

SERFF Tracking Number: MRKB-125514954 State: Arkansas
 Filing Company: Markel Insurance Company State Tracking Number: EFT \$25 AND #1000107027 \$25
 Company Tracking Number: 0802FF019
 TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine
 Product Name: Commercial Inland Marine Forms
 Project Name/Number: MGME Oil and Gasfields/0802FF019

Filing at a Glance

Company: Markel Insurance Company
 Product Name: Commercial Inland Marine Forms SERFF Tr Num: MRKB-125514954 State: Arkansas
 TOI: 09.0 Inland Marine SERFF Status: Closed State Tr Num: EFT \$25 AND #1000107027 \$25
 Sub-TOI: 09.0005 Other Commercial Inland Marine Co Tr Num: 0802FF019 State Status: Fees verified and received
 Filing Type: Form Co Status: Sent to DOI for Approval Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
 Author: Wilfredo Mejia Disposition Date: 03/18/2008
 Date Submitted: 02/29/2008 Disposition Status: Approved
 Effective Date Requested (New): 04/01/2008 Effective Date (New): 04/01/2008
 Effective Date Requested (Renewal): 04/01/2008 Effective Date (Renewal): 04/01/2008

State Filing Description:

An additional \$25 is due on form filing. Total \$50 on fees.

General Information

Project Name: MGME Oil and Gasfields Status of Filing in Domicile: Pending
 Project Number: 0802FF019 Domicile Status Comments:
 Reference Organization: N/A Reference Number: N/A
 Reference Title: N/A Advisory Org. Circular: N/A
 Filing Status Changed: 03/18/2008
 State Status Changed: 03/17/2008 Deemer Date:
 Corresponding Filing Tracking Number:
 Filing Description:
 New form filings for contractor's equipment coverage

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Company and Contact

Filing Contact Information

Wilfredo Mejia, Regulatory Compliance wmejia@markelcorp.com
 Specialist
 4600 Cox Road (800) 431-1270 [Phone]
 Glen Allen, VA 23060 (804) 527-7900[FAX]

Filing Company Information

Markel Insurance Company CoCode: 38970 State of Domicile: Illinois
 4600 Cox Road Group Code: 785 Company Type: Commercial
 Property & Casualty
 Glen Allen, VA 23060 Group Name: State ID Number:
 (800) 431-1270 ext. [Phone] FEIN Number: 36-3101262

Filing Fees

Fee Required? Yes
 Fee Amount: \$25.00
 Retaliatory? No
 Fee Explanation: Flat fee
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Markel Insurance Company	\$25.00	02/29/2008	18247800

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	03/18/2008	03/18/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Llyweyia Rawlins	03/13/2008	03/13/2008	Wilfredo Mejia	03/17/2008	03/17/2008

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Additional fee	Note To Reviewer	Wilfredo Mejia	03/17/2008	03/17/2008
Payment	Note To Filer	Llyweyia Rawlins	03/17/2008	03/17/2008
Additional filing fee	Note To Reviewer	Wilfredo Mejia	03/07/2008	03/11/2008
Filing Fee	Note To Filer	Llyweyia Rawlins	03/07/2008	03/07/2008

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Disposition

Disposition Date: 03/18/2008

Effective Date (New): 04/01/2008

Effective Date (Renewal): 04/01/2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Cover Letter	Approved	Yes
Supporting Document	Filing Memorandum	Approved	Yes
Form (revised)	Oil and Gas Field Equipment Endorsement	Approved	Yes
Form	Oil and Gas Field Equipment Endorsement	Approved	Yes
Form	Global Marine and Energy Program Amendatory Endorsement for Oil and Gas Field Equipment	Approved	Yes
Form	Oil and Gas Field Equipment Supplemental Declarations	Approved	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 03/13/2008
Submitted Date 03/13/2008
Respond By Date 03/28/2008

Dear Wilfredo Mejia,
Form: MIM119

The appraisal clause(s) found in this filing should be amended to comply with Ark. Code Ann. §23- 79-203 and Arkansas Bulletin No. 19-89. The clause(s) must specifically state it is non-binding and voluntary.

The applicable provision of the Arkansas Statute of Limitations of the Arkansas General Code, allows five (5) years in which to commence litigation for this insurance contract. You may amend by extending the time limit to five (5) years or by stating, "within the time allowed by law."

Thank You
Llyweyia Rawlins

Please feel free to contact me if you have questions.

Sincerely,
Llyweyia Rawlins

Response Letter

Response Letter Status Submitted to State
Response Letter Date 03/17/2008
Submitted Date 03/17/2008

Dear Llyweyia Rawlins,

Comments:

Response 1

Comments: Please find attached revised form MIM 119-AR where we have addressed your objection regarding the appraisal and legal action conditions on page 15 of the form. This revised form will replace the version initially submitted with the filing.

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For your convenience, I have highlighted the revisions in yellow.

We trust that with this response you will find our filing to be in order.

Changed Items:

No Supporting Documents changed.

Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
Oil and Gas Field Equipment Endorsement	MIM119	01/08	Endorsement/Amendment/Conditions	New		0	MIM 119 AR.pdf
Previous Version							
<i>Oil and Gas Field Equipment Endorsement</i>	<i>MIM119</i>	<i>01/08</i>	<i>Endorsement/Amendment/Conditions</i>	<i>New</i>		<i>0</i>	<i>MIM 119.pdf</i>

No Rate/Rule Schedule items changed.

Sincerely,
 Wilfredo Mejia

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Oil and Gas Field Equipment Endorsement	MIM119	01/08	Endorsement/Amendment/Conditions		0.00	MIM 119 AR.pdf
Approved	Global Marine and Energy Program Amendatory Endorsement for Oil and Gas Field Equipment	MIM120	01/08	Endorsement/Amendment/Conditions		0.00	MIM 120.pdf
Approved	Oil and Gas Field Equipment Supplemental Declarations	MD069	01/08	Declaration New s/Schedule		0.00	MD069.pdf

MARKEL INSURANCE COMPANY

ATTACHED TO AND FORMING PART OF
POLICY NUMBER:

COMMERCIAL INLAND MARINE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OIL AND GAS FIELD EQUIPMENT ENDORSEMENT

This modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

A. The following is added to **A. 2. Property Not Covered:**

Item **a.** is deleted in its entirety and replaced by the following:

- a.** Motor vehicles, trailers, semi-trailers or other land conveyances designed for operating "Over the Road", whether designed for operating licensed or otherwise, unless forming part of a mobile unit specifically described as SCHEDULED EQUIPMENT;

The following items are added as **Property Not Covered:**

- Roadways, causeways, piers or piling structures;
- Earthen pits;
- Cement, mud, drilling compounds or chemicals, and fuel actually in use;
- Casing and tubing in the well, and drill bits;
- Dynamos, exciters, lamps, motor switches, or other electrical appliances, devices, or wiring, if loss or damage is caused by electrical injury or disturbance, whether from artificial or natural causes, unless loss by a peril not otherwise excluded ensues, and then only for the ensuing loss;
- Property while in permanent storage in any warehouse or storage yard owned, leased or controlled by you unless specifically scheduled herein;
- Loss or damage to well(s) while being drilled or otherwise and loss of oil and/or gas produced there from;
- Foam solution or other fire extinguishing materials lost, expended, or destroyed in fighting fire, blowout or "cratering", or any expense incidental to fighting fire or controlling or attempting to control blowout or "cratering";
- Insured property used to drill a relief well for the purpose of attempting to control fire, blowout or "cratering", unless written approval is obtained from us in advance of such use;
- Property scheduled hereunder consisting of complete units or parts thereof, leased, loaned or rented to others, unless prior notice has been given by us and the policy is extended to cover such property being operated by others;
- Land (including land on which Covered Property is located), water, growing crops or lawns;
- Blueprints, plans, specifications, maps or records; and
- Property while underground.

B. The following is added to **A. Coverage, 4. Additional Coverage:**

DEBRIS REMOVAL

- (1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss or damage to Covered Property; plus
 - (b) The deductible in this policy applicable to that loss or damage.
- (3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:
 - (a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - (b) The debris removal expense exceeds the amount payable under the 25% limitation;we will pay up to an additional \$5,000 in any one occurrence under this Additional Coverage.
- (4) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.

PRESERVATION OF PROPERTY

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

This Additional Coverage does not increase the Limit of Insurance.

POLLUTANT CLEAN UP AND REMOVAL

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

The limit for this Additional Coverage is in addition to the Limit of Insurance.

MECHANICAL, ELECTRICAL OR PRESSURE SYSTEMS BREAKDOWN EXTENSION COVERAGE

(1) As respects the Contractors Equipment Coverage Form, the following applies:

(a) The following **Additional Conditions** are added:

Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance provided by this Optional Coverage against loss or damage to that Covered Property. This can be done by delivering or mailing a written notice of suspension to:

- i) Your last known address; or
- ii) The address where the Covered Property is located.

If we suspend your insurance, you will get a pro-rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

(2) As respects to Covered Causes of Loss, the following applies:

(a) "Specified Causes of Loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage; mechanical, electrical or pressure systems breakdown;

i) Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This does not include:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into man-made underground cavities.

ii) Water damage means accidental discharge or leakage of steam or water as the direct result of the breaking or cracking of any part of a system or appliance (other than a sump pump including its related equipment and parts) containing water or steam.

iii) Mechanical, electrical or pressure systems breakdown means direct damage to Covered Property from the following:

- a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- b. Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- c. Explosion or steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- d. Loss or damage to steam boilers or other water heating equipment.
- e. If covered electrical equipment requires drying out as a result of a flood we will pay for the direct expenses of such drying out.

