

## Employee Benefits Liability Extension

Novex Insurance Company

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This Endorsement Changes the Policy. Please Read it Carefully.

Attached to and forming part of The Commercial General Liability Form to which this Endorsement is attached.

### 1. INSURING AGREEMENT

#### EMPLOYEE BENEFITS LIABILITY

The Insurer agrees to pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as “compensatory damages” on account of any claim for injury caused by any negligent act, error or omission in the “administration” of the “Named Insured’s employee benefits programme”, and the Insurer shall have the right and duty to defend any “action” against the Insured seeking damages on account of such injury, even if any of the allegations of the “action” are groundless, false or fraudulent, and may make such investigation and settlement of any claim or “action” as it deems expedient. However, the Insurer will have no duty to defend the Insured against any “action” seeking “compensatory damages” for “bodily injury” or “property damage” to which this insurance does not apply. The Insurer may, at their discretion, investigate any “occurrence” and settle any claim or “action” that may result, but the Insurer shall not be obligated to pay any claim or judgment or to defend any suit after the applicable Limit of Insurance has been exhausted by payment of judgments or settlements.

### 2. POLICY PERIOD – TERRITORY

This insurance applies only to claims first brought against the Insured during the policy period within Canada, provided, that as respects any such claim based on or arising out of a negligent act, error or omission occurring prior to the effective date of this insurance, the Insured shall have had no knowledge, as of said effective date, of any negligent act, error or omission which might be expected to result in such claim.

### 3. PERSONS INSURED

Each of the following is an Insured to the extent set forth below:

- a. the Named Insured
- b. each executive officer and “employee” of the Named Insured authorized to administer the “Named Insured’s employee benefits programme”.

### 4. EXCLUSIONS

This insurance does not apply to:

- a. Dishonest, fraudulent, criminal or malicious acts;
- b. “Bodily injury” or “personal injury”;
- c. Failure by any insurer to perform a contract or agreement;
- d. Non-compliance with any law or regulation concerning workers' compensation, unemployment insurance, social insurance, federal or provincial pension plans, disability benefits and similar government-administered or government-mandated benefits; or
- e. any claim based on:
  - (1) failure of stocks, bonds or other securities to perform as represented by the Insured, including, but not limited to, their failure to produce financial gain, profit or growth;
  - (2) advice given by an Insured to participate in stock subscription plans.

### 5. LIMITS OF INSURANCE

The Limits of Insurance shown in the Declarations and the rules below fix the most the Insurer will pay regardless of:

- a. Insureds under this policy; or
- b. acts or omissions causing injury for which coverage is afforded under this Form; or

- c. persons sustaining any such injury; or
- d. claims made or "actions" brought on account of any such injury; or
- e. plans included in the Named Insured's "Named Insured's employee benefits programme".

The Limit of Insurance stated in the Declarations as applicable to "Each Employee" is the total limit of the Insurer's liability for all "compensatory damages" because of injury to which this insurance applies sustained by any one "employee", including such "employee's" dependants and beneficiaries.

Subject to the foregoing provision as respects "Each Employee", the total liability of the Insurer for all "compensatory damages" to which this insurance applies shall not exceed the Limit of Insurance stated in the Declarations as the Aggregate Limit applicable to this endorsement. If the policy is for a term in excess of one year, the Aggregate Limit of Insurance shall apply separately to each consecutive annual period thereof. If the Named Insured elects to exercise the option described in the Optional Condition herein, the Aggregate Limit of Insurance shall apply separately, but not cumulatively, to such extended reporting period.

## 6. DEDUCTIBLE

Subject to the foregoing clause as respects Limits of Insurance, the liability of the Insurer with respect to "Each Employee" shall be only for the amount of each claim that is in excess of the deductible amount stated in the Declarations as applicable to "Each Employee".

The terms of this insurance, including those with respect to notice of claim or suit, the Insurer's right to investigate, negotiate and settle any claim or suit, and the Insurer's right and duty to defend apply irrespective of the application of the deductible amount.

The Insurer may pay any part of or all of the deductible amount to effect settlement of any claim or suit and, upon notification of the action taken, The Named Insured shall promptly reimburse the Insurer for such part of the deductible amount as has been paid by the Insurer.

## 7. ADDITIONAL DEFINITIONS

Wherever used in this Form:

a. **"Named Insured's employee benefit programme"** means:

- (1) group life insurance and group health insurance;
  - (2) pension plans;
  - (3) profit sharing plans and employee stock subscription plans;
  - (4) workers' compensation; or
  - (5) unemployment insurance, social security insurance and disability benefits insurance;
- arranged for the benefit of its "employees" by or on behalf of the "Named Insured".

b. **"Administration"** means, with respect to an employee benefit programme:

- (1) giving advice to "employees";
- (2) interpreting the eligibility requirements, conditions, limitations and exclusions;
- (3) record keeping; or
- (4) enrolling, suspending or cancelling participation.

c. **"Employee"**, for the purposes of this endorsement, includes an officer or employee of the Named Insured, whether actively employed, disabled or retired.

## 8. OPTIONAL CONDITION

### EXTENDED REPORTING PERIOD (optional)

If the Insurer or the Named Insured shall terminate or not renew the insurance afforded by this Form for any reason other than non-payment of premium by the Named Insured, the Named Insured may elect to purchase a one year extension of time to report claims, hereafter called "extended reporting period", but only as respects claims which are brought against the Insured during the "extended reporting period" on account of negligent acts, errors or omissions which occurred prior to the termination date of this insurance. To exercise this option, the Named Insured shall give written notice of such election to the Insurer within 30 days following such termination date and by paying, when due, the premium required by the Insurer's rules, rates and rating plans then in effect.

Except as otherwise provided in the endorsement all terms and conditions of this policy shall remain unchanged.