

# KELLAR EQUIPMENT

## EQUIPMENT BARE LEASE AGREEMENT

This "Agreement" is made by and between Kellar Equipment located at 34075 Avenue J, Yucaipa, CA 92399 and City of Menifee located at 29844 Haun Rd, Menifee, CA 92586 (hereinafter referred to as "Lessee").

The parties involved agree to the following:

1. **Equipment / Term:** Kellar Equipment in consideration of the satisfactory performance of the terms and conditions of this "Agreement", grants to Lessee the right to use a 2016 INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO 500X STREET SWEEPER, during the following dates and times:  
1 month lease, beginning August 8, 2022. Lessee has the option to lease month to month thereafter up to \$24,999.99 in aggregate. A month is defined as a calendar month not to exceed 160 hours in any given month. Additional hours will be pro-rated and charged at \$50.00 per hour for every hour over 160 hours in any given month. Equipment will be billed upon acceptance of the equipment and at the start of each subsequent month. Payment is due within 15 days of bill date. If payment is 30 days past due, the agreement will be terminated.
2. **Rights and Responsibilities of Lessee:** Lessee shall have the following rights, privileges, and responsibilities:  
Use of the Equipment based on the criteria agreed upon above in section 1. Kellar Equipment will deliver the INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO 500X STREET SWEEPER at the beginning of the rental term. Lessee must make sure the INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO 500X STREET SWEEPER remains at the Lessee's job address located at 27860 Bradley Rd, Menifee, CA 92586 unless otherwise granted by Kellar Equipment.  
Routine engine maintenance (including necessary filters and fluids) will be the responsibility of Kellar Equipment to be done on-site at 27860 Bradley Rd, Menifee, CA 92586. Normal adjustments per manufacturer recommended intervals will be the responsibility of Kellar Equipment and performed at 27860 Bradley Rd, Menifee, CA 92586. If it is unreasonable to perform maintenance at this location, Kellar may move and return the equipment. All consumable replacements will be the responsibility of Lessee. IE gutter brooms, main brooms, elevator flight rubbers, fuel, def fluid, etc.  
Lessee is responsible for providing an operator for the leased equipment as well as maintaining appropriate insurance detailed in #6.
3. **Direct Expenses:** Lessee shall reimburse Kellar Equipment for all direct expenses associated with Lessee's use of the INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO 500X STREET SWEEPER. Such direct expenses shall include:
  - i. Equipment use = \$12,500.00 monthly lease (**plus applicable state and local sales taxes**) Rates are based on 8 hours per day, five days per week (during any given month), not to exceed 160 hours total per month
  - ii. Repair of INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO 500X STREET SWEEPER if damaged due to Lessee's misuse.
  - iii. Parts worn out due to Lessee's use except for routine engine maintenance items
  - iv. Any damages caused by Lessee will be repaired as needed by Kellar Equipment's desired vendor and billed at their current labor and parts rates at

the vendor's location.

- v. **\$500** cleaning fee for vehicles returned dirty
- vi. **\$150** fuel charge if unit is returned with less fuel than at the time of delivery

### Section 3. Initial\_\_\_\_\_

4. **Care of Equipment:** Lessee shall take the necessary steps to assure that Lessee, its employees, agents, represented, guests and invites shall not injure, mar, or in any way deface the Equipment, nor cause or permit anything to be done whereby said INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO 500X STREET SWEEPER shall be in any manner injured, marred or defaced. Damages caused by improper fueling (IE def fluid in diesel tank, diesel fuel in def fluid tank) will be charged to Lessee. All fluids and tire pressures must be checked before each shift. Damages caused by negligence of the Lessee will be charged to Lessee. Lessee will have the opportunity to inspect the equipment at delivery and sign off as to its condition. Any damage due to Lessee's misuse upon return will be the responsibility of Lessee.

### Section 4. Initial\_\_\_\_\_

5. **Indemnification / Hold Harmless:** Lessee shall indemnify and hold Kellar Equipment harmless of and from any and all loss, damage or injury to any person or persons, or property, arising from or connected with the INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO 500X STREET SWEEPER or Lessee's use thereof. Lessee further agrees to waive all claims against Kellar Equipment on account of any loss, damage, or injury from whatever cause which may occur to Lessee or its employees, agents, representatives, guest and invites in the use of the INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO 500X STREET SWEEPER. Lessee further agrees to indemnify Kellar Equipment for any damage done to the INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO 500X STREET SWEEPER during Lessee's use of the same.