(b) None of the following is Covered Property as respects mechanical, electrical or pressure systems breakdown:

- i) Insulating or refractory material;
- ii) Buried vessels or piping;
- iii) Sewer piping, piping forming a part of a fire protection system or water piping other than:

- a. Feed water piping between any boiler and its feed pump or injector; or
 - b. Boiler condensate return piping; or
 - c. Water piping forming a part of the refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
 - iv) Structure, foundation, cabinet or compartment containing the Covered Property;
 - v) Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
 - vi) Conveyor, crane, elevator, escalator or hoist, but not including any electrical machine or electrical apparatus mounted on or used with this equipment;
 - vii) Felt, wire, screen die, extrusion plate, swing hammer. Grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.
- (3) As respects Covered Causes of Loss, the following applies:

- a. The following is added:

Mechanical, Electrical or Pressure Systems Breakdown means direct damage to Covered Property as follows:

- i) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- ii) Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- iii) Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- iv) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines;
- v) Loss or damage to hot water boilers or other water heating equipment;
- vi) If covered electrical equipment required drying out as a result of a flood, we will pay for the direct expenses of such drying out.
- vii) None of the following is Covered Property as respects mechanical, electrical or pressure systems breakdown:
 - a. Insulating or refractory material;
 - b. Buried vessel or piping;
 - c. Sewer piping, piping forming a part of a fire protection system or water piping other than:
 - (1) Feed water piping between any boiler and its feed pump or injector; or
 - (2) Boiler condensate return piping; or
 - (3) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
 - d. Structure, foundation, cabinet or compartment containing the Covered Property;

- e. Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
- f. Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment;
- g. Felt, wire, screen die, extrusion plate, swing hammer, grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.

(4) As respects **B. Exclusions**, the following applies:

(a) The following **Exclusions** are deleted:

The exclusions pertaining to:

- i) Artificially generated current creating a short circuit or other electrical disturbance within an article covered under this Coverage Form.
- ii) Mechanical breakdown or failure of the Covered Property
- iii) Steam apparatus

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

C. The following exclusions are added to **B. Exclusions, 2.:**

- g. Property situated or installed on vessels or drilling barges (except while being transported on a regular ferry line or on piers or piling structures);
- h. Use of the property in the drilling of a relief well for the purpose of controlling or attempting to control to fire, well "out of control", or "cratering", unless notice be given to us in advance of such use and an additional premium agreed upon;
- i. Faulty design;
- j. Mysterious disappearance or shortage discovered upon taking inventory;
- k. Loss of use or delay; loss of hole; loss of contract, income or profits; or any loss of a consequential nature;
- l. Theft;
- m. Earth movement
 - (1) Earthquake, including any earth sinking, rising or shifting related to such event;
 - (2) Landslide, including any earth sinking, rising or shifting related to such event;
 - (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
 - (4) Earth sinking, rising or shifting including soil conditions which cause settling, cracking or other disarrangements. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.
- n. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.
- o. Water
 - (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; or
 - (2) Mudslide or mudflow.

- p. Steam apparatus
Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.
- q. Loss or damage caused by wind from a "named windstorm".

C. The following warranties and conditions are added to **E. Additional Conditions:**

3. Warranties

It is a condition of this insurance that the following is warranted and agreed by you that:

- (a) Neither oil, natural gas nor air will be used as a drilling fluid, but this shall not exclude the use of oil base made, the use of oil for 'drilling in' or the use of oil for 'washing in' purposes;
- (b) A blowout preventer of standard make will be set on the surface casing, same to be installed and tested in accordance with usual practices, except that this warranty is not applicable to cable tool rigs or spudders;
- (c) The property described herein shall be operated only by you or your employees unless otherwise agreed to by us by endorsement attached thereto.
- (d) The raising or lowering of derricks or masts, including guying and anchoring thereof, shall be conducted with due diligence and in accordance with safe operating practices and procedures as recommended by the manufacturer or any governmental agencies having jurisdiction. The American Petroleum Institute's (A.P.I.) rated load limit of such derrick or mast will not be exceeded.
- (e) No loss or damage resulting from or occurring during a breach of any warranty shall be covered or paid hereunder.

4. Salvage Expenses, or Sue and Labor

In the event of salvaging expenses or Sue and Labor charges (not herein excluded) being incurred in consequence of a peril insured against, then we shall be liable for no greater portion of such expense than the value of the drill stem below the surface of the ground at the time the loss occurs bears to the aggregate value of the hole (at time of loss) plus the value of said drill stem, but in no event shall our liability for salvage expense and/or Sue and Labor charges exceed the actual cash value of the drill stem below the surface of the ground at the time of the loss.

D. The following definitions are added to **F. Definitions:**

"Cratering" means a basin-like opening in the earth's surface surrounding a well caused by the erosion or eruptive action of oil and/or gas and/or water flowing without restriction.

"Occurrence", whenever used herein and in the endorsements hereto, means an event or continuous or repeated exposure to conditions which commence during the term of this insurance and cause personal injury or bodily injury or physical loss of or damage to tangible property covered herein, that is neither expected nor intended by you, and the limit and deductible applicable to such "occurrence" shall be the limit and deductible in effect at the time of the commencement of such event or continuance or repeated exposure to conditions.

For purposes of this insurance, where a series of and/or several losses occur which are attributable directly or indirectly to one accident, event or cause, all such losses shall be added together and the total amount of such losses shall be treated as one "occurrence" irrespective of the period or area over which the losses occur. So far as loss involving, in whole or in part, the perils of nature, including but not limited to tornado, windstorm, cyclone, hurricane or hail, is concerned, the words "one accident, event or cause" shall mean one single atmospheric disturbance as designated by the United States Weather Bureau, or in the event the Bureau does not make such a designation, another appropriate means of making such a designation shall be agreed.

So far as loss involving, in whole or in part, the peril of earthquake is concerned, the words "one accident, event or cause" shall mean one or more earthquake shocks occurring within any period of 72 hours.

"Named windstorm" means a storm or weather condition that:

- (1) has sustained winds of at least 39 miles per hour; and
- (2) has been declared by the US National Weather Service to be a hurricane, typhoon, tropical storm or cyclone.

"Out of control", for purposes of this insurance, a well shall be deemed "out of control" only when there is a sudden, accidental, uncontrolled and unintended continuous flow, above the surface of the ground from the well of drilling fluid, oil, gas or water, or other substance:

- (1) Which flow cannot promptly be:
 - (a) stopped by use of the equipment on site and/or the blowout preventer, storm chokes or other equipment, or
 - (b) stopped by increasing the weight by volume of drilling fluids or by use of other conditioning materials in the well.
- (2) Which flow is declared to be "out of control" by the appropriate regulatory authorities, where applicable.

Nevertheless and for purposes of this insurance, a well shall not be deemed "out of control" solely because of the existence or "occurrence" of a flow of oil, gas, or water into the well bore which can, within a reasonable period of time, be circulated out or bled off through surface controls.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

"Topple", if the derrick or any other appurtenances associated with a Drilling Rig or Workover Rig falls over as a result of any insured peril other than Fire, Flood, Earthquake, Tornado or Explosion, including Blow Out and "Cratering", this is construed to be "Topple".

E. The following section is added:

G. Optional Coverages

If shown as applicable in the Supplemental Declarations, the following Optional Coverages apply to Covered Property: If no limit is shown for an Optional Coverage, then that coverage does not apply and all references to it are deleted.

1. Flood Coverage

(a) This Optional Coverage applies to the Covered Property for which a Limit of Insurance Flood is shown in the Supplemental Declarations.

(b) The following is added to **3. Covered Causes of Loss**:

Flood, meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:

- (1) The overflow of inland or tidal waters;
- (2) The unusual or rapid accumulation or runoff of surface waters from any source; or
- (3) Mudslides or mudflows which are caused by flooding as define in Paragraph (b) (2) above. For purposes of this Covered Cause of Loss, a mudslide or mudflow involves a river or liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current or water and deposited along the path of the current.

All flooding in a continuous or protracted event will constitute a single flood.

(c) Exclusions, Limitations And Related Provisions

- (1)** The Exclusions section of the Contractors Equipment Form apply to Coverage provided under this Optional Coverage except as provided in paragraphs **(c) (2)** and **(c) (3)** below.
- (2)** To the extent that a part of the Water Exclusion might conflict with Coverage provided under this Optional Coverage, that part of the Water Exclusion does not apply.
- (3)** To the extent that a tsunami causes the overflow of tidal waters, the exclusion of earthquake in the Earth Movement Exclusion does not apply.
- (4)** The following exclusions and limitations are added and apply to Coverage provided under this Optional Coverage:

 - a.** We will not pay for any loss or damaged caused by or resulting from any Flood within 72 hours after the inception date of the activation of this Coverage. If you request an increase in the stated Flood Limit of Insurance, the increase will not apply to loss or damage from any flood that begins before or within 72 hours after your request was made.

If the Flood is due to the overflow of inland or tidal waters, then the Flood is considered to begin when the water first overflows its banks.
 - b.** We will not pay for loss or damage caused by or resulting from destabilization of land arising from the accumulation of water in subsurface land areas.
 - c.** Under this Optional Coverage, as set forth under Property Not Covered, land is not covered property, nor is the cost of excavations, grading, backfilling of filling unless to repair or replace Covered Property. Therefore, coverage under this Optional Coverage does not include the cost of restoring or remediating land due to the collapse or sinking of land caused by or resulting from Flood unless to repair or replace Covered Property. However, coverage under this Optional Coverage includes damage to the covered portions of the Covered Property, caused by collapse or sinking of land along a shore of a body of water as the result of erosion or undermining caused by waves or currents which exceed cyclical levels and cause Flood.
 - d.** We do not cover loss or damage to property in the open except to the extent that such coverage, if any is specified in the Flood Coverage Schedule in the Supplemental Declarations.
 - e.** Property Not Covered is amended and supplemented as follows with respect to this Optional Coverage:

 - 1.** Property Not Covered includes any property that is not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq. and the Coastal Barrier Improvement Act of 1990, Pub. L. 101-591, 16 U.S.C. 3501 et seq.
 - 2.** Property Not Covered includes boat houses and open structures, any property in or on the foregoing, if the structure is located on or over a body of water.
 - 3.** Property Not Covered includes bulkheads, pilings, piers, wharves, docks or retaining walls.
 - f.** We will not pay for loss or damage caused by sewer back-up or overflow unless such back-up or overflow results from Flood and occurs within 72 hours after the flood recedes.

