

COMMERCIAL UMBRELLA LIABILITY COVERAGE

MULTINATIONAL PROGRAM – MASTER POLICY EXTENSION

This endorsement changes the policy. Please read it carefully.

This Endorsement is attached to the Commercial Umbrella Coverage Form and is subject to all terms, conditions, limitations and exclusions of such Form.

Certain words and phrases in bold have special meaning as defined below or in the Forms 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 Endorsement; these titles have only been inserted for ease of reading.

Whereas, the Insurer, an Intact company, or a company the insurer or the **Insured** has designated, has issued an insurance policy outside Canada to the **Insured** as part of the **Insured's** international insurance program (hereinafter described as a **local insurance policy**), which covers loss that would have been covered by this Commercial Umbrella Coverage Form and endorsements attached thereto (hereinafter described as **Master Policy**), the following conditions shall apply:

1. DIFFERENCE IN CONDITIONS

In the event of a covered loss under this **Master Policy**, it is agreed that if:

- 1.1. a **local insurance policy** is in place; and
- 1.2. there is a difference in coverage, such that coverage of the loss is covered under the terms of this **Master Policy** but not covered under the terms of the **local insurance policy**, due to the fact that its terms, conditions, exclusions and definitions are not as broad as this **Master Policy**; or
- 1.3. the coverage provided under the **local insurance policy** is not settled solely by reason of insolvency of the insurers of such **local insurance policy**;

this **Master Policy** shall cover that part of the loss that is not covered under the **local insurance policy**.

The most that shall be paid under this **Master Policy** is the limit of insurance applicable to the loss covered under this **Master Policy**.

2. DIFFERENCE IN LIMITS

In the event of a covered loss under this **Master Policy** it is agreed that if:

- 2.1. a **local insurance policy** in place covers the loss; and
- 2.2. this **Master Policy** also covers the same loss; and
- 2.3. the limits of insurance as provided under this **Master Policy** are greater than the limits of insurance available to the **Insured** under the **local insurance policy**;

this **Master Policy** will pay the difference between the **local insurance policy** limits applicable to the covered loss and the limits of insurance applicable to the covered loss under this **Master Policy**.

This Difference in Limits coverage is provided subject to following conditions:

- 2.4. the loss must be covered under both this **Master Policy** and the **local insurance policy**; and
- 2.5. the limits of insurance applicable to the covered loss under the **local insurance policy** must be exhausted; and
- 2.6. any deductible or self-insured retention under the **local insurance policy** must be applied.

These Difference in Conditions and Difference in Limits coverages described under 1. and 2. shall not apply if the **Insured** is unable to collect in full any loss payable under a **local insurance policy** due to the **Insured** not fully complying with the conditions of such **local insurance policy**.

It is also a condition of these Difference in Conditions and Difference in Limits coverages described under 1. and 2. that the **non-program policy** must be maintained in full force and effect during the full term of this **Master Policy**. Any renewals of such **non-program policy** cannot be more restrictive than the coverage provided by the expiring **non-program policy**. If, during the full term of this **Master Policy**, the **non-program policy** is not maintained in full force and effect, or if there are any reductions, without the consent of this **Master Policy** Insurer, in the coverage provided under the **non-program policy**, the coverage provided by this **Master Policy** will then apply in the manner as if the coverage had been maintained and unchanged.

Moreover, these Difference in Conditions and Difference in Limits coverages shall not apply to any additional coverage provided by the **non-program policy** that is not provided by this **Master Policy**.

3. COMPULSORY INSURANCE

- 3.1. The coverage provided by this **Master Policy** is not a substitute for any compulsory insurance which the **Insured** is required to purchase in any country or jurisdiction outside Canada. The **Insured** agrees to maintain all such compulsory insurance up to the minimum limits required by local law.
- 3.2. The **Insured's** failure to comply with paragraph 3.1 above will not invalidate the coverage afforded by this **Master Policy**, but the Insurer's liability will only be to the same extent as it would have been if the **Insured** had such compulsory insurance in force.

