

LIABILITY

**ABUSE, HARASSMENT AND COMMUNICABLE DISEASE  
LIMITED LIABILITY COVERAGE ENDORSEMENT**

This endorsement modifies insurance provided under Commercial General Liability Form No. D-1

The Abuse, Harassment and Communicable Disease exclusion Section I Coverages – Common Exclusions – Coverages A, B and C is deleted and replaced with the following:

**COMMON EXCLUSIONS – COVERAGES A, B AND C**

This insurance does not apply to:

1. Any person who committed, who is alleged to have committed or who has threatened to commit any sexual act, molestation, assault, corporal punishment, physical abuse, mental abuse, harassment or transmission of a communicable disease.
2. Any claim or “action” arising out of the failure to take all reasonable and proper steps to guard against the activities described in 1. above through:
  - a. Employment, or continuing employment; or
  - b. Investigation; or
  - c. Supervision; or
  - d. Reporting to the proper authorities the misconduct of any person.

The Limit of Liability with respect to this endorsement is as stated in the Declarations.

The Limit of Liability stated in the Declarations for this endorsement is part of, not in addition to the Section I - Coverage A, B, C and D limits stated in the Declarations.

The limit of insurance stated in the declarations for this coverage is also the Annual Aggregate limit which is the most we will pay for the sum of compensatory damages under this coverage.

**INCLUSION OF “DEFENCE EXPENSE” WITHIN THE LIMITS OF INSURANCE**

The following amendments apply only for the coverage provided by this endorsement:

**1. SECTION I – COVERAGES of your Policy is changed as follows:**

**COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**

The Insuring Agreement under this coverage of your Policy is deleted and replaced by the following amended Insuring Agreement:

This insurance applies only when a Bodily Injury and Property Damage Limit is indicated in the Declarations.

**1. INSURING AGREEMENT**

- a. We will pay those sums that the Insured becomes legally obligated to pay as compensatory damages because of “bodily injury” or “property damage” to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under DEFENCE OF CLAIMS OR ACTIONS – COVERAGES A, B AND D. This insurance applies only to “bodily injury” and “property damage” which occurs during the policy period. The “bodily injury” or “property damage” must be caused by an “occurrence”. The “occurrence” must take place in the “coverage territory”. We will have the right and duty to defend any “action” seeking those compensatory damages and to pay for the “defence expense” but:

- 1) This right and duty is limited as described under DEFENCE OF CLAIMS OR ACTIONS – COVERAGES A, B AND D;
  - 2) The amounts we will pay for compensatory damages and “defence expense” are limited as described in SECTION III – LIMITS OF INSURANCE;
  - 3) Each payment we make for compensatory damages and “defence expense” reduces the Amount of Insurance available, as provided under SECTION III – LIMITS OF INSURANCE;
  - 4) We may investigate and settle any claim or “action” at our discretion; and
  - 5) Our right and duty to defend end when we have used up the Amount of Insurance available in the payment of judgments or settlements or “defence expense” under Coverages A, B or D or medical expenses under Coverage C.
- b. Compensatory damages because of “bodily injury” include compensatory damages claimed by any person or organization for care, loss of services or death resulting at any time from the “bodily injury”.
- c. “Property damage” that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the “occurrence” that caused it.

**COVERAGE B. PERSONAL INJURY LIABILITY**

The Insuring Agreement under this coverage of your Policy is deleted and replaced by the following amended Insuring Agreement:

This insurance applies only when a Personal Injury Limit is indicated in the Declarations.

**1. Insuring Agreement**

- a. We will pay those sums that the Insured becomes legally obligated to pay as compensatory damages because of “personal injury” to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under DEFENCE OF CLAIMS OR ACTIONS – COVERAGES A, B AND D. We will have the right and duty to defend any “action” seeking those compensatory damages and to pay for the “defence expense” but:
- 1) This right and duty is limited as described under DEFENCE OF CLAIMS OR ACTIONS – COVERAGES A, B AND D;
  - 2) The amounts we will pay for compensatory damages and “defence expense” are limited as described in SECTION III – LIMITS OF INSURANCE;
  - 3) Each payment we make for compensatory damages and “defence expense” reduces the Amount of Insurance available, as provided under SECTION III – LIMITS OF INSURANCE;
  - 4) We may investigate and settle any claim or “action” at our discretion; and
  - 5) Our right and duty to defend end when we have used up the Amount of Insurance available in the payment of judgments or settlements or “defence expense” under Coverages A, B or D or medical expenses under Coverage C.
- b. This insurance applies to “personal injury” only if caused by an offence:
- 1) Committed in the “coverage territory” during the policy period; and
  - 2) Arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

**COVERAGE C. MEDICAL EXPENSES**

The Insuring Agreement under this coverage of your Policy is amended by the addition of the following paragraph:

- c. Each payment we make for medical expense reduces the Amount of Insurance as provided under SECTION III – LIMITS OF INSURANCE.

**COVERAGE D. TENANT'S LEGAL LIABILITY – BROAD FORM**

The Insuring Agreement under this coverage of your Policy is deleted and replaced by the following amended Insuring Agreement:

This insurance applies only when a Tenant's Legal Liability Limit is indicated in the Declarations.