(d) Additional Coverages And Coverage Extensions

- (1)** With respect to this Optional Coverage, the Debris Removal Additional Coverage is not applicable and is replaced by the following:

Debris Removal

- a.** We will pay your expense to remove debris of Covered Property from oil fields on which the Covered Property is located, when such debris is caused by or results from Flood. However, we will not pay to remove deposits of mud or earth from these locations.
 - b.** We will also pay the expense to remove debris of Covered property that has floated or been hurled off oil field locations by Flood.
 - c.** This Coverage for Debris Removal, as set forth in Paragraph **(d) (1) a** and **(d) (1) b** above, does not increase the applicable Limit of Insurance for Flood. Therefore, the most we will pay for the total of debris removal and the loss or damage to Covered Property is the Limit of Insurance for Flood that applies to the Covered Property.
- (2)** With respect to this Optional Coverage, the Additional Coverage for Additionally Acquired Property is amended by the following:
- a.** the most that we will pay for all loss or damage to Covered Property under this Optional Coverage is 10% of the total of all Limits of Insurance for Flood as provided under this Optional Coverage. Such coverage does not increase the Limit of Insurance for Flood.
- (3)** With respect to any applicable Additional Coverages in the Coverage Form to which this endorsement is attached, other than those addressed in Paragraphs **(d) (1)** and **(d) (2)** above, amounts payable under such other provisions, as set forth therein, do not increase the Limit of Insurance for Flood.

(e) Coinsurance

- (1)** The Coinsurance Condition, if any, applies to the Coverage provided under this Optional Coverage, unless the No-Coinsurance Option in the Supplemental Declarations is specified as being applicable.
- (2)** Various Additional Coverages, in the Contractors Equipment Coverage Form may require coinsurance. If the No-Coinsurance Option applies, then the coinsurance requirement for such Additional Coverages is eliminated.

(f) Limit of Insurance

(1) General Information

Flood Coverage may be written at a Limit of Insurance that is equal to or less than the Limit of Insurance which applies to other Covered Causes of Loss (e.g. Fire) under this Contractors Equipment Coverage Form.

The Limit of Insurance for Flood is shown in the Supplemental Declarations.

(2) Application Of Limit And Aggregate

The Limit of Insurance Flood is the most we will pay in a single "occurrence" of Flood for loss or damaged caused by the Flood. If there is more than one Flood in a 12-month period (starting with the beginning of the present annual policy period), the most we will pay for the total of all loss or damage sustained during that period of time and caused by Flood is the amount that is identified as the Annual Aggregate Limit as shown in the Supplemental Declarations.

If the Limit of Insurance Flood and the Annual Aggregate Limit amount are the same, or if there is no amount stated as an Annual Aggregate Limit, then the Limit of Insurance Flood is the most we will pay for the total of all loss or damage that is caused by Flood in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one "occurrence" of Flood during that period of time. Thus, if the first Flood does not exhaust the applicable Limit of Insurance Flood, then the balance of that Limit is available for a subsequent Flood(s).

If a single "occurrence" of Flood begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance Flood or Annual Aggregate Limit applicable to the following annual policy period will not apply to that Flood.

(3) Ensuing Loss

In the event of covered ensuing loss, for example, loss caused by Fire and/or Explosion which results from the Flood, the most we will pay, for the total of all loss or damage caused by flood, fire and explosion, is the Limit of Insurance shown in the Contractors Equipment Declarations. We will not pay the sum of the Contractors Equipment Declarations and the Supplemental Declarations Flood Coverage Limits.

(g) Deductible

- (1)** The Deductible for coverage provided under this Optional Coverage is the Flood Deductible shown in the Supplemental Declarations.
- (2)** We will not pay that part of any loss that is attributable to any Deductible(s) in the National Flood Insurance Program (NFIP) policy.
- (3)** If Flood results in another Covered Cause of Loss and if both Covered Causes of Loss cause loss or damage, then only the higher deductible applies (e.g. the Flood Deductible or the Fire deductible).

(h) Other Insurance

The Other Insurance Condition of the Commercial Inland Marine Conditions form is replaced by the following with respect to the coverage provided under this Optional Coverage:

- (1)** If the loss is also covered under a NFIP policy, or if the property is eligible to be written under an NFIP policy but there is no such policy in effect, then we will pay only for the amount of loss in excess of the maximum limit that can be insured under that policy. This provision applies whether or not the maximum NFIP limit was obtained or maintained, and whether or not you can collect on the NFIP policy. We will not, under any circumstances, pay more than the applicable Limit of Insurance for Flood as stated in the Supplemental Declarations.

However, this provision **(h) (1)** does not apply under the following circumstances:

- a.** At the time of loss, the property is eligible to be written under an NFIP policy but such policy is not in effect due solely to ineligibility of the property at the time this Optional Coverage was written; or
- b.** An NFIP policy is not in effect because we have agreed to write this Optional Coverage without underlying NFIP coverage. There is such an agreement only if the Supplemental Declarations indicate that the Underlying Insurance Waiver applies.

- (2) If there is other insurance covering the loss, other than that described in Provision (h) (1) above, we will pay our share of the loss. Our share is the proportion that the applicable Limit of Insurance Flood under this Optional Coverage bears to the total of the applicable Limits of Insurance under all other such insurance. But we will not pay more than the applicable Limit of Insurance Flood stated in the Supplemental Declarations.

2. Earthquake – Volcanic Eruption (Sub-Limit)

- (a) This Optional Coverage applies to the Covered Property for which an Earthquake – Volcanic Eruption Limit of Insurance is shown in the Supplemental Declarations.

(b) Additional Covered Causes of Loss

- (1) The following are added to the **Covered Causes of Loss**:

- a. Earthquake; and
- b. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

(c) Exclusions and Related Provisions

- (1) The Exclusions sections of the Contractors Equipment Coverage Form apply to coverage provided under this Optional Coverage, except as provided in (c) (2) and (c) (3) below.
- (2) To the extent that the Earth Movement Exclusion might conflict with coverage provided under this Optional Coverage, the Earth Movement Exclusion does not apply.
- (3) We will not pay for loss or damage caused directly or indirectly by tidal wave or tsunami, even if attributable to an Earthquake or Volcanic Eruption.
- (4) We will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.
- (5) Under this Optional Coverage, as set forth under Property Not Covered, land is not Covered Property, nor is the costs of excavations, grading, backfilling or filling covered unless to repair or replace Covered Property. Therefore, coverage under this Optional Coverage does not include the cost or restoring or remediating land unless to repair or replace Covered Property.

(d) No Coinsurance

Any Coinsurance Condition which is part of the Contractors Equipment Coverage Form or which is part of any endorsement that is attached to this policy does not apply to coverage provided under this Optional Coverage.

(e) Limit of Insurance

(1) General Information

In this Optional Coverage, the term Earthquake – Volcanic Eruption Limit of Insurance means the Limit of Insurance applicable to Earthquake – Volcanic Eruption for the Covered Property or Coverage under which loss or damage is sustained.

The Supplemental Declarations provide information on the Earthquake – Volcanic Eruption Limit of Insurance applicable to Covered Property and Coverages for Earthquake – Volcanic Eruption.

(2) Annual Aggregate Limit

The Earthquake – Volcanic Eruption Limit of Insurance is an annual aggregate limit and as such is the most we will pay for the total of all loss or damage that is caused by the Earthquake – Volcanic Eruption in a 12-month period (starting with the beginning of the present annual policy), even if there is more than one Earthquake or Volcanic Eruption during that period of time. Thus, if the first Earthquake or Volcanic Eruption does not exhaust the Earthquake – Volcanic Eruption Limit of Insurance, then the balance of that Limit is available for subsequent Earthquake(s) or Volcanic Eruption(s).

If a single Earthquake or Volcanic Eruption (as defined in Paragraph **(b)** of this Optional Coverage) begins during one annual policy period and ends during the following annual policy period, any Earthquake – Volcanic Eruption Limit of Insurance applicable to the following annual policy period will **not** apply to such Earthquake or Volcanic Eruption.

(3) Increased Annual Aggregate Limit Option

If the Supplemental Declarations indicate that the Increased Annual Aggregate Limit Option applies instead of Paragraph **(e) 2.** above:

The Earthquake – Volcanic Eruption Limit of Insurance is the most we will pay in a single Earthquake or Volcanic Eruption (as defined in Paragraph **(b)** of this Optional Coverage) for loss or damage caused by the Earthquake or Volcanic Eruption. If there is more than one Earthquake or Volcanic Eruption in a 12-month period (starting with the beginning of the present annual policy period), the most we will pay for the total of all loss or damage sustained during that period of time and caused by Earthquake or Volcanic Eruption is two times the Earthquake – Volcanic Eruption Limit of Insurance.

If a single Earthquake or Volcanic Eruption (as defined in Paragraph **(b)** of this Optional Coverage) begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance applicable to that following annual policy period will **not** apply to such Earthquake or Volcanic Eruption.

(4) Additional Coverages

Amounts payable under an Additional Coverage, as set forth in the Contractors Equipment Coverage Form, does not increase the Earthquake – Volcanic Eruption Limit of Insurance.

(5) Limitation

For Covered Property that is subject to a Blanket Limit on Earthquake – Volcanic Eruption (as shown in the Supplemental Declarations), we will not pay more than we would in the absence of such Blanket Limit. Therefore, the maximum payable for any such item of Covered Property is the Limit of Insurance or stated value (as shown in a schedule on file with us) specific to that Covered Property for Covered Causes of Loss other than Earthquake – Volcanic Eruption.

(6) Ensuing Loss

If a Cause of Loss (such as fire) is covered by means of an exception to the Earth Movement Exclusion, in the Contractors Equipment Coverage Form or any endorsements attached to this policy, we will also pay loss or damage caused by that other Covered Cause of Loss. But the most we will pay, for the total of all loss or damage caused by the Earthquake, Volcanic Eruption and other Covered Cause of Loss, is the Limit of Insurance applicable to such other Covered Cause of Loss. We will **not** pay the sums of the two Limits.