4. ADDITIONAL CONDITIONS

The following additional conditions apply to this **Master Policy**:

4.1. Abuse Exclusion

This **Master Policy** shall not apply to any claim or **action** arising directly or indirectly out of:

- 4.1.1. the actual, alleged or threatened **abuse** of any person committed or alleged to have been committed by anyone, including the transmission of disease arising out of any act of **abuse**;
- 4.1.2. any knowledge by any **Insured** of the actual, alleged or threatened **abuse**;
- 4.1.3. any **abuse** based on the Insured's practices for **employee** hiring or for acceptance of **volunteer workers**;

- 4.1.4. the negligent:
 - 4.1.4.1. employment;
 - 4.1.4.2. investigation;
 - 4.1.4.3. supervision;
 - 4.1.4.4. reporting or failure to report the alleged **abuse** to the appropriate authority(ies); or
 - 4.1.4.5. retention

of any person for whom any **Insured** is or ever was legally responsible and whose conduct would be excluded by sub-paragraph 4.1.1. above.

4.2. Benefit Law Exclusion

The coverage afforded by this **Master Policy** shall not apply to any liability, including Fiduciary Liability, arising out of any employee benefit or retirement plans or programs, the Employee Retirement Income Security Act of 1974 (E.R.I.S.A.), the Pension Reform Act of 1974, the Retirement Equity Act of 1984; or any amendments thereto, provided under any federal, provincial, territorial, state or local statutory, civil or common law, anywhere in the world.

4.3. Employer's Liability Exclusion

The coverage afforded by this **Master Policy** shall not apply to:

Employer's Liability

Bodily Injury to an **employee** of the **Insured**, who resides outside of Canada, arising out of and in the course of:

- 4.3.1. Employment by the **Insured**; or
- 4.3.2. Performing duties related to the conduct of the **Insured's** business.

This exclusion applies:

- 4.3.3. whether the **Insured** may be liable as an employer or in any other capacity; and
- 4.3.4. to any obligation to share **compensatory damages** with or repay someone else who must pay **compensatory damages** because of the injury.

4.4. Communicable Disease Exclusion

This **Master Policy** shall not apply to, and no coverage will be available for, any **bodily injury, property damage, personal injury or advertising injury** or any other cost, loss or expense, arising directly or indirectly, in whole or in part, from the actual, alleged, or threatened contact with, exposure to, existence of, presence of, spread of, or infection by any **communicable disease**, however caused, when **communicable disease** has been excluded from any **local insurance policy**. This exclusion applies regardless of any other contributing or aggravating cause or any event that contributes concurrently or in any sequence of the **bodily injury, property damage, personal injury or advertising injury** or any other cost, loss or expense.

4.5. Prohibited Insurance Exclusion

Coverage under this **Master Policy** shall not apply if the **Insured** cannot purchase local insurance coverage and limits similar to the **Master Policy** because the laws in the local country where such loss occurs prohibits such insurance purchases.

4.6. Adherence to Local Laws and Local Insurance Requirements

Nothing contained in this **Master Policy** can require anyone to commit any act that is contrary to the laws of any country or jurisdiction included in the **coverage territory**. In the event of a conflict between the insurance provided by:

- 4.6.1. this **Master Policy**; and
- 4.6.2. any statute, law, ordinance, or regulation of any country or any province, territory, state or other administrative division of any country;

the latter shall have precedence.

However, only that part of this **Master Policy** that is in conflict with such statute, law, ordinance, or regulations shall be modified to comply with such legal requirements in the event it is necessary. The remaining valid portions of this **Master Policy** shall remain in full force and effect.

