

# EMPLOYEE BENEFIT LIABILITY EXTENSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed that:

1. The insurance provided under **SECTION I – COVERAGES** of the Wrap-Up Liability Form is extended to include the following:

**1. INSURING AGREEMENT**

**EMPLOYEE BENEFIT LIABILITY**

We will pay on your behalf all sums that you become 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 **operations period** within Canada.

We will have the right and duty to defend any **action** against you 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 have no duty to defend you 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, unemployment 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 Limit of Insurance shown in the Declaration Page(s) and the rules below fix the most we will pay regardless of:

- 3.1. Number of Insureds under this Form;
- 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**, dependents and beneficiaries, in the **operations period** and in the Aggregate.

This Limit of Insurance stated in the Declaration Page(s) will apply for the **operations period**. If you elect to exercise the option described in Paragraph 5. **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.

We 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. EXTENDED REPORTING PERIOD (optional)**

If this Form 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 in respect of 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, the first Named Insured 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.

2. For the purposes of this Endorsement only, the following definitions are added **SECTION V – DEFINITIONS** of the Wrap-Up Liability Form:

**2.1. Administration** means:

- 2.1.1. Application of rules determining eligibility for participation to the **employee benefit programs**;
- 2.1.2. Calculation of service and compensation credits for benefits;
- 2.1.3. Preparation of **employee** communications material;
- 2.1.4. Maintenance of participants' service and employment records;
- 2.1.5. Preparation of reports required by government agencies;
- 2.1.6. Calculation of benefits;
- 2.1.7. Orientation of new participants and advising participants of their rights and options with respect to the **employee benefit programs**;
- 2.1.8. Interpreting the **employee benefit programs**;

- 2.1.9. Collection of contributions and application of contributions as provided in the **employee benefit programs** and bookkeeping;
  - 2.1.10. Preparation of reports concerning participants' benefits; and
  - 2.1.11. Processing of claims, effecting enrollment, termination or cancellation of **employees** under the **employee benefit programs**;
- provided all such acts are authorized by you.
- 2.2. **Employee benefit programs** means one or more of the following types of insurance or plans maintained by you solely for the benefit of **employees**:
    - 2.2.1. 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
    - 2.2.2. Any other similar **employee benefit programs** sponsored by you.
  - 2.3. **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 you, by reason of or in connection with the **administration** of the **employee benefit programs**.
- 3. For the purpose of this Endorsement only, it is also agreed that definition **12. Employee** under **SECTION V – DEFINITIONS**, is deleted and replaced by the following:
    - 12. Employee** means your officer and your employee, whether actively employed, disabled or retired.

All other terms, conditions and limitations of this Policy shall remain unchanged.