

## **Personal Liability of Officers, Directors & Stockholders**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**THIS ENDORSEMENT APPLIES TO THE UMBRELLA LIABILITY SECTION(S) OF THE POLICY.**

### **1. COVERAGE**

- (a) Subject to all terms of this Policy, the Insurer agrees to pay on behalf of any "Individual Insured" the "ultimate personal net loss" which the "Individual Insured" shall become obligated to pay by reason of personal liability. The personal liability must be imposed upon the "Individual Insured" by law or be assumed by the "Individual Insured" under contract or agreement. Such personal liability must arise out of "personal injury" or "property damage" caused by an "occurrence any where in the world during the policy period."
- (b) Insurance for the personal liability of an "Individual Insured" arising from the ownership, use or operation of an "automobile" is provided only if
  - (i) the "Individual Insured" is covered for such personal liability by a Standard Automobile (Owner's Form) Policy having a limit of liability insurance of not less than \$500,000.00 at the time of any "occurrence", and
  - (ii) a Standard Excess Automobile Endorsement is attached to and incorporated in this Policy, and
  - (iii) the "automobile" is registered in a province or territory of Canada.

Such insurance is subject to all the terms, conditions, limitations and exclusions of the Standard Excess Automobile Endorsement. For the purposes of this coverage, the Standard Automobile (Owner's Form) Policy required by sub-paragraph (i) of this paragraph (b) is considered to be described in Item 5. of the application (or, in Quebec, the declarations) of the Standard Excess Automobile Endorsement.

### **2. UNDERLYING LIMIT & DEDUCTIBLE**

The Insurer shall be liable only for the "ultimate personal net loss" in excess of the greater of

- (a) the "underlying limit", or
- (b) with respect to personal liability arising from the ownership, use or operation of any "recreational vehicle" or watercraft, the amount of \$500,000.00, or
- (c) with respect to all other personal liability, the Self-insured retention. This amount is to be borne by the "Individual Insured" for each policy period. When the Self-insured retention for all other personal liability of an "Individual Insured" has been exhausted, this coverage shall apply without such the Self-insured retention to all other personal liability of that "Individual Insured" for the remainder of the policy period.

### **3. LIMIT OF LIABILITY**

Regardless of the number of

- (a) "Individual Insureds", or

(b) claims made or any "action" brought against any or all "Individual Insureds",

the total limit of the Insurer's liability for the "ultimate personal net loss" resulting from any one "occurrence" shall not exceed the Each Occurrence limit shown in the declarations.

For the purpose of determining the limit of the Insurer's liability, all "personal injury" and "property damage" arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising from one "occurrence".

#### **4. DEFENCE PROVISIONS**

- (a) The Insurer shall not be called upon to assume charge of the investigation, settlement or defence of any claim made or "action" brought or proceeding instituted against an "Individual Insured". The Insurer shall have the right and be given the opportunity to be associated in the defence and trial of any such claim, "action" or proceeding concerning any "occurrence" which, in the opinion of the Insurer, may create liability for the Insurer under this coverage. If the Insurer avails itself of such right and opportunity, the Insurer shall do so at its own expense. Court costs and interest, if incurred with the consent of the Insurer, shall be borne by the Insurer and other interested parties in the proportion that each party's share of the "ultimate personal net loss" bears to the total amount of the "ultimate personal net loss" sustained by all the interested parties. The provisions of this paragraph apply in all circumstances except as described in paragraph (b) below.
- (b) This paragraph applies only to an "occurrence" for which no insurance is provided by any underlying insurance collectible by the "Individual Insured" and for which insurance is provided by this coverage.
- (i) The Insurer shall defend any "action" against the "Individual Insured". This obligation applies even if any of the allegations of the "action" are groundless, false or fraudulent. The Insurer may investigate and settle the "action" as it deems expedient. The Insurer shall not be obligated to defend any "action" after the limit of the Insurer's liability is exhausted by payment of claims or judgments.
  - (ii) The Insurer shall pay all expenses it incurs, all costs taxed against the "Individual Insured" in any such "action", and all interest on the entire amount of a resulting judgment which accrues after entry of that judgment and before the Insurer has paid the part of the judgment which is within the limit of the Insurer's liability.
  - (iii) The Insurer shall provide security for costs and pay premiums for any appeal bonds and any bonds to release attachments in such "action" to the extent that the costs or the bond amounts are within the limit of the Insurer's liability. The Insurer has no obligation to apply for or furnish such bonds.
  - (iv) The Insurer shall pay reasonable expenses incurred by the "Individual Insured" at the request of the Insurer to help the Insurer investigate or defend any claim or "action", including actual loss of earnings not exceeding \$150.00 each day.
  - (v) In jurisdictions where the Insurer is prevented by law or otherwise from carrying out any provisions of this paragraph (b), the Insurer shall pay any expenses incurred with its written consent in accordance with such provisions.