(f) Property Damage Deductible

- (1)** The provisions of Paragraph **(f) (2)** of this Optional Coverage are applicable to all coverages.
- (2)** The deductible provision, if any, in this Coverage Part is replaced by the following with respect to Earthquake – Volcanic Eruption.

a. General Information

- 1.** The Deductible provisions apply to each Earthquake or Volcanic Eruption.
- 2.** Separate Deductibles are calculated for, and apply to, each item of Covered Property. Deductibles are separately calculated and applied even if:
 - (a)** Two or more items of Covered Property sustain loss or damage;
 - (b)** Covered Property at two or more locations sustains loss or damage.
- 3.** We will not pay for loss or loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance.
- 4.** When property is covered under the Additional Coverage for Additionally Acquired Property, we will deduct an amount equal to the applicable Deductible shown on the Supplemental Declarations for Earthquake – Volcanic Eruption coverage.
- 5.** If there is loss or damage caused by Earthquake or Volcanic Eruption, and loss or damage caused by a Cause of Loss (e.g. fire) that is covered by means of an exception to the Earth Movement Exclusion, then the only applicable Deductible provisions are those stated in this Optional Coverage.

b. Deductible – Scheduled Equipment

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the applicable Deductible (as shown in the Supplemental Declarations, concerning the Earthquake – Volcanic Eruption Deductible) from the value of the Covered Property that has sustained loss or damage. The value to be used is that shown as the Limit of Insurance shown for Schedule Equipment on the Contractors Equipment Declarations or Supplemental Declarations.

c. Deductible – Blanket Equipment

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the applicable Deductible (as shown in the Supplemental Declarations, concerning Earthquake – Volcanic Eruption Deductible) from the value of the Covered Property that has sustained loss or damage. The value to be used is that shown in the most recent schedule of Covered Property on file with us.

3. Named Windstorm Coverage (Sub-Limit)

(a) Windstorm Limit(s) of Insurance

The Limit of Insurance shown in the Supplemental Declarations is an annual aggregate limit and supersedes any other limits for losses caused by wind from a “named windstorm.” Refer to Paragraph **(b)** below for an explanation.

(1) Blanket Limit

The Blanket Limit is the most we will pay for loss or damage to Covered Property of the Scheduled Equipment listed, subject to all other applicable provisions of the Limit of Insurance section in the Contractors Equipment Coverage Form and Paragraph **(b)** below.

(2) Separate Limits

If a separate Limit of Insurance is shown in the Supplemental Declarations for a particular item of Covered Property, that Covered property should NOT be included under a Blanket Limit.

(b) Annual Aggregate Limit

The Annual Aggregate Limit of Insurance shown for Blanket Limit or Separate Limits in the Supplemental Declarations is an annual aggregate limit for wind losses resulting from a “named windstorm” and as such is the most we will pay for the total of all loss or damage that is caused by wind from a “named windstorm” in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one wind loss from a “named windstorm” during that period of time. Thus, if the first wind loss from a “named windstorm” does not exhaust the Limit of Insurance shown in the Supplemental Declarations, then the balance of the Limit is available for subsequent wind losses from “named windstorms”.

4. Theft

(a) If a Limit of Insurance is indicated on the Supplemental Declarations, then the following is removed from Paragraph **B., Exclusions:**

i. Theft.

(b) However, the following applies to the Covered Cause of Loss for Theft:

We will not pay for loss or damage by theft or attempted theft unless:

- (1)** Covered Property in the field is manned 24 hours;
- (2)** If Covered Property is stored in a yard, the yard must be well lighted, fenced area with closed and locked gates; and
- (3)** If Covered Property is left in the field unattended, a watchman service must be provided.

(c) The most we will pay for loss or damage in any one “occurrence” of theft or attempted theft is the Theft Limit of Insurance shown in the Supplemental Declarations.

(d) The Deductible for Optional Coverage Theft shown in the Supplemental Declarations is the only deductible that applies to the coverage provided under this Optional Coverage.

(e) As respects this Optional Coverage, the following is added to Paragraph **B., Exclusions, 2.:**

Covered Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the Covered Property.

5. Property in Course of Construction

(a) You may extend the coverage that applies to your Covered Property to apply to Property in Course of Construction that are your property or property of others in your care, custody or control. The most we will pay in any one “occurrence” under this coverage extension is the Property in Course of Construction Limit of Insurance shown in the Supplemental Declarations.

(b) This Coverage Extension does not increase the Limit of Insurance.

F. The following changes are made to conditions in the **COMMERCIAL INLAND MARINE CONDITIONS**:

1. **LOSS CONDITIONS, B. Appraisal** is deleted in its entirety and replaced by the following:

B. Appraisal

If we and you fail to agree as to the amount of loss, each shall, on written demand of either party, made within 30 days after receipt of proof of loss by us select a competent disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of either party such umpire shall be selected by a judge of a court of record in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the actual cash value of damaged property and undamaged property at the time of loss and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire. An awarding in writing of any two shall determine the amount of loss. Each party will pay its chosen appraiser and bear equally the other expenses of the appraisal and the umpire. **The result of the appraisal shall be non-binding and voluntary.**

We shall not be held to have waived any of our rights by any act relating to appraisal.

Notwithstanding the foregoing, in the event the aggregate claim for loss does not exceed five percent (5%) of the total amount of insurance upon the property described herein in force at the time such loss occurs, no special inventory or appraisal of undamaged property shall be required. If the policy can be divided into two or more items of property, the foregoing conditions shall apply to each item separately.

2. **LOSS CONDITIONS, F. Other Insurance** is deleted in its entirety and replaced by the following:

Other insurance is permitted without notice to us until required. It is agreed, however, that in the event other valid and collectible insurance exists on any property hereby insured at the time and place of loss, the insurance under this policy shall be considered as excess and shall not apply or contribute to the payment of loss until the amount of such other insurance shall have been exhausted; it being understood and agreed under this policy, you are to be reimbursed to the extent of the difference between the amount collectible from such other insurance and the amount of actual loss otherwise collectible hereunder.

3. **GENERAL CONDITIONS, C. Legal Action Against Us** is deleted in its entirety and replaced by the following:

No one may bring a legal action against us under this Coverage Part unless there has been full compliance with all the terms of this Coverage Part.

No suit, action or proceeding for the recovery of any claim under this policy shall be sustainable in any court of law or unless the same be commenced within **the time allotted by law** next after discovery by you of the "occurrence" which gives rise to the claim. Provided, however, that if by the laws of the state within which the policy is issued such time limitation is invalid, then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such state to be fixed herein.

4. **GENERAL CONDITIONS, F. Valuation** is deleted in its entirety and replaced by the following:

We shall not be liable beyond the actual cash value of the Covered Property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value, but shall in no event exceed what it would cost to repair the same material with like kind and quality, in a condition equal to but not superior to or more extensive than its condition when new, not to exceed the scheduled value. No recovery for a constructive total loss shall be had hereunder unless the expense of recovering and repairing the Covered Property shall exceed the scheduled Limits of Insurance.

All other terms and conditions remain the same.

MARKEL INSURANCE COMPANY

ATTACHED TO AND FORMING PART
POLICY NUMBER:

COMMERCIAL INLAND MARINE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GLOBAL MARINE AND ENERGY PROGRAM AMENDATORY ENDORSEMENT FOR OIL AND GAS FIELD EQUIPMENT

This endorsement modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

1. The following items are added to **A. 2. Property Not Covered:**

Covered Property does not include the following:

Crude oil, natural gas, or other minerals prior to recovery above ground and coal;

Property located offshore or beyond the shoreline, except structures and their contents extending from land or shore are not to be considered as offshore. As respects this provision, property located offshore or beyond the shoreline means the following:

- (1) In the Gulf of Mexico off of Texas and Louisiana, seaward of the inland edge of the Leased Block of the Plane Coordinate System, as defined on the United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps.
- (2) Elsewhere, the sea coasts of the United States, including Alaska.

Electrical transmission and distribution lines and their supporting structures, distribution transformers, metering equipment, and accessories other than those within 1000 feet of any power generating plants owned by the insured;

Railroad or railway rolling stock and contents, except contents located on the covered premises that is consigned to or to be shipped by the insured as long as it is not under the control of a public carrier;

Mining properties, which means any item of the insured's property involved in the removal, processing or transporting of minerals such as, but not limited to, gold, silver, copper, or coal;

Any refractory lining or catalyst; except from the perils of fire, lightning, windstorm, hail, explosion, riot, riot attending strike, civil commotion, aircraft, vehicles, smoke, flood and earthquake. Valuation for refractory lining or catalyst will be adjusted on an Actual Cash Value basis as described in **GENERAL CONDITIONS, F. Valuation** of the **COMMERCIAL INLAND MARINE CONDITIONS**.

2. The following are added to **B. Exclusions:**

We will not pay for loss or damage caused by or resulting from any of the following:

Contamination;

Control of Well (COW), Operator's Extra Expense (OEE) and/or Energy Exploration Development (EED), Loss of Hole and/or Re-drilling Expenses.

3. The following is added to **E. Additional Conditions** and applies to all other applicable conditions.

Breach of Conditions and Warranties

If this policy covers two (2) or more items of Covered Property, the breach of any condition or warranty of the policy in any one (1) or more of items of Covered Property, shall not prejudice the right to recovery for loss occurring to other Covered Property, where at the time of loss a breach of condition or warranty does not exist.

All other terms and conditions remain the same.

MARKEL INSURANCE COMPANY

POLICY NUMBER: COMMERCIAL INLAND MARINE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OIL AND GAS FIELD EQUIPMENT SUPPLEMENTAL DECLARATIONS

This endorsement modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM
OIL FIELD EQUIPMENT ENDORSEMENT

If shown as applicable, the following Optional Coverages apply to Covered Property. If no limit is shown for an Optional Coverage, then that coverage does not apply and all references to it are deleted.