4.7. Duty to Defend and Payments

Notwithstanding what is provided under sub-paragraph 4.2, of Paragraph 4. DEFENSE, SETTLEMENTS AND SUPPLEMENTARY PAYMENTS of the **Master Policy**, it is agreed that the following conditions shall apply if, per the terms and conditions under this **Master Policy**, it has been determined that the Insurer has a right and duty to defend the **Insured** against any **action**:

- 4.7.1. If an **action** is brought outside Canada and the Insurer is prevented by law or otherwise from defending an **Insured** against such **action**, the **Insured** will be responsible for providing that defence. At the Insurer's request and subject to the Insurer's supervision and control, the **Insured** must:
 - 4.7.1.1. Investigate and defend the **action** as is reasonable and necessary; and
 - 4.7.1.2. Agree to settle the **action** upon the Insurer's written request to do so.
- 4.7.2. If the Insurer is prevented by law or otherwise from paying on the **Insured's** behalf any expenses, judgments or settlements for an **action** brought in a part of the **coverage territory** that is outside Canada, the Insurer will reimburse the **Insured**:
 - 4.7.2.1. Under Supplementary Payments, for any reasonable and necessary expenses incurred for the defense of an **action** seeking damages to which this insurance applies that the Insurer would have paid had the Insurer been able to exercise its right or duty to defend;
 - 4.7.2.2. For those sums paid as damages because of judgment or settlement of an **action** made at the Insurer's direction for damages to which this **Master Policy** applies.
- 4.7.3. Any and all payments or reimbursements by the Insurer for any insured losses covered by these Difference in Conditions and Difference in Limits coverages shall be made to the **Insured Subsidiary**, where a **local insurance policy** is in force. In the event the Insurer is unable to make a payment to such **Insured Subsidiary** for any insured losses for the reasons described under paragraph 4.11 below, the provisions provided under paragraph 4.12 shall apply.

The Insurer's reimbursement will be made as per the provisions set forth under paragraph 4.9 below. The Insurer may, at its discretion, choose to pay any amounts in other currency.

4.8. Reimbursements to Insurer

If a combination of payments made under this **Master Policy** and any other **local insurance policy** exceeds any Limit of Insurance specified in the Declaration Page(s) of the Umbrella Form to which this Endorsement is attached, the **First Named Insured** of the Umbrella Form shall reimburse the Insurer in respect of the excess amount so paid. Any such reimbursement shall be paid to the Insurer by the **First Named Insured** within thirty (30) days of receiving written notice from the Insurer.

4.9. Rate of Exchange

Any necessary currency conversion for the payment of **compensatory damages** will be calculated based on the rate of exchange on the date of judgement or settlement. Any necessary currency conversion due to the payment of defense costs, medical payments, supplementary payments or any other damages will be calculated based on the rate of exchange on the date immediately preceding the date the payment is processed (Ref: www.bloomberg.com/Canada).

4.10. Combined Limits

All payments made to settle claims or **actions** brought under any **local insurance policy** shall reduce the Limits of Insurance of this **Master Policy** in the same manner as if they were paid under this **Master Policy**. However, this reduction shall not be effected if such amount is not recovered solely by reason of insolvency of the insurers of such **local insurance policy**.

4.11. Excluded Entity

The Insurer shall have no duty to investigate or settle any claim or defend any **action** made against an **Excluded Entity**, or to pay those sums that an **Excluded Entity** becomes legally obligated to pay because of such claim or **action**.

Notwithstanding the coverage for Financial Interest of the **First Named Insured** granted under paragraph 4.12 below, it is understood and agreed that an **Excluded Entity** is not party to or a beneficiary under this **Master Policy** and has no rights under it.

4.12. Financial Interest of the First Named Insured

The Insurer will pay for the financial loss of the **First Named Insured** that results from:

4.12.1. Payments made by the **First Named Insured** to indemnify or reimburse an **Excluded Entity** for sums the **Excluded Entity** becomes legally obligated to pay and to which this **Master Policy** would have applied if the **Excluded Entity** was an **Insured** under this **Master Policy**. The most the Insurer will pay under this coverage is the amount that would have been payable under this **Master Policy** if local law allowed coverage or payment for loss under this **Master Policy**.

4.12.2. Payments made by the **First Named Insured** for reasonable and necessary expenses and costs the **First Named Insured** or the **Excluded Entity** incur to defend the **Excluded Entity** in an **action** to which this **Master Policy** would have applied if the **Excluded Entity** was an **Insured** under this **Master Policy**. These expenses and costs shall be limited to such expenses and costs the Insurer would have incurred if the Insurer were to defend the **action** in the country it was filed in. Payment of these expenses and costs will not reduce the amounts payable under subparagraph 4.12.1 above.

