

PREFERRED LOGISTICS PROGRAM APPLICATION

APPLICANT INFORMATION

Named Insured _____	Contact Person _____
_____	Title _____
dba _____	Phone _____
Mailing Address _____	Fax _____
_____	Cell _____
Street Address _____	E-Mail _____
_____	Proposed Effective Date _____

Years in Business _____	(If under 3 years, attach outline of prior ownership and/or management experience)
Federal Tax ID # _____	
Individual Corporation Partnership Other	Are you a publicly held corporation? YES NO

DESCRIPTION OF OPERATIONS

TYPE OF WORK	%	MILEAGE RADIUS	%
Route _____	%	0 – 100 miles _____	%
On Demand _____	%	101 – 250 miles _____	%
Other _____	%	251 – 300 miles _____	%
		Over 300 miles _____	%
Residential _____ %		Largest City Entered _____	
Commercial _____ %			

TYPE OF MESSENGERS

Gross Vehicle Weight	Drivers Using Their Own Vehicles						Bikers			Walkers	
	< 10,000		10,001-26,000		> 26,000		# of Bicycles	# of Mopeds	# of Motor-cycles	Number	
	PART TIME*	FULL TIME	PART TIME*	FULL TIME	PART TIME*	FULL TIME				PART TIME*	FULL TIME
Independent Contractors											
Employee Drivers											

DO YOU HAVE CONTRACTS WITH YOUR INDEPENDENT CONTRACTORS? YES _____ NO _____

* PART TIME is 20 hours or less per week on average or drivers earning 50% or less of average full-time driver.

GROSS ANNUAL REVENUE

Last fiscal year: _____ \$ _____

Current fiscal year (estimate): _____ \$ _____

OPERATING AUTHORITY

Federal Authority: YES NO Docket Number: _____

State Authority: YES NO States: _____

CURRENT INSURANCE INFORMATION

COVERAGE	CURRENT CARRIER	PREMIUM	EXPIRATION DATE
Property			
General Liability			
Owned Auto			
Hired/Non-Owned Auto			
Cargo			
Workers' Compensation			
Umbrella			
Crime			
Other (List)			

Please provide copies of the above policies. We can often obtain additional information from policies that is helpful in putting together our quotation/proposal.

IN ADDITION TO THE COMPLETED APPLICATION, WE REQUIRE THE FOLLOWING ITEMS:

- Hard Copy "Loss Runs" for all lines of coverage being quoted for the last four (4) years. (Current year plus three previous). These must be valued within the last 90 days.
- Detailed current vehicle fleet and drivers lists.
- We will need to order current MVR's. Our charge is \$5.00 per driver. Please enclose a check for the total (made out to Oswald Companies). We must have MVR's for all drivers prior to binding coverage.
- Policy declarations page for ALL drivers using their own vehicles on behalf of your company. (These are not required to quote, but will be needed within 30 days of binding Hired/Non-Owned Auto Liability.)
- Copies of customer contracts for review 2 minimum
- Your Bill of Lading or other shipping receipt.
- Sample of Driver Agreement.
- Copy of current state(s) certificate of authority (If applicable).
- Mechanical inspection report for all vehicles more than 15 years old

In the following specific coverage sections of the application, many limits will already be filled in. These are automatically included within the standard coverage(s). If you require different limits, please indicate those in the 'requested' column.

The following items aren't mandatory, but we strongly suggest that you send us:

- Copies of any current policies
- Copies of any property leases

Ohio Law requires us to notify you of the following: "Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement, is guilty of insurance fraud."

GENERAL LIABILITY APPLICATION

<u>COVERAGE</u>	<u>LIMITS</u>
Annual General Aggregate	\$ 2,000,000
Each Occurrence	\$ 1,000,000
Products and Completed Operations Aggregate	\$ 1,000,000
Personal and Advertising Injury	\$ 1,000,000
Fire Damage Legal Liability	\$ 100,000
Medical Expense (any one person)	\$ 5,000
Deductible	\$ 1,000

RATING INFORMATION

Warehouse/Terminal Payroll (if any): \$ _____

MISCELLANEOUS UNDERWRITING INFORMATION

EXPLAIN ALL YES RESPONSES

1. Any other past or present partnerships or joint ventures that should be named? If YES, list and describe on a separate sheet.	YES	NO
2. Any medical facilities provided?	YES	NO
3. Any operations sold, acquired or discontinued in the last five years?	YES	NO
4. Any watercraft owned, hired or leased?	YES	NO
5. Any aircraft owned, hired or leased?	YES	NO
6. Do you sponsor any athletic teams?	YES	NO
7. Are you a licensed freight broker?	YES	NO
8. Do you deliver household goods/appliances that require entering the home and setting up/installing? If YES, percentage of this type of work _____ %	YES	NO
9. Do you presently have customers that require Additional Insured status and require Primary/Non-Contributory language? If yes, please provide a list of such customers.	YES	NO
10. If you are leasing your premises, does your lease contain a mutual waiver of subrogation? If you are not sure, please send a copy of the lease.	YES	NO
11. Do you utilize a Professional Employment Organization/Employee Leasing Company?	YES	NO

Explain any YES answers: _____

UMBRELLA/EXCESS LIABILITY REQUESTED? YES NO Limit _____

(\$1,000,000 minimum. Higher limits are available.)

McCleckie Insurance Group * Fax 760-462-1696 * mcleckie@msn.com * Naples, Texas

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PRIVACY LIABILITY APPLICATION

Coverage applies to the Unintended Release of Confidential Information. Some of the exposures are:

- Unintentional release of client information from both paper and electronic files
- Improper disposal of "work product", expert reports, or internal communications
- Data loss due to hacking into your network by outside sources (additional premium required for this coverage – see below for option)
- E-mails accidentally sent to the wrong party
- Accidental release of client information to regulatory authorities such as the IRS
- Accidental loss of "negative" client information
- Loss or breach of office personnel employment files or medical records
- Other confidential information your client has entrusted to you
- Violations of Gramm-Leach-Bliley Act
- Accidental release of MVR's
- Accidental loss of client medical information
- Loss of client credit card information or bank account information

Limits of \$25,000 / \$50,000 will be quoted automatically unless another option is chosen below.

LIMITS PER OCCURRENCE / AGGREGATE	Check One
\$ 25,000 / \$ 50,000	
\$ 50,000 / \$ 100,000	
\$100,000 / \$ 200,000	
\$300,000 / \$ 600,000	

The limits above include \$5,000 per occurrence / \$15,000 aggregate for the costs incurred to notify any person(s) or entity that their confidential information was or may have been revealed to a third party. These limits may be increased to up to 10% of the per occurrence limit for an additional premium. (The aggregate limit would be increased to three times the occurrence limit.)

Coverage for loss of data (due to hacking into your network by outside sources) may be included for an additional premium. If you would like this included in your quote, please check here.