Additional Coverages

Coverage	Limit of Insurance	Deductible
Mechanical, Electrical Or Pressure Systems Breakdown Extension Coverage	\$	\$

Optional Coverages

1. Flood Coverage

Inception Date of Flood Coverage _____ **Note:** There is no Coverage for Flood that begins before or within 72 hours after the Inception Date of Flood Coverage. Refer to **Section E, G Optional Coverages, 1 (c) (4)** of the Oil Field Equipment Endorsement for additional information.

Description of Covered Property - Refer to SCHEDULE, Form IH 99 06 07 99, for Description of Covered Property.

Flood Deductible \$ _____

No-Coinsurance Option

Other Flood Insurance, If Any (identify insurer and policy number)

Primary (NFIP) _____

Other _____

Underlying Insurance Waiver **Note:** Refer to **Section E, G Optional Coverages 1 (h)** of the Oil Field Equipment Endorsement for an explanation.

Annual Aggregate Limit \$ _____

Limit of Insurance Flood \$ _____

2. Earthquake – Volcanic Eruption (Sub-Limit)

Description of Covered Property – Refer to SCHEDULE, Form IH 99 06 07 99, for Description of Covered Property

Property Damage Deductible \$ _____

Earthquake – Volcanic Eruption Limit of Insurance \$ _____

Increased Annual Aggregate Limit Option: ___ Yes X No

3. Named Windstorm Coverage (Sub-Limit)

Blanket Limit \$ _____

Separate Limits

Description of items	Limit of Insurance
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Annual Aggregate Limit \$ _____

Optional Coverage	Limit of Insurance	Deductible
4. Theft	\$ per occurrence	\$
5. Property in Course Of Construction	\$ per occurrence	\$

SERFF Tracking Number: MRKB-125514954

State: Arkansas

Filing Company: Markel Insurance Company

State Tracking Number: EFT \$25 AND #1000107027 \$25

Company Tracking Number: 0802FF019

TOI: 09.0 Inland Marine

Sub-TOI: 09.0005 Other Commercial Inland Marine

Product Name: Commercial Inland Marine Forms

Project Name/Number: MGME Oil and Gasfields/0802FF019

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: MRKB-125514954

State: Arkansas

Filing Company: Markel Insurance Company

State Tracking Number: EFT \$25 AND #1000107027 \$25

Company Tracking Number: 0802FF019

TOI: 09.0 Inland Marine

Sub-TOI: 09.0005 Other Commercial Inland Marine

Product Name: Commercial Inland Marine Forms

Project Name/Number: MGME Oil and Gasfields/0802FF019

Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Review Status:	Approved	03/18/2008
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Comments:

Attachment:

NAIC PCTD.pdf

Satisfied -Name:	Cover Letter	Review Status:	Approved	03/18/2008
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Comments:

Attachment:

Cover Letter.pdf

Satisfied -Name:	Filing Memorandum	Review Status:	Approved	03/18/2008
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Comments:

Attachment:

Filing Memo.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
Markel	785

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Markel Insurance Company	Illinois	38970	36-3101262	

5. Company Tracking Number	0802FF019
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Deidre Balbuena 4600 Cox Rd, Glen Allen VA 23060	Vice President	800-431-1270 ext 7941	804-527-7900	wmejia@markelcorp.com
	7. Signature of authorized filer		<i>Deidre Balbuena</i>		
	8. Please print name of authorized filer		Deidre Balbuena		

Filing information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	Commercial Inland Marine		
10.	Sub-Type of Insurance (Sub-TOI)	Other Commercial Inland Marine		
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]			
12.	Company Program Title (Marketing title)	Commercial Inland Marine		
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)		
14.	Effective Date(s) Requested	New: 04-01-2008	Renewal:	04-01-2008

Property & Casualty Transmittal Document---

15.	Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16.	Reference Organization (if applicable)	N/A
17.	Reference Organization # & Title	N/A
18.	Company's Date of Filing	02-29-2008
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

20.	This filing transmittal is part of Company Tracking #	0802FF019
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Markel Insurance Company wishes to file the enclosed new independent forms for your review as an enhancement to our Commercial Inland Marine line of business to meet the needs of oil and gas drilling rigs operations. These forms will be used to modify the ISO Contractors Equipment Coverage Form. We will be utilizing our Contractor rates and rules currently approved for use in your state.

- MIM119 (01/08) Oil and Gas Field Equipment Endorsement was designed to provide coverages specifically for drilling rigs exposures. This premium bearing endorsement tailors the coverages currently found in the ISO Commercial Inland Marine Contractors Coverage Form to better meet the exposures related to oil and gas field equipment. Specifically, we amended the following areas: Property Not Covered, Additional Coverages, Exclusions, Additional Conditions, and Optional Coverages.
- MIM120 (01/08) Global Marine and Energy Program Amendatory Endorsement for Oil and Gas Field Equipment is used in conjunction with MIM119. This non-premium bearing endorsement further clarifies the Contractors Equipment Coverage Form for Property Not Covered; additional exclusions for exposures unique to drilling rigs; and an Additional Condition for Breach of Conditions and Warranties.
- MD069 (01/08) Oil and Gas Field Equipment Supplemental Declarations is used in conjunction with MIM119 to indicate applicable Additional and Optional Coverages. For Optional Coverages a Limit of Insurance must be shown for that Optional Coverage to be applicable. If no Limit of Insurance is shown, then that coverage does not apply and all references to it are deleted..

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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Check #: EFT
Amount: \$25.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**



MARKEL CORPORATION

4600 Cox Road Glen Allen, Virginia 23060-9817 P.O. Box 3870, Glen Allen, Virginia 23058-3870
(804) 527-2700 (800) 431-1270 www.markelinsurance.com

February 29, 2008

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

Re: Markel Insurance Company, NAIC #785-38970
Commercial Inland Marine – Forms
Co File # 0802FF019

Honorable Bowman:

Markel Insurance Company wishes to file the enclosed new independent forms for your review as an enhancement to our Commercial Inland Marine line of business to meet the needs of oil and gas drilling rigs operations.

We have summarized the proposed changes in the attached Filing Memorandum.

We trust you will find this submission in order. We wish to utilize this filing for all policies effective on and after April 1, 2008. Should you have any questions regarding this filing, please contact Meiji Mejia by phone at (800) 431-1270 ext 7941, by mail at the above address or by e-mail at wmejia@markelcorp.com.

Sincerely,

A handwritten signature in cursive script that reads "Deidre Balbuena".

Deidre I. Balbuena
Vice President
Product & Regulatory Services

**Markel Insurance Company
Commercial Inland Marine
Explanatory Memorandum**

Markel Insurance Company is introducing the below endorsements to meet the coverage needs of the marine and energy drilling rig insurance industry. These forms will be used to modify the ISO Contractors Equipment Coverage Form. We will be utilizing our Contractor rates and rules currently approved for use in your state.

- **MIM119 (01/08)** *Oil and Gas Field Equipment Endorsement* was designed to provide coverages specifically for drilling rigs exposures. This premium bearing endorsement tailors the coverages currently found in the ISO Commercial Inland Marine Contractors Coverage Form to better meet the exposures related to oil and gas field equipment. Specifically, we amended the following areas: Property Not Covered, Additional Coverages, Exclusions, Additional Conditions, and Optional Coverages.
- **MIM120 (01/08)** *Global Marine and Energy Program Amendatory Endorsement for Oil and Gas Field Equipment* is used in conjunction with MIM119. This non-premium bearing endorsement further clarifies the Contractors Equipment Coverage Form for Property Not Covered; additional exclusions for exposures unique to drilling rigs; and an Additional Condition for Breach of Conditions and Warranties.
- **MD069 (01/08)** *Oil and Gas Field Equipment Supplemental Declarations* is used in conjunction with MIM119 to indicate applicable Additional and Optional Coverages. For Optional Coverages a Limit of Insurance must be shown for that Optional Coverage to be applicable. If no Limit of Insurance is shown, then that coverage does not apply and all references to it are deleted.

SERFF Tracking Number: *MRKB-125514954* *State:* *Arkansas*
Filing Company: *Markel Insurance Company* *State Tracking Number:* *EFT \$25 AND #1000107027 \$25*
Company Tracking Number: *0802FF019*
TOI: *09.0 Inland Marine* *Sub-TOI:* *09.0005 Other Commercial Inland Marine*
Product Name: *Commercial Inland Marine Forms*
Project Name/Number: *MGME Oil and Gasfields/0802FF019*

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Form	Oil and Gas Field Equipment Endorsement	02/29/2008	MIM 119.pdf

MARKEL INSURANCE COMPANY

ATTACHED TO AND FORMING PART OF
POLICY NUMBER:

COMMERCIAL INLAND MARINE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OIL AND GAS FIELD EQUIPMENT ENDORSEMENT

This modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

A. The following is added to **A. 2. Property Not Covered:**

Item **a.** is deleted in its entirety and replaced by the following:

- a.** Motor vehicles, trailers, semi-trailers or other land conveyances designed for operating "Over the Road", whether designed for operating licensed or otherwise, unless forming part of a mobile unit specifically described as SCHEDULED EQUIPMENT;

The following items are added as **Property Not Covered:**

- Roadways, causeways, piers or piling structures;
- Earthen pits;
- Cement, mud, drilling compounds or chemicals, and fuel actually in use;
- Casing and tubing in the well, and drill bits;
- Dynamos, exciters, lamps, motor switches, or other electrical appliances, devices, or wiring, if loss or damage is caused by electrical injury or disturbance, whether from artificial or natural causes, unless loss by a peril not otherwise excluded ensues, and then only for the ensuing loss;
- Property while in permanent storage in any warehouse or storage yard owned, leased or controlled by you unless specifically scheduled herein;
- Loss or damage to well(s) while being drilled or otherwise and loss of oil and/or gas produced there from;
- Foam solution or other fire extinguishing materials lost, expended, or destroyed in fighting fire, blowout or "cratering", or any expense incidental to fighting fire or controlling or attempting to control blowout or "cratering";
- Insured property used to drill a relief well for the purpose of attempting to control fire, blowout or "cratering", unless written approval is obtained from us in advance of such use;
- Property scheduled hereunder consisting of complete units or parts thereof, leased, loaned or rented to others, unless prior notice has been given by us and the policy is extended to cover such property being operated by others;
- Land (including land on which Covered Property is located), water, growing crops or lawns;
- Blueprints, plans, specifications, maps or records; and
- Property while underground.

