



UPS Capital®

PROTECTION FOR CARGO OFFERED UNDER Freight Club, LLC POLICY OF INSURANCE

| Explanation of Program Coverage|

- 1. STRUCTURE OF COVERAGE:** Freight Club, LLC. offers its customers and potential customers ("Customers") the opportunity to include their eligible shipments of cargo under a policy of insurance issued to and maintained by Freight Club, LLC. (the "Insurance Policy"). The Insurance Policy is underwritten by an authorized insurance company (the "Insurance Underwriter") and produced by insurance broker UPS Capital Insurance Agency, Inc. ("UPSCIA"). Freight Club, LLC. is the sole assured and sole policyholder under the terms of the Insurance Policy. For shipments of cargo duly insured under the Insurance Policy, the Customers shall be loss payees to the extent of their interest in the insured shipment. UPSCIA has prepared this explanation of program coverage (this "Explanation") to summarize coverage terms under the Insurance Policy for the benefit of Customers in their capacity as prospective loss payees. Adherence to the terms summarized in this Explanation is a condition precedent for Customers' shipments of cargo to be included and protected under the Insurance Policy.
- 2. REQUESTING A PACKAGE BE INCLUDED FOR PROTECTION:** Before requesting that a shipment of cargo be included for coverage under the Insurance Policy, the Customer should fully review this Explanation to ensure that their shipments are eligible for inclusion and to understand the terms of protection offered under the Insurance Policy. In accepting the terms of coverage under the Insurance Policy, the Customer does so on behalf of itself and on behalf of all parties with any interest in the cargo. To request that a shipment be included for coverage under the Insurance Policy, the shipper must follow the instruction on the Freight Club, LLC. TMS.
- 3. ELIGIBLE CONVEYANCES AND ROUTES:** LTL and Small Package shipments are eligible for coverage under the Insurance Policy. Coverage is extended to include goods and/or merchandise while in the ordinary course of transit exclusively by land or air for shipments originating from and deliverable to and always within the continental limits of the contiguous forty-eight (48) states, Alaska, Hawaii, Puerto Rico and/or Canada, provided that whenever coverage provided by the Insurance Policy would be in violation of any U.S. economic or trade sanctions coverage will be null and void.
- 4. COMMODITY SCHEDULE:**