PROPERTY APPLICATION
 (Please complete separate page for each location)

Location Address: _____

COVERAGE

REQUESTED LIMITS

(80% Coinsurance Replacement Cost Values)

Building	\$ _____
Contents (including Leasehold Improvements)	\$ _____
Business Income / Extra Expense	\$ _____
Electronic Data Processing (EDP) – Blanket Hardware, Software and Extra Expense	\$ _____
Deductible (\$1,000 minimum)	\$ _____
Utility Services (Coverage for an off-premises accident resulting in Direct Damage, or Lost Income and/or Extra Expense)	\$ <u>25,000 (max)</u>

Breakdown (Coverage for mechanical breakdown of equipment built to operate under vacuum or pressure (other than weight of contents), or used for generation/transmission/utilization of energy.)	Included (Computers, CFC Refrigerants & Perishable Goods are limited to \$25,000)
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If you have property of others stored in your warehouse, please complete the Warehouse Supplement.

UNDERWRITING INFORMATION

TYPE OF BUILDING (Office, Warehouse, etc.): _____ **YEAR BUILT:** _____

TOTAL ARE OF BUILDING: _____ **PERCENT YOU OCCUPY:** _____ %

WALL CONSTRUCTION: **Masonry** **Brick Veneer** **Frame** **Metal**

ROOF CONSTRUCTION: **Wood Deck** **Metal Deck**

BASEMENT: **YES** **NO** **NUMBER OF STORIES:** _____

DESCRIBE OTHER OCCUPANTS IF MULTI-TENANT BUILDING (Professional, Manufacturing, etc.): _____

FIRE PROTECTION (Circle all that apply)	Sprinklers	Extinguishers	Standpipe
	Central Station Alarm	Local Alarm	Other

MOTOR CARGO
SPECIAL NOTICE

Please note that this coverage is a "legal liability" contract, versus a "first party transit" coverage form.

A legal liability form is used almost exclusively to provide coverage for common and contract carriers.

While our form is broader than most, you should be aware of several things:

- Coverage may be limited to any limitation stated on a Bill of Lading or other form of delivery ticket, unless otherwise agreed to by you and your customer in writing or verbally.
- You may not be liable for certain events, such as acts of God, neglect of the shipper, inherent vice or acts of the public enemy. Therefore, coverage may not apply.
- Contracts with customers should be closely reviewed to make sure that any liability you may have accepted is actually covered by the policy.

If there are any questions at all about this coverage, please call us for clarification.

CARGO APPLICATION

COMMODITIES CARRIED	ESTIMATED PERCENT OF REVENUE	ESTIMATED MAX VALUE PER DELIVERY, IF KNOWN
Cash/Negotiables		
Non-Negotiable Financial Documents		
Jewelry/Precious Metals*		
Pharmaceuticals (Complete Cargo Electronics & Pharmaceuticals Questionnaire)		
Perishables		
Electronics (Complete Cargo Electronics & Pharmaceuticals Questionnaire)		
Fine Arts*		
Other (Misc. Small Packages/Envelopes)		

* Standard policy excludes coverage, however, if you do carry this type of property, please provide some additional detail and we will attempt to secure appropriate coverage, depending on the specific circumstances.

- **CARGO CLAIM HISTORY (PAST 5 YEARS) – Attach Loss Runs; if NONE, write “NONE”**

- **Any special coverages needed? (Explain)**

- **Do you have specific written contracts with customers? (If yes, attach copies) _____ YES _____ NO**

- **Do you use a B.O.L. or any shipping receipt specifying a “Limit of Liability”? _____ YES _____ NO**

If YES, what is the limitation? \$ _____

- **If you regularly transport packages, items or containers (Freight), weighing more than 50 pounds; we need a more detailed description, including the type of commodities, how often and how far.**
- **If you regularly transport electronics (mainly computer and/or other high-tech parts and equipment), and/or pharmaceuticals, you must complete the CARGO ELECTRONICS & PHARMACEUTICALS QUESTIONNAIRE.**
- **If you transport Bank “Proof Work” (cancelled checks, cash letters, etc.) requiring Reconstruction and/or Face Value coverage, the RECONSTRUCTION/FACE VALUE INSURANCE QUESTIONNAIRE must be completed (one for each customer).**

**** Please Note: There is an automatic minimum deductible of \$2500 (each occurrence) for losses involving Electronics, Pharmaceuticals and/or Bank “Proof Work”, unless otherwise specified.**

**FINANCIAL INSTITUTION
INSTRUCTIONS/EXPLANATIONS**

PLEASE SEND COPIES OF ALL FINANCIAL INSTITUTION CONTRACTS

1. Requesting Reconstruction (only) means the customer has not required Face Value. Please note, however, that you should insist that contract wording clearly relieve you from Face Value liability.
2. Requesting Face Value (only) means the customer has not required Reconstruction. Please note, however, that you should insist that contract wording clearly relieve you from Reconstruction liability.
3. Requesting combined Reconstruction/Face Value means that the limit will be available on a blanket basis covering either/both types of loss. Please be sure your contract doesn't require separate Reconstruction and Face Value limits. If it does, fill in the Reconstruction (only) limits and Face Value (only) limits column.
4. Your contract(s) may also specifically require that you carry Employee Dishonesty. Often, the required limit is different from what is required for Reconstruction and/or Face Value. Sometimes higher, sometimes lower. While you may have a separate Dishonesty Bond, it is recommended that you include the coverage on this policy, which is accomplished by modifying the Dishonesty exclusion. Your customer will want to be made whole no matter what the source of the "loss". We often see that contracts don't address the Dishonesty exposure; consequently, the Courier doesn't elect to purchase the Dishonesty Bond at all, or not in an amount equal to the Reconstruction/Face Value limit. In the absence of specific contractual language limiting recovery, the customer may well come after, and be entitled to, recovery of a loss caused by your driver.
5. While most banks do not microfiche (or copy checks in any way) at the branch level, some do. If you can verify that your customer does, either all or a significant percentage, this greatly reduces exposures and considerable rate credits are available. You would need to provide something in writing, on your customer's letterhead, stating that they do have duplicate records of some kind, and for what percentage of the work you will be transporting.
6. It is extremely important to let us know if you will co-mingle the work of any of your customers. This increases the exposure and the premium. For example, if Customer "A" requires a Reconstruction/Face Value limit of \$1,000,000 and Customer "B" wants a \$2,500,000 Reconstruction/Face Value limit, and the work is co-mingled, the aggregate exposure is \$3,500,000. We would need to provide this as your Per Loss/Per Conveyance limit and price it accordingly.

**COURIER CARGO
SCHEDULE OF LIMITS**

The liability of the Company for any one occurrence, partial, total or salvageable charges, expense (except defense) all combined shall in no event exceed \$_____.

