

**EQUIPMENT FORM
(ALL RISK) FORM #AR1001(11/04)**

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.

Underwriters 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; or resulting from the violation of any commission, state, town or other similar regulation, or from any attempt thereat or the consequences thereof;
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. Loss or damage to tires and/or tubes unless the loss or damage is coincident with other loss or damage insured by this policy;
8. (a) loss of or damage to any working machine caused by its own mechanical breakdown;
9. (b) loss of or damage to any working part caused by its own mechanical breakdown;
10. Wear, tear and gradual deterioration, latent defect, 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;
11. Loss or damage caused by the neglect of the Assured to use all reasonable means to save and preserve the property at and after any disaster insured against, or when the property is endangered by fire in neighboring premises;
12. Loss, damage or expense caused by or arising out of delay;
13. Infidelity of the Insured's employees or persons to whom the insured property is entrusted;
14. 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;
15. 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;
16. Earthquake;
17. Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities, (whether war be declared or not), civil war, rebellion, revolution, insurrection, seizure or destruction under quarantine or customs regulations, military or usurped power, martial law or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority, or risks of contraband or illegal transportation and/or trade.

SPECIAL CONDITIONS

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

B) Collision is defined as: Accidental collision of any mechanized equipment with any other 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).

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

D) 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 Underwriters' right to retain or recover the premium shall not be affected. Underwriters are not liable for any loss or damage which, without their written consent, has been settled or compromised by the Insured.

E) In case of loss of or damage to the property insured, hereunder, Underwriters shall not be liable for more than the cost of repairing or replacing the same with material of like kind and quality, nor for a greater proportion of any loss, damage or expense to the property described herein than the amount insured under this Certificate bears to 100% of the actual aggregate value of said property at all places where coverage is afforded hereunder at the time such loss shall occur.

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

G) DEDUCTIBLE Each claim for loss or damage to each and every scheduled unit shall be adjusted separately and from the amount of each adjusted claim for each scheduled unit the sum of \$ (as specified in the schedule attaching to this policy) shall be deducted.

H) VALUATION CLAUSE: Underwriters' liability shall be limited to the actual cash value of the property at the time of loss and shall not exceed the Limits herein set forth. It shall further be optional for the Underwriters 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 their intention to do so but within thirty (30) days after receipt of the Proof of Loss herein required. The insured shall assist the Underwriters or their 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 Underwriters 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 Underwriters of any property without the consent of the Underwriters. This entire policy shall be voided if this policy be assigned or transferred, unless provided by agreement in writing by the Company.

I) PAIR AND SET CLAUSE: Where any item insured hereunder consists of articles in a pair or set, Underwriters will not 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.

J) INSPECTION AND AUDIT: Underwriters 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.

K) NOTICE OF LOSS: The Insured shall immediately report to Underwriters or their Third Party Administrator (TPA) every loss or damage which may become a claim under this Policy, and shall also file with Underwriters or their 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 Underwriters or any person named by Underwriters 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 Underwriters and the Police or Local Law Enforcement body by the Insured as soon as discovered. The insured shall cooperate with Underwriters and all reasonable means exhausted in the recovery of such property, before Underwriters shall be held liable for such loss.

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

M) 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.

N) APPRAISALS: In case the Insured and Underwriters 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 Underwriters, 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 Underwriters 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.

O) CANCELLATION: This Policy may be cancelled at any time at the request of the Insured by surrender thereof or by mailing to Underwriters written notice stating when thereafter such cancellation shall be effective. This Policy may be cancelled by Underwriters 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 Underwriters 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 Underwriters 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.