Freight Club, LLC. will make available to a commodity schedule that sets for specific insuring terms depending upon the commodity type. Note that some commodity types are only eligible for "Free of Particular Average" or "FPA" coverage, meaning that only the risk of total loss is covered in most instances for such commodity types and not the risk of partial loss or damage. For shipments containing multiple commodity types, choose the commodity representing the majority of items in the shipment but be advised that each specific commodity type will remain subject to all the insuring terms and restrictions applicable to that specific commodity type.
- 5. COVERAGE LIMITS:** Coverage under the Insurance Policy is limited in all events to \$25,000 per any one conveyance or occurrence, whichever is less.
- 6. SCOPE OF COVERAGE:** The Insurance Policy provides coverage for physical loss and/or damage to package contents in the course of transit, subject to insuring conditions, limitations and exclusions. Note that the Insurance Policy provides no coverage for delay in transit or for consequential or indirect losses. [NICKNAME] reserves the right to decline certain shipments be included under the Insurance Policy. The scope of coverage under the Insurance Policy is summarized as follows:
 - (a) Duration:** Coverage under the Insurance Policy commences upon the shipment of cargo leaving the origin warehouse of the insured transport and continues during the ordinary course of the transit, including customary transshipment, until the sooner of: (i) delivery to final warehouse at the destination of the insured transport; or (ii) fifteen days after the shipment arrives at the destination port, airport or other hub, if not yet delivered to final warehouse at the destination of the insured transport. It is therefore important to facilitate prompt final delivery of the shipment after its arrival at the destination port, airport or other hub.
 - (b) Valuation:** New goods should be valued at invoice cost + freight. Used and Refurbished goods should be valued at actual cash value + freight. In all cases, the claim payment will not exceed the lesser of verified valuation or amount declared for insurance purposes, less any applicable deductible. Loss valuations are subject to substantiation and the Insurance Policy is not an agreed value policy.
 - (c) Excluded Commodities:** Not all commodities are eligible for coverage under the Insurance Policy. The Insurance Policy specifically excludes the following commodities from coverage: contraband, illicit goods, accounts receivable; fish meal; nuclear fuel and substances; bullion; stamps; cash; currency; money; coins; deeds; notes; securities; bills; evidence of debt; precious stones; fine arts and jewelry. Commodity-specific coverage terms apply pursuant to the Commodity Schedule.
 - (d) Excluded Risks:** As with all insurance, coverage under the Insurance Policy is subject to exclusions which exclusions specifically include loss or damage resulting from or attributable to:
 - war risks for U.S. (continental) domestic shipments;
 - radioactive contamination;
 - delay, whether or not caused by an insured peril;
 - temperature variation, whether or not caused by an insured peril;
 - inherent vice;
 - fraud or infidelity by you, the shipper or consignee;
 - misrepresentation / false information by you, the shipper or consignee;
 - cyber-attacks;
 - illicit trade;
 - capture, seizure, arrest or detainment of goods by public authority;
 - Damage to interior and/or exterior of building, homes, and/or structures as well as any punitive, exemplary, compensatory, or consequential damages.
 - nuclear contamination;
 - rust, oxidation, discoloration, scratching, marring, denting, chipping and/or electrical or mechanical derangement to used goods, whether or not caused by an insured peril;
 - Consequential and indirect damages, such as loss of market, depreciation, or diminution in value as a result of repair; and
 - improper, inadequate or otherwise unsuitable packing or preparation of the cargo, provided this exclusion will not apply to the extent that: (i) such packing or preparation was carried out by a third party other than you, the shipper, consignee or anyone bearing an interest in the cargo; and (ii) the deficiency was unknown to you, the shipper, consignee and anyone bearing an interest in the cargo.

7. Claim Reporting Limitation & Claim Process: Immediately report to UPSCIA in writing any loss or damage to an insured shipment of cargo. As a condition precedent for coverage under the Insurance Policy, claims must in all events be submitted in writing within the following timeframes: (i) in the event of a claim for concealed loss or damage, within 30 days from the date of delivery; or (ii) for all other claims, within nine months from the date of delivery. In the event of a claim for non-delivery, the time-for-claim shall run from the date that the cargo was scheduled to have been delivered or should have reasonably been delivered, whichever is first in time. In the event cargo insured under the Insurance Policy has or may have suffered a loss, submit the claim with all supporting documentation and information to UPSCIA as follows: See Program Summary. Loss verification will be required. By submitting or pursuing any claim as loss payee under the Insurance Policy, the claiming party agrees to fully cooperate in providing all documentation and information pertinent to such claim, including an examination under oath if requested by the Insurance Underwriters.

8. Notice of Full and Additional Terms: Under all circumstances, the terms and conditions set forth in the Insurance Policy issued to Freight Club, LLC. shall control and determine insurance coverage. To the extent any terms and conditions stated in this Explanation conflict with those in the Insurance Policy, the Insurance Policy shall control and be binding as to issues of coverage under the Insurance Policy. You may make a written request to Freight Club, LLC. to obtain a copy of the Insurance Policy. UPSCIA and Freight Club, LLC.] reserve the right to change Insurance Underwriters and to allow insuring terms for coverage to be modified in at any time and without notice to Customers, provided that coverage shall always substantially adhere to the summary herein and shall absent notice be without interruption. UPSCIA and Freight Club, LLC. also reserve the right to update the terms of this Explanation and to re-distribute such updated Explanation(s) to the Customers of Freight Club, LLC. at any time.