Sub/Category – Limits (all per each occurrence)
(See FINANCIAL INSTITUTIONS INSTRUCTIONS/EXPLANATIONS)

A. Financial Institution(s) and/or Customers thereof

Name of Financial Institution	Reconstruction/ Loss of Interest Combined	Face Value/ Loss of Interest Combined	Reconstruction//Face Value Combined	Dishonesty Included (Yes/No)
1.	\$	\$	\$	YES NO
2.	\$	\$	\$	YES NO
3.	\$	\$	\$	YES NO
4.	\$	\$	\$	YES NO
5.	\$	\$	\$	YES NO
6.	\$	\$	\$	YES NO
7.	\$	\$	\$	YES NO
8.	\$	\$	\$	YES NO
9.	\$	\$	\$	YES NO
10.	\$	\$	\$	YES NO

B. Specified Customer(s)/Non-Financial Institution(s)

Customer	Limit
1.	\$
2.	\$
3.	\$
4.	\$
5.	\$
6.	\$
7.	\$
8.	\$
9.	\$
10.	\$

**COURIER CARGO
SCHEDULE OF LIMITS (cont.)**

	<u>Standard Limits</u>	<u>Requested Limits</u>
C. All Other Customers/Each Occurrence (No specific property and/or customer)	\$25,000	
D. Loss of Market, Delay, Loss of Use	\$ 5,000	
E. Negotiable Instruments	\$ 2,500	
F. In or At Any Location (within the policy territory)	\$25,000	

COURIER CARGO DEDUCTIBLE SCHEDULE

All deductibles set forth below will apply separately to each occurrence, each category of property (as outlined in the Schedule of Limits, this allows for multiple deductibles on any one occurrence.)

A. Financial Institutions (and/or customers thereof)

Customer	Reconstruction & Face Value Combined (Including Loss of Interest)		Reconstruction Combined (Including Loss of Interest)		Face Value Combined (Including Loss of Interest)	
	Theft -Unlocked Vehicle	Other	Theft -Unlocked Vehicle	Other	Theft -Unlocked Vehicle	Other
1.	\$	\$	\$	\$	\$	\$
2.	\$	\$	\$	\$	\$	\$
3.	\$	\$	\$	\$	\$	\$
4.	\$	\$	\$	\$	\$	\$
5.	\$	\$	\$	\$	\$	\$

B. Pharmaceuticals (separate deductible will apply to Theft/Hold-Up, if the stolen property contained \$15,000.00 or more of narcotics)

Customer	Theft -Unlocked Vehicle	Other
1.	\$	\$
2.	\$	\$
3.	\$	\$
4.	\$	\$
5.	\$	\$

C. Electronics

Customer	Theft -Unlocked Vehicle	Other
1.	\$	\$
2.	\$	\$
3.	\$	\$
4.	\$	\$
5.	\$	\$

**COURIER CARGO
DEDUCTIBLE SCHEDULE (cont.)**

D. Other Specified Property

Type of Property	Theft -Unlocked Vehicle	Other
1.	\$	\$
2.	\$	\$
3.	\$	\$
4.	\$	\$
5.	\$	\$

E. All Other

Theft -Unlocked Vehicle	Other
\$	\$

F. Policy/Term Aggregate Deductible (if applicable)

\$ _____

CARGO ELECTRONICS & PHARMACEUTICALS QUESTIONNAIRE

ELECTRONICS

1. Specifically describe what you are transporting (i.e. PC's, computer components, industrial computerized equipment, etc.).
2. Does the described property require any special handling due to size, weight or sensitivity? If so, specifically describe such requirements.
3. Do you have written contracts with your customers limiting and/or accepting specific liability? If so, attach copies.
4. Do you use a specific driver(s) for transporting this property? Do you run criminal background checks?

PHARMACEUTICALS

1. Specifically describe products being transported (over-the-counter, prescription, narcotics – estimate the percentage of narcotics being transported on a regular basis).
2. Describe what security procedures are employed by your customer (shipper) and you, such as sealed cartons, use of detailed manifests, background checks on drivers, vehicle alarms, etc.
3. Do you have written contracts with your customers limiting and/or accepting specific liability? If so, attach copies.
4. Will any of your pharmaceutical contracts involve line hauls? YES NO
If YES:
 - a.) How many? _____
 - b.) How often? _____
 - c.) From where to where? _____
 - d.) Maximum value transported? \$ _____ Average Value \$ _____
 - e.) Percentage of narcotics? _____ %

**CARGO ELECTRONICS & PHARMACEUTICALS QUESTIONNAIRE
(cont.)**

PHARMACEUTICALS (continued)

5. For local distribution, involving smaller vehicles (vans, pick-ups, etc.)

a.) How many vehicles are used on a regular basis? _____

b.) Normal mileage values? _____

c.) Maximum value transported? \$ _____

d.) Average value transported? \$ _____

6. Are any narcotics kept in your facility overnight? YES NO
If YES, describe security measures in detail:

PLEASE NOTE THAT THESE TYPES OF SHIPMENTS ARE THE SUBJECTS OF FREQUENT CLAIMS. IN ORDER TO INSURE THEM AT ALL, WE MUST HAVE AS MUCH INFORMATION AS POSSIBLE. IF YOU DO NOT PRESENTLY HAVE WRITTEN CONTRACTS WITH YOUR CUSTOMERS LIMITING YOUR LIABILITY IN SOME WAY, YOU SHOULD. WE WOULD BE GLAD TO MAKE SUGGESTIONS IN THIS REGARD. AN AUTOMATIC DEDUCTIBLE OF \$2,500 PER OCCURRENCE WILL APPLY TO BOTH ELECTRONIC AND PHARMACEUTICAL SHIPMENTS.

RECONSTRUCTION/FACE VALUE INSURANCE QUESTIONNAIRE

PLEASE COMPLETE ONE FORM FOR EACH BANK OR CUSTOMER REQUIRING THIS COVERAGE
(NOTE, ALL QUESTIONS APPLY SOLELY TO THE BANK CUSTOMER LISTED BELOW)

BANK/CUSTOMER NAME: _____

Cities/States Involved: _____

*** Much of this information will have to be provided by the bank/customer. It is important to complete the application in as much detail as possible in order to obtain the proper coverage at the best possible rate.*

1. INSURANCE REQUESTED:	LIMIT (each occurrence)	DISHONESTY INCLUDED
a. Reconstruction (including Loss of Interest)	\$ _____	YES NO
b. Reconstruction/Face Value Combined (Including Loss of Interest)	\$ _____	YES NO
c. Face Value Only (including Loss of Interest)	\$ _____	YES NO
2. Total annual revenues derived from this bank		
		\$ _____
3. Total number of Employee Drivers _____ Independent Contractor Drivers _____		
4. Type of cargo you transport, other than canceled checks:		

5. Branch Information:

a. Number of branches you pick up from	_____
b. Average number of daily stops per branch	_____
c. Distance between branches and processing center	Average: _____ Max: _____
d. Average number of bags per pickup per branch	_____

6. Do you pick up deposits from bank customers? (If yes, see below)	YES	NO
a. Do the deposits include any cash?	YES	NO
b. If YES, max amount of cash in any one bag or from any one customer	\$ _____	
c. Max amount of cash in any one vehicle at any one time	\$ _____	
d. List the type of bank customers from whom you pick up deposits (retail, office, etc.):		

7. Does the bank have a photocopy procedure for checks?	YES	NO
If YES, indicate the value of checks that the bank photocopies:		
All scanned <input type="checkbox"/> \$1-\$1000 <input type="checkbox"/> \$1001-\$2500 <input type="checkbox"/> \$2501-\$5000 <input type="checkbox"/> \$5000 or greater <input type="checkbox"/>		

RECONSTRUCTION/FACE VALUE INSURANCE QUESTIONNAIRE (cont.)

