



MULTINATIONAL CHOICE - EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

**COVERAGE EB PROVIDES CLAIMS MADE COVERAGE.
PLEASE READ THE ENTIRE FORM CAREFULLY.**

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured. Other words and phrases that appear in quotation marks have special meaning. Refer to Section VI –Definitions.

SECTION I - COVERAGE EB

1. INSURING AGREEMENT.

- a. We will pay those sums that the insured becomes legally obligated to pay as "damages" because of "employee benefits injury" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS - COVERAGE EB**. This insurance does not apply to "employee benefits injury" which occurred before the Retroactive Date, if any, shown in the Declarations or which occurs after the policy period. The negligent act, error or omission must take place in the "coverage territory".

We will have the right and duty to defend any "claim" or "suit" seeking such "damages". But:

- (1) The amount we will pay for "damages" is limited as described in **SECTION III - LIMITS OF INSURANCE;**
 - (2) We may, at our discretion, investigate any alleged act, error or omission and settle any "claim" or "suit" that may result; and
 - (3) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage EB. This applies both to "claims" and "suits" pending at that time and to those filed thereafter.
- b. This insurance applies to an "employee benefits injury" only if:
- (1) A "claim" for "damages" because of the "employee benefits injury" is first made

against any insured during the policy period; and

- (2) At the time you applied for this insurance you had no knowledge of any "claim" or "suit" or of any "employee benefits injury" which might reasonably be expected to result in a "claim" or "suit," except as you had reported to us in writing at the time you so applied.

- c. A "claim" by a person or organization seeking "damages" will be deemed to have been made when notice of such "claim" is received and recorded by an insured or by us, whichever comes first.
- d. All "claims" for "damages" because of "employee benefits injury" to the same person or organization will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. EXCLUSIONS

This insurance does not apply to:

- a. Any civil or criminal liability imposed on the insured, arising out of:
 - (1) Any failure by the insured to comply with any federal or state statutory or regulatory reporting requirement relating to an "employee benefits program;" or
 - (2) The commission or omission by an insured of any activity in connection with the management of assets of the "employee benefits program" which is prohibited under any federal or state statute or regulation.

For the purposes of this exclusion, civil or criminal liability includes pre or post judgement costs or expenses.

- b. "Bodily injury," "property damage," "personal and advertising injury."
- c. Any dishonest, fraudulent, criminal or malicious act.
- d. The failure of any investment or saving program to perform as represented by an insured.
- e. An "employee benefits injury" that arises out of advice given by any insured to an "employee" whether to participate or not to participate in any "employee benefits program."
- f. The failure of any insured to:
 - (1) Perform any obligation;
 - (2) Fulfill any guarantee;with respect to:
 - (1) The payment of benefits under any "employee benefits program;" or
 - (2) The providing, handling or investing of funds relating to any of these.

3. SUPPLEMENTARY PAYMENTS - COVERAGE EB

We will pay, with respect to any "claim" or "suit" we defend:

- a. All expenses we incur.
- b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim" or "suit," including actual loss of earnings up to \$250 a day because of time off from work.
- d. All costs taxed against the insured in the "suit."
- e. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II - WHO IS AN INSURED

- 1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and

their spouses are also insureds, but only with respect to the conduct of your business.

- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- 2. Each of the following is also an insured:
 - a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.
 - b. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
 - 3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
 - b. Coverage EB does not apply to "employee benefits injury" that occurred before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made or "suits" brought; or
 - c. Person or organizations making "claims" or bringing "suit."

2. The Employee Benefits Liability Aggregate Limit is the most we will pay for all "damages" to which this insurance applies.
3. Subject to 2. above the Each Claim Limit is the most we will pay for all "damages" with respect to any one "claim".

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - EMPLOYEE BENEFITS LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties in The Event of Employee Benefits Injury, Claim or Suit

- a. You must see to it that we are notified as soon as practicable of an "employee benefits injury" which may result in a "claim". To the extent possible, notice should include:

- (1) How, when and where the "employee benefits injury" took place; and
- (2) The names and addresses of any injured persons and witnesses.

Notice of an "employee benefits injury" is not notice of a "claim".

- b. If a written "claim" is made or "suit" is brought against any insured, you must see to it that we receive prompt written notice of the "claim" or "suit".

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, settlement or defense of the "claim" or "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "employee benefits injury" to which this insurance may also apply.

- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for "damages" from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for "damages" that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary when **b.** or **d.**, below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over any other insurance, whether primary, excess, contingent or on any other basis, that is effective prior to the beginning of the policy period shown in the Declarations of this Coverage Part and applies to "damages" on other than a claims-made basis, if:

- (1) No retroactive date is shown in the Declarations of this Coverage Part; or
- (2) The other insurance has a policy period which continues after the Retroactive Date shown in the Declarations of this Coverage Part.

When this insurance is excess, we will have no duty to defend any "claim" or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

d. Difference in Conditions and Difference in Limits

This insurance applies on a difference in conditions and difference in limits basis over any valid and collectible "local insurance".

(1) Difference in Conditions

If there is "local insurance" in effect, this insurance shall apply as primary to the extent that any loss, damage or expense insured against under this Coverage Part is not insured under such "local insurance".

(2) Difference in Limits

If there is "local insurance" in effect that covers, in whole or in part, the same loss, damage or expense as this Coverage Part, we will only pay the difference between:

- (a) The amount we would have paid for such loss, damage or expense under this Coverage Part if such "local insurance" was not available; and
- (b) The amount due from that "local insurance".

e. Other Insurance Issued by Us

If there is other insurance covering the same loss, damage or expense under this policy or under another policy issued by us or any of

our affiliated insurance companies, the most we will pay for the covered loss, damage or expense is the highest limit of insurance that applies under this policy or any other policy issued by us or any of our affiliated insurance companies.

f. Other Specific Excess Insurance

Your recovery under this Coverage Part will not be effected by, and the foregoing provisions of this section shall not apply to, excess insurance that is not "local insurance" if such insurance was obtained to apply in excess of the insurance provided under this Coverage Part by specific reference to this Coverage Part or this policy in such other insurance.

g. Requirement to Maintain Compulsory and Local Insurance

You must maintain and renew throughout the Policy Period without reduction or restrictions:

- (1) All "compulsory insurance"; and
- (2) All "local insurance"

in effect, or represented to be in effect, at the inception of or during the Policy Period. If any such policies are not so maintained, we will not be liable under this Coverage Part for more than we would have been had such policies been so maintained. Any coverage provided in such policies that are not provided in this Coverage Part are not intended to, and do not serve to, extend to this Coverage Part.

5. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

6. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom "claim" is made or "suit" is brought.

7. Transfer of Rights of Recovery Against Others to Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them.

At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

8. Forms and Endorsements That Reference Commercial General Liability Coverage Part

Any forms or endorsements attached to this Coverage Part that reference the Employee Benefits Liability Coverage Part will apply as if they referenced the Multinational Choice – Employee Benefits Liability Coverage Part.

SECTION V - EXTENDED REPORTING PERIODS

1. We will provide one or more Extended Reporting Periods, as described below, if:

- a. This Coverage Part is cancelled or not renewed; or
- b. We renew or replace this Coverage Part with insurance that:
 - (1) Has a Retroactive Date later than the date shown in the Declaration of this Coverage Part; or
 - (2) Does not apply to "employee benefits injury" on a claims-made basis.

2. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for:

- a. One year for "claims" arising out of an "employee benefits injury" reported to us, not later than 60 days after the end of the policy period, in accordance with paragraph 2.a. of **SECTION IV - EMPLOYEE BENEFITS LIABILITY CONDITIONS**; or
- b. Sixty days for all other "claims".

The Basic Extended Reporting Period does not apply to "claims" that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to such "claims".

3. A Supplemental Extended Reporting Period of three years duration is available, but only by an endorsement and for an extra charge. This supplemental period starts:

- a. One year after the end of the policy period for "claims" arising out of an "occurrence" reported to us, not later than 60 days after the end of the policy period, in accordance with paragraph 2.a. of **SECTION IV - EMPLOYEE BENEFITS LIABILITY CONDITIONS**; or
- b. Sixty days after the end of the policy period for all other "claims".

You must give us a written request for the endorsement within 60 days after the end of the policy period. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.

We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- a. The exposures insured;
- b. Previous types and amount of insurance;
- c. Limits of Insurance available under this Coverage Part for future payment of "damages," and
- d. Other related factors.

The additional premium will not exceed 200% of the annual premium for this Coverage Part.

This endorsement shall set forth the terms, not inconsistent with this Section, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Supplemental Extended Reporting Period starts.

4. Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They apply only to "claims" for "employee benefits injury" that occur before the end of the policy period (but not before the Retroactive Date, if any, shown in the Declarations).