#### 6. Insurance:

1. Lessee shall, at its own expense, procure and maintain Commercial General Liability, Business Automobile, Excess Liability and Workers' Compensation coverage issued by companies satisfactory to Kellar Equipment. Lessor shall be named as an Additional Insured on Lessee's Commercial General Liability (endorsement required CG2026 07/04 or equivalent), Business Automobile and Excess Liability policies and Loss Payee with respect to Hired Automobile Physical Damage coverage for the full stated value of the INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO 500X STREET SWEEPER on Lessee's Business Automobile policy. Lessee's Commercial General Liability, Business Automobile and Excess Liability policies insurance is to be primary and non-contributory with any insurance maintained by Lessee. Certificate(s) of insurance including additional insured, loss payee, primary/non-contributory and waiver of subrogation endorsements obtained by Lessee are to be in force for the length of the Lease Term.
2. The limits of liability shall not be less than the following. If Lessee carries higher limits than specified, then those limits shall apply and not be limited by the minimum requirements specified herein.
  - a. Commercial General Liability coverage ("CGL") with Limits of Liability of not less than \$1,000,000 each occurrence and \$2,000,000 aggregate, including contractual liability for bodily injury and property damage indemnity obligations. Coverage shall not contain any action-over exclusions or limitations precluding indemnity for injury to an employee of Lessee
  - b. Automobile Liability with limits of at least \$1,000,000 Combined Single Limit
  - c. Hired Automobile Physical Damage Coverage for a minimum limit of \$120,000. Certificate must reflect the Hired Automobile Physical Damage Deductibles
  - d. Workers Compensation/Employer's Liability with limits of at least \$1,000,000 each accident for bodily injury by accident/\$1,000,000 policy limit for bodily injury by disease/\$1,000,000 each employee for bodily injury by disease.
  - e. Umbrella/Excess Liability coverage on a "follow form" basis (including additional insured, primary/non-contributory and waiver of subrogation endorsements) with Limits of Liability not less than \$3,000,000 each occurrence, including contractual liability for bodily injury and

property damage indemnity obligations. Coverage shall not contain any action-over exclusions or limitations precluding indemnity for injury to an employee of Lessee.

- f. Inland Marine Liability coverage for leased equipment.
3. The certificate holder/additional insured must read:  
Kellar Equipment  
34075 Avenue J  
Yucaipa, CA 92399

**Leased Equipment Description:**

Model INTERNATIONAL 4300 VIN#1HTMMAAN0GH746677 TYMCO  
500X STREET SWEEPER

Delivery Date \_\_\_\_\_

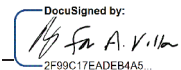
Pick up Date \_\_\_\_\_

**LESSEE**

By: City of Meniffee

Name: Armando G. Villa

Title: City Manager

Signature:  \_\_\_\_\_  
2F99C17EAD6B4A5...

Date: 8/15/2022

Purchase Order Number: \_\_\_\_\_

**Kellar Equipment By:**

Name: Cy Kellar

Title: President

Signature:  \_\_\_\_\_  
BC293ECC56024F1...

Date: 8/11/2022



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

08/10/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION** IS **WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> PATRIOT INSURANCE SERVICES INC 11711 STERLING AVE SUITE C RIVERSIDE CA 92503	<b>CONTACT NAME:</b> KHALED ADHAM <b>PHONE (A/C, No, Ext):</b> 951-352-8898 <b>FAX (A/C, No):</b> 951-325-4915 <b>E-MAIL ADDRESS:</b> patriotinsurance@hotmail.com														
<b>INSURED</b> KELLAR EQUIPMENT 34075 AVENUE J YUCAIPA, CA 92399	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> <tr> <td><b>INSURER A:</b> KINSALE INSURANCE COMPANY</td> <td style="text-align: center;">38920</td> </tr> <tr> <td><b>INSURER B:</b> INFINITY SELECT INSURANCE COMPANY</td> <td style="text-align: center;">20260</td> </tr> <tr> <td><b>INSURER C:</b></td> <td></td> </tr> <tr> <td><b>INSURER D:</b></td> <td></td> </tr> <tr> <td><b>INSURER E:</b></td> <td></td> </tr> <tr> <td><b>INSURER F:</b></td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	<b>INSURER A:</b> KINSALE INSURANCE COMPANY	38920	<b>INSURER B:</b> INFINITY SELECT INSURANCE COMPANY	20260	<b>INSURER C:</b>		<b>INSURER D:</b>		<b>INSURER E:</b>		<b>INSURER F:</b>	
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<b>INSURER E:</b>															
<b>INSURER F:</b>															