8. Are routes for this Bank dedicated? If NOT, how many banks are "co-mingled"? If YES, with what other bank(s)?	YES _____ _____	NO _____ _____
9. Are fire proof/resistant bags used?	YES	NO
10. Do you use armed couriers?	YES	NO
11. Are there halon canisters in bags?	YES	NO
12. Are drivers educated with the fact that there is nothing in the bags of intrinsic value?	YES	NO
13. Is there a bar code or other electronic tracking system in place?	YES	NO
14. Are vehicles locked when unattended?	YES	NO
15. Are bags secured by any type of locking device in vehicles?	YES	NO
16. Are bags out of sight when transported?	YES	NO
17. Do you have contractual arrangements with banks? If YES, please attach copies.	YES	NO
18. Do you have requirements that the bank must abide by?	YES	NO
19. Methods of transportation:	CARS, VANS _____%	AIR _____%
(ATTACH: COURIER AIR CARGO SUPPLEMENT)		
20. Driver information:		
a. Do you require two-way communications for each driver?	YES	NO
b. Do you require MVR checks on all drivers?	YES	NO
c. Do you require uniforms for drivers?	YES	NO
d. Do you require picture ID's for drivers?	YES	NO
e. Do you require background checks on drivers?	YES	NO
21. Does the bank have a check reconstruction procedure and team in place? If YES, briefly describe:	YES	NO

RECONSTRUCTION/FACE VALUE INSURANCE QUESTIONNAIRE (cont.)

22. How and when does the bank make the determination that a destroyed/lost item(s) can't be reconstructed and must be deemed a "face value" claim?

23. Provide the bank contact name and phone number of the person responsible for the reconstruction procedure in the event of a loss:

24. What is the bank's lost-bag protocol?

25. Have you had any Bank Cargo losses in the past five (5) years? YES NO

If YES, explain the nature of the loss(es) – attach a separate page, if necessary, and provide "hard copy" insurance company loss runs:

WAREHOUSING NOTICE

If you hold customers' property less than 72 hours, your Cargo coverage will apply as the property will be considered in transit. However, if you do much of this and property tends to accumulate, particularly if its property of significant value, your cargo limit may not be adequate. Please be cognizant of this and let us know if a higher limit would be appropriate.

If you are actually doing long term storage you should have "Warehouseman's Legal Liability" (WLL) coverage.

We sometimes see coverage provided via Personal Property of Others, which is very broad coverage and the same as you have on your own property. **However**, a potential major problem is that typically there's an 80% "coinsurance" clause – meaning that the limit of insurance must represent at least 80% of the actual replacement value of the stored property. Often you have little or no idea of the actual replacement value of the customer's property (all customer property in storage) – and the values may frequently change. Let's say a fire does significant damage to the property in storage and the insurance company is able to determine the total replacement value of customer property is \$1,000,000. With an 80% coinsurance clause, you'd be required to carry an \$800,000 limit. However, if you only carry a \$400,000 limit (to keep your insurance premium down) and the amount of this loss is, \$50,000, you will be penalized. Here is how it works:

\$400,000	Amount insured	

\$800,000	Amount that should have been insured	= 50% x \$50,000 Loss = \$25,000 Paid Claim (less any deductible)

If the amount of property stored varies significantly month to month, you could make use of a "monthly reporting" form. This allows you to pay premium based on the average monthly values and NOT be in jeopardy of suffering a coinsurance penalty.

If the value remains fairly constant, pick a limit on the "high end" and you should be fine.

Again, the appropriate coverage is "Warehouseman's Legal Liability". This is how "real" warehousemen protect their customer's property (and their own liability).

In order to implement this coverage, you must utilize a "warehouse receipt" (or some written agreement between you and your customer). A sample of the American Warehouseman's Association Warehouse Receipt is included herein, as well as several examples for establishing valuation or some form of written agreement. Also included is a short agreement we've developed, titled, "Warehouse Depositors Agreement." Today, many couriers are working with one or more 3rd Party Logistics (3PL) companies. While a great opportunity, there are some serious risk management issues. The lack of written agreements between the courier and the 3PL is alarming. When there is some form of agreement, the limit and scope of the respective liabilities are either ill-defined or are heavily weighted in favor of the 3PL. Clearly outlining the scope and limits of liability, and keeping it fair to both the 3PL and the courier, is pretty simple. Once that has been accomplished, implementing the proper insurance is also simple. We can help by reviewing agreements and talking to the 3PL, either with you or on your behalf.

If you are doing any warehousing at all, or contemplating it, please complete the "Warehousing Questionnaire". Then we can work with you to determine the proper coverage for your operation.

WAREHOUSE DEPOSITOR AGREEMENT

Limitations of Liability

It is understood and agreed that _____ (warehouseman) shall not be liable for any loss or injury to goods stored for _____ (depositor), however caused, unless such loss or injury resulted from the failure by _____ (warehouseman) to exercise such care in regard to them as a reasonable careful man would exercise under like circumstances. _____ (warehouseman) is not liable for damage which could not have been avoided by the exercise of such care.

In the event _____ (warehouseman) is legally liable for any loss or injury, damages are limited to the actual cost to replace damaged property or \$_____, whichever is less.

By: _____
Depositor

By: _____
Warehouseman

Date: _____

Date: _____

WAREHOUSING QUESTIONNAIRE

THIS MUST BE COMPLETED IF YOU HAVE ANY KIND OF WAREHOUSING OPERATION

1. Address of Warehouse: _____

2. Total Area (In cubic capacity or # of storage lots) of premises available for storage: _____

3. Total Area of Building _____ Area you occupy _____
If multi tenant, describe other occupancies: _____

4. Building Description: # Stories _____ Basement? Y/N Exterior Wall Construction _____
Roof Type _____ Floor Type _____

5. Premises Protection: (circle all that apply)

Sprinklers Central Station Fire Alarm Central Station Burglary Alarm

6. Estimated total values in storage during the previous year (20__):

Maximum at any one time: \$ _____ Average at any one time: \$ _____

7. Do you issue a "Warehouse Receipt"? YES NO

If YES, attach a copy.

If NOT, do you have any form of written agreement with customers specifying who is responsible and for how much? YES NO

If YES, attach a copy or describe in detail how you limit your liability.

WAREHOUSING QUESTIONNAIRE (cont.)