**1. Insuring Agreement**

We will pay those sums that the Insured becomes legally obligated to pay as compensatory damages because of "property damage" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under DEFENCE OF CLAIMS OR ACTIONS – COVERAGES A, B AND D. This insurance applies only to "property damage" to premises rented to you or occupied by you. This insurance applies only to "property damage" which occurs during the policy period. The "property damage" must be caused by an "occurrence". The "occurrence" must take place in the "coverage territory".

We will have the right and duty to defend any "action" seeking those compensatory damages and to pay for the "defence expense" but:

- a. This right and duty is limited as described under DEFENCE OF CLAIMS OR ACTIONS – COVERAGES A, B and D;
- b. The amounts we will pay for compensatory damages and "defence expense" are limited as described in SECTION III – LIMITS OF INSURANCE;
- c. Each payment we make for compensatory damages and "defence expense" reduces the Amount of Insurance available as provided under SECTION III – LIMITS OF INSURANCE;
- d. We may investigate and settle any claim or "action" at our discretion; and
- e. Our right and duty to defend end when we have used up the Amount of Insurance available in the payment of judgments or settlements or "defence expense" under Coverages A, B or D or medical expenses under Coverage C.

**2. The SUPPLEMENTARY PAYMENTS – COVERAGES A, B AND D provisions of your Policy are deleted and replaced by the following new provisions:****DEFENCE OF CLAIMS OR ACTIONS – COVERAGES A, B AND D**

1. We have a right and duty to defend claims or "actions" against the Insured seeking compensatory damages payable under COVERAGES A, B AND D. We may make:
  - a. Such investigation of any claim or "action"; and
  - b. Such settlements within the Amount of Insurance available;
 as we think appropriate.
2. Our right and duty to defend such claims or "actions" end when we have used up the Amount of Insurance available, as provided under SECTION III – LIMITS OF INSURANCE. This applies both to claims and "actions" pending at that time and those filed thereafter.
3. When we control the defence for such claims or "actions", we pay for the "defence expense". If by mutual agreement or court order the Insured assumes control of the defence before the Amount of Insurance available is used up, we will reimburse the Insured for reasonable "defence expense". In either case, however, the amounts we pay will reduce the Amount of Insurance available, as provided under SECTION III – LIMITS OF INSURANCE.
4. As soon as practicable after we become aware that the Amount of Insurance available is used up;
  - a. We will notify you of any outstanding claims and "actions" subject to that limit; and
  - b. You will then arrange to assume control of the defence of all such claims and "actions" against you or any other Insured when our right and duty to defend them ends.
5. We will assist the Insured in the transfer of control of the defence of claims and "actions" under 3. or 4. above. Until such arrangements are completed, we will take on behalf of the Insured those steps that we think appropriate:
  - a. To avoid a default in any claim or "action"; or
  - b. To the continued defence of a claim or "action".

You agree that if we take such steps:

- a. We do not waive or give up any of our rights under this insurance; and
- b. You will reimburse us for any “defence expense” that arises out of such steps if the Amount of Insurance available has been used up.

**3. SECTION III – LIMITS OF INSURANCE is deleted from your Policy and replaced by the following amended SECTION III:**

**SECTION III – LIMITS OF INSURANCE**

1. The limits of insurance stated in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or “actions” brought; or
  - c. Persons or organizations making claims or bringing “actions”.
2. The Aggregate Limit is the most we will pay for the sum of:
  - a. Medical expenses under Coverage C;
  - b. Compensatory damages under Coverage A, Coverage B and Coverage D; and
  - c. “Defence expense” for “claims” and “actions” seeking compensatory damages payable under b. above.

Each payment we make for such medical expenses, compensatory damages or “defence expense” reduces the Aggregate Limit by the amount of such payment. This reduced Aggregate Limit will then be the Amount of Insurance available. When the Aggregate Limit is used up, we shall have no further obligation under Coverages A, B, C and D.

3. If we pay any amounts for medical expenses, damages or “defence expense” that we are not obligated to pay under the terms of this insurance, you agree to reimburse us for such amounts.
4. Subject to 2. above, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. Compensatory damages under Coverage A and Coverage D; and
  - b. Medical expenses under Coverage C;
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
5. Subject to 2. above the Personal Injury Limit is the most we will pay under Coverage B for the sum of all compensatory damages because of all "personal injury" sustained by any one person or organization.
6. Subject to 4. above, the Tenant’s Legal Liability Limit is the most we will pay under Coverage D for compensatory damages because of "property damage" to any one premises.
7. Subject to 4. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of “bodily injury” sustained by any one person.

The limits of this Policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

**4. The following additional definition is added to your Policy under SECTION VI – DEFINITIONS.**

“Defence expense” means payments allocated to a specific claim or “action” for its investigation, settlement, or defence, including:

- a. All expenses we incur;
- b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds;
- c. All reasonable expenses incurred by the Insured at our request to assist us in the investigation or defence of the claim or “action”, including actual loss of earnings up to \$500 a day because of time off from work;
- d. All costs taxed against the Insured in the “action” and any interest accruing after the entry of judgment that is within the applicable limit of insurance.

“Defence expense” does not include:

1. Salaries and expenses of our employees or the Insured’s employees, other than:
  - a) That portion of our employed solicitors’ fees, salaries and expenses allocated to a specific claim or “action”; and
  - b) The expenses described in c. above;
2. Fees and expenses of independent adjusters we hire.

Except as otherwise provided in this endorsement all terms, provisions and conditions, of the Policy shall have full force and effect.