SHORT RATE CANCELLATION TABLE:

a) For insurances written for one year:

Days insurance in force	[Percent of one] year premium	Days insurance in force	[Percent of one] year premium
1	5	154 - 156	53
2	6	157 - 160	54
3 - 4	7	161 - 164	55
5 - 6	8	165 - 167	56
7 - 8	9	168 - 171	57
9 - 10	10	172 - 175	58
11 - 12	11	176 - 178	59
13 - 14	12	179 - 182	60
15 - 16	13	183 - 187	61
17 - 18	14	188 - 191	62
19 - 20	15	192 - 196	63
21 - 22	16	197 - 200	64
23 - 25	17	201 - 205	65
26 - 29	18	206 - 209	66
30 - 32	19	210 - 214	67
33 - 36	20	215 - 218	68
37 - 40	21	219 - 223	69
41 - 43	22	224 - 228	70
44 - 47	23	229 - 232	71
48 - 51	24	233 - 237	72
52 - 54	25	238 - 241	73
55 - 58	26	242 - 246	74
59 - 62	27	247 - 250	75
63 - 65	28	251 - 255	76
66 - 69	29	256 - 260	77
70 - 73	30	261 - 264	78
74 - 76	31	265 - 269	79
77 - 80	32	270 - 273	80
81 - 83	33	274 - 278	81
84 - 87	34	279 - 282	82
88 - 91	35	283 - 287	83
92 - 94	36	288 - 291	84
95 - 98	37	292 - 296	85
99 - 102	38	297 - 301	86
103 - 105	39	302 - 305	87
106 - 109	40	306 - 310	88
110 - 113	41	311 - 314	89
114 - 116	42	315 - 319	90
117 - 120	43	320 - 323	91
121 - 124	44	324 - 328	92
125 - 127	45	329 - 332	93
128 - 131	46	333 - 337	94
132 - 135	47	338 - 342	95
136 - 138	48	343 - 346	96
139 - 142	49	347 - 351	97
143 - 146	50	352 - 355	98
147 - 149	51	356 - 360	99
150 - 153	52	361 - 365	100

b) For insurances written for more or less than one year:

1.If insurance has been in force for 12 months or less, apply the standard short rate table for annual insurances to the full annual premium determined as for an insurance written for a term of one year.

2.If insurance has been in force for more than 12 months;

a. Determine full annual premium as for an insurance written

b. Deduct such premium from the full insurance premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the insurance was originally written.

- c. Add premium produced in accordance with items (a) and (b) to obtain earned premium during full period insurance has been in force.

P) **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 Underwriters's TPA or if contrary, state law shall prevail. No loss shall be paid hereunder if the Insured has collected the same from others.

Q) **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.

R) **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.

S) **TOTAL LOSS** In the event of Underwriters paying a total loss claim for any interest insured hereon, the annual premium paid in respect of such interest totally lost shall be deemed to be fully earned irrespective of the date of loss.

T) **DEBRIS REMOVAL EXTENSION** In consideration of the premium charged this policy is extended to cover the reasonable cost of removal of debris of the property insured hereunder when necessarily incurred by the Insured in connection with a loss otherwise recoverable under this policy. Underwriters liability under this extension shall be sublimited to \$ (the sum specified in the schedule attaching to this policy). In any event, the maximum liability shall be the amount set forward in schedule. Nothing contained in this endorsement shall extend coverage hereunder to include environmental clean up costs or similar expenses.

U) **SALVAGE RETENTION** In the event of any loss claimed hereunder, the Underwriters, at their option, may pay to the Insured the lesser of the full amount set forth as the Insured Value of the equipment subject to any applicable deductible, or the actual cash value thereof subject to any applicable deductible, such payment to constitute a full and complete release of the Underwriters obligation under this Policy. Upon making such payment, the Underwriters shall be entitled to Lien Free Title to and possession of the equipment and to all salvage proceeds which may be obtained.

V) **CONFLICTING STATUTORY PROVISIONS** If any condition or agreement or any other part of this insurance is at variance with any specific statutory provision in the State or Province having jurisdiction, such specific statutory provision shall be substituted for such condition, agreement or part.

W) **BIOLOGICAL OR CHEMICAL MATERIALS EXCLUSION** It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.