

**EQUIPMENT FORM
(ALL RISK) FORM #AR1000(11/03)**

This policy covers on the property described in the schedule attached hereto, not exceeding the amount specified in respect of each of the equipment described, against loss or damage thereto, directly caused by the risks and perils insured against.

The Company shall not be liable for more than the amount shown on the schedule in any one disaster, either in the case of partial or total loss or salvage charges or any other charges or all combined.

Description of Property: as per the attached schedule

THIS POLICY INSURES AGAINST DIRECT LOSS OR DAMAGE RESULTING FROM:

Any external cause, except as hereinafter excluded.

THIS POLICY DOES NOT INSURE AGAINST:

1. Mysterious disappearance;
2. Loss or damage occasioned by the weight of a load exceeding the registered lifting or supporting capacity of any machine;
3. Loss or damage except by fire while the insured property is waterborne unless otherwise endorsed hereon;
4. Loss or damage to automobiles or similar conveyances, plans, blue prints, designs or specifications;
5. Loss or damage to any property which has become a permanent part of any structure;
6. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by electricity other than lightning unless fire ensues and then only for the loss or damage from such ensuing fire;
7. Wear, tear and gradual deterioration, or any action of the elements except as herein provided; nor for breakage and/or rust unless the same be the direct result of a peril insured against;
8. Infidelity of the Insured's employees or persons to whom the insured property is entrusted;
9. Loss if, at the time of loss or damage, there is any other valid and collectible insurance which would attach if this insurance had not been effected, except that this insurance shall apply only as excess and in no event as contributing insurance and then only after all other insurance has been exhausted;
10. Loss or damage caused by or resulting from strikes, lockouts, labor disturbances, riots, civil commotions or the acts of any person or persons taking part in any such occurrence or disorder;
11. Loss or damage to property in storage at premises owned, leased or controlled by the Insured except where incidental to the regular or frequent use of the property;
12. Flood or rising waters;
13. Earthquake;
14. War and civil war

SPECIAL CONDITIONS

It is a condition of this insurance, that all articles insured hereunder are in sound condition at the time of attachment of this insurance.

Collision is defined as: Accidental collision of any mechanized equipment with any other mechanized equipment or object (the striking of curbing or any portion of the roadbed or the striking of the rails or ties of street, steam or electric railroads, or contact with any stationary object in backing for loading or unloading purposes, or the coming together of trucks and trailers during coupling or uncoupling, shall not be deemed a collision).

This policy covers only within the limits of the Continental United States and Canada unless otherwise endorsed hereon.

Any act or agreement by the Insured before or after loss or damage whereby any right of the Insured to recover in whole or in part for loss or damage to property covered hereunder against any carrier, bailee or other party liable therefore, is released, impaired or lost, shall render this policy null and void, but the Insurer's right to retain or recover the premium shall not be affected. The Company is not liable for any loss or damage which, without its written consent, has been settled or compromised by the Insured.

The Company shall not be liable for a greater proportion of any loss of or damage to the property covered hereunder than the amount insured under this policy bears to 100% of the aggregate value (as determined by the valuation clause contained in this policy) of said property at all places where coverage is afforded herein at the time such loss shall occur.

Each item of the schedule is deemed to be separately insured.

All other terms and conditions of this policy remain unchanged.

1. COINSURANCE: In consideration of the rate at which this policy is written, it is expressly stipulated and made a condition of this contract that the Insured shall at all times maintain insurance on all property insured by this Policy to the extent of at least the specified percentage, entered in the
2. Declarations, of the actual sound insurable value (defined as the sum of the new replacement cost as of the date of loss, of all component parts of the complete operating unit insured by the terms of this Policy, less a reasonable depreciation representing wear, tear and age of each component part) and failing to do so, the Insured shall, to the extent of such deficit, bear his proportionate part of any loss. If the Policy insures two or more items or units the foregoing conditions shall apply to each separately except as respects equipment transferred after the inception of this Policy from one item covered by the Policy to another item covered by this Policy. The Insured hereby expressly consents to the use of this Clause. The insurance afforded by this Policy shall be excess over any other insurance whether valid, collectible or not. Other insurance is permitted without notice until required.

2. VALUATION CLAUSE: This Company' s liability shall be limited to the actual sound value of the property at the time of loss and shall not exceed the Limits herein set forth. It shall further be optional with this Company to take all or any part of the property at the agreed or appraised value or to repair, rebuild or replace any or all of the component parts of the property damaged or destroyed with material of like kind or quality within a reasonable time after loss on giving notice of its intention to do so but within thirty (30) days after receipt of the Proof of Loss herein required. The insured shall assist the Company or its Representative in securing any repair, replacement or estimate of loss or damage and shall make all necessary efforts to reassemble the equipment involved in loss including the accumulation of all Invoices, Bills of Sale, Vouchers and other costs incurred as a result of loss or damage to such property insured hereunder and shall allow the Company any trade discounts to which the insured is entitled. There shall be no liability hereunder for compensation for loss resulting from interruption of business or for temporary expense or repair to facilitate continued operations if permanent repair or replacement is to be made on any affected component part at a later date. There can be no ABANDONMENT to this Company or any property without the consent of the Company. This entire policy shall be voided if this policy be assigned or transferred, unless provided by agreement in writing by the Company.