**COVERAGES****CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y	Y	0100169063-0	11/04/2021	11/04/2022	EACH OCCURRENCE \$ 1,000,000
	DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000						
	MED EXP (Any one person) \$ 5,000						
	PERSONAL & ADV INJURY \$ 1,000,000						
							GENERAL AGGREGATE \$ 2,000,000
							PRODUCTS - COMP/OP AGG \$ 2,000,000
							\$
B	<input checked="" type="checkbox"/> <b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY <input type="checkbox"/> AUTOS ONLY	Y	Y	504610156108001	04/26/2022	04/26/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	BODILY INJURY (Per person) \$						
	BODILY INJURY (Per accident) \$						
	PROPERTY DAMAGE (Per accident) \$						
							\$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$
							AGGREGATE \$
							\$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y / <input checked="" type="checkbox"/> N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: ALL OPERATIONS

City of Menifee, its elected officials, officers, employees and authorized volunteers are added as an additional insured. Any insurance or self insurance maintained by the City, its officers, officials, employees or authorized volunteers is excess of Contractor's insurance and shall not contribute with it. Coverage will not be reduced or canceled without 30 days' prior written notice certain to the City.

**CERTIFICATE HOLDER****CANCELLATION**

City of Menifee 29844 Haun Road  Menifee CA 92586	<p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p> <p>AUTHORIZED REPRESENTATIVE          KHALED ADHAM  </p>
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COMMERCIAL GENERAL LIABILITY  
CG 20 10 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – OWNERS, LESSEES OR  
CONTRACTORS – SCHEDULED PERSON OR  
ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE**

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
Blanket where required by written contract - copies of each certificate issued is on file with the Insurance Company and/or their legal representative. (Refer to form CG 20 01 for PNC wording)	Various
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

- C.** With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- 1.** Required by the contract or agreement; or

- 2.** Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

**COMMERCIAL GENERAL LIABILITY  
CG 20 37 07 04**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL INSURED – OWNERS, LESSEES OR  
CONTRACTORS – COMPLETED OPERATIONS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**SCHEDULE**

<b>Name Of Additional Insured Person(s) Or Organization(s)</b>	<b>Location And Description Of Completed Operations</b>
Blanket where required by written contract -Copies of each certificate issued is on file with the Insurance Company and/or their legal representative. (Refer to form CG 20 01 for PNC wording)	Various

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.



COMMERCIAL GENERAL LIABILITY  
CG 20 01 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PRIMARY AND NONCONTRIBUTORY –  
OTHER INSURANCE CONDITION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to the **Other Insurance** Condition and supersedes any provision to the contrary:

**Primary And Noncontributory Insurance**

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

- (1) The additional insured is a Named Insured under such other insurance; and

- (2) You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

POLICY NUMBER: 0100169063-0

COMMERCIAL GENERAL LIABILITY  
CG 24 04 10 93

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

**Name of Person or Organization:**

Blanket where required by written contract.

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Condition (Section **IV** – COMMERCIAL GENERAL LIABILITY CONDITIONS) is amended by the addition of the following:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CALIFORNIA BUSINESS AUTO COVERAGE  
ENHANCEMENT ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**BUSINESS AUTO COVERAGE FORM**

With respect to coverage afforded by this endorsement, the provisions of the policy apply unless modified by the endorsement.

If the policy to which this endorsement is attached also contains a Business Auto Coverage Enhancement Endorsement with a specific state named in the title, this endorsement does not apply to vehicles garaged in that specified state.