B. The following is added to **A. Coverage, 4. Additional Coverage:**

DEBRIS REMOVAL

- (1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss or damage to Covered Property; plus
 - (b) The deductible in this policy applicable to that loss or damage.
- (3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:
 - (a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - (b) The debris removal expense exceeds the amount payable under the 25% limitation;we will pay up to an additional \$5,000 in any one occurrence under this Additional Coverage.
- (4) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.

PRESERVATION OF PROPERTY

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

This Additional Coverage does not increase the Limit of Insurance.

POLLUTANT CLEAN UP AND REMOVAL

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

The limit for this Additional Coverage is in addition to the Limit of Insurance.

MECHANICAL, ELECTRICAL OR PRESSURE SYSTEMS BREAKDOWN EXTENSION COVERAGE

(1) As respects the Contractors Equipment Coverage Form, the following applies:

(a) The following **Additional Conditions** are added:

Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance provided by this Optional Coverage against loss or damage to that Covered Property. This can be done by delivering or mailing a written notice of suspension to:

- i)** Your last known address; or
- ii)** The address where the Covered Property is located.

If we suspend your insurance, you will get a pro-rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

(2) As respects to Covered Causes of Loss, the following applies:

(a) "Specified Causes of Loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage; mechanical, electrical or pressure systems breakdown;

i) Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This does not include:

- a.** The cost of filling sinkholes; or
- b.** Sinking or collapse of land into man-made underground cavities.

ii) Water damage means accidental discharge or leakage of steam or water as the direct result of the breaking or cracking of any part of a system or appliance (other than a sump pump including its related equipment and parts) containing water or steam.

iii) Mechanical, electrical or pressure systems breakdown means direct damage to Covered Property from the following:

- a.** Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- b.** Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- c.** Explosion or steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- d.** Loss or damage to steam boilers or other water heating equipment.
- e.** If covered electrical equipment requires drying out as a result of a flood we will pay for the direct expenses of such drying out.

(b) None of the following is Covered Property as respects mechanical, electrical or pressure systems breakdown:

- i)** Insulating or refractory material;
- ii)** Buried vessels or piping;
- iii)** Sewer piping, piping forming a part of a fire protection system or water piping other than:

- a. Feed water piping between any boiler and its feed pump or injector; or
 - b. Boiler condensate return piping; or
 - c. Water piping forming a part of the refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
 - iv) Structure, foundation, cabinet or compartment containing the Covered Property;
 - v) Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
 - vi) Conveyor, crane, elevator, escalator or hoist, but not including any electrical machine or electrical apparatus mounted on or used with this equipment;
 - vii) Felt, wire, screen die, extrusion plate, swing hammer. Grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.
- (3) As respects Covered Causes of Loss, the following applies:

- a. The following is added:

Mechanical, Electrical or Pressure Systems Breakdown means direct damage to Covered Property as follows:

- i) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- ii) Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- iii) Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- iv) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines;
- v) Loss or damage to hot water boilers or other water heating equipment;
- vi) If covered electrical equipment required drying out as a result of a flood, we will pay for the direct expenses of such drying out.
- vii) None of the following is Covered Property as respects mechanical, electrical or pressure systems breakdown:
 - a. Insulating or refractory material;
 - b. Buried vessel or piping;
 - c. Sewer piping, piping forming a part of a fire protection system or water piping other than:
 - (1) Feed water piping between any boiler and its feed pump or injector; or
 - (2) Boiler condensate return piping; or
 - (3) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
 - d. Structure, foundation, cabinet or compartment containing the Covered Property;

- e. Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
- f. Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment;
- g. Felt, wire, screen die, extrusion plate, swing hammer, grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.

(4) As respects **B. Exclusions**, the following applies:

(a) The following **Exclusions** are deleted:

The exclusions pertaining to:

- i) Artificially generated current creating a short circuit or other electrical disturbance within an article covered under this Coverage Form.
- ii) Mechanical breakdown or failure of the Covered Property
- iii) Steam apparatus

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

C. The following exclusions are added to **B. Exclusions, 2.:**

- g. Property situated or installed on vessels or drilling barges (except while being transported on a regular ferry line or on piers or piling structures);
- h. Use of the property in the drilling of a relief well for the purpose of controlling or attempting to control to fire, well "out of control", or "cratering", unless notice be given to us in advance of such use and an additional premium agreed upon;
- i. Faulty design;
- j. Mysterious disappearance or shortage discovered upon taking inventory;
- k. Loss of use or delay; loss of hole; loss of contract, income or profits; or any loss of a consequential nature;
- l. Theft;
- m. Earth movement
 - (1) Earthquake, including any earth sinking, rising or shifting related to such event;
 - (2) Landslide, including any earth sinking, rising or shifting related to such event;
 - (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
 - (4) Earth sinking, rising or shifting including soil conditions which cause settling, cracking or other disarrangements. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.
- n. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.
- o. Water
 - (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; or
 - (2) Mudslide or mudflow.

- p. Steam apparatus
Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.
- q. Loss or damage caused by wind from a "named windstorm".

C. The following warranties and conditions are added to **E. Additional Conditions:**

3. Warranties

It is a condition of this insurance that the following is warranted and agreed by you that:

- (a) Neither oil, natural gas nor air will be used as a drilling fluid, but this shall not exclude the use of oil base made, the use of oil for 'drilling in' or the use of oil for 'washing in' purposes;
- (b) A blowout preventer of standard make will be set on the surface casing, same to be installed and tested in accordance with usual practices, except that this warranty is not applicable to cable tool rigs or spudders;
- (c) The property described herein shall be operated only by you or your employees unless otherwise agreed to by us by endorsement attached thereto.
- (d) The raising or lowering of derricks or masts, including guying and anchoring thereof, shall be conducted with due diligence and in accordance with safe operating practices and procedures as recommended by the manufacturer or any governmental agencies having jurisdiction. The American Petroleum Institute's (A.P.I.) rated load limit of such derrick or mast will not be exceeded.
- (e) No loss or damage resulting from or occurring during a breach of any warranty shall be covered or paid hereunder.

4. Salvage Expenses, or Sue and Labor

In the event of salvaging expenses or Sue and Labor charges (not herein excluded) being incurred in consequence of a peril insured against, then we shall be liable for no greater portion of such expense than the value of the drill stem below the surface of the ground at the time the loss occurs bears to the aggregate value of the hole (at time of loss) plus the value of said drill stem, but in no event shall our liability for salvage expense and/or Sue and Labor charges exceed the actual cash value of the drill stem below the surface of the ground at the time of the loss.

D. The following definitions are added to **F. Definitions:**

"Cratering" means a basin-like opening in the earth's surface surrounding a well caused by the erosion or eruptive action of oil and/or gas and/or water flowing without restriction.

"Occurrence", whenever used herein and in the endorsements hereto, means an event or continuous or repeated exposure to conditions which commence during the term of this insurance and cause personal injury or bodily injury or physical loss of or damage to tangible property covered herein, that is neither expected nor intended by you, and the limit and deductible applicable to such "occurrence" shall be the limit and deductible in effect at the time of the commencement of such event or continuance or repeated exposure to conditions.

For purposes of this insurance, where a series of and/or several losses occur which are attributable directly or indirectly to one accident, event or cause, all such losses shall be added together and the total amount of such losses shall be treated as one "occurrence" irrespective of the period or area over which the losses occur. So far as loss involving, in whole or in part, the perils of nature, including but not limited to tornado, windstorm, cyclone, hurricane or hail, is concerned, the words "one accident, event or cause" shall mean one single atmospheric disturbance as designated by the United States Weather Bureau, or in the event the Bureau does not make such a designation, another appropriate means of making such a designation shall be agreed.

So far as loss involving, in whole or in part, the peril of earthquake is concerned, the words "one accident, event or cause" shall mean one or more earthquake shocks occurring within any period of 72 hours.

"Named windstorm" means a storm or weather condition that:

- (1) has sustained winds of at least 39 miles per hour; and
- (2) has been declared by the US National Weather Service to be a hurricane, typhoon, tropical storm or cyclone.

"Out of control", for purposes of this insurance, a well shall be deemed "out of control" only when there is a sudden, accidental, uncontrolled and unintended continuous flow, above the surface of the ground from the well of drilling fluid, oil, gas or water, or other substance:

- (1) Which flow cannot promptly be:
 - (a) stopped by use of the equipment on site and/or the blowout preventer, storm chokes or other equipment, or
 - (b) stopped by increasing the weight by volume of drilling fluids or by use of other conditioning materials in the well.
- (2) Which flow is declared to be "out of control" by the appropriate regulatory authorities, where applicable.

Nevertheless and for purposes of this insurance, a well shall not be deemed "out of control" solely because of the existence or "occurrence" of a flow of oil, gas, or water into the well bore which can, within a reasonable period of time, be circulated out or bled off through surface controls.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

"Topple", if the derrick or any other appurtenances associated with a Drilling Rig or Workover Rig falls over as a result of any insured peril other than Fire, Flood, Earthquake, Tornado or Explosion, including Blow Out and "Cratering", this is construed to be "Topple".

E. The following section is added:

G. Optional Coverages

If shown as applicable in the Supplemental Declarations, the following Optional Coverages apply to Covered Property: If no limit is shown for an Optional Coverage, then that coverage does not apply and all references to it are deleted.

1. Flood Coverage

(a) This Optional Coverage applies to the Covered Property for which a Limit of Insurance Flood is shown in the Supplemental Declarations.

