

Auto eXposure Liabilities for Environmental (AXLE)

Notable Coverages	Why does it do?	Why do i need it?	Claim Example
Protection for Natural Resource Damage (NRD)	NRD is the cost of restoring injured natural resources to their baseline condition, compensation for the interim loss of injured resources pending recovery, and the reasonable costs of a damage assessment.	Restores the lost value of natural resources (land, fish, wildlife, biota, air, water, groundwater, drinking water, etc.) ...damaged by mechanical operating fluids or gases (oils, exhausts, diesel, etc.) or from transported cargo. Liability for natural resource damages is in addition to and apart from liability for cleanup costs.	A truck hauling soda for a local distributor overturned and spilled its contents and diesel fuel into a salt marsh designated as an "Area of Critical Environmental Concern" which supports numerous activities to the public including canoeing and kayaking, fishing and clam harvesting, hiking and bird watching. The pollution conditions negatively affected the waterfowl and delayed the opening of the clam flats, impacting not only the natural beauty of the land but the local economy and recreational use of the salt marsh.
MCS-90 Protection / Indemnity	The MCS-90 endorsement creates an obligation, running to the public, to pay any judgment resulting from negligence in the operations, maintenance or use of motor vehicles, even if the vehicle is not identified or covered under the insurance policy to which the endorsement is attached.	When a clean-up isn't covered by the Auto Liability policy and the auto carrier seeks reimbursement for the cost of clean-up from the Insured, if otherwise covered by the AXLE policy, AXLE will indemnify the Insured for the reimbursement request from the auto carrier.	A motor carrier used a leased vehicle, not otherwise covered/scheduled to the auto policy, to transport goods. The leased vehicle was involved in an accident that resulted in the necessary clean-up of spilled cargo and mechanical operating fluids. The auto carrier fulfilled its obligation under the MCS-90 and covered the clean-up costs but exercised its right to seek reimbursement from the Motor Carrier for the final judgment of the clean-up costs.
Assumption of Liability Under Contract	Covers the Motor Carrier's assumption of liability under contract, for pollution losses. Shippers and Freight Brokers use extensive 'hold harmless' language to push indemnity of contingent liabilities to the Motor Carrier, including the sole negligence of said shipper or freight broker.	Both the Motor Carrier form and the CA 99 48 exclude assumption of liability, leaving the Motor Carrier exposed to pollution losses.	A shipper improperly packaged and labeled hazardous goods as 'non-hazardous' goods. The shipper was negligent in the loading and tie down of the cargo in the Motor Carrier's truck. As a result, the subsequent load shift resulted in the release of the truck's contents which spilled out of the truck during transit (which only then was determined to be a hazardous material) prompting a heightened emergency response and increased clean-up costs. The motor carrier had no recourse against the shipper and incurred additional civil fines and penalties due to improperly labeled hazardous materials.

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Punitive, exemplary, or multiplied damages, civil fines, penalties and assessments	Federal, State, or Local authorities may impose monetary fines or penalties for violations of environmental law and are in addition to the cost of clean-up and typically not covered by a Motor Carrier form, even with the CA 99 48.	The amount of any fine or penalty would depend on the severity of the violation and the impact on the environment and public health. Fines may either be a one-time fee, or sometimes imposed on an hourly or daily basis, until any violations have been rectified.	A Motor Carrier was involved in an accident that resulted in the release of diesel fuel which flowed into a nearby creek. In addition to the emergency response costs and clean-up costs, the Motor Carrier was issued a civil fine and penalty under both State and local environmental regulations to cover the costs to assess the damage to the creek.
Third-Party Business Interruption coverage /net loss of sales	Protects against 3rd party claims for loss of sales because of pollution conditions (e.g., cargo or mechanical operating fluids or gases, etc.) migrating from an auto.	The Motor Carrier form limits Property Damage to "...damage to or loss of use of tangible property" a potential gap in coverage if tangible property has not been damaged and can still be used but experiences a disruption or slowdown in sales.	A ready-mix truck traveling through a busy business district was involved in an accident which released concrete. First responders and environmental agencies rerouted tra c away from the spill to ensure ample space and time to clean-up the concrete. Local businesses experienced reduced foot tra c resulting in lost revenue.

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