



## INLAND MARINE POLICY SUPPLEMENT

The provisions of this supplemental policy apply only to the inland marine forms shown in the Inland Marine Supplemental Declarations. The definitions, Payment Of Loss Or Claim, What **You** Must Do In Case Of Loss, policy conditions and the cancellation provisions of the underlying policy to which this supplement is a part, apply to this coverage.

In the event of a conflict between the provisions contained elsewhere in **your** policy and this policy form, the provisions of this policy form will prevail.

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### SUPPLEMENTAL POLICY PROVISIONS

#### A. EXCLUSIONS AND LIMITATIONS THAT APPLY

In addition to the exclusions listed below, please refer to the applicable inland marine form for additional exclusions, limitations and property not covered which may affect **your** coverage.

1. **We** do not pay for any loss or damage resulting directly or indirectly from the following:
  - a. **Wear And Tear**-This means loss or damage caused by gradual deterioration, insects, vermin or inherent vice.
  - b. **War And Military Action**-This means loss or damage resulting from war, including undeclared war or civil war. War and military action also means warlike acts by a military force or military personnel in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents. War and military action also includes insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
  - c. **Nuclear Clause**-This means loss or damage resulting from nuclear reaction or nuclear radiation or radioactive contamination, however caused, all whether directly or indirectly resulting from a covered cause of loss under this policy. However, if loss or damage by fire or explosion results, **we** will pay for the resulting loss or damage caused by such fire or explosion.

#### B. HOW MUCH WE PAY FOR LOSS OR CLAIM

Settlement of property losses covered by this policy will be made in accordance with the following provisions unless otherwise stated by endorsement:

1. **Settlement**-Covered property losses will be settled on the basis of the lesser of the following amounts:
  - a. The applicable amount of insurance;
  - b. The amount of **your** financial interest in the property;
  - c. The actual cash value of the property at the time of loss;
  - d. The cost of repairing or replacing the lost or damaged property with materials of equivalent kind and quality to the extent practicable; or
  - e. The amount computed after applying the deductible or other limitation applicable to the loss.
2. **Coinsurance**-If a coinsurance percentage is applicable, then the following provisions apply:  
**We** require that **you** maintain a minimum amount of insurance when a coinsurance percentage is shown.

If there is more than one article in the Schedule, then the minimum insurance requirement applies separately to each article.

The minimum amount of insurance required is the actual cash value of the covered property at the time of loss multiplied by the coinsurance percentage.

If the amount of insurance at the time of loss is less than the minimum amount of insurance required, *we* will pay only a part of the loss. *Our* part of the loss will be determined by dividing the amount of insurance on the property by the minimum amount of insurance required, and is subject to the Settlement provision.

Coinsurance will be applied prior to application of any deductible.

**EXAMPLE**-If *you* do not maintain the required amount of insurance:

a. Actual cash value at the time of loss	\$100,000
b. Coinsurance percentage required	80%
c. Minimum amount of insurance required (\$100,000 x 80%)	\$ 80,000
d. Amount of insurance shown in the Schedule	\$ 60,000
e. Amount of loss	\$ 20,000
f. Deductible	\$1,000

In this example, *we* would pay *you* \$14,000. *We* arrive at this payment figure as follows:

- 1) *Our* part of the loss is 75%. (d. amount of insurance \$60,000 divided by c. amount of insurance required \$80,000).
  - 2) \$20,000 loss is then multiplied by the 75% figure computed in 1) above, less \$1,000 deductible, to arrive at the part of the loss *we* will pay.
3. **Replacement Cost**-If an inland marine replacement cost endorsement is attached to this policy, then losses to property designated on that form will be settled in accordance with the provisions contained in that form.
  4. **Loss To A Pair Or Set**-If there is loss to an article which is part of a pair or set, *we* are only liable for a reasonable proportion of the value of the entire pair or set, and the loss is not considered a total loss of the pair or set.
  5. **Loss To Parts**-If there is loss to any part of an item which consists of several parts when complete, *we* are only liable for the value of the part, and the loss is not considered a total loss of the item.
  6. **Deductible**-*We* pay the net amount after first applying the Coinsurance provision and then applying the deductible.  
The deductible applies to all covered causes of loss unless otherwise stated in the Declarations or any endorsement. *We* pay only that part of the loss over the deductible stated in the Declarations or endorsement. Not more than one deductible applies per loss. If more than one deductible can apply to a loss, then the higher applicable deductible will apply, unless otherwise stated in the Declarations or an endorsement.
  7. **Insurance Under More Than One Coverage**-If more than one coverage in this policy insures the same loss, *we* pay no more than the actual claim, loss or damage sustained.
  8. **Insurance Under More Than One Policy**-If there is other insurance covering the same loss or damage, *we* will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether *you* can collect on it or not. But *we* will not pay more than the applicable amount of insurance.
  9. **Restoration Of Amount Of Insurance**-Unless otherwise stated in this policy, any loss *we* pay under this policy does not reduce the amount of insurance applying to a later loss, unless *we* pay a total loss on a scheduled article. *We* will refund the unearned premium for the article(s) after the loss, or *you* may apply it to the premium due for the replacement of insurance for a replacement article(s).