9. Gross Receipts from warehousing only:

Last complete fiscal year (20__) \$ _____ Estimated for current year (20__) \$ _____

10. REQUESTED LIMIT \$ _____ REQUESTED DEDUCTIBLE \$ _____

COMMODITIES	MAXIMUM \$ VALUE	AVERAGE \$ VALUE
Food/Perishables	\$	\$
Furniture	\$	\$
Electronics	\$	\$
a. TV, Radio/Stereo, etc.	\$	\$
b. Computer Equipment/Parts	\$	\$
Office Products (other than computer)	\$	\$
Appliances (other than TV/Radio, etc.)	\$	\$
Chemicals of any kind – Describe	\$	\$
Liquor, Wine, Spirits	\$	\$
Auto Parts	\$	\$
Other (Describe)	\$	\$

SAMPLE

STANDARD CONTRACT TERMS AND CONDITIONS FOR MERCHANDISE WAREHOUSEMAN

(Approved and Promulgated by the American Warehouseman's Association, October 1968)

ACCEPTANCE – Sec. 1

- (a) This contract and rate quotation including accessorial charges endorsed on or attached hereto must be accepted within 30 days from the proposal date by signature of depositor on the reverse side of the contract. In the absence of written acceptance, the act of tendering goods described herein for storage or other services by warehouseman within 30 days from the proposal date shall constitute such acceptance by depositor.
- (b) In the event that goods tendered for storage or other services do not conform to the description contained herein, or conforming goods are tendered after 30 days from the proposal date without prior written acceptance by depositor as provided in paragraph (a) of this section, warehouseman may refuse to accept such goods. If warehouseman accepts such goods, depositor agrees to rates and charges as may be assigned and invoiced by warehouseman and to all terms of this contract.
- (c) This contract may be cancelled by either party upon 30 days written notice and is cancelled if no storage or other services are performed under this contract for a period of 180 days.

SHIPPING – Sec. 2

Depositor agrees not to ship goods to warehouseman as the named consignee. If, in violation of this agreement, goods are shipped to warehouseman as named consignee, depositor agrees to notify carrier in writing prior to such shipment, with copy of such notice to the warehouseman, that warehouseman named as consignee is a warehouseman and has no beneficial title or interest in such property and depositor further agrees to indemnify and hold harmless warehouseman from any and all claims for unpaid transportation charges, including undercharges, demurrage, detention or charges of any nature, in connection with goods so shipped. Depositor further agrees that, if it fails to notify carrier as required by the next preceding sentence, warehouseman shall have the right to refuse such goods and shall not be liable or responsible for any loss, injury or damage of any nature to, or related to, such goods. Depositor agrees that all promises contained in this section will be binding on depositor's heirs, successors and assigns.

TENDER FOR STORAGE – Sec. 3

All goods for storage shall be delivered at the warehouse property marked and packaged for handling. The depositor shall furnish at or prior to such delivery, a manifest showing marks, brands, or sizes to be kept and accounted for separately, and the class of storage and other services desired.

STORAGE PERIOD AND CHARGES – Sec. 4

- (a) All charges for storage are per package or other agreed unit per month.
- (b) Storage charges become applicable upon the date that warehouseman accepts care, custody and control of the goods, regardless of unloading date or date of issue of warehouse receipt.
- (c) Except as provided in paragraph (d) of this section, a full month's storage charge will apply on all goods received between the first and the 15th, inclusive of a calendar month; one-half month's storage charge will apply on all goods received between the 16th and the last day, inclusive, of a calendar month, and a full month's storage charge will apply to all goods in storage on the first day of the next and succeeding calendar of months. All storage charges are due and payable on the first day of storage for the initial month and thereafter on the first day of the calendar month.
- (d) When mutually agreed by the warehouseman and the depositor, a storage month shall extend from a date in one calendar month to, but not including, the same date of the next and all succeeding months. All storage charges are due and payable on the first day of the storage month

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TRANSFER, TERMINATION OF STORAGE, REMOVAL OF GOODS – Sec. 5

- (a) Instructions to transfer goods on the books of the warehouseman are not effective until delivered to and accepted by warehouseman, all charges up to the time transfer is made are chargeable to the depositor of record. If a transfer involves rehandling the goods, such will be subject to a charge. When goods in storage are transferred from one party to another through issuance of a new warehouse receipt, a new storage date is established on the date of transfer.
- (b) The warehouseman reserves the right to move, at his expense, 14 days after notice is sent by certified or registered mail to the depositor of record or to the last known holder of the negotiable warehouse receipt, any goods in storage from the warehouse in which they may be stored to any other of his warehouses, but if such depositor or holder takes delivery of his goods in lieu of transfer, no storage charge shall be made for the current storage month. The warehouseman may, without notice, move goods within the warehouse in which they are stored.
- (c) The warehouseman may, upon written notice to the depositor of record or any other person known by the warehouseman to claim an interest in the goods, require the removal of any goods by the end of the next succeeding storage month. Such notice shall be given to the last known place of business or abode of the person to be notified. If goods are not removed before the end of the next succeeding storage month, the warehouseman may sell them in accordance with applicable law.
- (d) If warehouseman in good faith believes that the goods are about to deteriorate or decline in value to less than the amount of warehouseman's lien before the end of the next succeeding storage month, the warehouseman may specify in the notification any reasonable shorter time for removal of the goods and in case the goods are not removed, may sell them at public sale held one week after a single advertisement or posting as provided by law.
- (e) If as a result of a quality or condition of the goods of which the warehouseman had no notice at the time of deposit the goods are a hazard to other property or to the warehouse or to persons, the warehouseman may sell the goods at public or private sale without advertisement on reasonable notification to all persons known to claim an interest in the goods. If the warehouseman after a reasonable effort is unable to sell the goods he may dispose of them in any lawful manner and shall incur no liability by reason of such disposition. Pending such disposition, sale or return of the goods, the warehouseman may remove the goods from the warehouse and shall incur no liability by reason of such removal.

HANDLING – Sec. 6

- (a) The handling charge covers the ordinary labor involved in receiving goods at warehouse door, placing goods in storage, and returning goods to warehouse door.
- (b) Unless otherwise agreed, labor for unloading and loading goods will be subject to a charge. Additional expenses incurred by the warehouseman in receiving and handling damaged goods, and additional expense in unloading from or loading into cars or other vehicles not at warehouse door will be charged to the depositor.
- (c) Labor and materials used in loading rail cars or other vehicles are chargeable to the depositor.
- (d) When goods are ordered out in quantities less than in which received, the warehouseman may make an additional charge for each order or each item of an order.
- (e) The warehouseman shall not be liable for demurrage, delays in unloading inbound cards, or delays in obtaining and loading cards for outbound shipment unless warehouseman has failed to exercise reasonable care.

DELIVERY REQUIREMENTS – Sec. 7

- (a) No goods shall be delivered or transferred except upon receipt by the warehouseman of complete instructions properly signed by the depositor. However, when no negotiable receipt of outstanding goods may be delivered upon instructions by telephone in accordance with a prior written authorization, but the warehouseman shall not be responsible for loss or error occasioned thereby.

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- (b) When a negotiable receipt has been issued, no goods covered by that receipt shall be delivered, or transferred on the books of the warehouseman, unless the receipt, properly endorsed, is surrendered for cancellation, or for endorsement of partial delivery thereon. If a negotiable receipt is lost or destroyed, delivery of goods may be made only upon order or a court of competent jurisdiction and the posting of security approved by the court as provided by law.
- (c) When goods are ordered out a reasonable time shall be given the warehouseman to carry out instructions, and if he is unable because of acts of god, war, public enemies, seizure under legal process, strikes, lockouts, riots and civil commotions, or any reason beyond the warehouseman's control, or because of loss or destruction of goods for which warehouseman is not liable, or because of any other excuse provided by law, the warehousemen shall not be liable for failure to carry out such instructions and goods remaining in storage will continue to be subject to regular storage charges.

