

POWER

EQUIPMENT

LOSS AND DAMAGE WAIVER

Power Equipment Company's [PECo] Lease Agreement provides that the customer renting equipment is responsible to PECO for any loss or damage to the equipment and for its return in the same condition in which received, except for ordinary wear and tear.

However, if the LOSS AND DAMAGE WAIVER is applied in the Lease, PECO will waive its rights to recover from the customer the amount of loss or damage to the rented items of equipment [excluding supply items] exceeding 100% of an amount equal to the standard monthly rental rate for the affected equipment.

Customer's liability to PECO for the loss or damage to the rented equipment is NOT waived by PECO under the following circumstances:

- Use, operation or modification of equipment without PECO's permission or in violation of the Lease Agreement.
- Loss or damage to the equipment caused by war, nuclear reaction, nuclear radiation or radioactive contamination.
- Loss or damage to tires, tubes and/or tools and attachments caused by abuse, vandalism or malicious mischief, unless such loss or damage is coincident with other waived loss or damage.
- Loss or damage caused by dishonesty of the Customer or Customer's employees, or wrongful conversion by any person to whom the property is entrusted by the Customer, disappearance, theft or conversion of the equipment NOT documented by the Customer's prompt filing with applicable public authorities of a formal written theft or conversion report, abuse by Customer or Customer's employees.
- Boom damage from overloading of a boom, damage caused from misapplication or from improper maintenance per operator's manuals or other manufacturer's guidelines.

SUBROGATION

In the event of any loss or damage to the rented equipment, PECO will be subrogated to the Customer's rights of recovery against any person or firm or do whatever else is necessary to secure such rights. Customer will cooperate fully with PECO in the prosecution of those rights and will not take any action to prejudice PECO's rights.

I understand and accept PECO's LOSS AND DAMAGE WAIVER:

BY _____
Customer Signature

_____ Date

_____ Account Number

UNDERSTANDING THE LOSS AND DAMAGE WAIVER

WHY DOES PECo OFFER A LOSS AND DAMAGE WAIVER?

The Loss and Damage Waiver is offered because of the convenience to our customer – we realize the headache of other paperwork in reporting rental equipment to your insurance company. Secondly, the incremental cost of the Loss and Damage Waiver compares favorably to the incremental cost of insurance you purchase to fulfill your physical loss and damage responsibilities under the lease agreement.

It is important to understand the Loss and Damage Waiver IS NOT insurance; it is merely an agreement whereby PECo agrees to waive its rights to claim against the customer for physical loss or damage to the PECo equipment for covered events. Any third party claims as a result of an accident, etc., would be the customer's responsibility.

WOULD CLAIMS BE WAIVED IF THE EQUIPMENT WAS DAMAGED IN A HIGHWAY ACCIDENT WHILE THE EQUIPMENT WAS BEING TRANSPORTED TO/FROM THE JOB?

Yes, PECo would waive its claim in excess of the appropriate deductible; however, if you were not at fault, assistance would be required to allow PECo to recover from the party at fault.

If you were at fault in the accident, PECo would still waive its claim for damage to the PECo equipment, but any public liability claims would be your responsibility.

IF THE RENTED EQUIPMENT WAS STOLEN FROM MY JOB SITE, WOULD PECo WAIVE ITS CLAIM FOR LOSS?

Yes, except for the amount in excess of the appropriate deductible and provide a formal written theft report was promptly filed with the appropriate public law enforcement agency.

DOES THE LOSS AND DAMAGE WAIVER COVER CLAIMS THAT MAY ARISE AS A RESULT OF DAMAGE WHILE LOADING/UNLOADING THE EQUIPMENT OR EQUIPMENT UPSET?

Yes, for amounts in excess of the appropriate deductible.

CAN OUR COMPANY MAKE THE ARRANGEMENTS TO ASSURE OURSELVES THAT THE WAIVER IS ACCEPTED EVERY TIME ANY OF OUR EMPLOYEES PICK UP A PIECE OF EQUIPMENT?

Yes, if an appropriate company official writes a letter to PECo instructing that it accepts the Loss and Damage Waiver on all rentals, PECo will assume the responsibility for placing this election on every contract. Remember, however, the Loss and Damage Waiver is not available on supply items and highway vehicles.

POWER EQUIPMENT COMPANY LOSS AND DAMAGE WAIVER REQUIREMENTS

Either Loss and Damage Waiver or Physical Damage Insurance is REQUIRED on all rentals.

Loss and Damage Waiver Required Unless Insurance is Provided

The Waiver charge is assessed as 14% of the normal rental list price. Customer is still responsible for damage up to the amount of the appropriate deductible.

If You Choose To Provide Your Own Insurance

The **Certificate of Insurance** must be on file with PECo **before** the first billing of a rental; certificates of insurance are **only** accepted on **future** rentals; PECo does not refund Waiver charges on past rentals.

The certificate of insurance should state the Insured as All Risk [or Special Cause of Loss] physical damage coverage equal to or greater than the value of the equipment rented/leased, naming Power Equipment Company as loss payee and additional insured.

The certificate should be sent [or faxed] to Power Equipment Company, ATTN: Credit Department, 3300 Alcoa Highway, Knoxville, TN 37920 or 865.579.7370 [fax].