**COVERAGE INDEX**

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**SECTION II - LIABILITY COVERAGE** is amended as follows:

**1. NEWLY FORMED OR ACQUIRED SUBSIDIARIES**

**SECTION II - LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** is amended to include the following as an "insured":

- d.** Any legally incorporated subsidiary of which you own more than 50 percent interest during the policy period. Coverage is afforded only for 90 days from the date of acquisition or formation. However, "insured" does not include any organization that:
- (1)** Is a partnership or joint venture; or
  - (2)** Is an "insured" under any other automobile policy except a policy written specifically to apply in excess of this policy; or

- (3) Has exhausted its Limit of Insurance or had its policy terminated under any other automobile policy.

Coverage under this provision **d.** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization.

## 2. EMPLOYEES AS INSURED

**SECTION II - LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** is amended to include the following as an "insured":

- e. Any "employee" of yours while using a covered "auto" you do not own, hire or borrow but only for acts within the scope of their employment by you. Insurance provided by this endorsement is excess over any other insurance available to any "employee".
- f. Any "employee" of yours while operating an "auto" hired or borrowed under a written contract or agreement in that "employee's" name, with your permission, while performing duties related to the conduct of your business and within the scope of their employment. Insurance provided by this endorsement is excess over any other insurance available to the "employee".

## 3. ADDITIONAL INSURED BY CONTRACT, AGREEMENT OR PERMIT

**SECTION II - LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** is amended to include the following as an "insured":

- g. Any person or organization with respect to the operation, maintenance or use of a covered "auto", provided that you and such person or organization have agreed in a written contract, written agreement, or permit issued to you by governmental or public authority, to add such person, or organization, or governmental or public authority to this policy as an "insured".

However, such person or organization is an "insured":

- (1) Only with respect to the operation, maintenance or use of a covered "auto";
- (2) Only for "bodily injury" or "property damage" caused by an "accident" which takes place after you executed the written contract or written agreement, or the permit has been issued to you; and
- (3) Only for the duration of that contract, agreement or permit.

The "insured" is required to submit a claim to any other insurer to which coverage could apply for defense and indemnity. Unless the "insured" has agreed in writing to primary noncontributory wording per enhancement number 24, this policy is excess over any other collectible insurance.

## 4. SUPPLEMENTARY PAYMENTS

**SECTION II - LIABILITY COVERAGE, Coverage Extensions, 2.a. Supplementary Payments**, Paragraphs (2) and (4) are replaced by the following:

- (2) Up to \$3,000 for cost of bail bonds (including bonds for related traffic violations ) required because of an "accident" we cover. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$500 a day because of time off from work.

## 5. AMENDED FELLOW EMPLOYEE EXCLUSION

In those jurisdictions where, by law, fellow "employees" are not entitled to the protection afforded to the employer by the workers compensation exclusivity rule, or similar protection, the following provision is added:

**SECTION II - LIABILITY** , Exclusion **B.5. Fellow Employee** does not apply if the "bodily injury" results from the use of a covered "auto" you own or hire if you have workers compensation insurance in force for all of your "employees" at the time of "loss".

This coverage is excess over any other collectible insurance.

**SECTION III - PHYSICAL DAMAGE COVERAGE** is amended as follows:

## 6. HIRED AUTO PHYSICAL DAMAGE

Paragraph **A.4. Coverage Extensions** of **SECTION III - PHYSICAL DAMAGE COVERAGE**, is amended by adding the following:

If hired "autos" are covered "autos" for Liability Coverage, and if Comprehensive, Specified Causes of Loss or Collision coverage are provided under the Business Auto Coverage Form for any "auto" you own, then the Physical Damage coverages provided are extended to "autos":

- a. You hire, rent or borrow; or
  - b. Your "employee" hires or rents under a written contract or agreement in that "employee's" name, but only if the damage occurs while the vehicle is being used in the conduct of your business,
- subject to the following limit and deductible:

- a. The most we will pay for "loss" in any one "accident" or "loss" is the smallest of:
  - (1) \$50,000; or
  - (2) The actual cash value of the damaged or stolen property as of the time of the "loss"; or
  - (3) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality, minus a deductible.
- b. The deductible will be equal to the largest deductible applicable to any owned "auto" for that coverage.
- c. Subject to the limit, deductible and excess provisions described in this provision, we will provide coverage equal to the broadest coverage applicable to any covered "auto" you own.
- d. Subject to a maximum of \$1,000 per "accident", we will also cover the actual loss of use of the hired "auto" if it results from an "accident", you are legally liable and the lessor incurs an actual financial loss.
- e. This coverage extension does not apply to:
  - (1) Any "auto" that is hired, rented or borrowed with a driver; or
  - (2) Any "auto" that is hired, rented or borrowed from your "employee" or any member of your "employee's" household.