"Claims" for such injury which are first received and recorded during the Basic Extended Reporting Period (or during the Supplemental Extended Reporting Period, if it is in effect) will be deemed to have been made on the last day of the policy period.

Once in effect, Extended Reporting Periods may not be cancelled.

5. Extended Reporting Periods do not reinstate or increase the Limits of Insurance applicable to any "claim" to which this Coverage Part applies, except to the extent described in paragraph 6. of this Section.

6. If the Supplemental Extended Reporting Period is in effect, we will provide the separate aggregate limit of insurance described below, but only for "claims" first received and recorded during the Supplemental Extended Reporting Period.

The separate aggregate limit of insurance will be equal to the dollar amount shown in the Declarations in effect at the end of the policy period.

Paragraph 2. of **SECTION III - LIMITS OF INSURANCE** will be amended accordingly.

SECTION VI - DEFINITIONS

As used in this coverage part:

- 1. "Administration" means:

- a. Giving counsel to your employees or their dependents and beneficiaries, with respect to interpreting the scope of your "employee benefits program" or their eligibility to participate in such programs; and
 - b. Handling records in connection with "employee benefits program".
2. "Advertisement" means a dissemination of information or images that has the purpose of inducing the sale of goods, products or services through:
 - a. (1) Radio;
 - (2) Television;
 - (3) Billboard;
 - (4) Magazine;
 - (5) Newspaper; or
 - b. Any other publication that is given widespread public distribution.

However, "advertisement" does not include the design, printed material, information or images contained in, on or upon the packaging or labeling of any goods or products.
3. "Advertising idea" means any idea for an "advertisement".
4. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including mental anguish or death resulting from any of these at any time.
5. "Claim" means a written demand received by any insured for "damages" alleging "employee benefits injury", including the institution of a "suit" for such "damages" against any insured.
6. "Compulsory insurance" means "local insurance" that is required in a given country or jurisdiction by law, regulation or other governmental authority.
7. "Coverage territory" means:
 - a. Anywhere in the world, except:
 - (1) The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - (2) Multinational waters or airspace, but only if the "employee benefits injury" occurs in the course of travel or transportation between any places included in a. above; and
 - (3) Any country or jurisdiction while any applicable trade or economic sanctions or other laws or regulations prohibit us from providing insurance or transacting business in that country or jurisdiction; or
 - b. The United States of America (including its territories and possessions), Puerto Rico and Canada, provided the insured's responsibility to pay damages is determined in a "suit" on the merits brought anywhere in the world except:
 - (1) The United States of America (including its territories and possessions), Puerto Rico and Canada; and
 - (2) Any country or jurisdiction while any applicable trade or economic sanctions or other laws or regulations prohibit us from providing insurance or transacting business in that country or jurisdiction.
8. "Damages" include prejudgment interest awarded against the insured on that part of the judgment we pay. "Damages" do not include:
 1. Fines;
 2. Penalties; or
 3. Damages for which insurance is prohibited by the law applicable to the construction of this Coverage Part.
9. "Employee" includes a "leased worker" which is not covered under a labor leasing firm's "employee benefits program". "Employee" does not include a "temporary worker".
10. "Employee benefits injury" means injury that arises out of any negligent act, error or omission in the "administration" of your "employee benefits programs".
11. "Employee benefits program" means a formal program or programs of employee benefits maintained in connection with your business or operation, such as but not limited to:
 - a. Group life insurance, group accident or health insurance, profit sharing plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such insurance or plans; and
 - b. Unemployment insurance, social security benefits, workers' compensation and disability benefits.
12. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
13. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
14. "Local insurance" means insurance issued by a governmental entity or an insurer licensed or permitted by law to do business in the country or jurisdiction in the "coverage territory" where the insurance is intended to apply.
15. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

16. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a.** False arrest, detention or imprisonment;
- b.** Malicious prosecution;
- c.** The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d.** Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e.** Oral or written publication of material that violates a person's right of privacy.
- f.** Copying, in your "advertisement", a person's or organization's "advertising ideas" or style of "advertisement" or
- g.** Infringement of copyright, slogan, or title of any literary or artistic work, in your "advertisement".

17. "Property damage" means:

- a.** Physical injury to tangible property, including all resulting loss of use of that property. All

such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

- b.** Loss of use of tangible property that is not physically injured. All such loss shall be deemed to occur at the time of the "occurrence" that caused it.

18. "Suit" means a civil proceeding in which damage because of "employee benefits injury" to which this insurance applies are alleged. "Suit" includes:

- a.** An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
- b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.