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SECTION I – COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums, in excess of the "applicable underlying limit", that the insured becomes legally obligated to pay as "compensatory damages" because of "bodily injury" or "property damage" to which this insurance applies. The amount we will pay for such "compensatory damages" is limited as described in Section III – Limits Of Insurance.
- b. This insurance applies to "bodily injury" and "property damage" only if:
 - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (2) The "bodily injury" or "property damage" occurs during the policy period; and
 - (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

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- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for "compensatory damages" because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that the "bodily injury" or "property damage" has occurred or has begun to occur.
- e. "Compensatory damages" because of "bodily injury" include "compensatory damages" claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Defence Of Actions

- a. We will have no duty to defend the insured against any "action" that any other insurer has a duty to defend. We have the right to join in the defence of the insured against such "actions", and if we exercise that right, we will pay all expenses we incur.
- b. We will have the right and duty to defend the insured against any "action" seeking "compensatory damages" because of "bodily injury" or "property damage" to which this insurance applies (including "compensatory damages" wholly or partly within the "retained limit") but to which no "underlying insurance" applies because:

- (1) Such "compensatory damages" are not covered by any "underlying insurance"; or
- (2) The applicable limit of insurance of the "underlying insurance" that would apply to such "compensatory damages" has been exhausted as follows:
 - (a) If such "underlying insurance" is listed in the Schedule Of Underlying Insurance, the applicable limit of insurance stated for such "underlying insurance" in that schedule has been exhausted solely due to payments of claims or "actions" as permitted in Paragraph 10.b. of Section IV – Conditions; and
 - (b) If such "underlying insurance" is any "other insurance", the applicable limit of insurance of such "other insurance" has been exhausted.

However, we will have no duty to defend the insured against any "action" seeking "compensatory damages" because of "bodily injury" or "property damage" to which this insurance does not apply.

We will have no other obligation or liability to pay sums or perform acts or services unless explicitly provided for under Paragraph e. below.

- c. We may, at our discretion:
- (1) Investigate any "occurrence" or claim; and
 - (2) Settle any claim or "action".
- d. Our right and duty in Paragraph b. above ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B.
- e. We will pay, with respect to any "action" against an insured we are defending:
- (1) All expenses we incur.
 - (2) Up to \$2,500 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage under Coverage A applies. We do not have to furnish these bonds.
 - (3) 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.
 - (4) All reasonable expenses incurred at our request by any person who is an insured to assist us in the investigation or defence of the claim or "action", including actual loss of earnings of up to \$500 a day by that insured because of time off from work.
 - (5) All costs assessed or awarded against the insured in the "action".
 - (6) Any interest accruing after entry of judgment upon that part of the judgment which is within the applicable limit of insurance 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.

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These payments will not reduce the Limits of Insurance.

3. Exclusions Applying Only To Coverage A

The following exclusions apply only to Coverage A. These exclusions apply in addition to the exclusions in the Common Exclusions – Coverages A And B Section.

This insurance does not apply to:

a. Aircraft Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, air cushion vehicle or watercraft owned or operated by, or rented or loaned to, any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, air cushion vehicle or watercraft owned or operated by, or rented or loaned to, any insured.

This exclusion does not apply to "bodily injury" or "property damage" to which any policy of "underlying insurance" listed in the Schedule Of Underlying Insurance would apply but for the exhaustion of its limits of liability.

b. Automobile

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any of the following vehicles owned or operated by or on behalf of, or rented or loaned to, any insured:

- (1) Any "automobile";
- (2) Any motorized snow vehicle, or any trailer for such vehicle; or
- (3) Any "racing or stunting vehicle".

Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any "automobile", motorized snow vehicle, or "racing or stunting vehicle" owned or operated by or on behalf of, or rented or loaned to, any insured.

This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "bodily injury" or "property damage".

This exclusion does not apply to:

- (1) "Bodily injury" or "property damage" covered by any S.P.F. No. 7 – Standard Excess Automobile Policy (Third Party Liability Only), N.B.P.F. No. 7 – Standard Excess Automobile Policy (Third Party Liability Only) or Q.P.F. No. 7 – Quebec Automobile Insurance Policy (Excess Liability Form) if such policy is attached to this policy and shown in the Policy Forms List in this policy, in which case the provisions of such applicable Standard Excess Automobile Policy or Quebec Automobile Insurance Policy will apply to such "bodily injury" or "property damage" in place of the provisions of this Commercial Umbrella Excess Liability Coverage Form; or
- (2) Any of the following to which any policy of Commercial General Liability "underlying insurance" listed in the Schedule Of Underlying Insurance would apply but for the exhaustion of its limits of liability:
 - (a) "Bodily injury" to an "employee" of the insured on whose behalf contributions are made by or required to be made by the insured under the provisions of any Canadian provincial or territorial workers' compensation law;
 - (b) "Bodily injury" or "property damage" arising out of a defective condition in, or the improper maintenance of, any "automobile" owned by the insured while leased to others for a period of 30