Coverage provided under this extension is excess over any other collectible insurance available at the time of "loss".

## 7. TOWING AND LABOR

**SECTION III - PHYSICAL DAMAGE COVERAGE**, Paragraph **A.2. Towing**, is amended by the addition of the following:

We will pay towing and labor costs incurred, up to the limits shown below, each time a covered "auto" classified and rated as a private passenger type, "light truck" or "medium truck" is disabled:

- a. For private passenger type vehicles, we will pay up to \$75 per disablement.
- b. For "light trucks", we will pay up to \$75 per disablement. "Light trucks" are trucks that have a gross vehicle weight (GVW) of 10,000 pounds or less.
- c. For "medium trucks", we will pay up to \$150 per disablement. "Medium trucks" are trucks that have a gross vehicle weight (GVW) of 10,001 - 20,000 pounds.

However, the labor must be performed at the place of disablement.

## 8. PHYSICAL DAMAGE - ADDITIONAL TRANSPORTATION EXPENSE COVERAGE

Paragraph **A.4.a. Coverage Extensions, Transportation Expenses** of **SECTION III - PHYSICAL DAMAGE COVERAGE**, is amended to provide a limit of \$50 per day and a maximum limit of \$1,500.

## 9. RENTAL REIMBURSEMENT

**SECTION III - PHYSICAL DAMAGE COVERAGE, A. Coverage**, is amended by adding the following:

- a. We will pay up to \$75 per day for rental reimbursement expenses incurred by you for the rental of an "auto" because of "accident" or "loss", to an "auto" for which we also pay a "loss" under Comprehensive, Specified Causes of Loss or Collision Coverages. We will pay only for those expenses incurred after the first 24 hours following the "accident" or "loss" to the covered "auto."
- b. Rental Reimbursement requires the rental of a comparable or lesser vehicle, which in many cases may be substantially less than \$75 per day, and will only be allowed for the period of time it should take to repair or replace the vehicle with reasonable speed and similar quality, up to a maximum of 30 days.
- c. We will also pay up to \$500 for reasonable and necessary expenses incurred by you to remove and replace your tools and equipment from the covered "auto". This limit is excess over any other collectible insurance.

- d. This coverage does not apply unless you have a business necessity that other "autos" available for your use and operation cannot fill.
- e. If "loss" results from the total theft of a covered "auto" of the private passenger type, we will pay under this coverage only that amount of your rental reimbursement expenses which is not already provided under Paragraph **4. Coverage Extension**.
- f. No deductible applies to this coverage.
- g. The insurance provided under this extension is excess over any other collectible insurance.

If this policy also provides Rental Reimbursement Coverage you purchased, the coverage provided by this Enhancement Endorsement is in addition to the coverage you purchased.

For the purposes of this endorsement provision, materials and equipment do not include "personal effects" as defined in provision **11.B.**

## **10. EXTRA EXPENSE - BROADENED COVERAGE**

Under **SECTION III - PHYSICAL DAMAGE COVERAGE, A. Coverage**, we will pay for the expense of returning a stolen covered "auto" to you. The maximum amount we will pay is \$1,000.

## **11. PERSONAL EFFECTS COVERAGE**

**A. SECTION III - PHYSICAL DAMAGE COVERAGE, A. Coverage**, is amended by adding the following:

If you have purchased Comprehensive Coverage on this policy for an "auto" you own and that "auto" is stolen, we will pay, without application of a deductible, up to \$600 for "personal effects" stolen with the "auto."

The insurance provided under this provision is excess over any other collectible insurance.

**B. SECTION V - DEFINITIONS** is amended by adding the following:

For the purposes of this provision, "personal effects" mean tangible property that is worn or carried by an "insured." "Personal effects" does not include tools, equipment, jewelry, money or securities.

## **12. ACCIDENTAL AIRBAG DEPLOYMENT**

**SECTION III - PHYSICAL DAMAGE COVERAGE, B. Exclusions** is amended by adding the following:

If you have purchased Comprehensive or Collision Coverage under this policy, the exclusion for "loss" relating to mechanical breakdown does not apply to the accidental discharge of an airbag.