3. PAIR AND SET CLAUSE: Where any item insured hereunder consists of articles in a pair or set, this Company is not to pay more than the value of any particular part or parts which may be lost or damaged, without reference to any special value which such article or articles have as part of such pair or set; nor more than a proportionate part of the value of the pair or set.

4. INSPECTION AND AUDIT: This Company shall be permitted at all reasonable times during the Policy period to inspect the property insured by this Policy and to examine the Insured' s books at any time during the Policy period, and any extension thereof, and within one year after its final termination so far as they relate to the subject matter of this Policy.

5. NOTICE OF LOSS: The Insured shall immediately report to this Company or its Agent every loss or damage which may become a claim under this Policy, and shall also file with this Company or its Agent within thirty (30) days from date of loss, a detailed sworn proof of loss stating the time, cause and extent of damages resulting in claim for loss or damage under this Policy. The Insured shall further make available to the Company or any person named by this Company any remains of the property insured, all books of accounts, bills, invoices, and vouchers, rental agreements and contract to drill of the unit involved in the loss, in substantiation of claim for loss or damage, and so far as is within his or their power, shall cause all persons interested in the property or their employees and the employees of the Insured to submit to examination under oath as to the facts and extent of claim for loss or damage. Failure by the Insured either to report the said loss or damage or to file such written proofs of loss or comply with the requirements as herein provided shall invalidate any claim under this Policy. Any claim for THEFT must be reported to the Company and the Police or Local Law Enforcement body by the Insured as soon as discovered. The insured shall cooperate with the Company and all reasonable means exhausted in the recovery of such property, before this Company shall be held liable for such loss.

6. INSPECTION OF LOSS OR DAMAGE: In the event of any loss or damage covered hereunder the Insured shall give the Underwriters a reasonable time and opportunity to examine the insured equipment before any repairs are begun or any physical evidence of damage removed.

7. REINSTATEMENT: It is a condition of this Policy that the amount of any loss covered by the terms of this Policy shall be automatically reinstated for the value of repairs and replacement made, as they are made, but such reinstatement shall not exceed the amount of the original value of such component parts so damaged or destroyed.

8. APPRAISALS: In case the Insured and this Company shall fail to agree as to the amount of loss or damage or the actual sound insurable value of the items or units involved, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty (20) days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen (15) days to agree upon such umpire, then, at the request of the Insured or this Company, such umpire shall be selected by a Judge of a District Court of a Judicial District where the loss occurred. The appraisers shall then appraise the loss, stating separately Insurable Value (as defined herein) and loss or damage to each item or unit; and, failing to agree shall submit their differences to the umpire. An award in writing, so itemized, of any two when filed with this Company shall determine the amount of Insurable Value and loss or damage. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

9. CANCELLATION: This Policy may be cancelled at any time at the request of the Insured by surrender thereof or by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This Policy may be cancelled by the Company by mailing to the named Insured at the address shown in this Policy or last address amended by endorsement, written notice stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice, as aforesaid, shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the Policy period. No claim shall be allowed which has not been reported to this Company in writing within ten (10) days after the expiration of the policy or after the cancellation is effective. Delivery of such written notice of cancellation either by the named Insured or by the Company or its Agent shall be equivalent to mailing. If the named Insured cancels this Policy or reduces the amount thereon, earned premium on the cancellation, or reduction shall be computed in accordance with the customary short rate table and procedure, but subject to a minimum earned premium of twenty-five (25) percent of an annual Premium.

10. PAYMENT OF LOSS: All adjusted claims hereunder shall be due and payable within sixty (60) days after presentation, approval and acceptance of proofs of interest and loss at the Home Office of this Company or if contrary, state law shall prevail. No loss shall be paid hereunder if the Insured has collected the same from others.

11. SETTLEMENT WITHOUT COMPANY' S CONSENT: This Company shall not be liable for any loss, damage or expense which, without its consent, has been settled or compromised with others who may be liable therefore.

12. **SUIT:** No suit or action on this policy or for the recovery of any claim hereunder shall be sustainable in any court of law or equity unless the Insured shall have fully complied with all requirements herein, nor unless commenced within twelve (12) months after the date of loss; provided that where such limitation of time is not prohibited by the laws of the State wherein this Policy is issued, then and in that event no suit or action under this policy shall be sustainable unless commenced within the shortest limitation permitted under the laws of such State.
13. **MISREPRESENTATION OR FRAUD:** This entire Policy shall be void, if the Insured has concealed or misrepresented in writing or otherwise, any material fact or circumstance concerning this insurance or the subject thereof; or in case of fraud or false swearing by the Insured touching any matter relating to this insurance or the subject thereof; whether before or after a loss.

Any and all provisions of this Policy which are in conflict with the statutes of the State wherein this Policy is issued are understood, declared and acknowledged by this Company to be amended to conform to such statutes.

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