#### **5. EXCLUSIONS**

This coverage does not apply to:

- (a) Any obligation for which an "Individual Insured" or the insurer of an "Individual Insured" may be held liable under a worker's compensation law, a disability benefits law or other similar laws, but this exclusion does not apply to the liability of others assumed by an "Individual Insured" as an incidental part of a contract or

agreement for personal services;

- (b) "property damage" to property owned by an "Individual Insured";
- (c) "personal injury" or "property damage" with respect to which an "Individual Insured" under this coverage is also an insured under a contract of nuclear energy liability insurance (whether the "Individual Insured" is unnamed in such contract and whether or not it is legally enforceable by the "Individual Insured") issued by the Nuclear Insurance Association of Canada or any other insurer or group or pool of insurers, or would be an insured under such a contract but for its termination upon exhaustion of its limit of liability;
- (d) any act committed by or at the direction of an "Individual Insured" with the intent of causing "personal injury" or "property damage" but this exclusion does not apply if the act is committed only for (i) the purpose of preventing or eliminating danger in the operation of a "recreational vehicle" or a watercraft, or (ii) the protection of persons or property;
- (e) liability arising from the existence, ownership, maintenance, operation, use, loading or unloading of any aircraft;
- (f) liability arising from business property or the business or professional activities of an "Individual Insured";
- (g) any act or omission of an "Individual Insured" in the capacity of corporate officer, corporate director or corporate stockholder;
- (h) liability arising from the ownership, maintenance, operation, use, loading or unloading of any "recreational vehicle" or watercraft while practicing for or participating in a contest, race or speed trial;
- (i) "personal injury" arising from physical abuse, sexual abuse, sexual harassment, psychological abuse, emotional abuse, or the failure to prevent any of these offences;
- (j) the transmission of a communicable disease;
- (k) any aggravated or exemplary or punitive damages, other than such damages for which the "Individual Insured" is liable vicariously and not because of the fault of any "Individual Insured".
- (l) liability or expenses arising directly or indirectly, in whole or in part, out of "terrorism" or out of any activity or decision of a government agency or other entity to prevent, respond to or terminate "terrorism". This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence. This exclusion does not apply to any form of automobile insurance included in the policy.

## 6. DEFINITIONS

Whenever used in endorsement:

1. **"Action"** means a civil proceeding in which damages because of "personal injury", "property damage" or "advertising injury" to which this insurance applies is alleged. "Action" includes an arbitration proceeding alleging such damages to which the Insured or "Individual Insured" must submit or submits with the consent of the Insurer.
2. **"Automobile"** means any self-propelled land motor vehicle, trailer or semi-trailer (including any attached machinery, apparatus or equipment) which is
  - (a) Principally designed and is being used for the transportation of people or property on public roads, and
  - (b) Required by law to be insured under an Automobile Liability Policy.

3. **"Individual Insured"** means each of the following:
- (a) an individual person who is normally resident in Canada, and is one or more of the following in relation to the Insured named first in the declarations:
    - (i) a corporate officer,
    - (ii) a member of the board of directors,
    - (iii) a partner,
    - (iv) the owner of at least 10% of the issued shares;
  - (b) a relative of the individual described in paragraph (a) of this definition who is a member of that individual's household;
  - (c) any person or organization having proper temporary custody of the property of the individual described in paragraph (a) of this definition after the death of that individual, but only
    - (i) for liability arising from the existence, maintenance or use of that property, and
    - (ii) until a legal representative has been appointed;
  - (d) the legal representative of the individual described in paragraph (a) of this definition after the death of that individual, but only for duties as such.
4. **"Recreational Vehicle"** means a land motor vehicle that is not an "automobile" and is designed for recreational use off public roads.
5. **"Schedule of Underlying Insurance"** means the Schedule of Underlying Insurance attached to the declarations.
6. **"Terrorism"** means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.
7. **"Ultimate Net Loss"** means the amount paid or payable by the Insured in settlement or satisfaction of a claim or judgment, after making proper deduction for all recoveries, salvage and contribution from other sources.
8. **"Ultimate Personal Net Loss"** means the amount paid or payable by the "Individual Insured" in settlement or satisfaction of a claim or judgment, after making proper deduction for all recoveries, salvage and contribution from other sources.
9. **"Underlying Limit"** means an amount equal to the sum of
- (a) the limit of liability of the underlying insurance specified in the "Schedule of Underlying Insurance", and
  - (b) any other underlying insurance collectible by the Insured or the "Individual Insured".

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