVERAGE DOES NOT INSURE THE FOLLOWING:

1. Accounts, bills, bullion, currency, deeds, evidence of debt, furs, original/fine art, computer chips, loose precious/semi precious stones, jewelry, money, notes, securities, perishable cargo, televisions, tickets, laptop computers, cellular phones, personal goods, or similar property unless endorsed in writing.
2. Merchandise shipped on consignment, memorandum, or approval unless shipped in fulfillment of an order or request.
3. Loss, damage, or non-arrival of any parcel which; (a) is addressed, wrapped or packed insufficiently, incorrectly or contrary to the carrier's packaging requirements; or (b) bears a descriptive label or packaging which tends to describe the nature of its contents.
4. Any parcel containing personal goods to accommodate an employer and/or employee.
5. Against loss or damage caused by or resulting from: (a) hostile or warlike action in time of peace or war, including action hindering combating, or defending against an actual impending or expected attack; (1) by any government or sovereign power (de jure facto), or by any authority maintaining or using military, naval, or air forces; or (2) by military, naval, or air forces; (3) by an agent of any such government power, authority, or forces; (b) any weapon of war employing atomic fission or radioactive force whether in time of peace or war; (c) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or Customs regulations, confiscation by order of any government or public authority or risks of contraband or illegal transportation of trade.
6. NUCLEAR EXCLUSION. Notwithstanding anything herein contained to the contrary, it is hereby understood and agreed that this policy shall not apply to any loss, damage, or expense due to or arising out of, whether directly or indirectly, nuclear reaction, radiation, or radioactive contamination regardless of how it was caused. However, subject to all provisions of this policy, the direct physical damage to the property insured, located within the United States or any territory of the United States or Puerto Rico by fire directly caused by the above excluded perils, is insured, provided that the nuclear reaction, radiation, or radioactive contamination was not caused, whether directly or indirectly, by any of the perils excluded by this policy. Nothing in the above wording shall be construed to cover any loss, damage, liability, or expense caused by nuclear reaction, radiation, or radioactive contamination arising directly or indirectly from the aforementioned above.
7. Arising out of infidelity, dishonesty, or any overt act on the part of the Insured, associate in interest, and/or any of the Insured's employees whether occurring during hours of employment or otherwise, nor on the part of custodians (common carriers excepted), or the property insured unless specifically endorsed hereon in writing.
8. Arising out of loss of market, latent defect, inherent vice, delay, loss of use, clean up costs, decay, changes in temperature or humidity, or other deterioration, any remote or consequential loss, whether or not arising out of a peril insured against.
9. Arising out of loss from delivering the product to someone who obtains it by trick, false pretense, or other fraudulent schemes.

(continued on reverse side)

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CONDITIONS:

- A. It is **WARRANTED** by the Insured that all parcels under this coverage will be shipped in strict accordance with all regulations of the carrier and amendments thereof.
- B. **THE UNDERWRITERS SHALL NOT BE LIABLE** for any loss or damage to property covered by other valid and collectible Insurance nor for carrier's liability. Coverage shall be for **EXCESS** of aforementioned. **COVERAGE CONTINGENT** upon Insured being reimbursed by the carrier for carrier's liability. Payment from the carrier does not guarantee approval of claim.
- C. The **DEDUCTIBLE**, if any, shall be deducted from the amount of the claim or Liability Limit, whichever is less, on a "per parcel" basis and borne by the Insured. The Insured shall be responsible for (and entitled to) collecting any amount for which the carrier may be liable.
- D. If this Policy is written on a monthly reporting basis, the Monthly Report of Shipments will be sent to U-PIC along with payment for the earned premium due, and the backup declared value reports within ten (10) days following the end of each month. The Report of Shipments must show the "Reporting Basis" (listed in the declarations), the applicable rate, and earned premium due. Failure to report all shipments during any one reporting period could result in a claim being denied. Failure to insure the total value of your goods on each shipment will result in a co-insurance penalty; i.e., We will not pay a greater proportion of loss than the values you reported divided by the actual values of the goods. Underwriters reserve the right to audit Insured's books/records at any time during the normal working hours of the Insured to ascertain/verify the accuracy of the monthly reports submitted. Failure of the Insured to cooperate with all reasonable requests will result in suspension of coverage and denial of outstanding claims.
- E. The Insured will file notice of non-delivery or damage with the carrier within the carrier's claim reporting period, but in no event shall such notification exceed thirty (30) days from date Insured had knowledge of said non-delivery or damage. All claims are to be submitted to U-PIC within sixty (60) days from the date on the carrier's check. The Insured will submit a completed U-PIC claim form, proof of carrier payment, copy of carrier tracer form showing L.D.I. or other identifying number, copy from original invoice to consignee, whichever of the aforementioned is applicable, and any additional documentation requested to substantiate loss. Handling fees and insurance fees are excluded from coverage. All damaged property for which payment (not repair costs), or replacement has been made, must, on request be returned to Underwriters. Failure to hold the damaged property until the claim has reached a resolution will result in the denial of the claim.
- F. The Insured must file notice of non-delivery or damage with U-PIC within ninety (90) days from date of shipment for United States Post Office shipments. There is a twenty-one (21) day waiting period before the Insured may file a notice of non-delivery to U-PIC for packages shipped domestic via the United States Post Office. No claims will be honored if filed after the 90 day expiration period. The Insured will submit completed U-PIC claim form, copy of the original invoice to the consignee, and any additional documentation requested to substantiate loss. Shipping costs must be included in the declared value in order to be paid with claim. Handling fees and insurance fees are excluded from coverage. All damaged property for which payment (not repair costs) or replacement has been made, must, on request be returned to Underwriters. Failure to hold the damaged property until the claim has reached a resolution will result in the denial of the claim.
- G. The Insured will have one (1) year from the date of shipment to provide any required and/or additional documentation which has been requested of the Insured to substantiate said claim. Failure to provide the required and/or additional documentation within one (1) year from the ship date will result in the denial of the claim.
- H. Any covered loss will be promptly paid to the Insured or his Assignee after notice of loss or damage and required documentation has been received and accepted by Underwriters in accordance with the terms and conditions of this coverage, unless property is replaced, at the option of Underwriters, with like kind, function, and quality.
- I. Upon payment or replacement for loss or damage, the Underwriters shall be subrogated to all of the rights of the Insured including whatever money may be recoverable, but excluding any deductible amounts applied to any claim settlement on account of said loss or damage from the carrier, or any of its officers or agents, or from any other person or corporation whatsoever. The Insured specifically covenants and agrees to assist the Company in every possible manner to secure reimbursement of said loss or damage. In the event the carrier admits to fraudulent activity from carrier employee's, the insured will take action against the carrier and not hold U-PIC responsible for claims associated.
- J. No suit or action or proceedings for the recovery of any claim under this Coverage shall be sustainable in any court of law or equity unless the same is commenced within twelve (12) months after discovery by the Insured of the occurrence which gives rise to the claim, provided however, that if by the laws of the State within which this Coverage is issued such limitation is invalid, then any such claim shall be void unless such action, suit or proceeding be commenced within the shortest limit to time permitted by the laws of such State to be fixed herein.
- K. This Policy may be canceled at any time at the request of the Insured or Underwriters by giving fifteen (15) days written notice thereof, provided however, that such cancellation shall not affect any shipment already made. Certified notice of cancellation sent to the Insured at the last known address shall be deemed sufficient compliance with the conditions of this clause on the part of the Underwriters.

IN WITNESS WHEREOF, THE UNDERWRITERS HAVE CAUSED THIS COVERAGE TO BE EXECUTED AND ATTESTED, BUT THIS COVERAGE SHALL NOT BE VALID UNLESS COUNTER SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF THE BROKER.

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