EXTRA SERVICES (SPECIAL SERVICES) – Sec. 8

- (a) Warehouse labor required for services other than ordinary handling and storage will be charged to the depositor.
- (b) Special services requested by depositor including but not limited to compiling of special stock statements; reporting marked weights, serial numbers or other data from packages; physical check of goods; and handling transit billing will be subject to a charge.
- (c) Dunnage, bracing, packing materials or other special supplies, may be provided for the depositor at a charge in addition to the warehouseman's cost.
- (d) By prior arrangement, goods may be received or delivered during other than usual business hours, subject to a charge.
- (e) Communications expense including postage, teletype, telegram, or telephone will be charged to the depositor if such concern more than normal inventory reporting or if, at the request of the depositor, communications are made by other than regular United States Mail.

BONDED STORAGE – Sec. 9

- (a) A charge in addition to regular rates will be made for merchandise inbound.
- (b) Where a warehouse receipt covers goods in U.S. Custom's bond, such receipt shall be void upon the termination of the storage period fixed by law.

MINIMUM CHARGES – Sec. 10

- (a) A minimum handling charge per lot and a minimum storage charge per lot per month will be made. When a warehouse receipt covers more than one lot or when a lot is in assortment, a minimum charge per mark, brand, or variety will be made.
- (b) A minimum monthly charge to one account for storage and/or handling will be made. This charge will apply also to each account when one customer has several accounts, each requiring, separate records and billing.

LIABILITY AND LIMITATION OF DAMAGES – Sec. 11

- (A) THE WAREHOUSEMAN SHALL NOT BE LIABLE FOR ANY LOSS OR INJURY TO GOODS STORED HOWEVER CAUSED UNLESS SUCH LOSS OR INJURY RESULTED FROM THE FAILURE BY THE WAREHOUSEMAN TO EXERCISE SUCH CARE IN REGARD TO THEM AS A REASONABLY CAREFUL MAN WOULD EXERCISE UNDER LIKE CIRCUMSTANCES AND WAREHOUSEMAN IS NOT LIABLE FOR DAMAGES WHICH COULD NOT HAVE BEEN AVOIDED BY THE EXERCISE OF SUCH CARE.
- (B) GOODS ARE NOT INSURED BY THE WAREHOUSEMAN AGAINST LOSS OR INJURY HOWEVER CAUSED.
- (C) THE DEPOSITOR DECLARES THAT DAMAGES ARE LIMITED TO \$_____, PROVIDED, HOWEVER, THAT SUCH LIABILITY MAY AT THE TIME OF ACCEPTANCE OF THIS CONTRACT AS PROVIDED IN SECTION 1 BE INCREASED ON PART OR ALL OF THE GOODS HEREUNDER IN WHICH EVENT A MONTHLY CHARGE OF _____ WILL BE MADE IN ADDITION TO THE REGULAR MONTHLY STORAGE CHARGE.

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NOTICE OF CLAIM AND FILING OF SUIT – Sec. 12

- (a) Claims by the depositor and all other persons must be presented in writing to the warehouseman within a reasonable time, and in no event longer than either 60 days after delivery of the goods by the warehouseman or 60 days after depositor of record or last known holder of a negotiable warehouse receipt is notified by the warehouseman that loss or injury to part or all of the goods has occurred, whichever time is shorter.
- (b) No action may be maintained by the depositor or others against the warehouseman for loss or injury to the goods stored unless timely written claim has been given as provided in paragraph (a) of this section and unless such action is commenced either within nine months after date of delivery to warehouseman or within nine months after depositor of record or the last known holder of a negotiable warehouse receipt is notified that loss or injury to part or all of the goods has occurred, whichever time is shorter.
- (c) When goods have not been delivered, notice may be given of known loss or injury to the goods by mailing of a registered or certified letter to the depositor of record or the last known holder of a negotiable warehouse receipt. Time limitations for presentation of claim in writing and maintaining of action after notice begins on the date of mailing of such notice by warehouseman.

The following are examples of provisions dealing with limitations of liability in warehouse storage agreements.

- (1) "The depositor declares that damages are limited to 150 times the base rate, provided, however, that such liability may at the time of acceptance of this contract as provided in section 1 be increased on part or all of the goods hereunder in which event a monthly charge of \$_____ will be made in addition to the regular monthly storage charge." Source: AWA-approved provision that complies with the statute and has been enforced by courts throughout the country.
- (2) "In the event of a loss, damage or destruction to stored goods for which a warehouseman is legally liable, depositor declares that warehouseman's liability for damages shall be limited to the lesser of the following: a) the actual cost to depositor of replacing or reproducing the damaged goods, (b) 100 times the monthly storage charge applicable to such lost, damaged or destroyed goods, c) 50 cents per pound. Provided, however, that within a reasonable time after receipt of this warehouse receipt, depositor may, upon written request increase warehouseman's liability on part or all of the goods stored under this warehouse receipt, in which case an increased charge will be made based upon such increased valuation." Source: prepared by Horvath Lieber & Quilici.
- (3) "Warehouseman shall reimburse depositor for the replacement cost of all material or product that is lost, damaged, or destroyed during warehouseman's handling or storage of such material or product in the course of warehouse operations. If such loss, damage or destruction occurs due to the negligence or willful misconduct of warehouseman, its agents or assigns, then warehouseman will be fully liable for all loss, damage or destruction. If such loss, damage or destruction occurs without the negligence or willful misconduct by a warehouseman, its agents or assigns, then warehouseman will receive a loss damage allowance." Source: customer-prepared contract.

CRIME APPLICATION

COVERAGE	REQUESTED LIMITS	DEDUCTIBLE (\$1,000 minimum)
Employee Dishonesty	\$ _____	\$ _____
ERISA <input type="checkbox"/> Yes <input type="checkbox"/> No Total Assets: _____	\$ _____	\$ _____
Forgery or Alteration (of your checks)	\$ _____	\$ _____
Funds Transfer Fraud	\$ <u>25,000 (max)</u>	\$ _____
Computer Fraud	\$ <u>25,000 (max)</u>	\$ _____
Money and Securities (On/Off Premises) (Covers money and securities of the insured)	\$ _____	\$ _____

EMPLOYEE/INDEPENDENT CONTRACTOR CENSUS
INDICATE NUMBER OF EACH

	Full Time	Part Time
Employee Drivers	_____	_____
Independent Contractor Drivers	_____	_____
Clerical/Administrative Employees (Exclude Owners/Officers)	_____	_____
Other	_____	_____
TOTAL	_____ +	_____ = _____

UNDERWRITING INFORMATION
RELATIVE TO INTERNAL EMPLOYEE DISHONESTY AND ERISA, IF APPLICABLE

- Is a countersignature required on all checks? YES NO
- If NO, what check amount requires countersignature? \$ _____
- Can the person who reconciles bank statements, also deposit and/or withdraw money? YES NO
- Are financial audits performed? YES NO
How often? _____
- To your knowledge, do you transport money, negotiable securities, jewelry or precious metals? YES NO

If YES, explain: _____

ERISA

- Name of plan: _____
- Number of trustees, employees, etc. handling plan assets: _____
- Number of plan participants: _____
- Is there a licensed securities firm responsible for investing of funds under plan(s)? YES NO

BUSINESS AUTO APPLICATION

IF HIRED/NON-OWNED LIABILITY COVERAGE IS DESIRED, DRIVERS MUST CARRY LIMITS OF LIMITS OF AT LEAST \$500,000 CSL or greater. We must receive copies of Declarations Pages for all drivers evidencing limits within 30 days of binding coverage.