(b) The following is added to **3. Covered Causes of Loss**:

Flood, meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:

- (1) The overflow of inland or tidal waters;
- (2) The unusual or rapid accumulation or runoff of surface waters from any source; or
- (3) Mudslides or mudflows which are caused by flooding as define in Paragraph (b) (2) above. For purposes of this Covered Cause of Loss, a mudslide or mudflow involves a river or liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current or water and deposited along the path of the current.

All flooding in a continuous or protracted event will constitute a single flood.

(c) Exclusions, Limitations And Related Provisions

- (1)** The Exclusions section of the Contractors Equipment Form apply to Coverage provided under this Optional Coverage except as provided in paragraphs **(c) (2)** and **(c) (3)** below.
- (2)** To the extent that a part of the Water Exclusion might conflict with Coverage provided under this Optional Coverage, that part of the Water Exclusion does not apply.
- (3)** To the extent that a tsunami causes the overflow of tidal waters, the exclusion of earthquake in the Earth Movement Exclusion does not apply.
- (4)** The following exclusions and limitations are added and apply to Coverage provided under this Optional Coverage:

 - a.** We will not pay for any loss or damaged caused by or resulting from any Flood within 72 hours after the inception date of the activation of this Coverage. If you request an increase in the stated Flood Limit of Insurance, the increase will not apply to loss or damage from any flood that begins before or within 72 hours after your request was made.

If the Flood is due to the overflow of inland or tidal waters, then the Flood is considered to begin when the water first overflows its banks.
 - b.** We will not pay for loss or damage caused by or resulting from destabilization of land arising from the accumulation of water in subsurface land areas.
 - c.** Under this Optional Coverage, as set forth under Property Not Covered, land is not covered property, nor is the cost of excavations, grading, backfilling of filling unless to repair or replace Covered Property. Therefore, coverage under this Optional Coverage does not include the cost of restoring or remediating land due to the collapse or sinking of land caused by or resulting from Flood unless to repair or replace Covered Property. However, coverage under this Optional Coverage includes damage to the covered portions of the Covered Property, caused by collapse or sinking of land along a shore of a body of water as the result of erosion or undermining caused by waves or currents which exceed cyclical levels and cause Flood.
 - d.** We do not cover loss or damage to property in the open except to the extent that such coverage, if any is specified in the Flood Coverage Schedule in the Supplemental Declarations.
 - e.** Property Not Covered is amended and supplemented as follows with respect to this Optional Coverage:

 - 1.** Property Not Covered includes any property that is not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq. and the Coastal Barrier Improvement Act of 1990, Pub. L. 101-591, 16 U.S.C. 3501 et seq.
 - 2.** Property Not Covered includes boat houses and open structures, any property in or on the foregoing, if the structure is located on or over a body of water.
 - 3.** Property Not Covered includes bulkheads, pilings, piers, wharves, docks or retaining walls.
 - f.** We will not pay for loss or damage caused by sewer back-up or overflow unless such back-up or overflow results from Flood and occurs within 72 hours after the flood recedes.

(d) Additional Coverages And Coverage Extensions

- (1)** With respect to this Optional Coverage, the Debris Removal Additional Coverage is not applicable and is replaced by the following:

Debris Removal

- a.** We will pay your expense to remove debris of Covered Property from oil fields on which the Covered Property is located, when such debris is caused by or results from Flood. However, we will not pay to remove deposits of mud or earth from these locations.
 - b.** We will also pay the expense to remove debris of Covered property that has floated or been hurled off oil field locations by Flood.
 - c.** This Coverage for Debris Removal, as set forth in Paragraph **(d) (1) a** and **(d) (1) b** above, does not increase the applicable Limit of Insurance for Flood. Therefore, the most we will pay for the total of debris removal and the loss or damage to Covered Property is the Limit of Insurance for Flood that applies to the Covered Property.
- (2)** With respect to this Optional Coverage, the Additional Coverage for Additionally Acquired Property is amended by the following:
- a.** the most that we will pay for all loss or damage to Covered Property under this Optional Coverage is 10% of the total of all Limits of Insurance for Flood as provided under this Optional Coverage. Such coverage does not increase the Limit of Insurance for Flood.
- (3)** With respect to any applicable Additional Coverages in the Coverage Form to which this endorsement is attached, other than those addressed in Paragraphs **(d) (1)** and **(d) (2)** above, amounts payable under such other provisions, as set forth therein, do not increase the Limit of Insurance for Flood.

(e) Coinsurance

- (1)** The Coinsurance Condition, if any, applies to the Coverage provided under this Optional Coverage, unless the No-Coinsurance Option in the Supplemental Declarations is specified as being applicable.
- (2)** Various Additional Coverages, in the Contractors Equipment Coverage Form may require coinsurance. If the No-Coinsurance Option applies, then the coinsurance requirement for such Additional Coverages is eliminated.

(f) Limit of Insurance

(1) General Information

Flood Coverage may be written at a Limit of Insurance that is equal to or less than the Limit of Insurance which applies to other Covered Causes of Loss (e.g. Fire) under this Contractors Equipment Coverage Form.

The Limit of Insurance for Flood is shown in the Supplemental Declarations.

(2) Application Of Limit And Aggregate

The Limit of Insurance Flood is the most we will pay in a single "occurrence" of Flood for loss or damaged caused by the Flood. If there is more than one Flood in a 12-month period (starting with the beginning of the present annual policy period), the most we will pay for the total of all loss or damage sustained during that period of time and caused by Flood is the amount that is identified as the Annual Aggregate Limit as shown in the Supplemental Declarations.

If the Limit of Insurance Flood and the Annual Aggregate Limit amount are the same, or if there is no amount stated as an Annual Aggregate Limit, then the Limit of Insurance Flood is the most we will pay for the total of all loss or damage that is caused by Flood in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one "occurrence" of Flood during that period of time. Thus, if the first Flood does not exhaust the applicable Limit of Insurance Flood, then the balance of that Limit is available for a subsequent Flood(s).

If a single "occurrence" of Flood begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance Flood or Annual Aggregate Limit applicable to the following annual policy period will not apply to that Flood.

(3) Ensuing Loss

In the event of covered ensuing loss, for example, loss caused by Fire and/or Explosion which results from the Flood, the most we will pay, for the total of all loss or damage caused by flood, fire and explosion, is the Limit of Insurance shown in the Contractors Equipment Declarations. We will not pay the sum of the Contractors Equipment Declarations and the Supplemental Declarations Flood Coverage Limits.

(g) Deductible

- (1)** The Deductible for coverage provided under this Optional Coverage is the Flood Deductible shown in the Supplemental Declarations.
- (2)** We will not pay that part of any loss that is attributable to any Deductible(s) in the National Flood Insurance Program (NFIP) policy.
- (3)** If Flood results in another Covered Cause of Loss and if both Covered Causes of Loss cause loss or damage, then only the higher deductible applies (e.g. the Flood Deductible or the Fire deductible).

(h) Other Insurance

The Other Insurance Condition of the Commercial Inland Marine Conditions form is replaced by the following with respect to the coverage provided under this Optional Coverage:

- (1)** If the loss is also covered under a NFIP policy, or if the property is eligible to be written under an NFIP policy but there is no such policy in effect, then we will pay only for the amount of loss in excess of the maximum limit that can be insured under that policy. This provision applies whether or not the maximum NFIP limit was obtained or maintained, and whether or not you can collect on the NFIP policy. We will not, under any circumstances, pay more than the applicable Limit of Insurance for Flood as stated in the Supplemental Declarations.

However, this provision **(h) (1)** does not apply under the following circumstances:

- a.** At the time of loss, the property is eligible to be written under an NFIP policy but such policy is not in effect due solely to ineligibility of the property at the time this Optional Coverage was written; or
- b.** An NFIP policy is not in effect because we have agreed to write this Optional Coverage without underlying NFIP coverage. There is such an agreement only if the Supplemental Declarations indicate that the Underlying Insurance Waiver applies.

- (2) If there is other insurance covering the loss, other than that described in Provision (h) (1) above, we will pay our share of the loss. Our share is the proportion that the applicable Limit of Insurance Flood under this Optional Coverage bears to the total of the applicable Limits of Insurance under all other such insurance. But we will not pay more than the applicable Limit of Insurance Flood stated in the Supplemental Declarations.

2. Earthquake – Volcanic Eruption (Sub-Limit)

- (a) This Optional Coverage applies to the Covered Property for which an Earthquake – Volcanic Eruption Limit of Insurance is shown in the Supplemental Declarations.

(b) Additional Covered Causes of Loss

- (1) The following are added to the **Covered Causes of Loss**:

- a. Earthquake; and
- b. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

(c) Exclusions and Related Provisions

- (1) The Exclusions sections of the Contractors Equipment Coverage Form apply to coverage provided under this Optional Coverage, except as provided in (c) (2) and (c) (3) below.
- (2) To the extent that the Earth Movement Exclusion might conflict with coverage provided under this Optional Coverage, the Earth Movement Exclusion does not apply.
- (3) We will not pay for loss or damage caused directly or indirectly by tidal wave or tsunami, even if attributable to an Earthquake or Volcanic Eruption.
- (4) We will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.
- (5) Under this Optional Coverage, as set forth under Property Not Covered, land is not Covered Property, nor is the costs of excavations, grading, backfilling or filling covered unless to repair or replace Covered Property. Therefore, coverage under this Optional Coverage does not include the cost or restoring or remediating land unless to repair or replace Covered Property.

(d) No Coinsurance

Any Coinsurance Condition which is part of the Contractors Equipment Coverage Form or which is part of any endorsement that is attached to this policy does not apply to coverage provided under this Optional Coverage.

(e) Limit of Insurance

(1) General Information

In this Optional Coverage, the term Earthquake – Volcanic Eruption Limit of Insurance means the Limit of Insurance applicable to Earthquake – Volcanic Eruption for the Covered Property or Coverage under which loss or damage is sustained.