Any insurance we provide shall be excess over any other collectible insurance or reimbursement by manufacturer's warranty. However, we agree to pay any deductible applicable to the other coverage or warranty.

## **13. PHYSICAL DAMAGE DEDUCTIBLE - VEHICLE TRACKING SYSTEM**

**SECTION III - PHYSICAL DAMAGE COVERAGE, D. Deductible**, is amended by adding the following:

Any Comprehensive Deductible shown in the Declarations will be reduced by 50% for any "loss" caused by theft if the vehicle is equipped with a vehicle tracking device such as a radio tracking device or a global position device and that device was the method of recovery of the vehicle.

## **14. AUDIO, VISUAL AND DATA ELECTRONIC EQUIPMENT COVERAGE**

**SECTION III - PHYSICAL DAMAGE COVERAGE, B. Exclusions**, Paragraph **a.** of the exception to exclusions **4.c.** and **4.d.** is deleted and replaced with the following:

Exclusions **4.c.** and **4.d.** do not apply to:

- a. Electronic equipment that receives or transmits audio, visual or data signals, whether or not designed solely for the reproduction of sound, if the equipment is:
  - (1) Permanently installed in the covered "auto" at the time of the "loss" or removable from a housing unit that is permanently installed in the covered "auto"; and
  - (2) Designed to be solely operated by use from the power from the "auto's" electrical system; and
  - (3) Physical damage coverages are provided for the covered "auto".

If the "loss" occurs solely to audio, visual or data electronic equipment or accessories used with this equipment, then our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by a \$100 deductible.

**15. LOAN / LEASE GAP COVERAGE (Not Applicable In New York)**

- A.** Paragraph **C. Limit Of Insurance** of **SECTION III - PHYSICAL DAMAGE COVERAGE** is amended by adding the following:

The most we will pay for a "total loss" to a covered "auto" owned by or leased to you in any one "accident" is the greater of the:

- 1.** Balance due under the terms of the loan or lease to which the damaged covered "auto" is subject at the time of the "loss" less the amount of:
  - a.** Overdue payments and financial penalties associated with those payments as of the date of the "loss";
  - b.** Financial penalties imposed under a lease due to high mileage, excessive use or abnormal wear and tear;
  - c.** Costs for extended warranties, Credit Life Insurance, Health, Accident or Disability Insurance purchased with the loan or lease;
  - d.** Transfer or rollover balances from previous loans or leases;
  - e.** Final payment due under a "Balloon Loan";
  - f.** The dollar amount of any unrepaired damage which occurred prior to the "total loss" of a covered "auto";
  - g.** Security deposits not refunded by a lessor;
  - h.** All refunds payable or paid to you as a result of the early termination of a lease agreement or as a result of the early termination of any warranty or extended service agreement on a covered "auto";
  - i.** Any amount representing taxes;
  - j.** Loan or lease termination fees; or
- 2.** The actual cash value of the damage or stolen property as of the time of the "loss".  
An adjustment for depreciation and physical condition will be made in determining the actual cash value at the time of the "loss". This adjustment is not applicable in Texas.

**B. Additional Conditions**

This coverage applies only to the original loan for which the covered "auto" that incurred the "loss" serves as collateral, or lease written on the covered "auto" that incurred the "loss".

- C. SECTION V - DEFINITIONS** is changed by adding the following:

As used in this endorsement provision, the following definitions apply:

"Total loss" means a "loss" in which the cost of repairs plus the salvage value exceeds the actual cash value.

A "balloon loan" is one with periodic payments that are insufficient to repay the balance over the term of the loan, thereby requiring a large final payment.

**16. GLASS REPAIR - WAIVER OF DEDUCTIBLE**

- Paragraph **D. Deductible** of **SECTION III - PHYSICAL DAMAGE COVERAGE** is amended by the addition of the following:

No deductible applies to glass damage if the glass is repaired rather than replaced.

**17. PARKED AUTO COLLISION COVERAGE (WAIVER OF DEDUCTIBLE)**

- Paragraph **D. Deductible** of **SECTION III - PHYSICAL DAMAGE COVERAGE** is amended by the addition of the following:

The deductible does not apply to "loss" caused by collision to such covered "auto" of the private passenger type or light weight truck with a gross vehicle weight of 10,000 lbs. or less as defined by the manufacturer as maximum loaded weight the "auto" is designed to carry while it is:

- a.** In the charge of an "insured";
- b.** Legally parked; and
- c.** Unoccupied.



