

BACKGROUND EXPLANATION FOR AIMU's WAREHOUSE COVERAGE ENDORSEMENT (JUNE 9, 2017)

The AIMU Cargo Committee drafted and recommended the Warehouse Coverage Endorsement which was approved by the Board of Directors on (June 9, 2017). This form, covering temporarily held goods and merchandise, was promulgated to offer the market a consistent version for use, with the intent that members would modify the wording to reflect terms and conditions differences based upon market requirements.

The Cargo Committee determined it best to put aside individual member preferences and to publish a narrowed version of the form, understanding members will modify as required. The following bullets are offered as explanation for the clauses in the form:

- Form Header – “Coverage Period” can be deleted or modified, i.e. to reference an open cover policy or reflect defined period of coverage.
- GOODS INSURED – References to additional premium and coverage period should be modified as required.
- INSURING CONDITIONS & EXCLUSIONS – The insuring terms contained in the form are “all risks”; the Committee decided to publish one form rather than create multiple forms for the infinite number of insuring terms available in the market. Members can modify as required or delete terms entirely and/or indicate terms are addressed elsewhere. The word “temporarily” has been added to indicate the marine nature of this coverage form; members again can modify as required. Also, note held in storage or in warehouses; members would need to modify as needed to cover outside storage. Covered Location(s) are defined at the end of the form. Exclusions include references to various AIMU clauses current on date of this endorsement, or as amended thereafter. Some members may want to add additional clauses or delete clause references entirely.
- VALUATION – Can be deleted or modified as required by members.
- REPORTING – Clause includes check box variations for use.
- INSPECTION OF RECORDS – Reflects the time frame most commonly used by members.
- COINSURANCE - Coinsurance is generally applied by many Insurers in the event of claim unless agreement has been made otherwise. Members can modify, delete or move this clause into the Reporting section, but the Committee chose to address in a separate section.
- OTHER INSURANCE – Reflects most commonly used other insurance wording.
- SPECIAL AGREEMENT - Form includes various special agreements, i.e. Processor/Manufacturer agreement, Retail Agreement, Excess, Waiver of Coinsurance. Committee decided to publish one form rather than create multiple forms for Processors, Retail, Processor/Warehouse, etc. Members can modify as required and/or delete section entirely.
- CANCELLATION - Reflects most commonly used wording by members.
- LIMIT OF LIABILITY & COVERED LOCATION – Approved locations, limits and deductibles applicable, points to Covered Locations schedule.
- MAXIMUM LIMIT OF LIABILITY PAYABLE – Reflects members’ intent regarding approved location limits; limits expressed are the maximum members will pay.
- EARTHQUAKE, FLOOD & WINDSTORM – Reflects specific coverage for Earthquake, Flood and Windstorm as noted in the limit of liability, deductible and annual aggregate paragraph of this section. These perils are defined at the end of the form. It is up to the individual members to modify the form when Unnamed Location coverage is to be excluded.

- **DEFINITIONS:**

Covered Location – Defines a covered location by street address or unnamed location within a geographical area. Also clarifies unless specifically scheduled as separate locations, groups of buildings, tanks, docks, wharfs, piers, etc. are considered a single location.

Earthquake – Defines earthquake; indicates fire, explosion or sprinkler leakage resulting from earth movement is not considered loss by earth movement and is treated as physical loss or damage, as other perils would be treated by the insuring terms. Occurrences with 72 hours are deemed a single loss; members can modify as required.

Flood – Defines flood; indicates fire, explosion or sprinkler leakage resulting from flood is not considered loss by flood and is treated as physical loss or damage, as other perils would be treated by the insuring terms. Occurrences within 72 hours are deemed a single loss; members can modify number of hours, as required.

Windstorm – Defines windstorm; includes in addition to named and numbered storms, direct action of wind and substances driven by wind. Occurrences within 72 hours are deemed a single loss; members can modify number of hours as required.

- **COVERED LOCATION SCHEDULE** – Provides a list of covered locations; includes limit of liability, rate/premium and deductible. Members can modify as required.