

Introducing the Brit 01/2007 MTC and APD forms:

The forms can be used in conjunction with each other. There are USA and Canadian editions of the MTC form, but only a USA edition of the APD form as the Canadians often require different mandated forms. All are written in the same style and structure for consistency and appearance. When not used on our web site, the first parts of the forms are in word process able format to enable relevant sections to be completed, with the main wording being unalterable in PDF format.

MTC:

There are important differences between Brit's old form Broad Form 15 and the new BritForm. **It is therefore a requirement that the new application form is completed and signed by the Insured PRIOR TO ATTACHMENT when the new form is used.**

The principle differences between the old and the new forms are as follows:

Definitions are now shown at the beginning of the form. There are several new definitions.

New additional optional endorsements have now been incorporated into the optional endorsements section of the form:

- Trailer Interchange with cover for detached trailers at named terminals.
- Target Interest Inclusion Endorsement
- Alaska Endorsement
- Additional Insured Endorsement
- Container Endorsement
- Double / Triple wide mobile home Endorsement
- On Hook Endorsement
- On Hook Endorsement with Named Terminal Extension
- Cargo on Tandem Trailers Endorsement
- Loading and Unloading of Autos Endorsement
- Loading and Unloading of Autos including vacated autos Endorsement.
- New Auto Valuation Endorsement
- Named Perils Endorsement
- Driver Inclusion Endorsement
- Combined MTC / APD occurrence deductible Endorsement.
- Mobile Home Raising / Lowering and Setting Down Endorsement.

The form contains new driver controls. This is no change in practice, but puts into the policy the Underwriters' previous position which required

coverholders to verify that drivers conformed to specified criteria. There is a new exclusion clause which takes away cover for drivers not conforming at the inception of the policy, to age, experience and violation criteria which are specified within the clause. It removes the anomalous position of insureds having a policy form and being asked to report drivers independently of the policy provisions. This is now clarified and communicated directly to the Insured within the policy. There is a new Driver Inclusion Endorsement which enables the writing back of non conforming drivers, in return for additional premiums or enhanced deductibles for accidents involving those drivers. MVRs will not be required by underwriters when writing risk, but will be required if there is a claim, to ensure that the driver conformed to the policy requirements. Coverholders may continue to obtain MVRs and verify compliance with the policy requirements on behalf of the insured if they choose to do so, but now have the option to pass that responsibility on to the Insured. If the responsibility is passed on to the Insured it is extremely important that this is explained and emphasised to them. The new proposal form makes the position very clear in any event, and a copy of the new proposal form signed by the insured MUST be obtained prior to binding. Underwriters will not bind risks subject to the subsequent completion and receipt of the proposal form.

\$10,000 Additional Expenses cover has been added to the Protection of Salvage Condition. There have been instances where expenses incurred in protecting cargo from further loss have exceeded the value of the cargo. Broad Form 15 limited the indemnity provided to the value of the cargo, so this provision provides \$10,000 worth of extra cover – always subject to the truck and loss limits of the policy.

The Excluded interests of the old Broad Form 15 are now divided into categories to enable complete sub categories to be deleted or incorporated into the Target Interest Inclusion Endorsement where appropriate.

The electronics definition has been updated to include certain items like DVD players and cell phones, and to clarify that electrical components per se are excluded, not just component parts of circuit boards. Electrical toys valued >\$75 are now identified as electronics. Batteries are now specifically included in the definition.

Perfume, eau de toilette and pharmaceuticals have been added to the exclusion under a)ii) which is consistent with many domestic policy forms.

Beer has been removed as an excluded interest.

Named perils have now been defined, with the inclusion of hailstorm, for coverage write back of perishable cargo and live animals. No Named Peril edition of the form has been produced, but the new optional Named Perils Endorsement enables the policy to convert to a Named Perils format.

Live animals have been removed from exclusion a i) and given their own new exclusion with named peril write back under a iii). The Debris Removal Endorsement wording has been expanded to specify how debris removal relates to animals.

The inherent vice exclusion has been expanded to state that fire damage to cotton is not covered unless ginning was completed more than 72 hours prior to the fire. This removes the need for the old separate cotton warranty.

The Y2K bug / millennium exclusion has been removed as no longer considered relevant.

Earned Freight charges up to \$2500 have now been included automatically within the policy form, and removed as optional endorsement. Earned freight charges themselves have been defined. If higher limits are required then this can be achieved by endorsement, with appropriate additional premiums charged.)

"Federal" added to the Conflicting Statutory provisions condition.

The Reefer Breakdown endorsement has been amended to delete the 10 year age limitation, but automatically apply an additional \$1,000 deductible to RB losses involving units greater than 10 years old. There is a new 20 year age limitation instead. The Reefer maintenance records requirement has been amended to refer to hours of usage, to fit in with utilisation of reefer machinery and age of units, which is more reflective of industry practice. The endorsement has had a major overhaul to attempt to make the coverage generally clearer.

Any one accident is now referred to as any one occurrence, and occurrence has been defined instead of accident.

There are new definitions for power unit, securely parked, and constant surveillance, in a general revamp of unattended truck and detached trailer theft coverage language. Of necessity this wording is complex, but the coverage is essentially unchanged and the new definitions should make it easier to understand.

The previous Broad Form 15 optional Unattended Truck Endorsement provisions are now incorporated into the amended exclusion of the BritForm (excln e) automatically, with new sublimit of \$100,000 for Unattended trucks within the Limit section of wording.

The terrorism exclusion (NMA2920) has been added in to war exclusion, very slightly reworded to flow with the policy as a whole. We do not believe that truckers are liable for terrorism (acts of a public enemy) anyway.

There is a new Duty to Co-operate condition. This is designed to speed up the claims settlement process, as many delays in settlement are caused by insureds not believing that they have to co-operate with loss adjusters and third party claims administrators. With this condition, TPAs can point to the condition and tell insureds that if they do not co-operate, then there will be no coverage. We anticipate that co-operation will ensue, and claims should be finalised sooner.

Containers have been added to the Trailer Interchange Endorsement in response to many requests.

The Additional Insured Endorsement has been reworded to reflect that Underwriters will endeavour to advise additional insureds if the policy is cancelled, but that failure to do so does not impose any liability on the Underwriters. The endorsement requires the address of each additional insured for that purpose.

The Drivers and Security condition has been expanded to spell out that it is a policy requirement that security devices are set into effective operation at time of loss.

The Service of Suit Clause has been updated to identify Lloyd's new Attorney in Fact for Canada, and Wilson Elser (who are familiar with the policy form) nominated for Service of Suit in USA.

A Choice of Law clause has been incorporated, and the Time limit for suit moved from the old Service of Suit clause into a new Choice of Law and Time limit for suit condition.

The In Full Premium Endorsement, which converts the policy to a scheduled vehicle policy, now has automatic coverage for 5 working days for new or replacement vehicles **provided all the insureds existing vehicles are already scheduled**. This allows ample time for agents to be advised and the policy properly endorsed with the addition(s).

New Instructions in event of claim have been incorporated, which also remind the Insured of their Duty to Co-operate in accordance with the new policy provision.

APD

Brit has not had its own APD form previously and so no comparison is possible. However to be noted are the facts that:

- 1) it is an All Risks form, not a named peril form
- 2) it contains the same Driver Control features of the Brit MTC form

- 3) there are endorsements on both the MTC and APD forms enabling them to be used in conjunction with each other with combined single occurrence deductibles.
- 4) there is automatic inclusion of \$5,000 coverage for additional expenses such as towing and storage charges (subject to policy limits).