The "loss" must be reported to the police authorities within 24 hours of known damage.

The total amount of the damage to the covered "auto" must exceed the deductible shown in the Declarations.

This provision does not apply to any "loss" if the covered "auto" is in the charge of any person or organization engaged in the automobile business.

## **18. TWO OR MORE DEDUCTIBLES**

Under **SECTION III - PHYSICAL DAMAGE COVERAGE**, if two or more company policies or coverage forms apply to the same "accident", the following applies to Paragraph **D. Deductible** :

- a. If the applicable Business Auto deductible is the smaller (or smallest) deductible, it will be waived; or
- b. If the applicable Business Auto deductible is not the smaller (or smallest) deductible, it will be reduced by the amount of the smaller (or smallest) deductible; or
- c. If the "loss" involves two or more Business Auto coverage forms or policies, the smaller (or smallest) deductible will be waived.

For the purpose of this endorsement, company means any company that is part of the Liberty Mutual Group.

**SECTION IV - BUSINESS AUTO CONDITIONS** is amended as follows:

## **19. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS**

**SECTION IV- BUSINESS AUTO CONDITIONS**, Paragraph **B.2.** is amended by adding the following:

If you unintentionally fail to disclose any hazards, exposures or material facts existing as of the inception date or renewal date of the Business Auto Coverage Form, the coverage afforded by this policy will not be prejudiced.

However, you must report the undisclosed hazard of exposure as soon as practicable after its discovery, and we have the right to collect additional premium for any such hazard or exposure.

## **20. AMENDED DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS**

**SECTION IV - BUSINESS AUTO CONDITIONS**, Paragraph **A.2.a.** is replaced in its entirety by the following:

- a. In the event of "accident", claim, "suit" or "loss", you must promptly notify us when it is known to:
  - (1) You, if you are an individual;
  - (2) A partner, if you are a partnership;
  - (3) Member, if you are a limited liability company;
  - (4) An executive officer or the "employee" designated by the Named Insured to give such notice, if you are a corporation.

To the extent possible, notice to us should include:

- (a) How, when and where the "accident" or "loss" took place;
- (b) The "insured's" name and address; and
- (c) The names and addresses of any injured persons and witnesses.

## **21. WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

**SECTION IV - BUSINESS AUTO CONDITIONS**, Paragraph **A.5. Transfer Of Rights Of Recovery Against Others To Us**, is amended by the addition of the following:

If the person or organization has in a written agreement waived those rights before an "accident" or "loss", our rights are waived also.

## **22. HIRED AUTO COVERAGE TERRITORY**

**SECTION IV - BUSINESS AUTO CONDITIONS**, Paragraph **B.7. Policy Period, Coverage Territory**, is amended by the addition of the following:

- f. For "autos" hired 30 days or less, the coverage territory is anywhere in the world, provided that the "insured's" responsibility to pay for damages is determined in a "suit", on the merits, in the United States, the territories and possessions of the United States of America, Puerto Rico or Canada or in a settlement we agree to.

This extension of coverage does not apply to an "auto" hired, leased, rented or borrowed with a driver.

**23. PRIMARY AND NON-CONTRIBUTING IF REQUIRED BY WRITTEN CONTRACT OR WRITTEN AGREEMENT**

The following is added to **SECTION IV - BUSINESS AUTO CONDITIONS, General Conditions, B.5. Other Insurance** and supersedes any provision to the contrary:

This Coverage Form's Covered Autos Liability Coverage is primary to and will not seek contribution from any other insurance available to an "insured" under your policy provided that:

1. Such "insured" is a Named Insured under such other insurance; and
2. You have agreed in a written contract or written agreement that this insurance would be primary and would not seek contribution from any other insurance available to such "insured".

**SECTION V - DEFINITIONS** is amended as follows:

**24. BODILY INJURY REDEFINED**

Under **SECTION V - DEFINITIONS**, Definition **C.** is replaced by the following:

"Bodily injury" means physical injury, sickness or disease sustained by a person, including mental anguish, mental injury, shock, fright or death resulting from any of these at any time.