The Supplemental Declarations provide information on the Earthquake – Volcanic Eruption Limit of Insurance applicable to Covered Property and Coverages for Earthquake – Volcanic Eruption.

(2) Annual Aggregate Limit

The Earthquake – Volcanic Eruption Limit of Insurance is an annual aggregate limit and as such is the most we will pay for the total of all loss or damage that is caused by the Earthquake – Volcanic Eruption in a 12-month period (starting with the beginning of the present annual policy), even if there is more than one Earthquake or Volcanic Eruption during that period of time. Thus, if the first Earthquake or Volcanic Eruption does not exhaust the Earthquake – Volcanic Eruption Limit of Insurance, then the balance of that Limit is available for subsequent Earthquake(s) or Volcanic Eruption(s).

If a single Earthquake or Volcanic Eruption (as defined in Paragraph **(b)** of this Optional Coverage) begins during one annual policy period and ends during the following annual policy period, any Earthquake – Volcanic Eruption Limit of Insurance applicable to the following annual policy period will **not** apply to such Earthquake or Volcanic Eruption.

(3) Increased Annual Aggregate Limit Option

If the Supplemental Declarations indicate that the Increased Annual Aggregate Limit Option applies instead of Paragraph **(e) 2.** above:

The Earthquake – Volcanic Eruption Limit of Insurance is the most we will pay in a single Earthquake or Volcanic Eruption (as defined in Paragraph **(b)** of this Optional Coverage) for loss or damage caused by the Earthquake or Volcanic Eruption. If there is more than one Earthquake or Volcanic Eruption in a 12-month period (starting with the beginning of the present annual policy period), the most we will pay for the total of all loss or damage sustained during that period of time and caused by Earthquake or Volcanic Eruption is two times the Earthquake – Volcanic Eruption Limit of Insurance.

If a single Earthquake or Volcanic Eruption (as defined in Paragraph **(b)** of this Optional Coverage) begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance applicable to that following annual policy period will **not** apply to such Earthquake or Volcanic Eruption.

(4) Additional Coverages

Amounts payable under an Additional Coverage, as set forth in the Contractors Equipment Coverage Form, does not increase the Earthquake – Volcanic Eruption Limit of Insurance.

(5) Limitation

For Covered Property that is subject to a Blanket Limit on Earthquake – Volcanic Eruption (as shown in the Supplemental Declarations), we will not pay more than we would in the absence of such Blanket Limit. Therefore, the maximum payable for any such item of Covered Property is the Limit of Insurance or stated value (as shown in a schedule on file with us) specific to that Covered Property for Covered Causes of Loss other than Earthquake – Volcanic Eruption.

(6) Ensuing Loss

If a Cause of Loss (such as fire) is covered by means of an exception to the Earth Movement Exclusion, in the Contractors Equipment Coverage Form or any endorsements attached to this policy, we will also pay loss or damage caused by that other Covered Cause of Loss. But the most we will pay, for the total of all loss or damage caused by the Earthquake, Volcanic Eruption and other Covered Cause of Loss, is the Limit of Insurance applicable to such other Covered Cause of Loss. We will **not** pay the sums of the two Limits.

(f) Property Damage Deductible

- (1)** The provisions of Paragraph **(f) (2)** of this Optional Coverage are applicable to all coverages.
- (2)** The deductible provision, if any, in this Coverage Part is replaced by the following with respect to Earthquake – Volcanic Eruption.

a. General Information

- 1.** The Deductible provisions apply to each Earthquake or Volcanic Eruption.
- 2.** Separate Deductibles are calculated for, and apply to, each item of Covered Property. Deductibles are separately calculated and applied even if:
 - (a)** Two or more items of Covered Property sustain loss or damage;
 - (b)** Covered Property at two or more locations sustains loss or damage.
- 3.** We will not pay for loss or loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance.
- 4.** When property is covered under the Additional Coverage for Additionally Acquired Property, we will deduct an amount equal to the applicable Deductible shown on the Supplemental Declarations for Earthquake – Volcanic Eruption coverage.
- 5.** If there is loss or damage caused by Earthquake or Volcanic Eruption, and loss or damage caused by a Cause of Loss (e.g. fire) that is covered by means of an exception to the Earth Movement Exclusion, then the only applicable Deductible provisions are those stated in this Optional Coverage.

b. Deductible – Scheduled Equipment

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the applicable Deductible (as shown in the Supplemental Declarations, concerning the Earthquake – Volcanic Eruption Deductible) from the value of the Covered Property that has sustained loss or damage. The value to be used is that shown as the Limit of Insurance shown for Schedule Equipment on the Contractors Equipment Declarations or Supplemental Declarations.

c. Deductible – Blanket Equipment

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the applicable Deductible (as shown in the Supplemental Declarations, concerning Earthquake – Volcanic Eruption Deductible) from the value of the Covered Property that has sustained loss or damage. The value to be used is that shown in the most recent schedule of Covered Property on file with us.

3. Named Windstorm Coverage (Sub-Limit)

(a) Windstorm Limit(s) of Insurance

The Limit of Insurance shown in the Supplemental Declarations is an annual aggregate limit and supersedes any other limits for losses caused by wind from a “named windstorm.” Refer to Paragraph **(b)** below for an explanation.

(1) Blanket Limit

The Blanket Limit is the most we will pay for loss or damage to Covered Property of the Scheduled Equipment listed, subject to all other applicable provisions of the Limit of Insurance section in the Contractors Equipment Coverage Form and Paragraph **(b)** below.

(2) Separate Limits

If a separate Limit of Insurance is shown in the Supplemental Declarations for a particular item of Covered Property, that Covered property should NOT be included under a Blanket Limit.

(b) Annual Aggregate Limit

The Annual Aggregate Limit of Insurance shown for Blanket Limit or Separate Limits in the Supplemental Declarations is an annual aggregate limit for wind losses resulting from a "named windstorm" and as such is the most we will pay for the total of all loss or damage that is caused by wind from a "named windstorm" in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one wind loss from a "named windstorm" during that period of time. Thus, if the first wind loss from a "named windstorm" does not exhaust the Limit of Insurance shown in the Supplemental Declarations, then the balance of the Limit is available for subsequent wind losses from "named windstorms".

4. Theft

(a) If a Limit of Insurance is indicated on the Supplemental Declarations, then the following is removed from Paragraph **B., Exclusions:**

i. Theft.

(b) However, the following applies to the Covered Cause of Loss for Theft:

We will not pay for loss or damage by theft or attempted theft unless:

(1) Covered Property in the field is manned 24 hours;

(2) If Covered Property is stored in a yard, the yard must be well lighted, fenced area with closed and locked gates; and

(3) If Covered Property is left in the field unattended, a watchman service must be provided.

(c) The most we will pay for loss or damage in any one "occurrence" of theft or attempted theft is the Theft Limit of Insurance shown in the Supplemental Declarations.

(d) The Deductible for Optional Coverage Theft shown in the Supplemental Declarations is the only deductible that applies to the coverage provided under this Optional Coverage.

(e) As respects this Optional Coverage, the following is added to Paragraph **B., Exclusions, 2.;**

Covered Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the Covered Property.

5. Property in Course of Construction

(a) You may extend the coverage that applies to your Covered Property to apply to Property in Course of Construction that are your property or property of others in your care, custody or control. The most we will pay in any one "occurrence" under this coverage extension is the Property in Course of Construction Limit of Insurance shown in the Supplemental Declarations.

(b) This Coverage Extension does not increase the Limit of Insurance.

F. The following changes are made to conditions in the **COMMERCIAL INLAND MARINE CONDITIONS**:

1. **LOSS CONDITIONS, B. Appraisal** is deleted in its entirety and replaced by the following:

B. Appraisal

If we and you fail to agree as to the amount of loss, each shall, on written demand of either party, made within 30 days after receipt of proof of loss by us select a competent disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of either party such umpire shall be selected by a judge of a court of record in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the actual cash value of damaged property and undamaged property at the time of loss and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire. An awarding in writing of any two shall determine the amount of loss. Each party will pay its chosen appraiser and bear equally the other expenses of the appraisal and the umpire.

We shall not be held to have waived any of our rights by any act relating to appraisal.

Notwithstanding the foregoing, in the event the aggregate claim for loss does not exceed five percent (5%) of the total amount of insurance upon the property described herein in force at the time such loss occurs, no special inventory or appraisal of undamaged property shall be required. If the policy can be divided into two or more items of property, the foregoing conditions shall apply to each item separately.

2. **LOSS CONDITIONS, F. Other Insurance** is deleted in its entirety and replaced by the following:

Other insurance is permitted without notice to us until required. It is agreed, however, that in the event other valid and collectible insurance exists on any property hereby insured at the time and place of loss, the insurance under this policy shall be considered as excess and shall not apply or contribute to the payment of loss until the amount of such other insurance shall have been exhausted; it being understood and agreed under this policy, you are to be reimbursed to the extent of the difference between the amount collectible from such other insurance and the amount of actual loss otherwise collectible hereunder.

3. **GENERAL CONDITIONS, C. Legal Action Against Us** is deleted in its entirety and replaced by the following:

No one may bring a legal action against us under this Coverage Part unless there has been full compliance with all the terms of this Coverage Part.

No suit, action or proceeding for the recovery of any claim under this policy shall be sustainable in any court of law or unless the same be commenced within twelve (12) months next after discovery by you of the "occurrence" which gives rise to the claim. Provided, however, that if by the laws of the state within which the policy is issued such time limitation is invalid, then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such state to be fixed herein.

4. **GENERAL CONDITIONS, F. Valuation** is deleted in its entirety and replaced by the following:

We shall not be liable beyond the actual cash value of the Covered Property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value, but shall in no event exceed what it would cost to repair the same material with like kind and quality, in a condition equal to but not superior to or more extensive than its condition when new, not to exceed the scheduled value. No recovery for a constructive total loss shall be had hereunder unless the expense of recovering and repairing the Covered Property shall exceed the scheduled Limits of Insurance.

All other terms and conditions remain the same.