In order to benefit from the provisions set forth under subparagraphs 4.12.1 and 4.12.2 above, the **First Named Insured** must ensure that the **Excluded Entity** adheres to any obligations that would have been imposed on the **Excluded Entity** under this **Master Policy**, had the **Excluded Entity** been insured under this **Master Policy**.

Solely for the purposes of this Financial Interest of the **First Named Insured** coverage, the **coverage territory** is Canada.

4.13. Warranty Clause – Non-Program Policies

It is agreed that the Insured shall submit to the Insurer, within 90 days of the issuance of this **Master Policy**, a Schedule of all **non-program policies**. Any additional **non-program policy** shall also be reported by the **Insured** to the Insurer within 90 days of the effective date of such additional policy. Failure to comply with this paragraph 4.13 shall render these Difference in Conditions and Difference in Limits coverages in respect to any such additional policy null and void.

4.14. Additional Condition – Schedule of Local Policies

Subject to the provisions of paragraph 4.12. above, this **Master Policy** shall only provide the **First Named Insured** with these Difference in Conditions and Difference in Limits coverages for a **local insurance policy** listed in the **Schedule of Local Policies**.

5. DEFINITIONS

The definition of **coverage territory** in the Commercial Umbrella Coverage Form is deleted in its entirety and replaced with the definition below:

5.1. **Coverage territory** means anywhere in the world excluding any country or jurisdiction which is the subject of trade or economic sanctions imposed by any applicable laws or regulations, to the extent such sanctions limit or prohibit this insurance.

The above definition shall have precedence over any provisions contained under the coverage forms to which this endorsement attaches.

For the purposes of this endorsement:

5.2. **Communicable disease** means:

5.2.1. any form of pathogen or microorganism including but not limited to any virus, bacteria, “fungi”, “spores”, mycotoxins, parasites or any groups or colonies of the foregoing; or

5.2.2. any disease arising from or symptom manifested due to any such pathogen or microorganism; or

5.2.3. the threat or fear (whether actual or perceived) of 5.2.1. or 5.2.2. whether rational or unfounded.

5.3. **Excluded Entity** means any **Insured Subsidiary** that would otherwise qualify as an **Insured** under this **Master Policy**, but is not an **Insured** because the entity, person or organization is registered, domiciled or has ongoing operations in one or more **prohibited jurisdictions**.

5.4. **First Named Insured** means the first Named Insured shown on the Declarations Page.

5.5. **Insured** means the **First Named Insured** and any **Insured Subsidiary**.

The above definition shall have precedence over the definition of **Insured** on any of the coverage forms to which this endorsement attaches.

5.6. **Insured Subsidiary** means any subsidiary of the **First Named Insured**, that is domiciled within the **coverage territory** and for which a **local insurance policy** has been issued.

5.7. **Local insurance policy** means insurance provided under either a **local program policy** or a **non-program policy** within the **coverage territory**.

5.8. **Local program policy** means a primary policy that has been issued within the **coverage territory** at the Insurer's discretion and control.

5.9. **Master Policy** means the Commercial Umbrella Coverage Form and endorsements attached thereto that have been issued by Intact Insurance Company in Canada, excluding **local insurance policies** issued within the **coverage territory**.

5.10. **Non-program policy** means a policy that has been issued within the **coverage territory**, without the Insurer's discretion and control.

5.11. **Prohibited jurisdiction** means any country or political subdivision, outside Canada, in which by that country's or political subdivision's insurance laws and regulations, the Insurer is not allowed to insure risks under this **Master Policy**.

5.12. **Schedule of Local Policies** means any **local insurance policy** listed in a Schedule of Local Policies attached to the present Endorsement and any renewal thereof, to the extent in the force at the time the **Master Policy** is in force.

All other terms and conditions of the Master Policy to which this endorsement applies remain unchanged.