LIABILITY

<u>COVERAGE</u>	<u>LIMITS REQUESTED</u>
Bodily Injury/Property Damage Liability	\$ 1,000,000
Personal Injury Protection (PIP)	\$
Additional Personal Injury Protection (PIP)	\$
Medical Payments	\$
Uninsured/Underinsured Motorists (UM/UIM)	\$

MISCELLANEOUS UNDERWRITING INFORMATION
EXPLAIN ANY YES RESPONES

I. VEHICLES (Company Owned Only)

Number of company-owned or long-term leased vehicle: _____ Non-Delivery _____ Delivery

Insured by what carrier: _____

Do you have a written & enforced vehicle maintenance program and checklist? Yes No

If No, do you agree to adopt our suggested program if coverage is bound? Yes No

Where are the owned autos garaged after hours? _____

If the vehicles are taken home by the employees, what is the posture for others to use the company owned vehicles?

BUSINESS AUTO APPLICATION (CONT.)

II. DRIVERS

1. Do drivers wear a company uniform? YES NO

2. If drivers are using their own vehicles, how do you monitor the existence of their insurance coverage? _____

3. What limits are drivers required to carry when using their own vehicles? _____ 50/100/25
 _____ 100 CSL
 _____ 100/300/50
 (\$500,000csl required for vehicles 10,001 to 26,000 GVW) _____ 300 CSL
 _____ State Minimum
 (\$1,000,000csl required for vehicles over 26,000 GVW) _____ Other

4. Any drivers under 21 years old? (Not eligible.) YES NO

5. Any drivers over 70 years old? (Medical statement required.) YES NO

6. What is the approximate annual driver turnover? _____%

7. Do you carry any cargo that is considered Hazardous Material and requires a placard? (If yes, we will send you a HazMat questionnaire to be completed.) YES NO

8. Do you supply drivers to operate customer-owned vehicles? YES NO
 If yes, is there a written agreement in place clearly indicating that the customer's auto insurance is considered primary and/or holding you harmless for any accident involving your driver and the customer's vehicle? YES NO

BUSINESS AUTO APPLICATION (CONT.)
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III. DRIVER SELECTION

1. Written Application Required?	YES	NO
2. Interview by Management?	YES	NO
3. Road Test Required?	YES	NO
4. Written Test Required?	YES	NO
5. References Checked?	YES	NO
6. Police Record Checked?	YES	NO
7. Require 2 or more years driving experience in U.S.?	YES	NO
8. MVR's ordered on all prospective drivers?	YES	NO
9. Are above items completed prior to driver being allowed to drive?	YES	NO
10. Do you have a current driver selection procedure? If No, do you agree to adopt our suggested program if coverage is bound?	YES YES	NO NO

IV. SAFETY & COMPLIANCE

We recognize that for many companies, the Owner(s) serve as Safety Coordinator, Trainer, Accident Review, etc. Circle OWNER if this applies to your company

1. Safety Coordinator Appointed?	YES	NO	OWNER
2. Driver Training Provided?	YES	NO	OWNER
3. Are driver accidents reported and reviewed by management?	YES	NO	
4. Do you have regular driver meetings?	YES	NO	

Even if these are informal/sporadic, briefly describe what is done to promote safety:

5. Do you have a formal safety and accident prevention program?	YES	NO
If no, do you agree to adopt our suggested program if coverage is bound?	YES	NO

BUSINESS AUTO APPLICATION (CONT.)

V. MISC.

1. Hours of Operation: _____

2. Employees or Passengers transported? YES NO

3. Name the type of dispatch system used: _____

4. For Rush or On-Demand business:

a. Are conditions such as weather, time of day, distance, road construction, etc. taken into account when dispatching jobs with time constraints? YES NO

b. Do you give time guarantees? YES NO
If YES, what are the consequences of not meeting deadlines? _____

c. Are penalties imposed on drivers for not meeting deadlines? YES NO
If YES, describe: _____

5. Do you do any pick-ups or deliveries to airports? YES NO

a. If YES, do you have a ramp pass? YES NO

b. Do you drive onto the tarmac? YES NO

If YES, provide details: _____

c. If YES, at what airports: _____

BUSINESS AUTO APPLICATION (CONT.)

6. Are trailers utilized by any of your independent contractors or employees driving their own vehicles? YES NO

c. If YES, provide details on how many, what type, where, how often type of cargo, etc.:

7. Please list your five largest types of contracts/customers* and the commodities being delivered:

<u>Type of Contract / Customer *</u>	<u>Commodities Hauled</u>
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____
5. _____	5. _____

8. Do all drivers participate in a formal driver incentive program? YES NO

If no, would you agree to adopt our suggested program if coverage is bound? YES NO

SHORT-TERM RENTAL VEHICLE SUPPLEMENT & AGREEMENT

Physical damage coverage (comprehensive and collision) may be available if we insure company-owned vehicles, or you may purchase this coverage from the rental agency. The intent of the liability coverage under the Non-Owned/Hired Auto program is to be excess, not primary. Thus, you will be required to purchase coverage offered by the rental company. Most rental companies do offer coverage. The advantages can be significant:

- 1. Claims are handled by the rental company or their third party administrator – saving you time and work.
- 2. Towing, repairs and replacement vehicles are typically taken care of by the rental company, keeping your inconvenience to a minimum.
- 3. Claims won't affect your policy in most cases, unless the claim exceeds the purchased coverage.
- 4. Rates offered by the rental company may be comparable to or less than standard commercial rates.

The liability coverage offered by rental companies may vary in terms of deductible and cost. However, in terms of limits, our understanding is that most companies only offer a \$1,000,000 limit. However, be sure to review the liability and physical damage coverages offered and be aware of any limitations and exclusions that may apply, such as damage to the box on a box truck, damage caused by driving under a low overhang, etc.

For this excess liability coverage to apply, the following criteria must be met:

- 1. A rented vehicle is defined as an auto or truck with a GVW of 45,000 pounds or less;
- 2. The vehicle is rented under a written rental agreement;
- 3. The rental charge is based on a daily, weekly or monthly basis; and
- 4. Liability coverage is purchased from the rental company.

There will be a small premium charge made for this excess coverage, based on the exposure estimated for the next 12 months. The exposure will be audited at the end of the policy term using the rate indicated in your policy.

Type of Vehicle	# Vehicles	# Days	Cost
Private Passenger (incl. Minivans & trucks under 10,000 GVW)			\$
Medium Truck (10,001 to 20,000 lbs. GVW)			\$
Heavy Truck (20,001 to 45,000 lbs. GVW)			\$
Extra-Heavy Truck (45,001 lbs. GVW and over)			\$

It is important that you thoroughly understand our position regarding rental vehicles and comply with the terms as outlined. The signature of a principal or someone with the proper authority is required below to acknowledge your understanding and acceptance.

