

**COMMERCIAL GENERAL LIABILITY COVERAGE****EMPLOYEE BENEFIT LIABILITY EXTENSION**

This Endorsement Changes the Policy. Please Read It Carefully.

Certain words and phrases that appear in bold have special meaning as defined below or in the Form to which this Endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

This Endorsement is attached to the Commercial General Liability Max Form and is subject to the terms, conditions, limitations and exclusions of such Form.

Insurance provided under **SECTION I – COVERAGES** of the Commercial General Liability Max Form is extended to include the following:

**1. INSURING AGREEMENT****EMPLOYEE BENEFIT LIABILITY**

We will pay on behalf of the **Insured** all sums that the **Insured** becomes legally obligated to pay as **compensatory damages** because of a **wrongful act** in the **administration** of your **employee benefit programs**, provided that the claim is first made during the **policy period** within Canada.

We will have the right and duty to defend any **action** against the **Insured** seeking damages because of such **wrongful act**, even if any of the allegations of the **action** are groundless, false or fraudulent, and we may make such investigation and settlement of any claim or **action** as we deem expedient. However, we will have no duty to defend the **Insured** against any **action** seeking **compensatory damages** to which this insurance does not apply. We may, at our discretion, investigate any **occurrence** and settle any claim or **action** that may result, but we will not be obligated to pay any claim or judgment or to defend any **action** after the applicable Limit of Insurance has been exhausted by payment of judgments or settlements.

**2. EXCLUSIONS**

This insurance does not apply to any claim based upon:

- 2.1. Failure of performance of contract by an insurer, or any other party, including the **Insured**, obligated to afford the benefits;
- 2.2. The **Insured's** failure to comply with any law concerning workers' compensation, employment insurance, social security, disability benefits or any similar law;
- 2.3. Any insufficiency of funds to meet any obligation under any plan included in the **employee benefits program**;
- 2.4. Failure of any investment plan to perform as represented by an **Insured**; or
- 2.5. Any advice given by an **Insured** to an **employee** to participate or not to participate in any investment plan.

**3. LIMITS OF INSURANCE**

The Limits of Insurance shown in the Declaration Page(s) and the rules below fix the most we will pay regardless of:

- 3.1. **Insureds** under this Policy;
- 3.2. **Wrongful acts** for which coverage is afforded under this Endorsement;
- 3.3. Persons sustaining any such **wrongful act**;
- 3.4. Claims made or **actions** brought on account of any such **wrongful act**; or
- 3.5. Plans included in the **employee benefit programs**.

The Limit of Insurance stated in the Declaration Page(s) is the total limit of our liability for all **compensatory damages** because of **wrongful acts** to which this insurance applies sustained by any one **employee**, including such **employees**, dependants and beneficiaries, in any one **policy period** and in the Aggregate.

If the Policy is for a term in excess of one year, the Limit of Insurance stated in the Declaration Page(s) will apply separately to each consecutive annual period thereof. If you elect to exercise the option described in paragraph 6. **EXTENDED REPORTING PERIOD (optional)** of this Endorsement, the Limit of Insurance will apply separately, but not cumulatively, to such extended reporting period.

**4. DEDUCTIBLE**

Subject to the foregoing clause as respects Limits of Insurance, our liability will be only for the amount of each claim that is in excess of the deductible amount stated in the Declaration Page(s).

The terms of this insurance, including those with respect to notice of claim or **action**, our right to investigate, negotiate and settle any claim or **action**, and our 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 **action** and, upon notification of the action taken, you will promptly reimburse us for such part of the deductible amount as has been paid by us.

**5. ADDITIONAL DEFINITIONS**

For the purposes of this Endorsement:

- 5.1. **Administration** means:
  - 5.1.1. Application of rules determining eligibility for participation to the **employee benefit programs**;
  - 5.1.2. Calculation of service and compensation credits for benefits;
  - 5.1.3. Preparation of **employee** communications material;
  - 5.1.4. Maintenance of participants' service and employment records;
  - 5.1.5. Preparation of reports required by government agencies;
  - 5.1.6. Calculation of benefits;

5.1.7. Orientation of new participants and advising participants of their rights and options with respect to the **employee benefit programs**;

5.1.8. Interpreting the **employee benefit programs**;

5.1.9. Collection of contributions and application of contributions as provided in the **employee benefit programs** and book keeping;

5.1.10. Preparation of reports concerning participants' benefits; and

5.1.11. Processing of claims, effecting enrollment, termination or cancellation of **employees** under the **employee benefit programs**; provided all such acts are authorized by you.

5.2. **Employee** means your officer or your employee, whether actively employed, disabled or retired.

5.3. **Employee benefit programs** means one or more of the following types of insurance or plans maintained by you solely for the benefit of **employees**:

5.3.1. Group life insurance, group accident or health insurance, profit sharing plans, pension plans and stock subscription plans, investment plans, unemployment insurance, social security benefits, workers' compensation and disability benefits insurance; or

5.3.2. Any other similar **employee benefit programs** sponsored by you.

5.4. **Insured** means:

5.4.1. The Named Insured described in the Declaration Page(s); and

5.4.2. Each executive officer or any person employed by you and who is authorized to administer your **employee benefit programs**;

5.5. **Loss** means any event which gives rise to one or more claims.

5.6. **Wrongful act** means any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or other act done or wrongfully attempted by an **Insured** or any matter claimed, against an **Insured**, by reason of or in connection with the **administration** of the **employee benefit programs**.

#### 6. EXTENDED REPORTING PERIOD (optional)

If this Policy is cancelled or not renewed for any reason other than non-payment of premium you may elect to purchase a one (1) 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", because of a **wrongful act** which occurred prior to the termination date of this insurance. To exercise this option, you will give written notice of such election to us within thirty (30) days following such termination date and will pay, when due, the premium required by our rules, rates and rating plans then in effect.

**All other terms and conditions of the Policy remain unchanged.**