Authorized Signature _____ **Date** _____

Printed Name _____ **Title** _____

SAMPLE

DRIVER AGREEMENT ADDENDUM

THIS AGREEMENT, made and entered into this _____ day of, ____20____ by and between (company name), a (state) corporation (herein referred to as ("company")) and _____ an (employee or independent contractor) (herein referred to as "Courier driver").

- 1. That Courier driver, in form satisfactory to Company, will have his/her own transportation and insurance, in the amount of \$_____ (at least \$500,000 recommended).
- 2. Provide proof of insurance showing Insurance company, policy number, and expiration date, to company prior to Courier driver's start date.
- 3. Provide copy of Insurance Declaration page showing policy limits to company within 30 days of Courier driver's start date.
- 4. Inform company of any changes to policy, and provide company proof of insurance renewal prior to policy expiration date.
- 5. That Courier driver will indemnify and hold harmless Company and any customers of Company, from and against any and all liability, by reason of accident, injuries, or negligence of any kind, that may result from the act of Courier driver while making deliveries for or on behalf of Company.
- 6. The courier driver will name the courier company as additional insured on their commercial auto policy.

IN WITNESS WHEREOF, the parties hereto have placed their hands and seals the day and year first above written.

ATTEST:

_____ Date:
Witness

COURIER DRIVER

By _____ Date:

ATTEST:

_____ Date:
Witness

COMPANY

By _____ Date:
Personnel Manager

NOTE: This is simply an example of how you can bring your IC Agreement in compliance with our program requirements, if we find your agreement lacking insurance and hold harmless clauses.

DRIVER MOTOR VEHICLE REPORTS

An MVR is a record of a driver's past performance and is often a forecast of his/her future performance. Violations and accidents, both on and off the job are to be considered (unless prohibited by state law), as they are a reflection of a driver's complete record and attitude of responsibility while operating a motor vehicle.

A current MVR will be required on all drivers. We will obtain them prior to policy inception, and again within 60-90 days prior to the policy anniversary. As a transportation company, you are also required to run your own MVR's and make sure a current MVR is in every driver's file. We, as an insurance agent/broker, CANNOT provide MVR's to you, per the U.S. Fair Credit Reporting Act (FCRA).

The FCRA was enacted to promote accuracy, fairness and privacy of information contained in reports generated by consumer reporting agencies. The FCRA imposes requirements on the collection and dissemination of information contained in these reports. These requirements apply not only to consumer reporting agencies, but also to users of consumer reports, such as insurance agents and employers. MVR's are recognized by the FCRA as consumer reports.

A permissible purpose is required by all users in order to obtain a consumer report. The type of permissible purpose is a significant factor in determining the specific obligations imposed on the user. Notably, the FCRA distinguishes consumer reports obtained for insurance related purposes from those obtained for employment related purposes, with the latter being subject to more stringent requirements.

In accordance with the FCRA, the insurance industry may obtain limited consumer report information for purposes solely related to underwriting and pricing of insurance. The insurance industry will continue to obtain MVR's on your driver for the sole purpose of determining their insurability under our commercial auto insurance program.

Due to restrictions imposed by the FCRA, the insurance industry CANNOT provide a copy of the MVR to you or even discuss the specific contents of it with you. Any discussion with you on MVR's must be limited to whether a driver's record meets the underwriting standards of our commercial auto insurance program – basically, does he/she "make the cut."

You, as the Insured, have a responsibility of developing your own driver requirements (employees and/or independent contractors). Understand, however, that your standards must be at least as stringent as the insurance carrier(s) – otherwise, you may not be insurable. Of course, regardless of what insurance carriers may impose as standards, if you don't impose reasonable standards, and regularly (at least annually) update MVR's, insured or not, you run the substantial risk of not being very defensible, if one of your drivers is involved in an accident, and may, in fact, put yourself in the position of being assessed significant "punitive damages" (often not covered by insurance at all).

The requirements used by the underwriters of our commercial auto program are listed below over a three (3) year period. However, 2 or more at fault accidents or major violations or any combination of 3 or more in 12 months are the maximum and that driver will need to be excluded.

SPEEDING – Two (2) or more speeds at more than 25 mph over the posted speed limit	Max of 2 in a 36 month time period
MOVING VIOLATIONS OTHER (but not falling in the "major" violation category below)	Max of 4 in a 36 month time period
AT-FAULT ACCIDENTS (Any accident where the driver has been sighted or where points have been assigned will be considered at-fault. All others are not-at-fault, you must prove that the accident was not-at-fault with a police report etc. or it will be counted as at-fault)	Max of 3 or more at fault accidents or any combination of moving violations and/or accidents totaling (4) or more
MAJOR VIOLATIONS (see next page)	UNACCEPTABLE

DRIVER MOTOR VEHICLE REPORTS (cont.)

Some subjective consideration will be applied as well. For example, if there is an excessive amount of "not at fault" accidents, the driver may not be approved.

MAJOR VIOLATIONS include, but are not limited to:

1. Driving while intoxicated (DWI)/Driving Under the influence (DUI)
2. Reckless Driving
3. Driving under a suspended/revoked driver's license
4. Negligent, homicide, manslaughter or assault arising out of the operation of a motor vehicle.
5. Felony conviction aggravated assault involving a motor vehicle
6. Using a motor vehicle for the commission of a felony
7. A conviction for driving with a suspended or revoked license.
8. Nine or more points, or five or more moving violations

Again, any information we discuss with you, based on an MVR, is solely for the purpose of determining insurability. **UNDER NO CIRCUMSTANCES SHOULD THAT INFORMATION BE USED FOR EMPLOYMENT PURPOSES.** To the extent that employment is in any way contingent upon an MVR, you are encouraged to comply with the specific requirements imposed by the FCRA – relative to employment purposes. You may wish to consult with an attorney experienced in "Employment Practices" law in order to develop a compliance policy.

You can obtain a complete copy of the FCRA off the Federal Trade Commission's website – <http://www.ftc.gov>.

In terms of setting up to run your own MVR's, following are several service providers (we use Insurance Information Exchange).

Insurance Information Exchange
3001 Earl Rudder Fwy, S
College Station, TX 77845
Phone 800-299-7099
Fax 409-696-2497
www.lix.com

DAC Services
4110 S. 100th E Ave.
Tulsa, OK 74146
Phone 800-331-9175
Fax 918-664-9074
www.dacservices.com

Agency Records, Inc./Rapid
Information Services
Box 310175
Newington, CT 06131-0175
Phone 800-777-6655
Fax 860-666-4247
www.agencyrecords.com

Preferred Logistics Program Application

By signing below, you are acknowledging that you:

- Have completed the application with information that is true and accurate within the scope of your knowledge, and
- Understand to a reasonable degree the coverages we're being asked to quote and have inquired about other coverages/exposures – outlined and have elected not to seek specific coverage.

Please understand that we will only be able to offer you a quotation when all applicable sections of the application are completed and signed, and any additional requested items are received.

By (print name): _____ **Date:** _____

Applicant Signature: _____

Title: _____

Agent Signature _____ **Date:** _____

